

STRATEGIC STEWARDSHIP Seizing Opportunities for Growth

THE Association has firmly taken the first step to the new decade, with a vigilant Board of Trustees at the helm. It stands undaunted but rather challenged with the volatility of an inclement financial weather – the prospect of a decreasing yield. The Board, nevertheless, remains faithful to its commitment of preserving the members' resources at the very least. Moving forward through this decade, adapting to the winds of change and continually finding ways and seizing opportunities for growth, PERAA stands confident that its Strategic Stewardship will see this Association through this challenging period. Looking back, we had a very good head start.

THE COVER

The bamboo is a firmly rooted but supple tree regarded as a symbol of resilience and strength. It can endure extreme weather changes, to bend without breaking. It has the capability to spring back when restrained or held back.

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Outstanding Participating Institutions (OPI)
Platinum Award
Mega Circle
Multi-Millionaires Club
Millionaires Club

53 Individual Members' Award:

Prestige Class
The Outstanding PERAA Members (TOPM)

- The Top 100 Participating Institutions

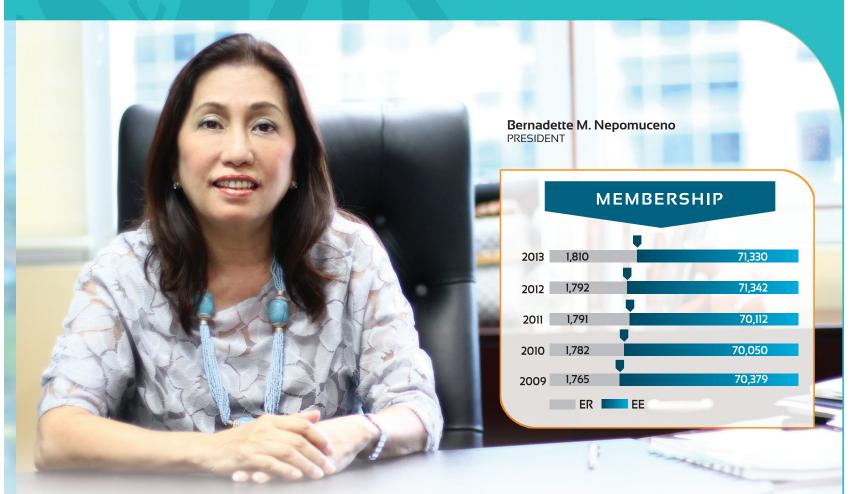
 Based on Accumulated Value, FY 2012-2013
- 60 Consultants, Officers, Directors and Managers

HIGHLIGHTS OF OPERATIONS

AT FISCAL YEAR END	2013	2012	% Inc (Dec)
		570/05/7/0	120/
Assets	6,538,774,006	5,786,856,743	13%
PERAA Members' Fund			
Annuity Accumulation Reserve	5,255,254,633	4,868,454,961	8%
Annuity Pension Reserve	7,836,590	7,543,907	4%
Total Members' Fund	5,263,091,223	4,875,998,868	8%
Membership			
Participating Institutions	1,810	1,792	1%
Individual Members	71,330	71,342	0%
FOR THE FISCAL YEAR	2013	2012	% Inc (Dec)
			(2 22)
Contribution of Members	362,268,488	377,614,684	(4%)
Investment Earnings	421,202,600	365,169,105	15%
Net Unrealized Gain (Loss)			
on AFS Investments	468,244,750	131,896,933	255%
Net Investment Earnings	889,447,350	497,066,038	79%
Credited Rate of Interest	10.02%	9%	
Benefit Payments			
Retirement	197,753,057	184,975,207	7%
Repurchase	124,133,558	120,752,315	3%
Separation-from-Service	14,699,055	14,626,037	0.50%
Death	7,048,172	8,531,468	(17%)
Pension	406,444	410,142	(1%)
Disability	-	103,292	(100%)
Deposit from Benefit Claims	9,002,220	11,476,231	(22%)
Payments of benefits from Reserve Fund	99,069,517	83,563,488	19%
Total Benefit Payments	452,112,023	424,438,180	7%
Multi-Purpose Loans	100,909,116	87,562,502	15%
Operating Expenses	51,773,749	52,712,145	(2%)

CHAIRMAN AND PRESIDENT'S REPORT ASSETS (In Billion Pesos) 8 6 5 4 3 2 **'09** ′11 ′12 10 Antonio S. Samson, SJ CHAIRMAN

FOR the fiscal year ending April 30 2013, the Philippines emerged as a rising economic star in Southeast Asia, sustaining an above-average expansion, soaring high in Gross Domestic Product (GDP) - the standard benchmark for growth - even receiving a good credit grade from international rating agencies. The country has become the world's largest BPO center and turning into an important industrialized country in the region.



While we welcome such prospect for a continuing economic growth, at least within the next two years, prudence dictates that we remain watchful with the unpredictable market movement in the Eurozone, the US and other countries in the Middle East. With a low-yield environment, your Board remains cautious, focused mainly on capital preservation, keeping the Members' Fund as safe as possible, seizing every single opportunity to grow the fund at the very least.

HIGHLIGHTS OF OPERATIONS

At Fiscal Year End, Assets mushroomed to Php 6.53B, recording additional resources of Php 751.91M or a 13% increase over last year's Php 5.78B record.

The Members' Fund, comprising 80% of the Association's assets, expanded to Php 5.26B, up by 8%, from Php 4.87B. The increment came mainly from the increase in the Annuity Accumulation Reserve, actual fund under the accounts of individual member plus the Reserve/Institutional Fund put up by administrators to augment members' benefits especially at retirement in case of fund insufficiency. The Annuity Pension Reserve, on the other hand, went up by 4%.

Eighteen schools from different regions of the country, including a teaching hospital, joined the Association during the year. These institutions which are of diverse affiliations, are now listed in the roster of PERAA Participating Institutions (PIs) bringing total PIs to 1,810 and individual members to 71,330 as of fiscal year end.

For the Fiscal year, there was an unexpected surge in Net Investments Earnings, from Php 497.06M to Php 889.44M. This is much higher than the Members' Contributions of Php 362.26M a decrease by 4% i.e. from Php 377.61 the previous year.

The substantial 79% upswing in earnings from both realized and unrealized gains came about despite the lower yield

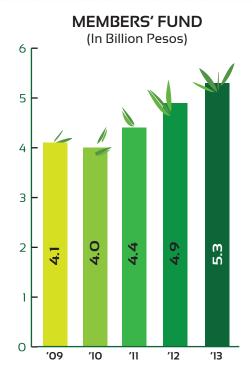
expectations because of the unforeseen market swirl of investment instruments which gave us high returns in stocks and increased the value of fixed income placements. With such remarkable performance, a high investment grade was conferred on the Philippines by international credit agencies.

As a result of the year's fund performance, the PERAA Board of Trustees declared a 10.02% return on Investment (ROI) which surpassed the 9% ROI the previous year. Thus the average ROI for the last 41 years is now 13.16%, net of tax and expenses.

Benefit Payments continued its gradual increase, this time by 7%, up from Php 424.43M to Php 452.11M. Retirement Benefits paid in lump sum comprised 43.7% or Php 197.75M of the total benefits paid for the year. This was followed by claims from resignation (Repurchase and Separation-from-Service Benefit) taking 30% share or Php 138.83M of the total amount. The rest went to Death Benefit (1.57%), Pension (.08%) etc.

Two thousand eight hundred sixty eight (2,868) memberclaimants and beneficiaries were recipients of the year's benefit payments. We have taken note of bigger benefits received by retirees as administrators continued to work on being compliant with the minimum requirements of law.

Multi-Purpose Loans (MPL), combined with the Expanded MPL, jumped by 15%, from Php 87.56M to Php 100.90M. Interest rates of PERAA's loans are much lower than those charged by banks and government agencies.



OTHER UPDATES

Marketing and Account Management. We have kept our doors open to private educational institutions, including their affiliates, offering actuarial valuation, for costing purposes, to those about to join the Association. This is a free additional service to help administrators see the importance of starting funding of their retirement plan at the soonest possible time. Thus for the fiscal year in review, we have a teaching hospital and a diocese opening a retirement plan for its catechists. We wish to reiterate that the Account Management Section is dedicated to servicing institutional concerns including billing and collection.

We continue to go around the country, to meet and give orientation to the management of interested schools. We also give talks during assemblies of organizations like the ACSCU assembly in Iloilo City and associations in the Pampanga province.

Likewise, we give regular reminders, assistance to Participating Institutions which have overlooked or have not coped with their obligations to their members in terms of funding. Our staff coordinates with the finance in charge and gives the necessary information on their status through the records from our data base.

Document Management. To contain the voluminous documents accumulated the past 4l years and effect a more efficient management of important files, we have sought the services of a local firm to train our staff using standard software for document management. At the same time, we have taken the initial steps towards 'cloud computing'. Both systems are envisioned to be the initial steps to achieve a limited paperless operating system.

WELCOME TO NEW PARTICIPANTS

Your Board is very pleased to welcome the new Participating Institutions and the 959 individual members which they have enrolled for PERAA membership. As mentioned earlier,

eighteen schools from NCR, Luzon, Visayas and Mindanao have complied with the basic requirements for participation and joined the Association during the fiscal year:

National Capital Region - Covenant of Grace Integrated Academy, Las Piñas City; Montessori Integrated School of Antipolo, Antipolo City; MSH Sisters Academy of Marikina, Inc., Marikina City; The Laren School, An Alternative Elem. School, Inc. Makati City; Inc., (The) Roman Catholic Bishop of Cubao, Inc., Quezon City; VRP Medical Center, Mandaluyong City

Luzon Region - Goldzeal School, Subic Bay Inc., Olongapo City; St. Adelaide School – Philippines, Nueva Ecija; The Adelphi College, Inc., Nueva Ecija; Mother Goose Playskool and Grade School Internationale, Inc., Lipa City; St. Michael's School: Center of Catholic Education, Inc., Pampanga; St. Rose of Lima Catholic School, Zambales;

Visayas Region - MSH Sisters Academy of Basey, Inc., Samar; MSH Sisters Academy of Calubian, Inc., Leyte; MSH Sisters Academy of Peerless Village, Inc., Tacloban City; RRLS-ICT Academy, Iloilo City

Mindanao Region - Anthony & Mark Cavanis Elementary School, Davao City; Yogi Learning Center Foundation, Inc., Zamboanga City

COMMENDATION

On our 40th Anniversary celebration, the Association paid tribute to the **Outstanding Participating Institutions (OPI)** for their faithful compliance with their role as PERAA administrators and for meeting the criteria of an exemplary PI for the past five years.

We reiterate our congratulations to Cavite Institute of Silang, Cavite, the 2012 Outstanding Participating Institution; University of St. La Salle, Bacolod City, first runner up; and Ateneo de Iloilo, Iloilo City, 2nd runner up. The previous year, the top three OPI contenders all came from Mindanao.

Also, for meritorious performance and for going the extra mile in creative as well as effective service, we honor The Outstanding PERAA Members (TOPM), Batch 2012. They stand as models, inspiring the PERAA community to be more focused on the performance of their duties and actively contribute to the institutional aspiration to help mold a responsible citizenry.

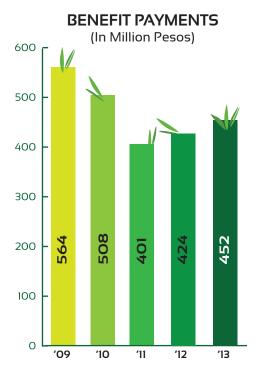
We are proud of the TOPM winners (and the runners-up):
Alexander Franco A. Delantar (Teaching Level A) Cebu Institute
of Technology, Cebu City; Ana Rosa A. Carmona (Teaching
Level B) University of St. La Salle, Bacolod City; Jaypy T. Tenerife
(Admin. Level) Technological Institute of the Philippines, Quezon
City; and Ruth R. Guerrero (Admin. Staff), Ateneo de Zamboanga
University.

*Complete List of TOPM winners on page 55

APPRECIATION

The TOPM Program is a continuing service to the PERAA community in cooperation with our business partners and fund managers as co-sponsors. For this we thank the following for supporting our advocacy: BPI Asset Management, ATR Kim Eng, MetroBank and Trust Co., Banco de Oro Private Bank, United Coconut Planters Bank and UPRAISE, as donor.

Our heartfelt appreciation likewise goes to the following members of the **2012 PERAA Screening Committee** tasked with reviewing and evaluating the documents submitted, as well as



screening and choosing the top five nominees per category - PACU-COA Exec. Director Adlai C. Castigador; PAASCU Exec. Director Concepcion V. Pijano; ACSCU Exec. Director Angelito P. Pedreño, and FAPE Program Officer (for Training & Research) Ruby R. Javier.

Our esteem and gratitude goes to the **TOPM Panel of Judges** for giving valuable time to interview the TOPM finalists and determine the TOPM winners from the 20 finalists presented – Panel Chair, Dr. Catherine Q. Castañeda, (CHED); Dr. Ruth L. Fuentes (DepEd); Dr. Jose Paolo E. Campos (COCOPEA); Mr. Enrique M. Herbosa, Sr., (civic organizations); Mr. Michael V. Ferrer - ATR Kim Eng Asset Management and Mr. Ronnie E. Elamparo - United Coconut Planters Bank (Business). Our deep appreciation goes to all our Participating Institutions who helped make the 2012 Administrators' Conference and Annual Meeting a meaningful endeavor through their attendance and participation in the proceedings.

Lastly, we wish to express our indebtedness to our resource speakers at the conference – Mr. Philip Frederick S. Hagedorn, Chief Investment Officer, ATR Kim Eng Asset Management ("The New Philippines"); and Mr. Emmanuel M. Nepomuceno, Head – Proximity Agency BBDO ("Cloud Computing"). For sharing their expertise and opening new doors to our administrators through updated tools for efficient operation, we thank them sincerely.

NEW TRUSTEE

Join us in giving a warm welcome to Fr. Roberto C. Yap, SJ as Trustee-at-large. His financial expertise will go a long way in this Association. He is currently president of Xavier University of Cagayan de Oro City, a post held by former trustee Fr. Villarin now with Ateneo de Manila University.

NEW SERVICES

This year, we have begun a new phase in information service, the 'quarterly transaction report' for each school. The report summarizes all transactions made by the institution with PERAA – premium payments, benefit payments and claimants etc. This will keep the school's record updated.

We have also tested the waters for Investment 101 and Pre-Retirement Orientation to prepare and help members, have a wider perspective of their lives at retirement. Participants in these undertakings were very receptive to the information given and have asked for additional and updated presentations.

Finally, you would have noted that for some time, we have included in the Administrators' Conference resource persons to present updates on the financial market and other investment concerns. This is a part of our thrust to share market information with administrators to keep you aware of the trends in the financial market and update you on the latest technology. We will continue to do this.

OUTLOOK

We mentioned at the beginning of this report that we welcome the recognition of the country as an economy to reckon with in Southeast Asia. And even if the world's leading economies are now on the road to recovery, the axis of the global economy has slowly shifted from the West to Asia, a very challenging development.

