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Bureau of Internal Revenue

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For BIR
Use Only BCS/
Item


1702-EX06/13P1

 Republika ng Pilipinas Kagawaran ng Pananalapi Kawanihan ng Rentas Internas		Annual Income Tax Return For Use ONLY by Corporation, Partnership and Other Non-Individual Taxpayer EXEMPT Under the Tax Code, as Amended, [Sec. 30 and those exempted in Sec. 27(C)] and Other Special Laws, with NO Other Taxable Income <i>Enter all required information in CAPITAL LETTERS using BLACK ink. Mark applicable boxes with an "X". Two copies MUST be filed with the BIR and one held by the taxpayer.</i>				BIR Form No. 1702-EX June 2013 Page 1	
1 For <input checked="" type="checkbox"/> Calendar <input type="checkbox"/> Fiscal 2 Year Ended (MM/DD/YY) <div style="border: 1px solid black; padding: 2px;">12 / 20 19</div>		3 Amended Return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		4 Short Period Return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		5 Alphanumeric Tax Code (ATC) <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> IC 011 <input type="checkbox"/> IC 021 </div> <div> <input checked="" type="checkbox"/> Exempt Corporation on Exempt Activities <input type="checkbox"/> General Professional Partnership </div> </div>	
Part I - Background Information							
6 Taxpayer Identification Number (TIN) <div style="border: 1px solid black; padding: 2px;">0 0 8 - 3 9 0 - 8 2 7 - 0 0 0 0</div> 7 RDO Code <div style="border: 1px solid black; padding: 2px;">0 4 8</div>							
8 Date of Incorporation/Organization (MM/DD/YYYY) <div style="border: 1px solid black; padding: 2px;">1 0 / 2 3 / 2 0 1 2</div>							
9 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) F I D E L I T Y L I F E M U T U A L B E N E F I T A S S O C I A T I O N I N C							
10 Registered Address (Indicate complete registered address) K I N G S C O U R T B U I L D I N G 1 , 2 1 2 9 C H I N O R O C E S A V E N U E M A K A T I C I T Y							
11 Contact Number <div style="border: 1px solid black; padding: 2px;">5 8 6 5 - 4 7 1</div>				12 Email Address <div style="border: 1px solid black; padding: 2px;">finance@img-corp.com</div>			
13 Main Line of Business M U T U A L % 2 5 2 0 B E N E F I T % 2 5 2 0 A S S O C I A T I O N						14 PSIC Code <div style="border: 1px solid black; padding: 2px;">6 6 9 8</div>	
15 Method of Deduction Itemized Deductions [Sections 34 (A-J), NIRC]							
16 Legal Basis of Tax Relief/Exemption (Specify) S E C 3 0 O F N I R C				17 Investment Promotion Agency (IPA)/Government Agency N A			
18 Registered Activity/Program (Reg. No.) N A				19 Effectivity Date of Tax Relief/Exemption From <div style="border: 1px solid black; padding: 2px;">0 1 / 0 1 / 2 0 1 9</div> To <div style="border: 1px solid black; padding: 2px;">1 2 / 3 1 / 2 0 1 9</div>			
Part II - Total Tax Payable (Do NOT enter Centavos)							
20 Total Income Tax Due (From Part IV Item 41)						<div style="border: 1px solid black; padding: 2px;">0 0 0</div>	
21 Add: Penalty - Compromise						<div style="border: 1px solid black; padding: 2px;">0</div>	
22 TOTAL AMOUNT PAYABLE (Sum of Items 20 & 21)						<div style="border: 1px solid black; padding: 2px;">0</div>	
We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN.)							
Signature over printed name of President/Principal Officer/ Authorized Representative <div style="border: 1px solid black; padding: 2px;">[Signature]</div>				Signature over printed name of Treasurer/Assistant Treasurer <div style="border: 1px solid black; padding: 2px;">[Signature]</div>			
Title of Signatory				Number of pages filed			
23 Community Tax Certificate (CTC) Number/SEC Reg. No. <div style="border: 1px solid black; padding: 2px;">9 6 4 1 7</div>				24 Date of Issue (MM/DD/YYYY) <div style="border: 1px solid black; padding: 2px;">0 1 / 3 1 / 2 0 2 0</div>			
25 Place of Issue M A K A T I C I T Y				26 Amount, if CTC <div style="border: 1px solid black; padding: 2px;">3,660</div>			
Part III - Details of Payment							
Details of Payment	Drawee Bank/ Agency	Number	Date (MM/DD/YYYY)	Amount			
27 Cash/Bank Debit Memo			/ /	0			
28 Check			/ /	0			
29 Tax Debit Memo			/ /	0			
30 Others (Specify Below)			/ /	0			
Machine Validation / Revenue Official Receipt Details (if not filed with an Authorized Agent Bank)						Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)	




