PERAA

The Common Thread

Private Education Retirement Annuity Association

2014-2015 | ANNUAL REPORT

Contents

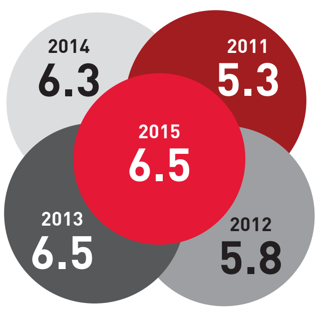
The Common Thread

Likened to a DNA that holds the fundamental and distinctive qualities of humans, this year's cover of PERAA highlights the characteristic qualities its leaders have exercised. Symbolized by two DNA strands, the company is distinguished by its passion and commitment to retirement security, core values to PERAA's DNA. Armed with these, PERAA is able to rise to the challenge in all of its four (4) decades of existence, amidst economic and industry challenges since its inception in 1972.

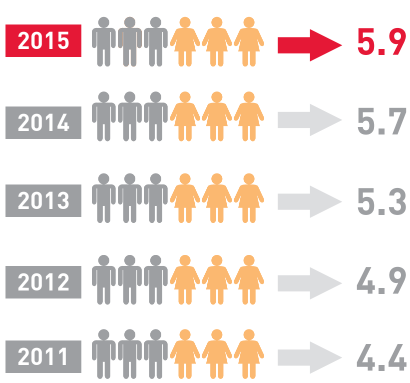
Educators, not just teachers are the heart of PERAA. They are the company's stakeholders, deserving the most decent package that a retirement savings has to offer. **With this in mind, PERAA will continue to uphold the trust and confidence it is bestowed with, through its signature passion and commitment.**

Chairman and President's Report

Assets
(In Billion Pesos)



Members' Fund
(In Billion Pesos)



For the fiscal year 2014-2015, the performance of our Association is anchored on sustaining the momentum of growth, expanding relationships, and improving services. It was not an easy year for us because as in the past years, the year in review was full of challenges. However, we managed to deliver because of our Board's unyielding passion and commitment to secure our foothold by capitalizing on the country's economy and risk diversification planning.

OVERVIEW OF FINANCIAL LANDSCAPE

Our economy was threatened by various global events such as the end of the United States tapering program, slow economic activity in China, and conflict in the Middle East. In the local front, there were the Mamasapano incident, rampant government corruption, and looming election season.

Despite these, however, our country has continued on a steady path of growth as we reached and surpassed outlook forecasts amid the continuing global market volatility. This proves that the country, over the years, has since insulated itself from further shocks, pursuing aggressive growth strategies.

Since 2010, the country has enjoyed unprecedented performance in terms of gross domestic product (GDP), with an average growth rate of 6.3 percent (6.3%) from 2010 to 2014. In the first quarter of 2015, our GDP is at 5.0 percent (5.0%), which maintained our position as the second fastest growing economy in Asia.

Inflation, the rate of change or increase in the average prices of goods, is at all-time low at 2.2%. This was partially attributed to the drop recorded in the index of housing, water, electricity and oil.

All these improvements were fittingly validated by the positive investment grade ratings from international credit agencies such as Fitch and Standard and Poor's.

At PERAA, we designed our strategies to ride on the country's positive economic momentum. We are pleased to report that for the fiscal year 2014-2015, we have successfully capitalized on the increase of the national economy as evidenced by our good fund performance.

HIGHLIGHTS

PERAA saw the steady and positive economic growth as an opportunity to grow our funds at minimal risk. If you would recall, we apprised you October last year of the current global economic challenges and its implication to our year-to-date fund performance.

We are proud to say that we closed the year with an ROI of 5.52 percent (5.52%), which brings the average ROI for the last 43 years to 12.70 percent (12.70%), net of tax and expenses. Our total assets grew by 4 percent (4%), from PhP 6.30 Bn to PhP 6.52 Bn.

Our Realized Investment Earnings for the year totaled PhP 317.64 Mn, while our Unrealized Gain of PhP 43.43 Mn incurred during this period surged the Net Investment Earnings (NIE) to PhP 361.06 Mn, showing a 456 percent (456%) rise from the negative PhP 101.43 Mn NIE the previous year.

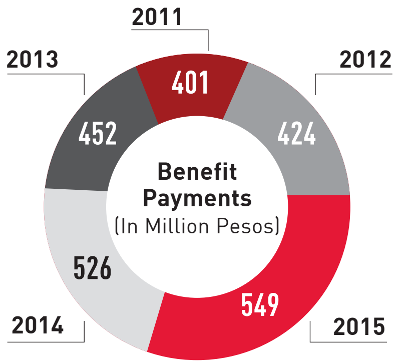
Total Benefit Payments, on the other hand, summed up to PhP 549.11 Mn, up by 4.5 percent (4.5%) from last year, with retirement benefit topping the releases at PhP 278,271,977 Mn.

Summary of Operations

AT FISCAL YEAR END	2015	2014	% Inc (Dec)
ASSETS	**6,518,847,136**	6,296,489,142	4%
Annuity Pension Reserve	**8,436,519**	8,267,837	2%
Annuity Accumulation Reserve	**5,877,420,856**	5,652,184,142	4%
Total Members' Fund	**5,885,857,375**	5,660,451,978	4%
Contribution of Members	**402,618,140**	381,658,190	5%
Investment Earnings	**317,635,410**	394,957,176	(20%)
Unrealized Gain (Loss) on AFS Investments	**40,962,855**	(496,383,889)	108%
Remeasurement Gain of Retirement Plan	**2,465,517**	–	0%
Net Investment Earnings (Loss)	**361,063,782**	(101,426,713)	456%
Credited Rate of Interest	**5.52%**	1.06%	
Benefit Payments			
Retirement	**278,271,977**	265,661,337	5%
Repurchase	**121,688,436**	122,097,771	0%
Payment of Benefits from Reserve Fund	**116,095,804**	97,105,208	20%
Forfeited Benefit Claims	**13,109,474**	14,890,310	(12%)
Death	**10,845,381**	11,817,579	(8%)
Separation-from-Service	**8,477,950**	13,483,726	(37%)
Pension Payouts	**372,467**	376,533	(1%)
Disability	**243,903**	240,420	1%
Total Benefit Payments	**549,105,392**	525,672,884	4%
Multi-Purpose Loans	**147,983,757**	122,361,937	21%
Operating Expenses	**68,629,362**	60,656,377	13%

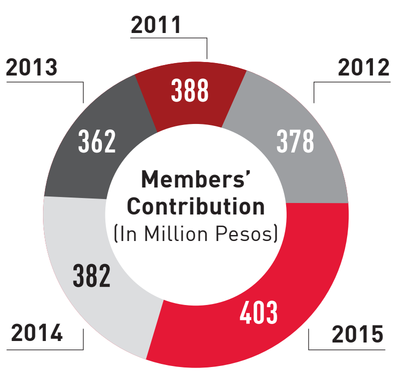
(Top) Presentation at Assumption School Iloilo Board of Trustees

(Below) Seminar at Central Colleges of the Philippines



Membership

ER		EE
1,843	2015	72,070
1,827	2014	71,885
1,810	2013	71,330
1,792	2012	71,342
1,791	2011	70,112



Multi-Purpose Loan (MPL) figures rose by 21 percent (21%), from Php 122.36 Mn to Php 147.98 Mn, in 2015 because more borrowers were able to renew their loans with the easing out on the restriction for loan renewals -- 50% payment requirement.

Finally, Members' Contributions went up by 5 percent (5%), from PhP 381.66 Mn to Php 402.62 Mn because of our stronger bond with our partners. We did this by improving our client servicing, processes, and partnership with institutions.

We enhanced our client servicing by forming a member services team who caters to the needs of walk-in clients and phone queries of our members. This made our screening and evaluation processes more efficient, improving our turnaround time.

We also improved our accessibility by opening more communication lines. Now, our members can reach us through call, electronic mail, and short message service. Likewise, our member services team can also contact our members for issues and clarifications.

Our updated website has also become useful to our members as it has downloadable forms, newsletter to update them of our operations, and announcements to keep them in the loop.

To help our school coordinators, we created and launched the PERAA Coordinator's Handbook. It is intended to ease coordination between PERAA and the members. In line with this, we are now holding regional seminars to further educate coordinators of our services and their functions.

In building a stronger partnership with our participating institutions, we have embarked on regional school visits to not only orient and update our members on the benefits of PERAA but also to engage school authorities to help us determine their needs, and with that, help us plan on how to address these needs.

In addition, we have also actively campaigned to increase the Participating Institution's awareness on the need to do actuarial valuation to determine their unfunded liability.

Lastly, we became more aggressive in encouraging more schools to send in their nominees for The Outstanding PERAA Member (TOPM). With this, we would like to thank our sponsors and business colleagues who joined us in acknowledging outstanding

NEW PARTICIPATING INSTITUTIONS

NCR

1. KIDS IN DAY SCHOOL (K.I.D.S) INC., Makati City – Ms. Ma. Cristina E. Nazario, School Directress
2. LOYOLA SCHOOL OF THEOLOGY, Loyola Hts., Quezon City – Fr. Jose V. C. Quilongquilong, President
3. SAINT MARY'S ANGELS COLLEGE OF VALENZUELA, Valenzuela City – Ms. Ma. Sheila R. Dayrit, Administrator

REGION I

1. PANPACIFIC UNIVERSITY NORTH PHILIPPINES - TAYUG CAMPUS, INC., Pangasinan – Dr. Donna P. Taguiba, President

REGION III

1. BLC INTEGRATED SCHOOL INC., Orani, Bataan – Ms. Amherstia D. Buenviaje, Admin. Officer
2. COLLEGE OF OUR LADY OF MERCY OF PULILAN FOUNDATION, INC., Pulilan, Bulacan – Mr. Jian Carlo S. J. Castillo, Asst. School Director
3. MICRO ASIA COLLEGE OF SCIENCE & TECHNOLOGY-STA.CRUZ, INC., Sta. Cruz, Zambales – Ms. Sherryl T. De Guzman, Administrator
4. ROHI LAMBS' LEARNING HOUSE INC., Plaridel, Bulacan – Ms. Teofila P. Nolasco, Chairman

performances of our members, namely, the TOPM co-sponsors and business partners, panel of judges, and PERAA screening committee.

THE CHALLENGES

As we welcome another fiscal year, we also welcome a string of impending challenges – changes in global and local economic and political landscapes, and the continuing conflict between Syria and other parts of the Middle East.

The status of global economy also predicts our track for the fiscal year 2015. Zooming in closer, the full-blown implementation of the K to 12, ASEAN Economic Community (AEC), and the International Financial Reporting Standards in 2018 are the challenges that have direct impact on the Fund.

The K to 12 program of the Department of Education (DepEd) casts the greatest concern in the private education sector. Its deemed effects are reduction in enrolment and retrenchment of employees.

In case of retrenchment, we are happy to note that the employer's fund in PERAA can be used by schools to pay their employees. The initial impact to PERAA in case this occurs is a reduced pool of resources; however, we are confident that more members will join our Association.

On the other hand, the AEC will form one market and production base in the ASEAN region, which will demonstrate freer trade and competition among companies and individuals. Although this economic milestone will enhance the growth of investment, trade, and tourism among member-states, this calls for a more competitive and skilled Filipino professionals and students.

Moreover, the implementation of the International Financial Reporting Standards in 2018 will require investment placements to cover future losses, which may result in reduced earnings, among others.

Despite these challenges, PERAA remains optimistic that our improving economy, our Board's solid leadership, and your continuous support will help us succeed in fulfilling our mission and vision for the next decade.

THANK YOU

The results we have achieved in fiscal year 2014-2015 are due to the unwavering passion and commitment not just of the Board but of everyone in the Association.

The confidence you have entrusted us helped us attain our current level of financial performance. We thank the members of the Board who contributed to our Association's progress. Your guidance and advices have steered PERAA towards the achievement of its Vision and accomplishment of its Mission.

We would also like to extend our gratitude to all the stakeholders for the valuable support in sharing PERAA's vision.

For over four decades, we have grown our resources and stature because we are one in achieving our yearly goal. We are confident more than ever that we will have a more fruitful journey for the next decade.

Fr. Antonio S. Samson, SJ
CHAIRMAN, BOARD OF TRUSTEES

Bernadette M. Nepomuceno
Bernadette M. Nepomuceno
PRESIDENT

AND AFFILIATES FY 2014-2015

5. ST. NICHOLAS ACADEMY OF CARRANGLAN INC. – Nueva Ecija – Rev. Fr. Lloyd A. Nepomuceno, School Director
6. SAINT MARY'S ANGELS COLLEGE OF PAMPANGA, INC., Sta. Ana, Pampanga – Ms. Ma. Sheila R. Dayrit, VP for Administration
7. UCCP TARLAC CHRISTIAN ACADEMY, INC., Tarlac – Ms. Caroline G. Sanchez, School Directress

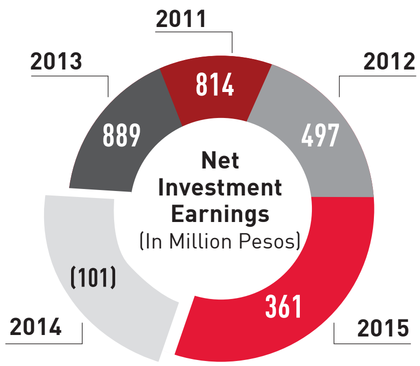
REGION IV
1. MARANATHA CHRISTIAN ACADEMY OF SAN JOSE, INC., Occidental Mindoro – Ms. Zenaida B. Porte, Administrator

REGION V
1. GLOBAL TWO WINGS FOUNDATION, INC., Legazpi City – Ms. Arlene B. Bemida, Registrar

REGION VI
1. SANTA ISABEL COLLEGE OF ILOILO CITY, Iloilo City – Dr. Nanette G. De Leon, Principal

REGION VIII
1. MSH SISTERS ACADEMY OF BALANGIGA, INC., Eastern Samar – Sr. Teresita L. Agosto, MSH, Principal
2. MSH SISTERS ACADEMY, INC., Eastern Samar – Sr. Teresita L. Agosto, MSH, Principal

Treasurer's Report



Faced with an ever-changing business environment and challenging geopolitical events, we at PERAA remained prudent in the fiscal year that was. We ensured to be always on the lookout for opportunities and continued to temper the effects of various global risks.

FINANCIAL CONDITIONS

In our annual meeting last year, we emphasized two things – (i) risk is always part of the financial business; and (ii) performance is affected by the unstable market and various events in the global arena. Among the risks we had to hurdle were the slower-than-expected global activities led by United States and China and the geopolitical risks in Middle East.

These unfortunate events put a crunch in global growth and led to the shift of investments into safer and more secured economies, drawing down holdings in riskier emerging economies. In the local arena, foreign investors were driven towards developed markets that have shown stability and growth, thus resulting in limited investments.

Amid these challenges, the country remained resilient, showing positive economic momentum – improved ranking on cross-over country surveys of institutional quality, sustained positive outlooks and forecasts from international credit rating agencies, and generally strong peso against the dollar sustained by capital flows.

Our economy also remained one of the top destinations of foreign investments due to the proven strength of the country's fundamentals such as the external payments position, sound banking system, and improvement in fiscal management.

STRATEGIES

Growing in a market exposed to global and local risks has always been a challenge. Achieving our goals and sustaining our growth demand dedication, effort, and perseverance. Being the stewards of your funds, we have to balance market volatility, competition, and growth plans with prudence.

For the year in review, we are happy to say that PERAA moved with the country's flow, allowing us to recover from our minimal return on investments (ROI) in the previous fiscal year. The Board's firm and calculated strategies resulted in generally positive figures from May 1, 2014 to April 30, 2015.

Our performance was buoyed by making sound assets allocation, increasing dollar and real-estate investments, and adding two foreign fund managers. We also became more active in tapping equity market and direct services of foreign fund managers to manage a portion of the fund through risk management particularly geographic and concentration risk and the foreign currency gains.

PERFORMANCE

The Board declared an ROI of 5.52 percent (5.52%), which is 4.46 percent (4.46%) higher than the 1.06 percent (1.06%) recorded last year. This translated into 12.70 percent (12.70%) average ROI for the last 43 years, net of tax and expenses.

In terms of Equity, we almost reached our target. Of the equity allocation, we invested 9 percent (9%) for global equities. We also remained conservative by maintaining allocation for investments. By the end of April 2015, we recorded Equity of 26 percent (26%), a few notches higher compared to last year's.

In response to the very low earning opportunity of Major Asset Classes, we continued to downsize our allocation for Peso Government Debt Securities. We also added investment in global Fixed-Income by 7 percent (7%).

We also continued to improve on allocation for Multi-Purpose Loan, raising it from 1.97 percent (1.97%) to 2 percent (2%).

In terms of real-estate investments, our new activity this fiscal year in review, we were able to up our allocation by 5 percent (5%), delivering a steady flow of rental income and shielding us from price volatility of investments.

Furthermore, our Realized Investment Earnings for the fiscal year totaled PhP 317.64 Mn against last year's PhP 394.96 Mn. On the other hand, our Unrealized Gain of PhP 43.43 Mn incurred during this period surged the Net Investment Earnings (NIE) to PhP 361.06 Mn, showing a 456 percent (456%) rise from the negative PhP 101.43 Mn NIE the previous year.

Altogether, these strategies brought up our total investment assets by 3.53 percent (3.53%), which is slightly higher compared with last year's total.

THE CHALLENGES

As we embark on a new fiscal year, there are still challenges we need to contend. In the global arena, there are the US Federal Reserve which remains on track to raise rates if the US economy improves as expected and the slowing down of Chinese economy.

On the other hand, we will experience slight decline in investment as we near the 2016 presidential elections. While the country is well-positioned to continue its economic gains for the short-term, the transition is a source of concern especially to foreign investors. However, we may expect a slight boost in our gross domestic product due to growth in the services sector.

THE PROMISE

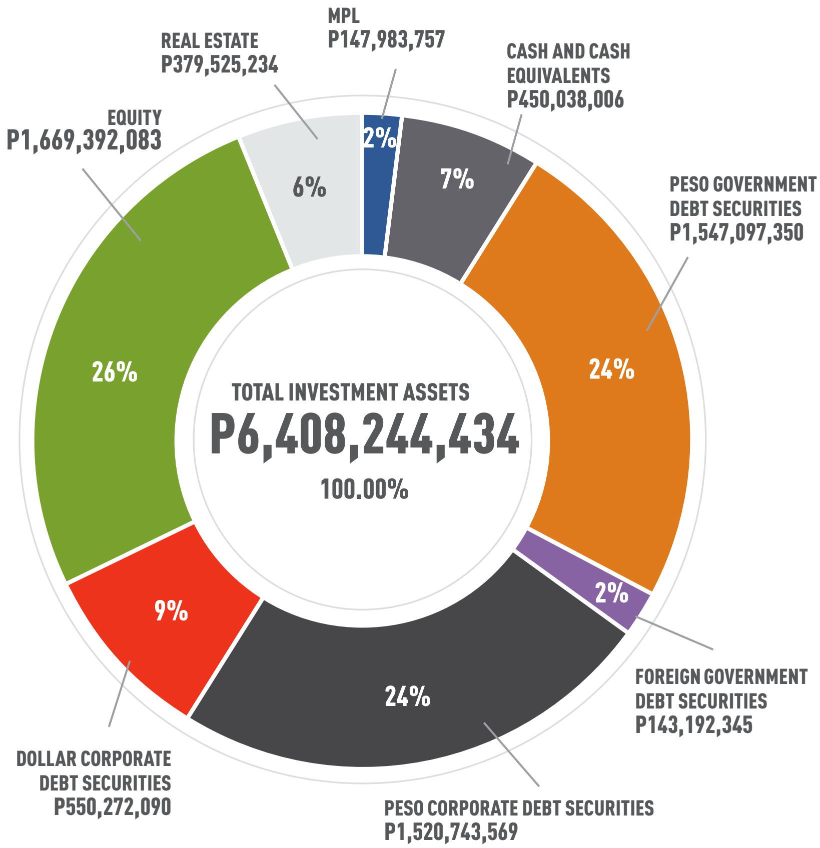
The changes in our Investment Portfolio over the last 43 years sum up the Board's efforts to keep your funds intact, if not earning, but enduring for many years. There are steeper curves we have yet to face for the next decade, but we remain optimistic that we will maintain our gains and minimize our losses, while delivering superior services for all stakeholders.

