

**NEW FINANCIAL REPORTING FRAMEWORK FOR
MUTUAL BENEFIT ASSOCIATIONS**

STANDARD CHART OF ACCOUNTS

A) STATEMENT OF FINANCIAL POSITION ACCOUNTS

ASSET ACCOUNTS

1. CASH ON HAND

Cash in the possession of the association or in transit under its control are generally classified as cash on hand. This represents the total amount of undeposited collections and the different types of working funds in the custody of the cashier and/or fund custodian at the association's head office and branches. This may consist of:

- 1.1. Undeposited Collections - This represents Philippine currency notes and coins, checks, bank drafts, and other cash items in favor of the association to be deposited in the bank on the following banking day. This does not include postdated checks and returned checks which have been dishonored by the bank due to insufficient funds.
- 1.2. Petty Cash Fund - This represents fund that is established to defray immediate minimal disbursements which are evidenced by duly accomplished and approved petty cash vouchers with the corresponding supporting receipts and other cash documents. This fund shall be maintained under an imprest system.
- 1.3. Policy Loan Fund - This represents fund that is established for the sole purpose of paying policyholder's cash loans and where the amounts are less than the minimum amount prescribed for check payments. This fund shall be maintained under an imprest system.
- 1.4. Documentary Stamps Fund - This represents fund that is set up for documentary stamps for affixture to policy loan agreements, promissory notes, certificates of authority and other legal documents. This fund shall be maintained under an imprest system.

- 1.5. Other Funds- This represents all other funds which cannot be classified under any of the foregoing accounts.

This account shall be measured at amortized cost, which is generally equivalent to its face amount.

2. CASH IN BANKS

This represents non-interest and interest-bearing account balances maintained in various banks by the association's head office and branches.

- 2.1. Cash in Banks - Current - This represents checking account balances in banks maintained by the association's head office and branches.

- 2.2. Cash in Banks - Savings - This represents savings deposit account balances in banks maintained by the association's head office and branches.

This account shall be measured at amortized cost, which is generally equivalent to its face amount

3. TIME DEPOSITS

This represents interest yielding bank account balances evidenced by a Time Deposit Certificate and available upon maturity.

These time deposits shall be measured initially at amortized cost, which is generally equivalent to its face amount.

4. MEMBERS' FEES & DUES RECEIVABLE

This represents membership fees and dues which remain to be uncollected as of the end of the accounting period.

5. MEMBERS' CONTRIBUTIONS DUE AND UNCOLLECTED

This represents contributions due and uncollected at the end of the accounting period on all membership certificates (basic life insurance policies) which are classified as in force on the association's valuation records. These are contributions that are due and uncollected within the grace period.

6. PREMIUMS DUE AND UNCOLLECTED

This represents premiums due within the grace period but have not been paid as of the end of accounting period on all life policies which are classified as in-force in the association's valuation records. The amount for this account shall be the gross premiums net of loadings.

This account shall be measured at amortized cost less any impairment loss.

Amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

7. UNREMITTED MEMBERS' CONTRIBUTIONS, DUES AND FEES

This represents members' contributions, fees and dues collected by partner individuals/institutions on membership certificates (basic life insurance policies) but which have not been remitted as of the end of the accounting period.

8. UNREMITTED PREMIUMS

This represents gross premiums collected by partner individuals/institutions on all optional life insurance policies but which have not been remitted as of the end of the accounting period.

9. DUE FROM CEDING COMPANIES

This shall comprise of the following sub-accounts:

- 9.1. Due from Ceding Companies - Treaty - This represents balances due to the association as a result of treaty acceptances from ceding companies.
- 9.2. Due from Ceding Companies - Facultative - This represents balances due to the association as a result of facultative acceptances from ceding companies.

10. FUNDS HELD BY CEDING COMPANIES

This represents amounts pertaining to a certain percentage of the total reinsurance premiums due within one year from date of retention being held by ceding companies.

11. AMOUNTS RECOVERABLE FROM REINSURERS

This shall comprise of the following sub-accounts:

11.1. Reinsurance Recoverable on Paid Losses – Treaty

This represents the amount recoverable from reinsurers under treaty agreements as their share in paid losses and loss adjustment expenses net of salvage of recoveries.

11.2. Reinsurance Recoverable on Paid Losses - Facultative

This represents the amount recoverable from reinsurers under facultative reinsurances as their share in paid losses and loss adjustments expenses net of salvage or recoveries.

11.3. Reinsurance Recoverable on Unpaid Losses – Treaty

This represents the amount recoverable from reinsurers under treaty agreements as their share on unpaid losses and loss adjustment expense net of salvage or recoveries.

11.4. Reinsurance Recoverable on Unpaid Losses - Facultative

This represents the amount recoverable from reinsurers under facultative reinsurances as their share on unpaid losses and loss adjustment expense net of salvage or recoveries.

12. MEMBERS' ASSESSMENT RECEIVABLE

This includes assessment on members arising from any impairment on the reserves as may be determined by the Insurance Commission that remains to be unpaid as of valuation date.

13. DUE TO/FROM OTHER FUNDS

This represents interfund (e.g. General Fund, Basic Fund, and Optional Fund) receivables and/or payables. This should always be equal to "zero" during consolidation.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The following financial assets shall be measured at fair value through profit or loss (FVTPL):

(A) Financial assets held for trading known as “trading securities.” A financial asset is classified as held for trading if:

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

(B) Financial assets that, upon initial recognition, are irrevocably designated by the entity as at FVTPL. An entity may use this designation if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as “an accounting mismatch”) that would otherwise arise from measuring assets or recognizing the gains and losses on them on different bases.

These financial assets shall be measured at fair value. Changes in fair value are recognized in profit or loss as they arise.

14.1. Securities Held for Trading

This represents debt and equity securities that are:

- a) acquired principally for the purpose of selling or repurchasing it in the near term; or
- b) part of a portfolio of identified securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

This shall comprise of the following sub-accounts based on the types of securities held:

- 14.1.1. Debt Securities - Government - This represents debt instruments issued by the government and its instrumentalities (government agencies, local governments, government

owned and controlled corporations). This includes treasury bills, treasury notes and ROP bonds.

- 14.1.2. Debt Securities – Private - This represents debt instruments issued by private corporations, whether domestic or foreign, such as commercial papers, notes and bonds.
- 14.1.3. Equity Securities - This represents common and preferred shares of stock of associations other than those of subsidiaries, associates and joint ventures.
- 14.1.4. Mutual, Unit Investment Trust, Real Estate Investment Trust and Other Funds - This represents units held in mutual funds and such other similar types which are generally redeemable any time and where the values are determined based on the daily net asset value per share or unit.

14.2 Financial Assets Designated at FVTPL

This represents financial assets which the association, upon initial recognition, has designated at FVTPL.

This shall comprise of the following sub-accounts based on the types of securities held:

- 14.2.1. Debt Securities
- 14.2.2. Equity Securities
- 14.2.3. Mutual, Unit Investment Trust, Real Estate Investment Trust and Other Funds

14.3. Derivative Assets

This represents the positive fair value of the association's derivatives which are not designated and considered effective hedging instruments.

Derivative is a financial instrument or other contract with all three (3) of the following characteristics:

- (A) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');
- (B) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and

(C) it is settled at a future date.

This shall comprise of the following sub-accounts based on the types of derivative contracts:

- (A) Foreign exchange contracts - This represents contracts to purchase/sell foreign currencies at a future date at a fixed rate.
- (B) Interest rate contracts - This represents contracts related to an interest-bearing financial instrument or whose cash flows are determined by referencing interest rates or another interest rate contract.
- (C) Equity contracts - This represents contracts where the returns are linked to the price of a particular equity or equity index.

These financial assets shall be measured at fair value wherein changes in fair value are recognized in profit or loss.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

An insurance association's bonds or other instruments of indebtedness shall be subject to the requirements of Section 206 (b) (2) to (4) of the Amended Insurance Code.

Preferred or guaranteed stocks and common stocks of any solvent corporation or institution created or existing under the laws of the Philippines and securities issued by a registered enterprise, as this term is defined in Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987, as amended, may be purchased, held or owned by an insurance association provided that it has complied with the requirements of Section 206 (b) (5) to (7) of the Amended Insurance Code.

Subject to the provisions of Section 206 (c) of the Amended Insurance Code, any domestic insurer which has outstanding insurance, annuity or reinsurance contracts in currencies other than the national currency of the Philippines may invest in, or otherwise acquire or loan upon securities and investments in such currency which are substantially of the same kinds, classes and investment grades as those eligible for investment under the foregoing subdivisions of this section; but the aggregate amount of such investments and of such cash in such currency which is at any time held by such insurer shall not exceed one and one-half (1½) times the amount of its reserves and other obligations under such contracts or the amount which such insurer is required by the law of any country or possession outside the Republic of the Philippines to be invested in such country or possession, whichever shall be greater.

