SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended
   May 31, 2023
2. SEC Identification Number
   PW538
3. BIR Tax Identification No.
   000-225-442
4. Exact name of issuer as specified in its charter
   FAR EASTERN UNIVERSITY, INC.
5. Province, country or other jurisdiction of incorporation or organization
   Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   Nicanor Reyes Street, Sampaloc, Manila
   Postal Code
   1015
8. Issuer's telephone number, including area code
   0287358686
9. Former name or former address, and former fiscal year, if changed since last report
   Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	24,055,763

11. Are any or all of registrant's securities listed on a Stock Exchange?
    ☑ Yes ☐ No
    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange, Inc.
12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

☑ Yes ☐ No

(b) has been subject to such filing requirements for the past ninety (90) days

☑ Yes ☐ No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

None

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

☐ Yes ☑ No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

N/A

(b) Any information statement filed pursuant to SRC Rule 20

N/A

(c) Any prospectus filed pursuant to SRC Rule 8.1

N/A

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.

Far Eastern University, Incorporated
FEU

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	May 31, 2023
Currency	Philippine Peso

Balance Sheet

	Year Ending	Previous Year Ending
	May 31, 2023	May 31, 2022
Current Assets	5,090,975,379	5,261,753,391
Total Assets	17,264,575,204	16,274,584,491
Current Liabilities	2,265,445,983	2,087,061,867
Total Liabilities	3,740,311,600	3,990,738,130
Retained Earnings/(Deficit)	8,298,139,822	7,102,194,928
Stockholders' Equity	13,524,263,604	12,283,846,361
Stockholders' Equity - Parent	10,559,295,545	9,369,189,650
Book Value Per Share	440.77	391.07

Income Statement

	Year Ending	Previous Year Ending
	May 31, 2023	May 31, 2022
Gross Revenue	4,976,195,842	4,140,711,758
Gross Expense	3,319,880,700	2,749,655,735
Non-Operating Income	392,715,838	280,695,511
Non-Operating Expense	101,803,329	63,603,488
Income/(Loss) Before Tax	1,947,227,651	1,608,148,046

Income Tax Expense	60,162,102	70,319,366
Net Income/(Loss) After Tax	1,887,065,549	1,537,828,680
Net Income/(Loss) Attributable to Parent Equity Holder	1,866,741,062	1,503,734,824
Earnings/(Loss) Per Share (Basic)	77.92	62.74
Earnings/(Loss) Per Share (Diluted)	77.92	62.74

Financial Ratios

	Formula	**Fiscal Year Ended**	**Previous Fiscal Year**
		May 31, 2023	May 31, 2022
Liquidity Analysis Ratios:			
; ; Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	2.25	2.52
; ; Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	2.14	2.4
; ; Solvency Ratio	**Total Assets / Total Liabilities**	4.62	4.08
Financial Leverage Ratios			
; ; Debt Ratio	**Total Debt/Total Assets**	0.22	0.25
; ; Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	0.28	0.32
; ; Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	23.22	32.55
; ; Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	1.28	1.32
Profitability Ratios			
; ; Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	0.33	0.34
; ; Net Profit Margin	**Net Profit / Sales**	0.38	0.37
; ; Return on Assets	**Net Income / Total Assets**	0.11	0.1
; ; Return on Equity	**Net Income / Total Stockholders' Equity**	0.15	0.13
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	6.84	8.61

Other Relevant Information
In compliance with SEC Memorandum Circular No. 04, Series of 2019, included in this Annual Report is the FEU, Inc. Sustainability Report FY 2022-2023.

Filed on behalf by:

Name	Rosalinda Basilio
Designation	Supervisor

COVER SHEET

PW000000538
S.E.C. Registration Number

FAR EASTERN UNIVERSITY,

INCORPORATED

(Company's Full Name)

NICANOR REYES STREET

SAMPALOC, MANILA

(Bussiness Address : No. Street City / Town / Province)

Atty. Anthony Raymond A. Goquingco	8 735-8686
Contact Person	Company Telephone Number

SEC Form 17- A

Annual Report 2022-2023

FORM TYPE

0 5	3 1		1 0	2 1
Month	Day		Month	Day
Calandar year			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended articles Number/Section

Total Number of Barrowings

1,541		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personel concerned

File Number — L C U

Dicument I. D. — Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17 - A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE
AND SECTION 141 OF THE CORPORATION CODE

1. For the fiscal year ended **May 31, 2023**

2. SEC Identification Number **538**

3. BIR Tax Identification No. **000-225-442**

4. Exact name of registrant as specified in its charter **Far Eastern University, Incorporated**

5. PHILIPPINES
Province, Country or other jurisdiction of incorporation or organization

6. _____
/ / (SEC use only)
/_____/
Industry Classification Code:

7. **Nicanor Reyes Street, Sampaloc, Manila** **1015**
Address of principal office Postal Code

8. **(632) 8849-4000**
Issuer's telephone number including area code

9. **NOT APPLICABLE**
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, ₱100.00 par value	**24,055,763**
Bond with Non-Detachable Warrant, ₱1.00 per unit	**Not Applicable**

11. All securities (common shares) are listed with the Philippine Stock Exchange, Inc.

12. Check whether the registrant:

(a) has filed reports required to be filed by Section I7 of the SRC and SRC Rule 17 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes **[x]** No [ ]

13. The aggregate market value of the voting stock held by non-affiliates: **None**

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Far Eastern University (FEU), Inc. – the corporate vehicle – was incorporated in 1933. It operates Far Eastern University, the higher education institution. FEU is also the majority shareholder of East Asia Computer Center, Inc. (EACCI); FEU Alabang, Inc.; Far Eastern College Silang, Inc.; FEU High School, Inc.; and Roosevelt College, Inc. (collectively, the "FEU Group of Schools"). It is also a major shareholder in Fern Realty Corporation, which assists the FEU Group of Schools in their real estate requirements. The subsidiaries of FEU in turn makes use of "FEU" in their respective business names. EACCI does business under the names and styles FEU Institute of Technology (FEU Tech or FIT) and FEU Diliman, while Far Eastern College Silang, Inc., does so as FEU Cavite.

In addition, Far Eastern University, Inc., owns 51% of Edustria, Inc., in a joint venture with the Technological Institute of the Philippines (T.I.P.), Inc., which has a 49% stake. Edustria, Inc., operates a high school under the same name in the Lipa-Malvar area of Batangas province.

FEU, Inc., in the schools it operates, adopts a holistic approach to education, taking into consideration both academics and whole-person development, which includes, among others, the students' social, ethical, and emotional growth. The FEU Group of Schools purposefully endeavors to foster an inclusive, nurturing, safe, and secure space set in beautifully designed campuses conducive for learning.

FEU has also partnered with the Jerudong Park Medical Centre (JPMC) to establish the first private health science college in Brunei Darussalam, the JPMC College of Health Sciences. FEU has also invested in Good Samaritan Colleges, Inc. (GSC) an educational institution located in Cabanatuan City, Nueva Ecija. This will allow both schools to partner together in expanding the educational offerings and operations of GSC in Cabanatuan.

Brief Discussion of the Business

Mother Company

1. FAR EASTERN UNIVERSITY

The Far Eastern University was founded in 1928 as a private, nonsectarian institution of learning. Guided by the core values of fortitude, excellence, and uprightness, it aims to be a university of choice in Asia. Committed to the highest intellectual, moral, and cultural standards, the university strives to produce principled and professionally competent graduates and nurtures a service-oriented and environment-conscious community that seeks to contribute to the advancement of the global society.

Tuition and other fees, which are the main sources of revenues, are moderate and subject to government regulation. Full and partial scholarship grants are awarded to deserving students.

FEU maintains excellent facilities to support the schooling experience of students. These include, among others, a library with an expanding electronic footprint; various types of laboratories; audio-visual and multi-media rooms including smart classrooms; conference, meeting, and multi-

function rooms; an auditorium; gyms and other sports facilities; a clinic; and an information-technology enabled gate security system. All classrooms are spacious and air-conditioned – the ambient temperature powered campus-wide by an environmentally friendly district-cooling system, the first and apparently still the only one in a Philippine educational campus setting. Enrollment and financial operations are managed on NetSuite, an integrated, cloud-based enterprise resource planning (ERP) platform, while academic activities are organized on the state-of-the-art Canvas learning management system.

The university's high standard of quality is substantiated by numerous recognitions from the Philippine Commission on Higher Education (CHED); accrediting bodies such as the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) and the Philippine Accrediting Association of Schools, Colleges, and Universities (PAASCU); the ASEAN University Network – Quality Assurance (AUN-QA) system; and the World's Universities with Real Impact (WURI).

The CHED first conferred on FEU the autonomous university status on 25 July 2012. Then, adopting the stricter quality-assurance framework of CHED Memorandum Order 46 series of 2012, the commission affirmed the status per CHED Memorandum Order 20 series of 2016, extending its effectivity to 31 May 2019. Subsequently, CHED Memorandum Order 12 series of 2019 reaffirmed the university's autonomy through to 31 March 2021 and CHED Memorandum Order 7 series of 2021 extended it further to 31 May 2023.

FEU is organized as seven institutes and an extension campus (in Makati). The baccalaureate, graduate, and certificate programs offered by FEU and its subsidiaries are shown in *Chart 1*. All of these academic program offerings were approved and/or granted permits by the CHED or, in the case of the Juris Doctor program, the Legal Education Board, as well as other relevant government agencies.

Distribution methods of services: Being a higher education institution, Far Eastern University renders education services to students, either in-school or by remote learning modes.

Customers: Students

The university's revenues primarily come from tuition and other fees paid by students. Student fees from the following institutes contributed to education income as follows:

Institute	Percent Share of Revenues
IHSN	40.89%
IABF	22.05%
IAS	18.90%
IARFA	8.75%
ITHM	7.72%
IL	0.86%
IE	0.82%

Competition: Prestigious universities and colleges in the University Belt are FEU's main competition. The university competes with them through its reasonable tuition and other fees, which are subject to government regulation, and by the quality of its services as may be gleaned from the state of its physical plant and facilities and the reputation and capabilities of its faculty, among others. In addition, the university provides various scholarship grants, both for merit and

need, to students who qualify. A distinctive feature of the university calendar is the annual cultural program prepared by the FEU Center for the Arts, which consists of performances by FEU cultural groups and guest artists, exhibits, lectures, and campus tours, all of which are provided for free.

Whistle-Blowing Policy: Far Eastern University encourages responsible whistle blowing and provides whistle blowers adequate protection. Irresponsible and indiscriminate accusations, however, are meted corresponding sanctions.

Subsidiaries and Other Related Parties

1. East Asia Computer Center, Inc.

Although incorporated in 1992, East Asia Computer Center, Inc. (EACCI), started doing business under the name and style FEU Institute of Technology (FIT or FEU Tech, for brevity) only in 2014. In March 2018, it began to use the name and style FEU Diliman as well.

a. FEU Institute of Technology

FEU Tech is a private, non-sectarian institution that provides quality education in the fields of engineering and information technology. It is housed in two buildings: the Technology Building of the FEU Manila campus along Nicanor Reyes Street and the 17-story FEU Tech Building on P. Paredes Street. The school's facilities include well-equipped, air-conditioned classrooms, laboratories, and engineering workshops; a library with a large collection of digital media; a covered gym; a 25-meter four-lane swimming pool; study areas for both individual and collaborative work; exhibit areas; and multi-function rooms. Other notable features include scenic elevators; an e-building high-tech security system; and an observation deck that provides a scenic view of the Manila landscape.

In 2018, FEU Tech launched the FEU Innovation Center. The center is a leading ecosystem of learning support, open to all FEU students, alumni, faculty, and employees who aim to incubate their business ideas or social enterprises. It fosters entrepreneurial prospects by providing access to co-working spaces and community of educators, industry mentors, professional service providers, and potential angel investors.

The institute's high standard of quality is substantiated by program accreditations from the ISO and PAASCU and recognition from the WURI. In its 2022 run, WURI ranked FEU Tech 77th overall and got several places in various categories.

FEU Tech is organized as two colleges. Its course offerings can be found in *Chart 1*.

A snapshot of the result of FEU Tech's graduates in various licensure examination as seen in chart below:

Certification Result

First Trimester	Passing Rate
Computer Science	97.44%
Multimedia Arts	96.97%
Information Technology	96.43%

Second Trimester	
Computer Science	100%
Information Technology	95.83%

Board Examinations Results (First-Time Takers):

Civil Engineering	Institutional Passing	National Passing
November 2022	61.76%	39.34%
April 2023	59.14%	34.76%

Electrical Engineering	Institutional Passing	National Passing
September 2022	66.67%	50.21%
April 2023	55.17%	57.86%

b. FEU Diliman

FEU Diliman is a private, nonsectarian educational institution nestled in a neat10-hectare campus in Mapayapa Village, Quezon City. It offers the full spectrum of formal education from basic education (i.e., kindergarten, grade school, junior and senior high school) to college.

The school has an advanced basic education curriculum that gives special emphasis to English, science, and mathematics and along with integrating 21st-century-skills development. The students' holistic development is achieved through their engagement in a wide array of sports, cultural, values formation, and socio-civic activities and programs. In addition, value-added courses are embedded in the curriculum to enable graduates to pursue higher education in the country's top universities.

FEU Diliman's higher education department aspires to become a professional institute (in the horizontal typology of CHED Memorandum Order 46 series of 2012). Its academic programs are distinctive for their business-information technology fusion. The two pillars of its curriculum are the professional core courses for students to develop technical proficiency and long internships for students to gain deep familiarity with real-world practice. Using non-traditional, technology-facilitated delivery strategies, the academic programs foster deeper student engagement, better motivating the students to achieve the intended learning goals. Graduates are envisioned to be technology-empowered, highly qualified, and principled professionals and leaders who are poised to provide innovative solutions to the challenges they meet in their workplaces.

Product: FEU Diliman is composed of a basic education department and two colleges. The offered courses and programs are also provided for in *Chart 1*.

A snapshot of the result of FEU Diliman's graduates in various licensure examination as seen in chart below:

Certification Results:

Certified Financial Markets Professional (CFMP)	95.12%
Certified Digital Marketing Professional (CDMP)	93.30%

2. FEU Alabang, Inc.

Founded in 2016, FEU Alabang, Inc., carries FEU's mission to provide quality education to the south of Metro Manila. FEU Alabang is 1.8-hectare campus accented by lush green spaces and a 200-seat, resplendent-in-white chapel in Filinvest City, Alabang, one of the most progressive areas in the southern Greater Metro Manila area. Its 15-story academic building, which is equipped with modern classrooms and laboratories as well as an outdoor covered gym, welcomed its first batch of students in 2018.

Product: FEU Alabang is organized as a senior high school department and three colleges. The programs it offers are indicated in *Chart 1*.

A snapshot of the result of FEU Alabang's graduates in various licensure examination as seen in chart below:

Certification Exam

IT Specialist HTML and CCS	BSIT-SMBA and BSIT-WMA	94% Passing Rate
IT Specialist – Java, Networking, Python	BSIT-SMBA and BSIT-WMA	100% Passing Rate
Certified Autodesk Users	BSIT-AGD and BSIT-DA	100% Passing Rate
Certified Autodesk Users	BMA	100% Passing Rate

3. Far Eastern College Silang, Inc.

Established in 2009, Far Eastern College Silang, Inc., does business under the name and style FEU Cavite (FEUC). Located inside MetroGate Silang Estates, a gated community in Silang, Cavite, it is the first subsidiary of FEU Inc. that operated outside Metro Manila. It admitted its first batch of pre-school, grade school, and college students in June 2010, and its first cohort of senior high school students in 2016. In School Year (SY) 2020–2021, FEUC began accepting freshmen for three extension programs of FEU Manila: Bachelor of Arts in Communication, Bachelor of Arts in Political Science, and Bachelor of Science in Medical Technology.

FEU Cavite aspires to be a school of choice in the Southern Tagalog region by pursuing the twin goals of inculcating a love for learning among its students and being an engine for the region's socioeconomic development. It seeks to develop its students to be values-driven, service-oriented, and future-ready global citizens through a technology-empowered and individualized learning system. Its social mission is to fuel community growth by heritage preservation and environmental stewardship.

Product: FEU Cavite is organized as three departments, Basic Education, Senior High School, and Higher Education. The programs of FEU Cavite is provided for in *Chart 1*.

4. FEU High School, Inc.

FEU High School (FEU HS), Inc., was established as a subsidiary of Far Eastern University, Inc., in 2013 in response to Republic Act 10533 (otherwise known as the Enhanced Basic Education Act of 2013), which extended the Philippine basic education program to 13 years, adding Grades 11 and 12 to the secondary education level. Situated inside the FEU Manila campus, FEU HS

welcomed its pioneer class of senior high school students in 2016. Starting in SY 2021-2022, FEU High School admitted its first batch of junior high school students.

Guided by the FEU core values, FEU High School provides quality education that prepares its graduates for college, the world of work, and life. Its curriculum is student-centered, values-driven, and competency-laden; its delivery methods are technology-enabled; and its learning activities are project based.

FEU HS's mission is to equip its students with basic and future-ready skills; healthy habits of mind; and positive, resilient attitudes. Students who fully engage the curriculum develop a keen awareness of self and are empowered to interact with the world in different dimensions, create their own future, and contribute to nation-building.

FEU HS implements design thinking as a teaching strategy. Its academic offerings are complemented by special programs that foster experiential learning and the development of leadership and social skills as well as service orientation in students. The school has wide variety of student clubs and organizations that focus on a variety of topics and interests, including sports and arts.

FEU High School implemented several programs that resulted in the following:

- A positive correlation between ALEKS and student performance.
- Partnerships with industries for local and international work immersion.
- Transition from traditional classrooms to collaborative learning spaces.
- A notable 40% increase in faculty development activities.
- Active and sustainable community extension projects.

These accomplishments reflect the FEU High School's commitment to holistic education and community engagement.

5. Roosevelt College, Inc.

Roosevelt College, Inc. (RCI), has a long history of providing quality education as a private, nonsectarian school, first as Marikina Academy in 1933 and as RCI since 1946. RCI became a member of the FEU Group of Schools in May 2016 when FEU Inc. purchased the 79.7% of RCI's outstanding capital stock (since increased to 97.3%) and gained management control of all campuses and affiliated companies. In 2019, RCI started to do business under the name and style FEU Roosevelt (FEUR).

Significantly contributing to the expansion of the FEU Group of School's geographic and demographic footprint and of basic education in its portfolio of program offerings, FEU Roosevelt is expected to carry FEU's distinctive marks of quality education and excellent facilities while improving the accessibility of such to more Filipino families. It currently operates three campuses, which are located in Marikina City, Metro Manila, and the municipalities of Cainta and Rodriguez, both of which are in Rizal province.

FEUR envisions the formation of a productive and responsible citizenry who are empowered through education.

Product: FEU Roosevelt is organized as three campuses and offers the full spectrum of academic program offerings from basic education to graduate school. The details of which are provided for in *Chart 1.*

6. Edustria, Inc.

Edustria, Inc., was established in 2019 as a joint venture of Far Eastern University and the Technological Institute of the Philippines (T.I.P.). A contraction of "Education for Industry," Edustria, as an enterprise, aims to deliver education that is relevant to industry needs. Doing business under the name and style Edustria High School, it admitted its first batches of Grade 7 and Grade 11 students in 2020.

Strategically located in the Lima Technology Center at Lipa City, Batangas, where more than 100 manufacturing companies from various industries have set up shop, Edustria partners with key firms in the technology park to bring its students in close proximity to the world of work. Work immersion is a key feature of Edustria's teaching and learning strategy; students are not only taught the necessary content knowledge, they are also developed in their skills and competencies through industry-enriched curriculums and strengthened in their character through work-values training. Edustria graduates are intended to be both work- and college-ready and to thrive in life in 21st century.

Edustria High School has forged two (2) new industry partners located in LIMA Technopark, namely: Furukawa Automotive Systems LIMA Philippines, Inc. and Littelfuse Philippines, Inc. To date, the school has already eight (8) industry partners since it started operations in 2020.

Last SY 2022-2023, all Grade 12 students had their industry immersion at 4 industry partners of Edustria High School namely: Sohbi Kohgie, Proterial, MIFFI and Furukawa Automotive Systems.

Edustria High School offers the programs indicated in *Chart 1*.

7. Fern Realty Corporation

Fern Realty Corporation (FRC) was established in 1984 primarily to assist FEU and eventually its subsidiary schools in their real estate requirements. For this purpose, the corporation acquired properties in Metro Manila and Silang, Cavite, which are currently leased to the FEU schools. In Silang, it has also constructed dormitory facilities and farm laboratories for the use of students and faculty members and a staff house for officers of FEU Cavite.

FRC is also engaged in developing and acquiring real properties for sale or lease. With Ayala Land, Inc., it co-developed Ferndale Homes in Quezon City; and with Moldex Realty Corporation, Fern Parc, a premium subdivision within MetroGate Silang Estate in Silang, Cavite. Its prime condominium units and residential houses in Makati City, Quezon City, and Taguig City are leased to local and foreign corporations and individuals. The latest additions to its asset portfolio are condominium units in Arbor Lanes, Arca South, Taguig City, as well as in Proscenium Residences at Rockwell, Two Roxas Triangle, and Park Central – all three of which are located in Makati City.

Accreditation

Over the years, the FEU Group of Schools have been accredited by leading institutions both locally and internationally. Of note, the World Universities with Real Impact (WURI) has listed FEU Tech in its ranking of Overall Top Universities and other globally relevant categories.

Further, FEU obtained quality assurance accreditation from the ASEAN University Network (AUN-QA) for courses evaluated in 2021. A summary of the different institutional accreditations of the FEU Group of Schools can be found in the *Chart 2*.

CHART 1

FEU GROUP OF SCHOOLS

Chart of Courses as of *SY 2022-2023*

COURSES	Far Eastern University	Far Eastern University	Far Eastern University	FEU Institute of Technology	FEU Institute of Technology	FEU Institute of Technology	FEU Roosevelt	FEU Roosevelt	FEU Roosevelt	FEU High School	Edustria *Joint Venture of FEU and T.I.P.*
	Manila	*Makati*	*Cavite*	*Alabang*	*Manila*	*Diliman*	*Cainta, Rizal*	*Marikina*	*Rodriguez, Rizal*	*Manila*	*Lipa City, Batangas*
BASIC EDUCATION											
Kindergarten			✓			✓	✓	✓	✓		
Junior High School			✓			✓	✓	✓	✓	✓	✓
Grade School			✓			✓	✓	✓	✓		
SENIOR HIGH SCHOOL											
Accountancy, Business, and Management			✓	✓		✓	✓	✓	✓	✓	✓
General Academic Strand				✓		✓	✓	✓		✓	✓
Humanities and Social Science			✓	✓		✓	✓	✓	✓	✓	✓
Science, Technology, Engineering, Mathematics (STEM)			✓	✓		✓	✓	✓	✓	✓	✓
Sports						✓					
Technical Vocational (Home Economics and Information and Communication)							✓	✓	✓		
TERTIARY EDUCATION											
Bachelor of Science in Accountancy	✓	✓	✓	✓		✓					
Bachelor of Science in Business Administration *(Business Analytics)*	✓	✓									
Bachelor of Science in Business Administration *(Entrepreneurial Management)*	✓	✓									
Bachelor of Science in Business Administration *(Financial Management)*	✓	✓	✓	✓		✓	✓				

FEU GROUP OF SCHOOLS
Chart of Courses as of *SY 2022-2023*

COURSES	Far Eastern University	Far Eastern University	Far Eastern University	FEU Institute of Technology	FEU Institute of Technology	FEU Institute of Technology	FEU Roosevelt	FEU Roosevelt	FEU Roosevelt	FEU High School	Edustria *Joint Venture of FEU and T.I.P.*
	Manila	*Makati*	*Cavite*	*Alabang*	*Manila*	*Diliman*	*Cainta, Rizal*	*Marikina*	*Rodriguez, Rizal*	*Manila*	*Lipa City, Batangas*
Bachelor of Science in Business Administration *(HR Management)*							✓	✓			
Bachelor of Science in Business Administration *(Leadership & Human Capital)*	✓	✓									
Bachelor of Science in Business Administration *(Marketing Management)*	✓	✓	✓			✓	✓	✓			
Bachelor of Science in Business Administration *(Operations Management)*						✓	✓	✓			
Bachelor of Science in Business Administration *(Marketing Management and Multimedia Design)*				✓							
BS Internal Auditing	✓	✓									
Bachelor of Fine Arts major in Studio Arts	✓										
Bachelor of Fine Arts major in Visual Communication	✓										
Bachelor of Science in Architecture *(Building Construction)*	✓										
Bachelor of Science in Architecture *(Housing Design)*	✓										
Bachelor of Science in Architecture *(Urban Design)*	✓										
Bachelor of Arts in Communication *(Convergent Media)*	✓										

FEU GROUP OF SCHOOLS
Chart of Courses as of *SY 2022-2023*

COURSES	Far Eastern University	Far Eastern University	Far Eastern University	FEU Institute of Technology	FEU Institute of Technology	FEU Institute of Technology	FEU Roosevelt	FEU Roosevelt	FEU Roosevelt	FEU High School	Edustria *Joint Venture of FEU and T.I.P.*
	Manila	*Makati*	*Cavite*	*Alabang*	*Manila*	*Diliman*	*Cainta, Rizal*	*Marikina*	*Rodriguez, Rizal*	*Manila*	*Lipa City, Batangas*
Bachelor of Arts in Communication *(Digital Cinema)*	✓										
Bachelor of Arts in Interdisciplinary Studies *(Global Devt. & Sustainability)*	✓										
Bachelor of Arts in Interdisciplinary Studies *(Phil. Arts, Culture & Society)*	✓										
Bachelor of Arts in Interdisciplinary Studies *(Urban Spaces & Transitions Studies)*	✓										
Bachelor of Arts in International Studies *(Intl. Devt. & Cooperation)*	✓										
Bachelor of Arts in International Studies *(Intl. Relations. & Diplomacy)*	✓										
Bachelor of Arts in Language and Literature *(English Studies)*	✓										
Bachelor of Arts in Language and Literature *(Literature Studies)*	✓										
Bachelor of Arts in Political Science *(Phil. Politics & Foreign Relations)*	✓										
Bachelor of Science in Applied Mathematics *(Data Science)*	✓										
Bachelor of Science in Applied Mathematics *(Infromation Technology)*	✓										

FEU GROUP OF SCHOOLS
Chart of Courses as of *SY 2022-2023*

COURSES	Far Eastern University	Far Eastern University	Far Eastern University	FEU Institute of Technology	FEU Institute of Technology	FEU Institute of Technology	FEU Roosevelt	FEU Roosevelt	FEU Roosevelt	FEU High School	Edustria *Joint Venture of FEU and T.I.P.*
	Manila	*Makati*	*Cavite*	*Alabang*	*Manila*	*Diliman*	*Cainta, Rizal*	*Marikina*	*Rodriguez, Rizal*	*Manila*	*Lipa City, Batangas*
Bachelor of Science in Biology *(Medical Biology)*	✓										
Bachelor of Science in Biology *(Microbiology)*	✓										
Bachelor of Science in Biology *(Systematic Biology)*	✓										
Bachelor of Science in Medical Technology	✓										
Bachelor of Science in Psychology	✓		✓								
Bachelor of Elementary Education	✓						✓				
Bachelor of Physical Education	✓										
Bachelor of Science in Exercise and Sports Science major in Fitness and Sports Management	✓										
Bachelor of Secondary Education major in English	✓						✓				
Bachelor of Secondary Education major in Mathematics	✓						✓				
Bachelor of Secondary Education major in Science	✓						✓				
Bachelor of Secondary Education major in Values Education							✓				
Bachelor of Secondary Education major in Filipino							✓				

FEU GROUP OF SCHOOLS
Chart of Courses as of *SY 2022-2023*

COURSES	Far Eastern University	Far Eastern University	Far Eastern University	FEU Institute of Technology	FEU Institute of Technology	FEU Institute of Technology	FEU Roosevelt	FEU Roosevelt	FEU Roosevelt	FEU High School	Edustria *Joint Venture of FEU and T.I.P.*
	Manila	*Makati*	*Cavite*	*Alabang*	*Manila*	*Diliman*	*Cainta, Rizal*	*Marikina*	*Rodriguez, Rizal*	*Manila*	*Lipa City, Batangas*
Bachelor of Secondary Education major in Social Studies							✓				
Bachelor of Early Childhood Education							✓				
Bachelor of Special Needs Education	✓										
Bachelor of Science in Nursing	✓										
Bachelor of Science in Hotel and Restaurant Management *(Culinary Management)*	✓										
Bachelor of Science in Hotel and Restaurant Management *(Hotel Operations)*	✓										
Bachelor of Science in Tourism Management *(Events Management)*	✓		✓				✓				
Bachelor of Science in Tourism Management *(Travel & Tours Management)*	✓						✓				
Bachelor of Science in Hospitality Management			✓				✓				
Bachelor of Multimedia Arts				✓	✓						
Bachelor of Science in Computer Science with specialization in Data Science				✓	✓						

FEU GROUP OF SCHOOLS
Chart of Courses as of *SY 2022-2023*

COURSES	Far Eastern University	Far Eastern University	Far Eastern University	FEU Institute of Technology	FEU Institute of Technology	FEU Institute of Technology	FEU Roosevelt	FEU Roosevelt	FEU Roosevelt	FEU High School	Edustria *Joint Venture of FEU and T.I.P.*
	Manila	*Makati*	*Cavite*	*Alabang*	*Manila*	*Diliman*	*Cainta, Rizal*	*Marikina*	*Rodriguez, Rizal*	*Manila*	*Lipa City, Batangas*
Bachelor of Science in Computer Science with specialization in Software Engineering				✓	✓						
Bachelor of Science in Information Technology with specialization in Animation and Game Development				✓	✓	✓		✓			
Bachelor of Science in Information Technology with specialization in Digital Arts											
Bachelor of Science in Information Technology with specialization in Business Analytics				✓	✓						
Bachelor of Science in Information Technology with specialization in Web and Mobile Applications				✓	✓	✓		✓			
Bachelor of Science in Information Technology with specialization in Innovation and Business					✓						
Bachelor Science in Civil Engineering				✓	✓						
Bachelor of Science in Computer Engineering				✓	✓						
Bachelor of Science in Electrical Engineering				✓	✓						
Bachelor of Science in Electronic Engineering				✓	✓						

FEU GROUP OF SCHOOLS
Chart of Courses as of *SY 2022-2023*

COURSES	Far Eastern University	Far Eastern University	Far Eastern University	FEU Institute of Technology	FEU Institute of Technology	FEU Institute of Technology	FEU Roosevelt	FEU Roosevelt	FEU Roosevelt	FEU High School	Edustria *Joint Venture of FEU and T.I.P.*
	Manila	*Makati*	*Cavite*	*Alabang*	*Manila*	*Diliman*	*Cainta, Rizal*	*Marikina*	*Rodriguez, Rizal*	*Manila*	*Lipa City, Batangas*
Bachelor of Science in Mechanical Engineering				✓	✓						
GRADUATE PROGRAM											
Juris Doctor		✓									
Master of Business Administration	✓										
Master of Arts in Communication	✓										
Master of Arts major in Letters	✓										
Master of Arts in Psychology with specialization in Clinical Psychology	✓										
Master of Arts in Psychology with specialization in Industrial Psychology	✓										
Master of Arts in Education major in Curriculum and Instruction	✓										
Master of Arts in Education major in Educational Administration	✓						✓				
Master of Arts in Education major in Educational Technology							✓				
Master of Arts in Education major in Teaching Early Grades							✓				
Master of Arts in Education major in Guidance and Counselling							✓				
Master in School Guidance and Counselling	✓										

FEU GROUP OF SCHOOLS
Chart of Courses as of *SY 2022-2023*

COURSES	Far Eastern University	Far Eastern University	Far Eastern University	FEU Institute of Technology	FEU Institute of Technology	FEU Institute of Technology	FEU Roosevelt	FEU Roosevelt	FEU Roosevelt	FEU High School	Edustria *Joint Venture of FEU and T.I.P.*
	Manila	*Makati*	*Cavite*	*Alabang*	*Manila*	*Diliman*	*Cainta, Rizal*	*Marikina*	*Rodriguez, Rizal*	*Manila*	*Lipa City, Batangas*
Master of Arts in Education major in English Language Teaching	✓						✓				
Master of Arts in Education major in Literature and Language Education (English)	✓										
Master of Arts in Education (English Language and Literature Education Track)	✓						✓				
Master of Arts in Education major in Mathematics Education	✓						✓				
Master of Arts in Education major in Social Studies							✓				
Master in Learning and Teaching (Social Studies Track)	✓										
Master in Learning and Teaching (Filipino Track)	✓										
Master of Arts in Education major in Filipino							✓				
Master of Arts in Education major in Special Education	✓						✓				
Master in Physical Education	✓										
Master of Science in Biology	✓										
Master of Science in Nursing											
Master of Arts in Nursing specialized in Community Health											

FEU GROUP OF SCHOOLS
Chart of Courses as of *SY 2022-2023*

COURSES	Far Eastern University	Far Eastern University	Far Eastern University	FEU Institute of Technology	FEU Institute of Technology	FEU Institute of Technology	FEU Roosevelt	FEU Roosevelt	FEU Roosevelt	FEU High School	Edustria *Joint Venture of FEU and T.I.P.*
	Manila	*Makati*	*Cavite*	*Alabang*	*Manila*	*Diliman*	*Cainta, Rizal*	*Marikina*	*Rodriguez, Rizal*	*Manila*	*Lipa City, Batangas*
Master of Arts in Nursing specialized in Maternal-Child Health	✓										
Master of Arts in Nursing specialized in Medical-Surgical Nursing	✓										
Master of Arts in Nursing specialized in Mental Health and Psychiatric Nursing											
Master of Arts in Nursing specialized in Nursing Systems Administration	✓										
Doctor of Education major in Curriculum and Instruction	✓										
Doctor of Education major in Educational Administration	✓										
Doctor of Education major in Language and Literature Education	✓										
Doctor of Philosophy in Psychology major in Clinical Psychology	✓										
Doctor of Philosophy in Psychology major in Forensic Psychology	✓										
Doctor of Philosophy in Psychology major in Industrial Psychology	✓										
CERTIFICATE COURSES											
Teacher Certificate Program	✓						✓				

CHART 2

FEU GROUP OF SCHOOLS

Chart of Courses Accreditation as of SY 2022-2023

SCHOOLS	Local Accreditation	International Assessment	Ranking Metrics	International Memberships
Far Eastern University (Manila and Makati)	**Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA)** *A. Undergraduate:* - BS Accountancy - BS Business Administration - BS Biology - BS Applied Mathematics - BS Psychology - BA Communication - B Elementary Education - B Secondary Education - BS Political Science - BA Language and Literature - BS Medical Technology - BS Hotel and Restaurant Management - BS Tourism Management - B Fine Arts - BS Architecture - BA International Studies *B. Graduate Studies:* - MA Education - Doctor of Education - MA Psychology - MA Communication - MS Biology	**ASEAN University Network- Quality Assurance (AUN-QA)** - BS Accountancy - BS Business Administration - BS Medical Technology - BS Biology - BS Psychology - BA Communication - B Elementary Education - B Secondary Education - BS Nursing - BS Architecture - BS International Studies - BS Aplied Mathematics - BA Political Science - B Fine Arts	**ASEAN University Performance Metrics** - 5 Stars, Community Services - 4 Stars, Strategic Governance - 4 Stars, Education - 4 Stars, Innovation Ecosystem	**Member, Association to Advance Collegiate Schools of Business (AACSB)** **Member, ASEAN University Network – Quality Assurance (AUN-QA)** **Member, International Centre of Excellence in Tourism and Hospitality Education (THE-ICE)** **Member/COE, Asia Pacific Institute for Events Management (APIEM)**
	Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU) *A. Undergraduate:* - BS Nursing *B. Graduate Studies:* - MA Nursing			
FEU Institute of Technology (Manila)	**Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU)** - BS Information Technology - BS Computer Science - BS Civil Engineering - BS Computer Engineering - BS Electrical Engineering **International Organization for Standardization ISO 9001:2015** - Recertification (Zero Major and Minor Non-Conformity)		**World Universities with Real Impact (WURI)** - Ranked 77th, Global Top 100 Innovative Universities - Ranked 13th, Fourth Industrial Revolution - Ranked 34th, Entrepreneurial Spirit - Ranked 20th, Crisis Management - Ranked 47th, Ethical Value	
FEU Cavite	**Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU)** - Preliminary Visit for Senior High School - Preliminary Visit for Basic Education			
FEU Roosevelt (Rodriguez)	**Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU)** - Junior High School Program			

Employees

The number of University employees as of May 31, 2023 are as follows:

University Officials	-	18
Academic and Non-Academic Managers	-	59
Non-Academic:		
Supervisor	-	51
Rank-and-File	-	224
Probationary	-	20
Project Based	-	8
Academic:		
Lecturer (Full-time equivalent)	-	447 (LFT=355; LPT=92)
Regular	-	279

The inclusive dates of Collective Bargaining Agreement (CBA) are as follows:

Non-Academic	- Employees	-	July 16, 2021 - July 15, 2026
Academic	- Faculty	-	September 1, 2021 - August 31, 2026

The labor unions of the employees and the faculty members have never been on strike in the last ten years, and pose no threat to strike in the foreseeable future. Employees and faculty members have a harmonious relationship with the Administration.

Other Supplemental Benefits or Incentive Arrangements the Registrant has or will have with its employees:

		Non-Teaching Employee	**Faculty**
1.	Average annual increase in basic salary for two years	3%	3%
2.	Yearly Rice Allowance	₱15,000.00	₱15,000.00
3.	Yearly Medical Benefit	₱70,000.00 *(Plus health card premium deducted from the ₱70,000.00)*	₱60,000.00 *Plus health card (premium deducted from the ₱60,000.00)*
4.	Educational Benefit	For employees and their dependents	For faculty and their dependents
5.	One-time Signing Bonus	₱30,000.00	₱30,000.00
6.	One-time No Strike Bonus	₱200,000.00	₱200,000.00
7.	Others	Various	Various

Item 2. Schedule of Property and Equipment / Investment Properties

	Gross Book Value	Accumulated Depreciation	Net Book Value	Location	Condition
FAR EASTERN UNIVERSITY, INCORPORATED (FEU or Parent Company)					
I. PROPERTY AND EQUIPMENT:					
LAND					
Land - FEU Manila Campus *(including Lerma, R. Papa Extension, and St. Catherine lot)*	P 339,828,346	P -	P 339,828,346	Manila	Very Good
Land - Education and Admissions Buildings *(formerly EAC Main and Annex Buildings)*	53,394,726	-	53,394,726	Manila	Very Good
Land - Biluso, Silang	41,733,202	-	41,733,202	Silang, Cavite	Very Good
	434,956,274	-	434,956,274		
BUILDINGS, AND LAND AND LEASEHOLD IMPROVEMENTS					
Leasehold Improvements *(Administration Building, Architecture Building, Nursing Building, Accounts Business and Finance Building, R. Papa Gym and Student Pavilion*	895,435,989	400,557,432	494,878,557	Manila	Very Good
FEUTURE Center (Lerma)	641,006,827	128,396,873	512,609,954	Manila	Very Good
Technology Building	348,656,357	268,253,363	80,402,994	Manila	Very Good
Science Building (SB)	301,341,500	159,477,293	141,864,207	Manila	Very Good
Arts Building	279,980,892	30,053,798	249,927,094	Manila	Very Good
Admissions Building *(formerly EAC Main Building)*	266,579,526	181,187,199	85,392,327	Manila	Very Good
Nicanor Reyes Hall	198,867,089	107,441,468	91,425,621	Manila	Very Good
FEU Makati Building	180,981,854	111,902,386	69,079,468	Makati City	Very Good
Education Building *(formerly EAC Annex Building)*	144,130,612	99,371,314	44,759,298	Manila	Very Good
Alfredo Reyes Hall	129,069,087	103,311,802	25,757,285	Manila	Very Good
Campus Pavilion	24,875,853	9,117,514	15,758,339	Manila	Very Good
Architecture Building *(formerly Law Building)* to SB Covered Walk	3,202,126	2,401,228	800,898	Manila	Very Good
Land Improvements *(Grandstand, Pavilion, Covered Walks, Perimeter Fences and Others)*	16,946,162	11,033,228	5,912,934	Manila	Very Good
Construction-in-Progress	32,478,067	-	32,478,067	Manila	Very Good
	P 3,463,551,941	P 1,612,504,898	P 1,851,047,043		

	Gross Book Value	Accumulated Depreciation	Net Book Value	Location	Condition
FURNITURE, FIXTURES AND EQUIPMENT					
Information Technology Equipment	P 325,093,832	P 278,391,980	P 46,701,852	Manila	Very Good
Electrical and Mechanical Equipment	240,960,591	191,282,577	49,678,014	Manila	Very Good
Furnitures and Fixtures	127,109,099	110,610,351	16,498,748	Manila	Very Good
Laboratory Equipment	101,678,233	83,298,692	18,379,541	Manila	Very Good
Transportation Equipment	51,111,748	46,853,431	4,258,317	Manila	Very Good
Athletic and Sports Equipment	5,158,295	4,962,201	196,094	Manila	Very Good
Musical Instruments	4,661,476	4,567,752	93,724	Manila	Very Good
Museum Collections	2,000,000	-	2,000,000	Manila	Very Good
Tools	1,757,416	1,737,501	19,915	Manila	Very Good
Miscellaneous Fixed Assets	104,050,196	103,778,470	271,726	Manila	Very Good
	963,580,886	825,482,955	138,097,931		
TOTAL PROPERTY AND EQUIPMENT	**P 4,862,089,101**	**P 2,437,987,853**	**P 2,424,101,248**		
II. INVESTMENT PROPERTIES:					
LAND					
Land - Filinvest Alabang	P 1,076,829,849	P -	P 1,076,829,849	Muntinlupa City	Very Good
BUILDINGS					
FEU Cavite Building II	254,613,244	125,383,697	129,229,547	Silang, Cavite	Very Good
FEU Cavite Building I	205,592,198	111,761,461	93,830,737	Silang, Cavite	Very Good
FEU Cavite Gym	23,170,854	-	23,170,854	Silang, Cavite	Very Good
	483,376,296	237,145,158	246,231,138		
TOTAL INVESTMENT PROPERTIES	**1,560,206,145**	**237,145,158**	**1,323,060,987**		
TOTAL FIXED ASSETS OF FEU	**P 6,422,295,246**	**P 2,675,133,011**	**P 3,747,162,235**		

	Gross Book Value	Accumulated Depreciation	Net Book Value	Location	Condition
FERN REALTY CORPORATION (FRC)					
I. INVESTMENT PROPERTIES:					
LAND					
Land - FEU Makati Campus	P 212,850,736	P -	P 212,850,736	Makati City	Very Good
Land - FEU Cavite Campus	113,703,104	-	113,703,104	Silang, Cavite	Very Good
Land - FEU Campus Site I *(Administration Building, Nursing Building, Accounts Business and Finance Building, Architecture Building and Open Spaces)*	82,805,600	-	82,805,600	Manila	Very Good
Land - FEU Campus Site II *(Fern Building, FEU Institute of Technology Building and R. Papa Gym)*	67,253,504	-	67,253,504	Manila	Very Good
Land - Ferndale Villas	6,810,000	-	6,810,000	Quezon City	Very Good
Land - Sampaguita Ave., Quezon City	3,714,947	-	3,714,947	Quezon City	Very Good
	487,137,891	-	487,137,891		
LAND IMPROVEMENTS	25,179,014	12,904,957	12,274,057	Various	Very Good
BUILDINGS					
FEU Cavite Dormitory and Staff House	143,109,810	10,011,189	133,098,621	Silang, Cavite	Very Good
FEU Manila Campus Buildings	35,647,364	28,217,559	7,429,805	Manila	Very Good
Fern Building	43,672,595	18,476,827	25,195,768	Manila	Very Good
R. Papa Gymnasium	30,970,563	11,192,510	19,778,053	Manila	Very Good
Ferndale Villas	29,879,244	3,858,625	26,020,619	Quezon City	Very Good
Lincoln Tower (Condominium unit)	28,798,811	1,775,927	27,022,884	Makati City	Very Good
Serendra (Condominium unit)	26,370,590	5,394,251	20,976,339	Taguig City	Very Good
Verve Residences (Condominium unit)	17,209,206	1,291,030	15,918,176	Taguig City	Very Good
Arca Lanes Residences	12,376,472	1,052,000	11,324,472	Taguig City	Very Good
Lerato (Condominium unit)	1,933,487	241,686	1,691,801	Makati City	Very Good
Fern College Building	766,964	102,037	664,927	Quezon City	Very Good
	370,735,106	81,613,641	289,121,465		
BUILDING AND LAND IMPROVEMENTS	38,851,744	28,573,291	10,278,453	Various	Very Good
TOTAL INVESTMENT PROPERTIES	**P 921,903,755**	**P 123,091,889**	**P 798,811,866**		