Inspired by your support and trust, we are ever determined to move PERAA to greater heights. With the same passion and commitment, our common thread, we will continue to strengthen and deepen our footing, enough to withstand both challenges and opportunities ahead of us.

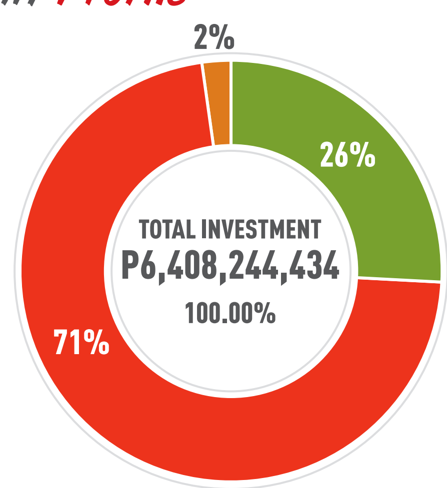
Vicente K. Fabella
TREASURER
TRUSTEE FROM NCR

Investment Portfolio

AS OF APRIL 30, 2015



Investment Profile



	Amount	% to Total
Government	P1,690,289,695	26%
Corporate	4,569,970,982	71%
Education/MPL	147,983,757	2%
Total	**P6,408,244,434**	**100%**

The PERAA Board of Trustees

Gathering the PERAA Board and the participating institutions, the Annual Meeting was spearheaded by PERAA Chairman Fr. Antonio S. Samson, SJ; PERAA President Ms. Bernadette M. Nepomuceno; and PERAA Treasurer Dr. Vicente K. Fabella, who reported on the operations and financial statements of the Association.

Chairman's Message
Fr. Antonio S. Samson, SJ

"We have convened today for PERAA's 35th Annual Meeting. PERAA has stood for 42 years. Charlie Brown said, 'After 40, everything is downhill.' That is not true for PERAA. As our President has said, we now have over 1,800 participating institutions and over 72,000 individuals members with funds in PERAA. As you know, PERAA has also embarked on a lot of improvement in its services to its members. As Chairman of PERAA, I wish to thank all of you, institutions and members, for your continuing trust and confidence in PERAA. And we appreciate any help you could give in attracting more institutions to join PERAA. As mentioned earlier in our meeting, PERAA is concerned for the safety of the funds entrusted to us. I wish to thank the PERAA management, the president, officers and staffs, members and consultants, fund managers for their dedicated and professional works. I also wish to thank my fellow trustees for their prudent and results-oriented administration of PERAA.

President's Report
Bernadette M. Nepomuceno

"Your Association has grown in resources and stature as a vibrant member of the private education community, thanks to your confidence in the Board of Trustees, on your affirmation of solidarity with the other members of this Association. We have not reneged in our commitment to administer your funds prudently, and to pour our energy to improve our services. Over the years, we have walked together, as one community, endured turbulent periods, celebrating the good times, picking lessons from the not-so-good times, looking forward to another decade of service. Today, the journey continues."

Treasurer's Report
Vicente K. Fabella

"Our main strategy for the fiscal year was to put on hold the re-investment of proceeds from Equity and Fixed-Income Securities, remaining cautious and observant, staying at the sidelines until clearer paths direct us to where the market is really moving. Thus the increase in liquidity or Cash and Cash Equivalent from 12.80% to 21.30%. This and the above posturing raised corporate holdings from 49.28% to 65%. Empowered and inspired by your support and trust in your Board, your Association will move on from the first four decades to the next, tested to stand with Endurance and Continuity for many years to come."

VERIFICATION OF QUORUM
Atty. Joseph Jason M. Natividad

"As Board Secretary of PERAA, and as certified by our external auditor, SGV & Co., I hereby certify that 52.79% of the accumulated value of the PERAA fund as of April 30, 2014 are present in tonight's annual meeting – with 30.20% of the accumulated value well-represented tonight, while 22.59% are present through authorizations."

MOVED THE APPROVAL OF MINUTES OF 34TH ANNUAL MEETING & RATIFICATION OF ALL ACTIONS OF THE PERAA BOARD OF TRUSTEES AND MANAGEMENT
Mr. Lyndon T. Buque
HR Director
Father Saturnino Urios University
Butuan City

SECONDED BY
Rev. Fr. Rex Andrew C. Alarcon
Director
Naga Parochial School
Naga City

MOVED THE APPROVAL OF THE AUDITED FINANCIAL REPORT
Dr. Lorna L. Lorenzo
Business Manager
Filamer Christian University
Roxas City

SECONDED THE APPROVAL OF THE AUDITED FINANCIAL REPORT & APPROVAL OF THE EXTERNAL AUDITOR
Dr. Mariano M. Lerin, President
Liceo de Cagayan University, Inc.
Cagayan de Oro City

SECONDED THE RATIFICATION OF ALL ACTIONS OF THE PERAA BOARD OF TRUSTEES & MANAGEMENT
Dr. Ralph L. Pador
Administrator
John B. Lacson Colleges Foundation
Molo, Iloilo City

Mr. Eric Pazziuagan and Ms. Angelita Aurello
from Holy Trinity University, EMCEES

Performers from Holy Trinity University, Center for Culture and Arts

Administrators' Conference

This year's Conference focused on the challenges and opportunities of the K to 12 Program of the Department of Education (DepEd), which will be fully implemented in academic year 2016-2017; the reforms and adjustments that were and will be rolled out in Silliman University to keep up with the K to 12 Program; and the service management programs of the IT and Business Process Association of the Philippines (IBPAP) to address the gap between employment and job mismatch.

Bro. Raymundo B. Suplido, FSC
TRUSTEE AT-LARGE
Led the assembly in prayer

"Grace us with your guiding presence during this assembly so that our reflections and decisions will be effective responses to the challenges facing us. Enlighten our hearts and our minds so that our decisions will be for the good of those whose future you entrust to our care and for the spread of your fatherly love and concern."

Fr. Antonio S. Samson, SJ
CHAIRMAN / TRUSTEE FROM VISAYAS
Welcomed the delegates and guests and introduced the Board of Trustees

"We do hope that we have an interesting afternoon of conference. K to 12 is important and I do hope that Dr. Fabella could explain well to you how PERAA did financially over the past year."

Dr. Reynaldo C. Bautista, VICE CHAIRMAN / TRUSTEE AT-LARGE
Introduced the guest speakers

Mr. Elvin Ivan Y. Uy, the senior high school implementation coordinator of the Department of Education, who is responsible for linking and harmonizing the work and the output of various DepEd offices and units and liaising counterparts in CHED and TESDA to ensure the timely, effective and nationwide rollout of grades 11 and 12 in academic year 2016-2017.

Dr. Ben S. Malayang, III, Trustee At-Large and currently the president of Silliman University. His academic career involves teaching, research, public service and administration in the areas of environmental science, management policy and governance. He has participated in numerous national and international science undertakings.

Mr. Jopat Lelay, project director for talent development of Information Technology and Business Process Association of the Philippines. He worked as project manager for Sitel- Australia, New Zealand Bank and GenPac in 2008.

Guest Speakers

SPEAKER 1
Mr. Elvin Ivan Y. Uy
K TO 12 PROGRAM COORDINATOR
DEPARTMENT OF EDUCATION
Building the Philippines Every Filipino Deserves

"The challenge for the President, Bro. Armin Luistro, our secretary, and all the leaders of DepEd, is how you would make an element of dance and how you would make it dance and step, what should be the beat for reform. And that's been the priority of this government for the last four years. With K to 12, our objective or end goal is to measure and develop holistic development of Filipinos and equip them with 21st century skills – everything from adaptability, flexibility, leadership, ethical and moral values."

SPEAKER 2
Dr. Ben S. Malayang, III
TRUSTEE AT-LARGE
PRESIDENT, SILLIMAN UNIVERSITY
Responding to K to 12: What we're trying to do in Silliman

"To execute the three prong strategy - to improve our programs, increase our pesos, and expand our physical plant - we thought of three general measures. First is to attract new cohorts by making our school a 'School-of-choice', which can be done by improving our faculty and staff, expand graduate offerings, and improve student services among others. The second measure is to improve your cost-efficiency. You will not stop spending but you will spend to that which will give you return of investment in terms of additional and alternative cohorts. This can be done by increasing liquidity reserve, improving budgeting, and reducing legal risks, etc. The last measure would be increasing auxiliary income by 'friend raising' to improve donors' base, improving treasury operations, and external funding among others. "

SPEAKER 3
Mr. Jopat Lelay
PROJECT DIRECTOR – TALENT DEVELOPMENT, IT AND BUSINESS PROCESS ASSOCIATION OF THE PHILIPPINES
Talent Transformation: The IT-BPM Way

"To address the talent gap, we've partnered with the industry and academe to raise the standards and promote talent development initiatives. This includes assessments such as Global Competitiveness Assessment Tool (GCAT), an industry-developed test to assess competencies in basic skills for employment in the IT-BPM and GIC and other service industries; and Service Management Specialization Track in undergraduate education, a 21-unit minor course or specialization track taken by business and IT majors in college tending to go into IT-BPM and GIC or other service industries."

Open Forum

Dr. Karen Belina F. de Leon
TRUSTEE AT-LARGE/MODERATOR
Formally opened the conference by giving the attendees brief overview of the activities

"This 2014, PERAA celebrates 42 years of service to private education with the theme Endurance Beyond Fiscal Performance. We have continued to ensure the growth of the members' fund in our services under the prudent direction and diligence of the Board of Trustees and the Management. This afternoon's Administrators' Conference will focus on our institution's preparations for the K to 12 program that will be implemented this school year 2016-2017."

Fr. John Christian U. Young
TRUSTEE FROM MINDANAO
MODERATOR
As moderator, he laid down the procedure for the smooth conduct of the forum.

Open Forum /

"In the planning of the DepEd, how many of those 87% in public schools do they think would remain in public schools for grades 11 and 12?"

"That 87%-13% is for the entire basic education, but if you will break it down to elementary and high school, in elementary it is about 90% public and 10% private. In secondary, it is about 82%-18% (public-private). From that 82%, when we did the initial estimates, we were looking at around 30-40% of them possibly transferring to a non-DepEd school. But we say non-DepEd because it's not just the private schools. It may also be SUCs or LUCs. To give everybody a sense of why 30-40% is the likely number, the yearly freshmen entering college is about 700,000 to 800,000 students. In 2016, there will be 1.4M finishers of grade 10 – 1.1M from public and 350,000 from private. We assumed that those in private will remain in private. So the question is how many from 1.1M in public might transfer. And that is really a question of accessibility of non-DepEd schools, affordability, and program preference." - Mr. Elvin Ivan Y. Uy

"Of the graduates of public schools, when you conducted the survey, how many public high schools will be offering senior high school?"

"There are 7,900 public schools nationwide. Currently, what the Department is doing is finalizing the plans of individual school divisions' offices and probably by December if not January we will be able to publicize which of the 7,900 public schools will offer senior high. But so far, the direction from the Secretary is not everyone will offer, because not everyone can accommodate. Not everyone has the space, teachers, and the facilities to accommodate two more grade levels. Our minimum target, however, is 1,634, which is the number of municipalities and cities in the Philippines. Because basic education is a right, we have to have at least one DepEd senior high per city or municipality." - Mr. Elvin Ivan Y. Uy

"How will the voucher system operate?"

"With the senior high school voucher program, we will not give away physical vouchers. What will happen is when a student from either a public high school, when he or she enrolls in a private senior high school, the senior high school admissions will have access to our voucher management system. This will let the school official verify if the student is indeed entitled to receive a voucher. At the end of the billing period, once the enrollments are confirmed, you will give us invoice where you claim the voucher value." - Mr. Elvin Ivan Y. Uy

"We were very obedient in complying to the K to 12 program in fact, we have the bridging program for the past two years. Our problem now is we have grade 10 students currently and DepEd is pretty much unsure about the senior high school program because there have been so many changes in DepEd administration. Can our grade 10 students now enroll to college?"

"In 2011, a group of private high schools approached DepEd. They start their grade 1 at 7 years old and a lot of them have seven years elementary and then four years high school. Their high school graduates will be ages 19 or 20 which is way older than what we also intend. So we recognize that potential issue and we allowed them to bridge. But you don't bridge to accelerate; you bridge to re-calibrate. To answer the question, if they are grade 10, they don't exit at grade 10. You bridge because you want to be K to 12 compliant prior to the full implementation in 2016. The bridging program was intended to be a 'mass acceleration program' so the schools can exit their students at age 18 with competencies expected of someone who went to grade 11 or 12." - Mr. Elvin Ivan Y. Uy

Dr. Vicente K. Fabella
TREASURER,
TRUSTEE FROM NCR
PRESIDENT, JOSE RIZAL UNIVERSITY
The PERAA Fund Performance

"Last year was a very tough year for PERAA, the financial market, and funds in general. There were various geopolitical risks in the economy that affected our performance, such as tension in Syria, weaker performance of ASEAN countries, and Typhoon Yolanda. For the fiscal year 2013-2014, the ROI is 1.06% for PERAA, but the Net Investments is negative. What the Board has done is it has taken from our contingency reserve fund, which is a fund that PERAA has for a very long time. It is our buffer from events like this to protect the members' returns. In any fund, the most important thing is asset allocation. The art is to get the right mix before the threat happens. The PERAA Board is trying aggressively to diversify the fund."

Fr. Roberto C. Yap, SJ
TRUSTEE AT-LARGE
In his closing remarks, Fr. Bobby recapped the highlights of each speaker's presentation.

"We really need a lot of collaboration. In the K to 12, we are very grateful that the DepEd is really reaching out not only in the public education sector but in the private education sector as well. In Silliman we saw collaboration through friend raising, more than fund raising. Dr. Malayang also appealed that CHED, DepEd, and TESDA should really invest in faculty development to really improve our education system. Of course the service management program of the IBPAP sector showed us industry-academe collaboration and partnership. They do not develop the service management program by themselves but different schools work out the curriculum and details of the program to develop skilled workers for the IT and BPO industry. Also very true for the PERAA Fund, one big advantage that we have is really scale because we have come together to put our small different funds together, we can diversify into different currency and asset classes. And again, the point of partnership and collaboration is very clear as an advantage of PERAA."

Open Forum 2

Will the increase in membership and membership contribution suffice to keep up the rates of the assets?
"The reason why even with the increased membership did not make up for the exiting members, is because the exiting members usually have a higher pay scale. They are those who have served the school for 20 or more years. And when they bring in the new enrolled members, the salary base of that new one will be much lower, so the exiting has a bigger premium." – Ms. Bernadette M. Nepomuceno, PERAA President

Is PERAA the only retirement provider?
"We are not the only one but we are the retirement plan of choice because you do not pay us anything for running your fund. If you go to a bank, you have to pay the management fee. In PERAA, the operations are paid for by the investment earnings. So whatever ROI we declare, that is net of all expenses. Unlike in banks or other retirement providers, management fee will be charged to you."
– Ms. Bernadette M. Nepomuceno, PERAA President

What are the standards for school to be able to open senior high school?
"The answer is in DepEd Memo No. 4 Series of 2014, which shows the guidelines and requirements. You may get a copy either from the division/provincial office of DepEd or DepEd website. But to give you an overview of the process, if you intend to offer grade 11 in 2016, you must submit all the requirements stated in the memo by August of 2015." – Mr. Elvin Ivan Y. Uy

If we are not given a permit to open SHS, what will happen to our school?
"If you don't get a permit from us, you cannot operate your senior high school in 2016 and you will remain a junior high school until such time you receive a permit. For your students, they have to go to another school for grades 11 and 12 after they graduate. " – Mr. Elvin Ivan Y. Uy

If we will be given a permit, can we ask for financial help for facility structures and improvement of our school facilities?
"Currently, the only program that we have is the senior high school voucher. The DepEd isn't contemplating other financial support scheme or programs." – Mr. Elvin Ivan Y. Uy

Dr. Jose P. Mainggang
Executive Director
Lorma Colleges
San Fernando City, La Union

Mr. Angelo Laririt
Director
Potter's Place School
El Nido, Palawan

Mr. Boni C. Tago
VP-AP
The Good Samaritan Colleges, Inc.
Cabanatuan City

Ms. Sheilamarie Eiaw
HRD Head
MGC New Life Christian Academy, Inc.
Taguig City

Mr. Roberto F. Palanca
President
Holy Trinity College
Bato, Camarines Sur

Mr. Felipe Gerardo Sd. Ortega
VP Administration
University of Saint Anthony
Iriga City

Dr. Mariano M. Lerin
President
Liceo De Cagayan University, Inc.
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Bansud, Oriental Mindoro

HTU Center for Culture and Arts Performer

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***13 yrs. from 2002**

President, Private Education Retirement Annuity Association; Member, Board of Directors, First Metro Save and Learn Mutual Fund; Founding Member, Friends of Jung; MA in Psychology (Ateneo de Manila University); AB Psychology (University of the Philippines)

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***12 yrs. from 2003**

President & Vice Chairman, Technological Institute of the Philippines; Ph.D. in Education, Major in Educational Administration (University of the Philippines, College of Education, Most Outstanding Dissertation); MBA for Senior Executives and Professionals (Ateneo de Manila University); AB Communication Arts, Magna Cum Laude, Class Valedictorian and Area Awardee (Maryknoll College of QC)

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TRUSTEE (AT-LARGE)
President, Misamis University
***8 yrs. from 2007**

President, Misamis University; Doctor of Education major in Educational Management (Misamis University); Master in Business Administration (MU); Master in Hospital Administration (Acad. Units Earned, Ateneo de Manila); Doctor of Medicine (UERMMC); and Bachelor of Arts (University of the Philippines)

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TRUSTEE (AT-LARGE)
President, Silliman University
***6 yrs. from 2009**

President, Silliman University; Ph.D. in Wildland Resource Science (University of California at Berkeley); Two master degrees: an MA in International Affairs (major in Economics and minor in Political Science) and an MA in Philosophy (Ohio University); AB Philosophy (University of the Philippines, Diliman , QC); Certificate in Human Ecology Research for Social Scientists (East-West Center in Hawaii)

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TRUSTEE (AT-LARGE)
President, Xavier University
***3 yrs. from 2012**

President, Xavier University; Realty Investment Inc.; Ordained Priest, March 1992; Ph.D. in Economics (University College London, UK), Master in Public Policy (Harvard University Cambridge MA, USA), MA in Theology (Ateneo de Manila University), Bachelor in Sacred Theology (Loyola School of Theology), MA in Economics (New School for Social Research, New York), Bachelor of Arts in Economics, with Honors (Ateneo de Manila University)

