CARD-BUSINESS DEVELOPMENT SERVICE FOUNDATION, INC.
(a Non-Stock, Non-Profit Organization)

Parent Company Financial Statements

December 31, 2019
(With Comparative Figures for December 31, 2018)

and

Independent Auditor's Report

ENDRIGA, MANANGU & ASSOCIATES
Certified Public Accountants

CARD-BUSINESS DEVELOPMENT SERVICE FOUNDATION, INC.
(A Non-Stock, Non-Profit Organization)

PARENT COMPANY STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE
(With Comparative Figures for December 31, 2018)

		As of December 31	
	Notes	**2019**	2018
ASSETS			
CURRENT ASSETS			
Cash	*3, 5*	**P 8,727,281**	P 5,821,848
Short-term investments	*3, 6*	**6,978,918**	6,726,548
Receivables	*3, 7*	**11,217,242**	9,591,349
Other current assets	*3, 8*	**644,801**	479,892
Total Current Assets		**27,568,242**	22,619,637
NONCURRENT ASSETS			
Available-for-sale investments	*3, 9*	**8,075,090**	7,775,100
Investments in a subsidiary and associates	*3, 10*	**49,617,229**	48,512,936
Property and equipment - net	*3, 11*	**4,065,346**	4,465,530
Investment property	*3*	**4,800,000**	4,800,000
Retirement asset	*3, 13*	**1,911,457**	1,608,543
Other noncurrent assets	*3, 8*	**12,196**	66,000
Total Noncurrent Assets		**68,481,318**	67,228,109
TOTAL ASSETS		**P 96,049,560**	P 89,847,745
LIABILITIES AND FUND BALANCE			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	*3, 12*	**P 3,933,668**	P 4,464,084
Total Current Liabilities		**3,933,668**	4,464,084
FUND BALANCE	*3*	**92,115,892**	85,383,661
TOTAL LIABILITIES AND FUND BALANCE		**P 96,049,560**	P 89,847,745

See accompanying Notes to Parent Company Financial Statements.

CARD-BUSINESS DEVELOPMENT SERVICE FOUNDATION, INC.
(A Non-Stock, Non-Profit Organization)

PARENT COMPANY STATEMENT OF REVENUES AND EXPENSES
(With Comparative Figures for December 31, 2018)

	Notes		For the Years Ended December 31 **2019**		2018 (As restated)
REVENUES	*3, 14*	**P**	**5,947,764**	P	16,592,737
PROGRAM EXPENSES	*3, 15*		**11,411,589**		12,907,475
GROSS INCOME			**(5,463,825)**		3,685,262
OPERATING EXPENSES	*3, 15*		**4,437,840**		5,019,574
LOSS FROM OPERATIONS			**(9,901,665)**		(1,334,312)
OTHER INCOME (CHARGES) - NET	*3, 16*		**900,096**		201,974
DEFICIENCY OF REVENUE OVER EXPENSES BEFORE SHARE IN TOTAL COMPREHENSIVE INCOME OF ASSOCIATES			**(9,001,569)**		(1,132,338)
SHARE IN TOTAL COMPREHENSIVE INCOME OF ASSOCIATES	*3, 10*		**15,804,244**		14,633,432
EXCESS OF REVENUE OVER EXPENSES BEFORE INCOME TAX			**6,802,675**		13,501,094
PROVISION FOR INCOME TAX	*3, 18*		**70,444**		108,115
EXCESS OF REVENUES OVER EXPENSES		**P**	**6,732,231**	P	13,392,979

See accompanying Notes to Parent Company Financial Statements.

CARD-BUSINESS DEVELOPMENT SERVICE FOUNDATION, INC.

(A Non-Stock, Non-Profit Organization)

PARENT COMPANY STATEMENT OF CHANGES IN FUND BALANCE

(With Comparative Figures for December 31, 2018)

	As of December 31	
	2019	2018
FUND BALANCE		
Balance at beginning of year	**P 85,383,661**	P 71,990,682
Excess of revenues over expenses	**6,732,231**	13,392,979
Balance at end of year	**P 92,115,892**	P 85,383,661

See accompanying Notes to Parent Company Financial Statements.

CARD-BUSINESS DEVELOPMENT SERVICE FOUNDATION, INC.
(A Non-Stock, Non-Profit Organization)

PARENT COMPANY STATEMENT OF CASH FLOWS
(With Comparative Figures for December 31, 2018)

	Notes	For the Years Ended December 31 **2019**	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over expenses before income tax		**P 6,802,675**	P 13,501,094
Adjustment for:			
Share in net income of associates	*10*	**(15,804,244)**	(14,633,432)
Dividend income	*10*	**(947,764)**	(1,592,737)
Depreciation	*11*	**695,797**	508,699
Interest income on deposits	*14*	**(352,222)**	(540,576)
Actuarial loss (gain) on retirement plan	*16*	**(302,914)**	416,801
Retirement expense, net of contributions	*13*	**-**	12,737
Operating loss before working capital changes		**(9,908,672)**	(2,327,414)
Decrease (increase) in:			
Receivables	*7*	**(1,625,893)**	(6,315,125)
Other current assets	*8*	**(164,909)**	133,472
Decrease in:			
Accounts payable and accrued expenses	*12*	**(530,416)**	(3,150,637)
Net cash flow used in operations		**(12,229,890)**	(11,659,704)
Dividend received	*10*	**15,647,715**	10,592,737
Interest received	*14*	**352,222**	540,576
Income tax paid	*18*	**(70,444)**	(108,115)
Net cash flow provided by (used in) operating activities		**3,699,603**	(634,506)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease on short-term investments	*6*	**(252,370)**	7,034,618
Decrease on other noncurrent assets	*8*	**53,804**	-
Acquisitions of:			
Investment in associates	*10*	**-**	(4,642,400)
Property and equipment	*11*	**(295,613)**	(716,659)
Available-for-sale investments	*9*	**(299,990)**	(715,300)
Net cash flow provided by (used in) investing activities		**(794,169)**	960,259
NET INCREASE IN CASH		**2,905,434**	325,753
CASH AT BEGINNING OF THE YEAR	*5*	**5,821,848**	5,496,095
CASH AT END OF THE YEAR		**P 8,727,282**	P 5,821,848

See accompanying Notes to Parent Company Financial Statements.