Annual Income Tax Return Page 2		BIR Form No. 1702-EX June 2013	 1702-EX06/13P2
TIN 0 0 8 3 9 0 8 2 7 0 0 0 0		Registered Name FIDELITY LIFE MUTUAL BENEFIT ASSOCI	
Part IV – Computation of Tax (Do NOT enter Centavos)			
31 Net Sales/Revenues/Receipts/Fees (From Schedule 1 Item 6)		5,731,595	
32 Less: Cost of Sales/Services (From Schedule 2 Item 27)		3,266,587	
33 Gross Income from Operation (Item 31 Less Item 32)		2,465,008	
34 Add: Other Taxable Income Not Subjected to Final Tax (From Schedule 3 Item 4)		0	
35 Total Gross Income (Sum of Items 33 & 34)		2,465,008	
Less: Deductions Allowable under Existing Law			
36 Ordinary Allowable Itemized Deductions (From of Schedule 4 Item 40)		1,941,456	
37 Special Allowable Itemized Deductions (From Schedule 5 Item 5)		0	
38 Total Itemized Deductions (Sum of Items 36 & 37)		1,941,456	
39 Net Taxable Income (Item 35 Less Item 38)		523,552	
40 Income Tax Rate		0%	
41 Total Income Tax Due (Item 39 X Item 40) (To Part II Item 20)		0 0 0	
Part V - Tax Relief Availment			
42 Regular Income Tax Otherwise Due (30% of Part IV Item 39)		157,066	
43 Special Allowable Itemized Deductions (30% of Part IV Item 37)		0	
44 Total Tax Relief Availment (Sum of Items 42 & 43)		157,066	
Part VI - Information - External Auditor/Accredited Tax Agent			
45 Name of External Auditor/Accredited Tax Agent			
I T SABADO AND ASSOCIATES, CPA'S			
46 TIN		2 2 3 3 3 1 5 5 2 0 0 0	
47 Name of Signing Partner (If External Auditor is a Partnership)			
ISAGANI SABADO			
48 TIN		1 4 5 7 0 7 0 2 2 0 0 0	
49 BIR Accreditation No.		50 Issue Date (MM/DD/YYYY)	
07 - 000400 - 003 - 2020		05 / 26 / 2020	
		51 Expiry Date (MM/DD/YYYY)	
		05 / 26 / 2023	