	Gross Book Value	Accumulated Depreciation	Net Book Value	Location	Condition
II. TRANSPORTATION AND OTHER EQUIPMENT (OTHER CURRENT ASSETS)					
Transportation Equipment	P 13,615,369	P 9,429,658	P 4,185,711	Manila	Very Good
Office Furniture and Other Equipment	10,858,360	6,734,588	4,123,772	Manila	Very Good
TOTAL TRANSPORTATION AND OTHER EQUIPMENT	**24,473,729**	**16,164,246**	**8,309,483**		
TOTAL FIXED ASSETS OF FRC	**P 946,377,484**	**P 139,256,135**	**P 807,121,349**		
EAST ASIA COMPUTER CENTER, INC. (EACCI)					
PROPERTY AND EQUIPMENT:					
Building and improvements *(FIT Building)*	P 1,325,207,312	P 536,145,671	P 789,061,641	Manila	Very Good
IT and Laboratory Tools, Machineries and Equipment	163,219,434	147,112,805	16,106,629	Manila	Very Good
Furniture and Fixtures	36,507,616	32,996,405	3,511,211	Manila	Very Good
Leasehold Improvements	23,999,318	7,035,316	16,964,002	Manila	Very Good
Construction-in-Progress	737,998	-	737,998	Manila / Quezon City	Very Good
TOTAL FIXED ASSETS OF EACCI	**P 1,549,671,678**	**P 723,290,197**	**P 826,381,481**		
FAR EASTERN COLLEGE - SILANG, INC. (FECSI)					
PROPERTY AND EQUIPMENT:					
Computer Equipment	P 75,975,850	P 56,751,250	P 19,224,600	Silang, Cavite	Very Good
Furnitures and Fixtures	39,683,044	25,502,820	14,180,224	Silang, Cavite	Very Good
Leasehold Improvements	25,337,969	23,246,582	2,091,387	Silang, Cavite	Very Good
Tools and Equipment	17,074,112	10,710,180	6,363,932	Silang, Cavite	Very Good
Library Books	8,477,834	7,705,098	772,736	Silang, Cavite	Very Good
Transportation Equipment	4,163,200	3,633,167	530,033	Silang, Cavite	Very Good
TOTAL FIXED ASSETS OF FECSI	**P 170,712,009**	**P 127,549,097**	**P 43,162,912**		

	Gross Book Value	Accumulated Depreciation	Net Book Value	Location	Condition
FEU HIGH SCHOOL, INC. (FEU High)					
PROPERTY AND EQUIPMENT:					
Information Technology Equipment	P 23,937,692	P 15,520,161	P 8,417,531	Manila	Very Good
Furniture and Fixtures	17,705,101	12,845,961	4,859,140	Manila	Very Good
Leasehold Improvements	13,352,698	10,202,389	3,150,309	Manila	Very Good
Electrical and Mechanical Equipment	4,841,236	3,548,532	1,292,704	Manila	Very Good
Transportation Equipment	1,880,078	1,656,478	223,600	Manila	Very Good
Laboratory Equipment	1,069,150	1,020,850	48,300	Manila	Very Good
Athletic and Musical Instruments	444,586	417,724	26,862	Manila	Very Good
TOTAL FIXED ASSETS OF FEU High	**P 63,230,541**	**P 45,212,095**	**P 18,018,446**		
FEU ALABANG, INC. (FEUAI)					
PROPERTY AND EQUIPMENT:					
Building	P 1,964,664,777	P 406,986,698	P 1,557,678,079	Muntinlupa City	Very Good
Laboratory Tools and Equipment	67,191,721	48,236,767	18,954,954	Muntinlupa City	Very Good
Information Technology and Office Equipment	57,190,956	51,334,356	5,856,600	Muntinlupa City	Very Good
Furniture and Fixtures	30,606,002	24,153,341	6,452,661	Muntinlupa City	Very Good
Leasehold Improvement	12,340,689	5,329,547	7,011,142	Muntinlupa City	Very Good
TOTAL FIXED ASSETS OF FEUAI	**P 2,131,994,145**	**P 536,040,709**	**P 1,595,953,436**		

	Gross Book Value	Depreciation	Net Book Value	Location	Condition
ROOSEVELT COLLEGE, INC. (RCI)					
PROPERTY AND EQUIPMENT:					
LAND					
Cainta Campus	P 417,322,605	P -	P 417,322,605	Cainta, Rizal	Very Good
Marikina Campus	249,404,542	-	249,404,542	Marikina City	Very Good
Cubao Campus	118,701,527	-	118,701,527	Quezon City	Very Good
Rodriguez Campus	93,983,091	-	93,983,091	Rodriguez, Rizal	Very Good
San Mateo Campus	45,582,512	-	45,582,512	San Mateo, Rizal	Very Good
Tanay Property	42,335,419		42,335,419	Tanay, Rizal	Very Good
Rodriguez Lot	32,989,393		32,989,393	Rodriguez, Rizal	Very Good
	1,000,319,090	-	1,000,319,090		
BUILDINGS AND IMPROVEMENTS	971,913,920	418,502,506	553,411,414	Various Campuses	Very Good
FURNITURE, FIXTURES AND EQUIPMENT					
Information Technology Equipment	62,570,272	35,477,017	27,093,255		
Electrical and Mechanical Equipment	51,593,977	20,305,993	31,287,984		
Furniture and Fixtures	38,164,627	21,326,387	16,838,240		
Laboratory Equipment	8,020,299	7,881,307	138,992		
Transportation Equipment	4,697,866	1,907,237	2,790,629		
Musical Instruments	2,063,390	1,820,890	242,500		
Miscellaneous Equipment	894,070	446,813	447,257		
Athletic and Sports Equipment	617,711	444,794	172,917		
	168,622,212	89,610,438	79,011,774	Various Campuses	Very Good
CONSTRUCTION-IN-PROGRES	105,468,004	-	105,468,004	Various Campuses	Very Good
TOTAL FIXED ASSETS OF RCI	**P 2,246,323,226**	**P 508,112,944**	**P 1,738,210,282**		

EDUSTRIA, INCORPORATED

PROPERTY AND EQUIPMENT:

LAND					
Edustria High School Campus	P 296,383,609	P -	P 296,383,609	Lipa City, Batangas	Very Good
FURNITURE, FIXTURES AND EQUIPMENT					
Leasehold Improvements	42,795,020	24,110,307	18,684,713	Lipa City, Batangas	Very Good
Furniture and Fixtures	7,495,481	4,302,680	3,192,801	Lipa City, Batangas	Very Good
Information Technology Equipment	5,517,108	2,900,349	2,616,759	Lipa City, Batangas	Very Good
Electrical and Mechanical Equipment	5,220,154	3,525,733	1,694,421	Lipa City, Batangas	Very Good
Transportation Equipment	2,001,000	933,317	1,067,683	Lipa City, Batangas	Very Good
Laboratory Tools and Equipment	760,943	540,519	220,424	Lipa City, Batangas	Very Good
	63,789,706	36,312,905	27,476,801		
TOTAL FIXED ASSETS OF EDUSTRIA	**P 360,173,315**	**P 36,312,905**	**P 323,860,410**		
TOTAL FIXED ASSETS OF THE GROUP	**P 13,890,777,644**	**P 4,790,907,093**	**P 9,099,870,551**		
RIGHT-OF-USE ASSET	**P 48,169,853**	**P 37,993,432**	**P 10,176,421**		
TOTAL PROPERTY AND EQUIPMENT, AND INVESTMENT PROPERTY			**P 9,110,046,972**		

PROPERTY LEASED BY FEU FROM FRC:

		Annual Rental	Current Contract Period
Gymnasium	Two (2) storey building made of concrete materials located at R. Papa St., Sampaloc, Manila	11,492,505.36 *plus 12% VAT*	April 1, 2023 to March 31, 2024
Athletes' Quarters (GF and 2F)	Ground floor (234.44 sq. meters) of a five (5) storey building made of concrete materials located at P. Paredes corner S.H. Loyola Streets, Sampaloc, Manila	*3,842,397.12 plus 12% VAT*	June 1, 2022 to May 31, 2024
	Portion of 2nd floor (790 sq. meters) of a five (5) storey building made of concrete materials located at P. Paredes corner S.H. Loyola Streets, Sampaloc, Manila		
	4th floor (100 sq. meters) of a five (5) storey building made of concrete materials located at P. Paredes corner S.H. Loyola Streets, Sampaloc, Manila	*446,420.00 plus 12% VAT*	July 25, 2022 to May 31, 2023
FEU Makati Campus	Parcel of land (2,186 sq. meters) located at the Makati Central Business District bounded by Sen. Gil Puyat Avenue, Malugay Street and Geronimo Street Makati City.	*11,626,983.60 plus 12% VAT*	December 1, 2022 to November 30, 2023
FEU Bookstore	A and B - Portion of (42 sq. meters) of Fern Building I, located at 921 E.S.H. Loyola St., Sampaloc, Manila	*225,000.00 plus 12% VAT*	October 16, 2022 to October 15, 2024
	C - Portion of (21 sq. meters) of Fern Building I, located at 921 E.S.H. Loyola St., Sampaloc, Manila	*112,500.00 plus 12% VAT*	December 1, 2022 to November 30, 2024
	D - Portion of (28 sq. meters) of the Ground Floor of the Nursing Building, located at N. Reyes St. Sampaloc, Manila	*360,000.00 plus 12% VAT*	July 16, 2022 to July 15, 2025
FEU-Manila Buildings:			
Accounts, Business and Finance Buidling *(formerly Education Building)*	Eight (8) storey building made of concrete materials located at FEU Manila Campus, Nicanor Reyest St., Manila	*30,759,875.28 plus 12% VAT*	July 1, 2022 to June 30, 2023
Architecture Building *(Law Building)*	Four (4) storey building made of concrete materials located at FEU Manila Campus, Nicanor Reyest St., Manila		
Administration Building	Four (4) storey building made of concrete materials located at FEU Manila Campus, Nicanor Reyest St., Manila		

PROPERTY LEASED BY FEU FROM
NICANOR REYEST EDUCATIONAL FOUNDATION, INC.

		Annual Rental	Contract Date
Sports Facilities	Sports building and football field in FEU Diliman	*3,135,999.96 plus 12% VAT*	April 1, 2023 to March 31, 2024

PROPERTY LEASED BY FECSI FROM FEU:

		Annual Rental	Contract Date
FEU - Cavite Buildings	Two (2) concrete buildings located as Silang, Cavite	*600,000.00 plus 12% VAT on initial year, yearly rates to be determined annually - or - the amount equivalent to 5% of its gross annual revenues, whichever is higher*	August 1, 2022 to July 31, 2023

PROPERTY LEASED BY EACCI (FEU INSTITUTE OF TECHNOLOGY) FROM FEU:

		Annual Rental	Contract Date
Portions of Technology Building	4th to 7th floors and three (3) rooms of the 9th floor of the Technology Building	*24,480,705.60 plus 12% VAT*	July 1, 2022 to June 30, 2023

PROPERTY LEASED BY FEUAI FROM FEU:

		Annual Rental	Contract Date
FEU Alabang Campus	Parcel of land located in Muntinlupa City (FEU Alabang Campus)	*15,419,290.20 plus 12% VAT*	July 1, 2022 to June 30, 2023

		Amount
Properties inteded to be acquired in the next 12 months:	***NONE***	***NOT APPLICABLE***

Item 3. Legal Proceedings

There are no material litigations or claims pending or threatened against the University or any of its subsidiaries or affiliates or any of their properties, to the best knowledge of the University, that would adversely affect the operations or financial position of the University or any of its subsidiaries or affiliates.

Item 4. Submission of Matters to a Vote of Security Holders

There are no matters submitted to a vote of security holders during the whole fiscal year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrants Common Equity and Related Stockholders Matters

Dividend Declaration for the Fiscal Year Ended May 31, 2023

Cash Dividend

	Date of Declaration	Date of Record	Date of Payment	Amount
P14.00 per share	September 20, 2022	October 4, 2022	October 14, 2022	P 336,780,682
P14.00 per share	February 21, 2023	March 7, 2023	March 21, 2023	336,780,682
				P 673,561,364

Stock Dividend

No stock dividend was declared during the period June 1, 2022 to May 31, 2023.

Dividend Policy

Cash dividend on common shares shall be paid based on the approval of the Board of Trustees up to the amount of the unrestricted retained earnings and available cash, while stock dividend on common shares shall be issued based on the approval of the Board of Trustees, ratified by the stockholders, based on the unrestricted retained earnings up to the unissued authorized capital stock.

Recent Sales of Unregistered Securities

Not a single common share is considered unregistered security. All shares are registered with the Philippine Stock Exchange, Inc. Thus, a checklist of requirements for Sale of Unregistered Securities is not applicable.

The Philippine Stock Exchange, Inc. is the principal market where the corporation's common equity is traded.

Market Prices of Common Stocks (Philippine Stock Exchange, Inc.)

Herewith are the high, low, and closing prices of shares of stock traded from June 2022 to May 2023:

Month	High	Low	Close
2022			
June	₱ 590.00	₱ 530.00	₱ 530.50
July	588.50	530.50	550.50
Aug	570.00	530.00	530.00
Sep	584.00	530.00	530.50
Oct	597.00	530.00	597.00
Nov	595.00	530.00	592.00
Dec	593.00	531.50	540.00
2023			
Jan	549.50	530.00	549.50
Feb	549.50	530.00	549.50
Mar	599.00	530.00	585.00
Apr	585.00	541.00	542.50
May	589.00	532.00	533.00

High and low sale prices for each quarter are as follows:

Quarter	High	Low	Close
From June 1, 2021 to May 31, 2022			
First Quarter	₱ 603.67	₱ 561.67	₱ 566.67
Second Quarter	597.67	530.00	568.33
Third Quarter	565.00	531.67	539.00
Fourth Quarter	539.00	529.67	533.33

Quarter	High	Low	Close
From June 1, 2022 to May 31, 2023			
First Quarter	₱ 582.83	₱ 530.16	₱ 537.00
Second Quarter	592.00	530.00	573.16
Third Quarter	564.00	530.50	546.33
Fourth Quarter	591.00	534.33	553.50

The number of shareholders on record as of May 31, 2023 was One Thousand Five Hundred Forty One (1,541). Common shares issued and outstanding were 24,055,763.

Top 20 FEU Stockholders as of May 31, 2023

Title of Class		Name of Beneficial Owner	No. of Shares and Nature of Beneficial Ownership	Citizenship	Percent of Class
1.	Common	Seyrel Investment and Realty Corporation	6,887,051 – D	Filipino	28.63
2.	Common	Sysmart Corporation	5,275,601 – D	Filipino	21.93
3.	Common	Desrey, Inc.	1,924,956 – D	Filipino	08.00
4.	Common	PCD Nominee Corporation (Filipino)	1,859,045 – D	Filipino	07.73
5.	Common	Angelina D. Palanca	776,534 – D	Filipino	03.23
6.	Common	ICM Sisters Phil. Mission Board, Inc.	527,352 – D	Filipino	2.19
7.	Common	Aurelio R. Montinola III	458,165 – D	Filipino	1.90
8.	Common	Marco P. Gutang	306,797 – D	Filipino	1.28
9.	Common	Gonzaga-Lopez Enterprises, Inc.	294,668 – D	Filipino	1.22
10.	Common	AMON Trading Corporation	279,975 – D	Filipino	1.16
11.	Common	Jomibel Agricultural Development Corp.	261,170 – D	Filipino	1.09
12.	Common	Syntrix Holdings	212,350 - D	Filipino	0.88
13.	Common	ZARE, Inc.	121,707 – D	Filipino	0.51
14.	Common	Rosario P. Melchor	118,292 – D	Filipino	0.49
15.	Common	Rosario Panganiban-Melchor	107,385 – D	Filipino	0.45
16.	Common	Gianna R. Montinola	106,033 – D	Filipino	0.44
17.	Common	Antonio R. Montinola	105,721 – D	Filipino	0.44
18	Common	FERN Realty Corporation	99,399 – D	Filipino	0.41
19.	Common	Consorcia P. Reyes	96,484 – D	Filipino	0.40
20.	Common	The Caridad I. Santos Gifting Trust	81,678 – D	Filipino	0.34

Item 6. Management's Discussion and Analysis or Plan of Operation

The FEU Schools (the Group) welcomed all students with full face-to-face instruction for the School Year (SY) 2023 - 2024, one of the first schools to do so after two years of online and hybrid operations due to the pandemic. The FEU community once again enjoyed the unique in-campus community experience as all academic, cultural, and sports activities fully resumed. Online administrative services, a feature of FEU even prior to the pandemic but made even more robust, continues to be a convenience offering.

This SY also marks new significant opportunities and partnerships for the Group, as FEU completed its investments in Good Samaritan Colleges (GSC) and JPMC College of Health Sciences (JCHS). These partnerships have established the FEU brand of quality education in Nueva Ecija, through GSC, and in Brunei, the first for overseas school for FEU through JCHS. The partnership of JCHS is particularly significant with the deployment of both the FEU Nursing curriculum and faculty in an overseas setting.

In 2022, the country elected a new administration and with it, the anticipation of new prospects for national policies and direction. While economic activity has improved due to the easing of the pandemic, prolonged inflation continues to be a concern. Basic needs like food, housing and utilities corner a greater proportion of earnings. Higher interest rates, the standard response to inflation, are growth inhibiting. Education remains a priority for Filipino families but prolonged inflationary effects are anticipated to result in greater volatility to the overall business environment.

The FEU management remained cognizant of the Group's exposure to the risks, and opportunities alike, in its business environment.

The Group remained committed to continuously uplift academic standards through periodic curricula review, faculty development, enhanced research outputs, improved student and alumni services, and best educational content and blended experience whether on campus or remotely via online platforms.

As a premier academic institution, the Group continues to believe in the relevance of education as a core foundation in nation building and its importance to students who benefit from quality instruction, research, and community integration.

Consolidated Financial Position

The Group's financial position remains strong and able to continuously sustain long-term operations, to remain quality-driven and industry-responsive in its delivery of educational services, and to position itself ready to tap opportunities for growth. For the past three years, the Group has seen continuous asset growth, while managing liabilities and ensuring a consistent build-up of stockholders' equity.

(Amounts in Million Philippine Peso)

Fiscal Year Ending	Consolidated Total Assets	Increase Amount	Increase %	Consolidated Total Liabilities	Increase (Decrease) Amount	Increase (Decrease) %	Consolidated Net Assets	Increase Amount	Increase %
May 31, 2020	P 15,186.6	P -	-	P 4,768.8	P -	-	P 10,417.8	P -	-
May 31, 2021	15,421.4	234.8	2%	4,156.2	(612.5)	-13%	11,265.1	847.3	8%
May 31, 2022	16,274.6	853.2	6%	3,990.7	(165.5)	-4%	12,283.8	1,018.7	9%
May 31, 2023	17,264.6	990.0	6%	3,740.3	(250.4)	-6%	13,524.3	1,240.4	10%
Average		P 692.7	4%		(P 342.8)	-8%		P 1,035.5	9%

The Group's financial position remains to be reflective of its capacity to meet its obligations and commitments, whether maturing currently or due within a longer time horizon. The total assets of the Group is mainly attributable to its shareholders, while maintaining reasonable creditor-provided financing to achieve a balanced leverage.

Presented below are the liquidity and solvency ratios for the respective reporting periods.

		2023	2022	2021
Current ratio	Total Current Assets / Total Current Liabilities	2.25 : 1	2.52 : 1	2.35 : 1
Debt-to-equity ratio	Total Liabilities / Total Stockholders' Equity	28%	32%	37%
Equity-to-asset ratio	Stockholders Equity / Total Assets	78%	75%	73%

May 31, 2023 vs. May 31, 2022

The growth in consolidated total assets is a result of yet another year of strong operations. Cash and cash equivalents grew with positive cash inflows from operating activities. The Groups total investments in financial assets likewise went up due to additional investments and favorable fair value movements. Property and equipment increased due to fixed asset acquisitions and upgrades. The balance of Investment in associate account (nil in 2022) pertains to the investments made to GSC and JCHS. Trade and other receivables likewise grew as the number of students served continues to increase.

Consolidated total liabilities declined. Both current and non-current portions of Interest-bearing loans were reduced by repayments made during the year. This is partially offset by the increase in Trade and other payables resulting from dividends payable, and increased balances of payable to suppliers, various accruals, and various fund balances in relation to the increased level of day-to-day full on-site operations.

Consolidated total equity sustained its growth trajectory due to the strong result of operations during the current year.

May 31, 2022 vs. May 31, 2021

The growth in consolidated total assets is on account of the net income during the year. Cash and cash equivalents increased mainly due to inflows from operating activities. The Groups total investments in financial assets registered a net increase in year-end balances, mainly due to additional investments. Trade and other receivables likewise rose as the student population grew. On the other hand, consolidated total asset increase was partially tapered by fixed asset depreciation and amortization.

Consolidated total liabilities declined from 2021 mainly on account of repayments of interest-bearing loans. There is a significant shift in liability classification, wherein current liabilities went up by 18%, while non-current liabilities were down by 20%, as amortization for the principal repayments of other interest-bearing loans started in 2023.

Consolidated total equity posted growth with the current year's net income.

Consolidated Results of Operations

The Group served more students during the year because of a strong first semester enrollment. Operations reflected a post-pandemic environment wherein all related student activities and services delivered were done mostly on-campus.

The volatile financial investment market, increasing interest rates on bank loans, and a low tax rate based on the CREATE Law, the last year of its effectivity, all factored in the current year's net results.

Below are the measures of the Group's operating performance for the fiscal years ended May 31, 2023, 2022 and 2021.

		2023	2022	2021
Return on assets	Net Income / Average Total Assets	11%	10%	6%
Return on equity	Net Income / Average Total Equity	15%	13%	9%
Earnings per share	Net Income / Average Outstanding Shares	P 77.92	P 62.74	P 40.28

May 31, 2023 vs. May 31, 2022

The Group's operating income as of May 31, 2023 grew by 19% to P1,656.3 million, from last year's P1,391.1 million.

Educational revenues grew by 20% mainly on account of the increase in student population, with a favorable mix as a significant portion of the new students were in tertiary. There was no tuition fee increase for the third straight year.

Operating expenses went up as well, by 21% to P3,319.9 million, from last year's P2,749.7 million. Expense items that significantly increased were salaries and employee benefits, utilities and communication, outside services, supplies and materials, license and subscriptions, and trainings and seminars. Such increases were due to the increase in the student base being served, and the transition to in-campus classes and onsite work during the year.

Other non-operating items this year provided a significant boost to the current year's results, compared to that of last year. Finance income improved 36%, while Other income went up by 43%. On the other hand, Finance cost also grew by 60%.

The improvement in investment income is mainly attributed to the increased amount of interest earned on various investments, while fair value and foreign currency exchange gains were maintained. Finance costs increased due to a significant interest rate hike on bank loans.

Profit before tax amounted to P1,947.2 million, and tax expense was at P60.1 million. Income tax expense declined on account of deferred tax adjustments on temporary tax differences.

For the year ended May 31, 2023, the Group posted a net income after tax amounting to P1,887.1 million, a 23% increase from last year.

May 31, 2022 vs. May 31, 2021

For the year ended May 31, 2022, the Group saw its operating income grew by 75% to P1,391.1 million from last year's P794.1 million.

Educational revenues improved by 16% purely on account of the increase in student population. During this year, the Group did not implement any increase in tuition and other school fees, maintained discounted rates as fees are assessed based on a pure online learning modality, while Group-wide scholarships and other discounts increased by 13% compared last year.

Operating expenses remained almost the same as last year. While various operating expenses, which includes salaries, employee benefits, supplies, utilities, and outside services among others, have increased by P205.5 million in line with the increase in student base being served.

Other non-operating items leveled during the year as compared with that of last year. There is a decline in Finance income of 30%, however, offset by the 40% decrease in Finance cost, and 6% increase in Other income.

Overall investment income added up to the net results; however, it was lower as compared to last year. The fair value of investments declined during the latter part of the fiscal year because of the volatility in the financial markets, while offset by foreign exchange gains as US Dollar-denominated investments benefit from the strengthening of the currency. Interest rates on bank loans remain low, and in addition to the effect of significant loan repayments made during the year, have provided much savings for the Group.

Profit before tax amounted to P1,608.1 million, and tax expense was at P70.3 million. Income tax expense increased by 90% mainly on account of deferred tax expense because of reversals of previous temporary tax differences.

For the year ended May 31, 2022, the Group realized a net income after tax amounting to P1,537.8 million, a 57% increase from last year.

A Look at What Lies Ahead

With its well-structured academic core operations and administrative support functions, which have withstood the negative effects of the pandemic, the Group is optimistic that it will maintain its strong financial position and continue to deliver sound operating results. For the SY 2023-2024, the Group still expects an increase in student population albeit lower than the increases of the previous years.

The current SY will mark a new era of management as the FEU Group of Schools will have its 11th President, Juan Miguel R. Montinola, together with other new appointments within the existing team in some key administrative positions. The new leadership is seen to keep on with the Group's solid academic service delivery and operational foundation, while at the same time guiding the Group to new heights and aspirations.

The Group has good prospects with its partnership with GSC as it was able to successfully offer FEU's flagship program -- Accountancy, and Business Administration courses, to students in Cabanatuan, Nueva Ecija. FEU is committed to strengthening this collaboration through providing continuous technical academic and administrative support to this partnership.

Internationally, JCHS was formally launched in August 2023. For its part, FEU is poised to take on a significant role in the academic operations of JCHS, with its decades long of expertise in offering the Nursing program in the Philippines.

Moving forward, the Group looks to continue strengthening its local and international partnerships with industry partners, academic institutions, and other entities with opportunities for collaboration, in support of its continued academic quality initiatives.

With the lifting of the State of Public Health Emergency throughout the Philippines, operations are seen to totally transition to a post-pandemic situation, reducing uncertainties in the Group's business environment, as consumers will be enjoying an open and non-restrictive market and economy. In line with this, the income tax concession granted by the CREATE Law will now come to an end, as the current low tax rate of 1% will now revert to 10%.

The Group is positive on the favorable effect on its operations of the country's positive economic developments, however, still cautious with the factors that might curb faster economic growth like the inflation, the various international geopolitical uncertainties, and the looming effect of the El Nino phenomenon which is expected to hit the country at the later part of the year. Accordingly, the Group remains conservative with its outlook on the financial market and the overall economy.

Management will continue to be prudent in the implementation of its operations, investment, and business continuity plans, both at the corporate and the academic levels, to mitigate any foreseen negative impacts on the overall operations. Cost monitoring will continue to be the norm, but all academic excellence initiatives will be prioritized. Operational efficiency will be a significant consideration as FEU continues to aspire and endeavor to remain on track for growth, innovation, and excellent service delivery, as it approaches its 100th founding anniversary in 2028.

Product/Service Standards

Teaching performance is constantly being monitored to maintain a superior level of quality.

Moreover, the performance of the graduates of the different FEU schools in their respective Professional Licensure Examinations is generally better than national passing rates.

The University's high standard of quality is substantiated by numerous recognitions from the Commission on Higher Education (CHED), local accrediting bodies such as the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) and the Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU), foreign accreditation from the ASEAN University Network (AUN), and other higher education-related local and international groups and organizations.

FEU

- Designated the **Autonomous Status** by the Commission on Higher Education (CHED) on July 25, 2012; latest validity is until May 31, 2023, extended while application for renewal is being processed.

- Associate Member of the **ASEAN University Network – Quality Assurance (AU-QA)**

- Member of the **Association to Advance Collegiate Schools of Business (AACSB)**

- Member of the **Pacific Asia Travel Association – Philippine Chapter (PATA)**

- Associate Status with the **International Center of Excellence in Tourism and Hospitality Education (THE-ICE)**

- University Partner of the **Association of Chartered Certified Accountants (ACCA)** Global

  Local and international accreditation of various programs:

  - ASEAN University Network – Quality Assurance (AU-QA) accreditation for 14 programs

  - CHED designation of the Teacher Education Program as **Center of Excellence**

  - CHED designation of the BS in Business Administration program as **Center of Development**

  - Asia-Pacific Institute for Events Management (APIEM) accreditation of the BS in Tourism Management program as a **Center of Excellence**

  - Accreditation by the ACCA of the BS in Accountancy program

  Various programs were accredited by the PACUCOA and PAASCU:

  - PACUCOA Level IV Accredited status until May 2026

  - PACUCOA Level III Accredited status until February 2025 and 2028

- PACUCOA Level II Accredited status until January 2025
- PACUCOA Level I Accreditation status until February 2025
- PACUCOA Candidate status until February 2024
- PAASCU Candidate status until June 2024
- PAASCU Level III Accredited status until November 2027

Awards, recognitions, and certifications:

- Awarded "Two Golden Arrowhead Recognition" by the **Institute of Corporate Directors** in recognition of being a top-performing publicly listed company in the Philippines under the **2021 ASEAN Corporate Governance Scorecard** – *Awarded in January 2023*
- Winner in two categories in the **39th National Book Awards**; Best Anthology in English (Mindanao Harvest 4), and Best Book on Humor, Sports, and Lifestyle (Walk Manila) – *Awarded in July 2022*
- Recipient of 26 awards in the **19th Philippine Quill Awards** by the **International Association of Business Communicators (IABC)**, including two of the three top student awards and the 1st Runner-Up in the School of the Year category. The Philippine Quill is the country's most prestigious awards program in the field of business communication – *Awarded in August 2022*
- Maintained the **ISO 9001:2015 Certification** (12th Surveillance Audit)

FEU Institute of Technology (operated by East Asia Computer Center, Inc.)

FEU Tech offers innovative academic programs that are complemented by strong industry and academic partnerships, which provide students additional opportunities for immersive learning experiences.

Ranked 77th overall, 13th in Fourth Industrial Revolution Category, 20th in Crisis Management Category, 34th in Entrepreneurial Spirit Category, and 47th in Ethical Value Category in the Top 100 Innovative Universities in the world by **World's Universities With Real Impact (WURI)**, for the year 2023

Local accreditation of various programs:

- PAASCU Level III accreditation status until November 2026 (Computer Science and Information Technology)
- PAASCU Level II accreditation status until May 2024 (Civil and Computer Engineering)
- PAASCU Level I accredited status until November 2024 (Electrical Engineering)
- PAASCU Candidate status until November 2023 (Mechanical Engineering)

- Philippine Technological Council – Accreditation and Certification Board for Engineering and Technology (PTC-ACBET) accreditation (Engineering programs)

FEU Senior High School (operated by FEU High School, Inc.)

Occupying a portion of the iconic FEU Manila Campus, the FEU Senior High School offers junior high school and the following strands under the Academic Track of the senior high school program:

- *Science, Technology, Engineering and Mathematics (STEM)*
- *Accountancy, Business and Management (ABM)*
- *Humanities and Social Sciences (HUMSS)*
- *General Academic Strand (GAS)*

FEU Cavite (operated by Far Eastern College - Silang, Inc.)

FEU Cavite is FEU's first expansion outside of Metro Manila. It offers programs in basic education, senior high school, and in tertiary.

Its Basic Education Department is a certified Education Service Contracting (ESC) school and certified by the Fund for Assistance to Private Education (FAPE). Its Senior High School Department offers STEM, ABM and HUMSS tracks.

Its Tertiary Department offers programs in business, hospitality management, and psychology. FEU Cavite also offers courses that are extension programs of FEU (Main Campus).

Awards, recognitions, and certifications:

100% Passing Rate in the October 2022 Licensure Examination for Teachers

FEU Alabang (operated by FEU Alabang, Inc.)

FEU Alabang is authorized to offer programs in Senior High School, Engineering, Information Technology, Business courses, Computer Studies, and Multimedia Arts.

Awards, recognitions, and certifications:

- 100% Passing Rate in the **IT Specialist Python Certification Examination** for the 3rd Trimester, SY 2022-2023 (BS Computer Science students)

- 95% Passing Rate in the **Autodesk Maya User Certification Examination** for the 3rd Trimester, SY 2022-2023 (Bachelor of Multimedia Arts students)

- Member of the **Philippine Association of Engineering Schools (PAES)**

- Member of the **Philippine Association of Collegiate Schools of Business (PACSB)**

- University Partner of the **Association of Chartered Certified Accountants (ACCA)** Global

- FEU Alabang Building was awarded as the first **EDGE-Certified** academic building in the Philippines, by the Philippine Green Building Initiative. EDGE stands for Excellence in Design for Greater Efficiencies, a certification system for green buildings that focuses on cost-effective strategies to reduce energy use, water use, and embodied energy materials.

FEU Roosevelt [operated by Roosevelt College, Inc. (RCI)]

FEU Roosevelt is expected to carry FEU's distinctive marks of quality education and excellent facilities, while improving the accessibility of such to more Filipino families, with its campuses in Marikina City, Metro Manila, and the municipalities of Cainta and Rodriguez, both of which are in the province of Rizal.

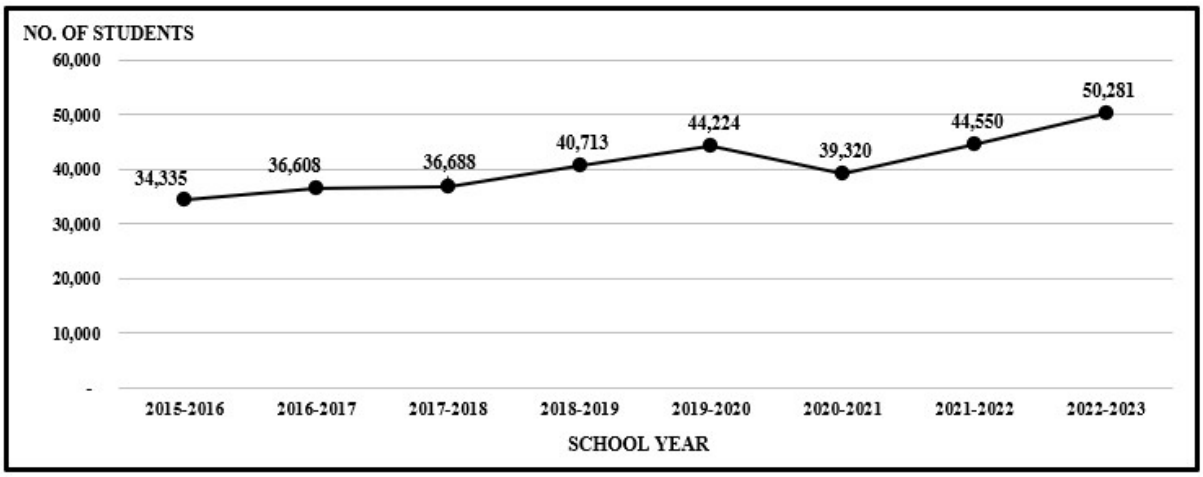
Edustria High School (Edustria Incorporated)

Edustria was established by the University in partnership with the Technological Institute of the Philippines. It offers Junior and Senior High School programs.

Edustria works in partnering with key firms in the Lima Technology Center at Lipa City, Batangas, to help create a bespoke student journey which is life-ready to either pursue further college education or be industry-ready and earn a decent living right after graduating from senior high school.

Market Acceptability

Below is a schedule of the Group's first semester enrollment for the past eight years. Progressive growth recoveries through the years, punctuated only by effects of K-12 and the pandemic recently.



The FEU Group of Schools remains to be a preferred choice of its target market. It is notable that the Group already exceeded its pre-pandemic enrollment levels i.e., SY 2019- 2020.

Other Items

1. The current economic condition remains stable but certain economic factors are still expected to affect the Group's educational income from operations.

2. There are no known events that would result in any default or acceleration of an obligation.

3. Other than those disclosed in the financial statements, there are no other known events that will trigger direct or contingent financial obligation that may be material to the Group.
4. There are no other material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

5. The Group does not foresee any cash flow or liquidity problem in the next 12 months immediately following the report date. The Group and each of the component entities can easily meet all its commitments with its present reserves and expected earnings.

6. There are no significant elements of income or loss from continuing operations.

   There are no sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction.

7. Seasonal aspects that have material effect on the financial statements:

   For the University, and the tertiary levels of FEU Cavite, and RCI, there are three school terms within a fiscal year: Midyear Term (June to July), First Semester (August to December) and Second Semester (January to May).

   The first semester has the highest number of students enrolled. For the second semester, the enrollment is approximately 90% of the first semester's enrollment, while the midyear term is the lowest at an approximate of 33%. The maximum load, in terms of subject units, of a student during the midyear term is only nine units, compared to 21 to 24 units during the first and second semesters.

   For the tertiary levels of FEU Tech and FEU Alabang, there are three regular terms in a fiscal year: First Term (August to November), Second Term (November to March) and Third Term (March to June).

   The tuition fee increase, if any, usually takes effect during the first semester/term of a particular SY. Thus, old rates are followed during the midyear term while new rates are applied during the first and second semester/term. Since the first quarter is from June to August, the resulting income for the first quarter is at the lowest among the four quarters of the fiscal year.

8. The Group's segment information is disclosed in Note 4 of the Consolidated Notes to Financial Statements.

Item 7. Financial Statements

The audited consolidated and separate financial statements, together with the Statements of Management's Responsibility and the Auditors' Reports, and the applicable supplementary schedules to the consolidated financial statements are attached and filed herewith (found at the last part of this report).

The consolidated and separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), on a historical cost basis except for the measurement of certain financial assets and financial liabilities. The preparation of the consolidated and separate financial statements in compliance with PFRS requires management to make judgements, estimates and assumptions that affect the amounts reported in the financial statements and related notes. The estimation and judgements are based upon management's evaluation of relevant facts and context-based-circumstances of the financial statements. Actual results may ultimately vary from those estimates.

The consolidated and separate financial statements are presented in Philippine pesos, the Group's functional currency, and all values represent absolute amounts except when otherwise indicated.

Item 8. Information on Independent Accountant and other Related Matters

Audit and audit-related services

Punongbayan & Araullo (P&A) has been appointed as the principal auditors since 2009. In compliance with SEC Rule 68 paragraph 3 (b) (iv) (Rotation of External Auditors), and as adopted by the University, external auditors or engagement partners are rotated or changed every five years. The lead engagement partner for 2019 - 2023 is Ms. Mailene Sigue-Bisnar.

Except for the statutory audit, there were no other services provided by P&A to FEU for the last fiscal year.

Audit Committee's approval

Audit services have been approved by the Audit Committee through the internal policies and procedures of approval. The appointments were endorsed to and approved by the Board of Trustees, and then by the stockholders at the annual stockholders' meetings.

Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

P&A, as principal auditors, issued an unqualified opinion on the consolidated financial statements. As such, there had been no disagreements with them on any accounting principles or practices, financial disclosures, and auditing scope, timing, and procedure.

PART III - CONTROL AND COMPENSATION

Item 9. Trustees and Executive Officers

Name	Age	Citizenship	Position	Effectivity
Lourdes R. Montinola	95	Filipino	Chair Emeritus, Board of Trustees	August 2013 to present
Aurelio R. Montinola III	72	Filipino	Chairman, Board of Trustees	August 2013 to present
Michael M. Alba	66	Filipino	President and Trustee	October 2012 to July 2023[1]
Antonio R. Montinola	70	Filipino	Trustee	November 2013 to July 2023[1]
Paulino Y. Tan	77	Filipino	Trustee	June 1991 to present
Sherisa P. Nuesa	68	Filipino	Trustee	October 2021 to present
Jose T. Sio	83	Filipino	Independent Trustee	April 2019 to present
Consuelo D. Garcia	68	Filipino	Independent Trustee	October 2021 to present
Rosario Palanca Blardony	66	Canadian	Independent Trustee	October 2022 to present
Juan Miguel R. Montinola	62	Filipino	Chief Finance and Risk Officer	September 2010 to July 2023[1]
Maria Teresa Trinidad P. Tinio	58	Filipino	Senior Vice President for Academic Affairs	June 2011 to present
Gianna R. Montinola	65	Filipino	Senior Vice President for Corporate Affairs	September 2019 to May 2023[2]
Anthony Raymond A. Goquingco	48	Filipino	Corporate Secretary and Compliance Officer	April 2020 to present
Rosanna E. Salcedo	58	Filipino	Treasurer[3]	September 2014 to present
Pamela M. Hernandez	46	Filipino	Controller[3]	April 2023 to present
Ray Jan P. Roque	50	Filipino	Chief Audit Executive	June 2021 to present
Michael Q. Liggayu	49	Filipino	Data Protection Officer and Chief Information Security Officer	October 2022 to present

[1] President Michael M. Alba retired on July 31, 2023. Juan Miguel R. Montinola took over as President from August 1, 2023. Antonio R. Montinola stepped down as Trustee to give way for President Juan Miguel.
[2] Gianna R. Montinola retired effective May 31, 2023.
[3] On August 1, 2023, Rosanna E. Salcedo filled in the Chief Finance Officer position concurrent to her position as Treasurer. While Pamela M. Hernandez took over the position of Chief Risk Officer from July 6, 2023, also concurrent to her position as Controller.

1. **Lourdes R. Montinola, 95, Filipino: Chair Emeritus (August 2013 to present), Chair (June 1989 to August 2013), Far Eastern University, Inc.**

   Other Corporate Affiliations: Chair, Board of Directors, FERN Realty Corporation; Chair and President, FEU Educational Foundation, Inc.; Trustee, Nicanor Reyes Memorial Foundation, FEU-Dr. Nicanor Reyes Medical Foundation, Inc.; and Board Member, The English Speaking Union and MEMORARE-Manila 1945 Foundation, Inc. She is also a Member of the Oriental Ceramic Society, and HABI: The Philippine Textile Council, Inc.

   Dr. Montinola was Chairman of MEMORARE-Manila 1945 Foundation, Inc. until 2017.

   Dr. Montinola holds a Bachelor of Arts degree (*cum laude*) from Marymount College, New York, U.S.A., and an M.A. in Cultural History from the Asean Graduate Institute of Arts. She completed the Management Development Program for College and University Administrators in the Institute for Educational Management, Graduate School of Education, Harvard University, U.S.A. She obtained her Ph.D. in English: Creative Writing from the University of the Philippines.

2. **Aurelio R. Montinola III, 72, Filipino: Chairman of the Board of Trustees (August 2013 to present), Vice Chairman (June 1989 to August 2013), Far Eastern University, Inc.**

   Other Corporate Affiliations: Chairman, Amon Trading Inc., East Asia Computer Center, Inc., Far Eastern College Silang, Inc. ("FEU Cavite"), Nicanor Reyes Educational Foundation, Inc., FEU High School, Inc., FEU Alabang, Inc., Roosevelt College, Inc., East Asia Educational Foundation, Inc., Ramon Magsaysay Award Foundation, and National Golf Association of the Philippines; Vice Chairman, Philippine Business for Education Foundation (PBED); Director, AIA Philippines Life and General Insurance Company, Inc. and Good Samaritan College. He was President of BPI from 2005-2013 and was a former President of the Bankers Association of the Philippines and Management Association of the Philippines (MAP).

   He is currently a Director of the Bank of the Philippine Islands, and Independent Director of Roxas and Company Incorporated, both listed corporations.

   He graduated with a BS Management Engineering degree at the Ateneo de Manila University in 1973, and received his MBA at Harvard Business School in 1977. He was awarded the 2005 and 2010 Asian Banker Leadership Award for the Philippines and the MAP Management Man of the Year Award in 2012.

3. **Michael M. Alba, 66, Filipino: President (October 2012 to July 2023); Trustee (October 2012 to present), Far Eastern University, Inc.**

   In the FEU Group of Schools, he was President concurrently of East Asia Computer Center, Inc.; Far Eastern College Silang, Inc.; FEU Alabang, Inc.; FEU High School, Inc.; Roosevelt College, Inc.; East Asia Educational Foundation, Inc.; and Nicanor Reyes Educational Foundation, Inc. He is also the Chairman of Edustria, Inc.; Trustee of the Foundation for Information Technology Education and Development; and Director of JPMC College of Health Sciences SDN BHD. His affiliations include, among others: FEU Public Policy Center (President); Philippine Association of Colleges and Universities (Board Member); Coordinating Council of Philippine Educational Associations (Trustee, 2020-2022); Philippine Economic Society (Lifetime Member and President, 2007); Action for Economic Reforms

(Fellow); Management Association of the Philippines (Member); and Leadership Council of Sustainability Development Solutions Network, Philippines (Member 2020–2023).

He obtained his AB (Economics) degree from the Ateneo de Manila University in 1978, MA (Economics) degree from the University of the Philippines (Diliman) School of Economics in 1987, and PhD (Applied Economics) degree from Stanford University in 1993.

4. **Juan Miguel R. Montinola, 62, Filipino: Trustee (July 2023 to present), President (August 2023 to present), Chief Finance Officer, (September 2010 to July 2023), and Chief Risk Officer, (October 2018 to July 2023), Far Eastern University, Inc.**

Other Corporate Affiliations: Chair, FEU Health, Welfare and Retirement Fund Plan and Foundation for Information Technology Education and Development, Inc.; Vice Chairman and Treasurer, Amon Trading Corporation; Board Member of FERN Realty Corporation, East Asia Computer Center, Inc., Far Eastern College Silang, Inc. ("FEU Cavite"), FEU Educational Foundation, Inc., Nicanor Reyes Memorial Foundation, Nicanor Reyes Educational Foundation, Inc., FEU Alabang, Inc, FEU High School, Inc., Urban Program for Livelihood Finance and Training, Roosevelt College, Inc. and Edustria Incorporated. Member of the Executive Committees of many of the organizations where he serves as Director.

Mr. Montinola was Chief Executive Officer and Country Manager of Lafarge Cementi SA, Italy, from 2006 to 2008. From 1996 to 2006 he served as President and CEO of Republic Cement Corporation and concurrently as Senior Vice President for Commercial Business from 2002 to 2006, and Senior Vice President for Procurement from 2001 to 2002, for Lafarge Cement Services, Inc.

Prior to 1996, Mr. Montinola held various positions in Republic Cement Corporation and served as a member of the Board of Directors in different organizations.

Mr. Montinola has a Master of Business Administration from the International Institute of Management Development, Switzerland, and an AB Economics degree from the College of William & Mary, Virginia, USA.

5. **Antonio R. Montinola, 70, Filipino: Trustee, Far Eastern University, Inc. (November 2013 to July 2023)**

Other Corporate Affiliations: President and Director FERN Realty Corporation and Monti-Rey, Inc.; President, AMON Trading Corp.; Director, Far Eastern College Silang, Inc. ("FEU Cavite"); and Trustee, FEU Educational Foundation, Inc.

Sports Affiliations: Member, Board of Managing Directors, Universities Athletic Association of the Philippines (UAAP); Team Manager, FEU Tamaraws; Member, Manila Golf Club; Member, Tagaytay Midlands Golf Club; Member, The Rockwell Club.