1. Corporate Information

CARD-Business Development Service Foundation, Inc. (the Parent Company; the Foundation) is a non-stock, non-profit organization incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on January 11, 2008. The Parent Company is a member of the Center for Agriculture and Rural Development - Mutually Reinforcing Institutions (CARD-MRI) Group and was organized primarily to become CARD-MRI's main vehicle in integrating its micro-entrepreneur clients into the mainstream economy while being socially-responsible citizens by providing for their holistic range of business and social service needs.

The Parent Company also aims to build a professional and sustainable business development service that can respond to the needs of CARD-MRI micro-entrepreneur clients in promoting, developing and expanding their business activities, and improving their quality of life. These activities include operating as an agent to market the member's products and assisting its members in assessing project feasibilities.

As a non-stock, non-profit organization operating for the promotion of social welfare, the Parent Company falls under Section 30 (e) of the National Internal Revenue Code, as amended by Republic Act No. 8424, under which income from activities in pursuit of which the Parent Company was organized, is generally exempt from tax. But income form its properties, real or personal, or from any activity conducted for profit is subject to income tax.

The Parent Company's principal office is located at 20 M.L. Quezon Street, City Subdivision, San Pablo City, Laguna.

The Subsidiary - The Subsidiary is Mga Likha ni Inay (MLNI), a company whose primary purpose is to engage in manufacturing, selling, advertising, promoting, consolidating, and trading of products of the members and clients of Center for Agriculture and Rural Development-Mutually Reinforcing Institutions (CARD-MRI). The Subsididary is 44% owned by the Parent Company.

2. Financial Reporting Framework

Statement of Compliance
The financial statements of the Parent Company have been prepared in accordance with the Philippine Financial Reporting Standards for Small and Medium-sized Entities (PFRS for SMEs) as approved by the Financial Reporting Standards Council, Board of Accountancy and Securities and Exchange Commission (SEC).

In March 2018, the Philippine SEC mandated the use of Philippine Financial Reporting Standards for Small Entities (PFRS for SEs) starting January 1, 2019 for companies with total assets or total liabilities of between Three Million Pesos (P3,000,000) to One Hundred Million Pesos (P100,000,000).

On its own, the Parent Company may be seen as needing to use the PFRS for SEs as mandated by the SEC. However, the SEC requires that the thresholds for deciding on the financial reporting framework to use be based on the consolidated total assets or total liabilities of the Parent Company and its Subsidiaries. The consolidated total assets of the Parent Company and its Subsidiary exceeded the PFRS for SEs' threshold for total assets or total liabilities. Hence, in accordance with the said SEC requirement, the Parent Company availed of the exemption from applying the PFRS for SEs and continued to apply the PFRS for SMEs in 2019 (as it did in 2018).

Basis of Preparation
These financial statements have been prepared on the historical cost basis unless otherwise indicated.

<u>Functional and Presentation Currency</u>
These financial statements are presented in Philippine Peso, the currency of the primary economic environment in which the Parent Company operates. All amounts are rounded to the nearest peso, except when otherwise indicated.

3. Summary of Significant Accounting Policies

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

<u>Financial Instruments</u>
The Parent Company classifies its financial instruments as either basic financial instruments or other financial instruments. Financial instruments are recognized only when the Parent Company becomes a party to the contractual provisions of the contract.

Basic Financial Instruments
The Parent Company's basic financial assets and liabilities are measured initially at transaction price (including transaction costs).

Basic Financial Instruments at amortized cost
The amortized cost of a financial instrument at the end of each reporting period is computed as the net of the amount at which the financial instrument is measured at initial recognition, minus any repayments of the principal, plus or minus the cumulative amortization using the effective interest method of any difference between the amount at initial recognition and the maturity amount, minus, in the case of a financial asset, any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Effective Interest Method
The effective interest method is a method is calculation the amortized cost of a financial asset or a financial liability (or a 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 carrying amount of the financial asset or financial liability. The effective interest rate is determined on the basis of the carrying amount of the financial asset or liability at initial recognition.

Under the effective interest method, the amortized cost of a financial asset (liability) is the present value of future cash receipts (payments) discounted at the effective interest rate; and the interest expense (income) in a period equals the carrying amount of the financial liability (asset) at the beginning of a period multiplied by the effective interest rate for the period.

Basic Financial Instruments measured at undiscounted amount
Short term debt instruments are measured at undiscounted amount of the cash or other consideration expected to be paid or received (i.e. net of impairment).

Cash is included in this category.

Basic Financial Instruments measured at lower of cost or fair value
The Parent Company has no basic financial instruments measured at lower or cost or fair value at the end of each reporting period.

Impairment of Financial Assets Measured at Cost or Amortized Cost
At the end of each reporting period, the Parent Company assess whether there is objective evidence of impairment of any financial assets that are measured at cost or amortized cost. If there is objective evidence of impairment, the Parent Company recognize an impairment loss in profit or loss immediately.