Subject to the provisions of Section 209 of the Amended Insurance Code, every domestic insurance association shall, to the extent of an amount equal in value to twenty-five percent (25%) of the minimum net worth required under Section 194 of the Amended Insurance Code, invest its funds only in securities, satisfactory to the Commissioner, consisting of bonds or other instruments of debt of the Government of the Philippines or its political subdivisions or instrumentalities, or of government-owned or -controlled corporations and entities, including the Bangko Sentral ng Pilipinas: Provided, That such investments shall at all times be maintained free from any lien or encumbrance: Provided, further, That such securities shall be deposited with and held by the Commissioner for the faithful performance by the depositing insurer of all its obligations under its insurance contracts. The provisions of Section 198 of the Amended Insurance Code shall, so far as practicable, apply to the securities deposited under this section.

15. FINANCIAL ASSETS AT AMORTIZED COST

A financial asset is measured at amortized cost if both of the following conditions are met:

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

The financial asset shall be measured initially at fair value plus or minus transaction costs that are directly attributable to the acquisition or issuance. After initial recognition, it shall be measured at amortized cost using the effective interest method of amortization subject to any loss allowance.

Amortized cost is the amount at which the financial asset (or financial liability) is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call

and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to estimate reliably the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

This shall comprise of the following sub-accounts:

15.1. Debt Securities

An entity shall measure the expected credit losses (ECL) of a financial asset measured at amortized cost and at FVTOCI in a way that reflects:

- (A) an unbiased and probability-weighted amount that is determined by evaluating a wide range of possible outcomes;
- (B) the time value of money; and
- (C) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The allowance represents the losses which are expected to result from default events that are possible either within 12 months after the end of the accounting period (12-month ECL) or over the expected life of the financial assets (lifetime ECL) depending on the extent of the deterioration of the credit quality of the financial assets.

However, for trade receivables which do not contain a significant financing component, an entity shall always measure the loss allowance at an amount equal to the lifetime ECL. Nonetheless, associations may opt to apply the same to other trade receivables, lease receivables and contract assets.

In addition, for purchased or originated credit-impaired financial assets, an entity shall only recognize the cumulative changes in lifetime ECL since initial recognition as loan allowance using the credit-adjusted effective interest rate.

15.2. Loans and Receivables

This represents non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After

initial recognition, these shall be measured at amortized cost using the effective interest method subject to any loss allowance.

An interest acquired in a pool of assets that are not loans or receivables (for example, an interest in a mutual fund or a similar fund) is not a loan or receivable.

Loans and receivables which are quoted shall be classified as debt securities.

Loans and Receivables shall be comprised of the following sub-accounts:

- 15.2.1. Real Estate Mortgage Loans - This represents the outstanding balances of loans secured by first mortgage on real estate properties.
- 15.2.2. Collateral Loans - This represents the outstanding balances of loans granted to associations or individuals secured by pledges of shares of stock, bonds and/or other securities.
- 15.2.3. Guaranteed Loans - This represents the outstanding balances of loans granted to associations or individuals which are covered by guarantees from other entities or individuals.
- 15.2.4. Chattel Mortgage Loans - This represents the outstanding balances of loans secured by mortgage of chattels or personal properties (i.e. car plan).
- 15.2.5. Membership Certificate Loans - This represents the outstanding balances of loans granted to members at prescribed interest rates, fully secured by the members' equity value of the certificate. These may be in the form of a cash loan applied for by the members or Automatic Contributions Loan applied by the association, as provided for in the membership certificate, to cover contribution(s) due on the certificate but still unpaid within the grace period.
- 15.2.6. Policy Loans - This represents the outstanding balances of loans granted to policyholders at prescribed interest rates, fully secured by the cash surrender value of the underlying insurance policy. These may be in the form of a cash loan applied for the policyholder or Automatic Premium Loan applied by the association to cover premium(s) due on the policy still unpaid after the grace period.
- 15.2.7. Unearned Interest Income - This represents advanced interest on loans which have not been earned by the association as of the end of the accounting period.

- 15.2.8. Notes Receivable - This represents interest-bearing loans granted by the association and evidenced by duly approved and notarized Promissory Notes.
- 15.2.9. Housing Loans - This represents outstanding balances of loans granted to employees secured by a mortgage covering their house and lot.
- 15.2.10. Car Loans - This represents outstanding balances of loans granted to employees secured by a mortgage covering their cars.
- 15.2.11. Low-Cost Housing - This represents the outstanding balances of loans granted to employees and other selected non-group employees for low-cost housing projects as approved and participated upon by government agencies.
- 15.2.12. Purchase Money Mortgages - This represents the note secured by a mortgage or deed of trust given by a buyer, as borrower, to a seller, as lender as part of the purchase price of the disposed real property held or otherwise held.
- 15.2.13. Sales Contract Receivables - This represents the uncollected portion of the consideration on the sale of real estate owned by the association, whereby title to the property sold has been transferred to the buyer, and subject of a deed of sale with mortgage.
- 15.2.14. Unquoted Debt Securities - This represents unquoted debt securities with fixed or determinable payments and fixed maturity.
- 15.2.15. Salary loans - This represents loans secured by salaries of the borrower as approved by the Commission.
- 15.2.16. Others Loans Receivable - This represents all other loans which cannot be classified under any of the foregoing loan accounts.

Allowance for Expected Credit Losses - This represents the amount set up to provide for losses which may arise from non-collection of receivables.

If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly

or through use of an allowance account. The amount of the loss shall be recognized in profit or loss.

Except for purchase money mortgages, this account shall be measured at amortized cost using the effective interest method of amortization subject to any impairment loss.

For purchase money mortgage received on dispositions of real property held, this shall be valued in an amount equivalent to ninety percent (90%) of the value of such real property. For purchase money mortgage received on dispositions of real property otherwise held, shall be valued in an amount not exceeding ninety percent (90%) of the value of such real property as determined by an appraisal made by an appraiser at or about the time of disposition of such real property.

In addition to the above requirements, an insurance association shall not loan any of its money or deposits to any person, corporation or association unless it has obtained the required security as provided for in Sections 204 and 205 of the Amended Insurance Code.

In addition, pursuant to provisions of Section 206 (b) (8) to (11) an insurance association may purchase, hold or own the following:

- (A) Certificates, notes and other obligations issued by the trustees or receivers of any institution created or existing under the laws of the Philippines which, or the assets of which, are being administered under the direction of any court having jurisdiction: Provided, however, That such certificates, notes or other obligations are adequately secured as to principal and interests.
- (B) Equipment trust obligations or certificates which are adequately secured or other adequately secured instruments evidencing an interest in equipment wholly or in part within the Philippines: Provided, however, that there is a right to receive determined portions of rental, purchase or other fixed obligatory payments for the use or purchase of such equipment.
- (C) Any obligation of any corporation or institution created or existing under the laws of the Philippines which is, on the date of acquisition by the insurer, adequately secured and has qualities and characteristics wherein the speculative elements are not predominant.
- (D) Such other securities as may be approved by the Commissioner.

Subject to the provisions of Section 206 (c) of the Amended Insurance Code, any domestic insurer which has outstanding insurance, annuity or reinsurance contracts in currencies other than the national currency of the Philippines may invest in, or otherwise acquire or loan upon securities and investments in such currency which are substantially of the same kinds, classes and investment grades as those eligible for investment under the foregoing subdivisions of this

section; but the aggregate amount of such investments and of such cash in such currency which is at any time held by such insurer shall not exceed one and one-half (1½) times the amount of its reserves and other obligations under such contracts or the amount which such insurer is required by the law of any country or possession outside the Republic of the Philippines to be invested in such country or possession, whichever shall be greater.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

A financial asset shall be measured at fair value through other comprehensive income (FVTOCI) if both of the following conditions are met:

- (A) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (B) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Principal is the fair value of the financial asset at initial recognition. Interest consists of consideration (a) for the time value of money, (b) for the credit risk associated with the principal amount outstanding during a particular period of time and (c) for other basic lending risks and costs, as well as profit margin.

These financial assets shall be measured initially at fair value plus or minus transaction costs that are directly attributable to the acquisition or issuance. After initial recognition, these shall be measured at fair value, wherein fair value changes are recognized in other comprehensive income (OCI). When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment.

In addition, an entity can make an irrevocable election at initial recognition, for particular investments in equity instruments that would otherwise be measured at FVTPL, to present subsequent changes in fair value in OCI. However, such cumulative gain or loss previously recognized in OCI is never recycled to profit or loss, even if the asset is sold or impaired.

This shall comprise the following sub-accounts:

- 16.1 Debt Securities
- 16.2 Equity Securities
- 16.3 Mutual, Unit Investment Trust, Real Estate Investment Trust and Other Funds

An insurance association's bonds or other instruments of indebtedness shall be subject to the requirements of Section 206 (b) (2) to (4) of the Amended Insurance Code.