He worked with Procter & Gamble and Jardine Davies, Inc. in the Philippines and with General Mills Corp., based in Minneapolis, Minnesota, U.S.A.

Mr. Montinola holds an A. B. Economics Degree (honors course) from Ateneo de Manila University (1973) and an M.B.A. from Stanford University, Palo Alto, California, U.S.A. (1978).

6. Paulino Y. Tan, 77, Filipino: Trustee, Far Eastern University, Inc. (June 1991 to present)

Other Corporate Affiliations: At present, Member of the Board of Directors/Trustees of the following companies: Nicanor Reyes Educational Foundation, Inc., FEU Educational Foundation, Inc., East Asia Educational Foundation, Inc., East Asia Computer Center, Inc., Lyceum of Batangas, Lyceum of Laguna, SM Foundation, Inc., Asia Pacific Technology Educational Foundation, Asia Pacific Computer Technology Center, Inc., FERN Realty Corporation, Far Eastern College Silang, Inc. ("FEU Cavite"), FEU High School, Inc., FEU Alabang, Inc., Roosevelt College, Inc. and Foundation for Information Technology Education and Development, Inc., MFI Polytechnic Institute, Inc.

Dr. Tan obtained the Degree of Bachelor of Science in Chemical Engineering from De La Salle University. He obtained both his M.S. and Ph.D. in Chemical Engineering from the University of Notre Dame, Indiana, U.S.A.

7. Sherisa P. Nuesa, 68, Filipino: Trustee (October 2021 to present), Independent Trustee (2010 to September 2021), Far Eastern University, Inc.

Other Corporate Affiliations: Independent Director, FERN Realty Corporation, and the following publicly-listed corporations: Integrated Micro-Electronics, Inc., Manila Water Company, AREIT Corporation. She also serves as a Senior Adviser to the Boards of Vicsal Development Corporation and Metro Retail Stores Group, Inc.

Ms. Nuesa is also a Board Trustee of the NextGen Organization of Women Corporate Directors (NOWCD) and a Board Adviser and co-founder of Justice Reform Initiative, where she served as Chairman for ten years until 2022 and Vice-Chair until May 2023.

Her past directorships include Ayala Land Inc. (April 2020 to April 2023) ACEN CORPORATION (formerly AC Energy Inc; 2019 to April 2023) and the ALFM Mutual Funds Group, where she served as President for nine years until March 2021. She was also a Trustee of the Institute of Corporate Directors (ICD) for nine years until June 2021, where she held the positions of Treasurer then Vice Chair.

A former Managing Director of conglomerate Ayala Corporation, she held various senior management positions in Ayala subsidiaries: Ayala Land, Inc., Manila Water Company and Integrated Micro Electronics Inc. and co-led the Initial Public Offerings (IPOs) of these companies.

She graduated with the degree of Bachelor of Science in Commerce (*summa cum laude*) at Far Eastern University in 1974 and received her Master of Business Administration degree from the Ateneo - Regis Graduate School of Business in 2011. She also attended post-graduate management programs at Harvard Business School and Stanford University. She received the ING -FINEX CFO of the Year award in 2008 and was one of the FEU Outstanding Alumni Awardees also in 2008.

8. Jose T. Sio, 83, Filipino: Independent Trustee, Far Eastern University, Inc. (April 2019 to Present)

Other Corporate Affiliations: Chairman Emeritus of the Board of Directors of SM Investments Corporation; Director of Ortigas Land Corporation, Atlas Consolidated Mining and Development Corporation, NLEX Corporation, China Bank; Trustee of Asia Pacific Technology Educational Foundation, Inc. (Asia Pacific College); Chairman and President of

SM Foundation, Inc.; and Adviser to the Board of Directors of BDO Unibank, Inc., Belle Corporation and Premium Leisure Corporation.

Previous Affiliations: Senior Partner of SGV & Co., Consultant at T. N. Soong & Co., CPA in Taipei, Taiwan and Audit Associate at Ernst and Whinney, CPA in New York, USA**.**

Mr. Sio was voted as CFO of the year in 2009 by the Financial Executives of the Philippines (FINEX). In various years, he received Asia's Best CFO Award from Hong Kong–based publications such as Alpha Southeast Asia, Corporate Governance Asia, Finance Asia and The Asset. In 2018, he received the Asian Corporate Director Award from Corporate Governance Asia. In 2022, he received the Parangal San Mateo Award from the Philippine Institute of Certified Public Accounts (PICPA) Foundation, Inc. In 2023, he was honored by the Professional Regulatory Board of Accountancy with the Accountancy Centenary Award of Excellence.

Mr. Sio is a Certified Public Accountant. He obtained his Bachelor of Science in Commerce Major in Accounting from University of San Agustin, Iloilo City. He completed his Master of Business Administration Major in Corporate Finance and Management in New York University, New York, USA.

9. Consuelo D. Garcia, 68, Filipino; Independent Trustee (October 2021 to present), Far Eastern University, Inc.

Other Corporate Affiliations: Independent Director of The Philippine Stock Exchange Inc, GT Capital Holdings Inc., Lopez Holdings Corporation, all publicly-listed corporations. She also serves as Independent Director of Sunlife Investment Management and Trust Corporation and ING Foundation Philippines, Inc.

Ms. Garcia is also a Member of the Board of Trustees of the FINEX Academy and of the Financial Executives Institute of the Philippines (FINEX), where she serves as Liaison Director to the Finex Capital Markets Development Committee, and to the Information, Communications and Technology Committee and member of the Capital Markets Development Council, and a Fellow of the Institute of Corporate Directors.

She was formerly the Country Manager and Head of Clients of ING Bank N.V. Manila from September 2008 - November 15, 2017, and the Senior Consultant for Challenger and Growth Markets- ING Asia from Nov 16, 2017 to June 30, 2022. Ms. Garcia previously worked in SGV and in Bank of Boston, Philippine Branch.

Ms. Garcia is a Certified Public Accountant and she graduated Magna Cum Laude, Bachelor of Science in Business Administration, major in Accounting from University of the East.

10. Rosario Palanca Blardony, 66, Canadian, Independent Trustee (October 2022 to present), Far Eastern University, Inc.

Other Corporate Affiliations: Diagnostic Services Coordinator, Oral Medicine and Oral Pathology, University of Toronto, Faculty of Dentistry.

Ms. Rosario Palanca Blardony was formerly affiliated with The Hospital for Sick Children Toronto, Canada as Administrative Coordinator. She also joined the Far Eastern University, Manila as Lecturer and later Program Head/Associate Professor of the Institute of Accounts, Business and Finance.

She graduated with a degree in Hotel and Restaurant Management at the St. Paul's College, Quezon City, and received her Master of Business Administration from the Ateneo de Manila University in 2005.

11. Maria Teresa Trinidad P. Tinio, 58, Filipino: Senior Vice President for Academic Affairs, Far Eastern University, Inc. (June 2011 to present)

Other Corporate Affiliations: Director, JPMC College of Health Sciences SDN BHD and Good Samaritan College, Inc., and Member of the Board of Trustees for Edustria, Inc. as of August 30, 2023.

PhD Southeast Asian Studies, National University of Singapore; Master of English, major in Literature and Cultural Studies, Ateneo de Manila University with academic units from the New School for Social Research, New York City; AB Humanities, Ateneo de Manila University.

Research focus in Philippine Literature, Sociolinguistics, and the Politics of Language in Southeast Asia. Publications include contributions to the *CCP Encyclopaedia of the Arts*, the *Loyola Schools Review*, *Philippine Studies*, and *The Politics of English in Asia: Language Policy and Cultural Expression in South and Southeast Asia and the Asia Pacific* published by John Benjamins (The Netherlands).

12. Gianna R. Montinola, 65, Filipino: Senior Vice President Corporate Affairs (September 2019 to May 2023), Vice President Corporate Affairs (November 2013 to September 2019), Far Eastern University, Inc.

Other Corporate Affiliations: Concurrently Director and Corporate Secretary of FERN Realty Corporation and Amon Trading Corporation; Director of Far Eastern College Silang, Inc., East Asia Computer Center, Inc. and Robinsons True Serve Hardware Phils, Inc.; Trustee and Secretary, Foundation for Information Technology Education and Development, Inc. Co-founder of non-profit organization Hands on Manila Foundation, Inc. Associate lawyer of the Quisumbing Torres Law Office (an affiliate of the Baker & McKenzie Law Office, U.S.A.) from 1986 to 1992. Philippine Honorary Consul to the Republic of Peru from 1992 to 1996.

She earned a Bachelor of Arts degree in International Relations from Mount Holyoke College, U.S.A. and a Bachelor of Laws (Ll.B.) degree, with honors, from the Ateneo de Manila School of Law. She obtained a Master's Degree in Public Administration from the John F. Kennedy School of Government at Harvard University, U.S.A.

13. Rosanna Esguerra-Salcedo, 58, Filipino: Chief Finance Officer (August 2023 to present), Treasurer (September 2014 to present), Far Eastern University, Inc.

Other Corporate Affiliations: Vice President for Finance of Roosevelt College, Inc. (FEU Roosevelt), Trustee of East Asia Educational Foundation Inc, (EAEFI), Trustee of FEU HWRFP, Treasurer of Foundation for Information Technology Education (FIT-ED).

Before joining FEU, she worked at the Bayan Telecommunications, Inc., where she managed numerous departments: initially as Head of General Accounting and Accounts Payable, then, Budget Department and Revenue Accounting, and as Head of Billing and Collection. She also served as the Head of Treasury and Internal Audit of Mariwasa Manufacturing, Inc. for five years.

Prior to joining the private sector, she worked for SGV & Co. both as an External Senior Auditor and Tax Senior Auditor.

Ms. Salcedo is a Certified Public Accountant. She obtained her BSBA Major in Accounting, *cum laude*, from the University of the East. She also completed her Management Leadership Program at the Asian Institute of Management.

14. Anthony Raymond A. Goquingco, 48, Filipino: Corporate Secretary (April 2020 to present), Compliance Officer (February 2023 to present), Far Eastern University, Inc.

Other Corporate Affiliations: Corporate Secretary of East Asia Computer Center, Inc., FEU Alabang, Inc., Far Eastern College Silang, Inc. ("FEU Cavite"), FEU High School and Foundation for Information Technology Education and Development, Inc.; Assistant Corporate Secretary of FERN Realty; Director of FERN Realty; Trustee and Corporate Secretary, Nicanor Reyes Memorial Foundation; Treasurer of the Georgetown Club of the Philippines.

Atty. Anthony Raymond A. Goquingco has been a member of the legal profession since his admittance to the Philippine Bar in 2003. He has had extensive legal experience as a practicing lawyer and has held positions in the Philippine Judicial Academy of the Supreme Court of the Philippines, non-governmental organizations, law firms, and private corporations. Prior to joining the academe, Atty. Goquingco was Associate General Counsel of Aboitiz Equity Ventures, Inc.

Atty. Goquingco joined the academe in 2014 and teaches Obligations and Contracts, Property Law, Negotiations, Special Issues in International Law, and International Moot Court at the Far Eastern University. In 2016, he was appointed as Associate Dean of the Juris Doctor – Master of Business Administration program of the Institute of Law of the Far Eastern University. He was appointed Associate Dean of the Juris Doctor Program of the Institute in 2018. He was appointed Corporate Secretary of the Far Eastern University in 2020.

Atty. Goquingco graduated from the Ateneo de Manila University with an AB Political Science degree in 1997. He pursued his law studies at the same university graduating in 2002 with a Juris Doctor degree. In 2007, he graduated from the Georgetown University Law Center in Washington, D.C. with a Master of Laws in International Legal Studies with a Certificate in National Security Law. He specializes in International Business Law, Contract Law, Property Law, Contract Negotiations, International Law, and National Security Law. He is also the author of "Beyond Borders: Examining Special Issues in International Law".

15. Pamela M. Hernandez, 46, Filipino: Chief Risk Officer (July 2023 to present), Controller (April 2023 to present), Chief Accountant and Budget Director (August 2019 to April 2023), Far Eastern University, Inc.

Other Corporate Affiliation: Edustria, Inc. concurrently as Member of Board of Trustees and as Finance and Administration Director.

Ms. Hernandez had more than two decades of cumulative professional public accounting work experience intersected with previous other work involvement in financial and tax consultancy, management accounting and budget, and internal auditing.

She is a Certified Public Accountant with a degree of Bachelor of Science in Accountancy, *cum laude*, from the Ateneo de Naga University and has obtained Masters in Management, *with commendation*, at the Asian Institute of Management.

16. **Ray Jan P. Roque, 50, Filipino: Chief Audit Executive, Far Eastern University, Inc. (June 2021 to present)**

    Work Experience: Risk Assurance Audit Director at Isla Lipana & Co., Philippine member firm of the PricewaterhouseCoopers global network, Internal Auditor at Lufthansa Technik Philippines, Senior Associate at Joaquin Cunanan & Co.

    He graduated with a degree of Bachelor of Science in Accountancy from Philippine School of Business Administration, Manila Campus. He is a Certified Public Accountant by profession.

17. **Michael Q. Liggayu, 49, Filipino: Quality Management Representative (September 2013 to present), Data Protection Officer (July 2017 to present) and Chief Information Security Officer (October 2022 to present), Far Eastern University, Inc.**

    Professional experience includes: Corporate Accountant, Doojin Corporation; Auditor, Sycip, Gorres, Velayo and Company; Management Consultant, Guiao's International Furniture; Internal Auditor, Academic Coordinator and Faculty Member, Angeles University Foundation; Program Head for Accountancy Program, Associate Dean and Accounting Faculty Member of the Institute of Accounts, Business and Finance, Assistant to the Senior Vice President for Academic Affairs, Assistant to the President and Project Manager for Enrollment, Far Eastern University - Manila.

    A Certified Public Accountant by profession, Certified Lead Auditor for ISO 9001 and Certified Data Protection Officer (TÜV), Mr. Liggayu graduated with the degree of Bachelor of Science in Accountancy and completed his academic requirements for the degree of Master in Business Administration at the Angeles University Foundation.

The term of office of a Trustee is one (1) year or until his/her successor is elected and qualified. The members of the Board of Trustees of the Corporation are elected at the Annual Stockholders' Meeting to hold office until the next succeeding annual meeting, or up to the time their respective successors shall have been elected and qualified.

The officers are appointed or elected annually by the Board of Trustees at its organizational meeting, each to hold office until the next meeting of the Board the following year or until a successor shall have been elected, appointed and qualified.

Significant Employees

The corporation considers its entire work force as significant employees. Everyone is expected to work together as a team to achieve the corporation’s goals and objectives.

Family Relationships

Dr. Lourdes R. Montinola, *Chair Emeritus*, is the mother of Mr. Aurelio R. Montinola III, *Chairman*, Mr. Antonio R. Montinola, *Trustee*, Mr. Juan Miguel R. Montinola, *President and Trustee* and Atty. Gianna R. Montinola, *Senior Vice President for Corporate Affairs*.

Training and/or Continuing Education Programs of Trustees/Officers

The continuing education programs for trustees/officers: programs and seminars and roundtables attended during the year are as follows:

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Lourdes R. Montinola	December 14, 2022	Data Privacy as Part of Good Corporate Governance	Far Eastern University, Inc.
Aurelio R. Montinola III	October 18, 2022	4th Integrated Corporate Governance, Risk Management and Sustainability Summit	Institute of Corporate Directors (ICD)
Michael M. Alba	December 14, 2022	Data Privacy as Part of Good Corporate Governance	Far Eastern University, Inc.
Paulino Y. Tan	December 14, 2022	Data Privacy as Part of Good Corporate Governance	Far Eastern University, Inc.
Sherina P. Nuesa	October 18, 2022	4th Integrated Corporate Governance, Risk Management and Sustainability Summit	Institute of Corporate Directors (ICD)
	November 8, 2022	Advanced Corporate Governance Training	Institute of Corporate Directors (ICD)
Jose T. Sio	July 20, 2022	2022 Annual Corporate Governance Seminar	BDP Unibank, Inc.
	December 14, 2022	Data Privacy as Part of Good Corporate Governance	Far Eastern University, Inc.
Consuelo D. Garcia	June 2022	Training on Market Abuse	ING Bank, Learning Center, Amsterdam
	August 31, 2022	GT Capital Advance Corporate Governance Seminar	Institute of Corporate Directors (ICD)
	October 18, 2022	The Board's Agenda: Mindset Shifts for a Sustainable and Equitable Future	ICD for the Ayala Group of Companies
	November 11, 2022	AMLA Compliance Overview, Targeted Financial Sanctions and Update Advanced Corporate Governance Training	ICD for Sunlife Group
	December 14, 2022	Data Privacy as Part of Good Corporate Governance	Atty. Francis Acero – Data Privacy Officer, Meralco
	February 17. 2023	ASEAN Corporate Governance Workshop for Publicly Listed Companies	Institute of Corporate Directors (ICD)
Rosario Palanca Blardony	December 14, 2022	Data Privacy as Part of Good Corporate Governance	Far Eastern University, Inc.
	March 8, 2023	Navigating the Board Room Corporate Governance Orientation Program	Institute of Corporate Directors
Gianna R. Montinola	September 1-2, 2022	29th National PR Congress	Public Relations Society of the Philippines, Inc.
	September 12, 2022	20th MAP International CEO Hybrid Conference 2022 on "THE WINS OF CHANGE: Thriving in a World of In-Betweens"	MAP

	November 29, 2022	MARKETING SUMMIT: Memory Enhancement Workshop	The Brain Republic, Inc.
	April 12, 2023	MARKETING SUMMIT: Forging Deeper Brand Connections	Margot Torres SVP for Marketing and Communications of McDonald's Philippines
Rosanna E. Salcedo	June 10, 2022	Post 2022 Elections: The Economy at a Crossroads	BPI Asset Mgt & Trust
	August 17, 2022	PSE's Investory Day	Philippine Stock Exchange
	August 25, 2022	Tax never stops: a FREE webinar on tax updates	P&A Grant Thornton
	Sept. 16, 2022	The Philippine Peso's Historical Drop	BPI Asset Mgt & Trust
	Sept. 29, 2022	BIR Transitions to Electronic Invoicing: What to Expect?	Zalamea/Deloitte
Anthony Raymond A. Goquingco	February 6, 2022	Criminalization and Corporate Governance Practice under the Revised Corporation Code	Mandatory Continuing Legal Education (MCLE)
	December 14, 2022	Data Privacy as Part of Good Corporate Governance	Far Eastern University, Inc.
Pamela M. Hernandez	November 23, 2022	Masterclass by Dorien Kartikawangi, Ph.D/Atma Jaya Catholic University of Indonesia: Developing higher order thinking skills: opportunities and threats	FEU-IAS, Dept. of Communication
		Masterclass by Jantima Kheokao, Ph.D/University of the Thai Chamber of Commerce: Marketing communication in post-COVID19 era	
	February 2, 2023	Alumni Masterclass with Prof. Erika Legara/ Evolution of Data Science and AI	Asian Institute of Management
		Alumni Masterclass with Prof. Richard Cruz/Generation 2030: Bold New Leadership Required —- Getting the AIM Community to Lead The Way	
		Addressing the Perceived Competency Gap: From Classroom to Workplace	Association of CPAs in Commerce & Industry
	March 7, 2023	Bill of Rights Revisited	PICPA National Office and Committee on Legislations and Taxation
		BIR Audit Plan and Updates	BIR-Revenue District Office
		LGU Reminders	DOF- Bureau of Local Government Finance
		Tax Filings Reminders and Amnesty	SGV and CAZLALaw
		SEC Reminders	SGV

	March 29, 2023	Transfer Pricing compliance and tax updates	Deloitte
	May 17, 2023	Language and the miracle creed with the father of modern linguistics: Noam Chomsky	FEU- IE Series of Experts Talks
Ray Jan P. Roque	August 24-28, 2022	2022 Risk Summit	Institute of Internal Auditors - Philippines
	September 13, 2022	The Importance of ESG in Internal Audit	Institute of Internal Auditors - Philippines
	October 19, 2022	Data Transformation and Data Analytics Summit	PwC Philippines/Isla Lipana & Co.
	February 7, 2023	Adopting Agile Audit in 2023	Wolters Kluwer
	February 22, 2023	Addressing the Perceived Competency Gap: From School to Workplace	Philippine Institute of Certified Public Accountants (PICPA)
	March 7, 2023	Future-Proof Your Business: An AudComm x CEO x CAE Forum	Institute of Internal Auditors - Philippines
	Mach 28, 2023	Cybersecurity during a rapid digital transformation	Financial Executives Institute of the Philippines (FINEX)
	May 17, 2023	All Eyes on the Future of Audit	Institute of Internal Auditors - Philippines
	May 24, 2023	Transforming the Audit Industry for the Digital Era	Institute of Internal Auditors - Philippines
Michael Q. Liggayu	July 19-21, 2022	Best Practices in Digital Record Governance and Management	Center for Global Best Practices
	September 05-09, 2022	Information Security Management System	Spartan Allied Services (SAS) Management Inc
	November 23-24, 2022	The First Data Privacy & Cybersecurity Professionals' Summit	Indu Inferentia Management Consultancy Inc.
	November 25, 2022	5th NADPOP Year-ender	Indu Inferentia Management Consultancy Inc.

Number of Meetings and Attendance of the Board of Trustees

Below is the table of attendance of the members of the Board of Trustees in their regular/organizational meetings for the period June 1, 2022 to May 31, 2023 are as follows:

Member of the Board of Trustees	Regular Meetings												
	21-Jun-22	19-Jul-22	16-Aug-22	20-Sep-22	18-Oct-22*	18-Oct-22	15-Nov-22	20-Dec-22	17-Jan-23	21-Feb-23	21-Mar-23	18-Apr-23	16-May-23
Dr. Lourdes R. Montinola	/	/	/	/	/	/	/	/	/	/	/	/	/
Mr. Aurelio R. M ontinola III	/	X	/	/	/	/	/	/	/	/	/	/	/
Dr. Michael M. Alba	/	/	/	/	/	/	/	/	/	X	/	/	/
Ms. Sherisa P. Nuesa	/	/	/	/	/	/	/	/	/	/	X	/	/
Dr. Paulino Y. Tan	/	/	X	X	/	/	/	/	/	/	/	/	/
Mr. Antonio R. Montinola	X	X	/	/	/	/	X	X	/	/	/	/	/
Mr. Jose T. Sio	/	/	/	/	/	/	/	/	/	/	/	/	/
Ms. Consuelo D. Garcia	/	/	/	/	/	/	/	/	/	/	/	/	/
Ms. Rosario Palanca Blardony	Elected in October 2022				/	/	/	/	/	/	/	/	/
Dr. Edilberto C. De Jesus	/	/	/	/									

Item 10. Executive Compensation

Principal Position	Year ended	Salary	Bonus*	Other Annual Compensation
Chairman of the Board of Trustees and Chief Executive Officer		- x -	- x -	- x -
President, Trustee and Chief Operating Officer		- x -	- x -	- x -
Senior Vice President for Academic Affairs		- x -	N/A	- x -
Chief Finance Officer		- x -	N/A	- x -
Totals – Actual	2022	27,330,541	3,000,000	4,294,807
Actual	2023	29,080,352	3,000,000	4,109,462
Projected	2024	27,684,302	3,000,000	4,573,227
Non-Executive Trustees		N/A	- x -	N/A
Reported Executive Officers – Non-Trustees		- x -	N/A	- x -
Totals – Actual	2022	30,515,934	9,000,000	4,906,169
Actual	2023	28,247,781	10,000,000	4,812,747
Projected	2024	22,736,391	10,500,000	3,545,150
All Trustees and Reported Executive Officers		- x -	- x -	- x -
Totals – Actual	2022	45,283,332	12,000,000	7,389,554
Actual	2023	43,972,851	13,000,000	6,632,768
Projected	2024	41,138,447	13,500,000	6,501,794

**Trustees' Annual Bonus*

The compensation presented are actual for the last two (2) completed fiscal years and the estimate for the ensuing fiscal year ending May 31, 2024. The aggregate amount is P189,418,746.

Compensation of Directors

Standard Arrangement

The members of the Board of Trustees of the corporation are entitled to a reimbursement of transportation expenses for board/special meetings attended. Non-executive trustees who are members of the Board Committees are paid per diem for attending Board Committee meetings. The members of the Board are also entitled to an annual Director's bonus at the end ofthe fiscal year in accordance with an approved resolution of the stockholders dated 08 May 1976, while the officers of the corporation are entitled to basic salaries and benefits.

Other Arrangement

There are no other material terms or conditions of employment for contractual executive officers, except those specified in this report.

Voting Trust Holders

The Registrant is not a party to any voting trust agreement. No security holder of the Registrant holds a voting trust or other similar agreements.

No information is available on all outstanding warrants or options held by the members of the Board of Trustees and officers of the corporation.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Beneficial Owners of More Than 5% and 10% Securities as of May 31, 2023

As of May 31, 2023, Far Eastern University does not have on record any person party or entity who beneficially owns more than 5% and 10% of common stock except as set forth in the table below:

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Ownership and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Seyrel Investment and Realty Corporation[1] Ayala Triangle Gardens Tower 2 Paseo de Roxas Cor. Makati Ave, Makati City	Seyrel Investment and Realty Corporation	Filipino	6,887,051	28.63
Common	Sysmart Corporation[3] 426 MKSE, Ayala Avenue Makati City	Sysmart Corporation	Filipino	5,275,601	21.93
Common	Desrey, Incorporated[2] Ayala Triangle Gardens Tower 2 Paseo de Roxas Cor. Makati Ave. Makati City	Desrey, Inc.	Filipino	1,924,956	08.00

All of the above are direct beneficial owners of the securities.

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[1] *Dr. Lourdes, R. Montinola as President is authorized to vote for the shares of the Corporation.*

[2] *Ibid*

[3] *Ms. Teresita T. Sy, Chairman of the Board*

Security Ownership of Management

Title of Class	Name of Beneficial Owner	Number of Shares and Nature of Beneficial Ownership	Citizenship	Percent Of Class
Common	Lourdes R. Montinola *Chair Emeritus*	11,627 – D	Filipino	0.0483
Common	Aurelio R. Montinola III *Chairman, Board of Trustees*	458,165 – D 10,075 – I	Filipino	1.9046 0.0419
Common	Juan Miguel R. Montinola *President and Trustee*	34,566– D 78,794 – I	Filipino	0.1437 0.3275
Common	Michael M. Alba *Trustee*	1 – D	Filipino	0.0000
Common	Antonio R. Montinola Trustee *(until 17 July 2023)*	105,741 – D	Filipino	0.4396
Common	Paulino Y. Tan *Trustee*	1 – D	Filipino	0.0000
Common	Sherisa P. Nuesa *Trustee*	2,219 – D 262 – I	Filipino	0.0092 0.0011
Common	Jose T. Sio *Independent Trustee*	14 – D	Filipino	0.0001
Common	Consuelo D. Garcia *Independent Trustee*	80 – I	Filipino	0.0003
Common	Rosario Palanca Blardony *Independent Trustee*	1 – D	Canadian	0.0000
Common	Gianna R. Montinola *Senior Vice President for Corporate Affairs*	106,033– D 7,314 – I	Filipino	0.4408 0.0304
Common	Rosanna E. Salcedo *Chief Finance Officer and Treasurer*	734 – D	Filipino	0.0031
Common	Anthony Raymond A. Goquingco *Corporate Secretary and Compliance Officer*	350 – D	Filipino	0.0014

Security of Ownership of Management as a Group

Total Shares - 815,977
Percentage - 3.3920%

Item 12. Related Party Transactions and Relationships

The University recognizes a related party relationship with another entity if the University or the other entity has the ability to control or exercise significant influence over the financial and operating decisions of its counter party. The University assesses the form and substance of the relationships to determine the presence of related party transactions.

Among the Group's related parties include:

1) Entities under common management
2) The University and its subsidiaries' respective Retirement Funds
3) The University and its subsidiaries' respective Officers, Directors, Stockholders and other persons with related interests

The University has written policies and procedures on related party transactions, endorsed by the Board Committee on Related Party Transactions, that addresses the regulatory requirements of the SEC, and foremost is, used as guiding principles in the Group management's evaluation of transactions with related parties.

During the year, the Group, in its regular conduct of business, has entered into transactions with its related parties. Except for the Group's related party transactions which is disclosed in Note 20 to the Consolidated Financial Statements, which is an integral part of this report, no other material transactions, without proper disclosures, was undertaken by the Group.

PART IV – SCHEDULES AND OTHER REPORTS

Item 13. Reports on SEC Form 17-C and Quarterly Reports

(a) Exhibit

The exhibits are not applicable to the company nor require any answer.

(b) Reports on SEC Form 17-C

1. On 14 July 2022:

   Joint venture agreement between Far Eastern University Inc., Jerudong Park Medical Centre ("JPMC") Sendirian Berhad, and JPMC College of Health Sciences SDN BHD.

   Email submission acknowledged by SEC on 14 July 2022.

2. On 16 August 2022:

   Investment of Far Eastern University, Inc. in Good Samaritan Colleges, Inc.
   *Amended disclosure reported on 19 August 2023.

   Email submission acknowledged by SEC on 17 August 2022.

3. On 18 August 2022:

   FEU acquisition of shares in Good Samaritan Colleges, Inc.
   *Amended disclosure reported on 25 August 2023.

   Email submission acknowledged by SEC on 19 August 2022.

4. On 25 August 2022:

   Investment Agreement: FEU, Good Samaritan Colleges, Inc. ("GSC") and GSC's Shareholders

   Email submission acknowledged by SEC on 25 August 2022.

5. On 14 September 2022:

   Notice of Annual Meeting of FEU Stockholders' Meeting, scheduled for 15 October 2022. Stockholders eligible to participate are as per record date 28 September 2022.

   Email submission acknowledged by SEC on 14 September 2022.

6. On 20 September 2022:

   Declaration of ₱14.00/share cash dividend to all stockholders of record as of 04 October 2022, payable on 14 October 2022, as approved during the Board of Trustees meeting held on 20 September 2022.

   Email submission acknowledged by SEC on 20 September 2022.

7. On 11 October 2022:

   Acquisition of 1,000 FEU shares of stock by FERN Realty Corporation (an FEU subsidiary) and lodged the same with PCD Nominee Corporation (Filipino).

   Email submission acknowledged by SEC on 11 October 2022.

8. On 14 October 2022:

   Appointment of Mr. Michael Q. Liggayu as Chief Information Security Officer of the Far Eastern University, Inc., effective 15 October 2022.

   Email submission acknowledged by SEC on 14 October 2022.

9. 15 October 2022

   Resolutions adopted and approved in the FEU Annual Stockholders Meeting held on 15 Oct 2022:

   a. Minutes of the Annual Stockholders Meeting held on 16 October 2021;
   b. Academic Report of the President for the Academic Year 2021-2022;
   c. Annual Report covering the operations for the Fiscal Year 2021-2022;
   d. Approval, ratification and confirmation of the acts and resolutions of the Board of Trustees, Board Management Committees, and Management and other officers of Far Eastern University taken or adopted since the Annual Meeting of Stockholders last 16 October 2021 until 15 October 2022;
   e. Election of members of the Board of Trustees including independent trustees for the fiscal year 2022-2023;
   f. Re-Appointment of Punongbayan and Araullo, Certified Public Accountants and the Philippine member firm of Grant Thornton as External Auditor for the fiscal year 2022-2023.

   Email submission acknowledged by SEC on 15 October 2022.

10. On 18 October 2022:

    Matters approved during the Organizational Meeting of the Board of Trustees held on 18 October 2022:

    Elected and appointed Corporate Officers and University Officials and Members of Board Committees for the term 2022-2023

Corporate Officers

Lourdes R. Montinola	Chair Emeritus
Aurelio R. Montinola III	Chairman of the Board of Trustees
Michael M. Alba	President
Juan Miguel R. Montinola	Chief Finance Officer & Chief Risk Officer
Rosanna E. Salcedo	Treasurer
Anthony Raymond A. Goquingco	Corporate Secretary
Gianna R. Montinola	Senior Vice-President for Corporate Affairs
Maria Teresa Trinidad P. Tinio	Senior Vice-President for Academic Affairs
Glenn Z. Nagal	Comptroller and Compliance Officer
Ray Jan P. Roque	Chief Audit Executive
Michael Q. Liggayu	Data Protection Officer

Board Committees

(a) Executive Committee

Aurelio R. Montinola III	Chairman
Michael M. Alba	President
Paulino Y. Tan	Member
Sherisa P. Nuesa	Member
Juan Miguel R. Montinola	Member

(b) Joint Audit and Risk Management Committee

Consuelo D. Garcia	Chairman
Jose T. Sio	Member
Sherisa P. Nuesa	Member
Paulino Y. Tan	Alternate Member

(c) Corporate Governance Committee

Jose T. Sio	Chairman
Consuelo D. Garcia	Member
Rosario P. Blardony	Member

(d) Nomination Committee

Antonio R. Montinola	Chairman
Paulino Y. Tan	Member
Consuelo D. Garcia	Member
Gianna R. Montinola	Member

(e) Related Party Transaction Committee

Jose T. Sio	Chairman
Rosario P. Blardony	Member
Paulino Y. Tan	Member

(f) Talent Management Committee

Aurelio R. Montinola III	Chairman
Michael M. Alba	Member
Paulino Y. Tan	Member
Sherisa P. Nuesa	Member
Juan Miguel R. Montinola	Member

Appointment of Ms. Consuelo D. Garcia as Lead Independent Trustee

Reappointment of all other incumbent Corporate Officers and University Officials of FEU to the current positions respectively held by them for the term 2022-2023, to serve as such until their respective successor is duly appointed and qualified.

Email submission acknowledged by SEC on 18 October 2022.

11. On 16 December 2022:

Retirement of Mr. Glenn Z. Nagal as Comptroller and Compliance Officer of the Far Eastern University, Inc. effective 18 December 2022.

Email submission acknowledged by SEC on 16 December 2022.

12. On 04 January 2023:

Acquisition of 284 FEU shares of stock by FERN Realty Corporation (an FEU subsidiary), and lodged the same with PCD Nominee Corporation (Filipino).

Email submission acknowledged by SEC on 04 January 2023.

13. On 21 February 2023:

Appointment of Atty. Anthony Raymond A. Goquingco as Compliance Officer of the Far Eastern University, Inc., effective 21 February 2023.

Email submission acknowledged by SEC on 22 February 2023.

14. On 21 February 2023:

Declaration of ₱14.00/share cash dividend to all stockholders of record as of 07 March 2023, payable on 21 March 2023, as approved during the Board of Trustees meeting held on 21 February 2023.

Email submission acknowledged by SEC on 22 February 2023.

15. On 18 April 2023:

    Appointment of Ms. Pamela M. Hernandez as Controller of the Far Eastern University, Inc., effective 18 April 2023.

    Email submission acknowledged by SEC on 18 April 2023.

16. On 02 May 2023:

    Acquisition of 1,560 FEU shares of stock by FERN Realty Corporation (an FEU subsidiary), and lodged the same with PCD Nominee Corporation (Filipino).

    Email submission acknowledged by SEC on 02 May 2023.

17. On 16 May 2023:

    Appropriations of retained earnings of Far Eastern University for the fiscal year 31 May 2023 be adjusted to One Billion Four Hundred Sixty-Three Million Seven Hundred Thirty Three Thousand One Hundred Pesos (₱1,463,733,100.00) as follows:

Reserves for:	
Subsidiary Expansion Projects	₱ 417,000,000.00
Capital Expenditures	803,000,000.00
Strategic Growth Investments	150,000,000.00
Probable Contingency	90,000,000.00
Treasury Shares	3,733,100.00
TOTAL	₱ 1,463,733,100.00

    Email submission acknowledged by SEC on 16 May 2023.

18. On 16 May 2023:

    Appointment of Mr. Juan Miguel R. Montinola as President of the Far Eastern University, Inc. effective 01 August 2023.

    Email submission acknowledged by SEC on 16 May 2023.

(c) Quarterly Reports:

Ended August 31, 2022	– *Acknowledged by SEC on 14 October 2022*
Ended November 30, 2022	– *Acknowledged by SEC on 13 January 2023*
Ended February 28, 2023	– *Acknowledged by SEC on 13 April 2023*

Item 14. FEU Sustainability Report for School Year 2022 - 2023

Contextual Information

Company Details	
Name of Organization	Far Eastern University, Inc.
Location of Headquarters	Nicanor Reyes Street, Sampaloc, Manila
Location of Operations	Nicanor Reyes Street, Sampaloc, Manila
Report Boundary: Legal entities (e.g., subsidiaries) included in this report*	Far Eastern University, Manila
Business Model, including Primary Activities, Brands, Products, and Services	Education Services
Reporting Period	Fiscal Year 2022 - 2023
Highest Ranking Person responsible for this report	Atty Anthony Raymond A. Goquingco, J.D., Ll.M. Corporate Secretary

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]
The mission of FEU is to provide quality higher education through industry-responsive outcomes-based curricular programs. The institution promotes sustainable and responsive research extension, heritage, and environmental stewardship towards national and global development. The materiality principle was then applied to determine the main sustainability programs that the institution has deemed key in supporting its educational mission and sustainable development. Updates for those programs that are directed towards sustainability of FEU Main and its subsidiaries.

[1] See *GRI 102-46* (2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount FY 2022- 2023	Units
Direct economic value generated (revenue)	5,748,138,061	PhP
Direct economic value distributed:	4,574,512,604	PhP
a. Operating costs	839,178,741	PhP
b. Employee wages and benefits	1,636,022,524	PhP
c. Payments to suppliers, other operating costs	790,821,161	Php
d. Dividends given to stockholders and interest payments to loan providers	801,074,226	PhP
e. Taxes given to government	103,189,151	PhP
f. Investments to community (e.g.,donations, CSR)	384,226,801	PhP

What is the impact and where does it occur? What is the organization's involvement inthe impact?	Which stakeholders are affected?	Management Approach
Quality education is driven by state-of-the-art facilities, best-in class learning platforms, and competitively compensate d highly qualified faculty. Strong financials of the FEU Group have allowed for the delivery of quality education at par with or better than the other top schools. Furthermore, increased revenue has allowed FEU to regularly issue cash dividends to its shareholders.	FEU Community FEU Shareholders	Prudent management governance with emphasis on operational efficiency and strong financials to be able to support the delivery of quality education.
What are the Risks identified?	**Which stakeholders are affected?**	**Management Approach**
Increased operating cost due to the full face-face classes. Progressive increase in financing costs.	FEU Community FEU Stakeholders	Implemented strategies to increase revenue income and tighter budget controls to have adequate funds to meet increase in operating cost. Expedited loan payments and availed of financing / restructuring that have better rates.

What are the Opportunities identified?	Which stakeholders are affected?	Management Approach
Enough resources in both financial and technical expertise allowed • focus and attention towards non-organic growth opportunities. • continued expansion of facilities to meet increasing student enrollment	FEU Community FEU Shareholders	Entered into joint ventures with education institutions in the Philippines and abroad. Upgraded campus facilities and installed new school installations

*Climate-related risks and opportunities[2]

Governance	Strategy	Risk Management	Metrics and Targets
Organization's governance cover: • actual and potential impacts of climate-related risks and • how the organization identifies these risks • metrics and targets used to assess and manage relevant climate-related risks and opportunities	Define, monitor, and address actual and potential impacts of climate-related risks and opportunities on the businesses, strategy, and financial planning and operations where such information is material.	Prioritize programs that have greater impact to identified climate-related risks and opportunities.	Reduction in carbon emissions, water consumption • Decrease operational expenses and increase savings • Reduce electricity/ energy consumption • Recycle water to decrease consumption and effluence. • Install alternative building light sources • Install engineering solutions to address extreme climate and tectonic events such as flood gates, seismic sensors in buildings to monitor the impact of earthquakes on structures and reduce downtime after such events.
Recommended Disclosures			
Board oversight:			
Provide strategic directions to management to explore technology and approach towards more climate-resilient and sustainable operations.	Invest in sustainability programs as its response to climate resiliency and managed risk as part of its medium -and long-term strategies.	Update the Board on the impact of the sustainability programs as well as new technology and systems.	Positive financial impact derived from cost savings yet reliable operations.

Governance	Strategy	Risk Management	Metrics and Targets
Support the budget allocation addressing climate-related risks; solar panels, efficient buildings lessen carbon emissions	Determine budget requirements on the approved programs and identify its sustainability objectives.	Update the Board on the status of these programs, completion dates and impact on sustainability objectives.	Positive impact of the program on completion versus its defined objective.
Engage the services of a sustainability consultant	External consultant to develop and integrate sustainability initiatives as integral to the organization's strategic plan	Update the Board on the final recommendations of the external consultant.	Recommended programs and initiatives integrated into the strategic plan.
Management Oversight:			
Continuous review of further improvements towards efficient use of power and light	Define measurable target impact of sustainability programs Identify improvements to current infrastructure for more efficient power and light facilities	Monitor regularly performance of power and light infrastructure to ensure efficient performance	Target defined metrics on the sustainability programs met and/or exceeded.
Integrated approach to operational sustainability across the FEU Group of Schools under the management of the Facilities and Technical Services Department	Explore emerging technology and solutions to further lessen climate risk and operational efficiencies	Establish a standardized Group-wide monitoring and evaluation system	Defined metrics met and/or exceeded.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	96	%

[2] Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

What is the impact and where does it occur? What is the organization's involvement inthe impact?	Which stakeholders are affected?	Management Approach
Faster delivery timelines and no import fees Convenient and timely after sales support, especially for returns and/or replacements Support of the local economy	FEU Community FEU Shareholders	Management adheres to the procurement principle of buying under the terms and conditions beneficial to the university. Local suppliers are accredited, and products and services availed of are assessed based on their quality, price, terms of payment and after sales support. All procurement decisions are based on quotations of at least 3 qualified accredited suppliers.
What are the Risks identified?	**Which stakeholders are affected?**	**Management Approach**
Poor quality, late / incomplete deliveries, poor after sales support	FEU Community FEU Shareholders	Local supplier's product quality is checked prior to order and on delivery. Conditions on returns and replacements are included in the order agreements. Local suppliers' performances are assessed on a periodic basis and include feedback from the actual users. This is also considered in the accreditation process.
What are the Opportunities identified?	**Which stakeholdersare affected?**	**Management Approach**
Establishes closer economic partnerships that openthe opportunities for cost reduction versus procuring from international suppliers.	FEU Community FEU Shareholders	Continue accreditation of local suppliers with the objective of establishing long term relationship with those that meet product quality, price, terms of payment and sales support.

Anti-corruption

*Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	***	
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	***	
Percentage of directors and management that have received anti-corruption training	***	
Percentage of employees that have received anti-corruption training	***	

*** Anti-corruption principles are stated in the HRD Manual under Employee Decorum and the Student Handbook.

What is the impact and where does it occur? What is the organization's involvement inthe impact?	Which stakeholders are affected?	Management Approach
Corruption may occur at various levels in operations and academic processes. If left unchecked, these incidents may adversely impact the financial soundness of FEU. They may also affect the perception of management governance to stakeholders.	FEU Community FEU Stakeholders	Policies and guidelines are defined in the operations and academic processes where opportunities for corruption may occur. These are stated in the Employee Code of Conduct and in the Student Handbook.
What are the Risks identified?	**Which stakeholders are affected?**	**Management Approach**
Familiarity among those involved in the operations and academic processes may lead to lessening of controls. Employees are not aware of the anti-corruption policies.	FEU Community FEU Stakeholders	Check and balances are in place. Internal audits on these processes are done on a regular basis. Whistle blower policy also protects those who may report on these incidents. Communication program is in place and annual reminders are communicated through different channels. Key personnel movement resulting

		from promotions, rotation, and recruitment to avert corruption due to too much familiarity in the control processes in place.
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
Controls in place limit the opportunity for corruption. They also establish a smooth relationship among employees and students.	FEU Community FEU Stakeholders	Streamline processes for efficient and effective operations allowing for more time to determine further process improvements. Update controls in place based on regular reviews of their effectiveness. Increased internal audit review on key processes.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed ordisciplined for corruption	0	0
Number of incidents in which employees were dismissed or disciplined for corruption	0	0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	0

What is the impact and where does it occur? What is the organization's involvement inthe impact?	Which stakeholders are affected?	Management Approach
No incidents in 2022- 23	FEU Community FEU Shareholders	Check and balance mechanisms are in place for processes that are susceptible to fraud and corruption.
What are the Risks identified?	**Which stakeholders are affected?**	**Management Approach**
Loss of money due to fraud and corruption	FEU Community FEU Shareholders	Regular review on the effectiveness of the check and balance mechanism. • Policy on Sanctions in place. • Whistle Blower policy in place.