In the Philippines, however, notwithstanding the steady growth of the economy, with the government tirelessly working on the effective implementation of reforms in fiscal policy and cleanup of the bureaucracy from corruption, we remain cautious but definitely alert to any challenge. We need to stand firm but pliant enough and ready to face the headwinds of a restless global market.

For a stronger economy could not be equated to a stable financial market.

With that in mind, your Board needs to utilize Strategic Stewardship as an alternative shield to the Association's resources, to seek and seize possibilities for growth yet remaining flexible and creative in its function as fund administrator.

We have said this in the past and we will say it again. Your Association had a very good head start – 41 years of growth in resources and upgraded services to the members atlarge. We stand today on a 13.16% average ROI with huge members' resources and still moving forward.

We thank you sincerely for your trust and confidence in the vision of this Association.

ANTONIO S. SAMSON, SJ Chairman

BERNADETTE M. NEPOMUCENO
President

TREASURER'S REPORT

THE fiscal year in review was a very good year for the Philippine economy which delivered a remarkable performance in overall growth, buoyed by private consumption from higher OFW remittances and a rebound in infrastructure spending by government. With the strong and deeply entrenched economic fundamentals, gross domestic product (GNP) went up from 4.6% to 6.6%, inflation stayed low at 2.6% while employment grew slightly.

Such growth, stamped by two international credit rating agencies with investment upgrade, stirred the financial market, pushing equity, bonds and other instruments to record highs.

Thus the Board of Trustees declared 10.02% as **Return on Investment** (ROI) for the fiscal year just ended. This brought the average ROI for the first 41 years of PERAA's lifetime to 13.16%.

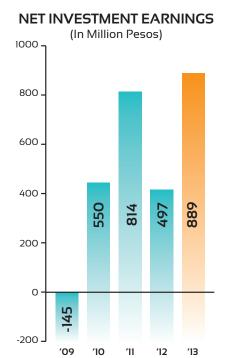
Net Investment Earnings for the year ballooned to Php 889.44M showing a 79% jump from Php 497.06M earnings the previous year, inclusive of realized and unrealized gain on AFS* investments.

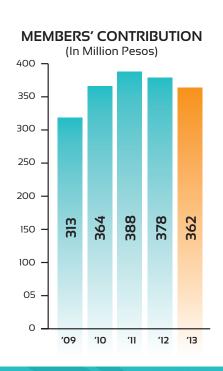
Assets reached Php 6.53B showing a 13% increase from Php 5.78B of the previous year. **Members' Contributions** decreased by 4%, down from Php 377.61M to Php 362.26M. On the other hand, **Benefit Payments** grew to Php 452.11M, a 7% hike from last year's Php 424.43M payment to members and beneficiaries.

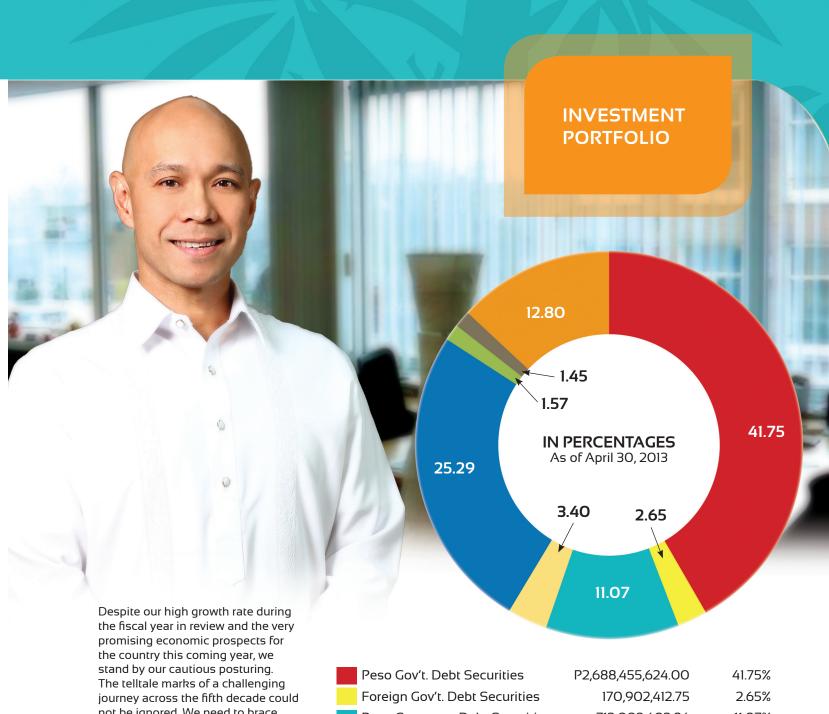
The Investment Portfolio for the year shows that the biggest chunk of the pie is still Peso Government Debt Securities (Php 2.68B), the safest but least yielding placement which holds 41.75% of Total Investment Assets. Equity (Php 1.62B) from which comes the bulk of our earnings is next at 25.29%. Cash & Cash Equivalents (Php 824.38M) and Peso Corporate Debt Securities (Php 713M) come next at 12.80% and 11.07% of the fund, respectively. The remaining Php 584.40M or 9.07% of the fund are distributed to other investments.

For the fiscal year in review, utilization of the **Operating Expenses** at Php 51.77M declined slightly by 2% from the previous year's Php 52.71M.

*AFS – available for sale







the fiscal year in review and the very promising economic prospects for the country this coming year, we stand by our cautious posturing. The telltale marks of a challenging journey across the fifth decade could not be ignored. We need to brace ourselves for a steep dive in returns as the Philippine economy improves. As guardians of the members' resources, our prime concern now is to preserve the fund and seize whatever opportunity arises for fund growth without taking a big risk.

Thank you for your continuing trust in PERAA.

Total Investment Assets	P6,438,728,802.25	100.00%
Cash & Cash Equivalents	824,387,317.97	12.80%
MPL	100,909,116.00	1.57%
Real Estate	93,534,332.00	1.45%
Equity	1,628,478,120.13	25.29%
Dollar Corporate Debt Securities	219,059,475.56	3.40%
Peso Corporate Debt Securities	713,002,403.84	11.07%
Foreign Gov't. Debt Securities	170,902,412.75	2.65%
Peso Gov t. Debt Securities	12,088,455,024.00	41./5%

Dr. Vicente K. Fabella
TRUSTEE FROM NCR
TREASURER

The PERAA BOARD OF TRUSTEES



ANTONIO S. SAMSON, SJ CHAIRMAN Trustee (Visayas) Chairman, Ateneo de Iloilo REYNALDO C. BAUTISTA
VICE CHAIRMAN
Trustee (at-large)
Chairman Emeritus,
University of Baguio

BERNADETTE M.
NEPOMUCENO
PRESIDENT

VICENTE K. FABELLA
TREASURER
Trustee (NCR)
President,
Jose Rizal University

ELIZABETH Q. LAHOZ TRUSTEE (at-large) President, Technological Institute of the Philippines KAREN BELINA F. DE LEON TRUSTEE (at-large) President, Misamis University

ANTONIO S. SAMSON, SJ

Chairman, Private Education Retirement Annuity Association; Chairman, Ateneo de Iloilo; Ordained a Priest, 25 March 1973; Recipient, PAASCU's James Meany Award; Ph.D. and M.A. in Chemistry (Brandeis University, MA, USA, 1969 & 1967); M.A. in Philosophy (Berchmans College, 1963); A.B. – Chemistry *Cum laude, Class Valedictorian* (Ateneo de Manila University)

REYNALDO C. BAUTISTA

Chairman Emeritus, University of Baguio; Chairman, Center for Educational Measurement; Chairman & President, Rural Bank of Itogon; Ph.D. Honoris Causa (China Academy, Taiwan); Ph.D. Candidate (Centro Escolar University, M.A. in Education (University of the Philippines); B.S. Natural Sciences (Ateneo de Manila University)

BERNADETTE M. NEPOMUCENO

President, Private Education Retirement Annuity Association; President, Assn. of Women; Presidents/Chancellors of Private Colleges & Universities; 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)

VICENTE K. FABELLA

President, Jose Rizal University; Treasurer and Trustee, Private Education Retirement Annuity Association; Ph.D. in Business Administration (University of the Philippines, Diliman, QC, 1999); AB Economics and Development Studies (Brown University, RI); Master in Business Administration (Columbia Business School, N.Y., U.S.A.); Master in Public Administration; (Columbia Sch. of International and Public Affairs, N.Y., U.S.A.)

ELIZABETH Q. LAHOZ

President, Technological Institute of the Philippines; Ph.D. in Education, Major in Educational Administration (University of the Philippines, College of Education, Most Outstanding Dissertation, 2006); 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, 1973)

KAREN BELINA F. DE LEON

President, Misamis University; Doctor of Education major in Educ'l Management (Misamis University [MU], 2003; Master in Business Administration (MU, 2002); Master in Hospital Administration (Acad. Units Earned, Ateneo de Manila, 1993); Doctor of Medicine (UERMMC, 1986); and Bachelor of Arts (University of the Phils., 1982)



BEN S. MALAYANG III TRUSTEE (at-large) President, Silliman University ROBERTO C. YAP, SJ TRUSTEE (at-large) President, Xavier University PATRICIA BUSTOS-LAGUNDA TRUSTEE (Luzon) Exec. Vice President Baliuag University FR. JOHN CHRISTIAN U. YOUNG TRUSTEE (Mindanao) President, Father Saturnino Urios University BRO. RAYMUNDO B. SUPLIDO, FSC TRUSTEE (at-large) - Incoming President, University of St. La Salle

ANTONIO F. MORENO, SJ TRUSTEE (at-large) - *Outgoing* President, Ateneo de Zamboanga University

BEN S. MALAYANG III

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, 1974); Certificate in Human Ecology Research for Social Scientists (East-West Center in Hawaii, 1982)

ROBERTO C. YAP, SJ

President, Xavier University; Province Treasurer, Jesuit Phil. Province, Chair & Director, Realty Investment Inc.; Ordained Priest, March 1992; Doctor of Philosophy in Economics (University College London, UK, 2002), Master in Public Policy (Harvard University Cambridge MA, USA, 1995), MA in Theology (Ateneo de Manila University, 1992), Bachelor in Sacred Theology (Loyola School of Theology, 1992), MA in Economics (New School for Social Research, New York, 1988), Bachelor of Arts in Economics, with Honors (Ateneo de Manila University, 1980)

PATRICIA BUSTOS-LAGUNDA

Exec. Vice President, Baliuag University; Doctor of Philosophy, Educational Leadership and Management (Executive Program) Degree Program with Distinction (De La Salle University, Manila, 2009); Master in Business Management (Asian Institute of Management, Makati, 1985); Bachelor of Arts in Economics, University Scholar, Dean's Lister (University of the Philippines, QC, 1981)

FR. JOHN CHRISTIAN U. YOUNG

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)

BRO. RAYMUNDO B. SUPLIDO, FSC

President, Chancellor, University of St. La Salle; Regional Director, Asia & the Pacific International Association of Lasallian Universities; Doctor of Philosophy, Counseling Psychology (De La Salle University- Manila), M.A. in Education [Educational Management] (De La Salle University- Manila), Baccalaureate and Licentiate in Clinical Psychology (Pontifical Gregorian University, Rome, Italy), Bachelor of Arts & Bachelor of Science in Education (De La Salle University- Manila), Certificate in Religious Formation, Institute of Religious Formation (St. Louis University, Illinois, USA)

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 (the Association), which comprise the statements of net assets available for distribution to members as at April 30, 2013 and 2012, and the statements of operations, 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, 2013 and 2012, 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, 2013 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

Partner

CPA Certificate No. 111092

geneth J. Minez

SEC Accreditation No. 1328-A (Group A),

July 1, 2013 Valid until June 30, 2016

Tax Identification No. 900-322-673

BIR Accreditation No. 08-001998-69-2012,

April 11, 2012, valid until April 10, 2015

PTR No. 3670006, January 2, 2013, Makati City

September 30, 2013

STATEMENTS OF NET ASSETS AVAILABLE FOR DISTRIBUTION TO MEMBERS

		April 30
	2013	2012
ASSETS		
Cash and cash equivalents (Note 7)	P628,215,539	P311,330,131
Short-term time deposit	28,100,000	-
Investment in foreign currency-denominated notes	82,310,000	84,426,000
Available-for-sale investments (Note 8)	4,828,833,515	4,474,056,499
Loans and receivables (Note 9)	337,410,935	710,745,177
Long-term time deposits	48,350,000	48,850,000
Held-to-maturity investments (Note 10)	421,750,173	-
Property and equipment (Note 11)	64,064,002	66,864,920
Software costs (Note 12)	3,393,337	3,770,600
Investment properties (Note 13)	93,534,332	86,603,000
Other assets	2,812,173	210,416
	6,538,774,006	5,786,856,743
LIABILITIES		
Accounts payable and other liabilities (Note 14)	48,855,049	134,699,994
Members' deposits (Note 17)	21,881,096	24,987,789
Benefits payable	7,893,925	4,691,469
	78,630,070	164,379,252
NET ASSETS	6,460,143,936	5,622,477,491
LESS SPECIAL RESERVES (Note 19)	175,985,131	119,551,266
		, , , , , , , , , , , , , , , , ,
NET ASSETS AVAILABLE FOR DISTRIBUTION		
TO MEMBERS	P6,284,158,805	P5,502,926,225

STATEMENTS OF OPERATIONS

	Years Ended April 30		
	2013	2012	
INVESTMENT INCOME (LOSSES)			
Interest income (Notes 7, 8, 9 and 10)	P254,773,391	P268,815,244	
Gain on sale of investments (Note 8)	228,663,648	146,471,800	
Foreign exchange loss	(20,133,477)	(12,657,571)	
Dividends	14,785,941	16,613,535	
Fair value gain on investment properties (Note 13)	6,931,332	_	
Impairment loss on available-for-sale investments (Note 8)	(6,659,362)	_	
Miscellaneous (Notes 9, 13, 20 and 22)	11,108,508	11,962,665	
	489,469,981	431,205,673	
EXPENSES			
Operating expenses (Note 21)	51,773,749	52,712,145	
Investment expenses (Notes 13 and 16)	16,493,632	13,324,423	
	68,267,381	66,036,568	
EXCESS OF INVESTMENT INCOME OVER EXPENSES	P421,202,600	P365,169,105	