Subject to the provisions of Section 206 (c) of the Amended Insurance Code, any domestic insurer which has outstanding insurance, annuity or reinsurance contracts in currencies other than the national currency of the Philippines may invest in, or otherwise acquire or loan upon securities and investments in such currency which are substantially of the same kinds, classes and investment grades as those eligible for investment under the foregoing subdivisions of this section; but the aggregate amount of such investments and of such cash in such currency which is at any time held by such insurer shall not exceed one and one-half (1½) times the amount of its reserves and other obligations under such contracts or the amount which such insurer is required by the law of any country or possession outside the Republic of the Philippines to be invested in such country or possession, whichever shall be greater.

Subject to the provisions of Section 209 of the Amended Insurance Code, every domestic insurance association shall, to the extent of an amount equal in value to twenty-five percent (25%) of the minimum net worth required under Section 194 of the Amended Insurance Code, invest its funds only in securities, satisfactory to the Commissioner, consisting of bonds or other instruments of debt of the Government of the Philippines or its political subdivisions or instrumentalities, or of government-owned or -controlled corporations and entities, including the Bangko Sentral ng Pilipinas: Provided, That such investments shall at all times be maintained free from any lien or encumbrance: Provided, further, That such securities shall be deposited with and held by the Commissioner for the faithful performance by the depositing insurer of all its obligations under its insurance contracts. The provisions of Section 198 of the Amended Insurance Code shall, so far as practicable, apply to the securities deposited under this section.

17. INVESTMENTS INCOME DUE AND ACCRUED

This represents income earned but not yet received as of the end of the accounting period. This account consists of the following sub-accounts:

- 17.1. Accrued Interest Income - Cash in Banks
- 17.2. Accrued Interest Income - Time Deposits
- 17.3. Accrued Interest Income - Financial Assets at FVTPL
- 17.4. Accrued Interest Income – Financial Assets at FVTOCI
- 17.5. Accrued Interest Income – Financial Assets at FAAC
 - 17.5.1. Debt Securities
 - 17.5.2. Loans and Receivables
 - 17.5.2.1. Real Estate Mortgage Loans
 - 17.5.2.2. Collateral Loans
 - 17.5.2.3. Guaranteed Loans
 - 17.5.2.4. Chattel Mortgage Loans
 - 17.5.2.5. Policy Loans
 - 17.5.2.6. Notes Receivable
 - 17.5.2.7. Housing Loans
 - 17.5.2.8. Car Loans
 - 17.5.2.9. Low-Cost Housing Loans
 - 17.5.2.10. Purchase Money Mortgage

- 17.5.2.11. Sales Contract Receivable
- 17.5.2.12. Unquoted Debt Securities
- 17.5.2.13. Salary Loans
- 17.5.2.14. Others

- 17.6. Accrued Dividends Receivable
 - 17.6.1 FVTPL Equity Securities
 - 17.6.2 Designated at FVTPL Equity Securities
 - 17.6.3 FVTOCI Equity Securities

- 17.7 Accrued Interest Income- Security Fund Contribution
- 17.8 Accrued Investment Income – Investment Properties
- 17.9 Accrued Investment Income - Others

These are recognized when earned except for accrued dividends receivable where the asset is recognized when the stockholder's right to receive payment has been established.

18. ACCOUNTS RECEIVABLE

This represents receivable from non-insurance transactions of the association. It may comprise of the following accounts:

- 18.1 Advances to Agents (Agents Accounts) / Employees - This represents advances to insurance agents granted by the association to be liquidated thru regular deductions from commissions and salaries, respectively.
- 18.2 Operating Lease Receivables - This represents the amount of rent receivables arising from operating lease contracts. Lease income should be recognized on a straight-line basis.
- 18.3 Other Accounts Receivable- This represents receivables that does not fall under the definition of 18.1 and 18.2

Allowance for Expected Credit Losses - This represents the total amount set up to provide for losses that may arise from non-collection of accounts receivable.

This account shall be measured at amortized cost using the effective interest method of amortization subject to any impairment loss.

19. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

This shall comprise of the following accounts:

- 19.1 Investment in Subsidiaries - This represents the amount of the association's investments in the shares of stock of its subsidiaries. A subsidiary is an entity that is controlled by another entity (known as the parent). The association controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
- 19.2 Investment in Associates - This represents the cost of the association's investments in the shares of stock of its associates. An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.
- 19.3 Investments in Joint Ventures - This represents the cost of the association's investments in joint ventures. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

These investments maybe accounted for as follows:

- (A) Cost;
- (B) Fair value, if quoted; or
- (C) Equity Method.

Under the equity method, the investment is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the association's share of net assets of the investee since the acquisition date. Goodwill relating to the investment is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The insurance or reinsurer's share of the results of operations of the investee is reflected in profit or loss. Any change in reserve for investment in associates of those investees is presented as part of the association's reserve for investment in associates. In addition, when there has been a change recognized directly in the equity of the investees, the association recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the association and the investees are eliminated to the extent of the interest in its investees.

After application of the equity method, the association determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the association determines whether there is objective evidence that the investment in the associate or joint venture is

impaired. If there is such evidence, the association calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss in profit or loss.

20. PROPERTY AND EQUIPMENT

This account represents tangible items that:

- (A) are held for use in the association's business operations or for administrative purposes; and
- (B) are expected to be used for more than one period.

This account shall have sub-accounts as follows based on the nature of the fixed assets:

- 20.1. Land – At cost - This represents the acquisition cost of the land. Acquisition cost shall consist of the purchase price and all expenditures incurred directly attributable to acquisition.
- 20.2. Building and Building Improvements – At cost - This represents acquisition /construction cost of the building and improvements, including costs incurred subsequent to initial recognition which meet the recognition criteria.
- 20.3. Accumulated Depreciation – Building And Building Improvements - This represents the aggregate of the depreciation on the building and building improvements charged by the association against current operations.
- 20.4. Leasehold Improvements – At cost - This represents the cost of additions, improvements and /or alterations on the association's leased office premises which are incurred in making the property ready for use and occupancy. This should include the initial estimate of the costs of dismantling and removing the improvements and restoring the site, the obligation for which the association incurs when the property is leased.
- 20.5. Accumulated Depreciation - Leasehold Improvements
- 20.6. IT Equipment - At cost - This represents the cost of the information processing systems of the association including the computer hardware, customized software, and peripherals.
- 20.7. Accumulated Depreciation – IT Equipment
- 20.8. Transportation Equipment – At cost - This represents the cost of motor vehicle and other transportation equipment owned, operated, used, or to be used by the association in carrying out its business and/or insurance operations and as service vehicle of its officers and employees.

- 20.9 Accumulated Depreciation - Transportation Equipment
- 20.10 Office Furniture, Fixtures and Equipment – At cost - This represents the costs of office machines, equipment, furniture and fixtures.
- 20.11 Accumulated Depreciation - Office Furniture, Fixtures and Equipment
- 20.12 Revaluation Increment - This represents the revaluation increase in the carrying amount of the association's property and equipment under the revaluation model.
- 20.13 Accumulated Depreciation – Revaluation Increment

20.9 and 20.10 shall comprise of the following accounts:

- (A) Land; and
- (B) Buildings and Building Improvements.
- (C) Others

- 20.14 Accumulated Impairment Losses - This represents the cumulative amount of impairment loss incurred on property and equipment.

At each end of the reporting period property and equipment shall be assessed whether there is an indication that such assets may be impaired. If any such indication exists, the association makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each end of the reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal the depreciation charge is

adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

20.15 Construction Work-In-Progress (WIP)

An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost.

Subsequent to initial recognition, an entity shall choose either the cost model or the revaluation model as its accounting policy and shall apply that policy to an entire class of property, plant and equipment.

Cost model is a model wherein after initial recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Revaluation model is a model wherein after recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognized in reserve for appraisal increment - property and equipment and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in reserve for appraisal increment - property and equipment to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in reserve for appraisal increment - property and equipment reduces the amount accumulated in equity under the heading of revaluation surplus.

Pursuant to Section 206 (a) of the Amended Insurance Code, a real or personal property as may have been purchased by it at sales under pledges, mortgages or deeds of trust for its benefit on account of money loaned by it; and such real and personal property as may have been conveyed to it by borrowers in satisfaction and discharge of loans made by the association in payment or by reason of any loan made by the association in payment or by reason of any loan made by it shall be sold by the association within twenty (20) years after the title thereto has been vested in it.

Pursuant to Section 206 (b) (1) an insurance association shall may purchase, hold and own real properties which serve as its main place of business and/or branch offices: Provided, That such investment shall not in the overall exceed

twenty percent (20%) of its net worth as shown by its latest financial statement approved by the Commissioner.