Objective evidence that a financial asset or group of assets is impaired includes observable data that come to the attention of the Parent Company about the following loss events:
- A breach of contract by the debtor, such as default or delinquency in interest or principal payments

- The Parent Company, for economic or legal reasons relating to the debtor's financial difficulty, granting the debtor a concession that the Parent Company would not otherwise consider; or
- Significant financial difficulty of the debtor or the issuer or it has become probable that the debtor or the issuer will enter bankruptcy or other financial reorganization.

For an instrument measured at amortized cost, the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If such a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the Parent Company reverses the previously recognized impairment loss either directly or adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset (net of allowance account) that exceeds what the carrying amount would have been had the impairment not previously recognized. The Parent Company recognizes the amount of reversal in profit or loss immediately.

Derecognition of financial assets
The Parent Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or are settled, or when it transfers the financial asset and substantially all of the risks and rewards of ownership of the financial asset to another entity.

Derecognition of financial liabilities
The Parent Company derecognizes a financial liability (or a part of a financial liability) only when it is extinguished or when the obligation specified in the contract is discharged, is cancelled or has expired.

Any difference between the carrying amount of the financial liability (or any part of financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed are recognized in profit or loss.

Prepayments and Other Current Assets
Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Other current assets represent assets of the Parent Company which are expected to be realized or consumed within one year or within the Parent Company's normal operating cycle whichever is longer. Other current assets are presented in the financial position at cost.

Investment in Associates
Associates are entities over which the Parent Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for under the equity method of accounting.

Under the equity method, an investment in associate is carried in the statement of assets, liabilities and fund balance at cost plus post-acquisition changes in the Parent Company's share in the net assets of the associate. The Parent Company's share in an associate's post-acquisition earnings and other comprehensive income (OCI) are recognized in statement of revenues and expenses. Distributions received from an associate reduce the carrying amount of the investment. If the Parent Company's share of losses of an associate equals or exceeds the carrying amount of its investment in the associates, the Parent Company discontinues recognizing its share of further losses. After the Parent Company's interest is reduced to zero, the Parent Company shall recognize additional losses by a provision only to the extent that the Parent Company has incurred legal or constructive obligations or has made payment on behalf of the associate. If the associate subsequently reports profits, the Parent Company shall resume recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

Investment in a Subsidiary
Investment in a subsidiary is accounted for under the cost method of accounting.

A subsidiary is an entity that is controlled by the Parent Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Control is presumed to exist when the Parent Company owns, directly or indirectly through the subsidiary more than half of the voting power of an entity. That presumption may be overcome in exceptional circumstances if it can be clearly demonstrated that such ownership does not constitute control. Control exists when the Parent Company owns half or less of the voting power of an entity but it has:

a. power over more than half of the voting rights by virtue of an agreement with other investors;
b. power to govern the financial and operating policies of the entity under a statute or an agreement;
c. power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or
b. power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

All significant intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full in the consolidation.

A subsidiary is consolidated from the date on which control is transferred to the Parent Company and will cease to be consolidated from the date on which control is transferred out of the Parent Company.

The results of operations of the subsidiary acquired or disposed of during the year are included in the statement of revenues and expenses from the date of acquisition or up to the date of disposal, as appropriate.

When the Parent Company ceases to control a subsidiary, the difference between the proceeds from the disposal of the subsidiary and its carrying amount as at the date of disposal, is recognized in the statement of revenues and expenses as gain or loss on the disposal of the subsidiary. If the Parent Company continues to hold an investment in the entity, it is accounted for as a financial asset, associate or jointly controlled entity depending on the nature of the investment. The carrying amount of the investment at the date it ceases to be a subsidiary is the cost on initial measurement as a financial asset, associate or jointly controlled entity.

Investment Property
Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such asset cannot be reliably measured in which case the investment property acquired is measured at the carrying amount of the asset given up.

Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation (for depreciable investment properties) and any impairment in value.

Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of revenues and expenses under ‘Gain on sale of investment properties’ in the year of retirement or disposal.

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged against revenue in the period in which the costs are incurred.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

<u>Property and Equipment</u>
Property and equipment are tangible assets that are held for use in the supply or services and for administrative purposes, and are expected to be used during more than one period.

Items of property and equipment are initially measure at cost. Such cost includes purchase price and all incidental costs necessary to bring the asset to its location and condition. Subsequent to initial recognition, items of property and equipment are measured in the statement of assets, liabilities and fund balance at cost less accumulated depreciation and any accumulated impairment losses. Depreciation, which is computed on a straight-line basis, is recognized so as to allocate the cost of assets less their residual values over their estimated useful lives.

If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

Impairment of Non-Financial Assets
Non-financial assets are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When an impairment indicated is identified, the carrying value of the asset is tested for impairment. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If the recoverable amount cannot be estimated for an individual asset, the Parent Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are independent of the cash flows from other asses within the Parent Company.

If an impairment indicator no longer exists or the recoverable amount has increased subsequently, the Parent Company will determine the amount of impairment loss that can be reversed to the extent that the reversal should not result in a carrying amount of the asset that is higher had no impairment loss was recognized in the prior years.

<u>Provisions and Contingencies</u>

Provisions
Provisions are recognized only when the Parent Company has an obligation as a result of a past event; it is probable that the Parent Company will be required to transfer economic benefits in settlement; and the amount of obligation can estimated reliably.

Provisions are recognized initially at the best estimate of the amount required to settle the obligation. Subsequently, the Parent Company charged to the provision only those expenditures for which the provision was originally recognized.

Contingent Assets and Liabilities
Contingent assets and liabilities are not recognized in the statement of assets, liabilities and fund balance.