STATEMENTS OF CHANGES IN NET ASSETS

	Members'	General	Net Unrealized Gain on Available- for-Sale	Net Assets Available for	
	Equity	Reserves	Investments	Distribution	
	(Note 17)	(Note 19)	(Note 8)	to Members	
Balance at May 1, 2012	P4,875,998,868	P168,157,008	P458,770,349	P5,502,926,225	
Members' contributions	362,268,488		_	362,268,488	
arnings distributed to members (Note 19)	438,873,260	(438,873,260)	-	_	
ontributions previously recognized as					
members' deposits (Note 17)	42,898,679	_	-	42,898,679	
Peductions from members' equity (Note 18)	(456,948,072)	_	-	(456,948,072)	
Net decrease in net assets before results					
of operations	387,092,355	(438,873,260)	-	(51,780,905)	
xcess of investment income over expenses	_	421,202,600	_	421,202,600	
appropriation for distribution of losses of FY 08	-09 -	(49,694,726)	-	(49,694,726)	
ppropriation for increase in fair valuation					
of investment property	_	(6,931,332)	_	(6,931,332)	
eversal of appropriation from office transfer		• • • • •		• • • •	
and computerization	_	2,122,802	_	2,122,802	
ppropriation for minimum death benefit	_	(1,930,609)		(1,930,609)	
Net appropriations	_	(56,433,865)	_	(56,433,865)	
Changes in fair value of available-for-sale					
investments	_	_	690,249,036	690,249,036	
ealized gain taken to profit or loss	_	_	(228,663,648)	(228,663,648)	
npairment loss recognized to profit or loss	_	_	6,659,362	6,659,362	
let change in fair value of available-for-sale				•	
investments	_	_	468,244,750	468,244,750	
alance at April 30, 2013	P5,263,091,223	P94,052,483	P927,015,099	P6,284,158,805	

			Net Unrealized		
			Gain on		
			Available-	Net Assets	
	Members'	General	for-Sale	Available for	
	Equity	Reserves	Investments	Distribution	
	(Note 17)	(Note 19)	(Note 8)	to Members	
Balance at May 1, 2011	P4,403,225,592	P263,708,123	P326,873,416	P4,993,807,131	
Members' contributions	377,614,684	_	_	377,614,684	
Earnings distributed to members (Note 19)	511,072,217	(511,072,217)	_	-	
Contributions previously recognized as members'					
deposits (Note 17)	10,454,793	_	_	10,454,793	
Deductions from members' equity (Note 18)	(426,368,418)	_	_	(426,368,418)	
Net decrease in net assets before results					
of operations	472,773,276	(511,072,217)	_	(38,298,941)	
Excess of investment income over expenses	_	365,169,105	_	365,169,105	
Reversal of appropriation for distribution of losses					
FY 08-09	_	49,694,726	_	49,694,726	
Reversal of appropriation from office transfer and					
computerization	_	2,172,430	_	2,172,430	
Appropriation for contingency	_	(1,515,159)	_	(1,515,159)	
Net appropriations	_	50,351,997	_	50,351,997	
Changes in fair value of available-for-sale		•		·	
investments	_	_	278,368,733	278,368,733	
Realized gain taken to profit or loss	_	_	(146,471,800)	(146,471,800)	
Net change in fair value of available-for-sale			•	•	
investments	_	_	131,896,933	131,896,933	
Balance at April 30, 2012	P4,875,998,868	P168,157,008	P458,770,349	P5,502,926,225	
-					

	Spec	<u>ial Reserves (Note 19)</u>		
Office	•			
Transfer and		Other		
 Computerization	Contingency	Reserves	Subtotal	Net Assets
P12,228,461	P51,453,012	P55,869,793	P119,551,266	P5,622,477,491
-	-	-	-	362,268,488
-	-	-	-	-
_	_	_	_	42,898,679
 -				(456,948,072)
_	_	_	_	(51,780,905)
_	_	_	_	421,202,600
-	49,694,726	-	49,694,726	_
-	-	6,931,332	6,931,332	-
(2,122,802)	-	_	(2,122,802)	_
	1,930,609	_	1,930,609	
(2,122,802)	51,625,335	6,931,332	56,433,865	
_	_	_	_	690,249,036
_	_	_	_	(228,663,648)
-	-		-	6,659,362
_	_	_	_	468,244,750
P10,105,659	P103,078,347	P62,801,125	P175,985,131	P6,460,143,936

	:	Special Reserves (Note 19)		
Office Transfer and		Other		
Computerization	Contingency	Reserves	Subtotal	Net Assets
P14,400,891	P99,632,579	P55,869,793	P169,903,263	P5,163,710,394
-	_	_	_	377,614,684
_	_	_	_	_
_	_	_	_	10,454,793
_	_	_	_	(426,368,418)
_	_	_	_	(38,298,941)
	_	_	_	365,169,105
-	(49,694,726)	-	(49,694,726)	-
(2,172,430)	_	_	(2,172,430)	_
	1,515,159		1,515,159	_
(2,172,430)	(48,179,567)		(50,351,997)	
- -	-	_ _	-	278,368,733 (146,471,800)
_	_	_	_	131,896,933
P12,228,461	P51,453,012	P55,869,793	P119,551,266	P5,622,477,491

STATEMENTS OF CASH FLOWS

	Years Ended April 30		
	2013	2012	
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of investment income over expenses	P421,202,600	P365,169,105	
Adjustments for:			
Interest income (Notes 7, 8, 9 and 10)	(254,773,391)	(268,815,244)	
Gain on sale of investments (Note 8)	(228,663,648)	(146,471,800)	
Foreign exchange loss	20,133,477	12,657,571	
Dividends	(14,785,941)	(16,613,535)	
Fair value gain on investment properties (Note 13)	(6,931,332)	-	
Impairment loss on available-for-sale investments (Note 8)	6,659,362	_	
Depreciation and amortization (Notes 11 and 21)	4,559,144	5,150,591	
Recovery from credit losses (Note 9)	-	(2,000,000)	
Net gain from disposal of property plant and			
equipment (Note 11)	(28,704)	(499,624)	
Changes in operating assets and liabilities:			
Decrease (increase) in amounts of:			
Loans and receivables (Note 23)	363,334,038	134,939,094	
Short-term time deposits	(28,100,000)	42,800,000	
Other assets	(2,601,757)	(1,889)	
Increase (decrease) in amounts of:			
Accounts payable and other liabilities	(85,844,945)	22,830,539	
Members' deposits	6,091,367	4,916,963	
Benefits payable	3,202,456	(2,234,591)	
Net cash generated from operations	203,452,726	151,827,180	
Interest received	263,225,384	264,529,564	
Net cash provided by operating activities	466,678,110	416,356,744	
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale/maturities of:			
Available-for-sale investments	1,566,344,306	1,339,591,425	
Long-term time deposits	30,500,000	_	
Property and equipment (Note 11)	-	200,000	
Acquisitions of:			
Available-for-sale investments	(1,636,881,909)	(1,835,994,345)	
Long-term time deposits	(30,000,000)	(11,350,000)	
Property and equipment (Note 11)	(951,013)	(2,232,120)	
Software costs (Note 12)	(458,654)	(338,317)	
Dividends received	16,334,152	14,483,489	
Net cash used in investing activities	(55,113,118)	(495,639,868)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Deductions from members' equity (Notes 18 and 23)	(456,948,072)	(424,728,772)	
Members' contributions	362,268,488	377,614,684	
Net cash used in financing activities	(94,679,584)	(47,114,088)	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	316,885,408	(126,397,212)	
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	311,330,131	437,727,343	
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	P628,215,539	P311,330,131	

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, 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 Pls;
- 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

Basis of Preparation

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 and investment properties 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.

Statement of Compliance

The financial statements of the Association have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended Philippine Accounting Standards (PAS), PFRS and Philippine Interpretations which were adopted as of May 1, 2012 and do not have an impact on the financial statements.

PFRS 7, Financial Instruments: Disclosures - Transfers of Financial Assets (Amendments)

The amendments require additional disclosures about financial assets that have been transferred but not derecognized to enhance the understanding of the relationship between those assets that have not been derecognized and their associated liabilities. In addition, the

amendments require disclosures about continuing involvement in derecognized assets to enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets. The amendments have no impact on the Association's disclosures, financial position or performance.

PAS 12, Income Taxes - Deferred Tax: Recovery of Underlying Assets (Amendment)

This amendment to PAS 12 clarifies the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that the carrying amount of investment property measured using the fair value model in PAS 40, *Investment Property*, will be recovered through sale and, accordingly, requires that any related deferred tax should be measured on a 'sale' basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time ('use' basis), rather than through sale. Furthermore, the amendment introduces the requirement that deferred tax on non-depreciable assets measured using the revaluation model in PAS 16, *Property, Plant and Equipment*, always be measured on a sale basis of the asset. This is not applicable to the Association.

Summary of Significant Accounting Policies

Defined Contribution Plan

The financial statements contain a statement of net assets available for distribution to members and a description of the funding policy under PAS 26, Accounting and Reporting by Retirement Benefit Plans. Under a defined contribution plan, the amount of a participant's future benefits is determined by the contributions paid by the employer, the participant, or both, and the operating efficiency and investment income of the fund

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. Short-term time deposits represent cash placements with maturities of more than three months but less than one year, while long-term time deposits represent cash placements with maturities of more than one year. Under PAS 39, Financial Instruments: Recognition and Measurement, both short-term and long-term time deposits are classified as 'Loans and receivables' and are subject to significant risk of changes in value.

<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.

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.

Determination of fair value

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques which include net present value techniques, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

'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 at FVPL

Financial assets at FVPL represent the account caption 'Investment in foreign currency-denominated notes' which is recorded at fair value in the statement of net assets available for distribution to members. Changes in the fair value relating to financial assets at FVPL are recognized 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.

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 (loss) on AFS investments', a separate line item in the statement of changes in net assets.

When the security is disposed of, the cumulative gain or loss previously recognized in 'Net unrealized gain (loss) 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 as 'Provision for impairment losses' 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. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of EIR.

Reclassification of Financial Assets

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 income.

Classification of Financial Instruments Between Debt and Equity

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.

Derecognition of Financial Instruments

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.

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 (loss) on AFS investments' - is removed from 'Net unrealized gain (loss) on AFS investments' and recognized in 'Provision for impairment losses' 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 changes in net assets.

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:

Condominium units 42 years
Office equipment 5-10 years
Furniture and fixtures 10 years
Transportation equipment 5 years
Office improvements 10 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 loss 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 established a defined contribution 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.

<u>Leases</u>

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 7, Financial instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments)

These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32, Financial Instruments: Presentation. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

- a) The gross amounts of those recognized financial assets and recognized financial liabilities;
- b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;

- c) The net amounts presented in the statement of financial position;
- d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
 - i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
 - ii. Amounts related to financial collateral (including cash collateral); and
- e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendments to PFRS 7 are to be retrospectively applied and are effective for annual periods beginning on or after January 1, 2013. The amendments affect disclosures only and have no impact on the Association's financial position or performance.

PFRS 10, Consolidated Financial Statements

PFRS 10 replaces the portion of PAS 27, Consolidated and Separate Financial Statements, that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC 12, Consolidation - Special Purpose Entities. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. The standard becomes effective for annual periods beginning on or after January 1, 2013.

PFRS 11, Joint Arrangements

PFRS 11 replaces PAS 31, Interests in Joint Ventures, and SIC 13, Jointly Controlled Entities - Non-Monetary Contributions by Venturers. PFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The standard becomes effective for annual periods beginning on or after January 1, 2013.

PFRS 12, Disclosure of Interests in Other Entities

PFRS 12 includes all of the disclosures related to consolidated financial statements that were previously in PAS 27, as well as all the disclosures that were previously included in PAS 31 and PAS 28, *Investments in Associates*. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The standard becomes effective for annual periods beginning on or after January 1, 2013.

PFRS 13, Fair Value Measurement

PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. This standard should be applied prospectively as of the beginning of the annual period in which it is initially applied. Its disclosure requirements need not be applied in comparative information provided for periods before initial application of PFRS 13. The standard becomes effective for annual periods beginning on or after January 1, 2013.

The Association anticipates that adoption of this standard will have a significant impact on its financial position and performance, as well as result to more extensive disclosures in the financial statements, considering that it currently carries financial instruments and investment properties at fair value. The Association is currently assessing the impact of this standard.

PAS 1, Presentation of Financial Statement - Presentation of Items of Other Comprehensive Income or OCI (Amendments)

The amendments to PAS 1 change the grouping of items presented in OCI. Items that can be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments affect presentation only and have no impact on the Association's financial position or performance. The amendment becomes effective for annual periods beginning on or after July 1, 2012. The amendments will be applied retrospectively and will result to the modification of the presentation of items of OCI.

PAS 19, Employee Benefits (Revised)

Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The revised standard also requires new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan assets by nature and risk. The amendments become effective for annual periods beginning on or after January 1, 2013. Once effective, the Association has to apply the amendments retroactively to the earliest period presented.

The Association reviewed its existing employee benefits and determined that the amended standard has no impact on its accounting for retirement benefits.

PAS 27, Separate Financial Statements (as revised in 2011)

As a consequence of the issuance of the new PFRS 10, Consolidated Financial Statements, and PFRS 12, Disclosure of Interests in Other Entities, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements. The adoption of the amended PAS 27 will not have a significant impact on the separate financial statements. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

PAS 28, Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the issuance of the new PFRS 11, Joint Arrangements, and PFRS 12, Disclosure of Interests in Other Entities, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

Philippine Interpretation IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine

This interpretation applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine. The Interpretation addresses the accounting for the benefit from the stripping activity. The Association expects that this interpretation will not have any impact on its financial position or performance. This interpretation becomes effective for annual periods beginning on or after January 1, 2013.

PAS 32, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendments)

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Association's financial position or performance. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

PFRS 9, Financial Instruments: Classification and Measurement

PFRS 9, as issued, reflects the first phase on the replacement of PAS 39, Financial Instruments: Recognition and Measurement, and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. 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. 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. PFRS 9 is effective for annual periods beginning on or after January 1, 2015.

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 interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion.

Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

Annual Improvements to PFRSs (2009-2011 cycle)

The Annual Improvements to PFRSs (2009-2011 cycle) contain non-urgent but necessary amendments to PFRSs. The amendments are effective for annual periods beginning on or after January 1, 2013 and are applied retrospectively. Earlier application is permitted.

PFRS 1, First-time Adoption of PFRS – Borrowing Costs

The amendment clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, Borrowing Costs. The amendment does not apply to the Association as it is not a first-time adopter of PFRS.

PAS 1, Presentation of Financial Statements - Clarification of the requirements for comparative information

The amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information

beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendments affect disclosures only and have no impact on the Association's financial position or performance.

PAS 16, Property, Plant and Equipment - Classification of servicing equipment

The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise. The amendment will not have any significant impact on the Association's financial position or performance.

PAS 32, Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments

The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, *Income Taxes*. The Association expects that this amendment will not have any impact on its financial position or performance.

PAS 34, Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities

The amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity's previous annual financial statements for that reportable segment. The amendment affects disclosures only and has no impact on the Association's financial position or performance.

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.

<u>Judgments</u>

(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, reevaluates 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 securities. 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 P1.13 billion and P0.86 billion as of April 30, 2013 and 2012, respectively. AFS mutual trust funds are carried at P597.42 million and P353.81 million as of April 30, 2013 and 2012, respectively. The Association recognized impairment on certain AFS equity securities amounting to P6.66 million and nil in 2013 and 2012, respectively (Note 8).