Annual Income Tax Return Page 3 - Schedules 1 & 2		BIR Form No. 1702-EX June 2013	 1702-EX06/13P3
TIN 0 0 8 3 9 0 8 2 7 0 0 0 0		Registered Name FIDELITY LIFE MUTUAL BENEFIT ASSOCI	
Schedule 1 - Sales/Revenues/Receipts/Fees (Attach additional sheet/s, if necessary)			
1 Sale of Goods/Properties		5,731,595	
2 Sale of Services		0	
3 Lease of Properties		0	
4 Total (Sum of Items 1 to 3)		5,731,595	
5 Less: Sales Returns, Allowances and Discounts		0	
6 Net Sales/Revenues/Receipts/Fees (Item 4 Less Item 5) (To Part IV Item 31)		5,731,595	
Schedule 2 - Cost of Sales (Attach additional sheet/s, if necessary)			
Schedule 2A - Cost of Sales (For those Engaged in Trading)			
1 Merchandise Inventory - Beginning		0	
2 Add Purchase of Merchandise		0	
3 Total Goods Available for Sale (Sum of Items 1 & 2)		0	
4 Less: Merchandise - Ending		0	
5 Cost of Sales (Item 3 Less Item 4) (To Schedule 2 Item 27)		0	
Schedule 2B - Cost of Sales (For those Engaged in Manufacturing)			
6 Direct Materials, Beginning		0	
7 Add: Purchases of Direct Materials		0	
8 Materials Available for Use (Sum of Items 6 & 7)		0	
9 Less: Direct Materials, Ending		0	
10 Raw Materials Used (Item 8 Less Item 9)		0	
11 Direct Labor		0	
12 Manufacturing Overhead		0	
13 Total Manufacturing Cost (Sum of Items 10, 11 & 12)		0	
14 Add: Work in Process, Beginning		0	
15 Less: Work in Process, Ending		0	
16 Cost of Goods Manufactured (Sum of Items 13 & 14 Less Item 15)		0	
17 Add: Finished Goods, Beginning		0	
18 Less: Finished Goods, Ending		0	
19 Cost of Goods Manufactured and Sold (Sum of Items 16 & 17 Less Item 18) (To Schedule 2 Item 27)		0	
Schedule 2C - Cost of Services (For those engaged in Services, indicate only those directly incurred or related to the gross revenue from rendition of services)			
20 Direct Charges - Salaries, Wages and Benefits		0	
21 Direct Charges - Materials, Supplies and Facilities		0	
22 Direct Charges - Depreciation		0	
23 Direct Charges - Rental		0	
24 Direct Charges - Outside Services		0	
25 Direct Charges - Others		3,266,587	
26 Total Cost of Services (Sum of Items 20 to 25) (To Schedule 2 Item 27)		3,266,587	
27 Total Cost of Sales/Services (Sum of Items 5, 19 & 26, if applicable) (To Part IV Item 32)		3,266,587	

Annual Income Tax Return Page 4 - Schedules 3 & 4	BIR Form No. 1702-EX June 2013	 1702-EX06/13P4
TIN		
Registered Name		
0 0 8 3 9 0 8 2 7 0 0 0 0 FIDELITY LIFE MUTUAL BENEFIT ASSOCI		

Schedule 3 - Other Taxable Income Not Subjected to Final Tax (Attach additional sheet/s, if necessary)	
1	0
2	0
3	0
4 Total Other Taxable Income Not Subjected to Final Tax (Sum of Items 1 to 3) (To Part IV Item 34)	0

Schedule 4 - Ordinary Allowable Itemized Deductions (Attach additional sheet/s, if necessary)	
1	0
Advertising and Promotions	
Amortizations (Specify on Items 2, 3 & 4)	
2	0
3	0
4	0
5	0
Bad Debts	
6	0
Charitable Contributions	
7	0
Commissions	
8	14,275
Communication, Light and Water	
9	0
Depletion	
10	8,726
Depreciation	
11	0
Director's Fees	
12	0
Fringe Benefits	
13	0
Fuel and Oil	
14	15,576
Insurance	
15	0
Interest	
16	0
Janitorial and Messengerial Services	
17	0
Losses	
18	0
Management and Consultancy Fee	
19	114,968
Miscellaneous	
20	7,025
Office Supplies	
21	788,889
Other Services	
22	0
Professional Fees	
23	0
Rental	
24	0
Repairs and Maintenance - (Labor or Labor & Materials)	
25	0
Repairs and Maintenance - (Materials/Supplies)	
26	0
Representation and Entertainment	
27	0
Research and Development	
28	0
Royalties	
29	198,901
Salaries and Allowances	

Annual Income Tax Return Page 5 - Schedules 4, 5 & 6	BIR Form No. 1702-EX June 2013	 1702-EX06/13P5
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TIN	Registered Name
0 0 8 3 9 0 8 2 7 0 0 0 0	FIDELITY LIFE MUTUAL BENEFIT ASSOCI