<u>Fund Balance</u>
This comprises of accumulated excess of revenues over expenses.

<u>Revenue Recognition</u>
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Parent Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Program Sponsorships
Program sponsorships are recognized when there is a reasonable assurance that the Group will comply with the conditions attached to them, and that these program sponsorships will be received. Program sponsorships received for a specific purpose or with condition are initially recognized as a liability shown as ‘Funds held-in-trust’ under ‘Accounts payable and accrued expenses’ in the statement of assets, liabilities and fund balance, otherwise they are recorded under ‘Revenues' in the statement of revenues and expenses.

Dividends
Dividend income is recognized when the Parent Company’s right to receive payment is established.

Interest income
Interest income on deposits in banks is recognized as interest accrues, taking into account the effective yield of the asset.

Other income
Other income is recognized only when cash is received.

Expenses
Expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a lability has arisen that can be measured reliably. Expenses are recognized in profit or loss: on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the Parent Company between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the Parent Company with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do no qualify, or cease to qualify, for recognition in the statement of assets, liabilities and fund balance as an asset.

Leases
Payments made under operating leases (net of any incentive received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

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

Related parties include members of key management personnel, including directors and officers of the Parent Company and their close family members, and companies associated with these individuals. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

Foreign Currency Transactions
Transactions in foreign currencies are translated into Philippine peso at exchange rates which approximate those prevailing on transaction dates. Monetary assets and liabilities denominated in foreign currencies are restated at the closing exchange rate prevailing as of reporting date. Exchange gains and losses arising from the settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the statement of revenues and expenses.

Events after the Reporting Date
Events after the reporting date that provide additional information about conditions existing at period end (adjusting events) are recognized in the financial statements. Events after the reporting date that provide additional information about conditions existing after period end (non-adjusting events) are disclosed in the notes to the financial statements.

4. Information About Key Sources of Estimation Uncertainty and Judgments

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future.

4.1 Judgments in Applying the Entity's Accounting Policies
Management makes judgment in the process of applying the Group's accounting policies. Judgment that has significant effect on the reported amounts in the financial statements is discussed below:

4.1.1 Assessment of de facto control
The determination of control over another entity, other than the rebuttable presumption of ownership of more than half of the voting power requires significant judgment. In making judgment, the Parent Company evaluates existence of control based on Policy on Basis of Consolidation.

In 2019 and 2018, the Parent Company's ownership on the Subsidiary is 44%. The Parent Company assessed that it retains control of MLNI as voting rights of individual owners holding 55% ownership interest in MLNI were assigned to the Parent Company.

4.2 Estimates
The key sources of estimation are uncertainties at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.2.1 Credit losses on receivables
The Parent Company reviews its receivables to assess impairment annually. In determining whether an impairment loss should be recorded, the Parent Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of individual customer or group of customers, or national or local economic conditions that correlate with defaults on the receivables.

The carrying value of the receivables as of December 31, 2019 and 2018, is disclosed in Note 7. Details of allowance for credit losses of the Parent Company's receivables are disclosed in Note 7.

4.2.2 Impairment of Available-for-sale investments
The Parent Company assesses impairment on all of its equity instruments regardless of significance. Impairment of such assets requires estimation since the Parent Company will approximate the amount that it would receive for the asset had it been sold at the reporting date.

The carrying values of the Available-for-sale investments at cost and allowance for impairment losses as of December 31, 2019 and 2018 are disclosed in Note 9.

4.2.3 Present value of retirement obligation
The cost of defined retirement plan and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on plan assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

The expected rate of return on plan assets was based on the market prices prevailing on the date applicable to the period over which obligation are to be settled.

The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of reporting dates.

The present value of the retirement asset and fair value of pan assets are disclosed in Note 13.

5. Cash

This account consists of:

		2019		2018
Cash in banks	**P**	**8,707,181**	P	5,801,748
Cash on hand		**20,100**		20,100
	P	**8,727,281**	P	11,677,789

Cash in banks consist of current and savings accounts that earn annual interest rates ranging from 1.25% to 1.00% in 2019 and 2018.

6. Short-term Investments

This account pertains to placements with affiliate banks which bear annual interest rates ranging from 3.00% to 4.25% and terms ranging from 96 to 365 days. As of December 31, 2019 and 2018, the short-term investments amounted to P6,978,918 and P6,726,548, respectively.

7. Receivables

This account consists of:

		2019		2018
Due from related parties	**P**	**5,267,453**	P	3,610,320
Receivable from employees		**58,358**		45,003
Others		**6,248,506**		6,293,101
		11,574,317		9,948,424
Less: allowance for credit losses		**357,075**		357,075
	P	**11,217,242**	P	9,591,349

Trade receivables pertain to transactions that arise from ordinary course of business and are non-interest bearing and generally collectible on 30-day period.

Others include receivables from suppliers used for the development of their products and businesses.