(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 P3.10 billion and P3.26 billion as of April 30, 2013 and 2012, respectively (Note 8). No allowance for impairment losses was recognized on these investments as of April 30, 2013 and 2012.

(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 P337.41 million and P710.75 million as of April 30, 2013 and 2012, respectively. Allowance for credit losses on loans and receivables amounted to P0.32 million as of April 30, 2013 and 2012 (Note 9).

(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, 2013 and 2012, the Association's investment properties amounted to P93.53 million and P86.60 million, respectively (Note 13).

- (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 P64.06 million and P66.86 million as of April 30, 2013 and 2012, respectively (Note 11). As of the same dates, the carrying value of software costs amounted to P3.39 million and P3.77 million, respectively (Note 12).

(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 11 and 12 for the carrying values of the property and equipment and software costs, respectively.

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:

_		2013					
	Financial				Other		
	Assets	Loans and	AFS	HTM	Financial		
	at FVPL	Receivables	Investments	Investments	Liabilities	Total	
Financial Assets							
Cash and cash equivalents	P-	P628,215,539	P-	P-	P-	P628,215,539	
Short-term time deposits	-	28,100,000	-	-	-	28,100,000	
Investment in foreign currency-							
denominated notes	82,310,000	-	-	-	-	82,310,000	
AFS investments	-	-	4,828,833,515	-	-	4,828,833,515	
Loans and receivables	-	337,410,935	-	-	-	337,410,935	
Long-term time deposits	-	48,350,000	-	-	-	48,350,000	
HTM investments	-	-	-	421,750,173	-	421,750,173	
	P82,310,000	P1,042,076,474	P4,828,833,515	P421,750,173	P-	P6,374,970,162	
Financial Liabilities							
Accounts payable and other liabilities	P-	P-	P-	P-	P45,386,391	P45,386,391	
Members' deposits	_	-	_	-	17,298,326	17,298,326	
Benefits payable	_	-	_	-	7,893,925	7,893,925	
	P-	P-	P-	P-	P70,578,642	P70,578,642	

			2012		
	Financial Assets at FVPL	Loans and Receivables	AFS Investments	Other Financial Liabilities	Total
Financial Assets					
Cash and cash equivalents	P-	P311,330,131	P-	-	P311,330,131
Investment in foreign currency-denominated notes	84,426,000	_	_	_	84,426,000
AFS investments	_		4,474,056,499	_	4,474,056,499
Loans and receivables	_	710,745,177	_	_	710,745,177
Long-term time deposits	_	48,850,000	_	_	48,850,000
	P84,426,000	P1,070,925,308	P4,474,056,499	P-	P5,629,407,807
Financial Liabilities					
Accounts payable and other liabilities	P_	P-	P-	P131,741,212	P131,741,212
Members' deposits	_	-	_	14,982,221	14,982,221
Benefits payable	_	_	_	4,691,469	4,691,469
	P-	P-	P_	P151,414,902	P151,414,902

The following table summarizes the financial instruments whose carrying amounts differ from their fair values as of April 30, 2013 and 2012:

	2013		2012		
	Carrying Value	Fair Value	Carrying Value	Fair Value	
Financial Assets			, •		
Loans and receivables:					
Loans and receivables:					
Notes receivables - net	P122,400,000	P114,259,505	P524,206,862	P460,021,496	
Multi-purpose loans	100,909,116	106,555,714	87,562,503	89,782,162	
Long-term time deposits	48,350,000	36,163,297	48,850,000	45,204,264	
HTM investments	421 <i>,</i> 750,173	484,885,631	_	_	

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

Cash and cash equivalents, and short-term time deposits

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

rair 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. 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.

Financial liabilities

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

For financial instruments recorded at fair value such as financial assets at FVPL and AFS investments, the Association uses the following three-level fair value hierarchy based on the source of inputs on their valuation:

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

As of April 30, 2013 and 2012, the Association's financial instruments recorded at fair value are classified based on fair value hierarchy, as follows:

	2013				
	level 1		Total		
AFS investments:	ECVCI	ECVCI Z	<u> </u>		
Equity securities	P1.130.270.657	P-	P1,130,270,657		
Mutual trust funds	517,366,936	80,049,302	597,416,238		
Debt securities:	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	, . ,	- , -,		
Government bonds	2.439.785.269	_	2,439,785,269		
Private bonds	661,361,351	_	661,361,351		
Investment in foreign currency-denominated notes	_	82,310,000	82,310,000		
	P4,748,784,213	P162,359,302	P4,911,143,515		
		2012			
	Level 1	Level 2	Total		
AFS investments:					
Equity securities	P859,370,971	P_	P859,370,971		
Mutual trust funds	293,927,858	59,877,923	353,805,781		
Debt securities:					
Government bonds	2,688,201,999	_	2,688,201,999		
Private bonds	572,677,748	_	572,677,748		
Investment in foreign currency-denominated notes	Level 1 Level 2 P1,130,270,657 P-517,366,936 80,049,302	84,426,000	84,426,000		
	P4,414,178,576	P144,303,923	P4,558,482,499		

As of April 30, 2013 and 2012, the Association has no financial instruments that are measured and carried at fair value under Level 3. There have been no changes in determining the fair value of financial instruments in 2013 and 2012.

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 statement of net assets available for distribution to members.

	2013	2012
Loans and receivables:		
Cash and cash equivalents	P628,215,539	P311,330,131
Short-term time deposit	28,100,000	_
Loans and receivables:		
Notes receivable	122,400,000	524,206,862
Multi-purpose loans	100,909,116	87,562,503
Due from brokers/investment managers	54,391,379	29,665,431
Accrued interest receivable	53,172,726	61,624,719
Other receivables	5,146,547	4,746,284
Dividends receivable	1,391,167	2,939,378
Long-term time deposits	48,350,000	48,850,000
Investment in foreign currency-denominated notes	82,310,000	84,426,000
AFS investments:		
Equity securities	1,130,270,657	859,370,971
Mutual trust funds	597,416,238	353,805,781
Debt securities:		
Government bonds	2,439,785,269	2,688,201,999
Private bonds	661,361,351	572,677,748
Held-to-maturity investments	421,750,173	<u> </u>
	P6,374,970,162	P5,629,407,807

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 Bank of the Philippine Islands (BPI) - Asset Management and Trust Group, Metropolitan Bank and Trust Company (MBTC) - Trust Banking Group, BPI (formerly ING Bank (ING) - Trust Department), BDO Unibank (BDO) - Private Bank, and Maybank ATR Kim Eng (ATR) (collectively, the Investment Managers).

As of April 30, 2013 and 2012, the Association has no past due but not impaired financial assets.

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

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

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
Ва	Less vulnerable to nonpayment than other speculative issues
В	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
Са	Presently highly vulnerable to nonpayment. Likely already in or very near default with some prospect for partial recovery of principal or interest
С	An obligation is already in default with very little prospect for any recovery of principal or interest

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

	2013				
	Aaa (PhilRatings)	Baa - B3 (PhilRatings)	Unrated	Total	
Loans and receivables:	•				
Cash and cash equivalents	P-	P-	P82,614,987	P82,614,987	
Loans and receivables:					
Accrued interest receivable	_	_	5,032,191	5,032,191	
Other receivables			221,875	221,875	
AFS investments:					
Mutual trust funds	_	_	170,977,122	170,977,122	
Debt securities:					
Government bonds	_	298,379,431	24,810,415	323,189,846	
Private bonds	17,749,319	40,193,428	-	57,942,747	
	P17,749,319	P338,572,859	P283,656,590	P639,978,768	

	2012				
	Aaa	Baa-B3			
	(PhilRatings)	(PhilRatings)	Unrated	Total	
Loans and receivables:					
Cash and cash equivalents	P–	P–	P79,306,587	P79,306,587	
Loans and receivables:					
Accrued interest receivable	350,920	5,657,668	32,083	6,040,671	
Due from brokers/investment managers	_	_	3,370,884	3,370,884	
AFS investments:					
Mutual trust funds	_	_	152,301,120	152,301,120	
Debt securities:					
Government bonds	_	278,911,711	_	278,911,711	
Private bonds	41,363,863		_	41,363,863	
	P41,714,783	P284,569,379	P235,010,674	P561,294,836	

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

			2013		
	Aaa (PhilRatings)	Baa (PhilRatings)	Baa-B3 (Moody's)	Unrated	Total
Loans and receivables:	•	•	•		
Cash and cash equivalents	P-	P-	P-	P220,706,017	P220,706,017
Loans and receivables:					
Notes receivable	-	-	_	44,700,000	44,700,000
Accrued interest receivable	_	-	-	1,910,422	1,910,422
Dividends receivable	-	-	_	232,502	232,502
Other receivable	_	-	-	380,260	380,260
AFS investments:					
Equity securities	_	-	-	163,364,345	163,364,345
Debt securities:	_	-	_	-	-
Government bonds	_	-	-	48,775,911	48,775,911
Private bonds	-	-	-	32,634,166	32,634,166
	P-	P-	P-	P512,703,623	P512,703,623

			2012		
	Aaa	Ваа	Ваа-ВЗ		
	(PhilRatings)	(PhilRatings)	(Moody's)	Unrated	Total
Loans and receivables:			. , .		
Cash and cash equivalents	P–	P–	P-	P17,954,417	P17,954,417
Loans and receivables:					
Notes receivable	_	_	9,600,000	199,708,427	209,308,427
Accrued interest receivable	_	_	98,784	3,071,073	3,169,857
Dividends receivable	_	_	_	258,279	258,279
Other receivable	_	_	_	642,038	642,038
AFS investments:					
Equity securities	_	_	_	101,035,129	101,035,129
Debt securities:					
Private bonds	_	_	_	31,764,553	31,764,553
Government bonds	_	_	_	10,207,696	10,207,696
	P_	P_	P9,698,784	P364,641,612	P374,340,396

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

_	Aaa	Baa	Baa-B3		
	(PhilRatings)	(PhilRatings)	(Moody's)	Unrated	Total
Loans and receivables:					
Cash and cash equivalents Loans and receivables:	P-	P-	P-	P210,247,671	P210,247,671
Notes receivable			9,700,000	2,000,000	11,700,000
Accrued interest receivable	_	-	4,749	14,354,716	14,359,465
Due from brokers/investment	_	-	4,/49	14,334,710	14,339,403
managers	_	_	_	52,116,290	52,116,290
Other receivables	_	_	_	905,342	905,342
Long-term time deposits	_	_		1,350,000	1,350,000
AFS investments:	_	_	_	1,330,000	1,330,000
Equity securities	_	_	_	343,550,823	343,550,823
Mutual trust funds	_	_	_	87,071,420	87,071,420
Debt securities:	_	_	_	07,071,420	07,071,420
Government bonds	_	_	872,250,281	_	872,250,281
Private bonds	132,581,827	_	-	8,432,397	141,014,224
Tittale bollas	P132,581,827	P-	P881,955,030		P1,734,565,516
	1 102/501/02/	<u> </u>	1 001//00/000	1720/020/0371	1 1/7 0 -1/505/510
			2012		
	Aaa	Ваа	Ваа-ВЗ		
	(PhilRatings)	(PhilRatings)	(Moody's)	Unrated	Total
Loans and receivables:					
Cash and cash equivalents	P-	P-	P-	P134,225,112	P134,225,112
Loans and receivables:					
Notes receivable	_	_	_	146,491,663	146,491,663
Accrued interest receivable	3,025,114	8,287,589	5,293,117	1,906,584	18,512,404
Due from brokers/investment					
managers	_	_	_	19,589,864	19,589,864
Dividends receivable	_	_	_	1,464,368	1,464,368
Other receivables	_	_	_	264,661	264,661
Long-term time deposits	_	_	_	1,350,000	1,350,000
AFS investments:					
Equity securities	_	_	_	369,068,730	369,068,730
Mutual trust funds	_	_	_	94,992,755	94,992,755
Debt securities:					
Government bonds	_	469,483,368	304,870,831	_	<i>774</i> ,354,199
Private bonds	135,015,513	_			135,015,513
	P138,040,627	P477,770,957	P310,163,948	P769,353,737	P1,695,329,269

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

	2013			
	Aaa (PhilRatings)	Baa - B3 (PhilRatings)	Unrated	Total
Loans and receivables:				
Cash and cash equivalents	P-	P-	P80,670,942	P80,670,942
Short-term deposits	_	-	28,100,000	28,100,000
Loans and receivables:			-,,	-,,
Notes receivable	_	_	36,000,000	36,000,000
Accrued interest receivable	_	_	9,835,511	9,835,511
Dividend receivable	_	_	659,444	
Other receivables	_	_	108,562	
Long-term time deposits	_	_	42,000,000	/
AFS investments:			,,	,,
Equity securities	_	_	510,104,704	510,104,704
Debt securities:			0.0,.0.,.0.	010/101/201
Government bonds	_	486,220,147	_	486,220,147
Private bonds	40,412,068		132,996,093	
Titivale bolius	P40,412,068	P486,220,147		P1,367,107,471

	2012			
	Aaa (PhilRatings)	Baa - B3 (PhilRatings)	Unrated	Total
Loans and receivables:				
Cash and cash equivalents	P18,700,000	P-	P1,500,625	P20,200,625
Loans and receivables:				
Notes receivable	_	_	20,000,000	20,000,000
Accrued interest receivable	1,066,841	7,599,978	1,032,643	9,699,462
Dividend receivable			964,113	964,113
Due from brokers/investment managers	_	_	4,121,624	4,121,624
Other receivables	_	_	4,399	4,399
Long-term time deposits	_	_	42,500,000	42,500,000
AFS investments:			, ,	
Equity securities	_	_	368,829,144	368,829,144
Debt securities:			, ,	. ,
Government bonds	_	442,615,559	_	442,615,559
Private bonds	118,117,312	71,963,603	16,091,915	206,172,830
	P137,884,153	P522,179,140	P455,044,463	P1,115,107,756

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:

				2013			
	Aaa PhilRatings)	Aa (PhilRatings)	Aaa - A3 (Moody's)	Baa – B3 (Moody's)	Unrated	Impaired	Total
Loans and receivables:		•	•	•		•	
Cash and cash equivalents	P-	P-	P-	P-	P7,142,028	P-	P7,142,028
Loans and receivables:							
Notes receivable	-	-	-	-	30,318,524	318,524	30,637,048
Accrued interest receivable	-	-	-	9,443,208	12,591,929	-	22,035,137
Due from brokers/investment manage	rs –	-	-	-	2,275,089	-	2,275,089
Dividends receivable	_	-	-	-	499,221	-	499,221
Other receivables	_	-	-	-	1,557,513	-	1,557,513
Long-term time deposits	_	-	-	-	5,000,000	-	5,000,000
Investment in foreign currency-denominated not	es -	-	-	-	82,310,000	-	82,310,000
AFS investments:							
Equity securities	-	-	-	-	113,250,785	-	113,250,785
Mutual trust funds	-	-	-	-	339,367,696	-	339,367,696
Debt securities:							
Government bonds	-	-	-	572,794,545	136,554,539	-	709,349,084
Private bonds	-	-	-	23,248,897	233,113,155	-	256,362,052
HTM investments	-	-	_	421,750,173	-	-	421,750,173
	P-	P-	P-	P1,027,236,823	P963,980,479	P318,524	P1,991,535,826

