

Tax Return Receipt Confirmation

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Date: Fri, May 19, 2023 at 1:04 PM
Subject: Tax Return Receipt Confirmation
To: <finance@img-corp.com>

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FOR RETURNS WITH TAX PAYABLE:

Please pay through any of the following ePayment Channels:

Land Bank of the Philippines Link.BizPortal

- LBP ATM Cards
- Bancnet ATM/Debit Cards
- PCHC PayGate or PESONeT (RCBC, Robinsons Bank, UnionBank, PSBank, BPI, Asia United Bank)

DBP PayTax Online

- Credit Cards (MasterCard/Visa)
- Bancnet ATM/Debit Cards

Unionbank of the Philippines

- Unionbank Online (for Unionbank Individual and Corporate Account Holders)
- UPAY via InstaPay (For Individual Non-Unionbank Account Holders)

Taxpayer Agent/ Tax Software Provider-TSP

- (Gcash/PayMaya/MyEG)

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Bureau of Internal Revenue

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For BIR BCS/
Use Only Item:



Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

BIR Form No.
1702-EX
January 2018 (ENCs) v2
Page 1

Annual Income Tax Return

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
Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X".
Two copies MUST be filled with the BIR and one held by the taxpayer.



1702-EX 01/18ENCs v2 P1

1 For ☒ Calendar ☐ Fiscal 3 Amended Return? ☐ Yes ☐ No 4 Short Period Return ☐ Yes ☒ No 5 Alphanumeric Tax Code (ATC)
2 Year Ended (MM/DD/YY) ☒ 12/20 ☐ 22 IC 011 Exempt Corporation on Exempt Activities ☒
IC 021 General Professional Partnership ☐

Background Information

6 Taxpayer Identification Number (TIN) 008 - 390 - 827 - 0000 7 RDO Code 048

8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS)

FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION INC

9 Registered Address (Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)

2129 CHINO ROCES AVENUE MAKATI CITY

9A Zip code 1231

10 Date of
Incorporation/Organization 10/23/2013
(MM/DD/YYYY)

11 Contact Number 5865471

12 Email Address finance@img-corp.com

13 Method of Deductions ☒ Itemized Deductions [Section 34 (A-J), NIRC] ☐ Optional Standard Deduction (OSD) - 40% of Gross Income [applicable only
to General Professional Partnership (GPP) per RA No. 10963]

14 Legal Basis of Tax Relief / Exemption (Specify)

SEC 30 NIRC

15 Investment Promotion Agency (IPA) / Government Agency (specify)

NA

16 Registered Activity / Program (Registration Number)

NA

17 Effectivity Date of Tax Relief / Exemption (MM/DD/YYYY)

From 01/01/2022

To 12/31/2022

PART II - TOTAL TAX PAYABLE (DO NOT ENTER CENTAVOS; 49 centavos or less drop down, 50 or more round up)

18 Tax Due (From Part IV Item 41) 0.00
19 Less: Total Tax Credits/Payments (From Part IV Item 50) 0.00
20 Total (Overpayment) (Item 18 Less Item 19) (From Part IV Item 51) 0.00
21 Add: Penalty - Compromise 0.00
22 TOTAL AMOUNT PAYABLE / (Overpayment) (Sum of Items 20 & 21) 0.00

If overpayment, mark one (1) box only. (Once the choice is made, the same is irrevocable)

☐ To be refunded ☐ To be issued a Tax Credit Certificate (TCC) ☐ To be carried over as a tax credit for next year/quarter

We declare under the penalties of perjury that this return and all its attachments, have been made in good faith, verified by us, and to the best of our knowledge and belief, are true and correct, pursuant
to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If signed by an Authorized Representative, indicate TIN and attach authorization
letter)

Signature over Printed Name of President/Principal Officer/Authorized Representative Signature over Printed Name of Treasurer/Assistant Treasurer
Title of Signatory TIN 0 Title of Signatory TIN 0


23 Number of
Attachments
00


Part III - Details of Payment

Particulars	Drawee Bank/ Agency	Number	Date (MM/DD/YYYY)	Amount
24 Cash/Bank Debit Memo				
25 Check				
26 Tax Debit Memo				
27 Others (Specify Below)				