8. Other Assets

This account consists of:

		2019		2018
Current:				
Prepaid expenses - current portion	**P**	**560,908**	P	422,144
Refundable deposits		**45,051**		57,748
Other assets		**38,842**		-
		644,801		479,892
Noncurrent:				
Prepaid expenses - noncurrent portion		**12,196**		66,000
		12,196		66,000
	P	**656,997**	P	545,892

9. Available-for-sale Investments

The details of this account follow:

		2019		2018
Rags2Riches (R2R)	P	**5,000,000**	P	5,000,000
BotiCARD, Inc., 9.48% shares owned		**4,500,000**		4,500,000
CARD MRI Information Technology, Inc. (CMIT), 1.30% shares owned		**2,066,600**		2,066,600
CARD MRI Insurance Agency (CAMIA) 2.02% shares owned		**1,008,500**		1,008,500
CARD MRI Hijos Tours, Inc., 19.99% shares owned (CMHT)		**399,990**		100,000
CARD MRI Publishing House, Inc., 19.99% shares owned (CMPH)		**100,000**		100,000
		13,075,090		12,775,100
Less: allowance for impairment losses		**5,000,000**		5,000,000
	P	**8,075,090**	P	7,775,100

Dividends received from available-for-sale investments amounted to P947,764 and P1,592,737 in 2019 and 2018, respectively

10. Investment in a Subsidiary and Associates

This account consists of the following investments in unquoted common shares:

		2019		2018
Acquisition cost				
Subsidiary:				
Mga Likha Ni Inay, Inc. (MLNI) (44% shares owned in 2019 and 2018)	P	**2,032,950**	P	2,032,950
Associates:				
CARD Leasing and Finance Corporation (CLFC) (30% shares owned)		**25,642,400**		25,642,400
MicroVentures Inc. (MVI) (30% shares owned)		**1,786,105**		4,000,000
		29,461,455		31,675,350
Accumulated equity in net earnings				
Balance at beginning of year		**20,837,586**		12,990,259
Share in total comprehensive income of associates		**15,804,244**		14,633,432
Dividends received		**(14,699,951)**		(9,000,000)
		21,941,879		18,623,691
		51,403,334		50,299,041
Less: allowance for impairment losses		**1,786,105**		1,786,105
	P	**49,617,229**	P	48,512,936

MLNI

MLNI was registered with the SEC on May 8, 2014. The main purpose of MLNI is to engage in manufacturing, selling, advertising, promoting, consolidation, and trading of products of the members and clients of CARD-MRI Group.

The Parent Company has an ownership interest in MLNI of 44% in 2019 and 2018.

CLFC

CLFC was incorporated to extend credit facilities to consumer and industrial, commercial or agricultural enterprises by direct lending, or by discounting or factoring commercial papers or account receivables or by buying and selling contracts without quasi-banking activities. Its principal place of business is located in M.L. Quezon Street, City Subdivision, San Pablo City, Laguna.

In 2019 and 2018, dividends received from CLFC amounted to P14,699,951 and P9,000,000, respectively.

MVI
MVI is responsible for creating a network among micro to small businesses, medium and large enterprises, and other supporting institutions. MVI aims to provide sustainable livelihood at the grassroots level, particularly focusing on introducing new businesses and supply chain strategies aimed at providing access to health services, and other basic commodities. Its principal place of business is located in 39-A N. Reyes Street, Varsity Hills, Quezon City, 1100 Metro Manila.

As of December 31, 2019 and 2018, investment in MVI has been fully impaired.

11. Property and Equipment - Net

The details of this account as of December 31, 2019 are as follows:

	Building	Building Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost:					
Balance at beginning of year	P 3,800,000	P 517,000	P 945,499	P 2,360,229	P 7,622,728
Additions	-	-	-	295,613	295,613
Disposals	-	-	(883,000)	(80,565)	(963,565)
Balance at end of year	3,800,000	517,000	62,499	2,575,277	6,954,776
Accumulated Depreciation					
Balance at beginning of year	266,566	28,722	945,497	1,916,413	3,157,198
Depreciation	253,899	172,333	-	269,564	695,797
Disposals	-	-	(883,000)	(80,565)	(963,565)
Balance at end of year	520,465	201,055	62,497	2,105,413	2,889,431
Net Carrying Value	**P 3,279,535**	**P 315,945**	**P 2**	**P 469,865**	**P 4,065,346**

The details of property and equipment as of December 31, 2018 are as follows:

	Building	Building Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost:					
Balance at beginning of year	P 3,800,000	P -	P 945,499	P 2,160,570	P 6,906,069
Additions	-	517,000	-	199,659	716,659
Balance at end of year	3,800,000	517,000	945,499	2,360,229	7,622,728
Accumulated Depreciation					
Balance at beginning of year	12,667	-	945,497	1,690,336	2,648,500
Depreciation	253,899	28,722	-	226,077	508,698
Balance at end of year	266,566	28,722	945,497	1,916,413	3,157,198
Net Carrying Value	**P 3,533,434**	**P 488,278**	**P 2**	**P 443,816**	**P 4,465,530**

The cost of fully-depreciated property and equipment still in use amounted to P1,273,383 and P2,236,947 as of December 31, 2019 and 2018, respectively.

Depreciation on property and equipment is included in the following expenses:

	2019	2018
Project related expenses (Note 15)	**P 500,974**	P 366,263
Administrative expenses (Note 15)	**194,823**	142,436
	P 695,797	P 508,699

12. Accounts Payable and Accrued Expenses

This account consists of:

		2019		2018
Subscription payable (Note 19)	P	**2,435,659**	P	2,435,659
Accrued expenses		**787,040**		993,212
Accounts payable (Note 19)		**659,454**		992,100
Statutory payables		**51,515**		43,114
	P	**3,933,668**	P	4,464,085

Subscription payable represents the liability for subscription to shares of stocks of BotiCARD, Inc..

Accrued expenses include vacation leave credits, bonuses, professional fees, program monitoring and evaluation, and other expenses.

Statutory payables include withholding taxes, SSS, HDMF, and PhilHealth contributions payable.