21. INVESTMENT PROPERTY

This represents property (land or building, or part of a building, or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- (A) use in the association's business operations or for administrative purposes; or
- (B) sale in the ordinary course of business.

This account shall be classified as follows:

- 21.1.1. Land – at cost
- 21.1.2. Building and Building Improvements – at cost
- 21.1.3. Accumulated Depreciation – Building and Building Improvements
- 21.1.4. Accumulated Impairment Loss
- 21.1.5. Land – at fair value
- 21.1.6. Building and Building Improvements – at fair value
- 21.1.7. Foreclosed Properties - This represents real properties acquired by association in settlement of loans through foreclosure of mortgage loan arrangements.
- 21.1.8. Construction Work-in-Progress

An investment property shall be measured initially at its cost. Transaction costs shall be included in the initial measurement.

Subsequent to initial recognition, an entity may choose either the cost model or the fair value model for all of its investment property.

An entity that chooses the cost model shall measure all of its investment properties at its cost less any accumulated depreciation and any accumulated impairment losses.

In the fair value model, a gain or loss arising from a change in the fair value of investment property shall be recognized in profit or loss for the period in which it arises.

Subject to the provisions of Section 208 of the Amended Insurance Code, association may:

- (A) Acquire or construct housing projects and, in connection with any such project, may acquire land or any interest therein by purchase, lease or otherwise, or use land acquired pursuant to any other provision of this Code. Such association may thereafter own, maintain, manage, collect or receive income from, or sell and convey, any land or interest therein so acquired and any improvements thereon. The aggregate book value of the investments of any such association in all such projects shall not exceed at the time of such investments twenty-five percent (25%) of the total admitted

assets of such association on the thirty-first day of December next preceding: Provided, That the funds of the association for the payment of pending claims and obligations shall not be used for such investments.

- (B) Acquire real property, other than property to be used primarily for providing housing and property for accommodation of its own business, as an investment for the production of income, or may acquire real property to be improved or developed for such investment purpose pursuant to a program therefor, subject to the condition that the cost of each parcel of real property so acquired under the authority of this paragraph (b), including the estimated cost to the association of the improvement or development thereof, when added to the book value of all other real property held by it pursuant paragraph (b) of Section 208, shall not exceed twenty-five percent (25%) of its admitted assets as of the thirty-first day of December next preceding.

22. RIGHT-OF-USE (ROU) ASSET

This represents the value of the lessee's license to utilize a leased asset over its lease term under a lease agreement.

The right-of-use asset is initially measured at the amount of the lease liability plus any direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at a prior to commencement and restoration obligations or similar.

After lease commencement, a lessee shall measure the right-of-use asset using the cost model, unless:

- (i) the right-of-use asset is an investment property and the lessee fair values its investment property under PAS 40; or
- (ii) the right-of-use asset relates to a class of PPE to which the lessee applies PAS 16' revaluation model, in which case all right-of-use assets relating to that class of PPE can be revalued.

Under the cost model a right-of-use asset is measured at cost less accumulate depreciation and accumulated impairment.

ROU Assets will be classified as follows:

- 22.1 ROU Asset – Property and Equipment- At Cost
- 22.2 Accumulated Depreciation – ROU Property and equipment- At Cost
- 22.3 ROU Asset – Property and Equipment- At Fair Value
- 22.4 Accumulated Depreciation – ROU Property and equipment- At Fair Value
- 22.5 ROU Asset – Investment Property- At Cost
- 22.6 Accumulated Depreciation – ROU Investment Property- At Cost
- 22.7 ROU Asset – Investment Property- At Fair Value
- 22.8 Accumulated Depreciation – ROU Investment Property- At Fair Value

23. NON-CURRENT ASSETS HELD FOR SALE

This represents assets available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. This generally pertains to non-current assets such as land, building and equipment, whose carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This account shall be measured at the lower of its carrying amount and fair value less costs to sell.

24. PENSION ASSET

The net pension asset is the aggregate of the fair value of plan assets reduced by the present value of the defined benefit obligation at the end of the reporting period, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

An entity shall recognize the components of defined benefit cost as follows:

- (A) Service cost in profit or loss;
- (B) Net interest on the net defined benefit liability or asset in profit or loss; and
- (C) Remeasurements of net defined benefit liability or asset in remeasurement gains (losses) on retirement pension asset (obligation).

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service cost shall be recognized as an expense at the earlier of the dates when the plan amendment or curtailment occurs and when the entity recognizes related restructuring costs or termination benefits.

These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in remeasurement gains (losses) on retirement pension asset (obligation) in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the association, nor can they be paid directly to the association. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash

flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The association's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

- (A) the present value of the defined benefit obligation at the reporting date;
- (B) minus the fair value of the plan assets at the reporting date of the plan.

When an entity has a surplus in a defined benefit plan, it shall measure the net defined benefit asset at the lower of:

- (A) the surplus in the defined benefit plan; and
- (B) the asset ceiling.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

25. DERIVATIVE ASSETS HELD FOR HEDGING

This represents the positive fair value of derivatives that are designated and considered effective hedging instruments.

25.1 Fair Value Hedge - This represents the positive fair value of derivatives that are designated and considered effective fair value hedging instruments. Fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. Any fair value changes are recognized in profit or loss.

25.2 Cash Flow Hedge - This represents the positive fair value of derivatives that are designated and considered effective cash flow hedging instruments. Cash flow hedge is a hedge of the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and (ii) could affect profit or loss. Any fair value changes are recognized as equity under Cumulative Foreign Currency Translation.

25.3 Hedges of a Net Investment in Foreign Operation - This represents the positive fair value of derivatives that are designated and considered to effective hedging instruments for hedges of a net investment in foreign operation. Any fair value changes are recognized as equity under Reserve for Hedge of a Net Investment in Foreign Operation.

26. OTHER ASSETS

This represents other assets which cannot be classified in any of the foregoing accounts.

To the extent admissible, this account shall be measured at amortized cost, which is generally equivalent to its face amount.

LIABILITY ACCOUNTS

27. LIABILITY ON INDIVIDUAL EQUITY VALUE

This represents the total amount of obligations set-up by the association on membership certificates pertaining to at least 50% of the total contributions, as required under the Amended Insurance code, including interest thereon declared by the Board at a rate stated in the approved Implementing Rules and Regulations (IRR) and any other increment declared by the association if any.

28. BASIC LIFE INSURANCE BENEFIT RESERVE

This represents the total actuarial reserve-set up by the association pertaining to the basic life insurance benefit that is in-force as at the end of the accounting period. It refers to the amount of liability which the association establishes for a certificate to meet the contractual obligation as it falls due.

This account shall be computed based on the valuation standards for the association to be prescribed by the Insurance Commission.

29. OPTIONAL LIFE INSURANCE BENEFIT RESERVE

This represents the total actuarial reserve-set up by the association pertaining to the policies under optional life insurance benefit that is in-force as at the end of the accounting period. It refers to the amount of liability which the association establishes for an optional life insurance policy to meet the contractual obligation as it falls due. The account may be further classified as follows:

29.1 Optional Life Insurance Benefit Reserve- Regular

29.2 Optional Life Insurance Benefit Reserve- Micro

This account shall be computed based on the valuation standards to be prescribed by the Insurance Commission.

30. CLAIMS PAYABLE ON BASIC LIFE INSURANCE BENEFIT

This represents benefit claims on membership certificates filed or reported to the association but not yet paid as of the end of accounting period. It includes claims due and unpaid, claims in the course of settlement, resisted claims and those which are incurred but not reported.

This account shall be measured using generally acceptable actuarial principles and internationally accepted actuarial standards.

30.1 Claims Payable On Basic Life Insurance Benefit- Due And Unpaid

This represents the sum of the individual claims on membership certificates that are due and have already been approved for payment but, for one reason or another, have not actually been paid. This includes checks already issued to beneficiaries but not yet released as of end of the accounting period. This account shall be measured at cost.

30.2 Claims Payable On Basic Life Insurance Benefit- In Course of Settlement

This represents the sum of the individual claims on membership certificates on which the association has already received notice of claims but on which, for one reason or another, financial action has not been taken either approving the claims for payment in full or rejecting it in part or in full. This accounts shall be measured at cost.

30.3 Claims Payable On Basic Life Insurance Benefit- Claims Resisted

This represents the sum of the individual claims on membership certificates on which the association has been notified that its decision to deny liability, either in whole or in part, is being challenged and on which the contest has not yet been resolved, provided it has met the following conditions:

- a) an entity has a present obligation (legal or constructive) as a result of a past event;
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, this account shall not be recognized.

30.4 Claims Payable On Basic Life Insurance Benefit- Incurred but not yet reported (IBNR)

This represents the sum of the individual claims on membership certificates that have already occurred but on which notice as not yet been received by the association. This estimate takes into account any policy reserve liability set up by the association and any amount recoverable from reinsurers.