What are the Opportunities identified?	Which stakeholdersare affected?	Management Approach
Financial soundness	FEU Community FEU Shareholders	Periodic review on the sufficiency of the control process to prevent corruption Internal Audit reviews reveal process weakness which management corrects

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources) Power from hydro plant power provider	3,029,598	kWh
Energy consumption (gasoline)	NA	
Energy consumption (LPG)	NA	
Energy consumption (diesel)	NA	
Energy consumption (electricity)	9,154,994	kWh

Reduction of energy consumption:

Disclosure	Quantity	Units
Energy reduction (gasoline)	NA	GJ
Energy reduction (LPG)	NA	GJ
Energy reduction (diesel)	NA	GJ
Energy increase (electricity)	4,948,491	kWh
Energy reduction (gasoline)	NA	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Power savings initiatives impact power and light expenses and contribute to reduced carbon emissions to the environment	FEU community	Installation of power savings solutions and monitoring that these are kept current and operational • District cooling system (Chilled Water System) • Use of LED lights • Continuous conversion of window/split type AC to chilled water (completed 2 buildings: ARTS and Education) • Regular maintenance equipment (chiller plant, ACCUS, elevators, pumps, and motors, etc.) • Maximize natural sunlight by implementing light zoning for every floor • Installation of timer, solar panel for perimeter lights • Rain and condensate water harvesting • Functional 99.9 kWp solar panel

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Cooling system malfunction Unscheduled power outages	FEU community	Preventive and maintenance activities to maintain proper functioning of the chillers are conducted on a regular basis by trained service maintenance personnel. Regular maintenance of Genset and checked monthly.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Continuous expansion of the district colling system to all the buildings in campus for FEU Manila. Installed Building Management system (BMS)	FEU community	Efficient equipment operation and scheduling

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawals	5	Cubic meters
Water consumption	162,618	Cubic meters
Water recycled and reused	6,421	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Efficient water consumption results in cost efficiencies and supports initiatives on water conservation.	FEU Community	Continually study newer technologies to towards more efficient management of water consumption • Installation of a sewerage treatment plant in campus • Rain and condensate harvesting
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Undetected leakage is the primary risk that will increase water consumption.	FEU community	Inspection is done twice a month on all the buildings for water leakages.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Installation of a sewerage treatment plant will manage down water bill costs and sewerage environmental impact.	FEU Community	Reuse of Sewerage Treatment Plant (STP) effluent

*Materials used by the organization – NOT APPLICABLE

Disclosure	Quantity	Units
Materials used by weight or volume	NA	
• Renewable	NA	kg/liters
• non-renewable	NA	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	NA	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
NA		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
NA		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
NA		

*Ecosystems and biodiversity (whether in upland/watershed or coastal/marine) – NOT APPLICABLE

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	NA	
Habitats protected or restored	NA	
IUCN[1] Red List species and national conservation list species with habitats in areas affected by operations	NA	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
NA		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
NA		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
NA		

Environmental impact management

Air Emissions *GHG*

Disclosure	Quantity	Units
IDirect (Scope 1) GHG Emissions	NA	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	1,030	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	NA	Tonnes CO_2e

[1] International Union for Conservation of Nature

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Reduction in air emissions impact on carbon footprint.	FEU Community	Continually study and implement newer technologies for lessening CO2 air emissions on campus.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Air pollutants

Last test done for the gensets = July 23, 2022, as per DENR requirement

Disclosure	Quantity	Units
NO_x	242.7 mg/Ncm	kg
CO	113 mg / Ncm	kg
Persistent organic pollutants (POPs)	NA	kg
Volatile organic compounds (VOCs)	NA	kg
Hazardous air pollutants (HAPs)	NA	kg
Particulate matter (PM)	NA	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The genset is an important power stand-by source in cases of power outage. Compliance to air pollution source installation requirement is therefore important.	FEU Community	Continually comply with DENR regulations to avoid penalties and non-use of the genset. A Pollution Control Officer is designated to monitor and comply with the regulations.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Noncompliance with air pollution rules will result in penalties and restrictions of usage	FEU Community	Accreditation of the Pollution Control Officer who will closely guide the school in its compliance to all the relevant rules
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The accreditation of a designated Pollution Control Officer shall support the school's rollout of its major initiatives with close compliance to relevant rules	FEU Community	Accreditation of Pollution Control Officers and managing head handling related requirements. Training undertaken by the Pollution Control Officer will be cascaded to the

		other members of the community so that everyone becomes more involved and actively contributes to Pollution Control outcomes.

Solid and Hazardous Wastes

*Solid Waste –

Disclosure	Quantity	Units
Total solid waste generated	NA	kg
Reusable	NA	kg
Recyclable	22,000	kg
Composted	554,772	kg
Incinerated	NA	kg
Residuals/Landfilled	NA	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Construction of Materials Recovery Facility (MRF) to properly segregate solid waste.	Feu Community	Regular compliance to DENR regulations.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Lack of proper knowledge in solid waste segregation procedure among janitorial and maintenance staff.	FEU Community	Continuous training of staff on solid waste management, revisit existing processes, and identify and correct oversights.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Creation of comprehensive solid waste management system.	FEU Community	Conduct comprehensive solid waste management analysis and make recommendations for improving the current system.

Hazardous Waste (chemicals & pathogens from Medical Technology laboratories)
Accredited transporter and treater

Disclosure	Quantity	Units
Total weight of hazardous waste generated not yet transported	5,603.45	kg
Total weight of hazardous waste transported and treated	1,407.80	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Management of these hazardous waste specially from the Medical Technology laboratories is crucial to maintain the Medical	FEU Community	Management uses accredited hazardous waste transporters and treaters for the proper handling, transport, and disposal of these hazardous waste.

Technology program. This is one of the key courses that FEU is known for due to the excellent performance of its graduates in the board examinations. The health safety of the FEU community must be maintained, so proper management is important.		Management uses two storage facilities for handling and storing this hazardous waste.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Mishandling of the hazardous waste. Fines from non-compliance to DENR regulations	FEU Community	Only accredited service providers are used in disposal management and treatment of hazardous waste. Compliance with DENR requirement of submitting Quarterly Self-Monitoring Report (SMR) and Semi-annual Compliance Monitoring Report (CMR)
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Proper management confirms health and safety protocol policies of the institution. Public perception that these are in place helps brand awareness for the affected courses.	FEU Community	Continue and further improve compliance where feasible.

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	0
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	0
No. of cases resolved through dispute resolution mechanism	0	0

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
FEU complies with DENR regulations on air pollution source installations (APSI), water segregation and hazardous waste generator	FEU Community	Management works to comply with the requirements of the regulatory government agencies and adapts best practices where financially feasible.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Failure to understand and comply to new rules of regulatory government agency may affect operations.	FEU Community	Continually review laws and regulations and impact on the FEU operations.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Compliance with regulations ensures full use of the campus facilities for classes and daily operations.	FEU community	Commitment of management towards efficient and effective operations

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[4]	2,621	
a. Number of female employees	1,294	49%
b. Number of male employees	1,327	51%
Attrition rate[5]	6.8 %	
Ratio of lowest paid employee against minimum wage	0	0

[4] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRIStandards 2016 Glossary)

[5] Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of currentyear)

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	7	3
PhilHealth	Y	2	1
Pag-ibig	Y	6	3
Parental leaves	Y	1	0
Vacation leaves	Y	20	14
Sick leaves	Y	19	13
Medical benefits (aside from PhilHealth))	Y	43	32
Housing assistance (aside from Pag-ibig)	NA	NA	NA
Retirement fund (aside from SSS)	Y	30	22
Further education support	Y	1	0
Company stock options	NA	NA	NA
Telecommuting	Y	46	36
Flexible-working Hours	Y	14	10
OTHERS:			
Educational Benefits	Y	16	15
Clothing Allowance	Y	66	45
Rice Subsidy	Y	38	29
HMO	Y	45	34
Medical Benefit	Y	43	31
Memorial Benefit	Y	0	0

What is the impact and where this occur? What is the organization's involvement in the impact ?	Which stakeholders are affected?	Management Approach
The stringent recruitment process and efficient hiring process enable employment of the best talents and	Employees (teaching & non-teaching)	Management ensures a fair, non-discriminatory, and equal opportunity through its hiring process and reasonable

highly qualified individuals. Competitive salary packages and employee benefits have been one of the reasons employees stay and these have fostered dedication and commitment amongemployees. Available scholarships and tuition fee subsidies have motivated the employees to pursue graduate studies that improved the performance of their functions. Relevant company benefits have attracted qualified and competent individuals to FEU. Recruitment of best applicants has been easy. With appealing employee benefits in place, FEU is considered an Employer of choice.		and just compensation and benefits for all employees. There are established policies on • Employee recruitment • Personnel hiring and placement • Compensation and benefits such as HMO, medical benefits among others • Scholarships, tuition fee subsidies and educational benefits.
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
The benefits are enjoyed by employees; the possibility of maximizing the benefits (e.g.medical benefits) without much frugality and conscientiousness may be a risk factor.	Employees (teaching & non-teaching)	Commitment of management to the holistic wellness and well-being of employees, with the following in place: • Implementing rules and regulations for employee benefits • Preventive measures such as wellness programs to lessen utilization of HMO
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
High employee retention Onboarding of qualified and high potential candidates High job satisfaction and organizational commitment	Employees (teaching & non-teaching)	Management commits to take good care of its human resource. It conducts regular review of company benefits and salary packages through Collective Bargaining Agreements, merit increases and promotion programs. To ensure that compensation benefits are at par with the market, benchmarking with industry and job markets is undertaken.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	1,561	hours
b. Male employees	1,616	hours
Average training hours provided to employees		
a. Female employees	11	Hours/employee
b. Male employees	11	Hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Learning and development programs participated in by employees have increased their efficiency and productivity in fulfilling their functions. Employee training programs have facilitated higher competency proficiency levels and improved performance. Through various employee engagement programs, potentials are developed and honed that result in promotion either a higher position (non-teaching employee) or to an administrative position (faculty). Performance appraisal scores / teaching performance evaluation scores increase as a result of substantial training programs given.	Employees (teaching & non-teaching)	Management ensures the continuous development of its employees through the following: • Learning & DevelopmentPrograms • Competency DevelopmentProgram for non-teaching employees • Implementation of FEU's Performance ManagementSystem • Performance Appraisal and Performance Targets • Teaching Performance Evaluation results which are used as a reference for faculty interventions and development programs • Center for Teaching and Learning programs on curriculum mapping and course development
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
Attrition Good employees may find other opportunities outside FEU	Employees (teaching & non-teaching)	Commitment of management to ensure high potential employees and existing employees are taken good care of. • Tracking of high potential employees for tenure • Fast /early regularization of outstanding employees and faculty • Rewards and benefits package

What are the Opportunities Identified?	Which stakeholdersare affected?	Management Approach
Identification of ready-now and ready-later employees for promotion and/or for administrative positions. Identification of leadership potentials among employees	Employees (teaching & non-teaching)	Succession plan is in place. High potential employees are continuously coached, mentored and provided trainings.

Labor-Management Relations

Disclosure	Quantity	Units
% Of employees covered with CollectiveBargaining Agreements		%
Employees	501	46%
Faculty	502	54%
Number of consultations conducted with employees concerning employee-related policies	64	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Good labor-management relationship through constant consultations contributes to a more harmonious environment in the work place.	Employees (teaching & non-teaching)	Management maintains and ensures industrial peace in the organization by: • Keeping communication lines between management and employee open through orientation programs, dialogues, and feedback mechanism • On time CBA negotiations • Labor Management Council meetings
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
Resistance to change, time constraints and difference in perspectives may affect the labor-management relations	Employees (teaching & non-teaching)	Management fosters communication and collaboration with its employees through: • Regular dialogues/meetings • Labor Management Council meetings

What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Strong support towards FEU's aspirations and goals Collaboration between management and employees in developing better, efficient, and cost-effective measures	Employees (teaching & non-teaching)	Management understands the importance of good labor-management relationship and takes the following approach. • Collective bargaining • Dialogues/meetings • Orientation on new and/or policies • Consultation with employees on new policies, procedures,and programs

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	1,294	employees
% of male workers in the workforce	1,327	employees
Number of employees from indigenous communitiesand/or vulnerable sector*	9	employees

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents,and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and wheredoes it occur? What is the organization's involvement inthe impact?	Which stakeholders are affected?	Management Approach
FEU promotes inclusivity and fair opportunities. Because it affirms diversity in the community, stakeholders feels safe, respected, and accepted. With the equal and fair opportunities provided,stakeholders make significant contributions in the classroom and in workspaces.	Employees (teaching & non-teaching) Students	Management ensures inclusivity and equal opportunity by establishing offices, policies programs and activities. • Gender and Development Office • Gender Sensitivity activities • Hiring/employment of vulnerable group such as elderly and people with disabilities • Compliant procedures with the laws on equality and anti-discrimination • All-Gender Restroom Policy (approved by ManCom) • Multi-Faith Room Policy (approved by DDC) • FEU Policy on Diversity and Inclusion within the FEU Community

What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Readiness of the community to the presence of diverse groups	Employees (teaching & non-teaching) Students	Management takes different approaches on this and shown below are some of the actions taken to promote diversity and equal opportunities in the organization. • FEU Policy on Diversity and Inclusion within the FEU Community • Changing mindset through gender sensitive programs, and full implementation of Safe Spaces Act
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
Higher innovation and increased creativity. Variety of perspectives and contributions Holistic approach in problem solving and decision making	Employees (teaching & non-teaching) Students	• Fellowship programs • Teambuilding activities • Collaborative projects • Employee hiring and admission of individuals belonging to diverse groups

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours		Man-hours
No. of work-related injuries	9	4* 40 hr/week= 160 man hours
No. of work-related fatalities	0	#
No. of work-related ill-health	14	#
No. of safety drills	17	#

What is the impact and where does it occur? What is the organization's involvement inthe impact?	Which stakeholders are affected?	Management Approach
A safe and hazard-free organization facilitates feelings of security and ensures productivity among employees. The organization is recognized for its commitment to the health and safety of the employees; hence, high reputation on the part of the organization	Employees (teaching & non-teaching) Students	The health and safety of all employees and students is the paramount concern of management. • Occupational Health andSafety Committee (OHS) • Safety Officer • OHS Program and Certified OHS specialist

What are the Risks Identified?	Which stakeholders are affected	Management Approach
Injuries during earthquakes, fire and the like	Employees (teaching & non-teaching) Students	Safety drills and safety protocols in place.
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
Heightened consciousness on health and safety among stakeholders Increased involvement in the creation of preventive measures to maintain a hazard-free, safe, and secure work environment	Employees (teaching & non-teaching) Students	Monthly meetings of the Occupational Health and Safety Committee are conducted to address health and safety concerns. (check with EK)

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	NA	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g.harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	• Hiring policies compliant to Labor Laws
Child labor	Y	• Hiring compliant to labor laws
Human Rights	Y	• Anti-Sexual Harassment Policy • FEU Policy on Diversity and Inclusion within the FEU Community • Anti-Bullying Policy • Anti-Cyberbullying Policy

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Policies and guidelines ensure that employee rights are protected and that government labor laws are always observed. Compliance with company policies and government laws minimize the possibility of lawsuits and conflicts with employees	Employees (teaching & non-teaching)	Management complies with all the statutory requirements of the government for smooth operation. Additional policies and guidelines are developed and implemented. • Faculty Manual • Personnel Manual • Student Handbook • Employees Code of Conduct

What are the Risks Identified?	Which stakeholders are affected?	Management Approach
Changes in the implementing rules and regulations of government laws	Employees (teaching & non-teaching)	Management is committed to constantly updating policies to ensure that changes in the implementing guidelines of the government are observed. A periodic review of policies and guidelines is also in place
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
Update/revise existing policies to align with the current trends and to improve systems in the organization	Employees (teaching & non-teaching)	Committees for policy creation and review

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:
*Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	FEU investments policy excludes tobacco, alcohol, coal related industries
Forced labor	Y	In principle and shall be formalized, suppliers are asked that they do not engage in these unfair practices
Child labor	Y	
Human rights	Y	
Bribery and corruption	Y	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Compliance to statutory and regulatory requirements Quality assurance of products, supplies and services	Management	• Accreditation process for Contractor/Service Provider • Accreditation process forSupplier • University Bidding Committee
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
Few accredited suppliers and service providers that may result to limited choices for the end users	Management	Efficient sourcing of probable suppliers and service providers with good market reputation

What are the Opportunities Identified?	Which stakeholders are affected?	Management Approach
Cost effectiveness Pool of accredited suppliers and service providers	Management	• Accreditation process for Contractor/Service Provider • Accreditation process for Supplier • University Bidding Committee

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positiveơ negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable) *	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the communit y	Mitigating measures (if negative) or enhancement measures (if positive)
Project HOPE: Bread of HOPE SPREAD of HOPE Dishwashing Soap and Fabric Conditioner Making Self-sustaining livelihood program	Manila City Jail Female Dormitory	Persons Deprived of Liberty (PDL)	No	SDG 3 – Good Health & Well Being SDG 8 – Decent Work and Economic Growth	Conduct of the following workshops aimed to also expand market outside the jail • Baking on new bread products • Spread-making workshops • Training in the development of different hygiene products (e.g. shampoo and liquid detergent) Also ensuring proper financial management, accounting and auditing of its revolving fund
Project Calatagan: Mushroom Cultivation Program Ongoing income generating livelihood program	Barangay Quilitisan, Calatagan, Batangas	Unemployed coastal community members	No	SDG 8 – Decent Work and Economic Growth	On its start-up phase and is closely monitored
iTamTeknolohiya (Technology)	Samahan ng Magkakape ng Lipa Cooperative			SDG 3 – Decent Work and Economic Growth	Program refers to human labor productivity. Ensures that communities engaged in continually is able to maximize

Operations with significant (positiveơ negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable) *	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the communit y	Mitigating measures (if negative) or enhancement measures (if positive)
	Department of Health – Eye Center Barangays in the Municipality of San Andres Catanduanes				productivity of human labor. Programs extended to these communities are done via technological advancement, research and development
iTamKalinangan (Learning)	Alternative Learning Students – President Corazon "Cory" C. Aquino National High School Sangguiniang Kabataan, Barangay 842 Pandacan, Manila Residents of Singkamas St., Barangay Tumana, Marikina			SDG 4 Quality Education SDG 8 Decent Work and Economic Growth	Program focuses on the empowerment of socially and economically marginalized communities by providing them with relevant and skill-based programs that will enhance their integrity, capacity, and knowledge
iTamBahaginan (Giving)	Children Beneficiaries of Gems Heart Outreach Dev't Inc.			SDG 3 Good Health and Well Being	Program ensures that all partner communities and non-partner communities have access to the opportunities that the institute offers
Project Ahon	Paradise Heights	Unemployed mothers	No	SDG 3 Good Health & Well	Provide a sustainable source of budget for the community

Operations with significant (positiveơ negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable) *	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the communit y	Mitigating measures (if negative) or enhancement measures (if positive)
	(Smokey Mountain) in partnership with Gawad Kalinga			Being	projects (feeding programs, improvement of infrastructure, etc.) by growing crops using hydroponics

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerablewomen, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: N/A

Certificates	Quantity	Units
FPIC process is still undergoing	0	#
CP secured	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Community extension programs relevant to the members of FEU partner communities provide them with the following key outcomes. 1. alternative sources of livelihood / income 2. Address the needs of the partner community. 3. Mobilize existing individual and/or community assets / resources in the selection and provision of programs 4. Gain new knowledge and skills that may empower them and improve quality of life These programs furthermore support for the attainment of the UN SDGs.	FEU Community, Partner community members	FEU Group of Schools identify community extension programs that benefit the members of its partner communities. The programs are managed by experts from the faculty core with the support of volunteers from the students, employees and alumni.

Involvement of FEU in these programs are as follows: 1. Experts in FEU provide training / workshops aimed to develop the knowledge and skills of the community members 2. Assist community members in the start-up process through logistics and costs that will eventually generate their revolving fund to continue the program 3. Continuous monitoring, regular evaluation, and impact assessment on the program activities to validate that they meet the expected outcomes and impact as well as for financial management, accounting and auditing purposes.		
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
1. Safety and security of volunteers 2. Non-appearance/ lack of volunteers 3. Finding of industry partners for big projects	FEU Community, Partner community members	Plan and manage program activities to ensure that the risks identified are addressed and minimized.
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
1. Good rapport with community leaders 2. Develop volunteerism in the FEU community 3. FEU community change in perspective from dole-out mentality to programs that support sustainability of partner communities	FEU Community, Members of the partnercommunities	Interdisciplinary approach to program planning, implementation, and evaluation to ensure that various strengths of the volunteers are harnessed and for a more holistic approach to community development. Ensure continuous strengthening of projects by seeking active involvement and participation of volunteers

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customersatisfaction study (Y/N)?
Kumustahan Project in FEU Manila – focus group of students run by selected faculty to discuss issues on identified topics for the school year – Teaching & Learning, Online Platforms, University Services, Face-to-Face Learning	Positive and Negative feedback on each topic given	N

What is the impact and where does it occur? What is the organization's involvement inthe impact?	Which stakeholders are affected?	Management Approach
Customer experience and satisfaction creates a distinct brand and reputation of FEU Customer feedback providesgainful insights on how to improve the products and services of FEU	Employees (faculty & non-faculty) Students Alumni Applicants Parents & Guardians	• Student surveys • Customer feedback forms • Student evaluation on faculty performance • Feedback from accreditingagencies
What are the Risk/sIdentified?	**Which stakeholders are affected?**	**Management Approach**
Risk perception and subjectivity of customers	Employees (faculty & non-faculty) Students Alumni Applicants Parents & Guardians	Use of varied mechanisms such as survey forms, focused group discussions, reports, and comments on social media platforms among others to generate and validate customer experience
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Customer experience and feedback are used as reference for policy formulation, program development and program improvement.	Employees (faculty & non-faculty) Students Alumni Applicants Parents & Guardians	• Strategic planning using results of customer/student survey as reference points • Audit of Quality Objectives

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well ascomplaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement inthe impact?	Which stakeholders are affected?	Management Approach
Minimal accidents and illnesses Increased productivity and performance due to good health	Employees (faculty & non-faculty) Students Campus visitors	• Health services/medicalservices • Mental health programs,counseling services • Health advisory • HMO • Safety Drills • Safe physical environment through maintenance of a clean and green campus
What are the Risk/sIdentified?	**Which stakeholders are affected?**	**Management Approach**
Availment of health services	Employees (faculty & non-faculty) Students Campus visitors	• Information campaign on available health services • Information Awareness
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Innovation in the conduct of health and safety protocols and services	Employees (faculty & non-faculty) Students Campus visitors	• Customer feedback forms • Health records (to automate) • Safety and Health Committee reports

Marketing and labelling – report for this item shall be provided in FY 2020-2021

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	Not applicable	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well ascomplaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement inthe impact?	Which stakeholders are affected?	Management Approach
FEU maintains a uniform brand identity and harmonizes the use of the university name, logos, graphics, and other design assets and collaterals for all schools and organizations that have been given permission to use any, some, or all of the FEU Brands.	FEU Community FEU Stakeholders	FEU has a Brand Manual that contains the specific parameters for the creation, use, and revision of the FEU branding, aesthetics, and corresponding design assets. The guidelines may be updated from time to time to address certain requirements as the university expands. All FEU Group of Schools and partner schools need to coordinate with FEU Main, Marketing and Communication Office (MCO) when they have new marketing collaterals.
What are the Risk/sIdentified?	**Which stakeholders are affected?**	**Management Approach**
Misuse of the FEU brand can • Create confusion among stakeholders. • Damage to the reputation of the University. • Affect operations of the University	FEU Community FEU Stakeholders	FEU's main Brand Assets have registered trademarks and copyright. The Marketing and Communication Office (MCO) monitors any misuse of the FEU brand identity in unofficial publicity and advertisements whether in print, broadcast, or online.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Strengthen Brand Awareness and Recognition	FEU Community FEU Stakeholders	Industry and school partners of FEU can use the brand logo and assets in their own marketing collaterals as long as these adheres to the branding agreement and guidelines. Partnerships are allowed as they give FEU organic publicity mileage.

Customer privacy - report for this item shall be provided in FY 2022 - 2023

Disclosure	Quantity	Units
No. of substantiated complaints on customerprivacy*	none	#
No. of complaints addressed	none	#
No. of customers, users and account holders whose information is used for secondary purposes	none	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well ascomplaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement inthe impact?	Which stakeholders are affected?	Management Approach
Proper implementation of Information Security and Data Protection Policies encourages trust and confidence in the organization's capability to keep all records confidential and provides assurance in the confidentiality, integrity and availability personal data.	Employees (faculty & non-faculty) Students Alumni Applicants Parents & Guardians	• Data Protection Policy • Forms and systems inclusive of Data Privacy Consent statement • Semestral Updating of Data • Subject Consent Form through the Registrar's Office
What are the Risk/sIdentified?	**Which stakeholders are affected?**	**Management Approach**
Likelihood for misuse (unauthorized processing) of information	Employees (faculty & non-faculty) Students Alumni Applicants Parents & Guardians	• Clear declaration of the purpose of the information gathered • Informed Consent
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Standardization on policies and procedures on customer privacy	Employees (faculty & non-faculty) Students Alumni Applicants Parents & Guardians	Data Protection Policy

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts, andlosses of data	0	0

What is the impact and where does it occur? What is the organization's involvement inthe impact?	Which stakeholders are affected?	Management Approach
FEU has automated its key processes of enrollment, accounting, and payroll. A data breach can be a material issue if student private information is compromised.	Employees (faculty & non-faculty) Students Alumni Applicants Parents & Guardians.	Information Technology Services (ITS) manages all technology solutions of the institution and have installed industry standard information security infrastructure; it implements daily vulnerability assessments to protect the institution from cyber security risks. The enrollment and accounting applications are cloud solutions

		outsourced to NetSuite who adheres to Industry Standards and is SOC certified. For on-premises installed systems, daily vulnerability assessments are run.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Cyber security risk that may compromise student personal information.	Employees (faculty & non-faculty) Students Alumni Applicants Parents & Guardians	Same action as above.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Newer technology solutions that can provide stronger and more cost- effective solutions.	Employees (faculty & non-faculty) Students Alumni Applicants Parents & Guardians	Management continually looks for newer technology solutions that may be applied to strengthen the security posture of the institution, including 3rd-party Security Incident and Event (SEM) systems and services.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs
Key products and services and their contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Basic, (K1 to SHS), Tertiary, Graduate and Doctorate Programs	Goal 4: Quality Education Goal 17: Partnership for Goals	Skills mismatch of graduates to industry needs	Programs are drawn and regularly updated that focus on upgrading the curriculum and student development programs to meet the skills set needs of industry. Key initiative is the partnerships with industry who provide input for curriculum and student development programs on personal and technical levels.
	Goal 5: Gender Equality	Readiness of the community to the presence of diverse groups	Management ensures inclusivity and equal opportunity by establishing offices, policies programs and activities.
	Goal 6: Clean Water and Sanitation Goal 7: Affordable and Clean Energy Goal 12: Responsible Consumption & Production Goal 13: Climate Action Goal 14: Life Below Water Goal 17: Partnership for Goals	Increased student enrollment willincrease consumption as well.	Management continually study and implement cost saving solutions that help manage consumption even with the increase in studentpopulation.
	Goal 3: Good Health & Well-Being Goal 8: Decent Work and Economic Growth	Increased student enrollment will necessitate more facilities,and this may strain the limited space on campus.	Management continually review the work and class areas and when needed implement cost viable solutions to address the increase in need.

SIGNATURES

Pursuant to the requirements of Section I7 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Manila, on AUG 2 5 2023.

By:

AURELIO R. MONTINOLA III
Chairman, Board of Trustees
and Chief Executive Officer

JUAN MIGUEL R. MONTINOLA
President
and Chief Operating Officer

ROSANNA E. SALCEDO
Chief Finance Officer
and Treasurer

PAMELA M. HERNANDEZ
Chief Risk Officer
and Controller

KRISTINE ANNE B. ESTABLE
Chief Accountant

ANTHONY RAYMOND A. GOQUINGCO
Corporate Secretary
and Compliance Officer

SUBSCRIBED AND SWORN to before me this AUG 2 5 2023 day of 2023, affiants exhibiting to me their Tax Identification Number, as follows:

Name	Tax Identification Number	Place Issued
Aurelio R. Montinola III	135-558-086	Philippines
Juan Miguel R. Montinola	115-203-243	Philippines
Rosanna E. Salcedo	115-178-175	Philippines
Pamela M. Hernandez	913-381-986	Philippines
Kristine Anne B. Estable	206-498-850	Philippines
Anthony Raymond A. Goquingco	211-219-446	Philippines

ATTY. FELY JANE P. CATU
NOTARY PUBLIC
NOTARY PUBLIC / CITY OF MANILA
Notarial Commission No. 2023-153
Valid Until December 31, 2024
Roll of Attorney's No. 70141
IBP Lifetime Member Roll No. 017715, 06.21.2017
PTR No. 0868582, 01.16.2023
MCLE Compliance No. VII-0013891, 03.29.2022
TIN-340-171-697
Rm.310, FEU Administration Bldg.
Nicanor Reyes St., Sampaloc, Manila

Doc. No. 138
Page No. 29
Book No. I
Series of 2023.

FAR EASTERN UNIVERSITY

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1015
(+632) 87777-FEU (338)
(+632) 8849-4000

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Far Eastern University, Incorporated and Subsidiaries (the Group)** is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended May 31, 2023, 2022 and 2021 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative to do so.

The Board of Trustees is responsible for overseeing the Group's financial reporting process.

The Board of Trustees reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the consolidated financial statements of **Far Eastern University, Incorporated and Subsidiaries** in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

AURELIO R. MONTINOLA III
Chairman of the Board and
Chief Executive Officer

JUAN MIGUEL R. MONTINOLA
President and Chief Operating Officer

ROSANNA E. SALCEDO
Chief Finance Officer and Treasurer

Signed this 15th day of August, 2023.

SUBSCRIBED AND SWORN to before me this AUG 15 2023 day of _____, 2023, affiants exhibiting their Tax Identification Numbers (TIN) as follows:

Name	TIN	Place Issued
Aurelio R. Montinola III	135-558-086	Philippines
Juan Miguel R. Montinola	115-203-243	Philippines
Rosanna E. Salcedo	115-178-175	Philippines

NOTARY PUBLIC

ATTY. FELY JANE P. CATLI
NOTARY PUBLIC - CITY OF MANILA
Notarial Commission No. 2023-153
Valid Until December 31, 2024
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Nicanor Reyes St., Sampaloc, Manila

Doc. No. 122
Page No. 26
Book No. I
Series of 2023.

P&A Grant Thornton

35 YEARS
Shaping a Vibrant Tomorrow
#BoldPerspectives #DivergentThinking #ForgingPaths

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

Report of Independent Auditors

The Board of Trustees and the Stockholders
Far Eastern University, Incorporated and Subsidiaries
Nicanor Reyes Street
Sampaloc, Manila

Opinion

We have audited the consolidated financial statements of Far Eastern University, Incorporated (the University) and subsidiaries (together hereinafter referred to as the Group), which comprise the consolidated statements of financial position as at May 31, 2023, 2022 and 2021 and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended May 31, 2023, and the notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at May 31, 2023, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended May 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group 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 audits of the consolidated 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of Tuition and Other School Fees

Description of the Matter

Tuition and other school fees amounted to P4.9 billion, which accounts for 99% of the total revenues of the Group for the year ended May 31, 2023, as shown in the Group's consolidated statements of profit or loss and in Note 16 to the consolidated financial statements. It involves significant volume of transactions and the Group is dependent on its information technology infrastructure in processing such voluminous transactions. Relative to this, any potential misstatements on tuition and other school fees could be material to the consolidated financial statements. Growth in tuition and other school fees is also one of the key measures used to assess the Group's performance. We therefore identified the recognition of tuition and other school fees as a significant risk requiring special audit consideration.

The Group's policy for revenue recognition and significant judgements used by management related to revenue recognition are more fully described in Notes 26 and 27 to the consolidated financial statements.

How the Matter was Addressed in the Audit

Our audit procedures included, among others, the following:

- Obtaining an understanding of the tuition and other school fees revenue recognition policy of the Group and the related processes and controls, and evaluating the Group's compliance with the requirements of PFRS 15, *Revenue from Contracts with Customers*;

- Testing of design and operating effectiveness of internal controls, including information technology general controls (i.e., security administration, program maintenance and program execution) and application controls, related to the Group's recognition and measurement of tuition and other school fees, including the related scholarship merits and tuition fee discounts, and payments from students;

- Examining students' enrollment transactions (i.e., through examination of tuition bills) and grant of scholarships merits and tuition fee discounts on a sampling basis during the school year;

- Performing revenue cut-off test procedures including, among others, examining tuition bill transactions near period end, and analyzing and reviewing revenue adjustments subsequent to period end to determine whether tuition and other school fees are appropriately recognized in the proper period; and,

- Performing substantive analytical review procedures over tuition and other school fees such as, but not limited to, current year's components of tuition and other school fees (e.g., by student population and by institute or college) as a percentage of total revenues, and yearly and monthly analyses of enrolment transactions based on our expectations, which include corroborating evidence from other audit procedures, and verifying the underlying data used in the analyses are valid and complete.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement) and SEC Form 17-A (but does not include the consolidated financial statements and our auditors' report thereon) and Annual Report for the year ended May 31, 2023. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended May 31, 2023 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 PSA 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures 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 Group'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 the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audits resulting in this independent auditors' report is Mailene Sigue-Bisnar.

PUNONGBAYAN & ARAULLO



By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 9566627, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 90230-SEC (until financial period 2025)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-20-2020 (until Dec. 21, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

August 15, 2023

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MAY 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	5	**P 1,698,352,823**	P 1,600,121,325	P 1,191,146,185
Trade and other receivables - net	6	**1,034,276,359**	897,783,648	799,367,504
Financial assets at fair value through profit or loss	7	**1,834,217,950**	1,830,571,990	1,605,507,781
Financial assets at fair value through other comprehensive income	7	**173,575,124**	547,401,071	231,920,855
Investment securities at amortized cost	7	**86,521,531**	106,110,590	83,206,231
Other current assets - net	10	**264,031,592**	279,764,767	250,177,408
Total Current Assets		**5,090,975,379**	5,261,753,391	4,161,325,964
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income	7	**2,016,976,191**	1,198,965,979	1,179,709,098
Investment securities at amortized cost	7	**469,112,054**	536,853,247	501,560,477
Investment in associates	8	**160,010,728**	-	-
Property and equipment - net	11	**8,906,955,473**	8,605,591,276	8,887,089,812
Investment properties - net	9	**203,091,499**	220,098,346	277,070,909
Goodwill	26	**186,487,019**	186,487,019	186,487,019
Deferred tax assets - net	21	**2,266,468**	3,921,618	24,756,321
Other non-current assets	10	**228,700,393**	260,913,615	203,369,377
Total Non-current Assets		**12,173,599,825**	11,012,831,100	11,260,043,013
TOTAL ASSETS		**P 17,264,575,204**	P 16,274,584,491	P 15,421,368,977

	Notes	2023	2022	2021
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	13	**P 1,742,085,805**	P 1,517,457,628	P 1,527,355,514
Interest-bearing loans	14	**426,258,503**	473,163,265	187,619,048
Deferred revenues	16	**72,544,582**	73,185,176	33,672,454
Provisions	28	**18,647,254**	18,647,254	18,698,054
Income tax payable		**5,909,839**	4,608,544	494,027
Total Current Liabilities		**2,265,445,983**	2,087,061,867	1,767,839,097
NON-CURRENT LIABILITIES				
Lease liabilities	12	**846,769**	13,084,637	24,512,241
Interest-bearing loans	14	**1,385,340,137**	1,811,598,640	2,284,761,905
Post-employment benefit obligation	19	**63,116,118**	49,808,248	47,010,188
Deferred tax liabilities - net	21	**19,170,165**	20,314,780	15,116,765
Other non-current liabilities		**6,392,428**	8,869,958	16,995,892
Total Non-current Liabilities		**1,474,865,617**	1,903,676,263	2,388,396,991
Total Liabilities		**3,740,311,600**	3,990,738,130	4,156,236,088
EQUITY				
Equity attributable to owners of the parent company				
Capital stock	23	**2,406,799,300**	2,406,799,300	2,406,799,300
Treasury stock - at cost	23	**(78,632,436)**	(76,660,836)	(67,194,836)
Revaluation reserves	23	**(9,225,689)**	(5,358,290)	42,988,357
Other reserves		**(57,785,452)**	(57,785,452)	(57,785,452)
Retained earnings	23			
Appropriated		**1,463,733,100**	1,184,853,389	844,233,100
Unappropriated		**6,834,406,722**	5,917,341,539	5,186,533,818
Total equity attributable to owners of parent company		**10,559,295,545**	9,369,189,650	8,355,574,287
Non-controlling interests		**2,964,968,059**	2,914,656,711	2,909,558,602
Total Equity		**13,524,263,604**	12,283,846,361	11,265,132,889
TOTAL LIABILITIES AND EQUITY		**P 17,264,575,204**	P 16,274,584,491	P 15,421,368,977

See Notes to Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED MAY 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
REVENUES				
Educational	16			
Tuition fees - net		**P 4,692,506,459**	P 3,910,844,007	P 3,336,317,446
Other school fees		**226,778,126**	179,221,819	186,108,760
		4,919,284,585	4,090,065,826	3,522,426,206
Rental	9	**21,055,337**	43,242,605	10,381,563
		4,940,339,922	4,133,308,431	3,532,807,769
IMPAIRMENT LOSS ON FINANCIAL ASSETS	6	**(55,629,679)**	(58,908,684)	(254,842,087)
OPERATING EXPENSES	17	**(3,264,251,021)**	(2,690,747,051)	(2,485,285,169)
OTHER OPERATING INCOME		**35,855,920**	7,403,327	1,447,139
OPERATING INCOME		**1,656,315,142**	1,391,056,023	794,127,652
FINANCE INCOME	18	**182,725,715**	134,066,448	190,258,064
FINANCE COSTS	18	**(101,803,329)**	(63,603,488)	(106,575,649)
OTHER INCOME - NET	8, 13	**209,990,123**	146,629,063	138,482,282
INCOME BEFORE TAX		**1,947,227,651**	1,608,148,046	1,016,292,349
TAX EXPENSE	21	**(60,162,102)**	(70,319,366)	(36,976,292)
NET INCOME		**P 1,887,065,549**	P 1,537,828,680	P 979,316,057
Net Income Attributable to:				
Owners of the parent company	24	**P 1,866,741,062**	P 1,503,734,824	P 965,682,303
Non-controlling interests		**20,324,487**	34,093,856	13,633,754
		P 1,887,065,549	P 1,537,828,680	P 979,316,057
Earnings Per Share				
Basic and Diluted	24	**P 77.92**	P 62.74	P 40.28

See Notes to Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MAY 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
NET INCOME		**P 1,887,065,549**	P 1,537,828,680	P 979,316,057
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified subsequently to profit or loss				
Net fair value losses (gains) reclassified to profit or loss on debt securities classified as financial assets at fair value through other comprehensive income	7	**1,816,727**	742,189	(6,722,480)
Net fair value gains (losses) during the year		**25,313,000**	(25,192,316)	24,499,049
Tax effect		**(271,297)**	244,501	(311,090)
		26,858,430	(24,205,626)	17,465,479
Item that will not be reclassified subsequently to profit or loss				
Net fair value gains (losses) on equity securities classified as financial assets at fair value through other comprehensive income	7	**(26,377,156)**	(28,114,783)	5,602,115
Gains (losses) on remeasurement of post-employment benefit plan	19	**(5,537,030)**	4,745,233	4,629,577
Tax effect		**319,142**	233,695	(179,055)
		(31,595,044)	(23,135,854)	10,052,637
Other Comprehensive Income (Loss) - net of tax		**(4,736,614)**	(47,341,480)	27,518,116
TOTAL COMPREHENSIVE INCOME		**P 1,882,328,935**	P 1,490,487,200	P 1,006,834,173
Total Comprehensive Income Attributable to:				
Owners of the parent company		**P 1,862,873,663**	P 1,455,388,177	P 990,629,485
Non-controlling interests		**19,455,272**	35,099,023	16,204,688
		P 1,882,328,935	P 1,490,487,200	P 1,006,834,173

See Notes to Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MAY 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

		Attributable to Owners of the Parent Company									
							Retained Earnings				
	Notes	Capital Stock	Stock Dividends Distributable	Treasury Stock - at Cost	Revaluation Reserves	Other Reserves	Appropriated	Unappropriated	Total	Total	Non-controlling Interests	Total Equity
Balance at June 1, 2022		P 2,406,799,300	P -	(P 76,660,836)	(P 5,358,290)	(P 57,785,452)	P 1,184,853,389	P 5,917,341,539	P 7,102,194,928	P 9,369,189,650	P 2,914,656,711	P 12,283,846,361
Transactions with owners	23											
Acquisition of treasury stock		-	-	(1,971,600)	-	-	-	-	-	(1,971,600)	-	(1,971,600)
Addional investment		-	-	-	-	-	-	-	-	-	73,500,000	73,500,000
Cash dividends		-	-	-	-	-	-	(670,796,168)	(670,796,168)	(670,796,168)	(42,643,924)	(713,440,092)
		-	-	(1,971,600)	-	-	-	(670,796,168)	(670,796,168)	(672,767,768)	30,856,076	(641,911,692)
Appropriations of retained earnings	23											
Appropriation during the year		-	-	-	-	-	360,379,711	(360,379,711)	-	-	-	-
Reversal of appropriations during the year		-	-	-	-	-	(81,500,000)	81,500,000	-	-	-	-
		-	-	-	-	-	278,879,711	(278,879,711)	-	-	-	-
Total comprehensive income (loss)												
Net income for the year		-	-	-	-	-	-	1,866,741,062	1,866,741,062	1,866,741,062	20,324,487	1,887,065,549
Other comprehensive loss	7, 19	-	-	-	(3,867,399)	-	-	-	-	(3,867,399)	(869,215)	(4,736,614)
		-	-	-	(3,867,399)	-	-	1,866,741,062	1,866,741,062	1,862,873,663	19,455,272	1,882,328,935
Balance at May 31, 2023		**P 2,406,799,300**	**P -**	**(P 78,632,436)**	**(P 9,225,689)**	**(P 57,785,452)**	**P 1,463,733,100**	**P 6,834,406,722**	**P 8,298,139,822**	**P 10,559,295,545**	**P 2,964,968,059**	**P 13,524,263,604**
Balance at June 1, 2021		P 2,406,799,300	P -	(P 67,194,836)	P 42,988,357	(P 57,785,452)	P 844,233,100	P 5,186,533,818	P 6,030,766,918	P 8,355,574,287	P 2,909,558,602	P 11,265,132,889
Transactions with owners	23											
Acquisition of treasury stock		-	-	(9,466,000)	-	-	-	-	-	(9,466,000)	-	(9,466,000)
Cash dividends		-	-	-	-	-	-	(432,306,814)	(432,306,814)	(432,306,814)	(30,000,914)	(462,307,728)
		-	-	(9,466,000)	-	-	-	(432,306,814)	(432,306,814)	(441,772,814)	(30,000,914)	(471,773,728)
Appropriation during the year	23	-	-	-	-	-	340,620,289	(340,620,289)	-	-	-	-
Total comprehensive income (loss)												
Net income for the year		-	-	-	-	-	-	1,503,734,824	1,503,734,824	1,503,734,824	34,093,856	1,537,828,680
Other comprehensive income (loss)	7, 19	-	-	-	(48,346,647)	-	-	-	-	(48,346,647)	1,005,167	(47,341,480)
		-	-	-	(48,346,647)	-	-	1,503,734,824	1,503,734,824	1,455,388,177	35,099,023	1,490,487,200
Balance at May 31, 2022		P 2,406,799,300	P -	(P 76,660,836)	(P 5,358,290)	(P 57,785,452)	P 1,184,853,389	P 5,917,341,539	P 7,102,194,928	P 9,369,189,650	P 2,914,656,711	P 12,283,846,361

		Attributable to Owners of the Parent Company										
							Retained Earnings					
	Notes	Capital Stock	Stock Dividends Distributable	Treasury Stock - at Cost	Revaluation Reserves	Other Reserves	Appropriated	Unappropriated	Total	Total	Non-controlling Interests	Total Equity
Balance at June 1, 2020		P 1,651,435,400	P 755,431,300	(P 67,194,836)	P 18,041,175	(P 57,785,452)	P 1,909,733,100	P 3,346,821,184	P 5,256,554,284	P 7,556,481,871	P 2,861,354,532	P 10,417,836,403
Transactions with owners	23											
Issuance of shares of stock		755,363,900	(755,431,300)	-	-	-	-	67,400	67,400	-	62,000,000	62,000,000
Cash dividends		-	-	-	-	-	-	(191,537,069)	(191,537,069)	(191,537,069)	(30,000,618)	(221,537,687)
		755,363,900	(755,431,300)	-	-	-	-	(191,469,669)	(191,469,669)	(191,537,069)	31,999,382	(159,537,687)
Appropriations of retained earnings	23											
Reversal of appropriations during the year		-	-	-	-	-	(1,155,500,000)	1,155,500,000	-	-	-	-
Appropriation during the year		-	-	-	-	-	90,000,000	(90,000,000)	-	-	-	-
		-	-	-	-	-	(1,065,500,000)	1,065,500,000	-	-	-	-
Total comprehensive income												
Net income for the year		-	-	-	-	-	-	965,682,303	965,682,303	965,682,303	13,633,754	979,316,057
Other comprehensive income	7, 19	-	-	-	24,947,182	-	-	-	-	24,947,182	2,570,934	27,518,116
		-	-	-	24,947,182	-	-	965,682,303	965,682,303	990,629,485	16,204,688	1,006,834,173
Balance at May 31, 2021		P 2,406,799,300	P -	(P 67,194,836)	P 42,988,357	(P 57,785,452)	P 844,233,100	P 5,186,533,818	P 6,030,766,918	P 8,355,574,287	P 2,909,558,602	P 11,265,132,889

See Notes to Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax		**P 1,947,227,651**	P 1,608,148,046	P 1,016,292,349
Adjustments for:				
Depreciation and amortization	9, 11	**558,676,028**	558,923,063	555,516,561
Interest income	18	**(111,795,653)**	(44,785,235)	(51,772,411)
Interest expense	18	**87,634,134**	50,971,138	62,611,910
Impairment loss on receivables	6	**55,629,679**	58,908,684	254,842,087
Other investment income from financial assets at fair value through profit or loss (FVTPL) and other comprehensive income (FVOCI) - net	7, 18	**(54,849,138)**	(92,237,733)	(50,432,986)
Unrealized foreign exchange gains - net	18	**(43,486,176)**	(57,976,038)	30,320,827
Fair value loss (gain) from financial assets at FVTPL	7, 18	**27,703,458**	62,633,193	(85,961,962)
Share in net loss of associates	8	**659,066**	-	-
Reversal of impairment loss - net	7, 18	**(298,206)**	-	(2,090,705)
Impairment loss on investments	7, 18	**-**	151,944	-
Impairment loss on non-financial assets	10	**-**	-	27,525,652
Operating income before working capital changes		**2,467,100,843**	2,144,737,062	1,756,851,322
Increase in trade and other receivables		**(200,851,227)**	(145,270,689)	(74,719,976)
Decrease (increase) in other assets		**20,171,118**	(1,469,129)	14,968,032
Increase (decrease) in trade and other payables		**163,436,971**	(93,157,079)	(190,146,289)
Increase (decrease) in deferred revenues		**(640,594)**	39,512,722	(61,071,999)
Increase (decrease) in post-employment benefit obligation		**7,826,210**	7,495,841	(10,250,896)
Decrease in provisions		**-**	(50,800)	-
Increase (decrease) in other non-current liabilities		**(2,477,530)**	(8,125,934)	9,555,425
Cash generated from operations		**2,454,565,791**	1,943,671,994	1,445,185,619
Income taxes paid		**(62,049,934)**	(55,312,201)	(120,063,874)
Net Cash From Operating Activities		**2,392,515,857**	1,888,359,793	1,325,121,745
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of financial assets at FVTPL	7	**2,902,772,889**	3,021,056,480	3,088,266,602
Acquisition of financial assets at FVTPL	7	**(2,900,985,287)**	(3,260,044,391)	(3,737,884,125)
Acquisition of financial assets at FVOCI	7	**(2,363,887,208)**	(951,288,741)	(978,136,132)
Proceeds from disposal of financial assets at FVOCI	7	**1,925,183,300**	558,331,837	299,828,786
Acquisition of property and equipment	11	**(817,113,812)**	(207,442,131)	(194,576,931)
Proceeds from maturities of investment securities at amortized cost	7	**233,476,198**	106,504,132	248,095,439
Interest received	7	**166,942,997**	137,022,968	102,205,397
Investment in associates	8	**(160,669,794)**	-	-
Acquisition of investment securities at amortized cost	7	**(140,781,864)**	(150,840,182)	(306,662,439)
Acquisition of investment properties	9	**(37,544,781)**	(14,122,745)	(26,719,418)
Decrease (increase) in advances to suppliers and developers	10	**31,433,663**	(70,481,121)	(7,628,389)
Proceeds from disposal of investment property	9	**11,666,493**	1,014,867	-
Decrease (increase) in advances to related parties	20	**7,963,598**	(11,364,248)	(3,938,577)
Net Cash Used in Investing Activities		**(1,141,543,608)**	(841,653,275)	(1,517,149,787)
Balance carried forward		**P 1,250,972,249**	P 1,046,706,518	(P 192,028,042)

		2023	2022	2021
Balance brought forward		**P 1,250,972,249**	P 1,046,706,518	(P 192,028,042)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	23	**(665,749,569)**	(386,362,549)	(269,360,440)
Repayments of interest-bearing loans	22	**(473,163,265)**	(187,619,048)	(1,275,714,286)
Additional investment of non-controlling interest in a subsidiary	23	**73,500,000**	-	-
Interest paid	18	**(75,205,044)**	(45,549,028)	(62,802,729)
Repayment of lease liability	12	**(11,166,275)**	(9,478,932)	(12,061,585)
Acquisition of treasury shares	21	**(1,971,600)**	(9,466,000)	-
Proceeds from additional interest-bearing loans	22	**-**	-	1,142,857,143
Proceeds from issuance of preferred shares to a related party under common management	20	**-**	-	62,000,000
Net Cash Used in Financing Activities		**(1,153,755,753)**	(638,475,557)	(415,081,897)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		**1,015,002**	744,179	(110,110)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**98,231,498**	408,975,140	(607,220,049)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,600,121,325**	1,191,146,185	1,798,366,234
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 1,698,352,823**	P 1,600,121,325	P 1,191,146,185

Supplemental Information on Non-cash Financing Activities –

The Group declared cash dividends totaling P713.4 million in 2023, P462.3 million in 2022 and P221.5 million in 2021, of which P298.8 million, P251.1 million and P175.2 million, respectively, were not paid in the year of declaration (see Notes 12 and 22).