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***4 yrs. from 2011**

President, Baliuag University; Ph.D. in Educational Leadership and Management (Executive Program) Degree Program with Distinction (De La Salle University, Manila); Master in Business Management (Asian Institute of Management, Makati); Bachelor of Arts in Economics, University Scholar, Dean's Lister (University of the Philippines, Diliman, QC)

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President, Father Saturnino Urios University
***4 yrs. from 2011**

President, Father Saturnino Urios University; Ordained Priest, July 1994; Doctoral Candidate in Missiology, Licentiate in Missiology (Pontifical Gregorian University, Rome, Italy); MA Pastoral Ministry, Philosophical Studies (Ateneo de Manila University); Bachelor of Sacred Theology (Loyola School of Theology, ADMU), Granted by Fu Jen Catholic University, Taipei, Taiwan; Course for Ecclesiastical Financial Administrators (Catholic Bishops' Conference of the Philippines and University of Sto. Tomas, Manila); San Jose Seminary (ADMU); BS Zoology (UP Diliman)

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***2 yrs. from 2013**

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Benefit Claims

PRIVATE EDUCATION RETIREMENT ANNUITY ASSOCIATION

Independent Auditors' Report

The Board of Trustees and Members
Private Education Retirement Annuity Association

Report on the Financial Statements

We have audited the accompanying financial statements of Private Education Retirement Annuity Association, which comprise the statements of net assets available for distribution to members as at April 30, 2015 and 2014, and the statements of operations, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to an entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of an entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Private Education Retirement Annuity Association as at April 30, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Report on the Supplemental Investments Schedule

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental investments schedule as at April 30, 2015 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The preparation and presentation of such schedule is the responsibility of the management of Private Education Retirement Annuity Association. Such schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Janeth T. Nuñez-Javier

Janeth T. Nuñez-Javier
Partner
CPA Certificate No. 111092
SEC Accreditation No. 1328-A (Group A),
July 1, 2013, valid until June 30, 2016
Tax Identification No. 900-322-673
BIR Accreditation No. 08-001998-69-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 4751306, January 5, 2015, Makati City

August 19, 2015

PRIVATE EDUCATION RETIREMENT ANNUITY ASSOCIATION

Statements of Net Assets Available for Distribution to Members

	April 30	
	2015	2014
ASSETS		
Cash and cash equivalents (Note 7)	**₱461,229,926**	₱581,707,037
Financial assets at fair value through profit or loss (Note 8)	**991,317,267**	291,989,587
Available-for-sale investments (Note 9)	**3,729,545,004**	3,819,594,642
Loans and receivables (Note 10)	**564,406,637**	969,896,049
Long-term time deposits	**72,050,000**	68,350,000
Held-to-maturity investments (Note 11)	**251,837,640**	401,456,438
Property and equipment (Note 12)	**61,296,200**	62,524,978
Software costs (Note 13)	**7,496,741**	7,351,456
Investment properties (Note 14)	**379,525,234**	93,534,332
Other assets	**142,487**	84,623
	6,518,847,136	6,296,489,142
LIABILITIES		
Derivative liability (Note 15)	**1,063,984**	–
Accounts payable and other liabilities (Note 16)	**42,792,125**	49,548,886
Benefits payable	**5,328,782**	–
Members' deposits (Note 20)	**23,150,133**	17,598,826
	72,335,024	67,147,712
NET ASSETS	**6,446,512,112**	6,229,341,430
LESS SPECIAL RESERVES (Note 22)	**149,697,253**	173,276,900
NET ASSETS AVAILABLE FOR DISTRIBUTION TO MEMBERS	**₱6,296,814,859**	₱6,056,064,530

See accompanying Notes to Financial Statements.

PRIVATE EDUCATION RETIREMENT ANNUITY ASSOCIATION

Statements of Operations

	Years Ended April 30	
	2015	2014
INVESTMENT INCOME (LOSSES)		
Interest income (Notes 7, 8, 9, 10 and 11)	**₱197,350,086**	₱220,537,498
Gain on sale of investments (Notes 8 and 9)	**143,130,147**	138,702,138
Dividends	**22,069,123**	21,028,420
Fair value gain on investment property (Note 14)	**1,656,850**	–
Foreign exchange gain/(loss)	**(1,312,050)**	54,543,097
Miscellaneous income (Notes 14, 15, 23 and 25)	**18,445,629**	7,857,642
	381,339,785	442,668,795
Unrealized gain on revaluation of financial assets at fair value through profit or loss (Note 8)	**22,079,957**	23,149,344
TOTAL INCOME	**403,419,742**	465,818,139
EXPENSES		
Operating expenses (Note 24)	**68,629,362**	60,656,377
Investment expenses (Notes 9, 14 and 19)	**17,154,970**	10,204,586
	85,784,332	70,860,963
EXCESS OF INVESTMENT INCOME OVER EXPENSES	**₱317,635,410**	₱394,957,176

See accompanying Notes to Financial Statements.

PRIVATE EDUCATION RETIREMENT ANNUITY ASSOCIATION

Statements of Comprehensive Income

	Years Ended April 30	
	2015	2014
EXCESS OF INVESTMENT INCOME OVER EXPENSES	**₱317,635,410**	₱394,957,176
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Net change in fair value of available-for-sale investments (Note 9)	**40,962,855**	(496,383,889)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Remeasurement gain of retirement plan (Note 17)	**2,465,517**	–
	43,428,372	(496,383,889)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱361,063,782**	(₱101,426,713)

See accompanying Notes to Financial Statements.

PRIVATE EDUCATION RETIREMENT ANNUITY ASSOCIATION

Statements of Changes in Net Assets

	Members' Equity (Note 20)	Deficit (Note 22)	Net Unrealized Gain on Available-for-Sale Investments (Note 9)	Remeasurement Gain on Retirement Plan (Note 17)
Balance at May 1, 2014	**₱5,660,451,978**	**(₱35,018,658)**	**₱430,631,210**	**₱–**
Members' contributions	**402,618,140**	**–**	**–**	**–**
Earnings distributed to members (Note 22)	**369,298,497**	**(369,298,497)**	**–**	**–**
Contributions previously recognized as members' deposits (Note 20)	**9,645,264**	**–**	**–**	**–**
Deductions from members' equity (Note 21)	**(556,156,504)**	**–**	**–**	**–**
Net increase (decrease) in net assets before results of operations	**225,405,397**	**(369,298,497)**	**–**	**–**
Total comprehensive income	**–**	**317,635,410**	**40,962,855**	**2,465,517**
Transfer of other reserves to deficit	**–**	**22,408,437**	**–**	**–**
Reversal of appropriation from office transfer and computerization	**–**	**2,828,060**	**–**	**–**
Appropriation for increase in fair valuation of investment property (Note 14)	**–**	**(1,656,850)**	**–**	**–**
Net appropriations	**–**	**23,579,647**	**–**	**–**
Balance at April 30, 2015	**₱5,885,857,375**	**(₱63,102,098)**	**₱471,594,065**	**₱2,465,517**
Balance at May 1, 2013	₱5,263,091,223	₱94,052,483	₱927,015,099	₱–
Members' contributions	381,658,190	–	–	–
Earnings distributed to members (Note 22)	526,736,548	(526,736,548)	–	–
Contributions previously recognized as members' deposits (Note 20)	19,837,792	–	–	–
Deductions from members' equity (Note 21)	(530,871,775)	–	–	–
Net increase (decrease) in net assets before results of operations	397,360,755	(526,736,548)	–	–
Total comprehensive income (loss)	–	394,957,176	(496,383,889)	–
Reversal of appropriation from office transfer and computerization	–	2,708,231	–	–
Balance at April 30, 2014	₱5,660,451,978	(₱35,018,658)	₱430,631,210	₱–

See accompanying Notes to Financial Statements.

Net Assets	Special Reserves (Note 22)				
Available for Distribution to Members	Office Transfer and Computerization	Contingency	Other Reserves	Subtotal	Net Assets
₱6,056,064,530	**₱7,397,428**	**₱103,078,347**	**₱62,801,125**	**₱173,276,900**	**₱6,229,341,430**
402,618,140	**–**	**–**	**–**	**–**	**402,618,140**
–	**–**	**–**	**–**	**–**	**–**
9,645,264	**–**	**–**	**–**	**–**	**9,645,264**
(556,156,504)	**–**	**–**	**–**	**–**	**(556,156,504)**
(143,893,100)	**–**	**–**	**–**	**–**	**(143,893,100)**
361,063,782	**–**	**–**	**–**	**–**	**361,063,782**
22,408,437	**–**	**–**	**(22,408,437)**	**(22,408,437)**	**–**
2,828,060	**(2,828,060)**	**–**	**–**	**(2,828,060)**	**–**
(1,656,850)	**–**	**–**	**1,656,850**	**1,656,850**	**–**
23,579,647	**(2,828,060)**	**–**	**(20,751,587)**	**(23,579,647)**	**–**
₱6,296,814,859	**₱4,569,368**	**₱103,078,347**	**₱42,049,538**	**₱149,697,253**	**₱6,446,512,112**
₱6,284,158,805	₱10,105,659	₱103,078,347	₱62,801,125	₱175,985,131	₱6,460,143,936
381,658,190	–	–	–	–	381,658,190
–	–	–	–	–	–
19,837,792	–	–	–	–	19,837,792
(530,871,775)	–	–	–	–	(530,871,775)
(129,375,793)	–	–	–	–	(129,375,793)
(101,426,713)	–	–	–	–	(101,426,713)
2,708,231	(2,708,231)	–	–	(2,708,231)	–
₱6,056,064,530	₱7,397,428	₱103,078,347	₱62,801,125	₱173,276,900	₱6,229,341,430

PRIVATE EDUCATION RETIREMENT ANNUITY ASSOCIATION

Statements of Cash Flows

	Years Ended April 30	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of investment income over expenses	**₱317,635,410**	₱394,957,176
Adjustments for:		
Interest income (Notes 7, 8, 9, 10 and 11)	**(197,350,086)**	(220,537,498)
Gain on sale of available-for-sale investments (Note 9)	**(122,325,443)**	(144,682,481)
Unrealized gain on revaluation of financial assets at fair value through profit or loss (Note 8)	**(22,079,957)**	(23,149,344)
Dividends	**(22,069,123)**	(21,028,420)
Depreciation and amortization (Note 24)	**6,215,606**	5,568,026
Impairment losses on available-for-sale investments (Note 9)	**3,090,742**	–
Fair value gain on investment properties	**(1,656,850)**	–
Foreign exchange loss/(gain)	**1,312,050**	(54,543,097)
Net changes in fair value of derivatives through profit or loss (Note 15)	**1,063,984**	–
Write-off of receivables (Notes 10 and 24)	**419,256**	–
Changes in operating assets and liabilities:		
Decrease (increase) in amounts of:		
Financial assets at fair value through profit or loss	**(677,247,723)**	(180,549,901)
Loans and receivables	**390,797,511**	(585,641,696)
Short-term time deposits	**–**	28,100,000
Other assets	**(57,864)**	2,727,550
Increase (decrease) in amounts of:		
Accounts payable and other liabilities	**(4,291,244)**	693,837
Members' deposits	**15,196,571**	15,555,523
Benefits payable	**5,328,782**	(7,893,925)
Net cash used in operations	**(306,018,378)**	(790,424,250)
Interest received	**210,789,146**	254,773,391
Net cash used in operating activities	**(95,229,232)**	(535,650,859)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale/maturities of:		
Available-for-sale investments	**4,755,151,317**	2,716,249,126
Held-to-maturity investments	**149,618,798**	–
Investment properties (Note 14)	**19,718,000**	–
Acquisitions of:		
Available-for-sale investments	**(4,506,216,172)**	(2,064,692,004)
Investment properties (Note 14)	**(304,052,052)**	–
Long-term time deposits	**(3,700,000)**	(20,000,000)
Property and equipment (Note 12)	**(3,063,256)**	(2,328,759)
Software costs (Note 13)	**(2,068,857)**	(5,658,362)
Dividends received	**22,902,707**	14,785,941
Net cash provided by investing activities	**128,290,485**	638,355,942
CASH FLOWS FROM FINANCING ACTIVITIES		
Deductions from members' equity (Notes 21 and 26)	**(556,156,504)**	(530,871,775)
Members' contributions	**402,618,140**	381,658,190
Net cash used in financing activities	**(153,538,364)**	(149,213,585)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(120,477,111)**	(46,508,502)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**581,707,037**	628,215,539
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱461,229,926**	₱581,707,037

See accompanying Notes to Financial Statements.

Notes to Financial Statements

1. Organization

Private Education Retirement Annuity Association (PERAA or the Association) is composed of private schools as well as institutions or foundations within the private education sector. These schools, referred to as Participating Institutions (PIs), periodically contribute to the Association based on a fixed rate as determined in their respective Retirement Plan Resolution. The Association controls and manages contributions that will be used eventually to pay the retirement obligations of the PIs to their qualified employees. The contributions, together with the gains and losses, realized and unrealized, less expenses, shall constitute the PERAA fund held by the board of trustees (BOT). The retirement benefits to the PIs' retiring members shall be based on the accumulated value of their contributions together with their credited dividends.

On June 5, 1972, the Bureau of Internal Revenue (BIR) approved the PERAA Plan Agreement (the Plan) as a tax-exempt plan under Republic Act (R.A.) No. 4917, an act providing that retirement benefits of employees of private firms shall not be subject to attachment, levy, execution, or any tax whatsoever. The BOT of the Association is a qualified trustee that is entitled to all the benefits and privileges provided for by Section 60(B), in relation to Section 32(B)(6)(a), both of R.A. No. 8424, otherwise known as the "Tax Reform Act of 1997". Consequently, the funds created to implement the provisions of the plans and the retirement pay to their respective retirees remains exempt pursuant to said law.

The registered office address of the Association, which is also its principal place of business, is at 16th Floor, Multinational Bancorporation Centre, 6805 Ayala Avenue, Salcedo Village, Makati City.

2. Administration of the Plan

The Association is administered by the BOT which is composed of eleven (11) members distributed as follows:

a) Four (4) regional representatives, one (1) member each from Luzon, National Capital Region, Visayas, and Mindanao, elected by the PIs;
b) Six (6) trustees-at-large elected by the PIs; and
c) The President of the Association who is elected by the BOT.

The PIs and the BOT entered into a Trust Agreement which spells out the rights, privileges, obligations, and responsibilities of the PIs, and the control, direction, management and administration of the PERAA fund by the BOT.

3. Summary of Significant Accounting Policies

<u>Basis of Preparation</u>
The accompanying financial statements of the Association have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVPL), available-for-sale (AFS) investments, investment properties and derivative financial instrument, which have been measured at fair value.

The financial statements are presented in Philippine peso, which is the Association's functional currency, and all amounts are rounded to the nearest peso unless otherwise stated.

<u>Statement of Compliance</u>
The financial statements of the Association have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

<u>Changes in Accounting Policies and Disclosures</u>
The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended Philippine Accounting Standards (PAS) and PFRS which were adopted beginning May 1, 2014:

Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements,* PFRS 12, *Disclosures of Interest in Other Entities,* and PAS 27, *Separate Financial Statements*)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at FVPL. The amendments must be applied retrospectively, subject to certain transition relief.

These amendments have no impact to the Association, since the Association is not qualified to be an investment entity under PFRS 10.

PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively. The amendments affect disclosures only and have no impact on the Association's financial position or performance.

PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no significant impact on the Association.

PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units for which impairment loss has been recognized or reversed during the period.

The application of these amendments has no material impact on the disclosure in the Association's financial statements.

Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs.

For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21.

This interpretation has no impact on the Association as it has applied the recognition principles under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* consistent with the requirements of IFRIC 21 in prior years.

Annual Improvements to PFRSs (2010-2012 cycle)
In the 2010-2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, *Fair Value Measurement.*

The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no significant impact on the Association.

Annual Improvements to PFRSs (2011-2013 cycle)
In the 2011-2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of PFRS.* The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Association as it is not a first-time PFRS adopter.

Summary of Significant Accounting Policies

Cash and Cash Equivalents, and Time Deposits
For purposes of reporting cash flows, cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities of three (3) months or less from dates of placement, and that are subject to insignificant risk of changes in value. Long-term time deposits represent cash placements with maturities of more than one year. Under PAS 39, *Financial Instruments: Recognition and Measurement,* long-term time deposits are classified as 'Loans and receivables' and are subject to significant risk of changes in value.

Fair Value Measurement
The Association measures financial instruments, such as derivatives, at fair value at each statement of net assets available for distribution to members date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Association.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations, without any deduction for transaction costs.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities in the absence of a principal market, in the most advantageous market for the asset or liability
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Association determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at every statement of net assets available for distribution to members date.

The Association determines the policies and procedures for both recurring fair value measurement, such as financial assets at FVPL, and for non-recurring measurement, such as investment properties.

External appraisers are involved for valuation of significant assets, such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Association has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above (see Note 5).

<u>Financial Instruments - Initial Recognition and Subsequent Measurement</u>

Date of recognition

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date - the date that an asset is delivered to the Association.

Initial recognition of financial instruments

All financial instruments are initially recognized at fair value. Except for financial instruments at FVPL, the initial measurement of financial instruments includes transaction costs. The Association classifies its financial instruments in the following categories: financial assets at FVPL, AFS investments, held-to-maturity (HTM) investments, loans and receivables and other financial liabilities. The classification depends on the purpose for which the instruments were acquired and whether they are quoted in an active market. Management determines the classification of its financial instruments at initial recognition, and where allowed and appropriate, re-evaluates such designation at every reporting date.

'Day 1' difference
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Association recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the statement of operations unless it qualifies for recognition as some other type of asset. In cases where the fair value is determined using data which is not observable, the difference between the transaction price and the model value is only recognized in the statement of operations when the inputs become observable or when the instrument is derecognized. For each transaction, the Association determines the appropriate method of recognizing the 'Day 1' difference amount.

Financial assets and liabilities at FVPL
Financial assets and liabilities at FVPL are recorded at fair value in the statement of net assets available for distribution to members. Changes in the fair value relating to financial assets and liabilities at FVPL are recognized in the statement of operations. The Association's financial assets at FVPL consist of debt and equity securities and investments in mutual funds. The Association's financial liabilities at FVPL consist of derivative financial instruments.

Interests earned on holding financial assets at FVPL are reported in 'Interest income' in the statement of operations using the effective interest method. Dividends earned on holding financial assets at FVPL are recognized in the statement of operations as 'Dividends' when the right to receive payment has been established. When the security is disposed of, the gain or loss is recognized as ' Gain on sale of investments' in the statement of operations.

Financial assets classified in this category are designated by management on initial recognition when:
- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

The Association uses derivative financial instruments such as forward currency exchange contracts. Such derivative financial instruments are initially recognized at fair value on the date in which a derivative transaction is entered into and are subsequently re-measured at fair value.

Any gains or losses arising from the changes in fair value of derivatives are taken directly to the statement of operations. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

AFS investments
AFS investments are designated as such or do not qualify to be classified as financial assets at FVPL, HTM investments or loans and receivables. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. The Association's AFS investments consist of debt and equity securities, and investments in mutual funds.

After initial measurement, AFS investments are subsequently measured at fair value. Dividends earned on holding AFS equity securities are recognized in the statement of operations when the right to receive payment has been established. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities is reported in the statement of operations. The unrealized gains and losses arising from the fair valuation of AFS investments are excluded net of tax from reported income and are reported as 'Net unrealized gain on AFS investments', a separate line item in the statement of comprehensive income.