Schedule 4 - Ordinary Allowable Itemized Deductions (Continued from Previous Page)

30	Security Services	0
31	SSS, GSIS, Philhealth, HDMF and Other Contributions	1 8 , 0 5 5
32	Taxes and Licenses	1 7 0 . 8 5 4
33	Tolling Fees	0
34	Training and Seminars	0
35	Transportation and Travel	0
Others [Specify below; Add additional sheet(s) if necessary]		
36	SERVICE CHARGE	6 0 4 . 1 8 7
37		0
38		0
39		0
40 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 39) (To Part IV Item 36)		1 , 9 4 1 , 4 5 6

Schedule 5 - Special Allowable Itemized Deductions (Attach additional sheet/s, if necessary)

Description	Legal Basis	Amount
1		0
2		0
3		0
4		0
5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4) (To Part IV Item 37)		0

Schedule 6 - Reconciliation of Net Income per Books Against Taxable Income (Attach additional sheet/s, if necessary)

1	Net Income/(Loss) per books	5 4 4 , 1 4 1
Add: Non-deductible Expenses/Taxable Other Income		
2		0
3		0
4 Total (Sum of Items 1 to 3)		5 4 4 , 1 4 1
Less: A) Non-taxable Income and Income Subjected to Final Tax		
5	INTEREST INCOME	2 0 , 5 8 9
6		0
B) Special Deductions		
7		0
8		0
9 Total (Sum of Items 5 to 8)		2 0 , 5 8 9
10 Net Taxable Income (Loss) (Item 4 Less Item 9)		5 2 3 , 5 5 2

Page 6 - Schedules 7 & 8

BIR Form No.
1702-EX
June 2013

1702-EX06/13P6

TIN													Registered Name												
0 0 8 3 9 0 8 2 7 0 0 0 0													FIDELITY LIFE MUTUAL BENEFIT ASSOCI												

Schedule 7 – BALANCE SHEET

Assets

1 Current Assets	1 2 , 3 2 8 , 2 6 0
2 Long-Term Investment	0
3 Property, Plant and Equipment – Net	2 3 , 7 7 8
4 Long-Term Receivables	0
5 Intangible Assets	0
6 Other Assets	6 , 4 4 6 , 8 0 7
7 Total Assets <i>(Sum of Items 1 to 6)</i>	1 8 . 7 9 8 . 8 4 5

Liabilities and Equity

8 Current Liabilities	11,686,417
9 Long-Term Liabilities	0
10 Deferred Credits	0
11 Other Liabilities	0
12 Total Liabilities <i>(Sum of Items 8 to 11)</i>	11,686,417
13 Capital Stock	5,000,000
14 Additional Paid-in Capital	0
15 Retained Earnings	2,112,428
16 Total Equity <i>(Sum of Items 13 to 15)</i>	7,112,428
17 Total Liabilities and Equity <i>(Sum of Items 12 & 16)</i>	18,798,845

Schedule 8 – ☒ Stockholders ☐ Partners ☐ Members Information (Top 20 stockholders, partners or members)
(On column 3 enter the amount of capital contribution and on the last column enter the percentage this represents on the entire ownership)

[illegible]

J.T. SABADO & ASSOCIATES

Certified Public Accountants

9-A-2-A Saint John St.
New Era, Quezon City
Tel: (632) 8290 8192

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
FIDELITY MUTUAL LIFE BENEFIT ASSOCIATION INC.
9th Floor King's Court 1 Bldg., Chino Roces Avenue
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **FIDELITY MUTUAL LIFE BENEFIT ASSOCIATION INC.**, which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedure responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other Matter


The company's financial statements as at and for the year ended December 31, 2018 were audited by another auditor on which an unqualified opinion dated April 24, 2019 was issued.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

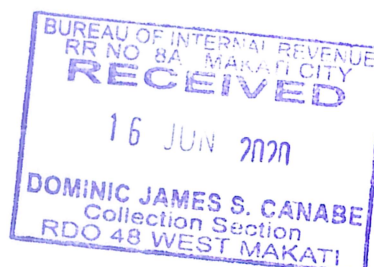
Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of **FIDELITY MUTUAL LIFE BENEFIT ASSOCIATION INC.** The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