31. CLAIMS PAYABLE ON OPTIONAL LIFE INSURANCE BENEFIT

This represents benefit claims on optional life insurance benefit filed or reported to the association but not yet paid as of the end of accounting period. It includes claims due and unpaid, claims in the course of settlement, resisted claims and those which are incurred but not reported.

This account shall be measured using generally acceptable actuarial principles and internationally accepted actuarial standards.

Claims payable on Optional life insurance benefits will be further break into:

31.1. Claims Payable on Optional Life Insurance Benefits- Regular

31.2. Claims Payable on Optional Life Insurance Benefits- Micro

Regular and Micro accounts shall include the following:

31.3. Claims Payable On Optional Life Insurance Benefit- Due And Unpaid

This represents the sum of the individual claims on optional life insurance benefits that are due and have already been approved for payment but, for one reason or another, have not actually been paid. This includes checks already issued to beneficiaries but not yet released as of end of the accounting period. This account shall be measured at cost.

31.4. Claims Payable On Optional Life Insurance Benefit- In Course of Settlement

This represents the sum of the individual claims on optional life insurance policies on which association has already received notice of claims but on which, for one reason or another, financial action has not been taken either approving the claims for payment in full or rejecting it in part or in full. This account shall be measured at cost.

31.5. Claims Payable On Optional Life Insurance Benefit- Claims Resisted

This represents the sum of the individual claims on optional life insurance policies on which the association has been notified that its decision to deny liability, either in whole or in part, is being challenged and on which the contest has not yet been resolved, provided it has met the following conditions:

- a) an entity has a present obligation (legal or constructive) as a result of a past event;
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, this account shall not be recognized.

31.6. Claims Payable On Optional Life Insurance Benefit- Incurred but not yet reported (IBNR)

This represents the sum of the individual claims on optional life insurance policies that have already occurred but on which notice as not yet been received by the association. This estimate takes into account any policy

reserve liability set up by the association and any amount recoverable from reinsurers.

32. MATURITIES AND SURRENDERS PAYABLE ON BASIC LIFE INSURANCE BENEFIT

This represents claims on matured and surrendered basic life insurance policies due and unpaid at the end of the accounting period pending compliance with some requirements.

This account shall be measured at amortized cost, which is generally equivalent to its face amount.

33. MATURITIES AND SURRENDERS PAYABLE ON OPTIONAL INSURANCE BENEFIT

This represents claims on matured and surrendered optional life insurance policies due and unpaid at the end of the accounting period pending compliance with some requirements. This is further classified into:

- 33.1 Other Benefits Payable on Optional Life Insurance Policies- Regular
- 33.2 Other Benefits Payable on Optional Life Insurance Policies- Micro

This account shall be measured at amortized cost, which is generally equivalent to its face amount.

34. MEMBERS' CONTRIBUTION RECEIVED IN ADVANCE

This represents member contributions received but not yet due/earned as of the end of the accounting period.

35. PREMIUM RECEIVED IN ADVANCE

This represents premium on optional life insurance benefits received but not yet due/earned as of the end of the accounting period and which is expected to become due within one year.

- 35.1. Premium Received in Advance- Regular
- 35.2. Premium Received in Advance - Micro

36. FUND HELD FOR REINSURERS

This shall comprise of the following sub-accounts:

- 36.1. Premium Reserve Withheld for Reinsurers- Treaty

This represents a portion of the reinsurance premium ceded to reinsurers which was withheld by the association in accordance with treaty agreements and/or laws, rules and regulations.

This account shall be measured at amortized cost, which is generally equivalent to its nominal value.

37. UNEARNED INCOME

This account pertains to income received but not yet earned, such as rent received in advance or other income received in advance not falling in any of the foregoing categories.

38. AMOUNT DUE TO REINSURERS

This shall comprise of the following sub-accounts:

38.1 Premiums Due to Reinsurers - Treaty

This represents reinsurance premiums payable by the association to all its treaty reinsurers.

38.2 Premiums Due to Reinsurers - Facultative

This represents reinsurance premiums payable by the association to all its facultative reinsurers.

This account shall be measured at amortized cost, which is generally equivalent to its account balance for those expected to be settled within one year.

39. ACCOUNTS PAYABLE

This represents obligations of the association as a result of indebtedness due to any corporations, individuals or suppliers which are non-insurance/reinsurance related. This may include the following accounts:

39.1 SSS Premiums Payable - This represents the unremitted SSS premiums/contributions withheld from the salaries of officers and employees.

39.2 SSS Loans Payable - This represents the SSS salary loan amortizations deducted from the salaries of officers and employees.

39.3 Pag-IBIG Premiums Payable - This represents the unremitted contributions.

39.4 Pag-IBIG Loans Payable - This represents the unremitted Pag-IBIG loan amortizations deducted from the salaries of officers and employees.

39.5 Operating lease liability - This represents the amounts payable arising from lease contract which is classified as an operating lease. Lease payments shall be recognized as an expense on a straight-line basis over the term of the lease.

39.6 Withholding Taxes Payable - This account represents the amount due to the Bureau of Internal Revenue (BIR) for liabilities arising from taxes withheld from employee compensation or fees for other services provided to the association.

39.7 Other Accounts Payable – This represents all other unpaid non-insurance/reinsurance related obligations.

The above accounts shall be measured at amortized cost, which is generally equivalent to face amount.

40. DEPOSIT FOR REAL ESTATE UNDER CONTRACT TO SELL

This represents the installment payments received by the association on real estate sold under contract to sell, titles to which is still in the name of the association.

This account shall be measured at amortized cost, which is generally equivalent to its face amount.

41. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

This represents financial liabilities which are carried at FVTPL.

41.1 Financial Liabilities Held for Trading - This represents financial liabilities that are:

(A) acquired principally for the purpose of selling or repurchasing it in the near term; or

(B) part of a portfolio of identified securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

41.2 Financial Liabilities Designated At FVTPL - This represents financial liabilities which the association, upon initial recognition, has designated at FVTPL.

41.3 Derivative Liabilities - This represents the negative fair value of the association's derivatives which are not designated and effective hedging instruments. This shall comprise of the following sub-accounts based on the types of derivative contracts:

41.3.1 Foreign exchange contracts - This represents contracts to purchase/sell foreign currencies at a future date at a fixed rate.

41.3.2 Interest rate contracts - This represents contracts related to an interest-bearing financial instrument or whose cash flows are

determined by referencing interest rates or another interest rate contract.

41.3.3 Equity contracts - This represents contracts where the returns are linked to the price of a particular equity or equity index.

42 PENSION LIABILITY

This represents the association's obligation with respect to the retirement and other postemployment benefits granted to employees. This is calculated as the net total of the following amounts:

- A.) the present value of the defined benefit obligation at the reporting date;
- B.) minus the fair value of the plan assets at the reporting date.

43 ACCRUED EXPENSES

This represents expenses incurred for the period and shall be accrued by the association. This shall be further comprised of the following sub-accounts:

- 43.1 Accrued Utilities – This represents accruals for utilities consumed by the association during the reporting period which have not yet been paid. This includes accruals for electricity, water and communications.
- 43.2 Accrued Services - This represents accruals for services rendered to the association such as janitorial, security, professional fees and others.
- 43.3 Accrual for Unused Compensated Absences - This represents the association's liability relating to unused compensated absences, incurred when the employees render service.
- 43.4 Other Accrued Expenses - This represents accrued expenses which cannot be classified in any of the foregoing accounts.

This account shall be measured at amortized cost, which is generally equivalent to its face amount.

44 LEASE LIABILITY

The lease liability is initially measured at the present value of the lease payments over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

The lease liability is subsequently remeasured to reflect changes in:

- the lease term (using a revised discount rate);
- the assessment of a purchase option (using a revised discount rate);

- the amounts expected to be payable under residual value guarantees (using unchanged discount rate); and
- future lease payments resulting from a change in an index or a rate used to determine those payments (using unchanged discount rate).

The remeasurements are treated as adjustments to the right-of-use asset.

Lease modifications may also prompt remeasurement of the lease liability unless they are to be treated as separate leases.

45 OTHER LIABILITIES

This represents other liabilities which cannot be appropriately classified under the foregoing liability accounts. This may comprise of the following accounts:

- 45.1 Deferred Income – This represents income received during the accounting period but not yet earned for which recognition as income is deferred.
- 45.2 Notes Payable - This represents long-term and short-term notes payable or any kind of indebtedness duly covered by promissory notes and which are interest-bearing. Payment of interest and principal is based on predetermined amortization schedule on due dates duly agreed upon in the loan agreement.
- 45.3 Deferred Tax Liability - This represents the total amount of deferred tax on taxable temporary differences.