When the security is disposed of, the cumulative gain or loss previously recognized in 'Net unrealized gain on AFS investments' is recognized as 'Gain on sale of investments' in the statement of operations. Where the Association holds more than one investment in the same security, these are deemed to be disposed of on a first-in first-out basis. The losses arising from impairment of such investments are recognized in the statement of operations.

When the fair value of AFS investments cannot be measured reliably due to lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost net of any impairment value.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held-for-trading, designated as AFS investments or financial assets designated at FVPL.

Loans and receivables are recognized initially at fair value. After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of effective interest rate (EIR). The amortization is included in 'Interest income'. The level of allowance for credit losses is evaluated by management on the basis of factors that affect the collectibility of accounts.

HTM investments
HTM investments represent quoted nonderivative financial assets which carry fixed or determinable payments and have fixed maturities for which the Association has intention to hold until maturity. After initial recognition, HTM investments are subsequently measured at amortized cost using the effective interest method, less any impairment in value. The amortization is included in 'Interest income'. Gains and losses are recognized in the statement of operations when HTM investments are derecognized and impaired, as well as through the amortization process.

Other financial liabilities
Issued financial instruments or their components, which are not designated at FVPL, are classified as liabilities under 'Accounts payable and other liabilities', 'Members' deposits' and 'Benefits payable' in the statement of net assets available for distribution to members, where the substance of the contractual arrangement results in the Association having an obligation either to deliver cash or other financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity share.

After initial measurement, other financial liabilities not qualified as and not designated as FVPL, are subsequently measured at amortized cost using the effective interest method.

<u>Reclassification of Financial Assets</u>
The Association evaluates its AFS investments whether the ability and intention to sell them in the near term is still appropriate. When the Association is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Association may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Association has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the HTM category is permitted only when the Association has the ability and intention to hold the financial asset until its maturity.

For a financial asset reclassified out of the AFS category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the effective interest method. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the effective interest method. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of operations.

<u>Classification of Financial Instruments Between Debt and Equity</u>
A financial instrument is classified as debt, if it provides for a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Association; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Association does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

<u>Derecognition of Financial Instruments</u>
Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:
- the rights to receive cash flows from the asset have expired; or
- the Association retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a pass-through arrangement; or
- the Association has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risk and rewards of the asset but has transferred the control of the asset.

Where the Association has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the asset is recognized to the extent of the Association's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Association could be required to repay.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of operations.

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

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost
For financial assets carried at amortized cost, the Association first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Association determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparties' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to 'Provision for impairment losses'. Interest income continues to be recognized based on the original EIR of the asset. Such financial assets, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, subsequently, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by reversing the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to 'Provision for impairment losses'.

AFS investments
For AFS investments, the Association assesses at each reporting date whether there is objective evidence that an investment is impaired.

In case of equity securities classified as AFS investments, this would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative losses - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in 'Net unrealized gain on AFS investments' - is removed from 'Net unrealized gain on AFS investments' and recognized in the statement of operations. Impairment losses on equity securities are not reversed through the statement of operations. Increases in fair value after impairment are recognized directly in the statement of comprehensive income.

In the case of debt instruments classified as AFS investments, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the statement of operations. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. If, in subsequent year, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of operations, the impairment loss is reversed through the statement of operations.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of net assets available for distribution to members, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation, and any impairment in value.

The initial cost of property and equipment consists of its purchase price, any directly attributable costs of bringing the asset to its working condition and location for its intended use and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located to the extent it had recognized an obligation for that cost.

Expenditures incurred after the assets have been put into operation, such as repairs and maintenance costs, are normally charged against operations in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost.

Depreciation is computed using the straight-line method over the estimated useful lives of the depreciable assets.

The estimated useful lives of the depreciable assets follow:

Office equipment	3-10 years
Furniture and fixtures	5-10 years
Transportation equipment	5-10 years
Office improvements	10 years
Condominium units	42 years

The useful lives, depreciation method and any residual values are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

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

Software Cost
Software cost is capitalized on the basis of the cost incurred to acquire and bring to use the specific software. Software cost is amortized over five (5) years on a straight-line basis and assessed for impairment whenever there is an indication that the software cost may be impaired.

Costs associated with maintaining the computer software programs are recognized as expense when incurred.

The amortization period and the amortization method for software cost are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. Amortization expense on software cost is recognized in the statement of operations.

Investment Property
Investment property consists of properties which are held either to earn rental income or capital appreciation or for both. The Association's investment property is stated in accordance with the fair value model with any change therein is recognized in the statement of operations. The fair value of the investment property is based on valuation performed every two years by an independent appraiser who holds a recognized and relevant professional qualification.

Gains or losses on derecognition of an investment property are recognized in the statement of operations in the year of derecognition.

Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Impairment of Nonfinancial Assets
At each reporting date, the Association assesses whether there is any indication that its nonfinancial assets which

include property and equipment and software cost may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Association makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset'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, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs.

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 impairment loss is charged against operations in the period in which it arises.

An assessment is made at each reporting date 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 and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of operations. After such a reversal, depreciation and amortization is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Investment Income and Expenses

The Association's investment income comprises interest income on funds invested, dividend income, changes in market value of financial assets at FVPL and investment properties, realized gains or losses on sale or maturities of investments and foreign exchange gains or losses of monetary assets and liabilities. Interest income is recognized as it accrues, using the effective interest method. Dividend income is recognized on the date that the Association's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Investment expenses are comprised of management fee, bank charges, commission, operating expenses related to investment properties, tax expense and impairment losses recognized on investments which are recognized as incurred.

Retirement Benefits

The Association maintains a defined contribution (DC) plan that covers all regular full-time employees. Under its DC plan, the Association pays fixed contributions based on the employees' monthly salaries. The Association, however, is covered under R.A. 7641 which provides for its qualified employees a defined benefit (DB) minimum guarantee. The DB minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of R.A. 7641.

Accordingly, the Association accounts for its retirement obligation under the higher of the DB obligation relating to the minimum guarantee and the obligation arising from the DC plan.

For the DB minimum guarantee plan, the liability is determined based on the present value of the excess of the projected DB obligation over the projected DC obligation at the end of the reporting period. The DB obligation is calculated annually by a qualified independent actuary using the projected unit credit method. The Association determines the net interest expense (income) on the net DB liability (asset) for the period by applying the discount rate used to measure the DB obligation at the beginning of the annual period to the then net DB liability (asset), taking into account any changes in the net DB liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the DB plan are recognized in the statement of operations.

The DC liability, on the other hand, is measured at the fair value of the DC assets upon which the DC benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the DC benefits.

Remeasurements of the net DB liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI).

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Association recognizes gains or losses on the settlement of a DB plan when the settlement occurs.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:
(a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
(c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
(d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gives rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Association as a lessor
Leases where the Association retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rentals are recognized as an income in the statement of operations on a straight-line basis over the lease term.

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

Contingencies
Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of assets embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

Foreign Currency Translation
The books of accounts of the Association are maintained in Philippine peso. For financial reporting purposes, foreign currency-denominated monetary assets and liabilities are translated into their equivalents in Philippine peso based on the Philippine Dealing System (PDS) closing rate prevailing at end of the year and for foreign currency-denominated income and expenses, at the PDS weighted average rate for the year.

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

Standards Issued but not yet Effective
Standards and interpretations issued but not yet effective up to the date of issuance of the Association's financial statements are listed below. Except as otherwise indicated, the Association does not expect that the adoption of these new and amended PFRS, PAS and Philippine Interpretations to have significant impact on the financial statements. Unless specified, the Association will assess the impact of these amendments on its financial position or performance when they become effective.

PFRS 9, *Financial Instruments – Classification and Measurement* (2010 version)
PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Association's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Securities and Exchange Commission and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the IASB and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Association.

The following new standards and amendments issued by the IASB were already adopted by the FRSC but are still for approval by BOA.

Effective January 1, 2015
PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions* (Amendments)
PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Association. They include:

PFRS 2, *Share-based Payment – Definition of Vesting Condition*
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
- A performance condition must contain a service condition.
- A performance target must be met while the counterparty is rendering service.
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group.
- A performance condition may be a market or non-market condition.
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*
The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments,* if early adopted).

PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
The amendments are applied retrospectively and clarify that:
- An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

PAS 16, *Property, Plant and Equipment, and PAS 38, Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization*
The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

PAS 24, *Related Party Disclosures – Key Management Personnel*
The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Association. They include:

PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*
The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
- Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

PFRS 13, *Fair Value Measurement – Portfolio Exception*
The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39.

PAS 40, *Investment Property*
The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

<u>Effective January 1, 2016</u>
PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Association given that the Association has not used a revenue-based method to depreciate its non-current assets.

PAS 16, *Property, Plant and Equipment,* and PAS 41, *Agriculture – Bearer Plants* (Amendments)
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance,* will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Association as it does not have any bearer plants.

PAS 27, *Separate Financial Statements – Equity Method in Separate Financial Statements* (Amendments)
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Association's financial statements.

PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures* – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016.

PFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained.

In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Association.

PFRS 14, *Regulatory Deferral Accounts*
PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Association is an existing PFRS preparer, this standard would not apply.

Annual Improvements to PFRSs (2012-2014 cycle)
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Association. They include:

PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*
The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

PFRS 7, *Financial Instruments: Disclosures – Servicing Contracts*
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

PAS 19, *Employee Benefits – regional market issue regarding discount rate*
This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

PAS 34, *Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'*
The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

<u>Effective January 1, 2018</u>
PFRS 9, *Financial Instruments* – Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)
PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Association's financial assets but will have no impact on the classification and measurement of the Association's financial liabilities. The Association is currently assessing the impact of adopting this standard.

PFRS 9, *Financial Instruments* (2014 or final version)
In July 2014, the final version of PFRS 9, *Financial Instruments,* was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Association's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Association's financial liabilities. The Association is currently assessing the impact of adopting this standard.

The following new standard issued by the IASB has not yet been adopted by the FRSC:

International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Association is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

4. Significant Accounting Judgments and Estimates

The preparation of the financial statements in accordance with PFRS requires the Association to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

(a) Classification of financial instruments
The Association classifies financial instruments, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of the instruments. The substance of a financial instrument, rather than its legal form, governs its classification in the Association's statement of net assets available for distribution to members. The Association determines the classification at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

(b) Classification to HTM investments
The Association classifies quoted nonderivative financial assets with fixed or determinable payments and fixed maturity as HTM investments. This classification requires significant judgment. In making this judgment, the Association evaluates its intention and ability to hold such investments to maturity. If the Association fails to keep these investments to maturity other than in certain specific circumstances for example, sales that are so close to maturity, it will be required to reclassify the entire portfolio as AFS investments. The investments would therefore be measured at fair value and not at amortized cost.

(c) Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the statement of net assets available for distribution to members cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. In accordance with the amendments to PFRS 7, disclosures about the level in the fair value hierarchy are required in which the fair value measurements are categorized for assets and liabilities measured in the statement of net assets

available for distribution to members. The Association used judgment in assessing the significance of a particular input to the fair value measurements in its entirety, considering the factors specific to the asset or liability.

(d) *Financial assets not quoted in an active market*
The Association classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

(e) *Operating lease commitments*
The Association as lessor
The Association has entered into commercial property leases on its investment properties. The Association has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(f) *Assessment of functional currency*
PAS 21, *The Effects of Changes in Foreign Exchange Rates,* requires management to determine the Association's functional currency such that it must faithfully represent the economic effects of the underlying transactions, events and conditions that are relevant to the Association. In making this judgment, the Association considers the following:
- the currency that mainly influences sales prices for financial instruments and services;
- the currency in which funds from financing activities are generated; and
- the currency in which receipts from operating activities are usually retained.

Estimates
(a) *Impairment of AFS equity investments*
The Association treats AFS equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The Association treats 'significant' generally as 20% more of the original cost of investment, and 'prolonged', greater than 12 months. In addition, the Association evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

AFS equity securities are carried at ₱763.97 million and ₱603.05 million as of April 30, 2015 and 2014, respectively. AFS mutual trust funds are carried at ₱1.27 billion and ₱1.21 billion as of April 30, 2015 and 2014, respectively. The Association recognized impairment on certain AFS equity securities amounting to ₱3.09 million and nil in 2015 and 2014, respectively (Note 9).

(b) *Impairment of AFS debt securities*
The Association determines that AFS debt investments are impaired when there is observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of debt investments before the decrease can be identified with an individual debt investment in that portfolio. The process of estimating future cash flow is similar to that performed by management in determining credit losses on loans and receivables.

AFS debt investments are carried at ₱1.69 billion and ₱2.01 billion as of April 30, 2015 and 2014, respectively (Note 9). No allowance for impairment losses was recognized on these investments as of April 30, 2015 and 2014.

(c) *Impairment of loans and receivables*
The Association reviews its loans and receivables portfolio to assess impairment at each reporting date. The Association maintains an allowance for credit losses at a level considered adequate to provide for potential uncollectible receivables.

The level of allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, age of balances, financial status of counterparties, and legal opinion on recoverability in case of legal disputes. The Association reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a regular basis. The amount of recorded expense for any period would differ if the Association made different judgments or utilized different estimates.

Loans and receivables amounted to ₱564.41 million and ₱969.90 million as of April 30, 2015 and 2014, respectively. Allowance for credit losses on loans and receivables amounted to ₱0.32 million as of April 30, 2015 and 2014 (Note 10).

(d) *Fair value of investment properties*
The Association revalues its investment properties at fair market value based on appraisal reports which are prepared every two years by independent professionally qualified appraisers. The determination of the fair value of the investment properties is dependent on the selection of certain assumption used by the appraiser in calculating such amounts. Those assumptions include among others sales and listings of comparable properties, factors

such as location, size and shape of the property, facilities offered, architectural quality and time element. The Association believes that the assumptions used by the appraiser are reasonable and appropriate.

As of April 30, 2015 and 2014, the Association's investment properties amounted to ₱379.53 million and ₱93.53 million, respectively (Note 14).

(e) *Impairment of property and equipment and software costs*
The Association assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Association considers important which could trigger an impairment review include the following:
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Association recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. The carrying value of the Association's property and equipment amounted to ₱61.30 million and ₱62.52 million as of April 30, 2015 and 2014, respectively (Note 12). As of the same dates, the carrying value of software costs amounted to ₱7.50 million and ₱7.35 million, respectively (Note 13).

(f) *Estimated useful lives and residual values of property and equipment and software costs*
The Association estimates the useful lives and residual values of its property and equipment and software costs. The Association reviews annually the estimated useful lives based on factors that include asset utilization, internal technical evaluation, technological changes, and anticipated use of the net assets. A reduction in the estimated useful lives and residual values of the property and equipment and software costs would increase the recorded depreciation and amortization and decrease the assets.

The estimated useful lives of property and equipment and software costs are disclosed in Note 3. See Notes 12 and 13 for the carrying values of the property and equipment and software costs, respectively.

(g) *Fair value of derivatives*
The fair values of derivatives that are not quoted in active markets are determined using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are reviewed before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments. See Note 15 for the information on the fair value of the instrument.

(h) *Present value of retirement obligation*
The present value of the obligation depends on certain factors that are determined on an actuarial basis using a number of assumptions. These include, among others, discount rates, future salary increases, mortality rates, and future pension increases. Due to long term nature of this plan, such estimates are subject to significant uncertainty.

The assumed discount rate was determined using average market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of reporting date. The mortality rate is based on publicly available mortality tables and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates. See Note 17 for the details of assumptions used in the calculation and the present value of retirement obligation.

5. Financial Instruments and Fair Value Measurement

The Association's financial assets and financial liabilities classified into the categories of financial instruments under PAS 39 follow:

	2015						
	Financial Assets at FVPL	Loans and Receivables	AFS Investments	HTM Investments	Derivative Liability	Other Financial Liabilities	Total
Financial Assets							
Cash and cash equivalents	**₱–**	**₱461,229,926**	**₱–**	**₱–**	**₱–**	**₱–**	**₱461,229,926**
Financial assets at FVPL	**991,317,267**	**–**	**–**	**–**	**–**	**–**	**991,317,267**
AFS investments	**–**	**–**	**3,729,545,004**	**–**	**–**	**–**	**3,729,545,004**
Loans and receivables	**–**	**564,406,637**	**–**	**–**	**–**	**–**	**564,406,637**
Long-term time deposits	**–**	**72,050,000**	**–**	**–**	**–**	**–**	**72,050,000**
HTM investments	**–**	**–**	**–**	**251,837,640**	**–**	**–**	**251,837,640**
	₱991,317,267	**₱1,097,686,563**	**₱3,729,545,004**	**₱251,837,640**	**₱–**	**₱–**	**₱6,070,386,474**
Financial Liabilities							
Derivative liability	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,063,984**	**₱–**	**₱1,063,984**
Accounts payable and other liabilities	**–**	**–**	**–**	**–**	**–**	**38,193,698**	**38,193,698**
Members' deposits	**–**	**–**	**–**	**–**	**–**	**9,936,975**	**9,936,975**
Benefits payable	**–**	**–**	**–**	**–**	**–**	**5,328,782**	**5,328,782**
	₱–	**₱–**	**₱–**	**₱–**	**₱1,063,984**	**₱53,459,455**	**₱54,523,439**

	2014						
	Financial Assets at FVPL	Loans and Receivables	AFS Investments	HTM Investments	Derivative Liability	Other Financial Liabilities	Total
Financial Assets							
Cash and cash equivalents	₱–	₱581,707,037	₱–	₱–	₱–	₱–	₱581,707,037
Financial assets at FVPL	291,989,587	–	–	–	–	–	291,989,587
AFS investments	–	–	3,819,594,642	–	–	–	3,819,594,642
Loans and receivables	–	969,896,049	–	–	–	–	969,896,049
Long-term time deposits	–	68,350,000	–	–	–	–	68,350,000
HTM investments	–	–	–	401,456,438	–	–	401,456,438
	₱291,989,587	₱1,619,953,086	₱3,819,594,642	₱401,456,438	₱–	₱–	₱6,132,993,753
Financial Liabilities							
Accounts payable and other liabilities	₱–	₱–	₱–	₱–	₱–	₱44,512,873	₱44,512,873
Members' deposits	–	–	–	–	–	15,643,134	15,643,134
	₱–	₱–	₱–	₱–	₱–	₱60,156,007	₱60,156,007

The methods and assumptions used by the Association in estimating the fair value of the financial instruments are:

Cash and cash equivalents
Carrying amounts approximate fair values due to the relatively short-term maturity of these assets.

Quoted debt and equity securities
Fair values of listed shares of stocks, government bonds and quoted private bonds are based on quoted prices published in markets.

Financial assets at amortized cost, other than quoted debt securities
Fair values of notes receivable, multi-purpose loans and long-term time deposits are estimated using the discounted cash flow methodology using the Association's current incremental lending rates for similar types of loans. These were discounted at 2.69% to 4.10% and 2.48% to 4.00% as at April 30, 2015 and 2014, respectively. Carrying amounts of other items of loans and receivables approximate their fair value due to the relatively short-term maturities of these assets.

Investment in mutual trust funds
Fair values are based on computed net asset value of the fund.

Derivative liability
The fair values of forward foreign exchange transactions are derived using acceptable valuation methods. The valuation assumptions are based on market conditions existing at the reporting date.

Accounts payable and other liabilities
Carrying values approximate fair values due to either the demand feature or the relatively short-term maturities of these liabilities.

The table below presents the assets and liabilities that are either carried at fair value or for which fair value is required to be disclosed, by valuation method as of April 30, 2015 and 2014.