I.T. SABADO & ASSOCIATES, CPAs
PRC/BOA Registration No. 1324
Until September 10, 2021
BIR Accreditation No. 07-000400-003-2020
Until May 26, 2023
IC Accreditation No. F-2018-011-R
Until November 21, 2021

By:


ISAGANI T. SABADO
Managing Partner
CPA Reg. No. 078824
Until July 10, 2022
IC Accreditation No. SP-2018-020-R
Until November 21, 2021
TIN 145-707-022
PTR No. 9543816
January 27, 2020
Quezon City

June 10, 2020



The Bureau of Internal Revenue
RDO No. 48
Gil Puyat, Makati City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **Fidelity Life Mutual Benefit Association Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2019. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited to, the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2019 and the accompanying Annual Income Tax Return are in accordance with the books and records of **Fidelity Life Mutual Benefit Association Inc.** complete and correct in all material respects. Management likewise affirms that:

(a.) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b.) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c.) the **Fidelity Mutual Life Inc.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

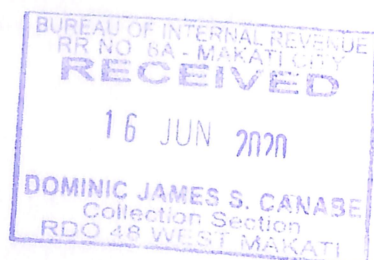

Louis Bartolome Borja
CFO


Rizal Antonio Meru
Corporate Treasurer

FIDELITY MUTUAL LIFE BENEFIT ASSOCIATION INC (Formerly : Fidelity Mutual)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

(Amounts in Philippine Pesos)

ASSETS			
	2019		2018
CURRENT ASSETS			
Cash In Banks	P 9,211,196	P	10,373,247
Petty Cash Fund	2,000		2,000
Other current assets	3,115,065		438,585
Total Current Assets	12,328,260		10,813,833
PROPERTY & EQUIPMENT			
Office Furniture, Fixtures & Equipment	46,738		42,789
Less: Depreciation	(22,960)		(14,234)
Net	23,778		28,555
OTHER ASSETS			
Funds and Deposits	6,446,807		5,199,854
	P 18,798,845	P	16,042,242
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	P 4,699,199	P	5,255,768
Liability on Individual Equity Value	6,636,346		3,982,303
Basic Contingent Benefit Reserve	350,873		235,884
Total Liabilities	11,686,417		9,473,955
Equity			
Capital Contributions	5,000,000		5,000,000
Cumulative Earnings	2,112,428		1,568,287
Total Equity	7,112,428		6,568,287
	P 18,798,845	P	16,042,242

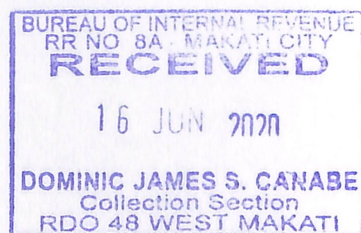


FIDELITY MUTUAL LIFE BENEFIT ASSOCIATION INC

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Amounts in Philippine Pesos)

	2019	2018
REVENUE	P 5,731,595	P 7,817,700
OPERATING EXPENSES	5,208,043	5,676,603
OPERATING INCOME (LOSS)	523,552	2,141,097
INTEREST INCOME	20,589	62,763
INTEREST EXPENSE	-	-
LOSS BEFORE INCOME TAX	544,141	2,203,860
INCOME TAX EXPENSE (BENEFIT)		
Current		
Deferred		
NET LOSS	P 544,141	P 2,203,860

See accompanying Notes to Financial Statements.