13. Retirement Benefits

The Parent Company, CARD Bank Inc., CARD MRI Development Institute, Inc., CARD Mutual Benefit Association, Inc., CARD SME Bank, Inc., CAMIA, CMIT, CARD Employees Multi-Purpose Cooperative, Responsible Investments for Solidarity and Empowerment Financing Co., BotiCARD Inc., CLFC, MLNI, CARD MRI Property Management, Inc., CMPH, CMHT, CARD MRI Rizal Bank, Inc. and CARD, Inc., maintain a funded and formal noncontributory defined benefit retirement plan - the CARD MRI Multi-Employer Retirement Plan (MERP) - covering all of their regular employees and CARD Group Employees' Retirement Plan (Hybrid Plan) applicable to employees hired on or after July 1, 2016. MERP is valued using the projected unit cost method and is financed solely by the Group and its related parties.

MERP comply with the requirements of Republic Act No. 7641 (Retirement Law). MERP provides lump sum benefits equivalent to up to 120% of final salary for every year of credited service, a fraction of at least six (6) months being considered as one whole year, upon retirement, death, total and permanent disability, or voluntary separation after completion of at least one year of service with the participating companies.

The latest actuarial valuation report covers reporting period as of December 31, 2019 and 2018.

The principal assumptions used in determining pension for the defined benefit plans of the Parent Company as of December 31, 2019 and 2018 are shown below:

	2019	2018
Discount rate	**5.54%**	7.70%
Salary increase rate	**5.00%**	5.00%

In addition to the Parent Company's defined benefit retirement plan, the Parent Company also operates defined contribution plan referred to as "Hybrid Plan" which provides a retirement benefit equal to 100% of the member's employer accumulated value (the Parent Company's contributions of 8% plan salary to Fund A plus credited earnings) and 100% of the member's employee accumulated value (member's own contributions up to 10% of plan salary to Fund B plus credited earnings), if any, provided that in no case shall 100% of the employee accumulated value in Fund A be less than 100% of plan salary for every year of credited service.

The amounts recognized in the statement of assets, liabilities and fund balance follows:

		2019		2018
Fair value of plan assets	P	**(5,331,471)**	P	(5,231,393)
Present value of defined benefit obligation		**2,654,850**		1,048,009
Effect of asset ceiling		**765,164**		2,574,841
Net defined benefit asset	P	**(1,911,457)**	P	(1,608,543)

The retirement benefit expense recognized in Profit or Loss (P&L) follows:

		2019		2018
Current service cost	P	**96,122**	P	185,961
Interest - net		**(123,857)**		(108,887)
Remeasurement (gain) loss on retirement plan		**(275,179)**		416,801
	P	**(302,914)**	P	493,875

The movements in the net retirement asset follows:

		2019		2018
Balance at the beginning of the year	P	**1,608,543**	P	2,038,081
Retirement expense		**27,735**		(76,974)
Remeasurement gain (loss) on retirement plan		**275,179**		(416,801)
Contributions paid		**-**		64,237
Balance at the end of the year	P	**1,911,457**	P	1,608,543

The movements in the present value of pension obligation follows:

		2019		2018
Balance at the beginning of the year	P	**1,048,009**	P	2,356,206
Current service cost		**96,122**		185,861
Interest cost		**80,697**		135,953
Transfer from plan assets		**-**		(366,155)
Actuarial changes arising from changes in:				
demographic assumptions		**847,644**		(947,192)
financial assumptions		**582,378**		(316,664)
Balance at the end of the year	P	**2,654,850**	P	1,048,009

The movements in the fair value of plan assets follows:

		2019		2018
Balance at the beginning of the year	P	**5,231,393**	P	5,339,116
Interest		**402,817**		299,357
Transfer from plan assets		**-**		(366,155)
Contributions		**-**		64,237
Return on plan assets, net of interest		**(302,739)**		(105,162)
Balance at the end of the year	P	**5,331,471**	P	5,231,393

The changes in remeasurement (gain) loss on retirement plan follows:

		2019		2018
Return on plan assets, net of interest	P	**302,739**	P	105,162
Actuarial changes arising from changes in:				
demographic assumptions		**847,644**		(947,192)
financial assumptions		**582,378**		(316,664)
Effect of asset ceiling		**(2,007,940)**		1,575,495
Total	P	**(275,179)**	P	416,801

The maximum economic benefit of plan assets available is a combination of expected refunds from the plan and reduction in future contributions. The fair value of plan assets by each class as at the end of the reporting period are as follows:

		2019		2018
Cash and cash equivalents	**P**	**4,344,083**	P	2,323,785
Quoted debt instruments		**191,400**		2,618,835
Loans receivables		**616,318**		-
Mutual funds		**30,389**		-
Other assets		**149,281**		288,773
	P	**5,331,471**	P	5,231,393

All plan assets do not have quoted prices in an active market except for government securities. Cash and cash equivalents are deposited in reputable financial institutions and related parties and are deemed to be standard grade. Mutual fund, loans and other assets are unrated.

The plan assets have diverse investments and do not have any concentration risk other than those in government securities which are of low risk.

The overall investment policy and strategy of the Parent Company's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risk of the plans.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

		2019			2018		
		Increase		Decrease		Increase	Decrease
Discount rate	**P**	**(294,856)**	**P**	**348,078**	P	(125,137) P	149,907
Future salary increase		**346,437**		**(298,872)**		152,544	(129,194)

The average duration of the defined benefit obligation at the end of each reporting period is 12.1 years and 13.1 years in 2019 and 2018, respectively.