Machine Validation / Revenue Official Receipt Details [if not filed with an Authorized Agent Bank
(AAB)]

Stamp of Receiving Office/AAB and
Date of Receipt
(RO's Signature/Bank Teller's Initial)

BIR Form No. 1702-EX January 2018 (ENCS) v2 Page 2	Annual Income Tax Return 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	 1702-EX 01/18ENCS v2 P2
TIN 008 390 827 0000	Registered Name FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION INC	
Part IV - Computation of Tax		
(Do NOT enter Centavos; 49 centavos or less drop down; 50 or more round up)		
28 Sales/Receipts/Revenues/Fees	10,455,490.00	
29 Less: Sales Returns, Allowances and Discounts	0.00	
30 Net Sales/Receipts/Revenues/Fees (Item 28 less Item 29)	10,455,490.00	
31 Less: Cost of Sales/Services	3,988,928.00	
32 Gross Income from Operation (Item 30 Less Item 31)	6,466,562.00	
33 Add: Other Income	0.00	
34 Total Gross Income (Sum of Items 32 and 33)	6,466,562.00	
Less: Deductions Allowable under Existing Law		
A. Itemized Deduction		
35 Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	2,746,684.00	
36 Special Allowable Itemized Deductions (From Part VI Schedule II Item 5)	0.00	
37 Total Itemized Deductions (Sum of Items 35 and 36)	2,746,684.00	
B. Optional Standard Deduction (OSD)		
38 OSD (40% of Item 34)(applicable to GPP per RA No. 10963)	0.00	
39 Net Taxable Income / (Loss) (If Itemized: Item 34 Less Item 37; If OSD: Item 34 Less Item 38)	3,719,878.00	
40 Tax Rate	0 %	
41 Tax Due (Item 39 x Item 40) (To Part II Item 18)	0.00	
Less: Tax Credits / Payments (attach proof)		
42 Prior Year's Excess Credits	0.00	
43 Income Tax Payment from Previous Quarter/s	0.00	
44 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0.00	
45 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	0.00	
46 Foreign Tax Credits, if applicable	0.00	
47 Tax Paid in Return Previously Filed, if this is an Amended Return	0.00	
Other Tax Credits / Payments (specify)		
48	0.00	
49	0.00	
50 Total Tax Credits / Payments (Sum of Items 42 to 49) (To Part II Item 19)	0.00	
51 Total (Overpayment) (Item 41 Less Item 50) (To Part II Item 20)	0.00	
Part V - Tax Relief Availment		
52 Regular Income Tax Otherwise Due (Item 39 of Part IV x Applicable Income Tax Rate)	929,969.00	
53 Special Allowable Itemized Deductions (Item 36 of Part IV x Applicable Income Tax Rate)	0.00	
54 Total Tax Relief Availment (Sum of Items 52 and 53)	929,969.00	

BIR Form No. 1702-EX January 2018 (ENCS) v2 Page 3		Annual Income Tax Return 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		 1702-EX 01/18ENCS v2 P3	
Tax Identification Number (TIN) 008 390 827 0000			Registered Name FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION INC		
Part VI - Schedules				(Do NOT enter Centavos; 49 centavos or less drop down; 50 or more round up)	
Schedule 1 - Ordinary Allowable Itemized Deductions (attach additional sheet/s, if necessary)					
1 Ammortizations				0.00	
2 Bad Debts				0.00	
3 Charitable and Contributions				30,000.00	
4 Depletion				0.00	
5 Depreciation				6,325.00	
6 Entertainment, Amusement and Recreation				0.00	
7 Fringe Benefits				0.00	
8 Interest				0.00	
9 Losses				0.00	
10 Pension Trusts				0.00	
11 Rental				0.00	
12 Research and Development				0.00	
13 Salaries, Wages, and Allowances				118,515.00	
14 SSS, GSIS, Philhealth, HDMF, and Other Contributions				5,090.00	
15 Taxes and Licenses				212,396.00	
16 Transportation and Travel				0.00	
17 Others (Deductions Subject to Withholding Tax and Other Expenses) (Specify below; Add additional sheet(s) if necessary)					
a Janitorial and Messengerial Services				0.00	
b Professional Fees				1,022,048.00	
c Security Services				0.00	
d SERVICE FEE				1,163,932.00	
e OFFICE SUPPLIES				1,446.00	
f INSURANCE EXPENSE				19,242.00	
g MISCELLANEOUS				167,690.00	
h				0.00	
i				0.00	
18 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 17i) (To Part IV Item 35)				2,746,684.00	
Schedule 2 - Special Allowable Itemized Deductions (attach additional sheet/s, if necessary)					
Description		Legal Basis		Amount	
1				0.00	
2				0.00	
3				0.00	
4				0.00	
5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4) (To Part IV Item 36)				0.00	
Schedule 3 - Reconciliation of Net Income per Books Against Taxable Income (attach additional sheet/s, if necessary)					
1 Net Income(loss) per Books				3,835,889.00	
Add: Non-Deductible Expenses/Other Income					
2				0.00	
3				0.00	
4 Total (Sum of Items 1 to 3)				3,835,889.00	
Less: A) Non-Taxable Income and Income Subjected to Final Tax					
5	INTEREST INCOME			116,011.00	
6				0.00	
B) Special Deductions					
7				0.00	
8				0.00	
9 Total (Sum of Items 5 to 8)				116,011.00	
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)				3,719,878.00	