These are measured at the tax rates that are applicable to the period when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

- 45.4 Grants Held in Trust - This account refers to the balance of project and /or grants held in trust by the association subject to liquidation upon completion of the project. This account is credited whenever the association receives grant for specific projects/activities. Debit to this account represents a decrease/usage of the grant received.
- 45.5 Provisions - This represents the amount recognized by the association for a liability which is uncertain in amount or timing.

A provision shall be recognized when:

- a) the association has a present obligation (legal or constructive) as a result of a past event;
- b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) a reliable estimate can be made of the amount of the obligation.

45.6 Others- This represents all other liabilities not classified under the foregoing liability accounts.

This account shall be measured at amortized cost, which is generally equivalent to its face amount.

46 DERIVATIVE LIABILITIES HELD FOR HEDGING

This represents the negative fair value of derivatives that are designated and considered effective hedging instruments.

46.1 Fair Value Hedge – This represents the negative fair value of derivatives that are designated and considered effective fair value hedging instruments. Fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

46.2 Cash Flow Hedge - This represents the negative fair value of derivatives that are designated and effective cash flow hedging instruments. Cash flow hedge is a hedge of the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and (ii) could affect profit or loss. Any fair value changes are recognized as equity under Cumulative Foreign Currency Translation.

46.3 Hedges of a Net Investment in Foreign Operation - This represents the negative fair value of derivatives that are designated and considered effective hedging instruments for hedges of a net investment in foreign operation. Any fair value changes are recognized as equity under Cumulative Foreign Currency Translation.

FUND BALANCE

47 FREE AND UNASSIGNED FUND BALANCE

This represents portion of the fund balance that is not restricted.

48 ASSIGNED FUND BALANCE

This includes portion of the fund balance which has been appropriated for special purposes. This include the following:

48.1 Fund Assigned for Guaranty Fund – This represents portion of the fund balance that is restricted for guaranty fund.

- 48.2 Fund Assigned for Members' Benefit - This represents portion of the fund balance that shall be used to provide benefits to members.
- 48.2.1 Funds Assigned for Incremental Benefit for Individual equity value - This account refers to a portion of the net surplus set aside by the association as additional benefits to its members computed proportionately on their Individual Equity Value.
- 48.2.2 Funds Assigned for Education and Training - This account refers to the amount allocated by the association for education and training of its members, officers and staff of the association.
- 48.2.3 Funds Assigned for Other Members' Benefit - Includes other members' benefit allocated by the association that cannot be classified under foregoing accounts.
- 48.2.4 Fund Assigned for Community Development - This account refers to the fund set aside from the net surplus for projects and/or activities that will benefit the community where the association operates.
- 48.2.5 Fund Assigned for Research and Development - This represents assigned fund balance that shall be used for research and development such as developing new products and services, upgrading and improving operating systems and equipment.
- 48.3 Fund Assigned for Negative Reserve – This represents the amount appropriated from the Free and Unassigned Fund Balance equal to the aggregate of the negative reserves calculated based on the issued valuation standards on a per policy basis.
- 48.4 Fund Assigned for Transition Adjustments – This represents the cumulative prior year impact of the changes arising from the adoption of the New Financial Reporting Framework, including the change in the valuation basis from Net Premium Valuation (NPV) to Gross Premium Valuation (GPV) as well as any change in assumptions under GPV computed based on the new valuation standards for life insurance benefit policy reserves.

49 RESERVE ACCOUNTS

- 49.1 Reserve for Remeasurement of Debt Securities at FVTOCI – This represents the net gains or losses arising from fair value changes of debt securities measured at FVTOCI. Upon derecognition of the financial asset, this shall be transferred to profit or loss.
- 49.2 Reserve for Remeasurement of Equity Securities at FVTOCI - This represents the net gains or losses arising from fair value changes of equity securities measured at FVTOCI. Upon derecognition of the financial asset, this shall be transferred to Retained Earnings.

- 49.3 Reserve for ECL of Debt Securities at FVTOCI - This represents the allowance for ECL of debt securities measured at FVTOCI. Upon derecognition of the financial asset, this shall be transferred to profit or loss.
- 49.4 Reserve for Remeasurement of Financial Liabilities designated at FVTPL- This represents the fair value changes related to changes in the association's own credit risk of a financial liability designated at FVTPL. Upon derecognition of the financial liability, this shall be transferred to Retained Earnings.
- 49.5 Reserve for Cash Flow Hedge - This represents gains or losses arising from fair value changes of hedging instruments in a cash flow hedge.
- 49.6 Reserve for Hedge of a Net Investment in Foreign Operations - This represents gains or losses arising from change in fair value of hedging instruments in a hedge of a net investment in foreign operations.
- 49.7 Cumulative Foreign Currency Translation - This represents gains or losses arising from foreign currency translations on the following:
- i.) foreign currency denominated non-monetary items, where such gains or losses are recognized directly in equity, and,
 - ii.) translation of foreign operations with different functional currency.
- 49.8 Remeasurement on Life Insurance Benefit Reserves – This represents the increase or decrease of the reserves brought by changes in discount rates.
- 49.9 Reserve for Investment in Associates.

50 RESERVE FOR APPRAISAL INCREMENT – PROPERTY AND EQUIPMENT

This represents the appraisal increment on property and equipment when the association applies the revaluation model. This is calculated as a difference between the property and equipment's carrying amount and its revalued amount.

51 REMEASUREMENT GAINS (LOSSES) ON RETIREMENT PENSION ASSET LIABILITY

This represents the accumulated balance of remeasurement gains or losses of a net define benefit liability or asset.

B) STATEMENT OF COMPREHENSIVE INCOME ACCOUNTS

REVENUES

52 REVENUES

Increases in the economic benefit during the accounting period of the association in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in the fund balance. (Framework for the Preparation and Presentation of Financial Statements, PFRSs)

52.1 Members' Fees or Dues

Represents fees and dues collected from individuals to maintain their membership in the association.

52.2 Members' Contribution

This represents considerations given by the member in exchange for the promises of the association to pay a stipulated sum in the event of a loss covered under the basic life insurance benefits indicated in the Implementing Rules and Regulations (IRR) of the association and/or membership certificates.

53 GROSS PREMIUMS EARNED ON INSURANCE CONTRACTS

This represents considerations given by the insured in exchange for the promises of the association to pay stipulated sum in the event of a loss covered under the optional life insurance contract of the association. This account may be further classified into:

53.1 Premium Income - First Year

This represents considerations given by the insured in exchange for the promises to pay a stipulated sum in the event of a loss covered under the insurance contract. This relates to the first-year aggregate contributions earned or accrued during the accounting year pertaining to new and direct business, inclusive of all riders, clauses, or indemnities and any other supplementary features.

This account shall be measured at fair value of the consideration received or receivable.

53.2 Premium Income - Renewal

This represents the aggregate premiums earned which particularly pertain to the extension of a policy beyond its original term or the renewal of the said policy for another period upon the anniversary date of the policy. Members' Premium on optional life insurance products renewal refers

solely to the renewal premium earned based on the base amount of the renewal certificate/policy inclusive of any rider, clauses, indemnities and any other supplementary features.

This account shall be measured at fair value of the consideration received or receivable.

53.3 Premium Group - First Year/Renewal

This represents the aggregate premiums earned during the year pertaining to the insurance coverage granted with/without medical examination to a group of employees, the premiums of which are either paid wholly by the employer or partly by the insured members. It also includes contributions earned on insurance pool business.

This is classified as premium group-first year for aggregate premiums earned during the first policy contract year and premium group-renewal for the premiums earned after the first policy contract year.

This account shall be measured at fair value of the consideration received or receivable.

53.4 Premium Paid-Up Insurance

This represents the aggregate premiums earned during the accounting period pertaining to a reduced paid up insurance pertinent to the non-forfeiture option which provides that upon cessation of premium payments, the policy will be continued for a reduced amount without any additional premium payment.

This account shall be measured at fair value of the consideration received or receivable.

54 REINSURERS' SHARE OF GROSS PREMIUMS EARNED ON INSURANCE CONTRACTS

This represents the amount recognized in profit or loss due to the services already received from the reinsurer in the period, determined by the allocation of the contractual service margin remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period of the group of reinsurance contracts held.

54.1 Reinsurance Premiums Received – First Year

This represents the aggregate reinsurance premiums earned from ceding associations on first year business both under the automatic treaty and facultative agreements.

Whereas, the reinsurance premiums received-life pertains to the premiums on acceptances based on the face amount of the policy, the additional reinsurance premiums earned are appropriately distributed in accordance with all the corresponding policy riders.

This account shall be measured at fair value of the consideration received or receivable.

54.2 Reinsurance Renewal Premiums Received

This represents reinsurance premiums accepted or received from other insurance associations pertaining to premiums after the first policy contract year. Reinsurance Renewal Life refers to the reinsurance accepted on the renewal premiums based on the face amount of the renewal certificate/policy inclusive of all other policy riders.