	2015				
		Fair Value			
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets and liabilities measured at fair value:					
Financial assets at FVPL:					
Debt securities	**₱709,150,154**	**₱685,180,403**	**₱23,969,751**	**₱–**	**₱709,150,154**
Equity securities	**180,565,243**	**81,121,485**	**99,443,758**	**–**	**180,565,243**
Mutual trust funds	**101,601,870**	**101,601,870**	**–**	**–**	**101,601,870**
AFS investments:					
Debt securities	**1,693,385,446**	**1,098,790,488**	**594,594,958**	**–**	**1,693,385,446**
Mutual trust funds	**1,272,193,043**	**1,059,387,003**	**212,806,040**	**–**	**1,272,193,043**
Equity securities	**763,966,515**	**719,054,114**	**44,912,401**	**–**	**763,966,515**
Investment properties	**379,525,234**	**–**	**–**	**379,525,234**	**379,525,234**
Derivative liability	**1,063,984**	**–**	**1,063,984**	**–**	**1,063,984**
Assets for which fair values are disclosed:					
Long-term time deposit	**72,050,000**	**–**	**–**	**71,470,131**	**71,470,131**
Notes receivable	**349,258,791**	**–**	**–**	**328,986,838**	**328,986,838**
Multi-purpose loans	**147,983,757**	**–**		**152,862,580**	**152,862,580**
Held-to-maturity investments	**251,837,640**	**106,025,705**	**158,184,869**	**–**	**264,210,574**

	2014				
		Fair Value			
	Carrying Value	Level 1	Level 2	Level 3	Total
Assets measured at fair value:					
Financial assets at FVPL:					
Debt securities	₱291,989,587	₱25,328,773	₱266,660,814	₱–	₱291,989,587
AFS investments:					
Debt securities	2,009,928,506	1,309,051,094	700,877,412	–	2,009,928,506
Mutual trust funds	1,206,615,828	42,173,852	1,164,441,976	–	1,206,615,828
Equity securities	603,050,308	603,050,308	–	–	603,050,308
Investment properties	93,534,332	–	–	93,534,332	93,534,332
Assets for which fair values are disclosed:					
Long-term time deposits	68,350,000	–	–	66,937,523	66,937,523
Notes receivable	780,021,220	–	–	794,443,121	794,443,121
Multi-purpose loans	122,361,937	–	–	100,101,920	100,101,920
Held-to-maturity investments	401,456,438	114,028,000	311,472,546	–	425,500,546

There are no transfers from Level 1 to Levels 2 or 3 in April 30, 2015 and 2014. There are also no changes in the valuation techniques of financial instruments under Level 2 and Level 3 fair value hierarchy.

The fair values of the Association's investment properties have been determined based on valuations made by independent professionally qualified appraisers on the basis of recent sales of similar properties in the same areas as the properties and taking into account the economic conditions prevailing at the time the valuations were made.

The table below summarizes the valuation techniques used and the significant unobservable inputs to valuation for each type of investment properties held by the Association:

	Valuation Techniques	**Significant Unobservable Inputs**
Commercial		
Office condominiums	Market Data Approach	Location, Condition and Time element
Parking slots	Market Data Approach	Location, Condition and Time element

Description of the valuation techniques used to valuation of the Association's investment properties are as follow:

Market Data Approach A comparable method wherein the value of the property is based on sales and listings of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. Comparison would be premised on the factors of location, size and shape of the lot, and time element.

Condition This pertains to the age and the degree of maintenance of subject unit in particular with consideration to physical deterioration and other factors deemed relevant.

Location The analysis of a property's location focuses on the time-distance relationships between the property and common origins or destinations. It is also concerned with the location of the condominium units in relation to floor level. Units located on the upper levels are considered superior.

Time Element The measured or measurable period during action or condition exist. It is usually associated with the period in which the property can be sold in an open market within reasonable time.

Location	Significant unobservable input	Range
Office condominium		
Concorde Condominium, Makati City	Price per square meter	₱28,350 - ₱41,889
South Center Tower, Muntinlupa City	Price per square meter	₱72,300 - ₱79,900
The Y2 Residences Hotel, Makati City	Price per square meter	₱112,500
High Street South Corporate Plaza, Taguig City	Price per square meter	₱80,984 - ₱145,614
Parking slot		
South Center Tower, Muntinlupa City	Price per slot	₱473,000
High Street South Corporate Plaza, Taguig City	Price per slot	₱1,012,296

The sensitivity to fair value of the significant unobservable inputs to valuation of the investment properties under the Level 3 fair value hierarchy as of April 30, 2015 and 2014 are described below:

		2015	
Valuation technique	**Significant unobservable valuation input**	**Range**	**Sensitivity of the input to fair value**
Market data approach	Time element	+5.00%	3,715,384
		–5.00%	(3,710,122)

		2014	
Valuation technique	Significant unobservable valuation input	Range	Sensitivity of the input to fair value
Market data approach	Time element	+5.00%	₱4,725,903
		–5.00%	(4,717,440)

6. Financial Risk Management Objectives and Policies

The Association's principal financial instruments comprise of cash, receivables, equity securities, mutual trust funds, investment in notes and bonds, and accounts payable. The main risks arising from the Association's financial instruments are credit risk, liquidity risk and market risk. The Association's policies for managing each of these risks are summarized below:

a. *Credit risk*

Credit risk represents the loss that the Association would incur if counterparty failed to perform under its contractual obligations. The Association has established controls and procedures to determine and monitor the credit worthiness of its counterparties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Maximum exposure to credit risk before taking account of any credit enhancements
The table below shows the Association's gross maximum exposure to credit risk for the components of the statements of net assets available for distribution to members.

	2015	2014
Loans and receivables:		
Cash and cash equivalents	**₱461,229,926**	₱581,707,037
Loans and receivables:		
Notes receivable	**349,258,791**	780,021,220
Multi-purpose loans	**147,983,757**	122,361,937
Accrued interest receivable	**36,698,244**	50,137,304
Due from brokers/investment managers	**25,940,093**	1,828,701
Dividends receivable	**710,592**	1,544,176
Other receivables	**3,815,160**	14,002,711
Long-term time deposits	**72,050,000**	68,350,000
Financial assets at FVPL:		
Debt securities:		
Government bonds	**472,006,960**	266,660,814
Private bonds	**237,143,194**	25,328,773
Equity securities	**180,565,243**	–
Mutual trust funds	**101,601,870**	–
AFS investments:		
Debt securities:		
Government bonds	**883,300,024**	1,309,231,406
Private bonds	**810,085,422**	700,697,100
Mutual trust funds	**1,272,193,043**	1,206,615,828
Equity securities	**763,966,515**	603,050,308
HTM investments	**251,837,640**	401,456,438
	₱6,070,386,474	₱6,132,993,753

Credit quality per class of financial assets
The Association invests only in investments with credit ratings consistent with the portfolio benchmark through trustee banks. Majority of the Plan is managed by Metropolitan Bank and Trust Company (MBTC) - Trust Banking Group, BPI Asset Management (BPI), BDO Unibank (BDO) - Private Bank, Maybank ATR Kim Eng Capital Partners – Trust Department (ATR), and Credit Suisse (collectively, the Investment Managers).

As of April 30, 2015 and 2014, the Association has no past due but not impaired financial assets.

The Investment Managers uses Moody's, PhilRatings, Standard & Poor's (S&P), Fitch, CRISP and Bloomberg credit risk ratings for the fund.

Description of Moody's credit risk ratings is as follows:

Rating	Risk Level / Description
Aaa, Aaa1, Aaa2, Aaa3	
Aa, Aa1, Aa2, Aa3	
A, A1, A2, A3	Best quality to upper-medium-grade obligations
Baa, Baa1, Baa2, Baa3	
Ba, Ba1, Ba2, Ba3	
B, B1, B2, B3	Neither highly protected nor poorly secured
Caa, Caa1, Caa2, Caa3	
Ca, Ca1, Ca2, Ca3 C	Poor standing
Unrated	Non-credit assets do not carry credit ratings

Description of PhilRatings credit risk ratings is as follows:

Long-term issuances

Rating	Risk Level / Description
Aaa	Highest quality with minimal credit risk
Aa	High quality and are subject to very low credit risk
A	With favorable investment attributes and is considered as upper-medium grade obligations
Baa	Exhibits adequate protection parameters
Ba	Less vulnerable to nonpayment than other speculative issues
B	More vulnerable to nonpayment than obligations rated 'PRS Ba', but the obligor currently has the capacity to meet its financial commitment on the obligation
Caa	The issue is considered to be of poor standing and is subject to very high credit risk
Ca	Presently highly vulnerable to nonpayment. Likely already in or very near default with some prospect for partial recovery of principal or interest
C	An obligation is already in default with very little prospect for any recovery of principal or interest

Short-term issuances

Rating	Risk Level / Description
PRS 1	Strongest capability for timely payment of debt instrument issue on both interest and principal.
PRS 2	Strong capability for payment of commercial paper issue for both interest and principal.
PRS 3	Satisfactory capability for payment of debt instrument issue on both interest and principal.
PRS 4	Minimal assurance for timely payment of debt instrument issue on both interest and principal.
PRS 5	Capability to pay interest or principal of debt instrument issue is very doubtful.
PRS 6	Payment of interest or principal of debt instrument issue is in default.

Description of Standard & Poor's credit ratings is as follows:

Rating	Risk Level / Description
AAA, AA, A	The obligor's capacity to meet its financial commitment on the obligation ranges from strong to extremely strong
BBB	Exhibits adequate protection parameters
BB, B, CCC, CC, C	Obligations have significant speculative characteristics. BB indicates the least degree of speculation and C the highest
D	In payment default

Description of Fitch rating credit scale is as follows:

Rating	Risk Level / Description
AAA, AA, A	High to highest underlying credit quality
BBB, BB, B	Very speculative to good underlying credit quality
CCC	Substantially speculative underlying credit quality

Description of CRISP's credit rating system is as follows:

Rating	Risk Level / Description
AAA, AA, A	Strong to strongest capacity to repay debt obligations
BBB, BB, B	Reflects current capacity to repay debt obligations to adequate capacity to repay debt obligations
C	Reflects speculative position to repay debt

Description of Bloomberg Default Risk Scale is as follows:

Investment Grade	Default Probability
IG1	0.0000% – 0.0020%
IG2	0.0020% – 0.0040%
IG3	0.0040% – 0.0080%
IG4	0.0080% – 0.0152%
IG5	0.0152% – 0.0286%
IG6	0.0286% – 0.0529%
IG7	0.0529% – 0.0960%
IG8	0.0960% – 0.1715%
IG9	0.1715% – 0.3000%
IG10	0.3000% – 0.5200%

The table below shows the credit quality by class of financial assets of the Plan managed by ATR:

	2015				
	Aaa (PhilRatings)	**AA+ (CRISP)**	**Baa 2 (Moody's)**	**Unrated**	**Total**
Loans and receivables:					
Cash and cash equivalents	**₱–**	**₱–**	**₱–**	**₱32,669,427**	**₱32,669,427**
Loans and receivables:					
Accrued interest receivable	**620,642**	**73,750**	**1,455,860**	**–**	**2,150,252**
Financial assets at FVPL:					
Government bonds	**–**	**–**	**193,388,943**	**1,884,992**	**195,273,935**
Private bonds	**29,085,782**	**7,419,401**	**–**	**–**	**36,505,183**
AFS investments:					
Debt securities:					
Private bonds	**20,861,304**	**–**	**–**	**–**	**20,861,304**
Mutual trust funds	**–**	**–**	**–**	**700,719,595**	**700,719,595**
	₱50,567,728	**₱7,493,151**	**₱194,844,803**	**₱735,274,014**	**₱988,179,696**

	2014			
	Aaa (PhilRatings)	Baa - B3 (PhilRatings)	Unrated	Total
Loans and receivables:				
Cash and cash equivalents	₱–	₱–	₱50,644,106	₱50,644,106
Loans and receivables:				
Accrued interest receivable	624,227	4,578,657	–	5,202,884
Other receivables	–	–	3,719,691	3,719,691
Financial assets at FVPL:				
Government bonds	–	266,660,815	–	266,660,815
Private bonds	25,328,772	–	–	25,328,772
AFS investments:				
Debt securities:				
Private bonds	23,629,910	–	–	23,629,910
Mutual trust funds	–	–	570,576,389	570,576,389
	₱49,582,909	₱271,239,472	₱624,940,186	₱945,762,567

The table below shows the credit quality by class of financial assets of the Plan managed by BDO:

	2015			
	Aaa (PhilRatings)	**Baa2 (Moody's)**	**Unrated**	**Total**
Loans and receivables:				
Cash and cash equivalents	**₱–**	**₱–**	**₱98,917,696**	**₱98,917,696**
Loans and receivables:				
Notes receivable	**–**	**–**	**9,400,000**	**9,400,000**
Accrued interest receivable	**391,328**	**408,701**	**1,558,960**	**2,358,989**
Dividends receivable	**–**	**–**	**702,534**	**702,534**
Other receivable	**–**	**–**	**592,446**	**592,446**
Long-term time deposits	**–**	**–**	**3,700,000**	**3,700,000**
AFS investments:				
Debt securities:				
Government bonds	**–**	**54,433,136**	**–**	**54,433,136**
Private bonds	**19,557,533**	**–**	**91,304,573**	**110,862,106**
Mutual trust funds	**–**	**–**	**19,382,507**	**19,382,507**
Equity securities	**–**	**–**	**200,427,249**	**200,427,249**
	₱19,948,861	**₱54,841,837**	**₱425,985,965**	**₱500,776,663**

	2014		
	Baa-B3 (Moody's)	Unrated	Total
Loans and receivables:			
Cash and cash equivalents	₱–	₱40,930,581	₱40,930,581
Loans and receivables:			
Notes receivable	–	24,700,000	24,700,000
Accrued interest receivable	46,597	1,464,638	1,511,235
Dividends receivable	–	473,624	473,624
Other receivable	–	623,010	623,010
AFS investments:			
Debt securities:			
Government bonds	43,787,953	–	43,787,953
Private bonds	–	53,013,211	53,013,211
Mutual trust funds	–	3,972,558	3,972,558
Equity securities	–	152,089,422	152,089,422
	₱43,834,550	₱277,267,044	₱321,101,594

The table below shows the credit quality by class of financial assets of the Plan managed by BPI:

	2015							
	Aaa (PhilRatings)	PRS1-PRS2 (PhilRatings)	Baa2 (Moody's)	BBB-Stable (S&P)	BB (Fitch)	IG6-IG9 (Bloomberg)	Unrated	Total
Loans and receivables:								
Cash and cash equivalents	₱–	₱–	₱41,349,412	₱–	₱–	₱–	₱1,028,618	₱42,378,030
Loans and receivables:								
Accrued interest receivable	407,630	–	4,749	2,285,598	–	20,493	–	2,718,470
Due from brokers/investment managers	–	–	–	–	–	–	23,177,730	23,177,730
Other receivables	–	–	–	–	–	–	870,000	870,000
Long-term time deposits	–	–	–	–	1,350,000	–	–	1,350,000
Financial Assets at FVPL:								
Debt securities:								
Government bonds	–	–	–	263,144,497	–	–	–	263,144,497
Private bonds	58,607,920	–	–	–	–	2,528,963	–	61,136,883
AFS investments:								
Debt securities:								
Government bonds	–	–	–	8,819,261	–	–	–	8,819,261
Private bonds	2,204,634	–	10,764,160	–	–	–	–	12,968,794
Mutual trust funds	–	–	–	–	–	–	159,437,694	159,437,694
Equity securities	154,635,962	21,329,191	–	–	–	20,884,538	–	196,849,691
	₱215,856,146	₱21,329,191	₱52,118,321	₱274,249,356	₱1,350,000	₱23,433,994	₱184,514,042	₱772,851,050

	2014			
	Aaa (PhilRatings)	Baa-B3 (Moody's)	Unrated	Total
Loans and receivables:				
Cash and cash equivalents	₱–	₱–	₱1,835,680	₱1,835,680
Loans and receivables:				
Notes receivable	2,000,000	9,700,000	–	11,700,000
Accrued interest receivable	53,711	4,910,887	54,098	5,018,696
Due from brokers/investment managers	–	–	1,828,701	1,828,701
Other receivables	–	–	870,000	870,000
Long-term time deposits	–	–	1,350,000	1,350,000
AFS investments:				
Debt securities:				
Government bonds	–	359,989,194	–	359,989,194
Private bonds	8,392,560	–	–	8,392,560
Mutual trust funds	–	–	304,816,360	304,816,360
Equity securities	–	–	58,612,388	58,612,388
	₱10,446,271	₱374,600,081	₱369,367,227	₱754,413,579

The table below shows the credit quality by class of financial assets of the Plan managed by MBTC:

	2015				
	Aaa (PhilRatings)	Baa2 (Moody's)	BBB-Stable (S&P)	Unrated	Total
Loans and receivables:					
Cash and cash equivalents	₱–	₱–	₱–	₱70,203,474	₱70,203,474
Loans and receivables:					
Notes receivable	–	–	–	26,000,000	26,000,000
Accrued interest receivable	618,383	2,767,859	890,366	228,778	4,505,386
Due from brokers/investment managers	–	–	–	2,762,363	2,762,363
Other receivables	–	–	–	657,374	657,374
Long-term time deposits	–	–	–	42,000,000	42,000,000
Financial assets at FVPL:					
Equity securities	–	–	–	42,462,000	42,462,000
AFS investments:					
Debt securities:					
Government bonds	–	154,693,875	69,730,560	–	224,424,435
Private bonds	71,985,381	–	–	22,261,695	94,247,076
Equity securities	–	–	–	253,277,664	253,277,664
	₱72,603,764	₱157,461,734	₱70,620,926	₱459,853,348	₱760,539,772

	2014			
	Aaa (PhilRatings)	Baa - B3 (Moody's)	Unrated	Total
Loans and receivables:				
Cash and cash equivalents	₱–	₱–	₱350,831	₱350,831
Loans and receivables:				
Notes receivable	–	–	36,000,000	36,000,000
Accrued interest receivable	1,171,518	2,766,876	844,061	4,782,455
Dividend receivable	–	–	644,444	644,444
Other receivables	–	–	657,374	657,374
Long-term time deposits		2,000,000	40,000,000	42,000,000
AFS investments:				
Debt securities:				
Government bonds	–	167,857,100	15,579,538	183,436,638
Private bonds	112,416,810	–	–	112,416,810
Equity securities	–	–	268,853,525	268,853,525
	₱113,588,328	₱172,623,976	₱362,929,773	₱649,142,077

The tables below show the credit quality by class of financial assets of the Plan managed by Credit Suisse:

	2015				
	Aa1-Aa3 (Moody's)	**Baa1-Baa3 (Moody's)**	**A-A3 (Moody's)**	**Unrated**	**Total**
Loans and receivables:					
Cash and cash equivalents	**₱–**	**₱–**	**₱–**	**₱56,733,836**	**₱56,733,836**
Loans and receivables:					
Accrued interest receivable	**279,748**	**327,960**	**276,558**	**13,565**	**897,831**
Dividends receivable	**–**	**–**	**–**	**8,058**	**8,058**
Financial assets at FVPL:					
Debt securities:					
Government bonds	**13,588,528**	**–**	**–**	**–**	**13,588,528**
Private bonds	**35,776,762**	**60,384,591**	**23,662,491**	**19,677,284**	**139,501,128**
Equity securities	**–**	**–**	**–**	**138,103,243**	**138,103,243**
Mutual trust funds	**–**	**–**	**–**	**101,601,870**	**101,601,870**
	₱49,645,038	**₱60,712,551**	**₱23,939,049**	**₱316,137,856**	**₱450,434,494**