				2012			
	Aaa	Aa	Aaa - A3	Baa - B3			
	(PhilRatings)	(PhilRatings)	(Moody's)	(Moody's)	Unrated	Impaired	Total
Loans and receivables:			. , .	. , .			
Cash and cash equivalents	P-	P-	P-	P-	P18,750,163	P-	P18,750,163
Loans and receivables:							
Notes receivable	-	_	_	-	148,406,772	318,524	148,725,296
Accrued interest receivable	874,889	55,183	_	22,001,476	1,270,777	_	24,202,325
Due from brokers/investment manag	ers –	_	_	-	2,583,059	_	2,583,059
Dividends receivable	-	_	_	-	252,618	_	252,618
Other receivables	-	_	_	-	844,284	_	844,284
Long-term time deposits	-	_	_	-	5,000,000	_	5,000,000
Investment in foreign currency-denominated no	otes –	_	84,426,000	-	-	_	84,426,000
AFS investments:						_	
Equity securities	-	_	_	-	20,437,968	_	20,437,968
Mutual trust funds	_	_	_	_	106,511,906	_	106,511,906
Debt securities:							
Government bonds	-	_	_	1,182,112,834	_	_	1,182,112,834
Private bonds	21,569,954	21,518,186		23,039,185	92,233,664	_	158,360,989
	P22,444,843	P21,573,369	P84,426,000	P1,227,153,495	P396,291,211	P318,524	P1,752,207,442

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:

	2013	2012
Cash and cash equivalents	P26,833,894	P40,893,227
Loans and receivables:		
Multi-purpose loans	100,909,116	87,562,503
Other receivables	1,972,995	2,990,902
	P129,716,005	P131.446.632

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):

		2013								
	Cash and		Investment in Foreign Currency-							
	Cash	Short-term	denominated	AFS Equity	AFS Mutual	AFS Debt	Loans and	Long-term	HTM	
	Equivalents	Time Deposit	Notes	Securities	Trust Funds	Securities	Receivables	Time Deposits	Investments	Total
Government	P320,900	P-	P-	P-	P-	P2,439,785	P41,969	P-	P421,750	P3,224,404
Financial intermediaries	307,316	28,100	82,310	141,342	597,416	56,706	157,736	48,350	-	1,419,276
Holding firms	-	-	-	275,466	-	271,787	3,878	-	-	551,131
Real estate and renting	-	-	-	215,124	-	152,762	18,622	-	-	214,892
Transportation, storage and communication	-	-	-	153,172	-	50,535	11,185	-	-	237,409
Food, beverages and tobacco	-	-	-	134,597	-	102,267	545	-	-	152,516
Electricity, gas and water	-	-	-	124,301	-	27,305	910	-	-	386,508
Individuals	-	-	-	-	-	-	102,882	-	-	102,882
Mining –	-	-	48,343	-	-	-	-	-	48,343	
Others -	-		37,925	-	-	-	-		37,925	
	628,216	28,100	82,310	1,130,270	597,416	3,101,147	337,727	48,350	421,750	6,375,286
Less allowance for credit losses	-	-		-	-	-	319	-	-	319
Total	P628,216	P28,100	P82,310	P1,130,270	P597,416	P3,101,147	P337,408	P48,350	P421,750	P6,374,967

		2012							
			Investment						
			in Foreign						
	Cash and		Currency-						
	Cash	Short-term	denominated	AFS Equity	AFS Mutual	AFS Debt	Loans and	Long-term	
	Equivalents	Time Deposit	Notes	Securities	Trust Funds	Securities	Receivables	Time Deposits	Total
Government	P109,522	P-	P-	P-	P-	P2,622,493	P48,779	P-	P2,780,794
Financial intermediaries	201,808	-	84,426	150,534	353,806	61,801	278,298	48,850	1,179,523
Holding firms	-	-	-	187,061	-	167,585	79,415	-	434,061
Food, beverages and tobacco	-	-	-	87,526	-	89,629	119,015	-	296,170
Real estate and renting	-	-	-	115,983	-	149,973	18,651	-	284,607
Electricity, gas and water	-	-	-	66,167	-	147,829	5,930	-	219,926
Transportation, storage and communication	_	_	_	107,239	_	21,570	70,831	_	199,640
Mining	-	_	_	119,994	-	_	-	-	119,994
Individuals	-	_	_	-	-	_	90,145	-	90,145
Others	_	_		24,867	_	_	_	_	24,867
	311,330	_	84,426	859,371	353,806	3,260,880	711,064	48,850	5,629,727
Less allowance for credit losses	_	_		_	_	_	319		319
<u>Total</u>	P311,330	P-	P84,426	P859,371	P353,806	P3,260,880	P710,745	P48,850	P5,629,408

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):

	2013					
	Carrying Amount	Less than 1 year	1 to 5 years	Over 5 years	Total	
Financial Assets			-	•		
Cash and cash equivalents	P628,215,539	P628,215,539	P-	P-	P628,215,539	
Short-term time deposits	28,100,000	28,822,482	-	-	28,822,482	
Investment in foreign currency-						
denominated notes	82,310,000	-	-	82,310,000	82,310,000	
AFS investments	4,828,833,515	447,546,268	1,230,358,051	3,499,843,972	5,177,748,291	
Loans and receivables	337,410,935	139,158,796	100,640,233	97,611,906	337,410,935	
Long-term time deposits	48,350,000	2,659,750	24,380,082	35,861,335	62,901,167	
HTM investments	421,750,173	35,737,000	305,976,821	203,453,799	545,167,620	
	6,346,870,162	1,282,139,835	1,661,355,187	3,919,081,012	6,862,576,034	
Financial Liabilities						
Accounts payable and other liabilities	45,386,391	45,386,391	-	-	45,386,391	
Members' deposits	17,298,326	17,298,326	-	-	17,298,326	
Benefits payable	7,893,925	7,893,925	-	-	7,893,925	
	70,578,642	70,578,642	-	-	70,578,642	
Net Liquidity Surplus	P6,276,291,520	P1,211,561,193	P1,661,355,187	P3,919,081,012	P6,791,997,392	

			2012		
	Carrying Amount	Less than 1 year	1 to 5 years	Over 5 years	Total
Financial Assets		•	•	•	
Cash and cash equivalents	P311,330,131	P311,330,131	P-	P-	P311,330,131
Investment in foreign currency-					
denominated notes	84,426,000	_	_	84,426,000	84,426,000
AFS investments	4,474,056,499	403,011,999	1,539,433,126	3,164,897,228	5,107,342,353
Loans and receivables	710,745,177	427,951,595	231,030,340	151,715,683	810,697,618
Long-term time deposits	48,850,000	33,729,393	18,343,192	1,350,000	53,422,585
	5,629,407,807	1,176,023,118	1,788,806,658	3,402,388,911	6,367,218,687
Financial Liabilities					
Accounts payable and other liabilities	131,741,212	131,741,212	_	-	131,741,212
Members' deposits	14,982,221	14,982,221	_	-	14,982,221
Benefits payable	4,691,469	4,691,469	_	_	4,691,469
	151,414,902	151,414,902		_	151,414,902
Net Liquidity Surplus	P5,477,992,905	P1,024,608,216	P1,788,806,658	P3,402,388,911	P6,215,803,785

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 table sets forth the sensitivity of the Association's net unrealized gain on AFS investments in 2013 and 2012 to a reasonably possible change in interest rates in investment in bonds with all other variables held constant:

	20)13	20)12
Change in interest rates (in basis points)	+25	-25	+25	-25
Change in net unrealized gain on AFS investments	(P8,626,747)	P27,066,800	(P48,193,486)	P52,080,189
As a percentage of net unrealized gain on AFS investments	(0.93%)	2.92%	(10.52%)	11.36%

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.

A 28% increase in the market value of publicly traded equity securities at period-end would have increased net unrealized gain on AFS investments by P=326.4 million for the year ended April 30, 2013. This analysis assumes that all other variables remain constant.

On the other hand, a 28% decrease in the market values of publicly traded equity securities at period-end would have an equal but opposite effect on the net unrealized gain or loss on AFS investments, on the basis that all other variables remain constant.

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:

	2013		20)12
	USD	Euro	USD	Euro
Cash and cash equivalents	\$387,077	-	\$872,526	_
Investment in foreign currency-denominated notes	2,000,000	_	2,000,000	_
AFS investments:				
Mutual trust funds	41,272,508	_	4,923,718	_
Debt securities	5,472,000	240,000	5,472,000	240,000
	\$49,131,585	240,000	\$13,268,244	240,000
Exchange rate	41.16	53.92	42.21	55.90
Net exposure	P2,022,305,158	P12,940,800	P559,986,237	P13,416,000

A 10% strengthening of the Philippine peso against foreign currencies as of April 30, 2013 and 2012 would have decreased investment income by P9.83 million and P12.12 million, in 2013 and 2012, respectively, and net unrealized gain by P194.68 million and P45.22 million in 2013 and 2012, respectively.

A 10% weakening of the Philippine peso against foreign currencies as of April 30, 2013 and 2012 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:

	2013	2012
Cash in bank	P97,127,826	P148,120,191
Cash equivalents	531,087,713	163,209,940
	P628,215,539	P311,330,131

Cash in bank earns interest at respective bank deposit rates.

Cash equivalents earn interest ranging from 1.5% to 7.5% and from 0.25% to 4.13% in 2013 and 2012, respectively.

8. Available-for-Sale Investments

This account consists of:

	2013	2012
Equity securities	P1,130,270,657	P859,370,971
Mutual trust funds	597,416,238	353,805,781
Debt securities:		
Government bonds	2,439,785,269	2,688,201,999
Private bonds	661,361,351	572,677,748
	P4,828,833,515	P4,474,056,499

AFS debt securities consist of investments in bonds earning interest ranging from 2.5% to 11.48% in 2013 for peso-denominated bonds, and from 4.00% to 8.25% in 2013 for foreign currency-denominated bonds.

Movements in net unrealized gain on AFS investments follow:

	2013	2012
Balance at beginning of the year	P458,770,349	P326,873,416
Unrealized gain on AFS investments	690,249,036	278,368,733
Realized gain taken to profit or loss	(228,663,648)	(146,471,800)
Impairment loss recycled to profit or loss	6,659,362	_
Balance at end of the year	P927,015,099	P458,770,349

AFS equity securities would amount to P1.14 billion and P0.86 billion as of April 30, 2013 and 2012, respectively, using close price instead of bid price.

The gain (loss) on sale of AFS investments by class follows:

	2013	2012
Mutual trust funds	P37,200,347	(P13,386,196)
Equity securities	86,726,377	97,132,727
Debt securities	104,736,924	62,725,269
	P228,663,648	P146,471,800

9. Loans and Receivables

This account consists of:

	2013	2012
Notes receivable	P122,718,524	P524,525,386
Multi-purpose loans (Note 22)	100,909,116	87,562,503
Due from brokers/investment managers	54,391,379	29,665,431
Accrued interest receivable	53,172,726	61,624,719
Others	5,146,547	4,746,284
Dividends receivable	1,391,167	2,939,378
	337,729,459	711,063,701
Less allowance for credit losses	318,524	318,524
	P337,410,935	P710,745,177

Multi-purpose loans earn interest ranging from 3.28% to 6.62% and from 1.79% to 12.00% in 2013 and 2012, respectively. Notes receivable earn interest ranging from 4.75% to 10.53% and from 2.50% to 10.53% in 2013 and 2012, respectively.

As of April 30, 2013 and 2012, the Association's notes receivable that is fully provided with allowance amounting to P0.32 million, are considered clean loan.

Movement in allowance for credit losses follows:

	2013	2012
Balance at the beginning of the year	P318,524	P2,318,524
Recovery from credit losses	-	(2,000,000)
Balance at the end of the year	P318,524	P318,524

Recovery from credit losses is included under 'Miscellaneous income' in the statements of operations.

10. Held-to-Maturity Investments

HTM investments consist of investment in bonds earning interest ranging from 8.88% to 11.48% as of April 30, 2013.

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 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 P=441.43 million as at reclassification date.

HTM investments reclassified from AFS securities have the following details as at the reclassification date and as at and for the fiscal year ended April 30, 2013:

As at reclassification date	
Face value	P341,200,000
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% - 5%
As at and for the fiscal year ended April 30, 2013	
Carrying value	P421,750,173
Fair value	471,090,655
Net unrealized gains	<i>7</i> 7,961,2 <i>7</i> 8
Amortization of net premiums	19,681,291

The Association expects to recover 100% of principal and interest totaling P350.68 million as at the reclassification date. No impairment loss on the reclassified securities was recognized as of April 30, 2013.

Had the investments in bonds been classified as AFS investments, net assets available for distribution to members as of April 30, 2013 would be increased by P49.34 million.

11. Property and Equipment

The composition of and movements in this account follow:

	2013					
	Condominium	Office	Furniture and	Furniture and Transportation	Office	
	Units	Equipment	Fixtures	Equipment	Improvements	Total
Cost		• •		• •	•	
Balance at beginning of year	P69,490,210	P4,639,723	P2,406,196	P5,164,485	P8,992,529	P90,693,143
Acquisition	-	745,319	205,694	-	-	951,013
Disposals	-	(139,325)	-	-	-	(139,325)
Balance at end of year	69,490,210	5,245,717	2,611,890	5,164,485	8,992,529	91,504,831
Accumulated Depreciation and						
Amortization						
Balance at beginning of year	11,581,702	2,889,121	1,223,745	2,101,721	6,031,934	23,828,223
Depreciation and amortization	1,654,529	503,661	281,974	437,349	845,714	3,723,227
Disposals	-	(110,621)	-	-	-	(110,621)
Balance at end of year	13,236,231	3,282,161	1,505,719	2,539,070	6,877,648	27,440,829
Net Book Value at End of Year	P56,253,979	P1,963,556	P1,106,171	P2,625,415	P2,114,881	P64,064,002

	2012					
	Condominium	Office	Furniture and	Transportation	Office	
	Units	Equipment	Fixtures	Equipment	Improvements	Total
Cost						
Balance at beginning of year	P69,490,210	P4,461,142	P2,175,057	P5,005,241	P8,800,529	P89,932,179
Acquisition	_	348,531	231,139	1,460,450	192,000	2,232,120
Disposals	_	(169,950)	_	(1,301,206)	_	(1,471,156)
Balance at end of year	69,490,210	4,639,723	2,406,196	5,164,485	8,992,529	90,693,143
Accumulated Depreciation and						
Amortization						
Balance at beginning of year	9,927,173	2,513,040	971,876	2,690,697	5,118,754	21,221,540
Depreciation and amortization	1,654,529	479,028	251,869	668,857	913,180	3,967,463
Disposals	_	(102,947)	_	(1,257,833)	_	(1,360,780)
Balance at end of year	11,581,702	2,889,121	1,223,745	2,101,721	6,031,934	23,828,223
Net Book Value at End of Year	P57,908,508	P1,750,602	P1,182,451	P3,062,764	P2,960,595	P66,864,920

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

	2013	2012
Property and equipment	P3,723,227	P3,967,463
Software costs (Note 12)	835,917	1,183,128
•	P4,559,144	P5,150,591

As of April 30, 2013 and 2012, the gross amount of fully depreciated property and equipment still in use by the Association amounted to P1.64 million and P1.74 million, respectively.