This account shall be measured at fair value of the consideration received or receivable.

54.3 Reinsurance Premiums Ceded- First Year/ Renewal

This represents premiums ceded to reinsurers under the treaty and/or facultative agreement with other insurance associations. These are appropriately distributed in accordance with the premium on the life of the assured and the corresponding riders attached to the policy.

54.3.1 Reinsurance - First Year/Renewal - Individual Insurance

This represents premiums ceded to reinsurers under the treaty and/or facultative agreement with other insurance associations, classified as first year or renewal reinsurance on individual insurance business.

54.3.2 Reinsurance - Group Insurance

This represents premiums corresponding to the excess in the association's retention on group business ceded to reinsurers under the treaty and/or facultative agreement with other insurance associations.

This account shall be measured at fair value of the consideration given up or payable.

54.4 Member's Contributions Ceded to (re)insurers

Includes cost of premiums on ceded basic life insurance business.

55 EXPERIENCE REFUND

This represents the refund received from the reinsurers on the premiums paid based on the actual mortality experienced over a given period where the experience rating or mortality is favorable to the reinsurer.

This account shall be recognized when earned and shall be measured at fair value of the consideration received or receivable.

56 PENALTIES AND SURCHARGES

This represents the amount of penalties and surcharges imposed upon members/policyholders due to late payments of contributions and/or premiums, including early withdrawals and surrenders.

57 POLICY ISSUE FEE

This represents fees received from policyholders who request for reissuance of a policy contract in cases where the original policy may have been lost, or misplaced by the owner as evidenced by a duly notarized affidavit of loss. Reissuance is made upon the request of the policyholder and a minimal fee is charged against this account.

This account shall be recognized when earned and shall be measured at fair value of the consideration received or receivable.

58 INTEREST INCOME

This represents interest income due and accrued which is earned by the association from its various investments. This shall be comprised of the following sub-accounts:

58.1. Interest Income - Cash in Banks - This represents interest income earned from savings accounts.

58.2 Interest Income – Time Deposit – This represents interest income earned from Time Deposit.

58.3 Interest Income – Financial Asset at Amortized Cost

58.3.1 Debt Securities

58.3.1.1 Debt Securities - Government

58.3.1.2 Debt Securities – Private

58.3.2 Loans and Receivables

58.3.2.1 Real Estate Mortgage Loans - This represents interest earned during the period from real estate mortgage loans.

58.3.2.2 Collateral Loans - This represents interest earned during the period from collateral loans.

58.3.2.3 Guaranteed Loans - This represents interest earned during the period from guaranteed loans.

58.3.2.4 Chattel Mortgage Loans - This represents interest earned during the period pertaining to interest-bearing loans duly secured by a mortgage on chattels, such as cars or motor vehicles.

58.3.2.5 Policy Loans - This represents interest earned during the period derived from outstanding balances of loans granted to policyholders at prescribed interest rates.

58.3.2.6 Housing Loans - This represents interest earned during the period derived from housing loans.

58.3.2.7 Car Loans - This represents interest earned during the period derived from car loans.

58.3.2.8 Low Cost Housing Loans - This represents interest earned during the period arising from low cost housing loans.

58.3.2.9 Sales Contracts Receivables - This represents interest earned on Sales Contract Receivables

58.3.2.10 Purchase Money Mortgages - This represents interest earned on Purchase Money Mortgages

58.3.2.11 Salary Loans - This represents interest earned on salary loans.

58.3.2.12 Unquoted Debt Securities - This represents interest earned on unquoted debt securities which are classified as loans and receivables.

58.3.2.13. Others - This represents interest income earned which are not otherwise classified under any of the other accounts. Included in this account are the interest earned from the Security Deposit Fund held by the Insurance Commission; special loans; etc.

- 58.4 Interest Income – Financial Assets at FVTOCI
 - 58.4.1. Debt Securities – Government - This account represents interest received and/or accrued arising from investments in government securities (such as Treasury Bills, Treasury Notes, and government bonds). These shall be classified into two: Non-taxable (NT) and those subject to Final tax (FT).
 - 58.4.2. Debt Securities – Private - This represents interest income received and/or accrued arising from investments in debt instruments issued by the private sector such as commercial papers, corporate notes and bonds.
- 58.5 Interest Income - Financial Assets at FVTPL
 - 58.5.1. Debt Securities
 - 58.5.1.1. Debt Securities - Government
 - 58.5.1.2. Debt Securities – Private
 - 58.5.2. Equity Securities
 - 58.5.2.1. Common Shares
 - 58.5.2.2. Preferred Shares

59 DIVIDEND INCOME

This represents income derived from cash dividend declaration on stock investments, including those accrued or earned but not yet received.

This account shall be recognized when the stockholders' right to receive payment is established and shall be measured at fair value of the consideration received or receivable.

60 GAIN/LOSS ON SALE OF INVESTMENTS

This represents gains/losses realized on sale of the association's investments.

This shall be composed of the following sub-accounts:

- 60.1. Financial Assets at Amortized Cost
- 60.2. Financial Assets at Fair Value (FAFV)-Other Comprehensive Income
- 60.3. Financial Assets at Fair Value (FAFV)- Profit and Loss (P&L)
- 60.4. Investment Property
- 60.5. Others - This represents gains derived from the disposal or sale of assets other than those classified above.

61 GAIN ON SALE OF PROPERTY AND EQUIPMENT

This represents gain realized on sale of property and equipment.

62 UNREALIZED GAIN/LOSS ON INVESTMENTS

This represents unrealized gains or losses arising from fair value changes of assets which are carried at fair values. This shall be comprised of the following sub-accounts:

- 62.1. Financial Assets at Amortized Cost
- 62.2. Financial Assets and Liabilities Designated at FVTPL
- 62.3. Derivative Assets/Liabilities
- 62.4. Investment Property
- 62.5. Others

63 DONATIONS AND OTHER CONTRIBUTIONS RECEIVED

This represents donations and other contributions received by the association.

Subject to the provisions of Section 403 of the Amended Insurance Code, in no case shall an association be organized and authorized to transact business as a charitable or benevolent organization, and whenever it has this feature as incident to its existence, the corresponding charter provision shall be revised to conform with the provision of said section. A mutual benefit association, already licensed to transact business as such on the date the Amended Insurance Code becomes effective, having charitable or benevolent feature shall abandon such incidental purpose upon effectivity of the Amended Insurance Code if it desires to continue operating as a mutual benefit association.

64 RENTAL INCOME

This represents income generated from the rental of investment property. Rent income shall be recognized on a straight-line basis over the lease term.

65 MISCELLANEOUS INCOME

This represents income received or earned from various sources which cannot be properly classified under any of the income accounts.

This account shall be recognized when earned and shall be measured at fair value of the consideration received or receivable.

UNDERWRITING EXPENSE

66 CLAIMS EXPENSE

This represents the aggregate losses and claims against the association arising from the life insurance contracts issued to policyholders. This can be classified as follows:

- 66.1. Death Claims - This represents the aggregate losses and claims incurred by the association on the sum assured of the life insurance contracts arising from the death of the assured.
- 66.2. Accidental Death Benefit - This represents the aggregate losses and claims incurred by the association arising from a rider in the insurance contract promising to pay double the face amount of the policy should death be caused by accident.
- 66.3. Disability Claims - This represents the total disability benefits paid during the period.
- 66.4. Health Insurance Benefit - This represents all payments made to policy owners and beneficiaries of health insurance during the period.
- 66.5. Medical Insurance Benefit - This represents amounts paid to doctors and hospitals for the services rendered to individual policyholders.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

67 ALLOCATION FOR LIABILITY ON INDIVIDUAL EQUITY VALUE

This represents the at least 50% of the total member's contribution on the basic life insurance benefit.

68 INCREASE/(DECREASE) ON LIABILITY ON INDIVIDUAL EQUITY VALUE

This represents the net change in the liability on individual equity value for basic life insurance benefit for the current period other than allocation of the at least 50% of the total member's contribution.

69 INCREASE/(DECREASE) IN RESERVE FOR BASIC LIFE INSURANCE BENEFIT

This represents the net change in the reserves for basic life insurance benefit for the current period.