The tables below show the credit quality by class of financial assets (gross of allowance for credit losses) of the Plan managed by PERAA In-House Investments:

	2015					
	Aaa (PhilRatings)	**Baa – Baa3 (Moody's)**	**BBB (S&P)**	**Unrated**	**Impaired**	**Total**
Loans and receivables:						
Cash and cash equivalents	**₱–**	**₱–**	**₱–**	**₱119,217,275**	**₱–**	**₱119,217,275**
Loans and receivables:						
Notes receivable	**–**	**–**	**–**	**313,858,791**	**318,524**	**314,177,315**
Accrued interest receivable	**3,716,462**	**14,496,505**	**274,024**	**5,580,325**	**–**	**24,067,316**
Other receivables	**–**	**–**	**–**	**1,138,256**	**–**	**1,138,256**
Long-term time deposits	**–**	**–**	**–**	**25,000,000**	**–**	**25,000,000**
AFS investments:						
Debt securities:						
Government bonds	**–**	**557,000,922**	**22,608,019**	**16,014,251**	**–**	**595,623,192**
Private bonds	**305,025,394**	**11,651,774**	**–**	**254,468,976**	**–**	**571,146,144**
Mutual trust funds	**–**	**–**	**–**	**392,653,247**	**–**	**392,653,247**
Equity securities	**–**	**–**	**–**	**113,411,911**	**–**	**113,411,911**
HTM investments	**–**	**251,837,640**	**–**	**–**	**–**	**251,837,640**
	₱308,741,856	**₱834,986,841**	**₱22,882,043**	**₱1,241,343,030**	**₱318,524**	**₱2,399,099,788**

	2014				
	Aaa (PhilRatings)	Baa – B3 (Moody's)	Unrated	Impaired	Total
Loans and receivables:					
Cash and cash equivalents	₱–	₱–	₱35,647,732	₱–	₱35,647,732
Loans and receivables:					
Notes receivable	–	–	707,621,220	318,524	707,939,744
Accrued interest receivable	3,063,382	12,965,781	17,592,871	–	33,622,034
Dividends receivable	–	–	426,108	–	426,108
Other receivables	–	–	6,296,245	–	6,296,245
Long-term time deposits	–	–	25,000,000	–	25,000,000
AFS investments:					
Debt securities:					
Government bonds	26,815,750	671,608,381	23,593,489	–	722,017,620
Private bonds	140,524,283	–	362,720,327	–	503,244,610
Mutual trust funds	–	–	327,250,521	–	327,250,521
Equity securities	–	–	123,494,973	–	123,494,973
HTM investments	–	401,456,438	–	–	401,456,438
	₱170,403,415	₱1,086,030,600	₱1,629,643,486	₱318,524	₱2,886,396,025

Rating of BB under S&P credit rating indicates that the investment is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitments.

The following financial assets - Loans and receivables are included in the books of PERAA In-House Operations and are not rated:

	2015	2014
Cash and cash equivalents	**₱41,110,188**	₱452,298,107
Loans and receivables:		
Multi-purpose loans	**147,983,757**	122,361,937
Other receivables	**557,084**	1,836,392
	₱189,651,029	₱576,496,436

Concentration of credit risk by industry sector

The tables below show the concentration of credit risk of the financial assets of the Association by industry sector, before taking into account any collateral held or other credit enhancements (in thousands):

	2015										
	Cash and Cash Equivalents	**Debt Securities at FVPL**	**Equity Securities at FVPL**	**Mutual Trust Funds at FVPL**	**AFS Debt Securities**	**AFS Mutual Trust Funds**	**AFS Equity Securities**	**Loans and Receivables**	**Long-term Time Deposits**	**HTM Investments**	**Total**
Financial intermediaries	**₱414,230**	**₱41,663**	**₱–**	**₱101,602**	**₱114,790**	**₱1,272,193**	**₱101,641**	**₱372,363**	**₱72,050**	**₱–**	**₱2,490,532**
Government	**47,000**	**472,007**	**–**	**–**	**883,300**	**–**	**–**	**22,438**	**–**	**251,838**	**1,676,583**
Holding firms	**–**	**91,114**	**35,371**	**–**	**284,907**	**–**	**231,423**	**4,446**	**–**	**–**	**647,261**
Real estate and renting	**–**	**18,957**	**16,169**	**–**	**237,881**	**–**	**129,514**	**13,689**	**–**	**–**	**416,210**
Electricity, gas and water	**–**	**–**	**41,247**	**–**	**58,752**	**–**	**137,673**	**1,244**	**–**	**–**	**238,916**
Transportation, storage and communication	**–**	**–**	**40,136**	**–**	**100,072**	**–**	**59,925**	**1,648**	**–**	**–**	**201,781**
Individuals	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**148,596**	**–**	**–**	**148,596**
Food, beverages and tobacco	**–**	**4,757**	**13,209**	**–**	**10,885**	**–**	**87,175**	**73**	**–**	**–**	**116,099**
Mining	**–**	**11,367**	**–**	**–**	**–**	**–**	**15,801**	**3**	**–**	**–**	**27,171**
Others	**–**	**69,285**	**34,433**	**–**	**2,798**	**–**	**814**	**226**	**–**	**–**	**107,556**
	461,230	**709,150**	**180,565**	**101,602**	**1,693,385**	**1,272,193**	**763,966**	**564,726**	**72,050**	**251,838**	**6,070,705**
Less allowance for credit losses	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**319**	**–**	**–**	**319**
Total	**₱461,230**	**₱709,150**	**₱180,565**	**₱101,602**	**₱1,693,385**	**₱1,272,193**	**₱763,966**	**₱564,407**	**₱72,050**	**₱251,838**	**₱6,070,386**

	2014										
	Cash and Cash Equivalents	Debt Securities at FVPL	Equity Securities at FVPL	Mutual Trust Funds at FVPL	AFS Debt Securities	AFS Mutual Trust Funds	AFS Equity Securities	Loans and Receivables	Long-term Time Deposits	HTM Investments	Total
Financial intermediaries	₱390,378	₱–	₱–	₱–	₱65,043	₱1,206,616	₱55,109	₱785,390	₱68,350	₱–	₱2,570,886
Government	191,329	266,661	–	–	1,309,231	–	–	35,965	–	401,456	2,204,642
Holding firms	–	20,050	–	–	339,980	–	150,944	5,339	–	–	516,313
Real estate and renting	–	3,570	–	–	106,100	–	107,922	3,855	–	–	221,447
Electricity, gas and water	–	–	–	–	61,899	–	92,123	1,210	–	–	155,232
Transportation, storage and communication	–	–	–	–	23,653	–	11,970	913	–	–	36,536
Individuals	–	–	–	–	–	–	–	136,365	–	–	136,365
Food, beverages and tobacco	–	1,709	–	–	13,426	–	92,701	73	–	–	107,909
Mining	–	–	–	–	11,910	–	6,725	39	–	–	18,674
Others	–	–	–	–	78,687	–	85,556	1,066	–	–	165,309
	581,707	291,990	–	–	2,009,929	1,206,616	603,050	970,215	68,350	401,456	6,133,313
Less allowance for credit losses	–	–	–	–	–	–	–	319	–	–	319
Total	₱581,707	₱291,990	₱–	₱–	₱2,009,929	₱1,206,616	₱603,050	₱969,896	₱68,350	₱401,456	₱6,132,994

b. *Liquidity Risk*

Liquidity risk arises from the possibility that the Association may encounter difficulty in raising funds to meet commitments from financial instruments. The Association's objectives to manage its liquidity profile are: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; and c) to be able to access funding when needed at the least possible cost.

The Association manages liquidity risk by assessing the gap for additional funding and determining the best source and cost of funds on a regular basis.

The following are the contractual maturities of financial assets and financial liabilities, including estimated undiscounted cash flows (i.e., interest payments):

	2015				
	Carrying Amount	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Financial Assets					
Cash and cash equivalents	**₱461,229,926**	**₱470,513,809**	**₱–**	**₱–**	**₱470,513,809**
Financial assets at FVPL	**991,317,267**	**1,021,639,447**	**–**	**–**	**1,021,639,447**
AFS investments	**3,729,545,004**	**2,206,820,374**	**597,355,350**	**1,772,600,824**	**4,576,776,548**
Loans and receivables	**564,406,637**	**437,125,980**	**73,585,777**	**89,183,104**	**599,894,861**
Long-term time deposits	**72,050,000**	**7,895,653**	**73,365,569**	**–**	**81,261,222**
HTM investments	**251,837,640**	**20,016,250**	**186,865,728**	**140,387,535**	**347,269,513**
	6,070,386,474	**4,164,011,513**	**931,172,424**	**2,002,171,463**	**7,097,355,400**
Financial Liabilities					
Financial liabilities at FVPL:					
Gross receivable	**(18,708,372)**	**(18,708,372)**	**–**	**–**	**(18,708,372)**
Gross payable	**19,772,356**	**19,772,356**	**–**	**–**	**19,772,356**
Accounts payable and other liabilities	**38,193,698**	**38,193,698**	**–**	**–**	**38,193,698**
Members' deposits	**9,936,975**	**9,936,975**	**–**	**–**	**9,936,975**
Benefits payable	**5,328,782**	**5,328,782**	**–**	**–**	**5,328,782**
	54,523,439	**54,523,439**	**–**	**–**	**54,523,439**
Net Liquidity Surplus	**₱6,015,863,035**	**₱4,109,488,074**	**₱931,172,424**	**₱2,002,171,463**	**₱7,042,831,961**

	2014				
	Carrying Amount	Less than 1 year	1 to 5 years	Over 5 years	Total
Financial Assets					
Cash and cash equivalents	₱581,707,037	₱581,911,018	₱–	₱–	₱581,911,018
Financial assets at FVPL	291,989,587	291,989,587	–	–	291,989,587
AFS investments	3,819,594,642	2,070,074,475	533,031,365	2,020,078,867	4,623,184,707
Loans and receivables	969,896,049	670,149,600	167,102,139	253,080,687	1,090,332,426
Long-term time deposits	68,350,000	2,659,750	14,654,625	62,890,101	80,204,476
HTM investments	401,456,438	160,335,075	80,065,000	268,534,198	508,934,273
	6,132,993,753	3,777,119,505	794,853,129	2,604,583,853	7,176,556,487
Financial Liabilities					
Accounts payable and other liabilities	44,512,873	44,512,873	–	–	44,512,873
Members' deposits	15,643,134	15,643,134	–	–	15,643,134
	60,156,007	60,156,007	–	–	60,156,007
Net Liquidity Surplus	₱6,072,837,746	₱3,716,963,498	₱794,853,129	₱2,604,583,853	₱7,116,400,480

c. *Market Risk*

Market risk is the risk that changes in market prices, such as equity prices, interest rate, and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Association's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control risk exposures within acceptable parameters, while optimizing the return on risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in interest rates. The Association follows a prudent policy on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits.

The following tables show the sensitivity to a reasonably possible change in interest rates of the Association's floating rate financial instruments with all other variables held constant as of April 30, 2015 and 2014:

	2015		2014	
Change in interest rates (in basis points)	**+25**	**–25**	+25	–25
Sensitivity of investment income	**(₱10,759,247)**	**₱11,051,840**	(₱5,589,471)	₱5,773,522
As a percentage of unrealized gain on revaluation of financial assets at FVPL	**(48.73%)**	**50.05%**	(24.15%)	24.94%

	2015		2014	
Change in interest rates (in basis points)	**+25**	**–25**	+25	–25
Sensitivity of OCI	**(₱28,470,797)**	**₱29,256,208**	(₱7,274,861)	₱7,465,697
As a percentage of net unrealized gain on AFS investments	**(6.03%)**	**6.19%**	(1.73%)	1.77%

Price risk sensitivity analysis

The Association's exposure to price risk arises from its investment in equity securities. The Association has investment managers which monitor its equity securities in its investment portfolio based on daily price quotes and current developments on the underlying companies which could potentially affect the market values of the shares.

The following table shows the sensitivity to a reasonably possible change in the Philippine Stock Exchange Composite Index (PSEi), with all variables held constant, of the Association's AFS investments equity securities as of April 30, 2015 and 2014.

	2015		2014	
	Change in PSEi	**Effect on OCI**	Change in PSEi	Effect on OCI
Equity securities	**19.50%**	**₱123,805,661**	15.68%	₱76,041,505
	(19.50%)	**(₱123,805,661)**	(15.68%)	(₱76,041,505)

The assumed fluctuation rates in 2015 and 2014 are based on the average change in fiscal year-end PSEi from years 2010 to 2015 and from years 2009 to 2014, respectively.

The analysis below is performed for reasonably possible movements in Net Asset Value per share (NAVPS) with all other variables held constant, showing the impact on profit and equity that reflects adjustments due to changes in fair value:

	2015			2014		
	Change in NAVPS	**Impact on Investment Income**	**Impact on OCI**	Change in NAVPS	Impact on Investment Income	Impact on OCI
Mutual funds	**8.20%**	**₱1,346,280**	**₱47,424,610**	6.83%	₱–	₱57,210,899

Foreign currency risk sensitivity analysis

The Association's exposure to foreign currency risk results from its investments denominated in foreign currencies. The Association has investment managers to administer its investments.

The Association's exposure to foreign currency risk based on notional amounts follows:

	2015							
	USD	**EUR**	**AUD**	**CAD**	**CHF**	**GBP**	**JPY**	**SEK**
Cash and cash equivalents	**$5,162,042**	**€44,057**	**$2,815**	**$429**	**CHF–**	**£–**	**¥–**	**Kr18,731**
Financial assets at FVPL:								
Debt securities	**3,150,000**	**577,913**	**–**	**–**	**–**	**–**	**–**	**–**
Equity securities	**1,493,007**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Mutual trust funds	**2,291,736**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
AFS investments:								
Debt securities	**3,995,095**	**240,000**	**–**	**–**	**–**	**–**	**–**	**–**
Mutual trust funds	**14,781,425**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Equity securities	**–**	**–**	**123,816**	**131,600**	**195,890**	**134,280**	**30,638,850**	**719,712**
	$30,873,305	**€861,970**	**$126,631**	**$132,029**	**CHF195,890**	**£134,280**	**¥30,638,850**	**Kr738,443**
Exchange rate	**44.52**	**49.92**	**34.82**	**36.58**	**47.75**	**67.49**	**0.37**	**5.31**
Net exposure	**₱1,374,479,539**	**₱43,029,542**	**₱4,409,291**	**₱4,829,621**	**₱9,353,748**	**₱9,062,557**	**₱11,336,375**	**₱3,921,132**

	2014							
	USD	EUR	AUD	CAD	CHF	GBP	JPY	SEK
Cash and cash equivalents	$600,485	€–	$–	$–	CHF–	£–	¥–	Kr–
AFS investments:								
Debt securities	3,432,000	240,000	–	–	–	–	–	–
Mutual trust funds	13,449,232	–	–	–	–	–	–	–
Equity securities	–	–	–	–	–	–	–	–
	$17,481,717	€240,000	$–	$–	CHF–	£–	¥–	Kr–
Exchange rate	44.60	61.41	41.33	40.64	50.66	75.24	0.44	6.84
Net exposure	₱779,684,578	₱14,738,400	₱–	₱–	₱–	₱–	₱–	₱–

A 10% strengthening of the Philippine peso against foreign currencies as of April 30, 2015 and 2014 would have decreased investment income by ₱56.98 million and ₱2.68 million in 2015 and 2014, respectively, and OCI by ₱89.06 million and ₱76.76 million in 2015 and 2014, respectively.

A 10% weakening of the Philippine peso against foreign currencies as of April 30, 2015 and 2014 would have an equal but opposite effect, on the basis that all other variables remain constant.

7. Cash and Cash Equivalents

This account consists of:

	2015	2014
Cash in bank	**₱219,901,514**	₱137,852,558
Cash equivalents	**241,328,412**	443,854,479
	₱461,229,926	₱581,707,037

Cash in bank earns interest at respective bank deposit rates.

Cash equivalents earn interest ranging from 0.30% to 2.50% and from 0.13% to 2.60% in 2015 and 2014, respectively.

8. Financial Assets at Fair Value through Profit or Loss

This account consists of:

	2015	2014
Debt securities:		
Government bonds	**₱472,006,960**	₱266,660,814
Private bonds	**237,143,194**	25,328,773
Equity securities	**180,565,243**	–
Mutual trust funds	**101,601,870**	–
	₱991,317,267	₱291,989,587

Debt securities at FVPL consist of investments in bonds earning interest ranging from 3.50% to 9.13% and 5.00% to 9.13% in 2015 and 2014, respectively, for peso-denominated bonds and from 2.10% to 9.38% in 2015 for foreign currency-denominated bonds.

The gain/(loss) on sale of financial assets at FVPL by class follows:

	2015	2014
Debt securities	**₱19,012,081**	(₱5,980,343)
Equity securities	**1,792,623**	–
	₱20,804,704	(₱5,980,343)

As of April 30, 2015 and 2014, financial assets at FVPL include unrealized gains on revaluation amounting to ₱22.08 million and ₱23.15 million, respectively.

9. Available-for-Sale Investments

This account consists of:

	2015	2014
Debt securities:		
Government bonds	**₱883,300,024**	₱1,309,231,406
Private bonds	**810,085,422**	700,697,100
Mutual trust funds	**1,272,193,043**	1,206,615,828
Equity securities	**763,966,515**	603,050,308
	₱3,729,545,004	₱3,819,594,642

AFS debt securities consist of investments in bonds earning interest ranging from 1.63% to 11.25% and 1.63% to 11.48% in 2015 and 2014, respectively for peso-denominated bonds and from 3.95% to 9.88% and 4.00% to 9.63% in 2015 and 2014, respectively for foreign currency-denominated bonds.

As of April 30, 2015 and 2014, private bonds classified as AFS investments include the following:

- 6.80% fixed rate multiple put bonds with an aggregate carrying value of ₱101.53 million and ₱95.68 million, respectively to mature in May 2021. On the fifth anniversary of such bonds, the Association shall have the right, but not the obligation, to require the issuer to redeem up to 20% of all their outstanding debt securities at such time; and on the eighth anniversary of the issue date, the Association shall have the right, but not the obligation, to require the issuer to redeem up to 100% of all their outstanding debt securities.
- 4.375% fixed rate bonds with carrying value of ₱24.85 million and ₱4.9 million, respectively to mature in December 2020. On the first interest payment date after the fifth anniversary from the issue date, the Association shall have the right but not the obligation, to require the issuer to redeem up to 100% of the outstanding debt security.
- 9.875% non-cumulative step-up callable perpetual securities with carrying value of ₱23.79 and ₱24.31 million, respectively to mature in October 2016. The issuer, at its option, may redeem the perpetual securities at the fixed or final redemption date.

The fair values of the embedded derivatives on the above bonds as of April 30, 2015 and 2014 are not material to the financial statements of the Association.

Movements in net unrealized gain on AFS investments follow:

	2015	2014
Balance at beginning of the year	**₱430,631,210**	₱927,015,099
Unrealized gain/(loss) on AFS investments	**160,197,556**	(351,701,408)
Realized gain taken to profit or loss	**(122,325,443)**	(144,682,481)
Impairment loss recycled to profit or loss	**3,090,742**	–
Balance at end of the year	**₱471,594,065**	₱430,631,210

Impairment loss on AFS investments is included under 'Investment expenses' in the statements of operations.