12. Software Costs

The movements in this account follow:

	2013	2012
Cost		
Balance at beginning of year	P8,370,433	P8,032,116
Additions	458,654	338,317
Balance at end of year	8,829,087	8,370,433
Accumulated Amortization		
Balance at beginning of year	4,599,833	3,416,705
Amortization during the year	835,917	1,183,128
Balance at end of year	5,435,750	4,599,833
Net Book Value at End of Year	P3,393,337	P3,770,600

13. Investment Properties

The movements in this account follow:

	2013	2012
Balance at beginning of year	P86,603,000	P86,603,000
Increase in fair value	6,931,332	
Balance at end of year	P93,534,332	P86,603,000

Total rent income earned from investment properties amounted to P4.62 million and P3.66 million in 2013 and 2012, respectively, which are included under 'Miscellaneous income'. Direct operating expenses related to investment properties amounted to P1.20 million and P1.85 million for 2013 and 2012, respectively, which are included under 'Investment expenses'.

14. Accounts Payable and Other Liabilities

This account consists of:

	2013	2012
Accounts payable and accrued expenses	P25,377,358	P13,475,475
Due to brokers	14,291,576	98,545,399
Investment fee payable (Note 16)	4,697,684	8,740,859
Withholding tax payable	3,468,658	2,958,782
Dividends to members	422,735	10,550,394
Others	597,038	429,085
	P48,855,049	P134,699,994

15. Maturity Profile of Assets and Liabilities

The following table presents the assets and liabilities by contractual maturity and settlement dates as of April 30, 2013 and 2012 (in thousands):

	2013		2012			
	Due Within	Due Beyond		Due Within	Due Beyond	_
	One Year	One Year	Total	One Year	One Year	Total
Financial Assets						
Cash and cash equivalents	P628,216	P-	P628,216	P311,330	P-	P311,330
Short-term time deposit	28,100	-	28,100	_	-	_
Investment in foreign currency-						
denominated notes	82,310	_	82,310	_	84,426	84,426
Loans and receivables	138,324	199,406	337,730	401,125	309,939	711,064
AFS investments	263,843	4,564,991	4,828,834	147,045	4,327,012	4,474,057
Held-to-maturity investments	-	421,750	421,750			
Long-term time deposits	-	48,350	48,350	32,500	16,350	48,850
·	1,140,793	5,234,497	6,375,290	892,000	4,737,726	5,629,727
Nonfinancial Assets						
Property and equipment	-	91,505	91,505	_	90,693	90,693
Software costs	-	8,829	8,829	_	8,371	8,371
Investment properties	-	93,534	93,534	-	86,603	86,603
Other assets	-	2,812	2,812	_	210	210
	-	196,680	196,680	_	185,877	185,877
	1,140,793	5,431,177	6,571,970	892,000	4,923,603	5,815,604
Less: Allowance for credit losses	319	-	319	319	_	319
Accumulated depreciation and amortization	-	32,877	32,877	_	28,428	28,428
· -	319	32,877	33,196	319	28,428	28,747
	P1,140,474	P5,398,300	P6,538,774	P891,681	P4,895,175	P5,786,857

	2013			2012		
	Due Within	Due Beyond		Due Within	Due Beyond	
	One Year	One Year	Total	One Year	One Year	Total
Financial Liabilities						
Accounts payable and other liabilities	P45,386	P-	P45,386	P131,741	P_	P131,741
Members' deposits	17,298	-	17,298	14,982	_	14,982
Benefits' payable	7,894	-	7,894	4,691	_	4,691
	70,578	-	70,578	151,414	_	151,414
Nonfinancial Liabilities						
Contributions deposit	4,583	-	4,583	10,006	_	10,006
Withholding tax payable	3,469	-	3,469	2,959	_	2,959
	8,052	-	8,052	12,965	_	12,965
	P78,630	P-	P78,630	P164,379	P_	P164,379

16. Fund Management Agreements

The BOT entered into investment management agreements with BPI - Asset Management and Trust Group, MBTC - Trust Banking Group, BPI Odyssey (formerly ING - Trust Department), BDO - Private Bank and ATR. 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, 2013 and 2012, about 74% and 69%, 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 amounting to are included under 'Investment expenses' in the statements of operations.

17. 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.

18. Deductions from Members' Equity

This account consists of:

	2013	2012
Retirement	P197,753,057	P184,975,207
Repurchase of plans	124,133,558	120,752,315
Payment of benefits from reserve fund	99,069,517	83,563,488
Separation from service	14,699,055	14,626,037
Death benefits	7,048,172	8,531,468
Pension payouts	406,444	410,142
Deposit from benefit claims	9,002,220	11,476,231
Disability	-	103,292
Other adjustments	4,836,048	1,930,238
	P456,948,072	P426,368,418

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.

19. General and Special Reserves

General reserves 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 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 10.02% for FY 2012-2013 and 9.00% for FY 2011-2012.

20. 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 include annual escalation clause ranging from 5.00% to 10.00%. As of April 30, 2013 and 2012, the Association has no contingent rent receivable. Total rent income earned by the Association amounted to P3.66 million and P3.05 million in 2013 and 2012, respectively, which are included under 'Miscellaneous income'.

Future minimum rental receivables under operating leases follow:

	2013	2012
Within one year	P3,350,077	P2,769,280
After one year but not more than five years	196,875	2,972,600
•	P3.546.952	P5.741.880

21. Operating Expenses

This account consists of:

	2013	2012
Salaries, wages and allowances (Note 22)	P30,457,187	P28,161,578
Depreciation and amortization (Note 11)	4,559,144	5,150,591
Social security costs and other employee benefits	3,921,389	2,372,073
Light and water	1,978,623	1,889,200
General meeting	1,579,847	1,019,775
Repairs and maintenance	1,457,714	1,282,142
Communications	1,449,087	1,494,410
Medical and recreation	1,089,676	1,188,672
Professional fees	984,943	2,639,261
Meetings and representation – BOT	795,812	2,680,026
Meetings and representation	520,277	526,929
Top Outstanding PERAA Member	449,459	423,649
Security services	348,292	307,519
Office supplies	183,509	485,263
Miscellaneous	1,998,790	3,087,578
	P51,773,749	P52,712,145

Professional fees in 2012 include audit fees, retainers' fees and consultants' fees for the registration of PERA, Inc. as a non-stock and non-profit corporation. The BOT incorporated PERA, Inc. for purposes of providing support services in the administration of the PERAA fund.

Meeting and representation - BOT expense in 2012 includes travel expenses for business meetings held abroad.

Retirement benefits

Retirement expense recognized by the Association under a defined contribution retirement plan amounted to P2.47 million and P0.76 million in April 30, 2013 and 2012, respectively. The employee's retirement fund is invested with PERAA.

22. Related Party Transactions

Compensation of key management personnel

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

	2013	2012
Short-term benefits	P15,995,606	P14,393,011
Retirement contributions	493,574	439,309
	P16,489,180	P14,832,320

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 P100.91 million and P87.56 million as of April 30, 2013 and 2012, respectively. Multi-purpose loans earn interest ranging from 1.79% to 12.00% and from 2.29% to 2.46% in 2013 and 2012, respectively. 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'.

23. 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 nil and P1.64 million as of April 30, 2013 and 2012, respectively.

24. 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, 2013 and 2012, 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.

25. Approval for the Release of Financial Statements

The accompanying comparative financial statements of the Association were authorized for issue by the BOT on September 30, 2013.

ADMINISTRATORS' CONFERENCE

INVOCATION



"HOLY TRINITY, we thank you for your blessings upon PERAA for its continued success and growth as a retirement fund. Holy Triune God, we also ask for your enlightenment so that we may be guided here in PERAA to make sure that we serve, to the fullest, the interests of all our stakeholders."

DR. ELIZABETH Q. LAHOZ *Trustee at-large*

OPENING REMARKS



"We consider this PERAA Administrators' Conference extra special because it marks PERAA's fourth decade of existence: FOUR decades of solid service and performance. It remains true to its mission of strengthening retirement security among human resources of private education."

DR. PATRICIA BUSTOS-LAGUNDA Trustee from Luzon

Trustee from Luzon (Master of Ceremonies)

WELCOME REMARKS



"Thank you for coming and honoring PERAA with your presence. Your presence shows us how much you value PERAA's work and the importance of adequate retirement funds for your employees."

FR. ANTONIO S. SAMSON, SJ

Chairman/Trustee from Visayas

INTRODUCTION OF SPEAKERS

"Mr. Phillip Frederick S. Hagedorn, currently the Chief Investment Officer, Investment Director and Portfolio Manager for Philippine Equities of ATR Kim Eng Asset Management. Mr. Hagedorn is also a Director at Phelps Dodge Philippines and ATR Kim Eng Insurance Brokers. He is also a former trustee of the Fund Managers Association of the Philippines."



FR. JOHN CHRISTIAN U. YOUNG
Trustee from Mindanao

"Mr. Emmanuel Joseph M.
Nepomuceno, the highest rated instructor in the Internet and Mobile Marketing Association of the Philippines or IMMAP's Certified Digital Marketer Program. In 2012, he joined BBDO [merger of Barton, Durstine and Osborn and Batten Co.] Guerrero as Digital Director and Head of Proximity."

PHILIPPINE SITUATIONER



"Two (2) very clear signs of where the country is, financially; and where sentiment is as far as investors are concerned; what they believe have value in these markets and in our country today... The game changer is the PPP and the investment cycle to start to kick in. This could become the source of new jobs in the country. This will be the new Philippines."

MR. PHILLIP FREDERICK S. HAGEDORN

Chief Investment Officer; Investment Director Portfolio Manager for Philippine Equities ATR Kim Eng Asset Management

THE PERAA FUND PERFORMANCE

"So those of you planning to put up a building or take out loans, it's good to do it but for the fund it is a challenging time or what we call low interest environment and basically means that whether it is a corporate debt issuance or a gov't debt issuance the interest rate will be low."





CLOUD COMPUTING



"Anytime you have a cluster of servers and you are not transparent to people as to what computers they're accessing, you have a system that we call the Cloud. You can have it inside your network but typically, when you talk about the Cloud, you mean something outside your school's network."

MR. EMMANUEL M. NEPOMUCENO Head, Proximity Agency, BBDO

OPEN FORUM 1 MODERATOR



DR. BEN S. MALAYANG III

Trustee at-large
(formerly Trustee from ACSCU)

OPEN FORUM 2 MODERATOR



DR. KAREN BELINA F. DE LEON Trustee at-large

CLOSING REMARKS



"We would like to thank you all for your patience and particularly, for your attendance ... Please relay all the things you've heard in our Administrators' Conference today, to your colleagues in your offices so that they will be well informed about the development in your retirement fund."

"Is there a chance that our growth is being manipulated? Because we have our money, our investment is secured but maybe we can ask our BOT to look for some investment outside the usual investment that we had because of the positive response of the market."

MR. WILSON D. GUANZON Treasurer of Bacolod Christian College of Negros, Inc. Bacolod City



(Mr. Hagedorn. "I believe that the markets are a lot more transparent than they used to be... the Central bank has been a lot tougher with the banks nowadays as far as keeping ratios and making sure what happened back in the Asian crisis does not happen again.")

DR. REYNALDO C. BAUTISTA

Vice Chairman/Trustee at-large

PERFORMERS



"We are all aware of the K-12 coming in and the effects of this K-12 will be sometime 2016 to 2018. Will our BOT think about our faculty members being able to get better loans during that time because I'm sure that in that particular time, we don't have any freshmen coming in to all our Universities?"





(Dr. Fabella. "The big picture is not through PERAA but some of the PERAA board members are very involved in the K-12 policy discussions... If you look at the proposed Curricula, the Freshmen will be moved to Grades 11 and 12. I think the proposal right now is the GenEd which is 64 units will be brought down to 36 or 39 units. Secondly, we are about to start discussions on PPP's for education and what that basically means is that Private Colleges and Universities may have a chance to running Grades 11 and 12 public schools that demands for the Teachers. Third is on the LET, part of the bill is to be lax on requiring LET to teaching Grades 11 and 12. The bills have no real opponents so we expect them to pass. Fourth is Senator Angara is trying to push for soft-loan provisions for faculty but I'm not sure if that's already in a final form.")



"Microsoft is asking us to pay for the licenses in every unit of computer we have. We have about 19 units and that is really our problem."

REV. DR. SERGIO A. ROJO, JR.President of Bacolod Christian
College of Negros, Inc., Bacolod City

(Mr. Nepomuceno. "You are actually being asked to pay 2 kinds of licenses. The first is the license for the operating system. And that is for Windows itself. This one I don't think you can avoid but this is the cheaper of licenses that you pay for... My best suggestion is to go back to what your purpose is. And if you're teaching just the basics maybe you don't need Office but Windows, the Operating System, you should get.")

"I'm interested to ask suggestions from you on how to integrate technology into the curriculum but approaching the curriculum with online teaching, what safeguards must be followed so that the approach will really ensure quality learning without losing values."

DR. JOSE P. MAINGGANG Executive Director of Lorma Colleges,

Executive Director of Lorma Colleges, San Fernando City, La Union

(Mr. Nepomuceno. "Your institution will have to ask what the role of technology is in the lives of the students you are forming. And from there, what I hope will happen is that you'll be able to discern.")





"The fund performed well under challenging circumstances. My question is under the same circumstances, what could we have done differently?"

DR. VICTOR SD. ORTEGAPresident of University of Saint Anthony, Iriga City

(Dr. Fabella. "It's usually one of two things..., I would probably bring our foreign currency a little bit more lower... Everyone is saying the peso is appreciating, so every time you invest in a foreign currency it really has to do well because you are already fighting depreciation. But we have a very low dollar holding. If we had moved out of that, I don't think we'll have gotten a very big kick in our return and there's no converse that some currency diversity is still important.")

PERFORMERS





EMCEES



Ms. Robynne R. Reyes & Mr. Marvin M. Enderes from Colegio San Agustin, Makati City

THE 33RD ANNUAL MEETING



THE PERAA BOARD OF TRUSTEES - STEWARDS OF THE MEMBERS' FUND



"I wish to assure you that PERAA will continue to focus on the safety of the funds entrusted to it, the achievement of competitive yields, and on responsible and hopefully, imaginative fund management and improved services to its member institutions and member employees."

FR. ANTONIO S. SAMSON, SJ Board Chairman



TREASURER'S REPORT

"With the pervading uncertainty and fear of a recurring global recession, the Board has considered reducing highrisk but high earning Equity exposure and increasing placements on fixed-income securities which give low interest rates but keep the fund safer. The bottom line is to make a stable asset allocation."