See Notes to Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Background of the University

The Far Eastern University, Incorporated (the University or FEU or Parent Company) is a 95-year-old Philippine-based proprietary educational institution founded in June 1928 and registered with the Securities and Exchange Commission (SEC) on October 27, 1933 and became a publicly-listed corporation with the Philippine Stock Exchange (PSE) on July 11, 1986.

The University is a nonsectarian institution of learning, embracing equal opportunity, inclusivity and diversity. FEU is comprised of seven institutes as follows, under each, handling distinct courses and programs of study:

- Institute of Accounts, Business and Finance;
- Institute of Architecture and Fine Arts;
- Institute of Arts and Sciences;
- Institute of Education;
- Institute of Heath Sciences and Nursing;
- Institute of Law; and,
- Institute of Tourism and Hotel Management

FEU has been designated the Autonomous Status by the Commission on Higher Education (CHED) on July 25, 2012, with extended validity until May 31, 2023. The University continues to hold its Autonomous Status for an extended period while its application for renewal is being processed. Among the University's flagship programs are the Teacher Education and Business Administration which are recognized by the CHED as Center of Excellence and Center of Development, respectively.

On top of existing highly accredited programs of local accreditors, such as the Philippine Association of Colleges and Universities Commission on Accreditation and the Philippine Accrediting Association of Schools, Colleges and Universities, parallel international certifications by the ASEAN University Network – Quality Assurance were also granted for 14 programs of FEU.

As at May 31, 2023, 2022 and 2021, the University holds interest in subsidiaries and associates presented below.

Company Name	Percentage of Effective Ownership		
	2023	2022	2021
Subsidiaries:			
East Asia Computer Center, Inc. (EACCI)	**100%**	100%	100%
Far Eastern College – Silang, Inc. (FECSI)	**100%**	100%	100%
FEU Alabang, Inc. (FEUAI)	**100%**	100%	100%
FEU High School, Inc. (FEU High)	**100%**	100%	100%
Roosevelt College, Inc. (RCI)	**97.43%**	97.43%	97.43%
Roosevelt College Educational Enterprises (RCEE)*	**97.43%**	97.43%	97.43%
Edustria, Inc. (Edustria)	**51%**	51%	51%
Fern Realty Corporation (FRC)	**38.18%**	38.18%	38.18%
Associates:			
JPMC College of Health Sciences SDN BHD (JCHS)	**40%**	-	-
Good Samaritan Colleges, Inc. (GSC)	**34%**	-	-

** Indirectly through the University's ownership of RCI which owns 100% ownership interest in RCEE*

All the subsidiaries and GSC were incorporated and are operating in the Philippines, while JCHS was incorporated and is operating in Brunei Darussalam.

The parent company and its subsidiaries are collectively referred to herein as the Group.

Except FRC, which is a real estate company leasing most of its investment properties to the University and other related parties, all other directly owned subsidiaries and associates are operating as educational institutions offering basic education, senior high school and/or tertiary and postgraduate courses of study. RCEE, prior to the cessation of its operations in 2017, was engaged in selling educational school supplies and food items in campuses of RCI.

1.2 Other Corporate Information

The registered offices and principal places of business of the University and its subsidiaries are as follows:

FEU, FRC and FEU High	-	Nicanor Reyes Street, Sampaloc, Manila
EACCI	-	P. Paredes Street, Sampaloc, Manila
FEUAI	-	Lot 1, Corporate Woods cor. South Corporate Avenues, Woods District, Filinvest City, Alabang, Muntinlupa City
FECSI	-	Metrogate Silang Estates, Silang, Cavite
RCI	-	J. P. Rizal Street, Malanday, Marikina City
RCEE	-	Roosevelt College Compound, Sumulong Highway, Cainta, Rizal
Edustria	-	Block R & T, Lima Technology Center, Brgy. Bugtong ng Pulo, Lipa City, Batangas
JCHS	-	Block 2C East Wing, Ong Sum Ping Condominium Jalan Ong Sum Ping, Bandar Seri Begawan BA1311, Brunei Darussalam
GSC	-	Burgos Avenue, Cabanatuan City, Nueva Ecija

The University also has a campus in Makati City, which offers programs mainly in Law, Accountancy, and Business Administration.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The University prepares these consolidated financial statements as required under Philippine Financial Reporting Standards (PFRS) and is available for public use.

2.1 Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with PFRS. PFRS are adopted by the Financial Sustainability and Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board (IASB) and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

2.2 Presentation of Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents the consolidated statements of comprehensive income separate from the consolidated statements of profit or loss.

The Group presents two comparative periods for the consolidated statements of financial position regardless whether the Group has or does not have retrospective restatement of items in its consolidated financial statements, or reclassifies items in the consolidated financial statements.

These consolidated financial statements are presented in Philippine pesos, the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for adoption of amendments and improvements to existing standards effective in fiscal year 2023 that is relevant to the Group. The Group has not early adopted any standards, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new pronouncements did not have any significant impact on the Group's financial performance or position.

3.1 Effective in Fiscal Year 2023 that are Relevant to the Group

The Group adopted the following amendments and improvements to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2022:

PFRS 3 (Amendments)	:	Business Combination – Reference to the Conceptual Framework
PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to PFRS (2018-2020 Cycle)		
PFRS 9 (Amendments)	:	Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities
PFRS 16 (Amendments):		Leases – Lease Incentives

Discussed below are the relevant information about these pronouncements.

(i) PFRS 3 (Amendments), *Business Combinations – Reference to the Conceptual Framework*. The amendments update an outdated reference to the Conceptual Framework in PFRS 3 without significantly changing the requirements in the standard.

(ii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use*. The amendments prohibit deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

(iii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*. The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". Costs that relate directly to a contract include both incremental costs of fulfilling that contract (e.g., direct labor and materials) or an allocation of other costs that relate directly to fulfilling contracts. General and administrative cost do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

(iv) Annual Improvements to PFRS 2018-2020 Cycle.

- PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives.* The amendment removes potential for confusion regarding lease incentives by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements as it had not been explained clearly enough as to whether the reimbursement would meet the definition of a lease incentive in accordance with PFRS 16.

3.2 Effective Subsequent to Fiscal Year 2023 that are not Relevant to the Group

Among the Annual Improvements to PFRS 2018-2020 Cycle, the following amendments, are effective from January 1, 2022, are not relevant to the Group's consolidated financial statements:

(i) PAS 1, *First-time Adoption of Philippine Financial Reporting Standards – Subsidiary as a First-time Adopter*

(ii) PAS 41, *Agriculture – Taxation in Fair Value Measurements*

3.3 Effective Subsequent to Fiscal Year 2023 but not Adopted Early

Pronouncements issued but not yet effected are listed below. The Group will adopt the following relevant pronouncements when they become effective. None of these pronouncements are expected to have significant impact on the Group's consolidated financial statements.

(i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)

(ii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)

(iii) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

(iv) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)

(v) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely)

4. SEGMENT INFORMATION

4.1 Business Segments

The Group is organized into different business units based on separate entities' operational significance and timing of academic operations for purposes of management assessment of each segment. In identifying its operating segments, management generally assesses each FEU schools' contribution to the Group's operations, and groups these entities. The Group's main reportable operating segment are as follows:

(a) FEU Main – principally refers to the academic operations of the Parent Company, being the largest semestral entity;

(b) Trimestral Schools – subsidiary schools that primarily offer engineering and information technology programs, and which operates on a trimestral academic calendar. This includes EACCI and FEUAI; and,

(c) Other Schools – subsidiary schools with significant operations in senior high school and basic education programs, which is composed of FECSI, FEU High, RCI and Edustria.

This is the basis of the Group in its decision-making as reported to its strategic steering committee.

The Group also reports on geographical segments, based on two major geographical areas where FEU schools are located, i.e., within the National Capital Region (NCR) and Outside NCR.

4.2 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash and cash equivalents, trade and other receivables, financial assets at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI), investment securities at amortized cost, investment properties, and property and equipment.

Segment assets do not include deferred tax assets and other assets which are not allocated to any segment's assets.

Segment liabilities include all operating liabilities as presented in the consolidated statements of financial position, except for deferred tax liabilities.

4.3 Intersegment Transactions

Segment revenues, expenses and performance include revenues and purchases between segments. Such services and purchases are eliminated in consolidation.

4.4 Analysis of Segment Information

The Group's business segments, analyzed based on operational significance and timing of academic operations, for the years ended May 31, 2023, 2022 and 2021 are presented in the succeeding page (in thousands).

	FEU Main	Trimestral Schools	Other Schools	Total
May 31, 2023				
Segment revenues				
From external customers	P 2,824,088	P 1,379,888	P 729,581	P 4,933,557
Intersegment revenues	41,799	-	-	41,799
Total revenues	2,865,887	1,379,888	729,581	4,975,356
Operating expenses excluding depreciation and amortization, and impairment loss	(1,588,889)	(605,135)	(481,012)	(2,675,036)
	1,276,998	774,753	248,569	2,300,320
Depreciation and amortization	(303,418)	(253,218)	(141,473)	(698,109)
Impairment loss	(5,139)	(30,628)	(14,612)	(50,379)
Finance income	296,571	95,229	8,370	400,170
Finance cost	(192,067)	(25,507)	(31,411)	(248,985)
Other income – net	144,738	129,187	24,477	298,402
Income before tax	1,217,683	689,816	93,920	2,001,419
Tax expense	(29,037)	(12,264)	(2,009)	(43,310)
Segment net income	**P 1,188,646**	**P 677,552**	**P 91,911**	**P 1,958,109**
Segment assets	**P 10,598,100**	**P 6,011,224**	**P 3,826,685**	**P 20,436,009**
Segment liabilities	**P 3,665,249**	**P 628,968**	**P 1,585,465**	**P 5,879,682**
May 31, 2022				
Segment revenues				
From external customers	P 2,378,231	P 1,184,745	P 527,784	P 4,090,759
Intersegment revenues	87,242	-	-	87,242
Total revenues	2,465,473	1,184,745	527,784	4,178,001
Operating expenses excluding depreciation and amortization, and impairment loss	(1,275,019)	(485,092)	(349,442)	(2,109,553)
	1,190,454	699,653	178,342	2,068,448
Depreciation and amortization	(302,257)	(267,133)	(138,857)	(708,246)
Impairment loss	(7,852)	(36,383)	(14,673)	(58,909)
Finance income	299,094	27,900	1,646	328,639
Finance cost	(160,528)	(19,975)	(21,504)	(202,007)
Other income – net	68,499	143,391	27,410	239,301
Income before tax	1,087,409	547,453	32,364	1,667,227
Tax expense	(34,439)	(7,571)	(1,034)	(43,044)
Segment net income	P 1,052,971	P 539,882	P 31,330	P 1,624,182
Segment assets	P 10,379,020	P 5,524,359	P 3,584,296	P 19,487,675
Segment liabilities	P 3,988,897	P 607,870	P 1,553,612	P 6,150,379

	FEU Main	Trimestral Schools	Other Schools	Total
May 31, 2021				
Segment revenues				
From external customers	P 1,904,901	P 1,146,956	P 471,496	P 3,523,353
Intersegment revenues	74,835	-	-	74,835
Total revenues	1,979,736	1,146,956	471,496	3,598,188
Operating expenses excluding depreciation and amortization, and impairment loss	(1,116,177)	(423,233)	(319,953)	(1,859,363)
	863,559	723,723	151,542	1,738,824
Depreciation and amortization	(303,802)	(274,252)	(139,253)	(717,307)
Impairment loss	(200,667)	(62,915)	(18,786)	(282,368)
Finance income	279,217	30,693	6,510	316,420
Finance cost	(206,727)	(11,451)	(18,504)	(236,683)
Other income – net	39,364	72,193	10,416	121,974
Income (loss) before tax	470,944	477,991	(8,075)	940,860
Tax expense	(14,033)	(9,926)	(609)	(24,568)
Segment net income (loss)	P 456,911	P 468,065	(P 8,683)	P 916,292
Segment assets	P 10,005,439	P 5,449,852	P 3,282,531	P 18,737,822
Segment liabilities	P 4,209,030	P 838,153	P 1,552,324	P 6,599,507

The Group's geographical segment, which is based from location of all the Group's school campuses, for the years ended May 31, 2023, 2022 and 2021 follows (in thousands):

	NCR	Outside NCR	Total
May 31, 2023			
Segment revenues			
From external customers	P 4,433,144	P 500,413	P 4,933,557
Intersegment revenues	41,799	-	41,799
Total revenues	4,474,943	500,413	4,975,356
Operating expenses excluding depreciation and amortization, and impairment loss	(2,320,304)	(354,732)	(2,675,036)
	2,154,639	145,681	2,300,320
Depreciation and amortization	(608,709)	(89,400)	(698,109)
Impairment loss	(42,545)	(7,834)	(50,379)
Finance income	395,399	4,771	400,170
Finance cost	(224,554)	(24,431)	(248,985)
Other income – net	293,863	4,540	298,403
Income before tax	1,968,092	33,327	2,001,419
Tax expense	(41,656)	(1,654)	(43,310)
Segment net income	**P 1,926,436**	**P 31,673**	**P 1,958,109**
Segment assets	**P 1,700,935**	**P 3,435,074**	**P 20,436,009**
Segment liabilities	**P 4,461,600**	**P 1,418,082**	**P 5,879,682**

	NCR	Outside NCR	Total
May 31, 2022			
Segment revenues			
From external customers	P 3,750,232	P 340,528	P 4,090,759
Intersegment revenues	87,242	-	87,242
Total revenues	3,837,473	340,528	4,178,001
Operating expenses excluding depreciation and amortization, and impairment loss	(1,842,939)	(266,614)	(2,109,553)
	1,994,535	73,913	2,068,448
Depreciation and amortization	(622,352)	(85,894)	(708,246)
Impairment loss	(50,113)	(8,795)	(58,909)
Finance income	327,986	653	328,639
Finance cost	(187,158)	(14,848)	(202,007)
Other income – net	233,399	5,903	239,301
Income (loss) before tax	1,696,295	(29,068)	1,667,227
Tax expense	(42,960)	(84)	(43,044)
Segment net income (loss)	P 1,653,335	(P 29,152)	P 1,624,182
Segment assets	P 16,235,823	P 3,251,852	P 19,487,675
Segment liabilities	P 4,732,916	P 1,417,464	P 6,150,379
May 31, 2021			
Segment revenues			
From external customers	P 3,260,308	P 263,044	P 3,523,353
Intersegment revenues	74,835	-	74,835
Total revenues	3,335,143	263,044	3,598,188
Operating expenses excluding depreciation and amortization, and impairment loss	(1,630,980)	(228,384)	(1,859,363)
	1,704,164	34,661	1,738,824
Depreciation and amortization	(632,754)	(84,554)	(717,307)
Impairment loss	(274,019)	(8,349)	(282,368)
Finance income	311,842	4,578	316,420
Finance cost	(228,204)	(8,479)	(236,683)
Other income – net	118,028	3,945	121,974
Income (loss) before tax	999,058	(58,198)	940,860
Tax expense	(24,521)	(47)	(24,568)
Segment net income (loss)	P 974,537	(P 58,245)	P 916,292
Segment assets	P 15,842,994	P 2,894,828	P 18,737,822
Segment liabilities	P 5,266,928	P 1,332,579	P 6,599,507

4.5 Reconciliation

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements (in thousands).

	2023	2022	2021
Revenues			
Total segment revenues	**P 4,975,356**	P 4,178,001	P 3,598,188
Elimination of intersegment revenues	**(41,799)**	(87,242)	(74,835)
Unallocated corporate revenues	**6,783**	42,549	9,455
Revenues as reported in consolidated profit or loss	**P 4,940,340**	P 4,133,308	P 3,532,808
Profit or loss			
Segment net income	**P 1,958,109**	P 1,624,182	P 916,292
Elimination of intersegment transactions	**(146,803)**	(166,684)	18,841
Unallocated corporate net income	**75,760**	80,331	44,183
Group net profit as reported in consolidated profit or loss	**P 1,887,066**	P 1,537,829	P 979,316
Assets			
Segment assets	**P 20,436,009**	P 19,487,675	P 18,737,822
Elimination of intercompany accounts	**(4,973,264)**	(4,979,307)	(5,004,154)
Unallocated corporate assets	**1,615,343**	1,579,729	1,501,214
Goodwill	**186,487**	186,487	186,487
Total Assets	**P 17,264,575**	P 16,274,584	P 15,421,369
Liabilities			
Segment liabilities	**P 5,879,682**	P 6,150,379	P 6,599,507
Elimination of intercompany accounts	**(2,220,205)**	(2,238,240)	(2,521,441)
Unallocated corporate accounts	**80,835**	78,599	78,170
Total Liabilities	**P 3,740,312**	P 3,990,738	P 4,156,236

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2023	2022	2021
Cash on hand and in banks	**P 926,931,899**	P 1,188,907,845	P 1,006,820,540
Short-term placements	**771,420,924**	411,213,480	184,325,645
	P 1,698,352,823	P 1,600,121,325	P 1,191,146,185

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Group.

These placements earn effective annual interest as follows:

	2023	2022	2021
Peso placements	**1.4% to 6.3%**	0.5% to 3.4%	0.1% to 2.6%

Interest income earned from cash and cash equivalents are presented as part of Finance Income in the consolidated statements of profit or loss (see Note 18.1). The related interest receivable from placements as of May 31, 2023, 2022 and 2021 is presented as part of Accrued interest under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	**2023**	2022	2021
Non-related parties:				
Tuition and other school fees		**P 960,862,285**	P 823,231,300	P 707,967,727
Rental receivables		**109,768,148**	118,701,035	108,561,659
		1,070,630,433	941,932,335	816,529,386
Related parties:				
Other advances	20.1, 20.2	**43,568,614**	45,019,916	67,292,199
Rental receivables	20.4	**2,460,059**	599,940	-
		46,028,673	45,619,856	67,292,199
Others:				
Advances to officers and employees		**56,339,748**	19,233,358	17,178,128
Accrued interest	5, 7 10	**12,801,858**	9,387,210	3,886,074
Miscellaneous		**77,441,123**	83,417,183	83,464,130
		146,582,729	112,037,751	104,528,332
Allowance for impairment		**(228,965,476)**	(201,806,294)	(188,982,413)
		P 1,034,276,359	P 897,783,648	P 799,367,504

Non-related parties' rental receivables relate to the FRC's receivables.

Advances to officers and employees comprise of unsecured and noninterest-bearing advances, subject to liquidation within 15 days from the earlier date between the release of the advances and the event to which the advances are utilized.

Miscellaneous receivables significantly pertain to due from brokers which pertains to the receivable by the Group's trust funds and other various receivables from non-related parties.

A reconciliation of the allowance for impairment on receivables at the beginning and end of each of the reporting period is shown below.

	2023	2022	2021
Balance at beginning of year	**P 201,806,294**	P 188,982,413	P 102,255,922
Impairment losses during the year	**55,629,679**	58,908,684	254,842,087
Receivables written-off during the year	**(30,015,106)**	(46,084,803)	(166,501,064)
Recovery of previously written-off receivables	**1,544,609**	-	(1,614,532)
Balance at end of year	**P 228,965,476**	P 201,806,294	P 188,982,413

All of the Group's receivables, which are subject to credit risk exposure [see Note 15.2(b)] have been reviewed for impairment.

During the years ended May 31, 2023, 2022 and 2021, tuition and other school fees receivables were assessed for impairment and corresponding impairment losses were recognized as Impairment Loss on Financial Assets in the consolidated statements of profit or loss.

7. FINANCIAL ASSETS

7.1 Financial Assets at FVTPL

The types of investments classified under Financial Assets at FVTPL as of May 31 are shown below.

	2023	2022	2021
Unit Investment Trust Fund (UITF)	**P 952,489,807**	P 836,453,837	P 706,515,461
Equity securities	**881,728,143**	966,775,994	898,992,320
Debt securities	**-**	27,342,159	-
	P 1,834,217,950	P 1,830,571,990	P 1,605,507,781

The breakdown of Financial Assets at FVTPL as to currency denomination is as follows:

	2023	2022	2021
Local	**P 1,072,378,532**	P 1,147,790,285	P 958,144,678
Foreign	**761,839,418**	682,781,705	647,363,103
	P 1,834,217,950	P 1,830,571,990	P 1,605,507,781

An analysis of the movements in the carrying amounts of the Group's investments is presented below.

	2023	2022	2021
Balance at beginning of year	**P 1,830,571,990**	P 1,605,507,781	P 888,517,158
Disposals	**(2,902,772,889)**	(3,021,056,480)	(3,088,266,602)
Additions	**2,900,985,287**	3,260,044,391	3,737,884,125
Foreign currency gains (losses) – net	**33,137,020**	48,709,491	(18,588,862)
Fair value gains (losses) – net	**(27,703,458)**	(62,633,193)	85,961,962
Balance at end of year	**P 1,834,217,950**	P 1,830,571,990	P 1,605,507,781

Investment income or losses from FVTPL financial assets, which includes dividend income and gain or loss on disposal has been reinvested as part of additions to financial assets at FVTPL. In 2023, 2022 and 2021, total investment income, including changes in fair values amounted to P14.8 million, P16.2 million and P113.7 million, respectively, and is presented separately as Other investment income from financial assets at FVTPL under Finance Income in the consolidated statements of profit or loss (see Note 18).

The related outstanding interest is presented as part of Accrued interest under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

7.2 Financial Assets at FVOCI

As of May 31, the Group's financial assets at FVOCI are classified in the consolidated statements of financial position as follows:

	2023	2022	2021
Current	**P 173,575,124**	P 547,401,071	P 231,920,855
Non-current	**2,016,976,191**	1,198,965,979	1,179,709,098
	P 2,190,551,315	P 1,746,367,050	P 1,411,629,953

The types of investments classified under Financial Assets at FVOCI as of May 31 are shown below.

	2023	2022	2021
Debt securities:			
Government	**P 1,843,281,939**	P 1,506,168,875	P 994,863,274
Corporate	**275,760,324**	142,314,907	244,877,152
	2,119,042,263	1,648,483,782	1,239,740,426
Equity securities:			
Corporate shares	**69,059,052**	94,783,268	170,389,527
Golf club shares	**2,450,000**	3,100,000	1,500,000
	71,509,052	97,883,268	171,889,527
	P 2,190,551,315	P 1,746,367,050	P 1,411,629,953

Government securities bear annual interest rates ranging from 2.0% to 12.1% in 2023, 2.4% to 12.1% in 2022 and 1.1% to 12.1% in 2021. Corporate bonds bear interest rates ranging from 2.1% to 7.8% in 2023, 3.8% to 4.9% in 2022, and 2.1% to 5.5% in 2021. These securities were not used as collaterals for any borrowings of the Group.

The breakdown of quoted financial assets at FVOCI as to currency denomination is as follows:

	2023	2022	2021
Local	**P 1,706,858,809**	P 1,648,546,539	P 1,363,039,103
Foreign	**483,692,506**	97,820,511	48,590,850
	P 2,190,551,315	P 1,746,367,050	P 1,411,629,953

Analyses of the movements in the carrying amounts of the Group's financial assets at FVOCI are presented below.

	2023	2022	2021
Balance at beginning of year	**P 1,746,367,050**	P 1,411,629,953	P 716,456,914
Additions	**2,363,887,208**	951,288,741	978,136,132
Disposals	**(1,925,183,300)**	(558,331,837)	(299,828,786)
Unrealized foreign exchange gains (losses) – net	**4,735,311**	4,049,643	(5,995,889)
Fair value gains (losses) – net	**745,046**	(62,269,450)	22,861,582
Balance at end of year	**P 2,190,551,315**	P 1,746,367,050	P 1,411,629,953

Total investment income from Financial assets at FVOCI, which includes interest income, dividend income, gain or loss on disposal, and realized fair value gains or losses, totaling P58.7 million, P33.6 million, and P42.0 million for the years ended May 31, 2023, 2022 and 2021, respectively, have been reinvested as part of additions to financial assets at FVOCI and are presented separately as Interest income from financial assets at FVOCI and as Other investment income from financial assets at FVOCI under Finance Income in the consolidated statements of profit or loss (see Note 18.1). The related outstanding interest is presented as part of Accrued interest under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

Total fair value losses from equity securities amounted to P26.4 million and P28.1 million for the years ended May 31, 2023 and 2022, respectively, and total fair value gains amounted to P5.6 million for the year ended May 31, 2021, are presented as an item that will not be reclassified subsequently to profit or loss, in the consolidated statements of comprehensive income. Total fair value gains amounting to P1.8 million and P0.7 million in 2023 and 2022, respectively, and fair value losses amounting to P6.7 million in 2021, from debt securities are presented as an item that will be reclassified to profit or loss in the consolidated statements of comprehensive income.

7.3 Investment Securities at Amortized Cost

As of May 31, the Group's investment securities at amortized cost are classified in the consolidated statements of financial position as follows:

	2023	2022	2021
Current	**P 86,521,531**	P 106,110,590	P 83,206,231
Non-current	**469,112,054**	536,853,247	501,560,477
	P 555,633,585	P 642,963,837	P 584,766,708

These investments are composed of investment in corporate bonds denominated in Philippine pesos and US dollars which bear fixed interest rates ranging 2.1% to 7.8% per annum in 2023, 3.0% to 7.8% per annum in 2022, and from 2.0% to 7.8% per annum in 2021. These debt securities have maturities ranging from one to 10 years.

The breakdown of investment securities at amortized cost as to currency denomination is as follows:

	2023	2022	2021
Local	**P 438,305,583**	P 476,698,120	P 512,818,415
Foreign	**117,328,002**	166,563,923	72,094,555
	555,633,585	643,262,043	584,912,970
Allowance for expected credit losses (ECL)	**-**	(298,206)	(146,262)
	P 555,633,585	P 642,963,837	P 584,766,708

An analysis of the movements in the carrying amount of the Group's investment securities at amortized cost for the years ended May 31, 2023, 2022, and 2021 is presented below.

	2023	2022	2021
Balance at beginning of year	**P 643,262,043**	P 584,912,970	P 531,147,023
Maturities	**(233,476,198)**	(106,504,132)	(248,095,439)
Additions	**140,781,864**	150,840,182	306,662,439
Unrealized foreign currency gains (losses) – net	**4,598,843**	14,957,323	(5,625,966)
Amortization of premium (discount) – net	**467,033**	(944,300)	824,913
	555,633,585	643,262,043	584,912,970
Allowance for expected credit losses	**-**	(298,206)	(146,262)
Balance at end of year	**P 555,633,585**	P 642,963,837	P 584,766,708

A reconciliation of the allowance for impairment loss on investment securities at amortized cost at the beginning and end of May 31, 2023, is presented below:

	2023	2022	2021
Balance at beginning of year	**P 298,206**	P 146,262	P 528,756
Reversal of allowance	**(298,206)**	-	(476,173)
Impairment loss during the year	**-**	151,944	93,679
Balance at end of year	**P -**	P 298,206	P 146,262

Net amortization of discount during the years ended May 31, 2023, 2022 and 2021, amounting to P0.5 million, P0.9 million and P0.8 million , respectively, is offset against Interest income from investment securities at amortized cost (see Note 18.1).

7.4 Financial Instruments Measurement at Fair Value

The foregoing tables show the fair value hierarchy of the Group's classes of financial assets and financial liabilities measured at fair value in the consolidated statements of financial position on a recurring basis as of:

	Level 1	**Level 2**	**Level 3**	**Total**
May 31, 2023				
Financial assets at FVOCI:				
Debt securities:				
Government	P 1,843,281,939	P -	P -	P 1,843,281,939
Corporate	275,760,324	-	-	275,760,324
Equity securities	69,059,052	-	-	69,059,052
Golf club shares	-	2,450,000	-	2,450,000
Financial assets at FVTPL:				
Equity securities	881,728,143	-	-	881,728,143
UITF	-	952,489,807	-	952,489,807
Investment securities at amortized cost	552,843,346	-	-	552,843,346
	P 3,622,672,804	**P 954,939,807**	**P -**	**P 4,577,612,611**

	Level 1	Level 2	Level 3	Total
May 31, 2022				
Financial assets at FVOCI:				
Debt securities:				
Government	P 1,506,168,875	P -	P -	P 1,506,168,875
Corporate	142,314,907	-	-	142,314,907
Equity securities	94,783,268	-	-	94,783,268
Golf club shares	-	3,100,000	-	3,100,000
Financial assets at FVTPL:				
Equity securities	966,775,994	-	-	966,775,994
UITF	-	836,453,837	-	836,453,837
Debt securities	27,342,159	-	-	27,342,159
Investment securities at amortized cost	642,292,373	-	-	642,292,373
	P 3,379,677,576	P 839,553,837	P -	P 4,219,231,413

	Level 1	Level 2	Level 3	Total
May 31, 2021				
Financial assets at FVOCI:				
Debt securities:				
Government	P 994,863,274	P -	P -	P 994,863,274
Corporate	244,877,152	-	-	244,877,152
Equity securities	170,389,527	-	-	170,389,527
Golf club shares	-	1,500,000	-	1,500,000
Financial assets at FVTPL –				
Equity securities	898,992,320	-	-	898,992,320
UITF	-	706,515,461	-	706,515,461
Investment securities at amortized cost	590,706,382	-	-	590,706,382
	P 2,899,828,655	P 708,015,461	P -	P 3,607,844,116

There were neither transfers between levels nor changes in levels of classification of instruments in all the years presented.

7.5 Carrying Amounts and Fair Value by Category

The carrying amounts and fair values of financial assets and financial liabilities measured at fair value and an investment carried at amortized cost but whose fair value is required to be disclosed are shown below.

		2023		2022		2021	
	Notes	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets							
At FVOCI:	7.2						
Debt securities		**P 2,119,042,263**	**P 2,119,042,263**	P 1,648,483,782	P 1,648,483,782	P 1,239,740,426	P 1,239,740,426
Equity securities		**69,059,052**	**69,059,052**	94,783,268	94,783,268	170,389,527	170,389,527
Golf club shares		**2,450,000**	**2,450,000**	3,100,000	3,100,000	1,500,000	1,500,000
		2,190,551,315	**2,190,551,315**	1,746,367,050	1,746,367,050	1,411,629,953	1,411,629,953
At FVTPL:	7.1						
Equity securities		**952,489,807**	**952,489,807**	966,775,994	966,775,994	898,992,320	898,992,320
UITF		**881,728,143**	**881,728,143**	836,453,837	836,453,837	706,515,461	706,515,461
Debt		**-**	**-**	27,342,159	27,342,159	-	-
		1,834,217,950	**1,834,217,950**	1,830,571,990	1,830,571,990	1,605,507,781	1,605,507,781
At Amortized Cost:							
Investments –							
Debt securities	7.3	**555,633,585**	**552,843,346**	642,963,837	642,292,373	584,766,708	590,706,382
		P 4,580,402,850	**P 4,577,612,611**	P 4,219,902,877	P 4,219,231,413	P 3,601,904,442	P 3,607,844,116
Financial Liabilities							
At amortized cost –							
Interest-bearing loans	14	**P 1,811,598,640**	**P 1,455,329,950**	P 2,284,761,905	P 2,192,364,566	P 2,472,380,953	P 2,299,852,978

Except for the financial assets and financial liabilities presented above, the Group has financial assets or financial liabilities that are not carried at fair value but are required to be disclosed at fair value as of May 31, 2023, 2022 and 2021. Management determined that the carrying amounts of the other financial instruments that are carried at amortized costs are equal to or approximate their fair values.

See Note 26.4 for a description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 15.

8. INVESTMENT IN ASSOCIATES

As of May 31, 2023, this account consists of the following:

Investment in JCHS	P	85,066,802
Investment in GSC		74,943,926
	P	**160,010,728**

A reconciliation of the carrying amount of investment in associates at beginning and end of the reporting period is shown below:

	JCHS	GSC	Total
Acquisition cost	P 90,669,794	P 70,000,000	P 160,669,794
Share in net income (loss) during the year	(5,602,992)	4,943,926	(659,066)
	P 85,066,802	**P 74,943,926**	**P 160,010,728**

A reconciliation of the summarized financial information to the carrying amount of the investments in associates as of May 31, 2023 is shown below.

	JCHS	GSC
Net assets	P 214,270,061	P 193,226,920
Proportion of ownership interest	40%	34%
Ownership share in net assets	85,708,024	65,697,153
Nominal goodwill	-	9,246,773
Valuation adjustment	(641,222)	-
	P 85,066,802	**P 74,943,926**

No dividends were received from the associates in 2023.

Both associates are private companies and there are no quoted prices available for their shares of stocks.

8.1 Investment in JCHS

In July 2022, by virtue of an Investment Agreement, the University and Jerudong Park Medical Centre Sendirian Berhad (JPMC) of Brunei, agreed to invest a total of Brunei Dollar (BND) 5.5 million in JCHS, with the University and JPMC having equity ownerships of 40% and 60%, respectively. JCHS was incorporated to operate a private tertiary school of health sciences in Brunei Darussalam, wherein the University provides technical management services. In February 2023, the University paid in full its investment in JCHS.

8.2 Investment in GSC

GSC is an educational institution that offers junior and senior high school, tertiary, and graduate school courses. In August 2022, with the approval of its Board of Trustees (BOT), the University entered into an Investment Agreement for the acquisition of 77,273 common shares of GSC, representing 34% equity ownership. In October 2022, the University paid in full its investment in GSC.

8.3 Financial Information of Associates

Presented below is the Associates' summary of financial information based on its most recent unaudited financial statements as of and for the year ended May 31, 2023.

	JCHS	GSC
Total current assets	P 210,588,194	P 113,457,353
Total non-current assets	3,904,251	117,545,204
Total current liabilities	222,384	31,360,100
Total non-current liabilities	-	6,412,537
Revenues	17,004,183	108,908,127
Net income (loss)	(14,007,481)	21,811,440

As of May 31, 2023, management believes that the carrying amounts of the investment in associates are fully recoverable.

9. INVESTMENT PROPERTIES

The gross carrying amounts and accumulated depreciation and amortization of investment properties at the beginning and end of each of the reporting period are shown below.

	Land	Land Improvements	Building and Improvements	Construction in Progress	Total
May 31, 2023					
Cost	P 83,103,532	P 25,179,014	P 456,712,639	P -	P 564,995,185
Accumulated depreciation and amortization	-	(12,904,958)	(348,998,728)	-	(361,903,686)
Net carrying amount	**P 83,103,532**	**P 12,274,056**	**P 107,713,911**	**P -**	**P 203,091,499**
May 31, 2022					
Cost	P 83,103,532	P 16,269,959	P 442,037,773	P 894,574	P 542,305,838
Accumulated depreciation and amortization	-	(9,829,596)	(312,377,896)	-	(322,207,492)
Net carrying amount	P 83,103,532	P 6,440,363	P 129,659,877	P 894,574	P 220,098,346
May 31, 2021					
Cost	P 66,244,078	P 14,340,361	P 407,792,431	P 74,745,037	P 563,121,907
Accumulated depreciation and amortization	-	(7,918,444)	(278,132,554)	-	(286,050,998)
Net carrying amount	P 66,244,078	P 6,421,917	P 129,659,877	P 74,745,037	P 277,070,909

A reconciliation of the carrying amounts of investment properties at the beginning and end of each of the reporting period are shown below.

	Land	Land Improvements	Building and Improvements	Construction in Progress	Total
Balance at June 1, 2022, net of accumulated depreciation and amortization	P 83,103,532	P 6,440,363	P 129,659,877	P 894,574	P 220,098,346
Additions	-	7,921,524	29,530,300	92,957	37,544,781
Disposals	-	-	(11,666,493)	-	(11,666,493)
Reclassifications	-	987,531	(3,188,941)	(987,531)	(3,188,941)
Depreciation and amortization charges for the year	-	(3,075,362)	(36,620,832)	-	(39,696,194)
Balance at May 31, 2023, net of accumulated depreciation and amortization	**P 83,103,532**	**P 12,274,056**	**P 107,713,911**	**P -**	**P 203,091,499**
Balance at June 1, 2021, net of accumulated depreciation and amortization	P 66,244,078	P 6,421,917	P 129,659,877	P 74,745,037	P 277,070,909
Additions	-	1,929,598	12,193,147	-	14,122,745
Reclassifications	16,859,454	-	22,052,195	(73,850,463)	(34,938,814)
Depreciation and amortization charges for the year	-	(1,911,152)	(34,245,342)	-	(36,156,494)
Balance at May 31, 2022, net of accumulated depreciation and amortization	P 83,103,532	P 6,440,363	P 129,659,877	P 894,574	P 220,098,346
Balance at June 1, 2020, net of accumulated depreciation and amortization	P 6,810,000	P 4,669,010	P 126,068,245	P 56,646,472	P 194,193,727
Additions	-	1,473,624	2,227,422	23,018,372	26,719,418
Reclassifications	59,434,078	1,723,566	32,889,804	(4,919,807)	89,127,641
Depreciation and amortization charges for the year	-	(1,444,283)	(31,525,594)	-	(32,969,877)
Balance at May 31, 2021, net of accumulated depreciation and amortization	P 66,244,078	P 6,421,917	P 129,659,877	P 74,745,037	P 277,070,909

In 2022, the construction of certain building improvements in Silang, Cavite and Quezon City were completed; hence, accumulated cost of construction amounting to P0.9 million was reclassified to Building and improvements account.

In the normal course of business, the Group reclassifies investment properties to property and equipment upon commencement of occupation of entities within the Group. Likewise, certain property and equipment are reclassified back to investment properties when the properties are leased out to third parties.

9.1 Related Income and Direct Expenses

The total rental income earned by the Group from its investment properties amounting to P21.1 million, P43.2 million and P10.4 million for the years ended May 31, 2023, 2022 and 2021, respectively, are presented as Rentals in the Revenues section of the consolidated statements of profit or loss. The direct operating expenses, which include depreciation and amortization, insurance, and real property taxes incurred by the Group relating to investment properties, are presented as part of Depreciation and amortization, Property insurance, and Taxes and licenses, under Operating Expenses in the consolidated statements of profit or loss (see Note 17).

9.2 Fair Values of Investment Properties

The fair values (which is at Level 3) of the Group's investment properties presented below are determined on the basis of the latest appraisals performed by an independent appraiser in July 2022 covering the years ended May 31, 2023 and 2022, and in July 2020 covering the year ended May 31, 2021.

The valuation process was conducted by the appraiser, with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations, to some extent in discussion with the Group's management with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location with an average of 5% to 10% adjustment.

	2023	2022	2021
Land	**P 553,262,103**	P 553,262,103	P 410,899,575
Building and improvements	**210,689,650**	211,905,728	103,932,373
At appraised values	**P 763,951,753**	P 765,167,831	P 514,831,948

There were no known events that may have devalued the property from its most recent appraisal.

10. OTHER ASSETS

The breakdown of this account is as follows:

	2023	2022	2021
Current:			
Real estate held-for-sale	**P 118,782,542**	P 120,944,753	P 122,880,159
Prepaid expenses	**73,231,110**	90,492,610	57,020,916
Input value-added tax (VAT)	**47,048,387**	37,038,181	38,482,851
Inventories	**23,820,136**	22,231,267	20,428,543
Short-term investments	**22,897,882**	22,768,890	32,211,342
Others	**13,116,401**	21,153,932	14,018,463
	298,896,458	314,629,633	285,042,274
Allowance for impairment of input VAT	**(34,864,866)**	(34,864,866)	(34,864,866)
	P 264,031,592	P 279,764,767	P 250,177,408

	2023	2022	2021
Non-current:			
Advances to suppliers and developers	**P 208,891,017**	P 240,324,680	P 169,843,559
Refundable deposits	**17,635,899**	8,023,458	22,819,818
Long-term investments	**3,694,963**	14,086,963	14,400,963
Others	**2,173,477**	2,173,477	-
	232,395,356	264,608,578	207,064,340
Allowance for impairment of long-term investments	**(3,694,963)**	(3,694,963)	(3,694,963)
	P 228,700,393	P 260,913,615	P 203,369,377

Real estate held-for-sale represents inventory of the Group's lots and townhouse units for sale located in Silang, Cavite and Ferndale Villas in Quezon City. In 2023 and 2022, the Group recognized a gain on sale of certain real estate property, amounting to P16.3 million and P5.6 million, respectively, which is presented as part of Other Operating Income in the consolidated statements of comprehensive income. No similar sale transaction in 2021.

Management assessed that the carrying values of these assets are lower than their net realizable values considering present market values; hence, no impairment loss is recognized in fiscal years 2023, 2022 and 2021.

Short-term investments, which consist of time deposit or special savings deposit accounts. These investments, earn interest ranging from 1.1% to 5.0% for 2023, and 0.4% to 0.5% for 2022 and 2021, have maturities beyond three months but within one year from the end of each reporting period. Related accrued interest is presented as part of the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

Inventories consist of merchandise inventory items relating to the University's bookstore.

Advances to suppliers pertain to advances made by the Group to its suppliers for the various projects, which will be applied as payment for progress billings of the contractors and suppliers. Advances to developers represent the amount paid for FRC's condominium units purchased at pre-selling stage that are not yet ready for occupancy or fully constructed at the end of the reporting periods.

Long-term investments include investments in redeemable preference shares that earn effective interest rates ranging from 6.13% to 6.63% and are maturing beyond one year from the date of placement as of the end of each lease reporting period.

In 2021, long-outstanding claims for input VAT amounting to P27.5 million were impaired by the Group and is recognized as Impairment losses which is presented under Other Operating Expenses account in the 2021 consolidated statement of profit or loss (see Note 17). There was no similar transaction in 2023 and 2022.

11. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of each of the reporting period are as follows:

	Land	Building and Improvements	Furniture and Equipment	Miscellaneous Equipment	Construction in Progress	Right-of-use Assets	Total
May 31, 2023							
Cost	P 3,212,523,179	P 7,907,614,322	P 1,237,268,662	P 455,493,790	P 117,144,337	P 48,169,853	P12,978,214,143
Accumulated impairment loss	-	(2,804,402)	-	-	-	-	(2,804,402)
Accumulated depreciation and amortization	-	(2,663,611,071)	(959,342,768)	(407,506,997)	-	(37,993,432)	(4,068,454,268)
Net carrying amount	**P 3,212,523,179**	**P 5,241,198,849**	**P 277,925,894**	**P 47,986,793**	**P 117,144,337**	**P 10,176,421**	**P 8,906,955,473**
May 31, 2022							
Cost	P 2,870,412,735	P 7,677,119,768	P 1,055,320,809	P 430,088,567	P 76,799,658	P 48,128,575	P12,157,870,112
Accumulated impairment loss	-	(2,804,402)	-	-	-	-	(2,804,402)
Accumulated depreciation and amortization	-	(2,280,743,120)	(870,637,715)	(370,783,985)	-	(27,309,614)	(3,549,474,434)
Net carrying amount	P 2,870,412,735	P 5,393,572,246	P 184,683,094	P 59,304,582	P 76,799,658	P 20,818,961	P 8,605,591,276
May 31, 2021							
Cost	P 2,887,272,189	P 7,563,955,690	P 974,299,163	P 411,350,439	P 31,554,746	P 48,169,852	P11,916,602,079
Accumulated impairment loss	-	(2,804,402)	-	-	-	-	(2,804,402)
Accumulated depreciation and amortization	-	(1,893,410,590)	(784,845,606)	(331,784,597)	-	(16,667,072)	(3,026,707,865)
Net carrying amount	P 2,887,272,189	P 5,667,740,698	P 189,453,557	P 79,565,842	P 31,554,746	P 31,502,780	P 8,887,089,812

A reconciliation of the carrying amounts of property and equipment at the beginning and end of periods ended May 31, 2023, 2022 and 2021 is shown below and in the succeeding page.

	Land	Building and Improvements	Furniture and Equipment	Miscellaneous Equipment	Construction in Progress	Right-of-use Assets	Total
Balance at June 1, 2022 net of accumulated depreciation and amortization	P 2,870,412,735	P 5,393,572,246	P 184,683,094	P 59,304,582	P 76,799,658	P 20,818,961	P 8,605,591,276
Additions	342,110,444	210,629,533	181,947,853	25,405,223	57,020,759	-	817,113,812
Reclassifications from (to) - net	-	19,865,021	-	-	(16,676,080)	41,278	3,230,219
Depreciation and amortization charges for the year	-	(382,867,951)	(88,705,053)	(36,723,012)	-	(10,683,818)	(518,979,834)
Balance at May 31, 2023 net of accumulated depreciation and amortization	**P 3,212,523,179**	**P 5,241,198,849**	**P 277,925,894**	**P 47,986,793**	**P 117,144,337**	**P 10,176,421**	**P 8,906,955,473**
Balance at June 1, 2021 net of accumulated depreciation and amortization	P 2,887,272,189	P 5,667,740,698	P 189,453,557	P 79,565,842	P 31,554,746	P 31,502,780	P 8,887,089,812
Additions	-	47,683,021	69,503,625	30,118,890	60,136,595	-	207,442,131
Disposals	-	(121,126)	(15,969)	(877,772)	-	-	(1,014,867)
Reclassifications from (to) - net	(16,859,454)	65,602,183	11,533,990	(10,502,990)	(14,891,683)	(41,277)	34,840,769
Depreciation and amortization charges for the year	-	(387,332,530)	(85,792,109)	(38,999,388)	-	(10,642,542)	(522,766,569)
Balance at May 31, 2022 net of accumulated depreciation and amortization	P 2,870,412,735	P 5,393,572,246	P 184,683,094	P 59,304,582	P 76,799,658	P 20,818,961	P 8,605,591,276

	Land	Building and Improvements	Furniture and Equipment	Miscellaneous Equipment	Construction in Progress	Right-of-use Assets	Total
Balance at June 1, 2020 net of accumulated depreciation and amortization	P 2,946,706,267	P 4,846,792,297	P 253,156,695	P 132,264,893	P 1,142,397,297	P 42,104,041	P 9,363,421,490
Additions	-	34,636,090	50,043,043	18,132,926	98,537,572	-	201,349,631
Reclassifications from (to) - net	(59,434,078)	1,157,602,111	(19,557,105)	(24,365,430)	(1,209,380,123)	-	(155,134,625)
Depreciation and amortization charges for the year	-	(371,289,800)	(94,189,076)	(46,466,547)	-	(10,601,261)	(522,546,684)
Balance at May 31, 2021 net of accumulated depreciation and amortization	P 2,887,272,189	P 5,667,740,698	P 189,453,557	P 79,565,842	P 31,554,746	P 31,502,780	P 8,887,089,812

Construction in progress pertains to the costs incurred for the on-going construction of the school building of RCI in Rizal, and various on-going building additions and improvements of EACCI and the University in Manila.

RCI capitalized borrowing costs amounting to P6.8 million in 2022 and 2021 (nil in 2023), representing the actual borrowing costs incurred on loans obtained to fund the construction project (see Note 18.2). Capitalization rates used in determining the amount of interest charges qualified for capitalization is 0.4% and 1.9% in 2022 and 2021, respectively. There was no similar transaction in 2023.

As of May 31, 2023, 2022 and 2021, certain fully depreciated assets with acquisition cost of P1,828.9 million, P1,615.5 million and P1,475.4 million, respectively, are still being used in the Group's operations.

As at May 31, 2023, 2022 and 2021, none of the Group's property and equipment are used as collateral for any of the Group's interest-bearing loans and borrowings.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognized in the consolidated statements of financial position.

	Number of right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
2023					
Building and lot	2	1-3 years	2 years	2	2
2022					
Building and lot	2	3-4 years	3.5 years	2	2
2021					
Building and lot	2	3-4 years	3.5 years	2	2

As at May 31, 2023, 2022 and 2021, none of the Group's right-of-use assets are used as collateral for any of the Group's interest-bearing loans and borrowings.

The amount of depreciation on property and equipment and right-of-use assets is presented as part of Depreciation and amortization presented under Other Operating Expenses account (see Note 17).

12. LEASES

The Group has leases for certain school building and facilities, and lot. With the exception of leases of low-value underlying assets, Right-of-use Assets and current portion of lease liabilities are presented under Property and Equipment and Trade and Other Payables, respectively (see Notes 11 and 13). Non-current portion of lease liabilities, on the other hand, has been presented separately in the consolidated statements of financial position.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an extension of the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over offices, the Group must keep those properties in a good state of repair and return the properties in good condition at the end of the lease. Further, the Group must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

12.1 Lease Liabilities

Lease liabilities are presented in the consolidated statements of financial position as at May 31, 2023, 2022 and 2021 as follows:

	Note	**2023**	2022	2021
Current	13	**P 13,019,013**	P 11,947,420	P 9,998,745
Non-current		**846,769**	13,084,637	24,512,241
		P 13,865,782	P 25,032,057	P 34,510,986

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at May 31, 2023, 2022 and 2021 is as follows:

	Within 1 year	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**Total**
2023					
Lease payments	P 13,542,981	P 852,080	P -	P -	P 14,395,061
Finance charges	(523,968)	(5,311)	-	-	(529,279)
Net present value	**P 13,019,013**	**P 846,769**	**P -**	**P -**	**P 13,865,782**
2022					
Lease payments	P 13,303,095	P 12,761,835	P 849,226	P -	P 26,914,156
Finance charges	(1,352,821)	(523,967)	(5,311)	-	(1,882,099)
Net present value	P 11,950,274	P 12,237,868	P 843,915	P -	P 25,032,057
2021					
Lease payments	P 12,082,672	P 12,780,428	P 12,761,834	P 847,448	P 38,472,382
Finance charges	(2,083,927)	(1,353,502)	(523,967)	-	(3,961,396)
Net present value	P 9,998,745	P 11,426,926	P 12,237,867	P 847,448	P 34,510,986

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost.

12.2 Lease Payments Not Recognized as Liabilities

The Group has elected not to recognize a lease liability for leases of low-value assets and short-term leases. Payments made under such leases are expensed on a straight-line basis and are presented as part of Rental under Operating Expenses in the consolidated statements of profit or loss (see Note 17).

Future cash outflows on these immaterial low-value assets are not significant to warrant close monitoring and reporting.

12.3 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P12.5 million, P11.6 million and P14.8 million in 2023, 2022 and 2021, respectively. Interest expense in relation to lease liabilities amounted to P1.4 million, P2.1 million and P2.8 million for the years ended May 31, 2023, 2022 and 2021, respectively, and is presented as part of Interest expense under Finance Costs in the consolidated statements of profit or loss (see Note 18.2).

13. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	**2023**	2022	2021
Non-related parties:				
Accrued expenses	14	**P 574,259,565**	P 526,544,842	P 451,041,487
Deposits payable		**321,938,695**	221,965,807	260,934,435
Dividends payable	22, 23.4(b),	**298,839,580**	251,149,057	175,203,878
Trade payables		**205,877,520**	198,121,242	216,772,114
National Service Training Program (NSTP) and other trust funds		**120,586,909**	55,419,816	64,049,883
Amounts due to students		**82,457,770**	93,667,819	103,431,861
Retention payable		**31,108,278**	33,178,359	108,249,973
Lease liabilities	12.1	**13,019,013**	11,947,420	9,998,745
		1,648,087,330	1,391,994,362	1,389,682,376
Related parties – Due to related parties	20.8	**26,156,878**	27,119,392	27,374,961
Others:				
Withholding and other taxes payable		**31,573,439**	35,294,916	39,849,952
Miscellaneous		**36,268,158**	63,048,958	70,448,225
		67,841,597	98,343,874	110,298,177
		P 1,742,085,805	P 1,517,457,628	P 1,527,355,514

Accrued expenses include the Group's accrual for salaries, employee benefits, professional's fees, interest, utilities, rentals, and various contracted services, among others.

Deposits payable are amounts held by the Group on behalf of students and third parties for various specific purposes relating to an activity or event. Long-outstanding deposits payable are routinely assessed for status of utilization and ascertained whether no future obligations will be called against it.

In 2023, 2022 and 2021, certain deposit payables, accruals, funds and other liabilities amounting to P94.7 million, P49.0 million, and P17.1 million, respectively, were reversed and recognized as income because the purpose for which the amounts were held or accrued have already been fulfilled. The related gains are presented as part of Other Income – net account in the consolidated statements of profit or loss.

As of May 31, 2023, 2022 and 2021, retention payable includes portion of the consideration given for the acquisition of RCI which is retained by the University to ensure compliance by the selling shareholders of RCI to certain terms of the share purchase agreement. This amounts to P22.9 million as of May 31, 2023, 2022 and 2021, and is currently maintained in an escrow account with a local bank. On the other hand, the remaining portion of retention payable pertains to the amounts owed to the Group's contractors of its ongoing construction projects (see Note 11).

Amounts due to students represent excess payment of tuition and miscellaneous fees that are refundable to them.

The NSTP trust funds collected from students amounted to P58.7 million, P40.4 million and P19.5 million for the years ended May 31, 2023, 2022 and 2021, respectively. As of May 31, 2023, 2022 and 2021, the remaining balance is set aside as a contingency fund and is presented as part of NSTP and other funds.

14. INTEREST-BEARING LOANS

The Group's interest-bearing loans as of May 31, 2023, 2022 and 2021 are as follows:

Original Principal Amount	Outstanding Principal Balance (in Million Pesos)			Interest Charges (in Million Pesos)			Accrued Interest (in Million Pesos)			Current Interest Rate	Security	Maturity Date	Principal Repayment
	2023	2022	2021	**2023**	2022	2021	**2023**	2022	2021				
P 542.9	**P 439.5**	P 542.9	P 542.9	**P 20.1**	P 10.8	P 8.7	**P 3.2**	P 1.3	P 1.3	5.35%	Unsecured	July 2027	Quarterly
500.0	**404.8**	500.0	500.0	**18.5**	9.9	2.1	**2.9**	1.2	1.2	5.35%	Unsecured	July 2027	Quarterly
425.0	**344.0**	425.0	425.0	**15.7**	8.4	10.0	**2.5**	1.0	1.1	5.35%	Unsecured	July 2027	Quarterly
300.0	**242.9**	300.0	300.0	**13.1**	13.3	6.5	**1.4**	0.7	0.7	5.35%	Unsecured	July 2027	Quarterly
150.0	**121.4**	150.0	150.0	**5.6**	3.0	3.5	**0.9**	0.3	0.4	5.35%	Unsecured	July 2027	Quarterly
120.0	**97.1**	120.0	120.0	**4.4**	2.4	2.8	**0.7**	0.3	0.3	5.35%	Unsecured	July 2027	Quarterly
100.0	**81.0**	100.0	100.0	**4.4**	4.5	2.2	**0.5**	0.3	0.3	5.35%	Unsecured	July 2027	Quarterly
50.0	**40.5**	50.0	50.0	**2.2**	0.6	0.4	**0.2**	0.1	0.1	5.35%	Unsecured	July 2027	Quarterly
50.0	**40.5**	50.0	50.0	**2.2**	0.3	0.2	**0.2**	0.1	0.1	5.35%	Unsecured	July 2027	Quarterly
680.0	**-**	32.4	161.9	**0.01**	1.7	5.6	**-**	0.1	0.7	1.95%	Unsecured	June 2022	Quarterly
200.0	**-**	9.5	47.6	**0.004**	0.5	1.7	**-**	0.01	0.2	1.95%	Unsecured	June 2022	Quarterly
100.0	**-**	5.0	25.0	**0.002**	0.3	0.9	**-**	0.01	0.1	1.95%	Unsecured	June 2022	Quarterly
800.0	**-**	-	-	**-**	-	3.7	**-**	-	-	4.16%	Unsecured	August 2020	Quarterly
100.0	**-**	-	-	**-**	-	3.7	**-**	-	-	4.50%	Unsecured	February 2021	End of Term
100.0	**-**	-	-	**-**	-	3.6	**-**	-	-	4.50%	Unsecured	February 2021	End of Term
100.0	**-**	-	-	**-**	-	3.6	**-**	-	-	4.50%	Unsecured	February 2021	End of Term
150.0	**-**	-	-	**-**	-	0.7	**-**	-	-	4.16%	Unsecured	August 2020	Quarterly
80.0	**-**	-	-	**-**	-	2.9	**-**	-	-	4.50%	Unsecured	February 2021	End of Term
70.0	**-**	-	-	**-**	-	2.5	**-**	-	-	4.50 %	Unsecured	February 2021	End of Term
50.0	**-**	-	-	**-**	-	1.7	**-**	-	-	4.50%	Unsecured	February 2021	End of Term
500.0	**-**	-	-	**-**	-	2.1	**-**	-	-	4.25%	Unsecured	March 2021	End of Term
	P 1,811.6	P 2,284.8	P 2,472.4	**P 86.3**	P 55.7	P 69.1	**P 12.4**	P 5.4	P 6.5				

Interest-bearing loans are presented in the consolidated statements of financial position as at May 31, 2023, 2022 and 2021 as follows:

	2023	2022	2021
Current	**P 426,258,503**	P 473,163,265	P 187,619,048
Non-current	**1,385,340,137**	1,811,598,640	2,284,761,905
	P1,811,598,640	P2,284,761,905	P2,472,380,953

All of the Group's interest-bearing loans and borrowings are clean loans; no assets used and/or required as collaterals as of May 31, 2023, 2022 and 2021.

The total interest incurred by the Group on all of these loans, which are already exclusive of the capitalized borrowing costs on the property and equipment of the Group, are presented as part of Interest expense under Finance Costs in the consolidated statements of profit or loss (see Notes 11 and 18.2), while any outstanding interest payable is recognized as part of Accrued expenses under the Trade and Other Payables account in the consolidated statements of financial position (see Note 13).

Loans obtain with a local commercial bank are subject to loan covenants effective for the years ended May 31, 2023, 2022 and 2021, respectively, which require the Group to maintain a debt service coverage ratio of at least 1.2x and debt-to-equity ratio of not more than 2:1. As of May 31, 2023, 2022 and 2021, the Group has complied with its loan covenants.

15. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to certain financial risks in relation to financial instruments. Its main purpose for its dealings in financial instruments is to fund operational and capital expenditures. BOT has overall responsibility for the establishment and oversight of the Group's risk management framework. It has a risk management committee headed by an independent trustee that is responsible for developing and monitoring the Group's policies, which address risk management areas.

Management is responsible for monitoring compliance with the Group's risk management policies and procedures and for reviewing the adequacy of these policies in relation to the risks faced by the Group.

The Group does not engage in trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below and in the succeeding pages.

15.1 Market Risk

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange risk arise from certain cash and cash equivalents, financial assets at FVTPL, financial assets at FVOCI and investment securities at amortized cost that are primarily denominated in United States (US) dollars.

Financial assets denominated in US dollar, translated into Philippine pesos at the closing rate, as of May 31 are presented below.

	2023	2022	2021
Short-term exposure – Financial assets	**P 1,328,172,974**	P 703,367,408	P 663,078,157
Long-term exposure – Financial assets	**P 117,328,002**	P 166,563,923	P 120,685,405

The following table illustrates the sensitivity of the Group's profit or loss before tax with respect to changes in Philippine peso against US dollar exchange rates. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous periods (for the years ended May 31, 2023, 2022 and 2021) at a 95% confidence level.

	2023			2022			2021		
	Reasonably possible change in rate	**Effect in profit before tax**	**Effect in equity**	Reasonably possible change in rate	Effect in profit before tax	Effect in equity	Reasonably possible change in rate	Effect in loss before tax	Effect in equity
PhP – US Dollar	**12.29%**	**P 177,692,731**	**P 159,923,458**	8.58%	P 74,608,444	P 67,147,599	4.67%	P 35,867,865	P 35,240,178

Exposures to US dollar exchange risk vary during the year depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis above is considered to be representative of the Group's currency risk.

(b) Interest Rate Risk

The Group is exposed to changes in market interest rates through its cash and cash equivalents, short and long-term debt securities investments, and interest-bearing loans as of end of each reporting period, which are subject to variable interest rates, and is shown below. All other financial assets and financial liabilities have fixed interest rates.

	Notes	**2023**	2022	2021
Cash and cash equivalents	5	**P 1,698,352,823**	P 1,600,121,325	P 1,191,146,185
Financial assets at FVOCI	7.2	**2,119,042,263**	1,648,483,782	1,239,740,426
Investment securities at amortized cost	7.3	**555,633,585**	642,963,837	584,766,708
Short-term investments	10	**22,897,882**	22,768,890	32,211,342
Long-term investments - net	10	**-**	10,392,000	10,706,000
Interest-bearing loans	14	**(1,811,598,640)**	(2,284,761,905)	(2,472,380,953)
		P 2,584,327,913	P 1,639,967,929	P 586,189,708

The table shown in the succeeding page illustrates the sensitivity of profit or loss before tax for the periods with regard to the Group's interest-bearing financial instruments. These percentages have been determined based on the average market volatility rates, using standard deviation, in the periods ended May 31, 2023, 2022 and 2021, estimated at 95% level of confidence. The sensitivity analysis is based on the Group's financial instruments held at May 31, 2023, 2022 and 2021.

	2023		2022		2021	
	Reasonably possible change in rate	**Effect on profit before tax**	Reasonably possible change in rate	Effect on profit before tax	Reasonably possible change in rate	Effect on loss before tax
Cash and cash equivalents	**+/-0.45%**	**P 7,686,732**	+/-0.27%	P 3,125,142	+/-0.73%	P 8,695,367
Financial assets at FVOCI	**+/-0.42%**	**8,927,387**	+/-0.49%	6,966,622	+/-0.69%	8,554,209
Investment securities at amortized cost	**+/-0.42%**	**2,340,848**	+/-0.49%	2,885,918	+/-0.69%	4,034,890
Short-term investments	**+/-0.48%**	**110,689**	+/-0.72%	162,803	+/-1.03%	331,777
Long-term investments	**+/-0.42%**	**-**	+/-0.54%	56,100	+/-0.78%	83,507
Interest-bearing loans	**+/-0.42%**	**(7,632,147)**	+/-0.49%	(8,808,088)	+/-0.69%	(17,059,429)
		P 11,433,509		P 4,388,497		P 4,640,321

(c) Other Price Risk

The Group's exposure to price risk arises from its investments in equity securities, which are classified as part of the Financial Assets at FVOCI and Financial Assets at FVTPL accounts in the consolidated statements of financial position. These consist of publicly listed equity securities which are carried at fair value.

Management monitors its equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis.

For equity securities listed in the Philippines, an average volatility have been observed for the years ended May 31, 2023, 2022 and 2021 which was shown on the table below.

		Effect on Total Comprehensive Income				
	+/-%	**2023**	+/-%	2022	+/-%	2021
Financial assets at FTVPL	**5.40%**	**P 47,648,022**	5.32%	P 51,432,483	16.30%	P 146,535,748
Financial assets at FVOCI	**5.40%**	**3,731,907**	4.91%	4,653,858	18.85%	32,118,425

Certain investments are considered medium to long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored to ensure that returns of these equity instruments are timely utilized or reinvested in the Group's favor.

15.2 Credit Risk

Credit risk represents the loss that the Group would incur if the counterparty fails to perform its contractual obligations.

The Group is mainly exposed to credit risk relating to its tuition and other school fees receivables due primarily to the student's possible inability to pay and to fully settle his or her unpaid balance of tuition fees and other charges which are owed to the Group based on installment payment schemes. The Group has established controls and procedures to minimize risks of non-collection. The Group's exposure to credit risk on its other receivables from debtors and related parties is managed through close account monitoring and setting limits.

Other than the foregoing, the Group is not exposed to significant credit risk and has no significant exposure to any individual customer or counterparty nor it has any other concentration of credit risk arising from counterparties in similar business activities, geographic region or economic parties.

With respect to credit risk arising from debt instruments, the Group's maximum exposure is equal to the carrying amount, before any allowances for impairment, of these instruments.

The maximum exposure to credit risk at the end of the reporting period is as follows:

	Notes	**2023**	2022	2021
Cash and cash equivalents	5	**P 1,698,352,823**	P 1,600,121,325	P 1,191,146,185
Trade and other receivables - net	6	**977,936,611**	878,550,290	782,189,376
Financial assets at FVOCI	7.2	**2,119,042,263**	1,648,483,782	1,239,740,426
Investment securities at amortized cost	7.3	**555,633,585**	642,963,837	584,766,708
Short-term investments	10	**22,897,882**	22,768,890	32,211,342
Refundable deposits	10	**17,635,899**	8,023,458	22,819,818
		P 5,391,499,063	P 4,800,911,582	P 3,852,873,855

a. Cash and Cash Equivalents and Short-term Placements

The credit risk for cash and cash equivalents, and short-term placements herein is considered negligible or the probability of default from these reputable banks is remote.

Cash in banks are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum coverage of P0.5 million per depositor per banking institution, as provided for under Republic Act R.A. No. 9576, *Amendment to Charter of PDIC*.

For cash and cash equivalents, and financial assets of similar nature, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECL on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on 34ifetimee ECL.

As of May 31, 2023, 2022 and 2021, management assessed that the allowance for ECL on these financial instruments is not material.

b. Trade and Other Receivables

The Group's trade and other receivables include tuition fees and other school receivables, rental receivables and other miscellaneous receivables.

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for tuition fees and other receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The loss rates are based on actual credit-impaired student accounts or those which are outstanding for at least two terms and have not enrolled for the succeeding term. In practice and considering the nature of its business, particularly with respect to its educational activities, the Group writes off such balances as collection becomes more unlikely as the concerned students did not return for enrollment. The Group also assesses impairment of tuition fees and other receivables on a collective basis as they possess shared credit risk characteristics.

The historical loss rates, which are expressed as the relationship between the credit-impaired accounts and the related recognized tuition fees, are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the students to settle the receivables. The Group assessed that the expected loss rates for tuition fees and other receivables are a reasonable approximation of the loss rates for these financial assets.

The Group incorporates forward-looking information (FLI) into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The most relevant macro-economic variable used in the measurement of ECL is consumer spending as at May 31, 2023, 2022 and 2021 based on the correlation of historical loss rates and FLI.

For the years ended May 31, 2023, 2022 and 2021, the Group recognized total impairment losses amounting to P55.6 million, P58.9 million and P254.8 million , respectively. A reconciliation of the allowance for ECL as at May 31, 2023, 2022 and 2021 to the opening loss allowance is presented in Note 6.

As at May 31, 2023, 2022 and 2021, the weighted average loss rate, adjusted with FLI, used in the measurement of ECL is at 3.8%, 5.0% and 6.4% , respectively.

On the other hand, to calculate the ECL of rental receivables, these have been grouped based on shared credit risk characteristics and the days past due (age buckets). The rental receivables which relate to both third party and related party receivables have substantially the same risk characteristics. The Group has therefore concluded that the expected loss rates for all rental receivables, whether from third party or related party, are the same. The expected loss rates are based on the payment profiles of sales over a period of 36 months before May 31, 2023, 2022 and 2021, respectively, and the corresponding historical credit losses experienced within such period. The Group has identified the Philippine inflation rate to be the most relevant factor and has accordingly adjusted the historical loss rates based on expected changes in this factor. There are no past due rental receivables for the years ended May 31, 2023, 2022 and 2021.

On that basis, there is no additional loss allowance recognized based on management's assessment as of May 31, 2023, 2022 and 2021, as the expected credit losses are assessed to be insignificant to the Group's consolidated financial statements.

c. Debt Instruments Classified as Financial Assets at FVOCI and Amortized Cost

Debt securities measured at amortized cost and at FVOCI are considered to have low credit risk, and therefore, the loss allowance during the period is determined to be equivalent to 12 months ECL. Management considers "low credit risk" for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The loss allowance are as follows:

Company Internal Credit Rating	External Credit Rating	ECL Rate	Estimated Gross Carrying Amount at Default	Allowance
2023				
Investment Securities at Amortized Cost				
Performing	A – AAA	0.00% -	P 228,154,723	P -
Underperforming	BB – BBB+	0.00% - 0.21%	101,226,068	-
Financial Assets at FVOCI				
Performing	A – AAA	0.00%	154,396,504	-
Underperforming	BBB+	0.00% - 0.09%	1,849,006,723	667,349
			P 2,332,784,018	**P 667,349**
2022				
Investment Securities at Amortized Cost				
Performing	A – AAA	0.00% - 0.03%	P 281,809,026	P -
Underperforming	BB – BBB+	0.00% - 0.23%	63,667,877	-
Financial Assets at FVOCI				
Performing	AAA	0.00%	135,021,962	-
Underperforming	BBB+	0.00% - 0.09%	1,530,649,775	1,303,845
			P 2,011,148,640	P 1,303,845
2021				
Investment Securities at Amortized Cost				
Performing	A – AAA	0.00% - 0.05%	P 516,046,376	P 146,262
Underperforming	BB – BBB+	0.23% - 0.45%	69,055,667	-
Financial Assets at FVOCI				
Performing	AAA	0.0%	177,230,169	-
Underperforming	BBB+	0.00% - 0.09%	975,503,462	842,339
			P 1,737,835,674	P 988,601

d. Refundable Deposits

Management has assessed that these financial assets have low probability of default since these relate to continuing lease contracts and any outstanding deposit balance can be applied against future monthly rentals. Also, these are no longer discounted since management believes that the effect of discounting is not material to the consolidated financial statements.

15.3 Liquidity Risk

The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and ensures that future cash collections are sufficient to meet them in accordance with internal policies. The Group invests in cash placements when excess cash is obtained from operations.

As at May 31, 2023, 2022 and 2021, the Group's financial liabilities (excluding lease liabilities – see Note 12) have contractual maturities which are presented below.

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Total
2023				
Trade and other payables	P 1,549,787,052	P 27,119,392	P -	P 1,576,906,444
Interest-bearing loans	260,165,093	254,463,779	1,515,045,029	2,029,673,901
Refundable deposits (presented under Other Non-current Liabilities)	-	-	8,023,458	8,023,458
	P 1,809,952,145	**P 281,583,171**	**P 1,523,068,487**	**P 3,614,603,803**
2022				
Trade and other payables	P 1,416,933,538	P 32,764,626	P -	P 1,449,698,164
Interest-bearing loans	276,467,532	227,672,220	1,868,108,458	2,372,248,210
Refundable deposits (presented under Other Non-current Liabilities)	-	-	8,023,458	8,023,458
	P 1,693,401,070	P 260,436,846	P 1,876,131,916	P 3,829,969,832
2021				
Trade and other payables	P 1,152,522,499	P -	P -	P 1,152,522,499
Interest-bearing loans	114,314,086	118,517,541	2,449,429,071	2,682,260,698
Refundable deposits (presented under Other Non-current Liabilities)	-	-	16,995,892	16,995,892
	P 1,266,836,585	P 118,517,541	P 2,466,424,963	P 3,851,779,089

The contractual maturities presented above reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting period.

15.4 Offsetting of Financial Assets and Financial Liabilities

The Group's cash in bank, which is presented as part of the Cash and Cash Equivalents account, and portion of Short-term investments under the Other Current Assets – net account in the consolidated statements of financial position (see Notes 5 and 10) are subject to offsetting, enforceable master netting arrangements and similar agreements as at May 31, 2023, 2022 and 2021, such as loan agreements, as presented below.

	Gross Amounts Recognized in the Consolidated Statements of Financial Position		Net Amount Presented in the Consolidated Financial Statements of Position	Related Amounts not Set-off in the Consolidated Statements of Financial Position		
	Financial liabilities	Financial assets instruments		Financial Instruments	Cash Collateral Received	Net Amount
May 31, 2023						
Interest-bearing loans	**P1,811,598,640**	**P -**	**P**	**(P 223,115,007)**	**P -**	**P 1,588,483,633**
May 31, 2022						
Interest-bearing loans	P2,284,761,905	P -	P 2,284,761,905	(P 102,738,316)	P -	P 2,182,023,589
May 31, 2021						
Interest-bearing loans	P2,472,380,953	P -	P 2,472,380,953	(P 264,699,879)	P -	P 2,207,681,074

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Group and counterparties (i.e., depository bank) allows for net settlement of the relevant financial assets and financial liabilities (i.e., interest-bearing loans) when both elect to settle on a net basis.

All other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (i.e., related parties) will have the option to settle all such amounts on a net basis through the approval by both parties' BOT or BOD. As such, the Group's outstanding receivables from and payables to the same related parties, if any, can potentially be offset to the extent of their corresponding outstanding balances.

16. EDUCATIONAL REVENUES

Details of net tuition and other school fees presented in the consolidated statements of profit or loss are as follows:

	2023	2022	2021
Tuition fees	**P 5,071,732,840**	P 4,287,175,127	P 3,669,594,355
Less discounts:			
Scholarship	**324,861,543**	337,851,906	251,882,937
Cash	**43,283,316**	29,811,339	75,784,079
Family	**11,081,522**	8,667,875	5,609,893
	379,226,381	376,331,120	333,276,909
	4,692,506,459	3,910,844,007	3,336,317,446
Other school fees:			
Senior high school miscellaneous fees	**80,799,192**	51,046,332	52,639,245
Other registration fees	**21,042,464**	28,245,478	14,990,679
Entrance fees	**19,613,169**	16,111,595	12,758,691
Diplomas	**19,088,864**	16,256,166	9,071,597
Graduation and commencement fees	**14,287,225**	13,897,792	609,617
Identification cards	**14,257,486**	11,094,596	9,315,691
Transcript fees	**14,237,313**	10,867,577	5,917,106
Certification fees	**10,548,996**	5,854,994	4,676,089
Developmental fees	**5,414,500**	280,000	7,299,500
Miscellaneous	**27,488,917**	25,567,289	68,830,545
	226,778,126	179,221,819	186,108,760
	P 4,919,284,585	P 4,090,065,826	P 3,522,426,206

Miscellaneous fees include various fees such as insurance fees, laboratory fees, subject fees and other miscellaneous fees, which are required to be paid together with the tuition fees upon student enrollment.

16.1 Core Revenue Stream

The Group presents below the disaggregation of its core revenue for each reportable segment for the years ended May 31, 2023, 2022 and 2021. The Group recognizes revenues over time for tuition fees and point in time for other fees as follows:

		Business Segments			
Year	**Nature**	**FEU Main**	**Trimestral Schools**	**Other Schools**	**Total**
2023	Tuition fees – net	P 2,748,719,663	P 1,329,376,399	P 614,410,397	P 4,692,506,459
	Other school fees	68,358,214	45,844,565	112,575,347	226,778,126
	Total	**P 2,817,077,877**	**P 1,375,220,964**	**P 726,985,744**	**P 4,919,284,585**
2022	Tuition fees – net	P 2,318,574,073	P 1,139,080,539	P 453,189,575	P 3,910,844,007
	Other school fees	60,142,211	45,544,165	73,535,443	179,221,819
	Total	P 2,378,716,284	P 1,184,624,524	P 526,725,018	P 4,090,065,826

Year	Nature	Business Segments: FEU Main	Trimestral Schools	Other Schools	Total
2021	Tuition fees – net	P 1,867,781,228	P 1,076,123,400	P 392,412,818	P 3,336,317,446
	Other school fees	36,764,608	70,712,931	78,631,221	186,108,760
	Total	P 1,904,545,836	P 1,146,836,331	P 471,044,039	P 3,522,426,206

16.2 Unearned Tuition Fees

For the years ended May 31, 2023, 2022 and 2021, the Group, except FRC, has collected advance tuition fee payments from students who enrolled for the next school term which amounted to P72.5 million, P73.2 million and P33.7 million, respectively. These collections are presented as Deferred Revenues in the consolidated statements of financial position. These will be recognized as revenue once the performance obligation of the schools within the Group has been rendered, which is usually within 12 months of receipt.

17. OTHER OPERATING EXPENSES

Operating expenses consist of:

	Notes	**2023**	2022	2021
Salaries and employee benefits	19, 20.6	**P 1,656,022,524**	P 1,419,887,789	P 1,274,897,013
Depreciation and amortization	9, 11	**558,676,028**	558,923,063	555,516,561
Utilities		**168,934,160**	79,648,616	62,903,290
Outside services		**161,702,349**	101,403,111	77,249,380
Professional fees		**129,524,845**	108,599,262	102,971,086
Licenses and subscriptions		**121,428,023**	88,907,862	79,375,899
Supplies and materials		**121,417,239**	74,822,821	35,093,645
Repairs and maintenance		**101,011,717**	87,961,308	110,611,431
Trainings and seminars		**55,943,326**	27,991,280	19,111,635
Taxes and licenses	9.1	**43,027,049**	36,690,127	56,664,742
Transportation and travel		**28,622,839**	12,645,569	12,589,309
Insurance	9.1	**22,647,895**	13,138,559	9,503,244
Public relations and promotions		**22,634,294**	19,360,527	17,146,676
Directors' bonus		**14,000,000**	14,000,000	14,500,000
Rental	12.2	**13,909,517**	4,192,360	1,157,034
Research		**3,695,273**	4,332,809	4,327,322
Impairment losses	10	**-**	-	27,525,652
Others		**41,053,943**	38,241,988	24,141,250
		P 3,264,251,021	P 2,690,747,051	P 2,485,285,169

18. FINANCE INCOME AND FINANCE COSTS

18.1 Finance Income

This consists of the following:

	Notes	2023	2022	2021
Interest income from:				
Financial assets at FVOCI	7.2	**P 46,319,696**	P 20,203,135	P 19,365,582
Short-term investments	10	**25,908,862**	9,875,836	11,015,054
Investment securities at amortized cost	7.3	**21,074,042**	13,558,962	16,793,882
Cash and cash equivalents	5	**17,393,250**	1,147,302	4,597,893
Installment sales		**1,099,803**	-	-
Foreign exchange gain – net		**43,486,176**	59,676,673	-
Other investment income from:				
Financial assets at FVTPL	7.1	**14,753,802**	16,199,049	113,711,327
Financial assets at FVOCI	7.2	**12,391,878**	13,405,491	22,683,621
Reversal of impairment loss	6, 7.3	**298,206**	-	2,090,705
		P 182,725,715	P 134,066,448	P 190,258,064

18.2 Finance Costs

This account is broken down into the following:

	Notes	2023	2022	2021
Interest expense from:				
Interest-bearing loans	14	**P 86,281,311**	P 48,886,532	P 62,371,208
Lease liabilities	12.3	**1,352,823**	2,084,606	2,779,702
Foreign exchange loss – net		**-**	-	
30,320,827				
Others		**14,169,195**	12,632,350	11,103,912
		P 101,803,329	P 63,603,488	P 106,575,649

An interest expense amounting to P6.8 million in 2022 and 2021 (nil in 2023) have been capitalized as part of construction in progress under property and equipment account, which arose solely from specific borrowings (see Note 11).

Other finance cost pertains to bank service charges for maintaining tuition collection facilities with depository banks, services provided by investment trust managers, wire transfer transactions, foreign currency payment transactions to suppliers, among others.

19. EMPLOYEES' HEALTH, WELFARE AND RETIREMENT FUND

(a) Characteristics of the Defined Contribution and Defined Benefit Plans

(i) The University, FECSI, EACCI, FEUAI and FEU High

The University, FECSI, EACCI, FEUAI and FEU High maintain tax-qualified, funded and contributory retirement plans, which fall under a defined contribution type of retirement plan, covering regular teaching and non-teaching personnel members. The University, FECSI, EACCI, FEUAI and FEU High's retirement plans were maintained since 1967, 2013, 2017, 2018 and 2019, respectively.

The respective retirement funds are under the administration of the following organizations (the Funds), through their respective Board of Governors.

FEU	-	FEU Health Welfare and Retirement Fund
FECSI	-	FEU Cavite Health Welfare and Retirement Fund
EACCI, FEUAI and FEU High	-	Private Education Retirement Annuity Association (PERAA)

Contributions to these funds are in accordance with the defined contribution established by the Retirement Board, which is the sum of the employees' and the University, FECSI, EACCI, FEUAI and FEU High's contributions.

As a policy, any contributions made by the University, FECSI, EACCI, FEUAI and FEU High in the past years that were subsequently forfeited resulting from resignations of covered employees prior to vesting of their retirement pay can be applied to reduce employer contributions in the succeeding years.

(ii) RCI and FRC

RCI and FRC have not yet established a formal post-employment plan. However, they accrue the estimated cost of post-employment benefits, actuarially determined, required by the provisions of RA No. 7641. These companies have discretion when to fund the minimum post-employment benefits calculated, however upon retirement of qualified employees, funds must be readily available for payment of employees' retirement benefits.

Retirement expense presented as part of Salaries and employee benefits under Operating Expenses in the consolidated statements of profit or loss amounted to P111.9 million, P98.6 million and P56.5 million for the years ended May 31, 2023, 2022 and 2021, respectively (see Note 17).

(b) Explanation of Amounts Disclosed in the Consolidated Financial Statements

Actuarial valuations are obtained: (i) to determine the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan (for FECSI, EACCI, FEUAI and FEU High); and, (ii) to update the retirement benefit costs for the others. For the University, its significant contributions to its fund, which consists of employees' contribution of 5% of basic salary and the University's contribution equivalent to 20% of the employees' basic salary, is determined to be sufficient to meet the estimated cost of post-employment benefits as required by the provisions of RA No. 7641.

All amounts presented below and in the succeeding pages are based on the actuarial valuation reports obtained from an independent actuary for the years ended May 31, 2023, 2022 and 2021 (for FECSI, RCI and FEU High) and June 30, 2023, 2022 and 2021 (for EACCI and FEUAI).

The post-employment benefit obligation amounting to P63.1 million, P49.8 million and P47.0 million as of May 31, 2023, 2022 and 2021, respectively, pertains to RCI, EACCI, FRC, FECSI and FEUAI's defined benefit liability, which is presented under non-current liabilities in the consolidated statements of financial position.

The movements in the present value of the post-employment benefit obligation recognized in the books are as follows:

	2023	2022	2021
Balance at beginning of year	**P 49,808,248**	P 47,010,188	P 61,917,618
Benefits paid	**(4,496,936)**	(5,031,578)	(28,037,108)
Current service cost	**9,982,359**	10,595,349	11,344,387
Interest expense	**2,285,417**	1,979,522	6,414,868
Remeasurements – actuarial losses (gain) arising from:			
Experience adjustments	**6,274,530**	(3,149)	(1,260,818)
Changes in financial assumptions	**(737,500)**	(4,742,084)	(3,368,759)
Balance at end of year	**P 63,116,118**	P 49,808,248	P 47,010,188

The components of amounts recognized in profit or loss (as part of Employee benefits under Other Operating Expenses) and in other comprehensive income in respect of the post-employment defined benefit plan is shown below.

	2023	2022	2021
Reported in profit or loss:			
Current service cost	**P 9,982,359**	P 10,595,349	P 11,344,387
Interest expense	**2,285,417**	1,979,522	6,414,868
	P 12,267,776	P 12,574,871	P 17,759,255
Reported in other comprehensive Income –			
Actuarial gains (losses) from:			
Experience adjustments	**(P 6,274,530)**	P 3,149	P 1,260,818
Changes in financial assumptions	**737,500**	4,742,084	3,368,759
	(P 5,537,030)	P 4,745,233	P 4,629,577

In determining the amounts of post-employment obligation in accordance with PAS 19 (Revised), the following significant actuarial assumptions were used:

	2023	2022	2021
RCI, EACCI, FECSI and FEUAI			
Discount rates	**5.87% - 6.18%**	**6.61% - 6.69%**	4.46% - 4.94%
Salary growth rate	**3.50% - 5.00%**	**3.00% - 5.00%**	2.00% - 5.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 are as follows:

RCI	-	16 years both for males and females
EACCI	-	21 years for both males and females
FECSI	-	23 years both for males and females
FEUAI	-	17 years for males and 21 years for females

These assumptions were developed by management with the assistance of an independent actuary. Discount factor is determined close to the end of the reporting period by reference to the interest rates of a zero-coupon government bond with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

The defined contribution plans of FEU, FECSI, EACCI, FEUAI and FEU High are also accounted for as a defined benefit plan with minimum guarantee in accordance with the Philippine Interpretations Committee (PIC) Interpretation on PAS 19 (Revised) (see Note 26.14). Considering that the present value of the obligation approximates the fair value of the plan assets, management opted not to recognize further the overfunding of the obligation for the years ended May 31, 2023, 2022 and 2021. For the other entities with existing retirement plan, their respective unfunded retirement benefit obligation is insignificant to the consolidated balances in all years presented, hence, not reported herein, but are fully disclosed in their respective separate financial statements.

An analysis of the defined benefit obligation of FECSI, EACCI, FEUAI and FEU High following PIC Interpretation with respect to the defined benefit minimum guarantee under RA No. 7641 is presented below.

	2023	2022	2021
Fair value of plan assets	**P 113,082,687**	P 947,790,030	P 865,525,239
Present value of obligation	**(98,744,640)**	(920,733,478)	(840,196,295)
Excess of plan assets over retirement obligation	**P 14,338,047**	P 27,056,552	P 25,328,944

In 2023, the University was excluded in the analysis of the minimum guaranteed defined benefit obligation under RA No. 7641 since it is determined that the University's monthly contributions to its fund is significantly sufficient to cover the actuarially determined post-employment benefit obligation, which is evident in the continuous overfunding of its fund in the immediately preceding years. As of May 31, 2023, the fair value of the University's plan assets amounted to P868.2 million.

The movements in the fair value of plan assets are presented below.

	2023	2022	2021
Balance at beginning of year	**P 947,790,030**	P 865,525,239	P 892,599,993
Exclusion of FEU's plan assets	**(851,227,623)**	-	-
Actual contributions	**19,379,417**	94,246,697	86,614,040
Interest income	**3,928,745**	48,339,548	12,640,409
Benefits paid	**(3,493,584)**	(60,321,454)	(126,628,540)
Remeasurement gain	**(3,294,298)**	-	299,337
Balance at end of year	**P 113,082,687**	P 947,790,030	P 865,525,239

The movements in the present value of the retirement benefit obligation are as follows:

	2023	2022	2021
Balance at beginning of year	**P 920,733,478**	P 840,196,295	P 842,784,116
Exclusion of FEU's retirement benefit obligation	**(820,642,088)**	-	-
Actuarial loss (gain)	**(11,161,080)**	54,639,559	64,879,816
Current service cost	**7,439,715**	52,454,167	44,935,337
Interest expense	**6,291,178**	33,764,911	26,685,417
Benefits paid	**(3,916,563)**	(60,321,454)	(70,960,945)
Balance at end of year	**P 98,744,640**	P 920,733,478	P 840,196,295

(c) Risks Associated with the Retirement Plan

The plan exposes the University, RCI, FECSI, EACCI, FEUAI and FEU High to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents, equity securities and debt securities.

Currently, the University's plan is significantly composed of equity securities and debt securities. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the University's long-term strategy to manage the plans efficiently. FECSI, on the other hand, has investments in cash and cash equivalents and loans.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the asset-liability matching strategy of the University, FECSI, EACCI, FEUAI and FEU High and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding pages.