The gain on sale of AFS investments by class follows:

	2015	2014
Debt securities	**₱58,538,384**	₱66,985,262
Equity securities	**44,729,554**	60,703,933
Mutual trust funds	**19,057,505**	16,993,286
	₱122,325,443	₱144,682,481

10. Loans and Receivables

This account consists of:

	2015	2014
Notes receivable	**₱349,577,315**	₱780,339,744
Multi-purpose loans (Note 25)	**147,983,757**	122,361,937
Accrued interest receivable	**36,698,244**	50,137,304
Due from brokers/investment managers	**25,940,093**	1,828,701
Dividends receivable	**710,592**	1,544,176
Others	**3,815,160**	14,002,711
	564,725,161	970,214,573
Less allowance for credit losses	**318,524**	318,524
	₱564,406,637	₱969,896,049

Multi-purpose loans earn interest ranging from 6.00% to 12.00% in 2015 and 2014. Notes receivable earn interest ranging from 2.50% to 6.75% and from 3.25% to 7.25% in 2015 and 2014, respectively.

As of April 30, 2015 and 2014, the Association's notes receivable that is fully provided with allowance amounting to ₱0.32 million, is considered a clean loan.

For the period ended April 30, 2015, the Association has written off long outstanding other receivables amounting to ₱0.42 million, which is charged under 'Operating expenses' in the statements of operations (Note 24).

11. Held-to-Maturity Investments

HTM investments consist of investment in bonds earning interest ranging from 8.88% to 11.25% as of April 30, 2015 and 2014.

Reclassification of Financial Assets
Prior to 2011, the Association classified its investments in bonds as HTM investments which were measured at amortized cost. The Association, however, sold in 2009 other than an insignificant amount of these investments prior to maturity. Under PAS 39, when investments classified as HTM investments are being sold prior to maturity, other than if a situation arises that is non-recurring and could not have been reasonably anticipated by the Association, the entire portfolio of the investments would then be tainted and shall be reclassified as AFS investments and shall be measured at fair value. Furthermore, an entity would be prohibited from classifying any financial asset to the HTM investments during the succeeding two years following the year of reclassification to the AFS investments. In 2011, the Association reclassified all its investments in bonds from HTM investments to AFS investments and measured at fair value in accordance with PAS 39.

As allowed by PFRS, on May 1, 2012, the Association reclassified the investments in bonds from AFS investments to HTM investments with an aggregate carrying value of ₱441.43 million as at reclassification date.

HTM investments reclassified from AFS investments have the following details:

As at reclassification date	
Face value	₱341,200,000
Original acquisition cost	344,605,404
Net unamortized premium	2,588,893
Net unrealized gains	97,642,570
Fair value	441,431,463
Range of effective interest rates	2.21% to 5.00%

	April 30	
	2015	2014
Carrying value	**₱251,837,640**	₱401,456,438
Fair value	**264,210,574**	425,500,546
Face value of matured investments	**137,000,000**	–
Net unrealized gains	**45,048,747**	62,845,331
Amortization of net premiums	**12,618,798**	20,293,735

The Association expects to recover 100% of principal and interest totaling ₱350.68 million as at the reclassification date. No impairment loss on the reclassified securities was recognized as of April 30, 2015 and 2014.

Had the investments in bonds been classified as AFS investments, net assets available for distribution to members as of April 30, 2015 and 2014 would be increased by ₱12.37 million and ₱24.04 million, respectively.

12. Property and Equipment

The composition of and movements in this account follow:

	2015					
	Condominium Units	Office Equipment	Furniture and Fixtures	Transportation Equipment	Office Improvements	Total
Cost						
Balance at beginning of year	₱69,490,210	₱5,657,682	₱3,688,684	₱6,004,485	₱8,976,529	₱93,817,590
Acquisitions	–	685,294	927,984	957	1,449,021	3,063,256
Disposals	–	–	–	(791,000)	–	(791,000)
Balance at end of year	69,490,210	6,342,976	4,616,668	5,214,442	10,425,550	96,089,846
Accumulated Depreciation and Amortization						
Balance at beginning of year	14,890,760	3,869,661	1,827,415	2,997,415	7,707,361	31,292,612
Depreciation and amortization	1,654,529	918,415	457,487	493,345	768,258	4,292,034
Disposals	–	–	–	(791,000)	–	(791,000)
Balance at end of year	16,545,289	4,788,076	2,284,902	2,699,760	8,475,619	34,793,646
Net Book Value at End of Year	₱52,944,921	₱1,554,900	₱2,331,766	₱2,514,682	₱1,949,931	₱61,296,200

	2014					
	Condominium Units	Office Equipment	Furniture and Fixtures	Transportation Equipment	Office Improvements	Total
Cost						
Balance at beginning of year	₱69,490,210	₱5,245,717	₱2,611,890	₱5,164,485	₱8,992,529	₱91,504,831
Acquisition	–	411,965	1,076,794	840,000	–	2,328,759
Disposals	–	–	–	–	(16,000)	(16,000)
Balance at end of year	69,490,210	5,657,682	3,688,684	6,004,485	8,976,529	93,817,590
Accumulated Depreciation and Amortization						
Balance at beginning of year	13,236,231	3,282,161	1,505,719	2,539,070	6,877,648	27,440,829
Depreciation and amortization	1,654,529	587,500	321,696	458,345	845,713	3,867,783
Disposals	–	–	–	–	(16,000)	(16,000)
Balance at end of year	14,890,760	3,869,661	1,827,415	2,997,415	7,707,361	31,292,612
Net Book Value at End of Year	₱54,599,450	₱1,788,021	₱1,861,269	₱3,007,070	₱1,269,168	₱62,524,978

Depreciation and amortization, included under 'Operating expenses' in the statements of operations, consist of depreciation and amortization on:

	2015	2014
Property and equipment	**₱4,292,034**	₱3,867,783
Software costs (Note 13)	**1,923,572**	1,700,243
	₱6,215,606	₱5,568,026

As of April 30, 2015 and 2014, the gross amount of fully depreciated property and equipment still in use by the Association amounted to ₱10.87 million and ₱2.35 million, respectively.

13. Software Costs

The movements in this account follow:

	2015	2014
Cost		
Balance at beginning of year	**₱14,487,449**	₱8,829,087
Additions	**2,068,857**	5,658,362
Balance at end of year	**16,556,306**	14,487,449
Accumulated Amortization		
Balance at beginning of year	**7,135,993**	5,435,750
Amortization	**1,923,572**	1,700,243
Balance at end of year	**9,059,565**	7,135,993
Net Book Value at End of Year	**₱7,496,741**	₱7,351,456

14. Investment Properties

The movements in this account follow:

	2015	2014
Balance at beginning of year	**₱93,534,332**	₱93,534,332
Additions	**304,052,052**	–
Disposals	**(19,718,000)**	–
Increase in fair value	**1,656,850**	–
Balance at end of year	**₱379,525,234**	₱93,534,332

Total rent income earned from investment properties amounted to ₱4.71 million and ₱4.84 million in 2015 and 2014, respectively, which are included under 'Miscellaneous income'. Direct operating expenses related to investment properties amounted to ₱2.77 million and ₱0.95 million for 2015 and 2014, respectively, which are included under 'Investment expenses'.

15. Derivative Instrument

On March 16, 2015, the Association executed a forward currency exchange contract with Credit Suisse. The Association sold €0.40 million for $1.05 per Euro to be settled on May 18, 2015.

The movements in fair value changes of the derivative instrument follow:

	2015
Balance at beginning of year	₱–
Net changes in fair value of derivatives through profit or loss	1,063,984
Balance at end of year	₱1,063,984

Net changes in the fair value of the derivatives through profit or loss are included under 'Miscellaneous income' in the statements of operations.

16. Accounts Payable and Other Liabilities

This account consists of:

	2015	2014
Accounts payable and accrued expenses	**₱19,198,259**	₱18,839,215
Investment fee payable	**11,397,964**	4,946,614
Due to brokers	**3,724,155**	19,668,376
Dividends to members	**3,286,318**	533,066
Retirement liability (Note 17)	**2,795,190**	–
Withholding tax payable	**1,611,962**	4,800,249
Others	**778,277**	761,366
	₱42,792,125	₱49,548,886

17. Retirement Plan

R.A. No. 7641, Retirement Pay Law, requires provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than provided under the law. The law does not require minimum funding of the plan.

The Association established a DC retirement plan for the benefit of its eligible member-employees, to be administered under and in accordance with the plan. Members of the retirement plan shall contribute 4% of their current basic monthly compensation; the Association shall add 4% of each member's current monthly compensation as its contribution. Members have the option to make additional contributions at a rate not exceeding that of the Association's contribution.

The BOT is responsible for the administration of the plan assets and for the definition of the investment strategy.

As of April 30, 2014, the Association has no outstanding retirement liability as the DB obligation relating to the minimum guarantee does not exceed the DC obligation. As of April 30, 2015, however, the DB obligation is higher as presented below:

	Fair value of plan assets	Present value of DB	Net DB liability
Balance at May 1, 2014	₱13,473,855	₱13,473,855	₱–
Retirement expense:			
Current service cost	–	7,093,045	(7,093,045)
Net interest	815,232	1,827,009	(1,011,777)
Retirement expense (Note 24)	815,232	8,920,054	(8,104,822)
Contributions to the retirement fund	2,844,115	–	2,844,115
Benefits paid	(307,848)	(307,848)	–
Remeasurements:			
Actuarial change due to:			
Financial assumptions	–	(3,151,099)	3,151,099
Experience adjustments	–	699,426	(699,426)
Return on plan assets in excess of net interest	13,844	–	13,844
Remeasurements recognized in other comprehensive income	13,844	(2,451,673)	2,465,517
Balance at April 30, 2015	₱16,839,198	₱19,634,388	(₱2,795,190)

The fair value of plan assets by each class as at April 30, 2015 period follow:

Debt securities:	
Government bonds	₱5,174,686
Private bonds	3,529,496
Equity securities	3,815,762
Cash and cash equivalents	1,936,508
Real estate	998,564
Loans	346,887
Others	1,037,295
	₱16,839,198

The Association expects to contribute ₱2.46 million to its DC plan in the next fiscal year.

The principal assumptions used in determining pension for the DB liability as of April 30, 2015 are shown below:

Discount rate	6.18%
Future salary increases	3.00%
Average remaining working life (in years)	20.9

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the DB obligation as of April 30, 2015, assuming all other assumptions are held constant:

	Change in basis points (bps)	Increase (decrease) in present value of DB obligation
Discount rate	+100 bps	(₱1,202,482)
	-100 bps	1,383,499
Salary increase	+100 bps	1,262,467
	-100 bps	(1,119,249)

Shown below is the maturity analysis of the undiscounted benefit payments as of April 30, 2015:

Less than 1 year	₱5,426,072
More than 1 year to 5 years	6,413,417
More than 5 years	7,792,311
	₱19,631,800

The weighted average duration of the DB obligation as of April 30, 2015 is 8.5 years.

18. Maturity Profile of Assets and Liabilities

The following table presents the assets and liabilities by maturity based on expected settlement as of April 30, 2015 and 2014 (in thousands):

	2015			2014		
	Due Within One Year	Due Beyond One Year	Total	Due Within One Year	Due Beyond One Year	Total
Financial Assets						
Cash and cash equivalents	₱461,230	₱–	₱461,230	₱581,707	₱–	₱581,707
Financial assets at FVPL	991,317	–	991,317	291,990	–	291,990
Loans and receivables	431,556	133,170	564,726	666,916	303,299	970,215
AFS investments	2,115,162	1,614,382	3,729,544	1,965,925	1,853,670	3,819,595
HTM investments	–	251,838	251,838	139,614	261,842	401,456
Long-term time deposits	5,000	67,050	72,050	–	68,350	68,350
	4,004,265	2,066,440	6,070,705	3,646,152	2,487,161	6,133,313
Nonfinancial Assets						
Property and equipment	–	96,090	96,090	–	93,818	93,818
Software costs	–	16,556	16,556	–	14,487	14,487
Investment properties	–	379,525	379,525	–	93,534	93,534
Other assets	–	142	142	–	85	85
	–	492,313	492,313	–	201,924	201,924
	4,004,265	2,558,753	6,563,018	3,646,152	2,689,085	6,335,237
Less: Allowance for credit losses	319	–	319	319	–	319
Accumulated depreciation and amortization	–	43,852	43,852	–	38,429	38,429
	319	43,852	44,171	319	38,429	38,748
	₱4,003,946	₱2,514,901	₱6,518,847	₱3,645,833	₱2,650,656	₱6,296,489

	2015			2014		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
Financial Liabilities						
Derivative liability	**₱1,064**	**₱–**	**₱1,064**	₱–	₱–	₱–
Accounts payable and other liabilities	**38,193**	**–**	**38,193**	44,513	–	44,513
Members' deposits	**9,937**	**–**	**9,937**	15,643	–	15,643
Benefits' payable	**5,329**	**–**	**5,329**	–	–	–
	54,523	**–**	**54,523**	60,156	–	60,156
Nonfinancial Liabilities						
Accounts payable and other liabilities	**1,804**	**2,795**	**4,599**	5,036	–	5,036
Members' deposits	**13,213**	**–**	**13,213**	1,956	–	1,956
	15,017	**2,795**	**17,812**	6,992	–	6,992
	₱69,540	**₱2,795**	**₱72,335**	₱67,148	₱–	₱67,148

19. Fund Management Agreements

The BOT entered into investment management agreements with MBTC, BPI, BDO, ATR and Credit Suisse. Under these agreements, a portion of the Association's funds, the amount of which shall be fixed by the BOT from time to time, is to be managed by the Investment Managers under an investment management account.

As of April 30, 2015 and 2014, about 55% and 51%, respectively, of the Association's total fund investment is managed by the Investment Managers.

The Investment Managers are paid based on a certain percentage of net assets of the respective funds being managed. Expenses relating to management fees amounted to ₱7.60 million and ₱5.88 million in 2015 and 2014, respectively, which are included under 'Investment expenses' in the statements of operations.

20. Members' Equity

This account is composed of the accumulated employer and employee contributions plus reserve fund and credited earnings less payouts to the members as a result of retirement, repurchase, separation of service, death, earnings from fund and other claims by the members.

The PIs contribute reserve fund to members' contribution to cover any shortfall between the accumulated equity of each member and the retirement benefits required under the law.

Unidentified collections from members are temporarily lodged as part of 'Members' deposits' which are consequently reclassified to 'Members' contributions' or payments for multi-purpose loans.

Capital management
The Association's objectives when managing capital are to increase the value of members' equity and maintain high growth by applying free cash flow to selective investments. The BOT sets strategies for the Association with the objective of establishing a versatile and resourceful financial management and capital structure.

There were no changes in the Association's approach to capital management during the year.

The Association is not subject to externally-imposed capital requirement.

21. Deductions from Members' Equity

This account consists of:

	2015	2014
Retirement	**₱278,271,977**	₱265,661,337
Repurchase of plans	**121,688,436**	122,097,771
Payment of benefits from reserve fund	**116,095,804**	97,105,208
Forfeited benefit claims	**13,109,474**	14,890,310
Death benefits	**10,845,381**	11,817,579
Separation from service	**8,477,950**	13,483,726
Pension payouts	**372,467**	376,533
Disability	**243,903**	240,420
Other adjustments	**7,051,112**	5,198,891
	₱556,156,504	₱530,871,775

Other adjustments include outstanding loans of members that remain unpaid three months after the maturity of the loan. Members are notified as to the delinquency of their loan account. Outstanding balance, plus penalties if there are any, is deducted from the member's account.

22. General and Special Reserves (Deficit)

General reserves (deficit) represent the balance of accumulated earnings that are available for distribution to members. Special reserves represent appropriation for specific purposes as may be determined by the BOT and as discussed below.

Special reserves represent appropriation for specific purposes as discussed below and are not available for distribution to members:

a. Office transfer and computerization - appropriation to cover the related cost in transferring to the Association's present office space in Multinational Bancorporation Centre and acquisition and development of computer system;
b. Contingency - appropriation to cover unexpected losses or shortfall in the values of investments and to distribute incurred losses; and
c. Other reserves - appropriation for any increase in fair valuation of the Association's investment properties.

Under Article VII - *(Earnings)*, Section 1 of the PERAA Plan Agreement, the earnings of the fund shall be based on the return on investment (ROI) determined by the BOT at the end of each fiscal year.

a. For members who have not yet applied for benefits, such earnings shall be added to the Plan; and
b. For members or beneficiaries who have applied for benefits, such earnings will be paid in a single sum at the end of the fiscal year.

The BOT announced credited ROI of 5.52% for FY 2014-2015 and 1.06% for FY 2013-2014.

23. Leases

The Association leases out its investment properties for varying periods, which are renewable upon mutual agreement of the parties. The lease contracts do not include annual escalation clauses except for one contract which includes annual escalation clause of 5.00%. As of April 30, 2015 and 2014, the Association has no contingent rent receivable. Total rent income earned by the Association amounted to ₱4.71 million and ₱4.84 million in 2015 and 2014 respectively, which are included under 'Miscellaneous income'.

Future minimum rental receivables under operating leases follow:

	2015	2014
Within one year	**₱2,684,092**	₱2,993,225
After one year but not more than five years	**1,477,978**	–
	₱4,162,070	₱2,993,225

24. Operating Expenses

This account consists of:

	2015	2014
Salaries, wages and allowances (Note 25)	**₱34,324,279**	₱33,534,563
Retirement expense (Note 17)	**8,104,822**	2,464,284
Depreciation and amortization (Note 12)	**6,215,606**	5,568,026
Professional fees	**2,258,092**	1,600,730
Communications	**2,012,904**	1,599,062
Light and water	**1,808,718**	1,885,847
Social security costs and other employee benefits	**1,565,819**	2,717,605
Repairs and maintenance	**1,521,435**	1,469,745
Medical and recreation	**1,142,684**	1,046,189
Meetings and representation	**988,944**	1,079,089
Meetings and representation – BOT	**936,494**	2,801,611
General meeting	**798,824**	1,042,721
Top Outstanding PERAA Member	**674,119**	594,880
Office supplies	**557,701**	505,243
Write-off of receivables (Note 10)	**419,256**	–
Security services	**376,049**	325,327
Miscellaneous	**4,923,616**	2,421,455
	₱68,629,362	₱60,656,377

25. Related Party Transactions

Compensation of key management personnel
Compensation of the Association's key management personnel is as follows:

	2015	2014
Short-term benefits	**₱15,823,414**	₱14,511,745
Retirement contributions	**502,624**	480,190
	₱16,326,038	₱14,991,935

Short-term benefits and retirement contributions are included under 'Salaries, wages and allowances'.

Loans to members
The Association offers multi-purpose loans to its qualified members with terms ranging from 12 to 36 months. Multi-purpose loans amounted to ₱147.98 million and ₱122.36 million as of April 30, 2015 and 2014, respectively. Multi-purpose loans earn interest ranging from 6.00% to 12.00% in 2015 and 2014. A 1.50% service fee is charged by the Association for every loan released and a penalty is imposed which is equivalent to 1/10 of 1.00% of any unpaid monthly amortization for each day of delay. Service charges and penalties from multi-purpose loans are included under 'Miscellaneous income'.

26. Note to Statements of Cash Flows

The statements of cash flows include non-cash items pertaining to delinquent multi-purpose loans recognized under 'Loans and receivables' and 'Deductions from members' equity' amounting to ₱5.86 million and ₱6.01 million as of April 30, 2015 and 2014, respectively.