DR. VINCENT K. FABELLA

REPORT ON PERAA OPERATIONS



"For the past 40 years, PERAA has moved forward, steadily, and has taken a strong foothold in retirement fund management for private education, despite economic debacles including the continuing global crises. On my part, I have made a commitment that when I step down from the Presidency, 5 or 10 years from now, I would be leaving a legacy – a more secure and more knowledgeable membership as regards growing funds, more efficient services and certainly an expanded membership base."

BERNADETTE M. NEPOMUCENO President

VERIFICATION OF QUORUM

"There is a quorum with 60.98% of the Total Accumulated Value of PERAA Participating Institutions as of April 30, 2012 well represented, with 44.48% in attendance and 16.50% represented by proxies."

ATTY. JOSEPH JASON M. NATIVIDAD, Board Secretary [The External Auditor, Sycip Gorres Velayo & Co. (SGV) certified the quorum.]





APPROVAL OF THE MINUTES AND APPROVAL OF THE AUDITED **FINANCIAL REPORTS**

MR. WILSON D. GUANZON, Treasurer of Bacolod Christian College of Negros, Inc., moved for the approval of the minutes as corrected. With the motion duly seconded by Ms. Charito C. Francisco (photo below), Comptroller of Assumption Antipolo, Inc. and hearing no motion for discussion, amendment or objection to the approval of the minutes, the Chairman declared the Minutes of the 32nd Annual Meeting as

Mr. Wilson also moved for the approval of the Audited Financial Report. Motion duly seconded was approved.



COMMENDATION

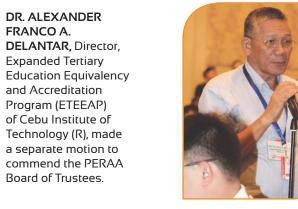
MR. ALVIN LYNN P. **BERGANTE**, President of Southern Baptist College made a motion to commend the Treasurer of PERAA, Dr. Vicente K. Fabella, the Board, Management and Staff for responsible management of the PERAA Fund.



MR. BERGANTE moved for the ratification of all actions of the Board of Trustees for fiscal year 2011-2012.



APPROVAL OF THE RETENTION OF PRESENT EXTERNAL AUDITOR





REV. DR. SERGIO A. ROJO, JR., President of Bacolod Christian College of Negros, Inc. made a motion, duly seconded, to approve the retention of SGV & Co. as PERAA's external auditor for FY 2012-2013.



INSTITUTIONAL AWARDEES

2012 OUTSTANDING PARTICIPATING INSTITUTIONS (OPI)

(The) Outstanding Participating Institution CAVITE INSTITUTE

Silang, Cavite Membership Effectivity: June 1975 President: Mr. Joselito K. Belamide

First Runner-up University of St. La Salle Bacolod City

Membership Effectivity: May 1997 President: Bro. Raymundo B. Suplido, FSC Second Runner-up
Ateneo de Iloilo, Inc.
Iloilo City

Membership Effectivity: June 1975 President: Fr. Joseph Y. Haw, SJ



Criteria

- Up-to date employer contribution for the last five years
- Increase in Gross Contribution
- Five-Year Average Increase in Gross Contribution
- Increase in New Employees
- Five-Year Average Increase in Accumulated Value
- High Per Capita Value
- At least 50 employees based on last PRL
- At least Php 5 million Accumulated Value

2012 OUTSTANDING PARTICIPATING INSTITUTIONS (OPI)

(L-R) ATENEO DE ILOILO, Iloilo City represented by Mr. Mark Anthony C. Yap, Treasurer; UNIVERSITY OF ST. LA SALLE, Bacolod City represented by Mr. Ernest Marvin S. Latiza, HRDS Director and Dr. Jocelyn J. Aragon, Vice Chancellor for Finance; CAVITE INSTITUTE, Silang, Cavite represented by Mr. Joel A. Gemanil, Head, Admin and Finance with Ms. Bernadette M. Nepomuceno, PERAA President and Dr. Reynaldo C. Bautista, Vice Chairman/Trustee-at-large.



PLATINUM AWARD (P50 Million A.V.)

2013 Awardee

Holy Cross of Davao College Davao City

2012 Platinum Awardee

ANGELICUM COLLEGE, INC., Quezon City represented by Mr. Danny Sasis, Purchasing Officer (center) with Ms. Bernadette M. Nepomuceno, PERAA President (L) and Dr. Reynaldo C. Bautista, Vice Chairman/Trustee-at-large(R)

INSTITUTIONAL AWARDEES

MEGA CIRCLE (P10 Million A.V.)

2013 Awardees

- Immaculate Heart of Mary Academy
 Mati, Davao Oriental
- Lorenzo Ruiz De Manila School Cainta, Rizal
- 3. Olivarez College Parañaque City
- 4. Saint Gregory Academy Indang, Cavite
- 5. Saint Louis School Dumaguete City
- St. Joseph School of San Jose City Nueva Ecija, Inc. San Jose City



2012 Mega Circle

(L-R) CAVITE INSTITUTE, Silang, Cavite represented by Mr. Joel A. Gemanil, Head, Admin & Finance; GOOD SHEPHERD CHRISTIAN SCHOOL, Mandaluyong City represented by Mrs. Delna C. Moralita, School Administrator/Principal; NAGA PAROCHIAL SCHOOL, Naga City represented by Rev. Fr. Rex Andrew C. Alarcon, Director; SILLIMAN UNIVERSITY, Dumaguete City represented by Atty. Sheila Catacutan-Besario, Faculty, College of Law; SOUTHERN BAPTIST COLLEGE, M'lang, Cotabato represented by Mr. Alvin Lynn P. Bergante, President

MULTI-MILLIONAIRES CLUB (P5 Million A.V.)

2013 Awardees

- Angelicum School-Iloilo Iloilo City
- Casa Montessori Internationale, Inc. Makati City
- 3. Dominican College of Sta. Rosa Laguna, Inc. Santa Rosa, Laguna
- 4. Edna's School Dagupan City
- EMA EMITS College Philippines Inc. Pinamalayan, Oriental Mindoro
- Mother Goose Montessori Center of Samson Educ'l Inst., Inc. Urdaneta, Pangasinan



2012 Multi-Millionaires Club

(L-R) IMMACULATE CONCEPTION ACADEMY, Dasmariñas, Cavite represented by Ms. Celia Rasing, Director; PHILIPPINE CHRISTIAN GOSPEL SCHOOL, Cebu City represented by Dr. Wanda Po Liam Giok, Directress; THE COLLEGE OF MAASIN, Maasin, Southern Leyte represented by Dr. Miguel T. Udtohan, President with Dr. Vicente K. Fabella, Treasurer/Trustee from NCR (extreme L) and Dr. Elizabeth Q. Lahoz, Trustee-at-large (extreme R)

- 7. The Seed Montessori School, Inc. Quezon City
- 8. (The) Roman Catholic Bishop of Cubao, Inc. Quezon City
- 9. Zamora Memorial College, Inc. Bacacay, Albay

INSTITUTIONAL AWARDEES

MILLIONAIRES CLUB (P1 MILLION A.V.)



2012 Millionaires Club

(L-R) AGUSAN DEL SUR COLLEGE, Agusan del Sur represented by Dr. Inocencio P. Angeles, President; ACCESS COMPUTER AND TECHNICAL SCHOOLS, Caloocan City represented by Ms. Leonora Malibiran, Personnel Head; ASIAN THEOLOGICAL SEMINARY, Quezon City represented by Dr. Fernando C. Lua, VP for Admin/Finance; JOSE MARIA COLLEGE, Davao City represented by Ms. Laurice P. Nepomuceno, Kingdom of Jesus Christ-HRMD Admin Head; MATS COLLEGE OF TECHNOLOGY, Davao City represented by Mr. Senforiano I. Alterado, Jr., Board of Trustees with Dr. Ben S. Malayang III, Trustee at-large (extreme L) and Dr. Patricia Bustos-Lagunda, Trustee from Luzon (extreme R). Inset: SMALL WORLD CHRISTIAN SCHOOL FOUNDATION, Baguio City represented by Mr. Ernesto D. Casuga, President/CFO

2013 Awardees

- Cristo Rey Regional High School Saint Bernard, Southern Leyte
- 2. Dasol Catholic School Dasol, Pangasinan
- Galang Medical Center School of Nursing Sta. Cruz, Manila
- 4. General Baptist Bible College Davao City
- Gerona Institute, Inc. (formerly St. Catherine's Academy of Gerona, Inc.) Gerona, Tarlac
- 6. Holy Trinity College Bato, Camarines Sur
- IETI College of Science and Technology (San Pedro), Inc. San Pedro, Laguna
- 8. Immaculate Conception Archdiocesan School De Calarian Zamboanga City

- 9. Institute of Formation & Religious Studies Quezon City
- Inter-Global Maritime College, Inc. Lucena City
- International Electronics & Technical Institute Las Piñas City
- International Electronics & Technical Institute Imus, Cavite
- International Electronics & Technical Institute, Inc. Calamba, Laguna
- 14. Interworld Colleges Foundation, Inc. Paniqui, Tarlac
- L' Altra Montessori School, Inc. Angeles City
- Letran De Davao, Inc. Tagum City
- 17. Lourdes Academy San Miguel, Zamboanga del Sur

- Loyola High School Olutanga, Zamboanga del Sur
- Luzon Technical Institute San Antonio, Zambales
- 20. Malindig Institute Santa Cruz, Marinduque
- 21. Marymount Child Development Center, Inc. Quezon City
- 22. Mercedarian School, Inc. Quezon City
- 23. Pangarungan Islam Colleges Marawi City
- 24. Panpacific University North Philippines Urdaneta, Pangasinan
- 25. Pax High School Margo sa Tubig, Zamboanga del Sur
- 26. Saint Andrew Catholic High School Bugallon, Pangasinan

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PRESTIGE CLASS (P1 Million Employee's A.V.)



2012 Prestige Class

(L-R) MS. JOSEPHINE P. CABRERA, Angelicum College, Inc., Quezon City; MR. ROLANDO V. ACENITA, Angelicum College, Inc., Quezon City; MS. MELBA SUSAN B. TALABIS, Angelicum College, Inc., Quezon City; MS. MA. VICTORIA M. CUSTODIO, Angelicum College, Inc., Quezon City; MS. MILA M. DELOS REYES, Angelicum College, Inc., Quezon City; MR. DANNY M. SASIS, Angelicum College, Inc., Quezon City; MS. MARILYN I. MARIANO, Ateneo de Zamboanga University, Zamboanga City; MS. GLORIFINA T. APILADO and MR. MARGARITO Y. SALAR, Brent School, Inc., Baguio City represented by Ms. Marissa D. Caluya; MS. CARMELITA C. CONDECIDO, Claret School, Quezon City; MS. CAROLINA R. CALIP, Claret School, Quezon City; MS. ELIZABETH R. CALENDAS, Claret School, Quezon City.



(L-R) MS. JOSEPHINE M. CEREZO, Colegio San Agustin, Makati City; MS. SAMIA D. ABDUL, Dansalan College, Marawi City represented by Dr. Fedelinda B. Tawagon; MS. ARMIE C. JULARBAL, Dansalan College represented by Ms. Editha G. Andam; MS. MARY ROSE C. IMPERIAL, East Asia Educational Foundation, Inc., Sampaloc, Manila; MS. ELSA M. CANLAS, Private Education Retirement Annuity Association, Makati City; MS. JUDITH M. PITERO, Maria Montessori Foundation, Inc., Muntinlupa City; Dr. Jose P. Mainggang, Lorma Colleges, San Fernando City, La Union; MS. MA. CRISTINA F. BATE and YOLANDA I. TATAD, Jose Rizal University, Mandaluyong City represented by Ms. Carmela F. Bate; MS. FE B. AQUINO and MR. THEODORE U. CALAGUAS, Jose Rizal University, Mandaluyong City represented by Ms. Carolina A. Fernandez; MS. PILARCITA M. GELUZ, Elizabeth Seton School, Las Piñas City.

2013 Awardees

- 1. Catherine T. Bardenas Angelicum College, Inc.
- 2. Ma. Criselda A. Punay Angelicum College, Inc.
- 3. Ma. Ana F. Regino Angelicum College, Inc.
- Eufrosina P. Mines Assumption College Of Davao, Inc.
- 5. Venus F. Rosello Ateneo De Davao University
- 6. Roseller D. Del Mundo Ateneo De Zamboanga University

- 7. Teresita G. Montaño Ateneo De Zamboanga University
- 8. Flordeliza A. Castro Baliuag University
- 9. Monina B. Santos Baliuag University
- 10. Ursula B. Daoey Brent School, Inc.
- 11. Rosalinda R. Deleste Capitol University, Inc.
- 12. Ma. Raina Arana Cebu Institute of Technology

- 13. Osita L. Catipay Cebu Institute of Technology
- John Gregory Escario Cebu Institute of Technology
- Coleta L. Esplanada Cebu Institute of Technology
- Benjamin M. Santos
 Center for Educational Measurement
- 17. Cristina D. Viray
 Center for Educational Measurement
- Praxedes Eddie B. Betchido Claret School



The Administrators of the 2012 TOPM Winners

(L-R) ATENEO DE ZAMBOANGA UNIVERSITY, Zamboanga City represented by Ms. Marilyn I. Mariano, Registrar; CEBU INSTITUTE OF TECHNOLOGY UNIVERSITY, Cebu City represented by Dr. Alexander Franco A. Delantar, Dean College of Commerce; COLEGIO DEL SAGRADO CORAZON DE JESUS, Iloilo City represented by Dr. Ma. Helena Desiree M. Terre, Chair, Vincentian Management Team; FATHER SATURNINO URIOS UNIVERSITY, Butuan City represented by Fr. John Christian U. Young, President; HOLY TRINITY COLLEGE OF GENERAL SANTOS CITY, General Santos City represented by Dr. Rey T. Albano, President; TECHNOLOGICAL INSTITUTE OF THE PHILIPPINES, Quezon City represented by Dr. Elizabeth Q. Lahoz, President; UNIVERSITY OF ST. LA SALLE, Bacolod City represented by Dr. Jocelyn J. Aragon, Vice Chancelor for Finance and Mr. Ernest Marvin S. Latiza, HRDS Director; UNIVERSITY OF BAGUIO, Baguio City, represented by Dr. Reynaldo C. Bautista, Chairman, Emeritus and Ms. Benilda Narcelles; JOHN B. LACSON FOUNDATION MARITIME UNIVERSITY-MOLO, Iloilo City represented by Dr. Edmundo Pragados, Unit Quality Manager; TAY TUNG HIGH SCHOOL, Bacolod City represented by Philip Carpina, Faculty with Fr. Antonio S. Samson, SJ (center); PERAA President Bernadette M. Nepomuceno (5th from R)

from page 53 • PRESTIGE CLASS



(L-R) MS. ELMA M. NEYRA, Southern Christian College, Midsayap, North Cotabato; DR. MARIA ELENA B. BUGACIA, Southern Christian College, Midsayap, North Cotabato represented by Ms. Elma M. Neyra; Ms. TERESITA P. PORNOBE, St. Mary of the Woods School, Makati City; DR. ROSEL CORAZON N. FONACIER, St. Paul University, Quezon City; Ms. HERMINIA G. CATUD, Sto. Niño Parochial School, Quezon City; DR. REYNALDO C. BAUTISTA, University of Baguio, Baguio City; DR. DIVINAGRACIA L. DAVID, University of Nueva Caceres, Naga City; MR. DESIDERIO N. NOVENO, JR., San Pedro College, Inc., Davao City; MS. LEONARDA R. AGUINALDE, University of the Cordilleras, Baguio City; MS. LINA G. KWONG, Xavier University, Cagayan de Oro City with Dr. Karen Belina F. De Leon, Trustee-at-large (extreme L) and Fr. John Christian U. Young, Trustee from Mindanao (extreme R).