FIDELITY MUTUAL LIFE BENEFIT ASSOCIATION INC (Formerly : Fidelity Mutual Life Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Amounts in Philippine Pesos)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income(Loss) before income tax	P 544,141	P 2,203,860
Adjustments for:		
Depreciation and amortization	8,726	8,134
Interest income	(20,589)	(62,763)
Operating loss before working capital changes	532,278	2,149,231
Changes in operating assets and liabilities:		
Increase in:		
Receivable	(2,676,480)	(292,949)
Increase (decrease) in payables	2,212,462	2,961,657
Cash used in operations	68,261	4,817,939
Income tax paid	—	—
Interest received	20,589	62,763
Net cash used in operating activities	88,850	4,880,702
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(3,949)	—
Increase in refundable deposits	—	—
Net cash used in investing activities	(3,949)	—
CASH FLOW FROM FINANCING ACTIVITY		
NET DECREASE IN CASH	84,901	4,880,702
CASH AT BEGINNING OF YEAR	15,575,102	10,694,400
CASH AT END OF YEAR	P 15,660,003	P 15,575,102

See accompanying Notes to Financial Statements.

FIDELITY MUTUAL LIFE BENEFIT ASSOCIATION INC (Formerly : Fidelity Mutual Life Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Amounts in Philippine Pesos)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income(Loss) before income tax	P 544,141	P 2,203,860
Adjustments for:		
Depreciation and amortization	8,726	8,134
Interest income	(20,589)	(62,763)
Operating loss before working capital changes	532,278	2,149,231
Changes in operating assets and liabilities:		
Increase in:		
Receivable	(2,676,480)	(292,949)
Increase (decrease) in payables	2,212,462	2,961,657
Cash used in operations	68,261	4,817,939
Income tax paid	—	—
Interest received	20,589	62,763
Net cash used in operating activities	88,850	4,880,702
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(3,949)	—
Increase in refundable deposits	—	—
Net cash used in investing activities	(3,949)	—
CASH FLOW FROM FINANCING ACTIVITY		
NET DECREASE IN CASH		
	84,901	4,880,702
CASH AT BEGINNING OF YEAR	15,575,102	10,694,400
CASH AT END OF YEAR	P 15,660,003	P 15,575,102

See accompanying Notes to Financial Statements.

FIDELITY MUTUAL LIFE BENEFIT ASSOCIATION INC (Formerly : Fidelity Mut

**STATEMENTS OF CHANGES IN EQUITY
DECEMBER 31, 2019 AND 2018**

	2019	2018
CAPITAL CONTRIBUTIONS	P 5,000,000	P 5,000,000
CUMULATIVE EARNINGS		
Balance at beginning of year	1,568,287	(635,573)
Net Income/(loss)	544,141	2,203,860
Balance at end of year	2,112,428	1,568,287
	P 7,112,428	P 6,568,287

See accompanying Notes to Financial Statements.

FIDELITY MUTUAL LIFE BENEFIT ASSOCIATION INC (Formerly : Fidelity Mut

STATEMENTS OF CHANGES IN EQUITY DECEMBER 31, 2019 AND 2018

	2019	2018
CAPITAL CONTRIBUTIONS	P 5,000,000	P 5,000,000
CUMULATIVE EARNINGS		
Balance at beginning of year	1,568,287	(635,573)
Net Income/(loss)	544,141	2,203,860
Balance at end of year	2,112,428	1,568,287
	P 7,112,428	P 6,568,287

See accompanying Notes to Financial Statements.

1. CORPORATE INFORMATION

FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION INC. (Formerly: Fidelity Mutual Life Inc.) was incorporated and registered with the Securities and Exchange Commission (SEC) on October 23, 2012, with SEC Registered No. CN201218679. That the purpose of for which such Association is formed is to advance the interest and promote the welfare of the poor, in particular, and the Interest and welfare of the Philippines, in general. To provide financial assistance to its members, and the members' spouse children and parents in the form of death benefits, sickness benefits, provident savings and loan redemption assistance. To provide access and mechanism for the lower income households to cope with uncertainly and risks. To empower Filipinos in the lower economic segment to build up and manage their own resources to secure their future and to become the leading Microinsurance provider that will contribute to poverty alleviation in the Philippines.