27. Contingencies

There are contingent liabilities that arise in the normal course of the Association's operations which are not reflected in the accompanying financial statements. As of April 30, 2015 and 2014, management is of the opinion that losses, if any, from these commitments and contingencies will not have a material effect on the Association's financial statements.

28. Approval for the Release of Financial Statements

The accompanying comparative financial statements of the Association were authorized for issue by the BOT on August 19, 2015.

The 2015 Honorary Awardees

Multi-Millionaires Club
(P5 MILLION A.V.)

1. Colegio De Sta. Monica De Angat, Inc.
   Angat, Bulacan
2. Colegio San Jose De Alaminos, Inc.
   Alaminos, Pangasinan
3. Cor Jesu College, Inc.
   Digos City
4. GCF International Christian School,Inc.
   Pasig City
5. Holy Cross Colleges, Inc.
   Santa Ana, Pampanga
6. Holy Cross College
   Santa Rosa, Nueva Ecija
7. Jesus Reigns Christian Academy
   Foundation, Inc.
   Malate, Manila
8. Mabini Colleges, Inc.
   Daet, Camarines Norte
9. Philippine Accrediting Association of
   Schools, Colleges and Universities
   Quezon City
10. St. Scholastica's Academy
    Talisay, Cebu
11. VRP Medical Center
    Mandaluyong City

Millionaires Club
(P1 MILLION A.V.)

1. Butuan Doctors' Hospital and
   College, Incorporated
   Butuan City
2. Christian Ecclesiastical School Corp.
   City of San Jose del Monte, Bulacan
3. Fr. Simpliciano Academy, Inc.
   Parañaque City
4. Immaculate Mary Academy
   Catigbian, Bohol
5. John Paul College
   Roxas, Oriental Mindoro
6. Loyola School of Theology
   Quezon City
7. National University
   Sampaloc, Manila
8. Palawan Polytechnic
   College
   Puerto Princesa City
9. Saint John Nepomucene
   Parochial School
   Cabiao, Nueva Ecija
10. Seminario De San Jose
    Puerto Princesa City

Prestige Class
(P1 MILLION EMPLOYEE'S A.V.)

1. Delia S. Cayabyab
   Angelicum College, Inc.
2. Maria Theresa O. Fidelino
   Angelicum College, Inc.
3. Evangeline O. Francia
   Angelicum College, Inc.
4. Jose Mariano Pallarca
   Angelicum College, Inc.
5. Amanda L. Viray
   Angelicum College, Inc.
6. Nonito K. Buen
   Ateneo De Zamboanga University
7. Servando D. Halili
   Ateneo De Zamboanga University
8. Patricia B. Lagunda
   Baliuag University
9. Leopoldo R. Naive
   Brokenshire College
10. June Bayaton
    Cebu Institute of Technology
11. Socorro T. Mahinay
    Cebu Institute of Technology
12. Cherry Lyn Sta. Romana
    Cebu Institute of Technology
13. Ma. Bernadetta A. Teves
    Cebu Institute of Technology
14. Bernard Nicolas E. Villamor
    Cebu Institute of Technology
15. Nancy D. Caballes
    Center for Educational Measurement
16. Gilbert Arnold O. Lagazon
    Centro Montessori Internationale, Inc.
17. Ma. Elena B. Lagazon
    Centro Montessori Internationale, Inc.
18. Rebecca R. Gatchalian
    Claret School
19. Liza M. Lemi
    Claret School
20. Edna R. Manalang
    Claret School
21. Salvador Alberto B. Salvacion
    Claret School
22. Beatriz Vilma A. Rosanes
    Colegio San Agustin
23. Josefa Rizalina S. Ruiz
    Colegio San Agustin
24. Josephine D. Belleza
    East Asia Educational Foundation, Inc.
25. Jarvis Muyargas
    East Asia Educational Foundation, Inc.
26. Name Withheld
27. Rameleo M. Borro
    John B. Lacson Colleges Foundation
28. Luis G. Evidente
    John B. Lacson Colleges Foundation
29. Anecita N. Juaneza
    John B. Lacson Colleges Foundation
30. Glenito L. Pador
    John B. Lacson Colleges Foundation
31. Edna C. Cruz
    Jose Rizal University
32. Carolina A. Fernandez
    Jose Rizal University
33. Albert T. Romana
    Jose Rizal University
34. Josephine E. Raymundo
    Jubilee Christian Academy
35. Diadema Francisca B. La Madrid
    Lorma Colleges
36. Cesar C. Meñez
    National College of Business and Arts
37. Name Withheld
38. Conchita R. Seco
    Ormoc Educational Corporation
    (Western Leyte College)
39. Emilina S. Bernal
    Philippine Christian University
40. Name Withheld
41. Soledad A. Cayari
    Private Education Retirement
    Annuity Association
42. Concordia S. Mendoza
    Sacred Heart Academy
43. Name Withheld
44. Alvin Lynn P. Bergante
    Southern Baptist College
45. Shirley C. Tubelonia
    Southern Christian College
46. Marissa V. Mejia
    Tomas Del Rosario College, Inc.
47. Caridad P. Pagaduan
    University of the Cordilleras

Institutional Awards 2014

(The) Outstanding Participating Institution

UNIVERSITY OF ST. LA SALLE
Bacolod City
Membership Effectivity: May 1997
President-Chancellor:
Bro. Raymundo B. Suplido, FSC

First Runner-up

MGC NEW LIFE CHRISTIAN ACADEMY, INC.
Taguig City
Membership Effectivity: December 1991
Principal: Ms. Helen K. Villanueva

Second Runner-up

EAST ASIA EDUCATIONAL FOUNDATION, INC.
Sampaloc, Manila
Membership Effectivity: June 1995
President: Dr. Michael M. Alba

2014 OUTSTANDING PARTICIPATING INSTITUTIONS

(L-R) EAST ASIA EDUCATIONAL FOUNDATION, INC., Sampaloc, Manila represented by Mr. Jarvis C. Muyargas, Senior Director for Admin.; MGC NEW LIFE CHRISTIAN ACADEMY, INC., Taguig City represented by Ms. Sheilamarie Eiaw, HRD Head; UNIVERSITY OF ST. LA SALLE, Bacolod City represented by Ms. Maryiole Therese D. Dequinto, OIC HR & Dev't Services and Bro. Raymundo B. Suplido, FSC, President-Chancellor with Dr. Reynaldo C. Bautista, Vice Chairman/Trustee at-large (extreme L) and Dr. Ben S. Malayang III, Trustee at-large (extreme R)

CRITERIA

- Up-to-date employer contribution for the last five years
- Increase in Gross Contribution (GC)
- Five-Year Average Increase in GC
- Increase in New Employees
- Five-Year Average Increase in Accumulated Value
- High Per Capita Value
- Participating institution has at least 50 employees based on last Remittance List (RL)
- At least Php 5 million Accumulated Value (AV)

PLATINUM AWARD (P50 MILLION A.V.)

EAST ASIA EDUCATIONAL FOUNDATION, INC., Sampaloc, Manila represented by Mr. Jarvis C. Muyargas, Senior Director for Admin (center) with Dr. Reynaldo C. Bautista, Vice Chairman/Trustee at-large (L) and Dr. Ben S. Malayang III, Trustee at-large (R)

MEGA CIRCLE (P10 MILLION A.V.)

(L-R) MGC NEW LIFE CHRISTIAN ACADEMY, INC., Taguig City represented by Ms. Sheilamarie Eiaw, HRD Head; ST. PAUL UNIVERSITY SURIGAO, Surigao City represented by Sr. Recel Cachuela, SPC, Vice President for Finance with Bro. Raymundo B. Suplido, FSC, Trustee at-large (L) and Dr. Karen Belina F. De Leon, Trustee at-large (R)

MILLIONAIRES CLUB (P1 MILLION A.V.)

(L-R) COR JESU COLLEGE, INC., Digos City represented by Br. Ernesto A. Quidet, Jr., SC, Vice President-Admin. HOLY FAMILY ACADEMY, Pilar, Sorsogon represented by Atty. Arnulfo L. Perete, President & Director with Bro. Raymundo B. Suplido, FSC, Trustee at-large (L) and Dr. Karen Belina F. De Leon, Trustee at-large (R)

The Outstanding PERAA Members (TOPM), Batch 2014

Continuing its tradition of giving back to the vibrant PERAA community, the Board awarded 12 hardworking teachers and employees who exhibited exceptional performance and exemplary drive to excel, serve, and lead in the year that was. The Outstanding PERAA Members Award is dedicated to those who exuded commitment and passion to serve the country and their community, sharing their time and talent.

TEACHING LEVEL A

MARISSA S. QUEZON, 1st Place, University of St. La Salle, Bacolod City (4th from R); ARDNIEL A. BALADJAY, 2nd Place, Southern Christian College, Midsayap, North Cotabato (5th from R); ANA BELEN O. NOBLE, 3rd Place, Lorma Colleges, San Fernando City, La Union (5th from L); presented by the Chair, Fr. Antonio S. Samson, SJ and President Bernadette M. Nepomuceno. With them are the TOPM co-sponsors (L-R) Ms. Nuha Mai R. Malaki, Account Officer of Metropolitan Bank and Trust Co.; Mr. Michael Ferrer, Managing Director/President; Ms. Mia Grey, Head Institutional Clients of ATR Kim Eng Asset Management; Ms. Mary Camille De Guzman and Ms. Eileen Tejero, Account Officers of BPI Asset Management and Trust Group.

TEACHING LEVEL B

RICVER P. URETA, 1st Place, University of St. La Salle, Bacolod City (R); AMSEVA M. BENTAYAO, 2nd Place, San Pedro College, Inc., Davao City (center); NOEL B. ORQUINAZA, 3rd Place, John B. Lacson Foundation Maritime University-Molo, Iloilo City (L)

ADMINISTRATIVE LEVEL

BERNARD NICOLAS E. VILLAMOR, 1st Place, Cebu Institute of Technology University, Cebu City (center); RALPH L. PADOR, 2nd Place, John B. Lacson Foundation Maritime University-Molo, Iloilo City (R); LLOYD V. ORDUÑA, 3rd Place, University of Baguio, Baguio City (L)

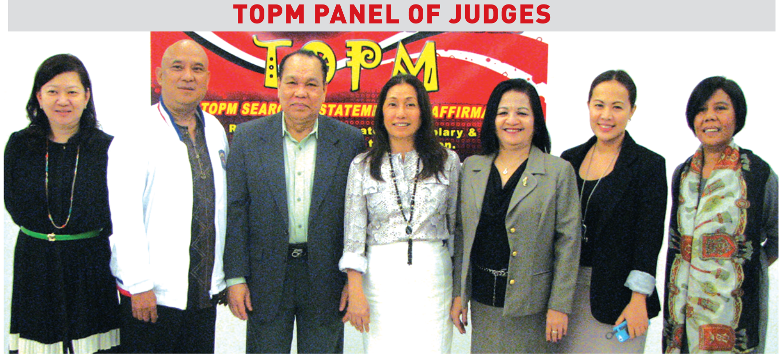
ADMINISTRATIVE STAFF

LEA C. PAPAY, 1st Place, University of Baguio, Baguio City (center); MARY LUNA DAWN B. CABINGAN, 2nd Place, John B. Lacson Foundation Maritime University-Molo, Iloilo City (R); GIOVANNIE T. DACUBA, 3rd Place, Ateneo de Zamboanga University, Zamboanga City (L)

THE EMPLOYERS OF THE 2014 TOPM WINNERS

(L-R) SAN PEDRO COLLEGE, Davao City represented by Sr. Indalyn D. Kuizon, OP, Vice President for Finance; LORMA COLLEGES, San Fernando City, La Union represented by Dr. Jose P. Mainggang, Executive Director; ATENEO DE ZAMBOANGA UNIVERSITY, Zamboanga City represented by Ms. Aldrina A. Hitalia, Director; CEBU INSTITUTE OF TECHNOLOGY UNIVERSITY, Cebu City represented by Mr. Bernard Nicolas E. Villamor, Director, Management Information System & Student Personnel Services; JOHN B. LACSON FOUNDATION MARITIME UNIVERSITY-MOLO, Iloilo City represented by Dr. Ralph L. Pador, Administrator; SOUTHERN CHRISTIAN COLLEGE, Midsayap, North Cotabato represented by Dr. Edwin T. Balaki, President; UNIVERSITY OF BAGUIO, Baguio City represented by Dr. Reynaldo C. Bautista, Chairman Emeritus; UNIVERSITY OF ST. LA SALLE, Bacolod City represented by Bro. Raymundo B. Suplido, FSC, President-Chancellor with Fr. John Christian U. Young, Trustee from Mindanao and Dr. Karen Belina F. De Leon, Trustee at-large

TOPM PANEL OF JUDGES



(L-R) Ms. Josefina T. Tuplano, EVP/Group Head, Trust Banking Group, Metropolitan Bank & Trust Co. (business); Mr. Marcos S. Rodil, Supervising Administrative Officer (Department of Education); Dr. Heracleo D. Lagrada, Trustee, COCOPEA (school administrators); Pres. Bernadette M. Nepomuceno; Dr. Leonida S. Calagui, CESO lll, NCR Director IV (Commission on Higher Education); Ms. Mia C. Grey, Head Institutional Sales, ATR Kim Eng Asset Management (business); VP Liza H. Fadol

THE PERAA SCREENING COMMITTEE

(L-R) Exec. Director Concepcion V. Pijano (PAASCU); Exec. Director Angelito P. Pedreño (ACSCU); Ms. Ruby R. Javier, FAPE Senior Program Officer

TOPM Co-Sponsors and Donors

BPI Asset Management

ATR KimEng Asset Management

Metrobank Trust Banking

BDO Private Bank

UCPB

UPRAISE, Inc.

Individual Members' Awards 2014

PRESTIGE CLASS (P1 MILLION EMPLOYEE'S A.V.)

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The Top 100 Participating Institutions

BASED ON ACCUMULATED VALUE AS OF APRIL 30, 2015

1. John B. Lacson Colleges Foundation
   Iloilo City
2. Xavier University
   Cagayan de Oro City
3. Cebu Institute of Technology
   Cebu City
4. Ateneo de Davao University
   Davao City
5. University of the Cordilleras
   Baguio City
6. Ateneo De Zamboanga University
   Zamboanga City
7. Jose Rizal University
   Mandaluyong City
8. Colegio San Agustin
   Makati City
9. Philippine Christian University
   Malate, Manila
10. Technological Institute of the Philippines
    Quiapo, Manila
11. University of Nueva Caceres
    Naga City
12. University of the Assumption
    San Fernando City
13. University of Baguio
    Baguio City
14. Claret School
    Quezon City
15. Angelicum College, Inc.
    Quezon City
16. East Asia Educational Foundation, Inc.
    Sampaloc, Manila
17. University of St. La Salle
    Bacolod City
18. San Pedro College, Inc.
    Davao City
19. Holy Cross of Davao College
    Davao City
20. Wesleyan University-Philippines
    Cabanatuan City
21. St. Joseph's College
    Quezon City
22. Siena College
    Quezon City
23. Sacred Heart School-Ateneo de Cebu, Inc.
    Mandaue City
24. Philippine College of Criminology
    Sta. Cruz, Manila
25. Holy Angel University
    Angeles City
26. Elizabeth Seton School
    Las Piñas City
27. Father Saturnino Urios University
    Butuan City
28. Southern Christian College
    Midsayap, North Cotabato
29. University of Batangas
    Batangas City
30. Iloilo Doctors College
    Iloilo City
31. National College of Business and Arts
    Quezon City
32. Private Education Retirement Annuity Association
    Makati City
33. Lorma Colleges
    San Fernando City
34. Siena College of Taytay
    Taytay, Rizal
35. Center for Educational Measurement
    Makati City
36. Misamis University
    Ozamiz City
37. De La Salle-Araneta University
    Malabon City
38. Holy Family Academy
    Angeles City
39. University of Saint Anthony
    Iriga City
40. Brent School, Inc.
    Baguio City
41. St. Paul University Quezon City
    Quezon City
42. Assumption Antipolo, Inc.
    Antipolo, Rizal
43. General De Jesus College
    San Isidro, Nueva Ecija
44. Republic Central Colleges
    Angeles City
45. Trinity University of Asia, Inc.
    Quezon City
46. Baliuag University
    Baliuag, Bulacan
47. Asia Pacific Technology and Educational Foundation, Inc.
    Makati City
48. Central Colleges of the Philippines
    Quezon City
49. Saint Joseph College
    Maasin, Southern Leyte

50. University of Pangasinan
Dagupan City

51. University of Southern Philippines
Cebu City

52. College of the Immaculate Conception
Cabanatuan City

53. De La Salle John Bosco College, Inc.
Bislig City

54. Brokenshire College
Davao City

55. Jubilee Christian Academy
Quezon City

56. Sto. Niño Parochial School
Quezon City

57. Maria Montessori Children's School Foundation, Inc.
Parañaque City

58. St. Vincent's College
Dipolog City

59. Velez College
Cebu City

60. University of Luzon, Inc.
Dagupan City

61. Ateneo de Iloilo, Inc.
Iloilo City

62. Davao Medical School Foundation
Davao City

63. Colegio De Dagupan, Inc.
Dagupan City

64. St. Columban College
Pagadian City

65. Infant Jesus Academy
Marikina City

66. Assumption Iloilo, Inc.
Iloilo City

67. Southwestern University
Cebu City

68. Our Lady of the Sacred Heart College of Guimba, Inc.
Guimba, Nueva Ecija

69. Febias College of Bible
Valenzuela City

70. Holy Trinity College of General Santos City
General Santos City

71. Sisters of Mary of Banneux, Inc.
Silang, Cavite

72. Assumption College of Davao, Inc.
Davao City

73. De Ocampo Memorial College
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74. Aklan Catholic College, Inc.
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75. University of Cebu, Inc.
Cebu City

76. Tomas Del Rosario College, Inc.
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77. Dominican School (Manila), Inc.
Sampaloc, Manila

78. Dominican College
San Juan City

79. Dansalan College
Marawi City

80. Union Christian College
San Fernando City

81. Rizal Memorial Colleges
Davao City

82. Universidad de Sta. Isabel de Naga, Inc.
Naga City

83. Holy Trinity University, Inc.
Puerto Princesa City

84. Samson College of Science and Technology, Inc.
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85. St. Michael's College of Laguna
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86. University of Manila
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87. Davao Doctors' College
Davao City

88. St. Thomas Academy
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89. Systems Plus College Foundation
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90. Ormoc Educational Corporation (Western Leyte College)
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91. St. Agnes Academy
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92. Southern Mindanao Colleges
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93. Good Shepherd Christian School
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94. MGC New Life Christian Academy, Inc.
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95. Asian Social Institute
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96. Liceo de Cagayan University, Inc.
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97. Mother Goose Playskool
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98. Harris Memorial College
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99. Cebu Doctors' College of Arts and Sciences
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100. LIDE Learning Center
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Contributors: **Dorothy B. Morrow, Roushelle T. Nazario, Jennifer P. Tanate**

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PERAA
PRIVATE EDUCATION RETIREMENT ANNUITY ASSOCIATION
16/F MULTINATIONAL BANCORPORATION CENTRE
6805 AYALA AVENUE, SALCEDO VILLAGE, CITY OF MAKATI
E-Mail: peraa@peraa.org • Website: www.peraa.org
Tel: (02) 817-4531 • Fax: (02) 818-7921