(i) Sensitivity Analysis

The table shown below summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of:

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	Increase/ (Decrease) in Assumption	Increase/ (Decrease) in Assumption
May 31, 2023			
RCI:			
Discount rate	**+/-1.0%**	**(P 124,527)**	**P 83,916**
Salary growth rate	**+/-1.0%**	**149,131**	**(283,700)**
FECSI:			
Discount rate	**+/-1.0%**	**(P 224,937)**	**P 260,280**
Salary growth rate	**+/-1.0%**	**265,413**	**(232,926)**
EACCI:			
Discount rate	**+/-0.5%**	**(P 144,075)**	**P 215,457**
Salary growth rate	**+4.0%/-7.0%**	**505,972**	**(6,590,998)**
FEUAI:			
Discount rate	**+/-0.5%**	**(P 36,151)**	**P 47,088**
Salary growth rate	**+4.0%/-7.0%**	**115,601**	**(1,513,546)**
FEU High:			
Discount rate	**+/-1.0%**	**(P 302,823)**	**P 391,739**
Salary growth rate	**+/-1.0%**	**399,894**	**(312,953)**

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	Increase/ (Decrease) in Assumption	Increase/ (Decrease) in Assumption
May 31, 2022			
University:			
Discount rate	+/-0.5%	(P 139,834)	P 183,480
Salary growth rate	+/-1.0%	425,313	(236,625)
RCI:			
Discount rate	+/-0.5%	(P 1,168,053)	P 1,262,849
Salary growth rate	+/-1.0%	2,489,490	(2,167,995)
FECSI:			
Discount rate	+/- 1.0%	(P 326,264)	P 277,967
Salary growth rate	+/- 1.0%	335,160	(289,546)
EACCI:			
Discount rate	+/- 0.5%	(P 93,662)	P 112,606
Salary growth rate	+4%/- 7.0%	241,928	(2,958,080)
FEUAI:			
Discount rate	+/- 0.5%	(P 26,798)	P 28,327
Salary growth rate	+4%/- 7.0%	56,566	(863,661)
May 31, 2021			
University:			
Discount rate	+/-0.5%	(P 263,694)	P 359,029
Salary growth rate	+/-1.0%	804,328	(481,181)
RCI:			
Discount rate	+/-0.5%	(P 1,635,842)	P 1,787,573
Salary growth rate	+/-1.0%	3,483,066	(2,989,382)
FECSI:			
Discount rate	+/- 1.0%	(P 532,167)	P 445,853
Salary growth rate	+/- 1.0%	537,433	(457,604)
EACCI:			
Discount rate	+/- 0.5%	(P 19,793)	P 28,837
Salary growth rate	+4%/- 7.0%	296,543	(11,947,593)

The sensitivity analysis shown above is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the University through its Retirement Board, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The University actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

There has been no change in the University's strategies to manage its risks from previous periods.

Currently, FECSI, EACCI, FEUAI and FEU High have no specific matching strategy between the plan assets and the plan liabilities.

(iii) Funding Arrangements and Expected Contributions

While there is no minimum funding requirement in the country for defined benefit plans, the size of the fund, bearing that it is significantly under a defined contribution regime, is also sufficient to cover the vested benefits of the higher between the RA No. 7641 or the Group's retirement plan itself, when a significant number of employees are expected to retire in 13 to 20 years' time.

The University, FECSI, EACCI, FEUAI and FEU High expects to make contribution to its plan in accordance with the defined contribution established by the Retirement Board of its respective Funds, during the next reporting period; while, RCI's management is yet to determine when it shall establish a formal plan for its post-employment benefit obligation.

The maturity profile of RCI's undiscounted expected benefit payments from the plan as of May 31 is shown below.

	2023	2022	2021
Within one year	**P 10,490,413**	P 10,723,242	P 8,616,949
More than one year to five years	**16,507,193**	13,974,193	14,137,839
More than five years to 10 years	**16,379,037**	15,626,451	18,653,370
More than 10 years to 15 years	**24,190,825**	36,966,573	35,922,605
More than 15 years to 20 years	**8,070,031**	19,065,147	23,611,028
More than 20 years	**38,129,921**	179,762,314	141,156,004
	P 113,767,420	P 276,117,920	P 242,097,795

The weighted average duration of RCI's defined benefit obligation at the end of the reporting period is 13 years.

The latest available audited statements of financial position of the University's Fund, which comprised of both employer and employee share contributions, show the following as of December 31:

	2023	2022	2021
Assets			
Cash and cash equivalents	**P 108,583,575**	P 87,106,029	P 74,152,930
Receivables – net	**46,516,917**	53,749,357	67,520,237
Investment in debt securities:			
Government securities	**416,474,205**	365,734,297	320,422,304
Corporate bonds and other debt instruments	**105,676,905**	138,238,329	182,648,568
Investment in equity securities:			
Corporate shares	**319,880,997**	354,114,730	365,563,048
UITF	**127,717,207**	129,886,446	91,653,602
Others	**35,038**	65,321	106,932
	1,124,884,844	1,128,894,509	1,102,067,621
Liabilities	**(50,474,498)**	(44,705,185)	(37,223,416)
Net Assets Available for Plan Benefits	**P 1,074,410,346**	P 1,084,189,324	P 1,064,844,205

The University's Funds' plan assets are investment in various types of financial assets that are maintained in trust funds under credible trustee-banks under control by the Fund through its Board of Governors.

The subsidiaries' plan assets that are lodged with the PERAA with fair value of P107.8 million, P96.6 million and P79.8 million as of May 31, 2023, 2022 and 2021, respectively.

20. RELATED PARTY TRANSACTIONS

The Group's related parties include related parties under common management, key management personnel and others as described in Note 26.17. The following are the Group's transactions with such related parties:

	Notes	**2023**		2022		2021		Terms	Conditions
		Amount of Transaction	**Outstanding Receivable (Payable)**	Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)		
Related Parties Under Common Management:									
Subscription of preferred stock	20.1	**P -**	**P -**	P -	P -	P 62,000,00	P -	nonredeemable; non-controlling	not applicable
Advances to related parties	20.2	**(7,963,598)**	**18,056,974**	(19,492,540)	26,020,572	(11,993,308)	45,513,112	due and demandable; noninterest-bearing	unsecured
Advances from related party	20.2	**-**	**-**	-	-	15,931,885	-	due and demandable; noninterest-bearing	unsecured
Reimbursement of expenses	20.3	**3,902,819**	**20,997,244**	377,396	17,094,425	(15,792,810)	16,717,029	due and demandable;	unsecured
Lease liabilities	20.4	**(2,669,815)**	**(3,339,233)**	(2,267,753)	(6,009,048)	(5,792,444)	(8,276,801)	due and demandable; interest bearing	not applicable
Right-of-use asset	20.4	**(2,796,718)**	**2,330,598**	(2,796,718)	5,127,316	(2,796,718)	7,924,033	not applicable	not applicable

	Notes	**2023** Amount of Transaction	**2023** Outstanding Receivable	2022 Amount of Transaction	2022 Outstanding Receivable	2021 Amount of Transaction	2021 Outstanding Receivable	Terms	Conditions
Retirement Funds:	20.5								
Retirement plan assets		**P -**	**P 981,315,933**	P -	P 947,790,030	P -	P 865,525,239	not applicable	not applicable
Reimbursement of expenses	20.3	**894,724**	**3,399,583**	(2,557,199)	2,504,859	3,595,970	5,062,058	due and demandable; noninterest-bearing	unsecured; not-impaired
Others –									
Key management personnel compensation	20.6	**168,748,443**	**-**	187,551,358	-	116,417,150	-	not applicable	not applicable

In 2023, 2022 and 2021, the Group reviewed its receivables from related parties and were accordingly assessed for impairment. Except for those receivables provided with corresponding allowance [see Note 20.2(a) and (d)], no impairment loss was necessary to be recognized for all other receivables in all years presented

20.1 Subscription of Preferred Shares of Stock

(a) EACCI

During the various years until the year ended May 31, 2020, East Asia Educational Foundation, Inc. (EAEF) entered into a subscription agreement for the purchase of 100,000 and 112,500 preferred shares of EACCI with total consideration of P100.0 million and P112.5 million, respectively. Outstanding receivable arising from the transaction amounting P40.0 million has been fully paid in 2021. No same transaction occurred during the years ended May 31, 2023 and 2022.

(b) FEUAI

During the year ended May 31, 2021, EAEF, a related party under common management, entered into a subscription agreement for the purchase of 22,000 preferred shares of FEUAI [see Note 23.5 (b)]. The total consideration paid by EAEF amounted to P22.0 million. There was no outstanding receivable arising from the transaction as the amount was fully paid by EAEF in the year of subscription. No same transaction occurred during the years ended May 31, 2023 and 2022.

20.2 Noninterest-bearing Advances

(a) Advances of the University to a Related Party

The University grants unsecured and noninterest-bearing advances, which are due and demandable to FEU Public Policy Center Foundation, Inc. (FEUPPCFI), a related party under common management of the Group in furtherance of certain research-related advocacy, for working capital purposes.

Summarized below are the outstanding receivables from these advances as of May 31, 2023, 2022 and 2021 recorded as part of Other advances to related parties under Trade and Other Receivables account in the consolidated statements of financial position (see Note 6):

	2023	2022	2021
Balance at beginning of year	**P 6,875,803**	P 4,838,503	P 2,779,304
Additional advances during the year	**2,626,000**	2,037,300	2,059,199
Balance at end of year	**P 9,501,803**	P 6,875,803	P 4,838,503

On a year-on-year basis, management assessed the near-term recoverability of advances in relation to viability of projects undertaken by FEUPPCFI, as of May 31, 2023, 2022 and 2021 the entire amount of receivable is doubtful of immediate collection, therefore, full allowance for impairment on these receivables were recognized as part of Impairment Loss on Financial Assets in the consolidated statements of profit or loss.

(b) Advances between EACCI and EAEF

EACCI granted to EAEF cash advances for working capital requirements and other purposes. These advances are noninterest-bearing, unsecured and payable in cash upon demand. As of May 31, 2021, outstanding advances to EAEF amounting to P25.1 million, which are presented as part of Other advances to related parties under the Trade and Other Receivables account in the consolidated statements of financial position (see Notes 6), was fully paid in 2022.

(c) Advances between EACCI and NREF

During the years ended May 31, 2022 and 2020, certain tuition and other school fess for the respective accounts of EACCI or NREF were interchangeably digitally remitted by students. Subsequently, these collections were appropriately transmitted to the entities to which the related receivables are due. The receivable and payable accounts are unsecured, noninterest-bearing and payable in cash immediately upon demand. The outstanding receivable amounting to P4.8 million, P13.5 million and P12.1 million as of May 31, 2023, 2022 and 2021, respectively, is presented as part of Other advances from related parties under the Trade and Other Receivables account in the consolidated statements of financial position (see Notes 6). During 2021, EACCI's payable to NREF, amounting to P15.9 million, has been fully paid.

(d) Advances of RCI to its Related Party

RCI grants noninterest-bearing and unsecured advances to RCEE, Roosevelt College Scholarship Foundation and Roosevelt College Center for Teacher Education, related parties under common management, for working capital purposes. These advances are generally collectible in cash and are due upon demand or through offsetting arrangement. The outstanding balance from these transactions amounts to P3.8 million, P5.7 million and P3.6 million as of May 31, 2023, 2022 and 2021, respectively, are presented as part of Other advances to related parties under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6). In 2021, RCI's management assessed that certain outstanding balances with the related parties were impaired; hence, impairment losses amounting to P0.2 million was recognized.

20.3 Reimbursement of Expenses

During the year ended May 31, 2023, 2022 and 2021, the University billed its related entities for the reimbursement of amounts it initially advanced to third party suppliers and service providers for certain expenses and various allocated expenses, at cost. These expenses pertain to those incurred in the normal course of operations of the University and its related entities, which include legal fees, various supplies, use of facilities, and salaries and benefits of seconded employees, among others.

	2023	2022	2021
FEU Public Policy Center Foundation, Inc.	**P 20,997,244**	P 17,028,695	P 12,190,775
NREF	**-**	65,730	4,526,254
	P 20,997,244	P 17,094,425	P 16,717,029

20.4 Lease of Building from NREF

The University had lease agreement with NREF for its lease of facilities. The lease agreements are long-term and renewable.

Upon adoption of PFRS 16, the Group, as a lessee, recognized right-of-use asset and lease liabilities. Amortization of the right-of-use asset arising from these transactions amounting to P2.8 million is presented as part of Depreciation and amortization under Other Operating Expenses in the consolidated statements of profit or loss. Total interest expense on lease liabilities amounting to P0.2 million, P0.3 million and P0.4 million for the years ended May 31, 2023, 2022 and 2021, respectively, is presented as part of Interest expense on lease liabilities under Finance Costs in the consolidated statements of profit or loss (see Note 18.2). The outstanding balances arising from these transactions as at May 31, 2023, 2022 and 2021, are presented as part of right-of-use asset under Property and Equipment, and Lease Liabilities (current portion under Trade and Other Payables) in the consolidated statements of financial position.

20.5 Retirement Funds

The University, FECSI, EACCI, FEUAI and FEU High's retirement funds are under the administration of their respective funds, through their respective Board of Governors [see Note 19(a)]. The fair value of the Group's retirement plan assets amounted to P981.3 million in 2023, P947.8 million in 2022 and P865.5 million in 2021 [see Note 19(b)]. The University, FECSI, EACCI, FEUAI and FEU High have no transactions with the retirement plans other than contributions and benefit payments in all periods presented.

None of the retirement plan assets are invested in or provided to the University, FECSI, EACCI, FEUAI, FEU High, their related parties, and to their officers in the form of advances or loans.

The retirement funds neither provide any guarantee nor surety for any obligation of the University, FECSI, EACCI, FEUAI and FEU High.

20.6 Key Management Personnel Compensation

Total remunerations of the Group's key management personnel for the years ended May 31, 2023, 2022 and 2021, which are presented as part of Salaries and Employee benefits under Other Operating Expenses in the consolidated statements of profit or loss (see Notes 17 and 19), are as follows:

	2023	2022	2021
Short-term benefits	**P 150,904,250**	P 169,965,953	P 101,367,997
Post-employment benefits	**17,844,193**	17,585,405	15,049,153
	P 168,748,443	P 187,551,358	P 116,417,150

20.7 Financial Guaranty for Subsidiaries' Loans

In March 2017 and January 2018, the BOT approved that for and in consideration of the loan or credit facilities obtained by any subsidiary of the University, in which the University owns at least 75% of the outstanding voting capital stock of such subsidiary, from a certain local commercial bank, the University gives its full consent and authority to act as surety up to P500.0 million for the subsidiary's obligations arising from any loan or availments from any credit facilities granted by the said local bank in favor of the subsidiary, as well as any renewals, increases, extensions of existing obligations obtained by or which may hereafter be obtained by the subsidiary from the local bank, whether direct or indirect, principal or secondary. The outstanding balance of RCI's loans from the said local bank amounted to P404.8 million as of May 31, 2023 and P400.0 million as of May 31, 2022 and 2021 (see Note 14).

20.8 Others

In July 2014, the FRC's declaration of stock dividend resulted in 291 fractional shares amounting to P0.3 million, which the FRC also opted to treat as treasury shares.

In 2019, the FRC's BOD approved the proposal to increase its par value from P1,000 to P10,000, resulting to fractional shares for stockholders owning less than ten shares. Outstanding liability amounting to P25.0 million as of May 31, 2023 and P27.1 million as of May 31, 2022 and 2021, are presented as part of Due to related parties under Trade and Other Payables account in the consolidated statements of financial position (see Note 13).

21. INCOME TAXES

Under the Philippine laws, the taxable income from operations related to school activities and passive investment income of private and proprietary (stock) educational institutions is subject to a tax of 10%. However, if 50% or more of the institution's total gross income is from unrelated business activities, the regular corporate income tax (RCIT) of 30% or 25% will apply respectively effective before and after July 2021 to the entire taxable income instead of the 10% preferential rate. Except FRC, which is subject to RCIT, all the schools within the group qualified to continue to avail of the 10% preferential rate given its revenue profile. In addition, they are also not covered by the minimum corporate income tax provision of the new tax code.

In March 2021, RA No. 11534 or the *Corporate Recovery and Tax Incentives for Enterprises Act* (CREATE) has been passed into law which provides for a reduced tax rate of proprietary schools to 1% from the previous 10%, effective July 2021 until June 2023.

Also in December 2021, RA No. 11635, *An Act Clarifying the Income Taxation of Proprietary Educational Institutions, Amending for the Purpose Section 27 (B) of the NIRC of 1997, As Amended*, was enacted such that proprietary schools were clarified to apply 1% reduced tax rate as originally intended by CREATE.

The schools within the group used the reduced 1% income tax rate for the fiscal years ended May 31, 2023 and 2022.

In June 2023, BIR issued Revenue Memorandum Circular No. 69-2023, *Reversion of Rates of Percentage Tax, Minimum Corporate Income Tax, and Regular Corporate Income Tax on Proprietary Educational Institutions and Not for Profit Hospitals, Pursuant to RA No. 11534*, which reverted the income tax rate of the schools within the Group to 10% effective July 1, 2023. Consequently and in accordance with the requirements of PAS 12, *Income Taxes*, the schools within the group measured their deferred tax assets and liabilities at 10% as of May 31, 2023.

The major components of tax expense reported in the consolidated statements of profit or loss are as follows:

	2023	2022	2021
Current tax expense:			
RCIT at 25%	**P 20,816,314**	P 17,036,398	P 13,773,998
Final tax at 20% and 15%	**20,245,367**	9,686,213	10,861,845
Special rate at 1%	**18,365,351**	17,564,037	10,821,044
Special rate at 10%	**-**	-	2,574,877
	59,427,032	44,286,648	38,031,764
Deferred tax expense (income) arising from the origination and reversal of temporary differences	**735,070**	26,032,718	(1,055,472)
	P 60,162,102	P 70,319,366	P 36,976,292

A reconciliation of tax on pretax income computed at the applicable statutory rates to tax expense reported in consolidated profit or loss is presented in the succeeding page.

	2023	2022	2021
Tax on pretax income at 10 % (June 2020) and 1% (July 2020 to May 2023)	**P 38,705,177**	P 42,277,716	P 23,280,561
Adjustments for income subjected to:			
Final tax	**17,321,617**	7,956,845	8,743,495
Tax effects of:			
Effect of change in deferred tax rate	**8,748,352**	60,950	(2,887,397)
Non-taxable income	**(4,136,053)**	-	-
Non-deductible expenses	**3,639,409**	21,786,318	6,703,183
Excess of optional standard deduction over itemized deductions	**(1,649,606)**	(3,441,366)	-
Unrecognized Net Operating Loss Carry Over (NOLCO)	**-**	(84,707)	(191,922)
Unrecognized deferred tax asset on allowance for impairment	**-**	83,259	657,944
Others	**(2,466,793)**	1,680,351	670,428
	P 60,162,102	P 70,319,366	P 36,976,292

The net deferred tax assets and net deferred tax liabilities of the Group, as of May 31, 2023, 2022 and 2021, relates to the following:

	Consolidated Statements of Financial Position			Consolidated Statements of Profit or Loss		
	2023	2022	2021	**2023**	2022	2021
Deferred tax assets:						
NOLCO	**P 1,630,212**	P 1,264,462	P 1,776,437	**(P 171,772)**	511,975	(133,030)
Allowance for impairment losses on trade and other receivables – net	**576,920**	1,360,257	4,361,582	**(5,913)**	3,001,325	(2,890,530)
Post-employment benefit	**59,336**	59,336	39,095	-	(20,241)	(846,042)
Accrued rent expense		895,300	726,945	-	(168,355)	(5,536,725)
Unrealized foreign currency gains (losses)	-	449,579	241,851	-	(207,728)	(1,023,400)
Prepaid expenses	-	(341,627)	(226,546)	-	115,081	(226,546)
Unrealized fair value gains (losses)		234,311	(805,154)	-	(1,039,465)	(8,169,930)
Change in tax rate	-	-	18,642,111		18,642,111	18,642,111
Accrued income	-	-	-	-	-	(1,281,128)
Allowance for impairment of investment	-	-	-	-	-	(47,616)
Deferred tax assets – net	**P 2,266,468**	P 3,921,618	P 24,756,321			
Deferred tax expense (income)				**(177,685)**	20,834,703	(1,512,836)
Deferred tax liabilities:						
Accrued rent receivable	**(22,240,561)**	(24,092,429)	(21,517,237)	**(1,851,868)**	2,575,192	(3,081,872)
DTL resulting from reversal of temporary decrease in tax rates	**(18,516,298)**	-	-	**-**	-	-
Accrual of expenses	**11,060,838**	-	-	**(2,107,838)**	-	416,843
Allowance for impairment Losses on trade and other receivables – net	**7,823,887**	-	-	**374,148**	-	-
Post-employment benefit	**5,684,256**	4,850,359	4,712,197	**(833,897)**	(138,162)	594,427
Unrealized foreign currency gains (losses)	**(3,565,220)**	(1,226,053)	1,329,586	**6,834,960**	2,555,639	2,739,119
Unrealized fair value losses	**2,822,438**	-	-	**(479,330)**	-	-
Prepaid expenses	**(2,571,797)**	-	-	**(844,471)**	-	-
Unearned rental income	**332,292**	153,343	358,689	**(178,949)**	205,346	(211,153)
Deferred tax liabilities – net	**(P 19,170,165)**	(P 20,314,780)	(P 15,116,765)			
Deferred tax expense				**912,755**	5,198,015	457,364
Deferred tax expense (income) – net				**P 735,070**	P 26,032,718	(P 1,055,472)

RCI's deferred tax expense amounting to P3.5 million, P0.1 million and P0.3 million relates to the remeasurement of post-employment benefit plan during the years ended May 31, 2023, 2022 and 2021 respectively, and is recognized as a component of tax expense reported in the consolidated statements of comprehensive income.

The net deferred tax assets of the University are not allowed to be offset against net deferred tax liabilities of other subsidiaries, or vice versa, for purposes of consolidation.

Presented below are the details of NOLCO of FECSI, FEUAI, Edustria and RCI.

Period Incurred	Original Amount	Expired Balance	Applied Amount	Remaining Balance	Valid Until
May 31, 2023	P 17,177,240	P -	P -	P 17,177,240	2028
May 31, 2022	52,335,822	-	-	52,335,822	2027
May 31, 2021	60,922,423	-	-	60,922,423	2026
May 31, 2020	45,948,319	(44,759,988)	(1,188,331)	-	2023
	P 176,383,804	**(P 44,759,988)**	**(P 1,188,331)**	**P130,435,485**	

The companies within the Group that were not entitled to avail of the preferential rate of 10% is subject to MCIT, which is computed at 1% of gross income as defined under the tax regulations, or RCIT, whichever is higher.

	2023		2022		2021	
	Tax Base	**Tax Effect**	Tax Base	Tax Effect	Tax Base	Tax Effect
FEUAI –						
MCIT	**P -**	**P -**	P -	P -	P 11,919	P 11,919
RCI:						
NOLCO	**P -**	**P -**	P -	P -	P 8,470,660	P 84,707
Allowance for impairment	**-**	**-**	8,325,950	83,259	1,461,110	146,111
FECSI:						
NOLCO	**P 8,343,562**	**P 834,356**	P 65,974,380	P 656,744	P 46,590,148	P 465,901
Allowance for impairment	**283,404**	**28,240**	2,242,771	22,428	906,965	90,697
Edustria –						
NOLCO	**P -**	**P -**	P 79,869,549	P 798,696	P 45,642,354	P 456,424

No deferred tax assets were recognized by certain subsidiaries since management of the respective subsidiaries believes that no sufficient taxable profit will be realized against which deferred tax assets can be applied within the prescriptive period.

RCI did not recognize the deferred tax assets pertaining to allowance for impairment of receivables amounting to P0.3 million as at May 31, 2021. Also, RCI did not recognize deferred tax assets on its NOLCO amounting to P0.1 million as of May 31, 2021. The management has yet to assess whether the related tax benefit on NOLCO and allowance for impairment of receivables are realizable in the future.

22. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below and in the succeeding page is the reconciliation of liabilities arising from various financing activities in fiscal years 2023, 2022 and 2021.

	Interest-bearing Loans (see Note 14)	**Lease Liabilities** (see Note 12)	**Dividends Payable** (see Note 13)	**Accrued Interest** (see Note 14)	**Total**
Balance at June 1, 2022	P 2,284,761,905	P 25,032,057	P 251,149,057	P 5,422,110	P 2,566,365,129
Cash flows from financing activities:					
Repayment of loans	(473,163,265)	-	-	-	(473,163,265)
Repayment of lease liabilities	-	(11,166,275)	-	-	(11,166,275)
Dividends paid	-	-	(665,749,569)	-	(665,749,569)
Interest paid	-	(1,352,823)	-	(73,852,221)	(75,205,044)
Non-cash financing activities:					
Interest amortization in lease liabilities	-	1,352,823	-	-	1,352,823
Dividend declaration	-	-	713,440,092	-	713,440,092
Accrual of interest	-	-	-	80,859,201	80,859,201
Balance at May 31, 2023	**P 1,811,598,640**	**P 13,865,782**	**P 298,839,580**	**P 12,429,090**	**P 2,136.733,092**
Balance at June 1, 2021	P 2,472,380,953	P 34,510,986	P 175,203,878	P 6,581,881	P 2,688,677,698
Cash flows from financing activities:					
Repayment of loans	(187,619,048)	-	-	-	(187,619,048)
Repayment of lease liabilities	-	(9,478,932)	-	-	(9,478,932)
Dividends paid	-	-	(386,362,549)	-	(386,362,549)
Interest paid	-	(2,084,606)	-	(43,464,422)	(45,549,028)
Non-cash financing activities:					
Interest amortization in lease liabilities	-	2,084,609	-	-	2,084,609
Dividend declaration	-	-	462,307,728	-	462,307,728
Accrual of interest	-	-	-	35,531,951	35,531,951
Capitalized borrowing cost	-	-	-	6,772,700	6,772,700
Balance at May 31, 2022	P 2,284,761,905	P 25,032,057	P 251,149,057	P 5,422,110	P 2,566,365,129

	Interest-bearing Loans (see Note 14)	Lease Liabilities (see Note 12)	Dividends Payable (see Note 13)	Accrued Interest (see Note 14)	Total
Balance at June 1, 2020	P 2,605,238,096	P 46,572,571	P 223,026,631	P 26,915,531	P 2,901,752,829
Cash flows from financing activities:					
Repayment of loans	(1,275,714,286)	-	-	-	(1,275,714,286)
Repayment of lease liabilities	-	(12,061,585)	-	-	(12,061,585)
Proceeds from additional loans	1,142,857,143	-	-	-	1,142,857,143
Dividends paid	-	-	(269,360,440)	-	(239,359,822)
Interest paid	-	(2,779,702)	-	(60,023,027)	(62,802,729)
Non-cash financing activities:					
Interest amortization in lease liabilities	-	2,779,702	-	-	2,779,702
Dividend declaration	-	-	221,537,687	-	191,537,069
Accrual of interest	-	-	-	32,916,677	31,916,677
Capitalized borrowing cost	-	-	-	6,772,700	6,772,700
Balance at May 31, 2021	P 2,472,380,953	P 34,510,986	P 175,203,878	P 6,581,881	P 2,688,677,698

23. EQUITY

23.1 Capital Stock

As of May 31, 2023, 2022 and 2021, the University's authorized capital stock consists of 50,000,000 shares with par value of P100 per share, of which 24,055,763 shares were issued and outstanding, net of 37,331 treasury shares.

Below is the ownership structure of the University's outstanding shares as of May 31, 2023, 2022 and 2021.

	2023	2022	2021
Number of shares held by related parties	**15,103,494**	15,213,820	15,959,877
Number of shares held by the public	**8,852,870**	8,743,828	8,016,071
Total shares issued and Outstanding*	**23,956,364**	23,957,648	23,975,948

*Net of those held as Treasury Stock (see Note 23.2)

As of May 31, 2023, 2022 and 2021, the public owns 36.95%, 36.50% and 33.43%, respectively, of the University's listed shares.

As of May 31, 2023, there are 1,252 holders of the listed common shares owning at least one board lot.

All shares of the University are listed on the PSE, there had been no follow-on listing since the initial listing in 1986 at an offer price of P100. The closing price of the University's listed shares was P533, P540 and P570 per share as of May 31, 2023, 2022 and 2021, respectively.

23.2 Treasury Stock

This account includes the University's common shares held and acquired by FRC in various dates during the respective reporting periods. The changes in market values of these shares, recognized as fair value gains or losses by FRC, were reclassified to treasury stocks, as presented in the consolidated statements of changes in equity. It consists of 136,730 shares as of May 31, 2023, 135,446 shares as of May 31, 2022, and 117,146 shares as of May 31, 2021.

A portion of the University's retained earnings is restricted from dividend declaration up to the cost of treasury stocks, excluding the amount acquired and held by FRC as this is considered as a cross-holding as of the end of the reporting period.

23.3 Revaluation Reserves

The components and reconciliation of items of other comprehensive income (loss) presented in the consolidated statements of changes in equity at their aggregate amount under Revaluation Reserves account, are shown below.

	Financial Assets at FVOCI (see Note 7.2)	Retirement Benefit Obligation (see Note 19)	Total
Balance as of June 1, 2022	(P 7,493,558)	(P 2,135,268)	(P 5,358,290)
Remeasurements of retirement benefit obligation	-	(5,287,902)	(5,287,902)
Fair value gain on financial assets at FVOCI	1,458,794	-	1,458,794
Tax effect	14,588	(52,879)	(38,291)
Other comprehensive income (loss)	1,473,382	(5,340,781)	(3,867,399)
Balance as of May 31, 2023	**(P 6,020,176)**	**(P 3,205,513)**	**(P 9,225,689)**
Balance as of June 1, 2021	P 45,430,137	(P 2,441,780)	P 42,988,357
Remeasurements of retirement benefit obligation	-	4,531,731	4,531,731
Fair value loss on financial assets at FVOCI	(52,399,698)	-	(52,399,698)
Tax effect	(523,997)	45,317	(478,680)
Other comprehensive income (loss)	(52,923,695)	4,577,048	(48,346,647)
Balance as of May 31, 2022	(P 7,493,558)	P 2,135,268	(P 5,358,290)
Balance as of June 1, 2020	P 25,031,515	(P 6,990,340)	P 18,041,175
Remeasurements of retirement benefit obligation	-	4,510,596	4,510,596
Fair value gains on financial assets at FVOCI	20,880,938	-	20,880,938
Tax effect	(482,316)	37,964	(444,352)
Other comprehensive income	20,398,622	4,548,560	24,947,182
Balance as of May 31, 2021	P 45,430,137	(P 2,441,780)	P 42,988,357

23.4 Retained Earnings

Significant transactions affecting Retained Earnings are shown below.

(a) Appropriation of Retained Earnings

As projects and capital expenditures are annually revisited and would involve several projects, timeline with level of exactness is not defined, instead are recalibrated year on year.

As of May 31, 2023, 2022 and 2021, the University's Appropriated Retained Earnings consists of appropriations for:

	2023	2022	2021
Purchase of equipment and improvements	**P 803,000,000**	P 442,620,289	P 257,000,000
Property and investment acquisition	**567,000,000**	648,500,000	493,500,000
Contingencies	**90,000,000**	90,000,000	90,000,000
Treasury stock	**3,733,100**	3,733,100	3,733,100
	P 1,463,733,100	P 1,184,853,389	P 844,233,100

The changes in Appropriated Retained Earnings are shown below.

	2023	2022	2021
Balance at beginning of year	**P 1,184,853,389**	P 844,233,100	P 1,909,733,100
Appropriations	**360,379,711**	340,620,289	90,000,000
Reversal of appropriations	**(81,500,000)**	-	(1,155,500,000)
Balance at end of year	**P 1,463,733,100**	P 1,184,853,389	P 844,233,100

(b) Dividend Declaration

The University's BOT approved the following dividend declarations during the years ended:

	Date of			
	Declaration	**Record**	**Payment/Issuance**	**Amount**
May 31, 2023				
Cash dividend of P14 per share	September 20, 2022	October 4, 2022	October 14, 2022	P 335,398,084
Cash dividend of P14 per share	February 21, 2023	March 7, 2023	March 21, 2023	335,398,084
				P 670,796,168
May 31, 2022				
Cash dividend of P8 per share	September 21, 2021	October 5, 2021	October 20, 2021	P 192,136,362
Cash dividend of P10 per share	February 15, 2022	March 2, 2022	March 17, 2022	240,170,452
				P 432,306,814
May 31, 2021				
Cash dividend of P3 per share	November 17, 2020	December 3, 2020	December 16, 2020	P 71,826,401
Cash dividend of P5 per share	February 16, 2021	March 3, 2021	March 15, 2021	119,710,668
				P 191,537,069

Unclaimed checks related to dividends declared as of May 31, 2023, 2022 and 2021 are presented as Dividends payable under the Trade and Other Payables account in the consolidated statements of financial position (see Note 13).

23.5 Subsidiaries with Material Non-controlling Interest (NCI)

(a) FRC

As of May 31, 2023, 2022 and 2021, the University holds ownership interest of 38.18% in FRC. Management considers that the University has de facto control over FRC even though it holds less than 50% of the voting shares of stock of FRC, because it is exposed or has right to variable returns through its power over FRC [see Notes 1.1 and 27.1(g)]. The accumulated NCI of FRC amounted to P1,087.1 million, P1,036.4 million and P785.5 million as of May 31, 2023, 2022 and 2021, respectively.

A summary of financial information of FRC as of and for the years ended May 31, 2023, 2022 and 2021 before intragroup eliminations are shown below.

	2023	2022	2021
Current assets	**P 430,787,516**	P 455,485,612	P 361,377,412
Non-current assets	**1,184,555,717**	1,124,243,369	1,139,837,024
Current liabilities	**46,990,974**	40,369,320	39,334,609
Non-current liabilities	**33,844,347**	38,229,308	38,835,480
Total equity	**1,534,507,912**	1,501,130,353	1,423,044,347
Total revenue	**154,995,259**	142,818,325	118,487,190
Net profit for the year	**57,168,147**	80,330,356	44,182,487
Other comprehensive income (loss) for the year	**(2,603,166)**	(2,244,350)	7,326,098
Total comprehensive income for the year	**54,564,981**	78,086,006	51,508,585
Net cash from operating activities	**82,647,408**	74,880,863	77,583,687
Net cash used in investing activities	**(43,893,097)**	(42,694,870)	(79,202,878)
Net cash used in financing activities	**(19,421,033)**	(1,527,813)	(274,729)
Net increase (decrease) in cash and cash equivalents	**P 19,333,278**	P 30,658,180	(P 1,893,920)

(b) EACCI and FEUAI

Prior to 2017, EACCI issued its newly authorized preferred shares to EAEF, a related party under common management. In 2020 and 2019, EACCI also issued additional authorized preferred shares to NREFI, a related party under common management. Total cost of preferred shares issued and outstanding amounts to P1.2 billion as of May 31, 2023, 2022 and 2021.

In 2021, 2020 and 2019, FEUAI issued its newly authorized preferred shares to EAEF (see Note 20.1). Total cost of preferred shares issued and outstanding amounts to P750.0 million as of May 31, 2023, 2022 and 2021.

Both non-controlling interests in EACCI and FEUAI relate to non-voting shares.

EACCI and FEUAI's preferred shares have the following features:

(a) Holders of the preferred stock have no pre-emptive right to subscribe to any or all issues or other disposition of shares of common stock or preferred stock of EACCI or FEUAI, including treasury stock, if any;

(b) Subject to availability of retained earnings and sufficient cash as may be determined by EACCI's BOT or FEUAI's BOD, holders of the preferred stock are entitled to receive, out of unrestricted retained earnings of the EACCI or FEUAI, non-cumulative dividends at the rate of 3% per annum based on the issue value of each share, payable annually on such date as may be determined by the EACCI's BOT or FEUAI's BOD from time to time;

(c) Preferred stock shall be non-voting (except in instances specifically provided by law) and non-participating as to the payment of dividends;

(d) Preferred stock may be redeemed at the option of the issuer regardless of existence of unrestricted retained earnings at an issue price equal to the issue value and under terms and conditions as determined by the EACCI's BOT or FEUAI's BOD; and,

(e) In the event of any voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of EACCI or FEUAI's operations, the holders of preferred stock shall have preference and priority as to the net assets of EACCI or FEUAI or proceeds thereof over the holders of common stock.

During the years ended May 31, 2023, 2022 and 2021, the BOT of EACCI declared cash dividend to all of their stockholders. Accordingly, the holders of its preferred stocks received P30.0 million from each of the said declarations in 2023, 2022 and 2021.

A summary of financial information of FEUAI and EACCI as of and for the years ended May 31, 2023, 2022 and 2021, before intragroup eliminations are shown below and in the succeeding page (in thousands).

	EACCI	FEUAI
May 31, 2023		
Current assets	**P 1,579,166**	**P 155,078**
Non-current assets	**2,668,331**	**1,608,649**
Current liabilities	**252,371**	**111,431**
Non-current liabilities	**264,834**	**331**
Total equity	**3,730,292**	**1,651,965**
Total revenue	**1,041,998**	**337,890**
Net income for the year	**616,109**	**61,445**
Other comprehensive loss for the year	**(489)**	**-**
Total comprehensive income for the year	**615,620**	**61,445**
Net cash from operating activities	**P 705,167**	**P 225,497**
Net cash used in investing activities	**(94,162)**	**(12,721)**
Net cash used in financing activities	**(264,151)**	**(147,928)**
Net increase in cash and cash equivalents	**P 346,854**	**P 64,848**

	EACCI	FEUAI
May 31, 2022		
Current assets	P 1,330,875	P 96,048
Non-current assets	2,389,600	1,707,836
Current liabilities	217,772	69,033
Non-current liabilities	176,735	144,331
Total equity	3,325,968	1,590,520
Total revenue	920,057	264,687
Net income for the year	513,841	26,041
Other comprehensive loss for the year	(27,218)	-
Total comprehensive income for the year	486,623	26,041
Net cash from operating activities	P 743,706	P 77,804
Net cash used in investing activities	(486,028)	(8,531)
Net cash used in financing activities	(258,163)	(68,741)
Net increase (decrease) in cash and cash equivalents	(P 485)	P 532
May 31, 2021		
Current assets	P 1,312,347	P 87,042
Non-current assets	2,217,893	1,832,570
Current liabilities	270,402	193,466
Non-current liabilities	212,284	162,000
Total equity	3,047,553	1,564,146
Total revenue	898,858	247,978
Net income for the year	443,335	24,730
Other comprehensive income for the year	23,716	-
Total comprehensive income for the year	467,051	24,730
Net cash from operating activities	P 523,641	P 93,395
Net cash used in investing activities	(1,203,919)	(13,591)
Net cash used in financing activities	(162,689)	(87,691)
Net decrease in cash and cash equivalents	(P 842,967)	(P 7,887)

(c) Edustria

Upon incorporation of Edustria, the Parent Company subscribed to 255.0 million shares at P1.0 par value, representing 51% of the 500.0 million total issued and outstanding shares of Edustria, of which 70% was settled. In 2023, the remaining 30% of the total subscribed shares of Edustria, amounting to P150.0 million, was paid by the Parent Company and NCI, according to their respective percentage shares.

The NCI of Edustria, amounting to P167.5 million as of May 31, 2023 and P127.5 million as of May 31, 2022, and P157.6 million as of 2021, is presented as part of Non-controlling Interest in the consolidated statements of financial position.

A summary of financial information of Edustria as of and for the years ended May 31, 2023, 2022 and 2021, before intragroup eliminations are shown below.

	2023	2022	2021
Current assets	**P 60,482,005**	P 231,892,902	P 239,091,800
Non-current assets	**336,497,421**	58,645,971	80,842,303
Current liabilities	**12,081,846**	10,480,165	9,487,814
Non-current liabilities	**846,769**	10,529,404	19,025,860
Total equity	**384,050,811**	269,529,304	291,420,429
Total revenue	**3,284,037**	3,237,220	5,334,581
Net loss and total comprehensive loss for the year	**(35,478,493)**	(32,912,465)	(25,652,347)
Net cash used in operating activities	**(12,914,412)**	(12,556,972)	(10,376,559)
Net cash used in investing activities	**(298,263,882)**	(2,365,125)	(10,296,251)
Net cash from (used in) financing activities	**139,854,183**	(8,762,607)	(6,778,913)
Net decrease in cash and cash equivalents	**(P 171,594,111)**	(P 23,684,704)	(P 27,451,723)

24. EARNINGS PER SHARE

Earnings per share (EPS) amounts were computed as follows:

	2023	2022	2021
Net profit attributable to owners of the parent company	**P 1,866,741,062**	P 1,503,734,824	P 965,682,303
Divided by weighted average number of shares outstanding, net of treasury stock of 136,730 as of May 31, 2023, 135,446 as of May 31, 2022, and 117,146 as of May 31, 20221	**23,956,863**	23,965,898	23,975,948
Basic and diluted EPS	**P 77.92**	P 62.74	P 40.28

The weighted average number of shares outstanding as of May 31, 2023 and 2022 is computed below.

	Number of Shares	Months Outstanding	Weighted Number of Shares
Balance at June 1, 2022	25,957,648	12	287,491,776
Purchase of treasury stock during the period –			
October 2022	(1,000)	8	(8,000)
January 2023	(284)	5	(1,420)
Balance at May 31, 2023	23,956,364		287,482,356
Divided by total months during the year			12
Weighted average number of shares outstanding as of May 31, 2023			**23,956,863**
Balance at June 1, 2021	23,975,948	12	287,711,376
Adjustment	(7,300)	12	(87,600)
Purchase of treasury stock during the period –			
March 2022	(11,000)	3	(33,000)
Balance at May 31, 2022	23,957,648		287,590,776
Divided by total months during the year			12
Weighted average number of shares outstanding as of May 31, 2022			23,965,898

As of May 31, 2021, the weighted average and actual number of outstanding shares is the same.

The University has no potential dilutive common shares as of May 31, 2023, 2022 and 2021; accordingly, the diluted EPS is the same as the basic EPS in all the years presented.

25. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group aims to provide returns on equity to shareholders while managing operational and strategic objectives. The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or obtain debt financing.

The Group defines capital as paid-in capital stock and retained earnings, both appropriated and unappropriated. Other components of equity such as treasury stock and revaluation reserves are excluded from capital for purposes of capital management. The BOT has overall responsibility for monitoring of capital in proportion to risks.

Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business, operation and industry.

The University monitors capital on the basis of debt-to-equity ratio, which is calculated as total liabilities excluding deferred revenues divided by total adjusted equity (comprised of capital stock, stock dividends distributable and retained earnings) attributable to owners of the parent company. Capital for the reporting periods under review is summarized below.

	2023	2022	2021
Total adjusted liabilities	**P 3,667,767,018**	P 3,917,552,954	P 4,122,563,634
Total adjusted equity attributable to owners of the parent company	**10,704,939,122**	9,508,994,228	8,437,566,218
Debt-to-equity ratio	**0.34 : 1.00**	0.41 : 1.00	0.49 : 1.00

The Group's goal in capital management is to maintain a lower liability compared with its adjusted equity or debt-to-equity structure ratio of not more than 1.00 : 1.00. This is in line with the Group's bank covenants related to its borrowings, which requires the Group to maintain debt-to-equity ratio of not more than 2.00 : 1.00 and debt service coverage ratio of at least 1.2x (see Note 14).

The Group has complied with its covenant obligations, including maintaining the required debt-to-equity ratio and debt service coverage ratio for all the years presented.

There was no significant change in the Group's approach to capital management during the year.

26. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

26.1 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the University and its subsidiaries as enumerated in Note 1.1, after the elimination of intercompany transactions. All intercompany balances and transactions with subsidiaries, including income, expenses and dividends, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. In addition, shares of stock of the parent company held by the subsidiaries are recognized as treasury stocks and are presented as deduction in the consolidated statement of changes in equity (see Note 26.18). Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The following subsidiaries prepare their financial statements for their respective reporting periods using consistent accounting principles as that of the University:

Subsidiaries:	Reporting Period*
FRC	March 31, 2023
RCEE	March 31, 2023
FECSI	May 31, 2023
FEU High	May 31, 2023
RCI	May 31, 2023
Edustria	May 31, 2023
EACCI	June 30, 2023*
FEUAI	June 30, 2023*

**included in the Group's May 31, 2023 consolidated balances*

These subsidiaries follow their respective school years (i.e., trimestral and semestral), hence, the use of different reporting dates (non-coterminous year-ends) as compared with that of the University.

The University accounts for its investments in subsidiaries and NCIs as follows:

(a) Investments in Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Group obtains control. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries (see Note 26.2).

(b) Investment in Associates

Associates are those entities over which the Group is able to exert significant influence but not control and which are neither subsidiaries nor interests in a joint arrangement. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method from the date on which the entity becomes an associate.

Goodwill, which is the excess of the acquisition cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities, is included in the carrying amount of the investment. When the Group's share in the fair value of identifiable assets and liabilities is higher than the acquisition cost, the excess is included as income in the determination of the Group's share in net income of the associate in the period of acquisition.

All subsequent changes to the ownership interest in the equity of the associates are recognized in the Group's carrying amount of the investments. Changes resulting in the profit or loss generated by the associates are credited or charged against the Share in Net Income (Losses) of Associates account in the consolidated statement of profit or loss. These changes include subsequent depreciation, amortization and impairment of the fair value adjustments of the associates' assets and liabilities.

Impairment loss is provided when there is objective evidence that the investments in associates will not be recovered (see Note 26.13).

Changes resulting from other comprehensive income of the associates or items recognized directly in the associates' equity, for example, resulting from the associates' accounting for financial assets at FVOCI, are recognized in other comprehensive income of the Group, as applicable.

Any non-income related equity movements of the associates that arise, for example, from the distribution of dividends or other transactions with the associates' shareholders, are charged against the proceeds received or granted. No effect on the Group's net result or equity is recognized in the course of these transactions. However, when the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits exceeded the accumulated share of losses that has previously not been recognized. Distributions received from the associates are accounted for as a reduction of the carrying value of the investment.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(c) Transactions with NCIs

The Group's transactions with NCIs that do not result in loss of control are accounted for as equity transactions – that is, as transaction with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments in NCIs result in gains and losses which the Group also recognizes in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in consolidated profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in consolidated comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in consolidated statement of other comprehensive income are reclassified to consolidated profit or loss.

26.2 Business Combinations

Business acquisitions are accounted for using the acquisition method of accounting. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any NCI in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the University, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in consolidated profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the University recognizes any NCI in the acquiree, either at fair value or at the NCI's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Gain on bargain purchase, which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost, is charged directly to income.

Gains and losses on disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the consolidated profit or loss or consolidated other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, either in consolidated profit or loss or as a charge to consolidated other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

26.3 Current versus Non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months after the reporting period; or,
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or,
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

26.4 Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

(a) Financial Assets

For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria under PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Group commits to purchase or sell the asset). Deposits, amounts due to banks and customers, and loans are recognized when cash is received by the Group or advanced to the borrowers.