The Corporation has amended its Articles of Incorporation particularly its name from **Fidelity Mutual Life Inc.** to **FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION INC.** and its address from King's Court 1 Bldg., 2129 Don Chino Roces Avenue, Makati City to 9/F King's Court 1 Bldg., 2129 Don Chino Roces Avenue, Makati City last August 15, 2016.

The financial statements of the company for the year ended December 31, 2018 was authorized for issue by the Company's President on June 10, 2020.

2. Significant Accounting and Financial Reporting Policies

Basis of Preparation

The financial statements of **FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION INC.** (Formerly: Fidelity Mutual Life Inc.) have been prepared on a historical cost basis and are presented in Philippine Peso, which is the Company's functional and presentation currency and all values are rounded off to the nearest peso except when otherwise indicated.

Statement of Compliance

The Company applied Section 35, "Transition to the IFRS for SMEs" in preparing the financial statements with January 1, 2010 as the date of transition.

Changes in Accounting Policies

The Company has adopted the following amended PFRS during the period. The adoption of this revised standard did not have any effect on the Company's financial position and results of operation. It does, however, give rise to additional disclosures in the financial statements.

PERS 7, Financial instrument: Disclosure and the complementary amendment to PAS 1, Presentation of Financial Statements: Capital Disclosures. (Effective for annual period on or after January 1, 2007).

The principal effects of the above changes are as follows:

FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION INC.

Notes to Financial Statements

As of December 31, 2019 and 2018

PFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risk arising from financial instruments, including specified minimum disclosures about risk, liquidity risk and market risk. It replaces PAS 30, *Disclosures in Financial Statements of Banks and Similar Financial Institutions*, and the disclosure requirements in PAS 32, *Financial Instruments: and Presentation*. It is applicable to all entities that report under PFRS. The amendment to PAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Company is currently assessing the impact of PFRS 7 and the amendment of PAS 1 and expects that the main additional disclosures will be sensitivity analysis to market risk and capital disclosure required by PFRS 7 and the amendment to PAS 1.

The following standards and amendments and Philippine Interpretation are effective for annual periods beginning on or after January 1, 2006 but are relevant to the Proprietorship:

- ☒ Amendment to PAS 19 "Employee Benefits";
- ☒ Philippine Interpretation, IFRIC 4, "Determining Whether an Arrangement Contains a Lease";
- ☒ PFRS 6, Exploration for an Evaluation of mineral Resources";
- ☒ Amendments to PAS 21,, "the Effects of Changes in Foreign Rates";
- ☒ Amendment of PAS 29, "Financial Instruments Recognition and Measurement;
- ☒ Philippine Interpretation IFRIC 5, "Rights to Interest Arising from Decommissioning Restoration and Environmental Rehabilitation Finds";
- ☒ Philippine Interpretation IFRIC 6, "Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment";
- ☒ Philippine Interpretation IFRIC 7, "Applying the Restatement Approach Under PAS 29", Financial Reporting in Hyperinflationary Economies";
- ☒ Philippine Interpretation IFRIC 8, "Scope of PFRS 2", and
- ☒ Philippine Interpretation Q&A 2006-PAS 18 appendix, paragraph 9 – Revenue Recognition for Sales of Property Units Under Pre-completion Contracts.

Other standards and amendments but not relevant to the Company:

- ☒ Philippine Interpretation IFRIC 9, "Reassessment of Embedded Derivatives" (Effective for annual period beginning on or after January 1, 2006).
- ☒ Philippine Interpretation IFRIC 10, "Interim Financial Reporting and Impairment (Effective for annual period beginning on or after November 1, 2006);
- ☒ Philippine Interpretation IFRIC 11, PFRS 2 – Group and Treasury Shares Transactions" (Effective for annual period beginning on or after March 1, 2007).

Standards and interpretations not yet effective:

The Company has not applied the following PFRS and Philippine Interpretations which are not yet effective for the year ended December 31, 2018.

The above standards have no impact on the financial statements.