- 19. Romeo E. Francisco Claret School
- 20. Marcelina B. Hosenilla Claret School
- 21. Mansueto R. Pastoral Claret School
- 22. Evangelina S. Cadangan Colegio San Agustin
- 23. Anita R. Cadano Colegio San Agustin
- 24. Vilma O. Cortez Colegio San Agustin
- 25. Rosana E. De Guzman Colegio San Agustin
- 26. Pureza C. Ekid Colegio San Agustin

- 27. Aleli G. Katipunan Colegio San Agustin
- 28. Ruby Carina R. Paloma Colegio San Agustin
- 29. Anita M. Parro Colegio San Agustin
- 30. Cynthia A. Sancha Colegio San Agustin
- 31. Wilfredo S. Tenorio Colegio San Agustin
- 32. Jimmie-Loe P. Dela Vega Davao Association of Catholic Schools, Inc.
- 33. Rossana T. Adao East Asia Educational Foundation, Inc.
- 34. Edna M. Anicete East Asia Educational Foundation, Inc.

- 35. Lilian J. Gumban
 East Asia Educational Foundation, Inc.
- 36. Benson Tan
 East Asia Educational Foundation, Inc.
- 37. Karina Q. Mallonga Infant Jesus Academy
- 38. Danilo A. Gerawa John B. Lacson Colleges Foundation
- 39. Ma. Leonora Lucia G. Saul John B. Lacson Colleges Foundation
- 40. Mario Romualdo C. Sequio John B. Lacson Colleges Foundation
- 41. Dolores N. Sibonga John B. Lacson Colleges Foundation

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TOPM WINNERS



TEACHING LEVEL A

ALEXANDER FRANCO A. DELANTAR, 1st Place, Cebu Institute of
Technology University, Cebu City (R); MARCELINO G. TAYAMEN, 2nd
Place, Holy Trinity College of General Santos City, General Santos City
(L); FELI A. SUSTENTO, 3rd Place, Colegio del Sagrado Corazon de Jesus,
Iloilo City (center)



TEACHING LEVEL B

ANA ROSA A. CARMONA, 1st Place, University of St. La Salle,
Bacolod City (R); PHILIP P. CARPINA, 2nd Place, Tay Tung High
School, Bacolod City (center); DAHLIA D. SORIANO, 3rd Place,
University of Baguio, Baguio City (L)

from page 54 • PRESTIGE CLASS

- 42. Carol S. Amada Jose Rizal University
- 43. Ma. Adelina M. Arucan Jose Rizal University
- 44. Josephine B. Culala Jose Rizal University
- 45. Catalina C. Maglalang Jose Rizal University
- 46. Moises C. Ortega Jose Rizal University
- 47. Karen Belina F. De Leon Misamis University
- 48. Denia R. Gonzales Philippine Christian University
- 49. Domiciano C. Andrade Private Education Retirement Annuity Association
- 50. Ma. Melanie V. Apora
 Private Education Retirement Annuity
 Association

- 51. Lorenzo M. Apora, Jr.
 Private Education Retirement Annuity
 Association
- 52. Joselito L. Carolasan Private Education Retirement Annuity Association
- 53. Joel G. Tinitigan Rosario Institute
- 54. Sixto D. Caypuno Samson College of Science and Technology, Inc.
- 55. Velia C. Racelis Sariaya Institute
- 56. Rosalinda C. Baloria St. Vincent's College
- 57. Maria Luisa H. Camba Sto. Niño Parochial School
- 58. Teresa P. Factora Sto. Niño Parochial School

- 59. Ma. Virginia B. Morales The Seed Montessori School, Inc.
- 60. Noel P. Morales The Seed Montessori School, Inc.
- 61. Josefina S. Sumaya Trinity University of Asia, Inc.
- 62. Nelia E. San Jose University of Nueva Caceres
- 63. Oscar P. Jereza, Jr. University of Southern Philippines
- 64. Mary Lourdes C. Carlos University of the Cordilleras
- 65. Ramona Heidi C. Palad Xavier University

(Three awardees preferred not to be published)

TOPM WINNERS



ADMINISTRATIVE LEVEL & ADMINISTRATIVE STAFF

(L-R) Admin. Level: JAYPY T. TENERIFE, 1st Place, Technological Institute of the Philippines, Quezon City; MARY GRACE M. BRONGCANO, 2nd Place, Father Saturnino Urios University, Butuan City; MA. ELENA J. ELEPERIA, 3rd Place, John B. Lacson Foundation Maritime University-Molo, Iloilo City; Admin. Staff: RUTH R. GUERRERO, 1st Place, Ateneo de Zamboanga University, Zamboanga City; GLEEN S. ISRAEL, 2nd Place, Technological Institute of the Philippines, Quezon City; ADRIAN E. CALAPIO, 3rd Place, University of Baguio, Baguio City



TOPM PANEL OF JUDGES

(Standing L-R) Mr. Michael Ferrer, Managing Director of ATR Kim Eng Asset Management (business), Mr. Enrique M. Herbosa, Sr., former President , Rotary Club of Makati-North (civic organizations), Mr. Ronnie E. Elamparo, VP Regional Head, United Coconut Planters Bank (business), Dr. Jose Paolo E. Campos, COCOPEA President (school administrators); (Seated extreme L) Dr. Catherine Castañeda, NCR Director (Commission on Higher Education) [L], Dr. Ruth L. Fuentes, Head-Special Programs (Department of Education) [R] with PERAA Pres. Bernadette M. Nepomuceno (center)



Pres. Bernadette M. Nepomuceno (center) awarded the Certificate of Appreciation to the members of PERAA Screening Committee. (L-R) Exec. Dir. Adlai Castigador (PACU-COA), PSC Chair, Exec. Dir. Concepcion Pijano (PAASCU), Exec. Dir. Angelito Pedreño (ACSCU) and FAPE Program Director Ruby Javier.



PERAA Screening Committee in Action

TOPM FINALISTS



TEACHING LEVEL A

(L-R standing) ALEXANDER FRANCO A. DELANTAR, Cebu Institute of Technology University, Cebu City; BARTOLOME T. TANGUILIG, III, Technological Institute of the Philippines, Quezon City; MARCELINO G. TAYAMEN, Holy Trinity College of General Santos City, General Santos City; MARIO ROMUALDO C. SEQUIO, John B. Lacson Foundation Maritime University, Iloilo City; FELI A. SUSTENTO, Colegio del Sagrado Corazon de Jesus, Iloilo City (seated)



TEACHING LEVEL B

(L-R) ANA ROSA A. CARMONA, University of St. La Salle, Bacolod City; ANGELINA T. STA. ELENA, Jose Rizal University, Mandaluyong City; PHILIP P. CARPINA, Tay Tung High School, Bacolod City; MARIETTA A. TEANO, Wesleyan University-Philippines, Cabanatuan City; DAHLIA D. SORIANO, University of Baguio, Baguio City



ADMINISTRATIVE LEVEL

(L-R standing) LOLITA N. LAYUGAN, University of Baguio, Baguio City, RAINERA C. BOHOLST, Cebu Institute of Technology University, Cebu City; MARY GRACE M. BRONGCANO, Father Saturnino Urios University, Butuan City; MA. ELENA J. ELEPERIA, John B. Lacson Foundation Maritime University-Molo, Iloilo City; JAYPY T. TENERIFE, Technological Institute of the Philippines, Quezon City (seated)



ADMINISTRATIVE STAFF

(L-R) ADRIAN E. CALAPIO, University of Baguio, Baguio City; GLEEN S. ISRAEL, Technological Institute of the Philippines, Quezon City; JOCELYN C. ORTIZ, Angelicum College, Inc., Quezon City; RUTH R. GUERRERO, Ateneo de Zamboanga University, Zamboanga City; DONIE ALVON M. MAÑOSA, John B. Lacson Foundation Maritime University, Iloilo City

> TOPM CO-SPONSORS AND DONOR













THE TOP 100 PARTICIPATING INSTITUTIONS

Based on Accumulated Value as of April 30, 2013

- John B. Lacson Colleges Foundation Iloilo City
- Ateneo de Davao University Davao City
- 3. Xavier University Cagayan de Oro City
- 4. University of the Cordilleras Baguio City
- 5. Cebu Institute of Technology Cebu City
- Jose Rizal University Mandaluyong City
- Ateneo De Zamboanga University Zamboanga City
- 8. Colegio San Agustin Makati City
- Philippine Christian University Malate, Manila
- University of Nueva Caceres Naga City
- Technological Institute of the Philippines Quiapo, Manila
- 12. University of Baguio Baguio City
- 13. University of the Assumption San Fernando City, Pampanga
- University of St. La Salle Bacolod City
- Angelicum College, Inc. Quezon City
- Claret School Quezon City
- 17. Holy Cross of Davao College Davao City

- 18. University of Batangas Batangas City
- St. Joseph's College Quezon City
- 20. San Pedro College, Inc. Davao City
- 21. Wesleyan University-Philippines Cabanatuan City
- 22. Holy Angel University Angeles City
- Sacred Heart School-Ateneo de Cebu, Inc. Mandaue City
- 24. East Asia Educational Foundation, Inc. Sampaloc, Manila
- 25. Siena College Quezon City
- 26. Father Saturnino Urios University Butuan City
- 27. Philippine College of Criminology Sta. Cruz, Manila
- 28. Iloilo Doctors College Iloilo City
- 29. Brent School, Inc. Baguio City
- National College of Business and Arts Quezon City
- 31. Central Colleges of the Philippines Quezon City
- 32. Lorma Colleges San Fernando City, La Union
- 33. Elizabeth Seton School Las Piñas City
- 34. Southern Christian College Midsayap, North Cotabato

- 35. Private Education Retirement Annuity Association Makati City
- 36. University of Saint Anthony Iriga City
- 37. Siena College of Taytay Taytay, Rizal
- 38. Center for Educational Measurement Makati City
- 39. St. Paul University Quezon City Quezon City
- 40. Assumption Antipolo, Inc. Antipolo, Rizal
- 41. Trinity University of Asia, Inc. Quezon City
- 42. Misamis University Ozamis City
- 43. De La Salle-Araneta University Malabon City
- 44. University of Southern Philippines Cebu City
- 45. Holy Family Academy Angeles City
- 46. Baliuag University Baliuag, Bulacan
- 47. Saint Joseph College Maasin, Southern Leyte
- 48. University of Pangasinan Dagupan City
- 49. Republic Central Colleges Angeles City
- 50. General De Jesus College San Isidro, Nueva Ecija
- 51. Brokenshire College Davao City

- College of the Immaculate Conception Cabanatuan City
- 53. De La Salle John Bosco College, Inc. Bislig City
- 54. Colegio De Dagupan, Inc. Dagupan City
- 55. St. Vincent's College Dipolog City
- 56. University of Cebu, Inc. Cebu City
- 57. University of Luzon, Inc. Dagupan City
- 58. Asia Pacific Technology and Educational Foundation, Inc. Makati City
- 59. Maria Montessori Children's School Foundation, Inc. Parañaque City
- 60. Sto. Niño Parochial School Quezon City
- 61. Velez College Cebu City
- 62. Jubilee Christian Academy Quezon City
- 63. Sisters of Mary of Banneux, Inc. Silang, Cavite
- 64. De Ocampo Memorial College Sampaloc, Manila
- 65. Assumption Iloilo, Inc. Iloilo City
- 66. Liceo de Cagayan University, Inc. Cagayan de Oro City
- 67. Southwestern University Cebu City
- 68. Aklan Catholic College, Inc. Kalibo, Aklan
- 69. Our Lady of the Sacred Heart College of Guimba, Inc. Guimba, Nueva Ecija
- 70. Rizal Memorial Colleges Davao City

- 71. Union Christian College San Fernando City, La Union
- 72. St. Columban College Pagadian City
- 73. Dansalan College Marawi City
- 74. Infant Jesus Academy Marikina City
- 75. Asian Social Institute Malate, Manila
- 76. Dominican College San Juan City
- 77. Davao Medical School Foundation Davao City
- 78. Holy Trinity College of General Santos City General Santos City
- 79. St. Agnes Academy Legaspi City
- 80. Holy Trinity College Puerto Princesa City
- 81. Ateneo de Iloilo, Inc. Iloilo City
- 82. Febias College of Bible Valenzuela City
- Universidad de Sta. Isabel de Naga, Inc. Naga City
- 84. Tomas Del Rosario College, Inc. Balanga, Bataan
- 85. Samson College of Science and Technology, Inc. Quiapo, Manila
- 86. Filamer Christian University Roxas City
- 87. St. Michael's College of Laguna Biñan, Laguna
- 88. University of Manila Sampaloc, Manila
- 89. Dominican School (Manila), Inc. Sampaloc, Manila

- 90. Harris Memorial College Taytay, Rizal
- 91. Assumption College of Davao, Inc. Davao City
- 92. Southern Mindanao Colleges Pagadian City
- 93. St. Thomas Academy Santo Tomas, Batangas
- 94. Holy Cross Colleges, Inc. Santa Ana, Pampanga
- 95. Ormoc Educational Corporation (Western Leyte College) Ormoc City
- 96. Davao Doctors' College Davao City
- Asian College of Science and Technology (ACSAT) Quezon City
- 98. Central Luzon Doctors' Hospital Educational Institution Tarlac, Tarlac
- 99. Naga Parochial School Naga City
- 100. Systems Plus College Foundation Angeles City

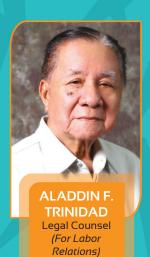
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- 27. Saint Augustine Institute Sagbayan, Bohol
- 28. Saint Joseph's School Mactan Lapu-Lapu City
- 29. San Guillermo Academy Talisay, Batangas
- 30. South City Homes Academy Biñan, Laguna
- 31. St. Ignatius of Loyola School Bicutan, Taguig
- 32. Tañon College San Carlos City
- 33. VRP Medical Center Mandaluyong City

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16/F Multinational Bancorporation Centre, 6805 Ayala Avenue, Salcedo Village, Makati City Tel: 817-4531 • Fax: 818-7921 • E-Mail: peraa@peraa.org