I.T. SABADO & ASSOCIATES

Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT TO ACCOMPANY INCOME TAX RETURN

The Board of Directors and Shareholders
FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION, INC.
(Formerly: Fidelity Mutual Life Inc.)
9/F King's Court 1 Bldg.,
2129 Don Chino Roces Avenue,
Makati City

We have audited the accompanying financial statements of FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION INC. (Formerly: Fidelity Mutual Life Inc.), as of and for the year ended December 31, 2022, on which we have rendered the attached report dated May 16, 2023.

In compliance with Revenue Regulations V-20, we are stating the following:

1. The taxes paid or accrued by the above Company for the year ended December 31, 2022 are shown in the Schedule of Taxes and Licenses attached to the Annual Income Tax Return.
2. No partner of our Firm is related by consanguinity or affinity to the president, manager or principal shareholders of the Company.

I.T. SABADO & ASSOCIATES, CPAs
PRC/BOA Registration No. 1324
Until April 13, 2024
BIR Accreditation No. 07-000400-003-2020
Until May 26, 2023
SEC Accreditation No. 1324-IC (Group A)
Until 2025 audit period

By:



MARIA NITA ESMERALDA A. BALDONIDO
Partner
CPA Reg. No. 0113018
Until June 11, 2024
IC Accreditation No. 113018-IC (Group A)
Until 2026 audit period
TIN 235-702-931
PTR No. 4234813
January 31, 2023
Quezon City

May 16, 2023



MAY 16 2023

**FIDELITY LIFE MUTUAL BENEFIT
ASSOCIATION, INC.**

**FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
*IN PHILIPPINE PESOS***

I.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 LIFE MUTUAL BENEFIT ASSOCIATION, INC.
(Formerly: Fidelity Mutual Life Inc.)
9/F King's Court 1 Bldg.,
2129 Don Chino Roces Avenue,
Makati City



Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION INC. (Formerly: Fidelity Mutual Life Inc.), which comprise the statements of financial position as at December 31, 2022, and the statements of income, statements of changes in equity and statements of cash flows for the year 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, 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs) for Small Entities.

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 Small Entities, 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.

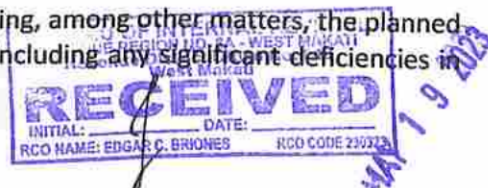
As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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, 2021 were audited by another auditor on which an unqualified opinion dated April 28, 2022 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 Notes to 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 LIFE MUTUAL BENEFIT ASSOCIATION INC. (Formerly: Fidelity Mutual Life 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 April 13, 2024

BIR Accreditation No. 07-000400-003-2020

Until May 26, 2023

SEC Accreditation No. 1324-IC (Group A)

Until 2025 audit period

By:



MAY 19 2023

MARIA NITARESMERALDA A. BALDONIDO

Partner

CPA Reg. No. 0113018

Until June 11, 2024

IC Accreditation No. 113018-IC (Group A)

Until 2026 audit period

TIN 235-702-931

PTR No. 4234813

January 31, 2023

Quezon City

MAY 16, 2023

FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION, INC.**(Formerly : Fidelity Mutual Life Inc.)****STATEMENT OF FINANCIAL POSITION****December 31, 2022****(With comparative figures for 2021)**

ASSETS				
	Notes	2022		2021
Current Assets				
Cash and cash equivalents	4 P	22,280,260 P		22,318,227
Other current assets	5	8,355,895		3,801,252
Total Current Assets		30,636,155		26,119,479
Noncurrent Assets				
Property and equipment - net	6	-		6,325
TOTAL ASSETS	P	30,636,155	P	26,125,804

LIABILITIES AND FUND BALANCE				
LIABILITIES				
Current Liabilities				
Liability on Individual Equity Value	P	8,691,096 P		7,382,513
Basic Contingent Benefit Reserve		516,978		400,422
Claims Payable on Optional Benefit		2,066,599		2,814,938
Accounts and other payables	7	1,349,525		1,351,864
Total Current Liabilities		12,624,198		11,949,736
FUND BALANCE				
Members contribution		5,000,000		5,000,000
Accumulated earnings		13,011,957		9,176,068
Total Shareholders' Equity		18,011,957		14,176,068
TOTAL LIABILITIES AND FUND BALANCE	P	30,636,155	P	26,125,804

See accompanying Notes to Financial Statements.



MAY 19 2023

FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION, INC.

(Formerly : Fidelity Mutual Life Inc.)

INCOME STATEMENT

For the year ended December 31, 2022

(With comparative figures for 2021)

	Notes	2022	2021
REVENUE	P	10,455,490 P	11,628,250.00
DIRECT COSTS	8	3,988,928	2,683,084
GROSS INCOME		6,466,562	8,945,166
INTEREST INCOME		145,014	38,324
TOTAL INCOME		6,611,576	8,983,490
GENERAL AND ADMINISTRATIVE EXPENSES	9	2,746,684	4,670,223
INCOME BEFORE INCOME TAX		3,864,892	4,313,267
INCOME TAX EXPENSE	10	29,003	7,665
NET INCOME	P	3,835,889 P	4,305,602

See accompanying Notes to Financial Statements.



MAY 19 2023

FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION, INC.**(Formerly : Fidelity Mutual Life Inc.)****STATEMENT OF FUND BALANCE****For the year ended December 31, 2022****(With comparative figures for 2021)**

	Notes	2022		2021
MEMBERS CONTRIBUTION				
Balance at beginning of year	P	5,000,000	P	5,000,000
Additions during the year		-		-
Balance at end of year		5,000,000		5,000,000
ACCUMULATED EARNINGS				
Balance at beginning of year		9,176,068		4,870,466
Net income for the year		3,835,889		4,305,602
Balance at end of year		13,011,957		9,176,068
TOTAL FUND BALANCE	P	18,011,957	P	14,176,068

See accompanying Notes to Financial Statements.

FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION, INC.

(Formerly : Fidelity Mutual Life Inc.)

STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

(With comparative figures for 2021)

	Notes	2022		2021
CASH FLOWS FROM OPERATING ACTIVITIES :				
Income before income tax	P	3,835,889	P	4,305,602
Adjustment for :				
Interest income		(145,014)		(30,659)
Depreciation and amortization	9	6,325		8,726
OPERATING INCOME (LOSS) BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES		3,697,200		4,283,669
Changes in Operating Assets and Liabilities				
Decrease (Increase) in:				
Other assets	5	(4,554,643)		(1,212,040)
Increase (Decrease) in:				
Accounts and other payables	7	674,462		2,377,707
Net cash provided by operations		(182,981)		5,449,336
Income tax paid		29,003		6,132
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES		(153,978)		5,455,468
CASH FLOWS FROM INVESTING ACTIVITIES :				
Interest received		116,011		24,527
NET CASH USED IN INVESTING ACTIVITIES		116,011		24,527
NET DECREASE IN CASH		(37,967)		5,479,995
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		22,318,227		16,838,232
CASH AND CASH EQUIVALENTS AT END OF YEAR	P	22,280,260	P	22,318,227

See accompanying Notes to Financial Statements.

FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION, INC.

(Formerly: Fidelity Mutual Life Inc.)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022

(With comparative figures as at and for the year ended December 31, 2021)

(All amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - Organization and operation
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1.1 Corporate Information

FIDELITY LIFE MUTUAL BENEFIT ASSOCIATION, INC. (Formerly: Fidelity Mutual Life Inc.) is a domestic corporation registered with the Securities and Exchange Commission on October 23, 2012 under SEC Reg. 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.

1.2 Approval of Financial Statement

The accompanying financial statements of the Company were reviewed and authorized for issue by the Board of Directors on May 16, 2023.

Note 2 - Significant accounting 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.

PFRS 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:

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, 2020.

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.

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 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, Changes in Accounting Estimates and Errors,
PAS 10, Events After the Balance Sheet Date
PAS 24, Related Party Disclosure

Note 3 - Significant accounting estimates and judgments

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 evidence (i.e. foreign exchange rates, 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.

Note 4 - Cash and cash equivalents

This account consists of:

	2022	2021
Petty cash fund	2,000	2,000
Cash in banks	9,717,263	15,700,030
Time deposits and placements	12,560,996	6,616,196
	22,280,259	22,318,226

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.

Note 5 - Other current assets

This account consists of:

	2022	2021
Unremitted Members' Contributions, Dues and Fees	8,295,178	3,737,328
Input tax	55,696	55,696
Advances - Others	5,019	8,228
	8,355,893	3,801,252

Note 6 – Property and equipment -Net

This account consists of:

	2022	2021
Office furniture, fixture and equipment	46,738	46,738
Accumulated depreciation	(46,738)	(40,413)
Net	-	6,325

Note 7 - Accounts and other payables

This account consists of:

	2022	2021
Taxes payable	7,193	6,667
SSS/HDMF/PHIC contributions	1,015	1,180
Other payables	1,341,317	1,344,017
	1,349,525	1,351,864

Note 8 – Direct Cost

This account consists of:

	2022	2021
Benefits / Claims Expense	2,883,854	1,818,228
Allocation for Liability on Individual Equity Value	1,105,074	958,864
Reserve for basic contingent benefits	-	(94,008)
	3,988,928	2,683,084

Note 9 - General and administrative expenses

This account consists of:

	2022	2021
Service fees	1,163,932	1,389,232
Allocation	-	1,650,525
Technical and professional fees	1,022,048	947,000
Taxes, licenses and fees	212,396	166,395
Salaries and wages	118,515	256,029
Donations	30,000	-
Insurance expense	19,242	-
Depreciation	6,325	8,726
SSS / Pag-ibig / Philhealth contribution	5,090	26,470
Office supplies	1,446	2,868
Miscellaneous	167,690	222,978
	2,746,684	4,670,223

Note 10 - Current taxes

Income tax expense for the years ended December 31, 2022 and 2021 is composed of final tax on Interest Income amounting to P29,003 and P7,665 respectively.

Note 11 - Supplementary information required by the Bureau of Internal Revenue

On October 10, 2007, Revenue Regulations (R.R.) No 12 was signed, amending certain provisions of R.R.No.9-98 relative to the due date within which to pay MCIT imposed on domestic corporation and resident foreign corporations. These revenue regulations require the quarterly payment of MCIT. The quarterly MCIT payments shall be creditable against the tax that will be due at the end of the taxable year whether it be RCIT or MCIT. The regulations took effect beginning on the income tax return for fiscal quarter ending September 30, 2007.

In compliance with the requirements set forth by RR15-2010 hereunder are the information on taxes and license fees paid or accrued during the taxable year.

Withholding Taxes

The amount of expanded withholding taxes paid for the year amounted to **P69,298**.

Taxes and Licenses

This account consists of:

	2022
Insurance commission	116,150
Business permit	94,646
Community tax certificate	1,100
BIR Registration	500
	212,396