Cash and Cash Equivalent

Cash includes cash in hand and in banks. Cash equivalents are short-term, highly liquid investment that are readily convertible to known amounts of cash with original maturities of three months or less and are subject to an insignificant risk of change in value.

FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION INC.
Notes to Financial Statements
As of December 31, 2019 & 2018

Impairment of Financial Assets

The Corporation assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Accounting Policies Prior to January 1, 2006

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognized.

Taxes

Current Tax. Current tax assets and liabilities for the current and prior period measure at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted substantively enacted at balance sheet date.

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using 35% tax rate.

Provisions

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and these can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence at the balance sheet date, including risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as whole. In addition, long-term provisions are discounted to their present values, where time value of money is material.

In those cases where there is possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent asset, hence, are not recognized in the financial statements.

Other Adopted Accounting Standards

PAS 1, Presentation of Financial Statements
PAS 8, Accounting Policies, Charges in Accounting Estimates and Errors,
PAS 10, Events After the Balance Sheet Date
PAS 24, Related Party Disclosure

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company's financial statements prepared in accordance with PFRS require management to make judgement and estimates that affect amounts reported in the Company's financial statements and related notes.

Judgement

In the process of applying the Company's policies, management has made the following judgements apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements.

Functional Currency

The country has determined that its functional currency is the Philippine peso. Functional currency is the currency of the primary economic environment in which the Company operates.

Estimates

The estimates and assumptions used in the Company's financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Company's financial statements. Actual results could differ from such.

Estimating allowances for doubtful accounts. Provisions are made for specific and groups of accounts where objective evidence of impairment exists. The Company evaluates these accounts based on available facts and circumstances, including, but not limited, the length of the Company's relationship with the customers' current credit status based on third party credit reports and known market forces, average of accounts, collection experience and historical loss experience.

No allowance for doubtful accounts was provided in the financial statements as the managements believe that its receivables are reasonable collectible.

Financial assets and liabilities

The Company carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgements. Significant components of fair value measurement were determined using verifiable objective evidencem (i.e foreign exchange ratess, interest, volatility rates). However, the amount charges in fair value would differ in the company utilized different valuation methodologies and assumptions. Any changes in the fair value of these financial assets and liabilities would affect profit and loss equity.

FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION INC.

Notes to Financial Statements

As of December 31, 2019 & 2018

4. Cash

Cash represents cash on hand and in banks maintained in savings and current accounts.

Cash in banks represent the aggregate balance of the Company's current deposit accounts maintained with banks and earns interest at their bank deposit rates. There were no short term investments during the year.

5. Accounts Payable

Accounts payable are liabilities to pay for goods or services that have received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. It is necessary to estimate the amount or timing of accruals, however, the uncertainty is generally much less than for provisions.

6. Advances from Affiliates

This represent as amount advance from affiliated companies.

7. Income Tax

On October 10, 2007 the BIR issued Revenue Regulations No. 12-2007, which amended the timing of the calculation and payment of MCIT from an annual basis to a quarterly basis, i.e excess MCIT from a previous quarter during the current taxable year may be applied against subsequent quarterly or current annual income tax due, whether MCIT or Regular Corporate Income Tax (RCIT). However, excess MCIT from the previous taxable year/s are not creditable against MCIT due for a subsequent quarter and are only creditable against quarterly and annual RCIT.

On May 24, 2005 Republic Act. No. 9337 entitled "an act Amending National Internal Revenue Code, as Amended with Salient Features" (Act), was passed into law effective November 1, 2005. Among others, the Act includes the following significant revision to the rules to taxation:

- a. Change in the corporate income tax rates from 32% to 35% starting November 1, 2005 and to 30% starting January 2009.
- b. Change in the amount of interest expense disallowed as tax-deductible expense equivalent to a certain percentage applied to the interest income subjectd to final tax, such percentage was changed from 38% to 42% starting November 1, 2005 and 33% starting January 1, 200; and
- c. Grant of authority to the Philippine President to increase the 10% VAT rate to 12% effective February 1, 2006 subject to compliance with certain economic conditions.