Shown below is the 25-year maturity analysis of the undiscounted benefit payments of the Parent Company:

		2019		2018
Less than 1 year	**P**	**111,017**	P	46,978
More than 1 year to 5 years		**673,809**		284,462
More than 5 years to 10 years		**1,185,274**		523,505
More than 10 years to 15 years		**1,757,767**		865,105
More than 15 years to 20 years		**4,329,909**		2,555,051
More than 20 years to 25 years		**3,543,278**		1,827,696
More than 25 years		**719,355**		3,701,122
	P	**12,320,409**	P	9,803,919

14. Revenues

Details of revenues are as follows:

		2019		2018
Program sponsorships (Note 19)	**P**	**5,000,000**	P	15,000,000
Dividend income		**947,764**		1,592,737
	P	**5,947,764**	P	16,592,737

15. Expenses

a. Program Related Expenses

Details of program related expenses are as follows:

		2019		2018
Compensation and employee benefits	P	**2,995,015**	P	2,125,106
Outsourced services		**2,229,544**		1,834,806
Transportation and travel		**1,333,884**		1,348,234
Rental		**614,525**		249,105
Seminars and meetings		**610,976**		556,461
Depreciation		**500,974**		366,263
Supplies and materials		**486,238**		774,957
Management and professional fees		**368,859**		566,125
Program monitoring and evaluation		**332,582**		324,296
Repairs and maintenance		**282,660**		516,027
Utilities		**198,456**		293,509
Information technology		**140,331**		180,850
Training and development		**63,441**		198,421
Communication		**39,709**		30,869
Insurance		**32,833**		57,156
Janitorial, messengerial and security		**8,375**		277,409
Research and documentation		**6,480**		172,016
Miscellaneous		**1,166,707**		3,035,865
	P	**11,411,589**	P	12,907,475

Miscellaneous includes renewal of business permits and licenses, advertising and publicity, product development and packaging and, supervision and examination.

b. Operating Expenses

Details of operating expenses are as follows:

		2019		2018
Compensation and employee benefits	P	**1,164,728**	P	826,430
Outsourced services		**867,045**		713,536
Transportation and travel		**518,733**		524,313
Rental		**238,982**		96,874
Seminars and meetings		**237,602**		216,402
Depreciation		**194,823**		142,436
Supplies and materials		**189,092**		301,372
Management and professional fees		**143,445**		220,160
Program monitoring and evaluation		**129,338**		126,115
Repairs and maintenance		**109,923**		200,677
Utilities		**77,177**		114,142
Information technology		**54,573**		70,331
Training and development		**24,672**		77,164
Communication		**15,442**		12,004
Insurance		**12,768**		22,228
Janitorial, messengerial and security		**3,257**		107,881
Research and documentation		**2,520**		66,895
Miscellaneous		**453,720**		1,180,614
	P	**4,437,840**	P	5,019,574

Miscellaneous includes renewal of business permits and licenses, advertising and publicity, product development and packaging and, supervision and examination.

16. Other Income (Charges) - Net

Details of this account are as follows:

		2019		2018
Actuarial gain (loss) on retirement plan	P	302,914	P	(416,801)
Interest income from cash in bank and short term investments		352,222		540,576
Others		244,960		78,199
	P	900,096	P	201,974

17. Lease

<u>As a Lessee</u>
The Parent Company leases office premises, as well as staff houses of its employees. The lease contracts are for one year and are renewable upon mutual agreement between the Parent Company and the lessors.

The future aggregate minimum lease payments under operating leases are as follows:

		2019		2018
Not later than one year	P	82,534	P	277,895
Later than one year and not later than five years		-		190,400
	P	82,534	P	468,295

The total rent expenses recognized in 2019 and 2018 amounted to P853,507 and P381,527, respectively.

18. Income Tax

As stated in Note 1, the Foundation is exempt from the payment of income tax on revenue received by it as such organization. However, the Foundation's income of whatever kind and character from any of its properties, real or personal, or any activity conducted for profit, regardless of disposition, shall be subject to income tax.

The provision for income tax in 2019 and 2018 consists of:

		2019		2018
Current:				
Final tax on interest income from bank deposits	P	70,444	P	108,115
	P	70,444	P	108,115

Reconciliation of accounting income against taxable income follows:

		2019		2018
Accounting income	P	6,802,675	P	13,501,094
Add/Less: Reconciling items				
Actuarial (gain) loss on retirement plan		(302,914)		416,801
Interest income subject to final tax		(352,222)		(540,576)
Non-taxable income		(21,752,008)		(31,226,169)
Taxable income	P	(15,604,469)	P	(17,848,850)

19. Related Party Transactions

Related party transactions pertain to transfers of resources, services or obligations between related parties, regardless of whether a price is charged. Related party transactions are recorded upon actual transfer of resources, services or obligations. Related party transactions are reported under 'Receivables' or 'Accounts payable and accrued expenses' accounts in the statement of assets, liabilities and fund balance, as appropriate.

Related parties include trustees, members, officers, employees and entities (affiliates) where trustees, members and officers hold key management positions. Transactions with these related parties include normal banking transactions, interest and non-interest bearing advances or loans, accounts receivable and accounts payable. These transactions are made substantially on the same terms as other individuals and business of comparable risks and are generally settled in cash.

Transactions with Retirement Plans

Certain post-employment benefit plans are considered as related parties. Part of the plan assets are invested in time deposits and special savings accounts with the affiliated banks (Note 13).

Other Related Party Transactions

Transactions between the Group and its affiliates within the CARD MRI also qualify as related party transactions.