70 INCREASE/(DECREASE) IN RESERVE FOR OPTIONAL LIFE INSURANCE BENEFIT

This represents the net change in the reserve for optional life insurance benefit for the current period. This account may be further classified into:

Increase/(Decrease) in Reserve for Optional Life Insurance Benefit- Regular

Increase/(Decrease) in Reserve for Optional Life Insurance Benefit- Micro

71 ENDOWMENT MATURITIES/ANTICIPATED ENDOWMENT MATURITIES

This represents a specified sum of money paid to the policyholder, if he doesn't die, at the end of a designated period. Anticipated amount of endowment maturities are paid out at designated periods of time e.g., every five (5) years.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

72 CASH SURRENDER VALUES

This represents the amount due the assured, net of outstanding policy loans and interest thereon, upon the surrender of the policy before its maturity date.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

73 INCREASE IN LOADING

This represents the aggregate increase in net premiums to cover operational expenses and contingencies.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

74 RETROCESSION COMMISSION

This represents commissions paid to the reinsurers on their acceptance of the reinsurance business.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

75 MEMBERSHIP ENROLLMENT AND MARKETING EXPENSE

This represents expenses for marketing, including member mobilization, and production of policy forms and promotional materials, among others.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

76 COLLECTION FEE

This refers to fees paid to individuals and/or partner institutions for collection services.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

77 RESEARCH AND DEVELOPMENT EXPENSES

Includes expenses related to conduct of Research and development such as developing new products and services, upgrading and improving operating systems and equipment.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

78 MEDICAL FEE

This represents payment to the medical director and other authorized medical examiners for the examination done on insurance applicants.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

79 INSPECTION REPORT FEE

This represents fees paid for the medical investigators and inspection of certain policyholders with outstanding (death/disability) claims. It also includes fees for the credit or background investigation that may be conducted on prospective employees, insurance applicants, borrowers, etc.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

80 OTHER UNDERWRITING EXPENSES - INSURANCE

This represents the underwriting expenses not classified under any of the foregoing underwriting expense accounts.

OPERATING EXPENSES

81 SALARIES AND WAGES

This represents basic salaries, wages and allowances, including bonuses and 13th month pay of all association officers and staff.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

82 EMPLOYEE BENEFITS

This represents other employee benefits granted to employees such as compensated absences (sick leaves, vacation leaves, emergency leaves), cost of share based payment transactions and other long-term employee benefits other than post-employment benefits.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

83 SSS CONTRIBUTIONS

This represents the association's share in the contribution to the SSS for the benefit of the officers and staff of the association.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

84 PHILHEALTH CONTRIBUTIONS

This represents the association's share in the contribution for the Philhealth benefits of officers and staff.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

85 PAG-IBIG CONTRIBUTION

This represents the association's share in the contribution for the Pag-IBIG Fund or the Home Development Mutual Fund for the benefit of the employees of the association.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

86 EMPLOYEES COMPENSATION AND MATERNITY CONTRIBUTIONS

This represents the association's share in the contribution to the SSS for the maternity, sickness and disability benefits of all association employees.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

87 HOSPITALIZATION CONTRIBUTION

This represents the association's contribution for the employee's hospitalization benefits under the group insurance coverage.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

88 POST-EMPLOYMENT BENEFIT COST

This represents the retirement benefits of the association's employees for services rendered. It shall comprise of the following items:

- A.) Current service cost;

- B.) Interest expense;
- C.) Interest income; and
- D.) Effect of any curtailment or adjustment.

89 REPRESENTATION AND ENTERTAINMENT

This represents the cost of representation and entertainment incurred by the officers and staff for the promotion of the business of the association.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

90 BOARD HONORARIUM, ALLOWANCES AND BENEFITS

This represents honorarium and allowance granted to the members of the Board of Trustees.

91 CORPORATE SECRETARY'S FEES

This represents fees granted to the corporate secretary for services rendered during the monthly Board of Trustees' meetings, annual members' meetings or any other special meetings that the Board of Trustees or the members may hold.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

92 TRANSPORTATION AND TRAVEL EXPENSES

This represents expenses for travel and transportation of the directors, officers, employees in connection with the business operations.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

93 SOCIAL AND COMMUNITY SERVICE EXPENSES

This account refers to expenses incurred by the association in its social community involvement including donations to social organizations, relief operations, scholarship grants, etc.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

94 AUDITORS' FEES

This represents professional fees paid to the external auditors for the year-end audit/examination of the association's books of accounts. It also includes the monthly retainers fees, charges for the auditors' out of pocket expenses and fees for any special audit examination or consultations, including any audit and tax consultations which may be required by the association from time to time.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

95 ACTUARIAL FEES

This represents professional fees paid to the external actuaries for whatever actuarial services that they may render for the association.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

96 LEGAL FEES

This represents retainer fees and other professional fees paid to external lawyers and the association's legal counsel for whatever legal services that they may render. It includes fees for the legal assistance that they may extend in handling court cases, court settlements, notarial fees, consultancy fees, and other legal matters.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

97 SERVICE FEES

This represents fees paid to certain authorized individuals for services rendered to the association on a contractual or temporary basis.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

98 DUES AND SUBSCRIPTION

This represents regular payments, fees, dues and subscriptions paid to relevant organizations.

99 PRINTING, STATIONERY AND SUPPLIES

This represents expenses incurred by the association for the printed forms/materials, stationery and office supplies used in the business operations. This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

100 BOOKS AND PERIODICALS

This represents the cost of books and reference materials for office use and subscriptions to newspapers, magazines, etc.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

101 RENTAL EXPENSE

This represents rental expense incurred on leased properties. Rental expense shall be recognized on a straight-line basis over the lease term.

102 LIGHT AND WATER

This represents the cost of power and water consumption of the association's Head Office and its branches.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

103 COMMUNICATION AND POSTAGE

This represents the cost of telephone and cellphone services both local and long distance toll charges; telegrams and mailing expenses, including postages and freight charges for the delivery of mails or cargoes sent to or received from the branches.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

104 REPAIRS AND MAINTENANCE – MATERIALS

This represents the cost of materials used in the repair and maintenance of association assets. This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

105 REPAIRS AND MAINTENANCE – LABOR

This represents the cost of labor pertaining to the repairs and maintenance of association assets.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

106 INSURANCE EXPENSE

This represents premiums paid on insurance coverage of office furniture, fixtures and equipment, IT equipment, association cars and others. It also includes premium charges on the guarantee or fidelity bond of accountable officers and staff as may be required by the Insurance Commission.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

107 DEPRECIATION AND AMORTIZATION

This represents the periodic depreciation and amortization of the asset cost of the association's depreciable fixed assets. It represents an estimate of the decline in service potential of the asset occurring during the period.

108 TAXES AND LICENSES

This represents taxes which are allowable deductions or expenses for income tax computation such as payment of business license, mayor's permit, etc. It does not include taxes not deductible for income tax purposes, such as income tax assessments and penalty charges and renewal of the agent's certificates of authority.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

109 INVESTMENT MANAGEMENT FEES

This represents fees paid to investment management consultants for the handling of the association's investment portfolio and other special projects.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

110 BANK AND OTHER CHARGES

This represents the charges imposed by bank and non-bank institutions on financial transactions (e.g. overdrafts, remittances, money transfers, etc.) other than financing charges.

111 INTEREST EXPENSES

This represents interest expense incurred by the association.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

112 PROVISION FOR EXPECTED CREDIT LOSS

This represents provisions for losses that may arise from loans and receivables, accounts receivables, and other financial assets. This shall be comprised of the following sub-accounts:

- 112.1 Financial Asset at Amortized Cost
- 112.2 Financial Asset at Fair Value (FAFV) – Other Comprehensive Income (OCI)
- 112.3 Financial Asset at Fair Value (FAFV) – Profit and Loss (P & L)
- 112.4 Others

113 PROVISION FOR IMPAIRMENT LOSSES

This represents provisions for losses that may arise from non-financial assets. This shall be comprised of the following sub-accounts:

113.1	Property and Equipment
113.2	Investment Property
113.3	Intangible Assets
113.4	Others

114 MEDICAL SUPPLIES

This represents expenses incurred by the association for the purchase of medicines and other medical supplies for the use of or issuance to the employees.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

115 ASSOCIATION DUES

This represents membership and monthly dues and fees paid to various professional organizations/association such as Philippine Chamber of Mutual Benefit Associations (PCMBAI), Microinsurance Mutual Benefit Association of the Philippines (MIMAP), Philippine Institute of Certified Public Accountants (PICPA), etc.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

116 ADVERTISING AND PROMOTIONS

This represents expenses incurred for marketing strategies meant to increase sales.

117 SHARE IN PROFIT/LOSS OF ASSOCIATES AND JOINT VENTURES

This represents the association's share in the profit or loss of its associates or joint ventures under the equity method of accounting.

118 MISCELLANEOUS EXPENSE

This represents other operating or administrative expenses which cannot be specifically classified under any of the other expense accounts.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

119 SUSPENSE

This represents a temporary classification of nominal accounts pending clarification of certain aspects of the transaction or compliance of certain requirements,

documentation or otherwise. This account could be either a debit or a credit and needs to be reclassified subsequently as to their proper accounts. All transactions under this classification must be properly cleared out and reclassified every end of the accounting period.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.

120 PROVISION FOR FINAL TAX

This represents final taxes withheld from sale of shares of stock and from interest earned during the year on investments in government securities and savings deposits.

This account shall be recognized when incurred and shall be measured at fair value of the price that would be paid or payable.