Related party transactions of the Foundation by category of related party are presented below:

	2019		
Category	**Amount / Volume**	**Outstanding Balance**	**Nature, Terms and Conditions**
Subsidiary			
Due from subsidiary		P 5,262,353	This pertains to the shared expenses shouldered by the Parent Company (unimpaired, due and demandable)
Billings	P 3,717,724		
Collections	2,062,954		
Due to subsidiary		417,799	This pertains to the unremitted collection made on behalf of MLNI (due and demandable).
Billings	488,197		
Payments	1,018,459		
Affiliates			
Cash in bank		4,172,802	This pertains to checking and savings account with annual interest rate ranging from 0.5% to 1.8%.
Deposits	14,804,605		
Withdrawals	15,125,904		
Due from affiliates		5,100	This pertains to a program sponsorships from an affiliate.
Billings	341,606		
Collections	339,242		
Accounts payable		13,392	This pertains to shared expenses on utilities and expenses during seminars and meeting
Billings	411,717		
Payments	400,990		
Subscription payable		2,435,659	This pertains to unpaid subscribed shares from BotiCARD
Subscription	299,990		
Payments	299,990		
Dividends	947,764		This pertains to cash dividends declared by CAMIA, BotiCARD and CMIT.
Program sponsorships (Note 14)	5,000,000		This pertains to the amount received from CARD, Inc. to support the Foundation's programs.
Rent expense	134,400		This pertains to the Parent Company's lease on its branches and staff houses.
Associates			
Due from associates		-	This pertains to the shared expenses shouldered by the Group (unimpaired, due and demandable)
Billings	4,806,835		
Collections	4,806,835		
Accounts payable		2,046	This pertains to the unpaid shared expenses shouldered by the affiliates.
Billings	1,127,201		
Payments	1,125,155		
Dividends	14,699,951		This pertains to cash dividends declared by CLFC.
Rent expense	530,002		This pertains to the Parent Company's lease on CLFC's vehicle and equipment.

Category		Amount / Volume		2018 Outstanding Balance	Nature, Terms and Conditions
Subsidiary					
Due from subsidiary			P	3,607,584	This pertains to the shared expenses shouldered by the Parent Company (unimpaired, due and demandable)
Billings	P	2,558,137			
Collections		1,657,365			
Due to subsidiary				948,062	This pertains to the unremitted collection made on behalf of MLNI (due and demandable).
Billings		2,900,499			
Payments		2,832,843			
Affiliates					
Cash in bank				948,062	This pertains to checking and savings account with annual interest rate ranging from 0.5% to 1.8%.
Deposits		2,900,499			
Withdrawals		2,832,843			
Due from affiliates				2,736	This pertains to a program sponsorships from an affiliate.
Billings		361,413			
Collections		359,626			
Accounts payable				2,665	This pertains to shared expenses on utilities and expenses during seminars and meeting
Billings		123,826			
Payments		126,593			
Subscription payable				2,435,659	This pertains to unpaid subscribed shares from BotiCARD
Subscription		199,000			
Payments		511,341			
Interest income		416,311			Pertains to interest income earned from cash in banks with interest rates ranging from 0.25% to 1.00% in current and savings accounts and 3.50% in time
Program sponsorships (Note 14)		15,000,000			This pertains to the amount received from CARD, Inc. to support the Foundation's programs.
Rent expense		134,400			This pertains to the Parent Company's lease on its branches and staff houses.
Associates					
Due from associates				-	This pertains to the shared expenses shouldered by the Group (unimpaired, due and demandable)
Billings		124,631			
Collections		139,172			
Accounts payable				-	This pertains to the unpaid shared expenses shouldered by the affiliates.
Billings		64,643			
Payments		64,643			
Dividends		9,000,000			This pertains to cash dividends declared by CLFC.
Subscription payable				-	This pertains to unpaid subscribed shares from CLFC
Payments		-			
Withdrawals		2,300,000			

Remunerations of Trustees and Other Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Parent Company, directly or indirectly. The Parent Company considers the members of the BOT and senior management to constitute key management personnel.

The compensation of key management personnel amounted in 2019 and 2018 to P1,174,585 and P1,753,762, respectively.

20. Prior period adjustments and Reclassification

In 2019, the following accounts in the prior period financial statements were reclassified to present the transactions according to their nature and, thus, conform to the current period's presentation.

Accounts Affected		2018 Before		Reclassification		After
Revenues:						
Other income	P	618,775	P	(618,775)	P	-
Program expenses:						
Actuarial loss (gain)		300,097		(300,097)		-
Other income (charges) - net						
Actuarial gain (loss) on retirement plan		-		(300,097)		(300,097)
Interest income from cash in bank and short term investments		-		540,576		540,576
Others		-		78,199		78,199

21. Approval for the Release of Financial Statements

The accompanying consolidated company financial statements were reviewed and approved for release by the Board of Trustees on March 25, 2020.

22. Subsequent Events

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Parent Company has determined that these events are non-adjusting subsequent events. Accordingly, the Parent Company's financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of operations of the Parent Company for future periods. The Parent Company assumes that there is no significant doubt about the entity's ability to continue as a going concern.

23. Supplementary Information Required by the Bureau of Internal Revenue

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 15-2010 which prescribes additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying the tax returns. Under the said RR, companies are required to disclose, in addition to the disclosures mandated under PFRS for SMEs and such other standards and/or conventions, taxes, duties, and license fees paid or accrued during the taxable year. Following is the required information under RR No. 15-2010 for the year ended December 31. 2019:

a. Withholding taxes

		2019
Tax on compensation and benefits	P	28,390
Expanded withholding taxes		207,952
	P	236,342

b. Other taxes paid

The following are the other taxes paid by the Parent Company during the year recognized under 'Taxes and licenses' account:

		2019
Business permits and licenses	P	4,447
BIR Annual registration fee		500
Barangay clearance		500
Others		4,474
	P	9,921

c. Tax assessments and cases

The Parent Company did not receive any tax assessments nor did it have tax cases under preliminary investigation, litigation and/or prosecution in any courts or bodies outside the administration of BIR.