(i) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets is driven by the Group's business models for managing the financial assets and the contractual cash flow characteristics of the financial assets. The Group's classification and measurement of financial assets are described below.

Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("held-to-collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Except for receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for ECL.

Where the business model is to hold assets to collect contractual cash flows, the Group assesses whether the financial instruments' cash flows represent SPPI. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement [see Note 27.1(e)]. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables, Short-term investments presented under Other Current Assets, Long-term investments and Refundable deposits presented under Other Non-current Assets and Investment Securities at Amortized Cost.

In the presentation of cash flows, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, cash in bank, and short-term deposits.

Financial Assets at FVOCI

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell; and,

- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as FVTPL. The Group has designated certain equity instruments as at FVOCI on initial recognition.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in OCI, net of any effects arising from income taxes, and are reported as part of Revaluation Reserves account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss but is reclassified directly to Retained Earnings, except for those debt securities classified as FVOCI wherein fair value changes are recycled to profit or loss.

Any dividends earned on holding these equity instruments are recognized in profit or loss as part of Other investment income under Finance Income account in the consolidated statement of profit or loss, when the Group's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

Financial Assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments and principal interest (SPPI) are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the Group designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Group's financial assets at FVTPL include equity securities and investments in UITF which are held for trading purposes or designated as at FVTPL.

Financial assets at FVTPL are measured at fair value with gains or losses recognized in profit or loss as part of Other investment income under Finance Income account in the consolidated statement of profit or loss. Related transaction costs are recognized directly as expense in profit or loss. The fair values of these financial assets are determined by reference to active market transactions or using valuation technique when no active market exists.

Dividend income earned on these investments is reported as part of Other investment income under Finance Income account in the consolidated statement of profit or loss.

Interest income on debt financial assets measured at amortized cost and FVOCI is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The Group calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets, except for those that are subsequently identified as credit-impaired and or are purchased or originated credit-impaired assets (POCI assets).

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, the calculation of interest income reverts to gross basis. For POCI assets, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the POCI asset subsequently improves.

Interest income earned is recognized in the statement of profit or loss as part of Finance Income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(ii) Impairment of Financial Assets

The Group assesses its ECL on a forward-looking basis associated with its investment securities carried at amortized cost and debt instruments at FVOCI. No impairment loss is recognized on equity investments. Recognition of credit losses or impairment is no longer dependent on the Group's identification of a credit loss event. Instead, the Group considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all tuition and other school fee receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets.

To calculate the ECL, the Group uses its historical experience, external indicators and FLI to calculate the ECL using a provision matrix. The Group also assesses impairment of tuition and other school fee receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the number of semesters past due [see Note 15.2(b)].

For debt instruments measured at FVOCI and at amortized cost, the allowance for credit losses is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since the origination of the financial asset, in such case, a lifetime ECL for a POCI asset, the allowance for credit losses is based on the change in the ECL over the life of the asset. The Group recognized a loss allowance for such losses at each reporting date.

The Group's definition of credit risk and information on how credit risk is mitigated by the Group are disclosed in Note 15.2.

The key elements used in the calculation of ECL are as follows:

- *Probability of Default (PD)* – it is an estimate of likelihood of a borrower defaulting on its financial obligation over a given time horizon, either over the next 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.

- *Loss Given Default (LGD)* – it is an estimate of loss arising in case where a default occurs at a given time (either over the next 12 months or 12-month LGD), or over the remaining lifetime (lifetime LGD). It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Group would expect to receive, including the realization of any collateral. It is presented as a percentage loss per unit of exposure at the time of default.
- *Exposure at Default (EAD)* – it represents the gross carrying amount of the financial instruments subject to impairment calculation; hence, this is the amount that the Group expects to be owed at the time of default over the next 12 months (12-month EAD) or over the remaining lifetime (lifetime EAD). In case of a loan commitment, the Group shall include the undrawn balance (up to the current contractual limit) at the time of default should it occur.

The measurement of the ECL reflects: (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (ii) the time value of money; and, (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(iii) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(b) Financial Liabilities

Financial liabilities, which includes interest-bearing loans, trade and other payables (except tax-related liabilities, Deposits payable and NSTP trust fund), and Refundable deposits (presented under Other Non-current Liabilities) are recognized when the Group becomes a party to the contractual terms of the instrument.

Interest-bearing loans are availed for capital expenditures and to provide general corporate funding requirements. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and other payables account includes deposits payable which represents funds collected from students or entities and are held by the Group. The Group has no control over its use and disburses the funds only upon instruction of the student or entity that made the deposit [see Note 26.10(a)].

Financial liabilities are recognized initially at their fair values and subsequently measured at amortized cost, except derivative liability which is consistently measured at fair value, using the effective interest method for maturities beyond one year, less settlement payments. Currently, the Group is not a party to foreign cross-currency swaps.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the respective entities' BOD or BOT.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

(c) Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy is shown below.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurable date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

Furthermore, presented in the succeeding pages are how the fair values of the Group's classes of financial assets and financial liabilities are determined.

b) Equity Securities

As of May 31, 2023, 2022 and 2021, instruments included in Level 1 comprise of listed common and preferred shares which are classified as and designated at financial assets at FVTPL and FVOCI, respectively. The corporate shares were valued based on their market prices quoted in the PSE at the end of each reporting period. On the other hand, the fair value of investments in UITF are classified as Level 2, since fair values are generally measured based on the net asset value of the Group's investment, computed and determined at the end of each reporting period based on the closing market and trade prices of the securities comprising the fund's portfolio. This valuation approach takes into the account the period end performance of the funds including all trades made within the funds and the related income and expenses arising therefrom.

c) Golf Club Shares

The Group's golf club shares are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

d) Debt Securities

The fair value of the Group's debt securities which consist of government and corporate bonds is estimated by reference to quoted bid price in active market at the end of the reporting period and is categorized within Level 1.

(i) Fair values of government securities issued by the Philippine government, are determined based on the reference price per Bloomberg which used Bloomberg Valuation (BVAL). These BVAL reference rates are computed based on the weighted price derived using an approach based on a combined sequence of proprietary BVAL algorithms of direct observations or observed comparable.

(ii) For corporate and other quoted debt securities, fair value is determined to be the current mid-price, which is computed as the average of as and bid prices as appearing on the Corporate Securities Board Summary.

e) Derivatives

Derivatives classified as financial liability at FVTPL are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period. The fair value of derivative financial instruments that are not quoted in an active market is determined through valuation techniques normally using the discounted cash flow.

Valuation techniques are used to determine fair values, which are validated and periodically reviewed. To the extent practicable, models use observable data, however, areas such as credit risk (both own and counterparty), volatilities require management to make estimates. Changes in assumptions and correlations affect reported fair value of financial instruments.

(d) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

26.5 Real Estate Held-for-Sale

Acquisition costs of raw land intended for sale, including other costs and expenses incurred to effect the transfer of title of the property as well as related property development costs, are accumulated in this account.

Real estate held-for-sale is carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and the estimated costs necessary to make the sale.

Real estate held-for-sale is expected to be sold within the normal operating cycle of FRC.

26.6 Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

Prepayment and other current assets of the Group include inventoriable items such as books and merchandise. These are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The cost of these saleable inventories includes all costs directly attributable to acquisition, such as the purchase price, import duties, if any, and other taxes that are not subsequently recoverable from taxing authorities.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 26.13).

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

26.7 Property and Equipment

Except for land, which is stated at cost less any impairment in value, property and equipment are stated at cost less accumulated depreciation, amortization and impairment in value, if any.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	20 years
Furniture and equipment	3 to 6 years
Miscellaneous equipment	5 years

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, borrowing costs and other direct costs (see Note 26.15). The account is not depreciated until such time that the assets are completed and available for use.

Leasehold improvements are amortized over the estimated useful lives of 20 years or the remaining term of the lease, whichever is shorter.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 26.13). The residual values, estimated useful lives and method of depreciation and amortization of property and equipment are reviewed and adjusted, if appropriate, at the end of each reporting period.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

An item of property and equipment, including the related accumulated depreciation, amortization and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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 item) is included in consolidated profit or loss in the period the item is derecognized.

26.8 Investment Properties

Investment properties are measured initially at acquisition cost. Subsequently, investment properties, except land, are carried at cost less accumulated depreciation and impairment in value, if any. Depreciation and amortization of investment properties, which consist of buildings and improvements and land improvements, are computed using the straight-line method over its estimated useful life of 20 years and 5 years, respectively. Land is carried at cost less impairment in value, if any.

Investment properties include construction in progress which represents condominium units of FRC that are still under construction and are stated at cost. This includes cost of construction, applicable borrowing costs (see Note 26.15) and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

Transfers are made to and from investment property when, and only when, there is a change in use, evidenced by the end or commencement of owner-managed, commencement of an operating lease to another party, by the end of construction or development, or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent accounting is its carrying value at the date of change in use. If an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under Property and Equipment up to the date of change in use (see Note 26.7).

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in consolidated profit or loss in the year of retirement or disposal.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 26.13).

26.9 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they 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.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. 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 a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the 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 consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

26.10 Revenue and Expense Recognition

Revenue arises mainly from: (i) educational and related activities such as tuition and other school fees, income from sale of books and other merchandise, rental income from real estate and school campus' food concessionaires; and, (ii) investment-related transactions such as, investment income, dividend income from Financial Assets at FVTPL and at FVOCI, interest income and others.

The management determined that the revenues arising from educational and related activities are within the scope of PFRS 15, while rental income is covered by PFRS 16 (see Note 26.11). Investment-related revenues are subject to the provisions of PFRS 9 (see Note 26.4).

To determine whether to recognize revenue, the Group follows a five-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligation;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and,
5. Recognizing revenue when/as performance obligations are satisfied.

The Group determines whether a contract with customer exists by evaluating whether the following gating criteria are present:

(a) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(b) each party's rights regarding the goods to be transferred or performed can be identified;
(c) the payment terms for the goods to be transferred or performed can be identified;
(d) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(e) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the criteria presented below and in the succeeding page, in which case it is satisfied over time:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(c) the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The Group enters into transactions involving the tuition fees and other school fees and other school-related activities such as sale of school merchandise and books, and sale of real estate. There are no significant judgments used in determining the transaction price and the amount allocated to the performance obligations. Developing the knowledge and enhancing the abilities of the students represent promises to transfer a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer; therefore, the services rendered represent one performance obligation that is satisfied over time. The transaction price of the single performance obligation is recognized as revenue as the performance obligation is satisfied, which is usually throughout the school year or the semestral/ trimestral period, whichever is applicable. With respect to the sale of school merchandise and books, the obligation is satisfied when the goods, particularly the merchandise and books are delivered to the customers. Hence, revenue is recognized at a point in time. As for real estate sales, the obligation is satisfied at the point the control over the properties is transferred by the FRC to the buyers.

In addition, the following specific recognition criteria must also be met before revenue is recognized [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 27.1(b)]:

(a) *Educational revenues* – Revenue is recognized in profit or loss over the corresponding school term. Tuition fee received in advance and applicable to a school term after the reporting period is not recognized in profit or loss until the next reporting period and is presented as part of Deferred Revenues account in the consolidated statement of financial position. Payment for tuition fees is due upon enrollment, which is before the school year starts, and can be made either in full payment or installment.

Revenues from NSTP trust fund are recognized upon fulfillment of conditions attached to the fund and/or extent that the related expenses have been incurred. Restricted funds for which restrictions and conditions have not yet been met are classified as NSTP trust funds (liability) recorded as part of the Trade and Other Payables account in the consolidated statement of financial position.

(b) *Sale of books and other educational-related merchandise* – Revenue is recognized at a point in time when the control of the goods have been passed to the buyer. This is generally when the customer has acknowledged delivery of goods. The sale of this merchandise is made for the Group's students. Payment for the transaction price is due immediately at the point of purchases and recorded as part of Other income – net presented in the consolidated statements of profit or loss.

(c) *Other fees* – This pertains to but not limited to transcripts, certification and graduation fees and fees for diplomas and identification cards. Revenue is recognized at the point in time when the related academic document is made available to requestors. Official receipts for the services are issued once request from students have been fulfilled.

(d) *Real estate sales* – This pertains to sale of lots and completed townhouses of FRC. Revenue is recognized at the point the control to the property is passed to the customer, that is, when the property is transferred to the buyer as part of Other operating income presented in the consolidated statements of profit or loss.

In obtaining customer contracts, the Group incurs incremental costs. As the expected amortization period of these costs, if capitalized, would be less than one year, the Group uses the practical expedient in PFRS 15 and expenses such costs as incurred. The Group also incurs costs in fulfilling contracts with customers. However, as those costs are within the scope of other financial reporting standards, the Group accounts for those costs in accordance with accounting.

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date such cost and expenses are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 26.15).

26.11 Leases

The Group accounts for its leases as follows:

(a) *Group as Lessee*

The Group considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognizes a right-of-use asset (ROUA) and a lease liability. The ROUA is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Group depreciates the ROUA on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROUA or the end of the lease term. The Group also assesses the ROUA for impairment when such indicators exist (see Note 26.13).

On the other hand, the Group measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. After initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the ROUA, or profit and loss if the ROUA is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a ROUA and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

In the consolidated statement of financial position, ROUA and current portion of lease liabilities have been presented as part of Property and Equipment and Trade and Other Payables, respectively. Non-current portion of lease liabilities, on the other hand, has been presented separately in the consolidated statement of financial position.

(b) Group as Lessor

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term and is presented as Rental in the consolidated statement of profit or loss.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes 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.

26.12 Foreign Currency Transactions and Translation

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of profit or loss.

Changes in the fair value of monetary financial assets denominated in foreign currency classified as financial assets at FVOCI and at FVTPL are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in consolidated profit or loss, and other changes in the carrying amount are recognized in consolidated other comprehensive income.

26.13 Impairment of Non-financial Assets

The Group's property and equipment, investment properties, and certain other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested for impairment annually.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows [cash-generating units (CGU)]. As a result, some assets are tested individually for impairment and some are tested at CGU level. An impairment loss is recognized in the consolidated profit or loss for the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal evaluation of discounted cash flows. In determining value in use, management estimates the expected future cash flows from each CGU and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements.

Discount factors are determined individually for each CGU and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors. Impairment loss is charged pro-rata to the other assets in the CGU.

All assets, except goodwill for which impairment loss is not reversed (see Note 26.2), are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or CGU's recoverable amount exceeds its carrying amount.

26.14 Employee Benefits

The Group, except RCI, provides post-employment benefits to employees through a defined contribution plan subject to compliance to a minimum guarantee required by R.A. No. 7641, *The Retirement Pay Law*, which is accounted for as a defined benefit plan, and various compensations mandated by law. Such application of the minimum guarantee prescribed by RA No. 7641 is based on the interpretations issued by PIC in its Question and Answer on PAS 19 – *Accounting for Employee Benefits Under a Defined Benefit Contribution Plan Subject to the Requirements of R.A. 7641.*

(a) Post-employment Benefits

The Group maintains defined contribution and defined benefit plans. Under the defined contribution plan, the Group (except RCI) pays fixed contributions based on the employees' monthly salaries.

RCI, which does not have a formal post-employment benefit plan, bases its determination of post-employment benefit obligation on RA No. 7641, which is considered a defined benefit plan. R.A. No. 7641 provides for a qualified employee a defined benefit minimum guarantee. The defined benefit minimum guarantee is equivalent to 75% of the last monthly salary of an employee at normal retirement age with the required credited years of service based on the provisions of R.A. No. 7641. The legal obligation for any benefits from this kind of post-employment plan remains with the entity even if plan assets, if any, for funding the defined benefit plan have been acquired.

Accordingly, the Group, (except RCI), recognizes its post-employment benefit obligation based on the higher of the defined benefit obligation relating to the minimum guarantee required by R.A. No. 7641 and the obligation arising from the defined contribution plan. On the other hand, RCI accrues its post-employment benefit obligation solely based on minimum guarantee requirement of R.A. No. 7641.

For defined benefit minimum guarantee plan, the liability is determined based on the present value of the excess of the projected defined benefit obligation over the projected defined contribution obligation at the end of the reporting period. The defined benefit obligation is calculated annually by a qualified independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bonds (using the reference rates published by Bloomberg using its valuation technology, BVAL, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources. The Group determines the net interest expense (income) on the defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

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

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

(b) Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or, (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(c) Bonuses

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(d) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. These are included in the Trade and Other Payables account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

26.15 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income, if any, earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

26.16 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in the consolidated profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in the consolidated other comprehensive income or directly in equity are recognized in the consolidated other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset only if the Group or any of its subsidiaries has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

26.17 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) certain funded retirement plans administered by an organization, through its Retirement Board.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form. The Group established policies and procedures on related party transactions in accordance with the regulations of the SEC. All material related party transactions, which exceed the established materiality thresholds, must undergo prior internal review from Audit Committee before endorsing for approval of the BOT. Further, the Chief Executive Officer, President, or any member of the Audit Committee may request that a related party transaction, regardless of amount, be reviewed by the Audit Committee if such related party transaction meet any of the qualitative factors affecting materiality threshold.

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the BOT, with at least a majority of the independent trustees voting to approve such transactions. In case that a majority of the independent trustees' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two thirds (2/3) of the outstanding capital stock. For aggregate related party transactions within a twelve (12) month period that breaches the materiality threshold, the same board approval would be required for the transaction that meets and exceeds the materiality threshold covering the same related party.

26.18 Equity

Capital stock represents the nominal value of shares that have been issued.

Stock dividends distributable account is a stockholders' equity (paid-in capital) account credited for the par or stated value of the shares distributable when recording the declaration of a stock dividend until the stock is issued to shareholders.

Treasury stock are stated at the cost of reacquiring such shares and are deducted from equity attributable to the University's equity holders until the shares are cancelled, reissued, retired, or disposed of. This also includes shares of the parent company held by a certain subsidiary (see Note 26.1).

Revaluation reserves comprise accumulated gains or losses arising from the revaluation of financial assets at FVOCI and remeasurements of post-employment defined benefit plan.

Other reserves refer to the amount attributable to the parent company arising from the changes in the ownership of the NCI in the Group.

Retained earnings, both restricted and available for dividend declaration, represent all current and prior period results of operations as reported in the consolidated statement of profit or loss. The appropriated portion represents the amount which is not available for distribution.

NCI represents the interests not held by the Group in FRC, RCI and. It also includes the preferred shares of stock of EACCI and FEUAI issued to a stockholder outside of the Group but under the Group's common management (see Note 23.5).

26.19 Earnings Per Share

Basic EPS is determined by dividing net profit or loss attributable to equity holders of the University by the weighted average number of shares subscribed and issued during the period after giving retroactive effect to stock dividend declared, stock split and reverse stock split during the current year, if any.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. The Group does not have dilutive potential shares outstanding that would require disclosure of diluted EPS in the consolidated statement of profit or loss.

26.20 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's strategic steering committee, its chief operating decision-maker. The strategic steering committee is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's major geographical areas as disclosed in Note 4, which represent the breadth and reach of the Group's educational services.

Each of these operating segments is managed separately as each of these geographical areas requires different technologies and other resources, as well as marketing approaches. All intersegment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

26.21 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

27. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. 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. Actual results may ultimately differ from these estimates.

27.1 Critical Management Judgements in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation. Presented below and in the succeeding pages are the judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For leases of buildings, the factors that are normally the most relevant are (a) if there are significant penalties should the Group pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Group did not include the renewal period as part of the lease term for leases of university buildings because the terms are renewable upon the mutual agreement of the parties.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(b) Determination of Timing of Satisfaction of Performance Obligations

The management determines that its revenue from tuition fees shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the students. This demonstrates that the customers simultaneously receive and consume the benefits as the Group performs its obligation.

With respect to revenues from sale of merchandise and books, and various other school-related fees, the management deems that revenues shall be recognized at a point in time as control over the goods, particularly the merchandise, books and requested documents is transferred to the customers upon delivery.

With respect to sale of lots and completed townhouses, the Group satisfies the performance obligation at the point in time when the property is transferred to the customer (i.e., upon acknowledgment of the customer).

(c) Determination of ECL on Tuition and Other Fee Receivables

The Group uses a provision matrix to calculate ECL for tuition and other fee receivables. The loss rates are based on actual credit-impaired student accounts or those which are outstanding for two semesters and have not enrolled for the succeeding term [see Note 15.2(b)].

The Group's management intends to calibrate on an annual basis the matrix to consider the historical credit loss experience with forward-looking information. Details about the ECL on the Group's tuition fees and other receivables are disclosed in Notes 15.2(b) and 6.

(d) Application of ECL to Investment Securities at Amortized Cost and Financial Assets at FVOCI

The Group uses a general approach to calculate ECL for all debt instruments at FVOCI and amortized cost. The allowance for credit loss is based on the ECLs associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since origination of the financial instrument, in such case, a lifetime ECL for the instrument is recognized.

The Group has established a policy to perform an assessment, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

(e) Evaluation of Business Model Applied in Managing Financial Instruments

The Group manages its financial assets based on business models that maintain adequate level of financial assets to match its expected cash outflows.

In determining the classification of a financial instrument under PFRS 9, the Group developed business models which reflect how it manages its portfolio of financial instruments. The Group's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Group as those relate to the Group's investment, trading strategies.

(f) Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model

In determining the classification of financial assets under PFRS 9, the Group assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria.

In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Group assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Group considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

(g) Determination of Control of Entities in which the University Holds Less than 50%

Management considers that the University has de facto control of FRC even though it holds less than 50% of the ordinary shares and voting rights in the latter. Although the University holds less than 50% of the voting shares of stock of FRC, it has control over FRC because it is exposed or has right to variable returns from its involvement with FRC and it has the ability to affect those returns through its power over FRC. It is able to do this primarily because the University has the power to cast the majority of votes at meetings of the BOD and elect officers of FRC. Accordingly, FRC is recognized as a subsidiary of the University (see Note 1.1).

(h) Distinction between Investment Properties and Owner-managed Properties

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity.

Owner-managed properties generate cash flows that are attributable not only to the property but also to other assets used in the process of providing educational services. Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the supply of services or for administrative purposes. If a portion can be sold separately (or leased out separately under finance lease), the Group accounts for such portion separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

(i) Distinction between Real Estate Held for Sale and Investment Properties

Real estate held for sale comprise of lots that are held for sale in the ordinary course of business (see Note 10). Meanwhile, investment properties (see Note 9) comprise of land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Group considers management's intention over these assets in making its judgement.

(j) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition and disclosure of provisions and contingencies are discussed in Note 26.9 and relevant disclosures are presented in Note 28.

27.2 Key Sources of Estimation Uncertainty

The key assumptions, presented below and in the succeeding pages, concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Estimation of Allowance for Impairment of Financial Instruments

The measurement of the allowance for ECL on financial assets at FVOCI and at investment securities at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses).

Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 15.2.

The Group uses a provision matrix to calculate ECL for its trade receivables which are based on the Group's historical observed default rates. The Group's management intends to calibrate on an annual basis the matrix to consider the historical credit loss experience with forward-looking information.

(c) Determination of Fair Value Measurement for Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Group's Financial Assets at FVTPL and at FVOCI and the amounts of fair value changes recognized during the years on those assets are disclosed in Note 7.

(d) Estimation of Useful Lives of Investment Properties and Property and Equipment

The Group estimates the useful lives of investment properties and property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment, and investment properties are presented in Notes 9 and 11, respectively. Based on management's assessment as at May 31, 2023, 2022 and 2021, there is no change in the estimated useful lives of the assets during those years. Actual results, however, may vary due to changes in factors mentioned above.

(e) Determination of Fair Value of Investment Properties

Investment properties are measured using the cost model. The fair value disclosed in Note 9 is determined by the Group based on the appraisal report prepared by independent appraisers using the relevant valuation methodology as discussed in Note 9.

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

The principal assumptions underlying management's estimation of fair value are those related to the receipt of contractual rentals, expected future market rentals, and appropriate discount rates. These valuations are regularly compared to actual to market yield data, and actual transactions by the Group and those reported by the market.

A significant change in these elements may affect the prices and the value of the assets. As of May 31, 2023, 2022 and 2021, the Group determined that there were no significant circumstances that may affect the fair value determination of investment properties.

(f) Estimation of Impairment of Non-financial Assets

The Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 26.13. Though management believes that the assumptions used in the estimation of recoverable amounts are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Based on management's assessment, no impairment loss is required to be recognized on the Group's investment properties, property and equipment, goodwill and certain other non-financial assets as for the years ended May 31, 2023, 2022 and 2021.

As at the acquisition date of RCI on May 12, 2017, the fair value of the University's share in RCI's net identifiable assets amounts to P621.8 million resulting in the recognition of goodwill amounting to P186.5 million. The goodwill arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the University and RCI. The goodwill recognized is subject to annual impairment testing (see Notes 26.2 and 26.13).

For purposes of assessing impairment, the Group determined the value in use of the CGU (that is, RCI) to which the carrying value of goodwill is compared. This methodology is in accordance with PAS 36, *Impairment of Assets*. The management considers that the benefits of acquisition accrue to the University as a whole and not to a specific business unit nor department only.

In determining the value in use, discounted cash flows method was used. Some of the key assumptions that have been considered which have significant impact on the results of the determination of the value in use are as follows:

- RCI will continue as a going concern entity and will have sufficient financial resources to finance its working capital requirements to achieve its projected forecast and to support its business needs;
- RCI's performance forecasts for the next five years from the end of each reporting period;
- In estimating the terminal value of the CGU, long-term growth rates at 0.8% (based on forecasted gross domestic product growth rate) as of May 31, 2023, 2.0% as of May 31, 2022, and 1.0% as of May 31, 2021 was used; and,

- In discounting the projected free cash flows, weighted average cost of capital of 7.19%, 6.04% and 4.88% was used in 2023, 2022 and 2021, respectively.

For the years ended May 31, 2023, 2022 and 2021, the Group has assessed that the recoverable amount of the goodwill of P5.2 billion, P3.9 billion and P3.7 billion, respectively, exceeds its carrying amount. Accordingly, no impairment loss is required to be recognized in 2023, 2022 and 2021.

(g) Determination of Recoverability of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Management assessed that the deferred tax assets as at May 31, 2023, 2022 and 2021 are fully recoverable and will be fully utilized within the prescribed periods, except for the related benefits of NOLCO and other temporary differences of certain subsidiaries which are not recognized, because it expects that the Group will generate sufficient taxable profits in the future against which the assets can be applied (see Note 21).

(h) Valuation of Post-employment Defined Benefit Obligation

The determination of the obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, expected rate of return on plan assets, salary rate increase, and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment defined benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 19(b).

28. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

28.1 Capital Commitments

As of May 31, 2023, 2022 and 2021, FRC has commitments of about P36.3 million, P51.6 million and P66.0 million, respectively, for the condominium units acquired at pre-selling stage that are currently under construction.

28.2 Operating Lease Commitments

(a) Group as Lessor

FRC is a lessor under various operating lease agreements with several non-related parties for a period of one to 30 years. FRC also receives customer and security deposits relevant to its leasing activities as a lessor which is recognized under Other Non-current Liabilities in consolidated statements of financial position.

Future minimum rental receivables, excluding contingent rental, under these operating leases are shown below.

	2023	2022	2021
Within one year	**P 6,782,532**	P 11,681,288	P 4,497,842
After one year but not more than five years	**-**	-	8,770,915
More than five years	**-**	-	-
	P 6,782,532	P 11,681,288	P 13,268,757

(b) Group as Lessee

The Group is a lessee under operating lease agreements covering rentals of event venues, transportation vehicles and small items of equipment used for various students' and employees' activities. The terms of the lease vary but does not exceed one year.

28.3 Others

As of May 31, 2023, the Group has no record of any litigation not being contested or any that the Group has accepted any liability in relation to labor cases and other civil cases.

There are other contingencies that arise in the normal course of business that are not recognized in the Group's consolidated financial statements. Management believes that losses, if any, arising from these commitments and contingencies will not materially affect its financial statements, however, the University opted to appropriate portion of its retained earnings to cover for such contingencies [see Note 23.4(a)].

The Group has entered into transactions which resulted to obligations that will probably result to an outflow of economic resources. Accordingly, the management has recognized the probable losses as Provisions in its consolidated statements of financial position. However, as allowed by relevant accounting standards, the Group did not disclose the nature and details of its provisions because it may prejudice the interest and position currently being taken by the Group.

29. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Group as of and for the year ended May 31, 2023 (including the comparative consolidated financial statements as of and for the years ended May 31, 2022 and 2021) were authorized for issue by the University's BOT on August 15, 2023.

P&A Grant Thornton

35 YEARS
Shaping a Vibrant Tomorrow
#BoldPerspectives #DivergentThinking #ForgingPaths

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Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

The Board of Trustees and the Stockholders
Far Eastern University, Incorporated and Subsidiaries
Nicanor Reyes Street
Sampaloc, Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Far Eastern University, Incorporated and subsidiaries (the Group) for the year ended May 31, 2023, on which we have rendered our report dated August 15, 2023. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68, and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO



By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 9566627, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 90230-SEC (until financial period 2025)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-20-2020 (until Dec. 21, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

August 15, 2023

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
INDEX TO SUPPLEMENTAL SCHEDULES
MAY 31, 2023

Statement of Management's Responsibility for the Consolidated Financial Statements

Independent Auditor's Report on the SEC Supplementary Schedules Filed Separately from the Basic Financial Statements

Supplementary Schedules to Consolidated Financial Statements (Form 17-A, Item 7)

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FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities
May 31, 2023

Name of Issuing Entity and Association of Each Issue	*Number of Shares or Principal Amount of Bonds and Notes*	*Amounts Shown on the Statements of Financial Position*	*Income Received and Accrued*
Bank of the Philippine Islands (BPI) Trust Account:			
Government Securities			
FXT1069	P 33,000,000	P 34,881,000	
FXT2025	22,000,000	26,965,815	
FXT2023	20,900,000	22,417,339	
FXT2014	20,000,000	21,731,115	
FXT25-8	19,900,000	23,343,677	
FXT1068	18,400,000	19,864,462	
FXT7-67	12,000,000	12,306,761	
FXT5-77	10,000,000	9,489,677	
FXT7-65	10,000,000	9,253,430	
RTB5-16	10,000,000	10,006,753	
FXT25-6	8,700,000	10,774,129	
FXT1067	6,590,000	6,246,590	
RTB5-15	6,000,000	5,847,609	
RTB5-14	5,000,000	4,839,960	
FXT2511MR	3,438,971	3,019,402	
FXT7-62	2,000,000	2,022,017	
FXT1060MR	1,544,188	1,485,459	
FXT1064	1,000,000	1,044,568	
FXT25-5	1,000,000	1,160,747	
FXT25-7	350,000	407,036	
US-TBILL	$ 100,000	5,608,110	
US-TNOTEB	100,000	5,540,072	
Corporate Bonds			
ALI BOND	P 6,000,000	P 5,865,887	
SMPH-BOND	6,000,000	5,984,455	
AP-BOND	5,000,000	4,882,822	
AC BOND	4,900,000	4,856,732	
CNVRG-BOND	3,800,000	3,756,781	
APC-BONDM	2,000,000	1,940,449	
RLC-BOND	1,300,000	1,282,707	
SMIC-BOND	1,300,000	1,264,679	
FLI-BOND	1,000,000	1,001,141	
Equity Securities			
Common Shares			
SM	28,197	P 26,195,013	
SMPH	543,580	17,775,066	
BDO	107,552	14,627,073	
BPI	127,279	12,721,536	
ALI	472,116	12,416,651	
JGS	240,112	11,525,376	
AC	16,995	11,216,700	
ICT	51,210	9,985,950	
GLO	3,503	5,955,100	
AEV	108,410	5,908,345	
MBT	95,002	5,472,115	
TEL	4,500	5,400,000	
URC	30,570	4,298,142	
MER	12,700	4,152,900	
JFC	14,460	3,406,776	
AP	75,300	2,801,160	
GTCAP	5,014	2,587,224	
MPI	181,000	787,350	
ACEN	43,635	255,701	
Preferred Shares			
ACPB1	100,000	P 48,900,000	
APB2R	35,800	17,327,200	
ACPAR	6,000	15,024,000	
Unit Investment Trust Fund (UITF)			
BPI USSTF	1,387	24,881,272	
STF UITF	129,078	P 20,775,104	
GOVT.ETF	14,712	19,111,332	
IGOV.ETF	8,520	18,748,417	
MCHI.ETF	2,990	7,259,498	
Totals for BPI Trust Account (FEU)		**P 598,606,382**	

Forward

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities
May 31, 2023

Name of Issuing Entity and Association of Each Issue	*Number of Shares or Principal Amount of Bonds and Notes*	*Amounts Shown on the Statements of Financial Position*	*Income Received and Accrued*
Bank of the Philippine Islands (BPI) Trust Account:			
Government Securities			
RTB5-16	P 70,000,000	P 69,145,190	
RTB5-13	50,000,000	47,115,192	
FXT25-8	37,900,000	43,135,275	
FXT1068	35,300,000	36,966,154	
RTB5-12	31,030,000	31,020,622	
FXT2025	30,000,000	35,767,439	
FXT1069	28,000,000	28,598,456	
FXT2014	23,800,000	25,562,910	
FXT13-01	20,000,000	20,074,035	
FXT7-67	17,000,000	17,159,616	
ROP	16,758,242	17,097,297	
US-TBILL	15,723,366	14,820,556	
ROP	15,384,615	15,726,636	
ROP	15,384,615	14,615,350	
FXT25-6	13,100,000	15,741,231	
FXT1067	8,180,000	7,546,962	
FXT7-65	5,000,000	4,556,555	
FXT1061	2,500,000	2,399,085	
FXT2017MR	2,300,000	2,515,445	
FXT7-62	2,000,000	1,997,715	
FXT1064	1,850,000	1,899,734	
FXT25-7	350,000	393,477	
US-TNOTEB	$ 150,000	8,170,356	
Corporate Bonds			
ALI BOND 2.69%	P 31,200,000	P 31,200,000	
BDO-BOND	22,773,115	78,075,207	
SMPH-BOND	30,000,000	29,553,349	
ACEN-BOND	13,800,000	13,128,601	
SECB - BOND	10,592,251	10,983,918	
AC ENERGY	9,759,906	10,935,894	
SMIC-BOND	8,000,000	7,948,832	
SMPH-BOND	6,150,000	12,300,000	
ALI BOND 5.095%	5,000,000	4,727,462	
ALI BOND 3.09%	5,000,000	4,882,501	
AP-BOND	5,000,000	4,831,195	
SMPH-BOND	5,000,000	4,945,157	
CNVRG-BND	3,800,000	3,757,738	
ALI -BOND	3,400,000	3,414,503	
RLC BOND 2027	2,200,000	2,148,661	
RLC BOND 2025	2,100,000	2,070,346	
SMC GP	2,000,000	1,968,017	
SMCGP-BND	1,900,000	1,624,159	
AC-BOND	1,400,000	1,373,735	
SMIC-BOND 3.81704%	1,300,000	1,233,003	
SMPH-BOND	1,200,000	1,198,702	
BPI BOND	1,000,000	992,650	
FLI-BND	1,000,000	991,871	
SMPH-BOND	1,000,000	989,321	
Equity Securities			
Common Shares			
SM	21,965	P 22,519,125	
SMPH	599,500	20,002,365	
BDO	122,696	16,293,490	
ICT	78,430	15,984,034	
ALI	561,600	14,650,470	
AC	18,450	14,637,500	
BPI	138,771	13,881,901	
TEL	7,335	10,660,000	
MER	24,380	10,291,200	
JGS	222,328	9,882,480	
GLO	4,554	7,026,129	
AEV	121,220	6,594,368	
URC	48,900	5,904,250	
JFC	15,810	5,858,008	
GTCAP	13,130	5,170,600	
MBT	103,780	4,349,056	
RLC	289,400	4,132,632	
MPI	804,000	3,835,080	
SECB	43,890	3,664,815	
AP	151,600	3,464,345	
MWC	106,400	1,966,272	
ACEN	57,060	307,553	

Forward

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities
May 31, 2023

Name of Issuing Entity and Association of Each Issue	*Number of Shares or Principal Amount of Bonds and Notes*	*Amounts Shown on the Statements of Financial Position*	*Income Received and Accrued*
Bank of the Philippine Islands (BPI) Trust Account:			
Preferred Shares			
ACPAR	8,000	P	19,984,000
APB2R	8,000		3,880,000
Mutual Funds			
IGOV.ETF	9,281	P	20,282,403
GOVT. ETF	16,027		20,259,412
IWDA.ETF	2,555		11,883,695
MCHI.ETF	3,270		8,075,750
Unit Investment Trust Fund (UITF)			
BPI SHORT TERM FUND	612,074	P	88,640,758
BPI USSTF	270		5,185,825
Totals for BPI Trust Account (EACCI)		**P**	**1,076,567,626**
Banco De Oro (BDO) Trust Account:			
Government Securities			
RETAIL TREASURY BOND (R5-16) IMA	P 65,000,000	P	65,044,022
RETAIL TREASURY BOND (R5-15) IMA	64,100,000		62,470,907
FXTN 7-62 (IMA-TX)	58,100,000		58,740,437
RETAIL TREASURY BOND (R5-17) IMA	45,000,000		45,735,919
FXTN 7-61 (IMA-TX)	33,100,000		33,055,028
FXTN 05-77 IMA TX	29,100,000		27,613,556
RETAIN TREASURY BOND R5-14 (IMA-TX)	26,000,000		25,167,285
FXTN 7-68 (IMA-TX)	25,000,000		26,390,694
FXTN 03-01 (IMA-TX)	20,000,000		19,781,701
FXTN 3-27 (IMA-TX)	18,000,000		17,596,676
FXTN 20-14	8,000,000		8,692,885
RETAIL TREASURY BOND 15-1 (TX-VTA)	5,500,000		5,562,519
FXTN 10-63 (TX) IMA	5,000,000		5,070,459
FXTN 10-64 (IMA-TX)	5,000,000		5,222,916
FXTN 10-69 IMA-TX	5,000,000		5,285,090
FXTN 20-14 (TX-IMA)	2,000,000		2,173,221
FTXN 20-11 (TX) IMA	1,600,000		1,779,761
RETAIL TREASURY BOND 10-05 (TX-IMA)	1,000,000		943,620
ROP 33 (USD)	$ 1,000,000		57,592,237
ROP 28N (USD)	1,000,000		57,043,139
ROP 32 (USD)	425,000		19,403,849
Corporate Bonds			
Megaworld Corp Bond (IMA-TX)	P 31,470,000	P	31,452,377
MBTC Fixed Rate Bonds (IMA-TX)	10,000,000		9,995,310
RCBC Fixed Rate Bonds (IMA-TX)	6,000,000		5,989,110
Petron Corp. 5Yr Bonds (IMA)	5,000,000		4,986,115
Converge ICT Solutions FRB (IMA-TX)	4,900,000		4,893,625
Filinvest Dev Corp Bond - 10Yrs	3,000,000		2,994,123
Aboitiz Equity AEV25TXIMHTC	1,000,000		999,203
Aboitiz Power Corp Bonds (IMA-TX)	1,000,000		999,203

Forward

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities
May 31, 2023

Name of Issuing Entity and Association of Each Issue	*Number of Shares or Principal Amount of Bonds and Notes*	*Amounts Shown on the Statements of Financial Position*	*Income Received and Accrued*
Banco De Oro (BDO) Trust Account (continuation):			
Equity Securities			
Common Shares			
SM	35,428	P	32,912,612
SMPH	605,148		19,788,340
BDO	138,694		18,862,384
ALI	659,920		17,355,896
AC	25,464		16,806,240
MBT	217,103		12,505,133
BPI	122,757		12,269,562
URC	68,860		9,681,716
AP	236,660		8,803,752
ICT	43,120		8,408,400
MPI	1,633,070		7,103,855
RRHI	112,650		5,790,210
GLO	3,300		5,610,000
AEV	99,210		5,406,945
MER	15,590		5,097,930
JFC	21,195		4,993,542
RLC	350,940		4,878,066
TEL	3,362		4,034,400
GTCAP	7,689		3,967,524
MEG	1,357,660		2,769,626
AREIT	83,120		2,742,960
MREIT	119,700		1,651,860
PGOLD	52,690		1,596,507
RCR	198,500		1,159,240
FILRT	215,500		890,015
ACEN	72,792		426,561
SECB	4,820		409,700
Preferred Shares			
DD	49,000	P	4,704,000
GT Captial Holdings Inc. Series	4,500		4,410,000
UITF			
BDO-TRUST & INV	549,195	P	70,189,201
BDO-TRUST & INV (USD)	6,798		10,139,722
Totals for BDO Trust Account (FEU)		**P**	**918,040,886**

Forward

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities
May 31, 2023

Name of Issuing Entity and Association of Each Issue	*Number of Shares or Principal Amount of Bonds and Notes*	*Amounts Shown on the Statements of Financial Position*	*Income Received and Accrued*
Banco De Oro (BDO) Trust Account:			
Government Securities			
FXTN 3-01 (IMA-TX)	P 14,000,000	P 13,766,388	
FXTN 3-27 (IMA-TX)	7,000,000	6,798,401	
FXTN 5-77 (IMA-TX)	32,000,000	25,405,340	
FXTN 10-63 (IMA-TX)	5,000,000	8,999,311	
FXTN 10-64 (IMA-TX)	5,000,000	5,134,564	
FXTN 10-69 (IMA-TX)	10,000,000	15,320,780	
FXTN 20-14 (IMA-TX)	7,500,000	8,056,505	
FXTN 20-14	6,400,000	6,874,884	
FXTN 7-61 (IMA-TX)	41,400,000	41,055,255	
FXTN 7-62 (IMA-TX)	74,800,000	74,713,901	
FXTN 7-67 (IMA-TX)	3,000,000	3,028,213	
FXTN 7-68 (IMA-TX)	30,000,000	31,042,437	
RETAIL TREAS BOND (R5-14) TX IMA	26,000,000	24,881,624	
RETAIL TREAS BOND (R5-15) TX IMA	56,200,000	54,177,493	
RETAIL TREAS BOND (R5-16) TX IMA	75,000,000	74,082,863	
RETAIL TREAS BOND (R5-17) TXIVOCI	65,000,000	64,998,818	
RETAIL TREASURY BOND 15-1 (TX-IMA)	2,540,000	2,540,643	
ROP 28N	$ 1,000,000	66,417,523	
ROP 32	400,000	17,764,906	
ROP 33	1,000,000	70,566,068	
Corporate Bonds			
Aboitiz Power Corp Bonds (TX-I)	P 60,200,000	P 60,152,021	
Aboitiz Power Corp Bonds (TX-I)	15,200,000	30,275,851	
Ayala Corp. Fixed Rate Bond (TX)	8,715,939	8,722,482	
RCBC Fixed Rate Bonds (IMA-TX)	7,200,000	7,166,441	
Converge ICT Solutions FRB	5,900,000	5,892,324	
SMC Series J Bonds	4,400,000	4,380,552	
SMC FRB PUT	4,300,000	4,280,994	
Megaworld Corp Bond (IMA-TX)	4,030,000	4,027,743	
Ayala Land Corp Bond Trnche2 (I)	3,900,000	3,897,816	
Aboitiz Power Corp Bonds (TX-I)	2,800,000	2,797,768	
Robinsons Land (RLC0626TXITC)	2,100,000	2,098,824	
NLEX Corp 7yr (IMA-TX)- HTC	1,620,000	1,617,434	
Ayala Corp. Fixed Rate Bond (TX)	1,400,000	1,398,884	
Aboitiz Equity Ventures (TXI)	1,000,000	999,203	
Aboitiz Power Corp Bonds (TX-I)	1,000,000	999,203	
Aboitiz Power Corp Bonds (TX-I)	1,000,000	999,203	
Petron Corp. 5Yr Bonds (IMA)	1,000,000	997,223	
SMC Bonds (TX-IMA)-HTC	1,000,000	995,580	
Ayala Corp. Fixed Rate Bond (TX)	800,000	799,362	
Aboitiz Equity Ventures (TXI)	500,000	2,997,609	
Equity Securities			
Common Shares			
SMI	21,510	P 19,896,750	
SMPH	348,420	11,445,597	
BDO	84,073	11,425,382	
FILRT	2,953,400	11,370,590	
ACEN	16,865	10,540,625	
ALI	366,520	8,906,436	
MBT	139,774	7,785,412	
BPI	64,319	7,290,470	
INT	31,395	6,398,301	
URC	40,934	5,628,425	
MPI	986,710	4,706,607	
GLO	2,415	4,180,365	
APC	108,700	4,179,515	
PLD	3,115	4,086,880	
RRHI	62,460	3,416,562	
JFC	14,280	3,415,776	

Forward

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities
May 31, 2023

Name of Issuing Entity and Association of Each Issue	*Number of Shares or Principal Amount of Bonds and Notes*	*Amounts Shown on the Statements of Financial Position*	*Income Received and Accrued*
Banco De Oro (BDO) Trust Account:			
MEC	9,093	P 3,046,155	
AEV	49,640	2,700,416	
RLC	184,524	2,635,003	
CITI	780,000	1,996,800	
MREIT	117,500	1,708,450	
MEG	758,160	1,508,738	
PGOLD	32,640	959,616	
AREIT	26,620	923,714	
RCR	98,300	570,140	
GTCAP	769	396,035	
AC	48,195	259,771	
SECB	2,950	246,325	
Preferred Shares			
SMC GL POWERS SENIOR	7,650	P 30,611,735	
GT Captial Holdings Inc. Series	1,000	974,000	
UITF			
BDO-TRUST & INV	589,036	P 70,264,120	
BDO-TRUST & INV (USD)	3,334	828,000	
Totals for BDO Trust Account (EACCI)		**P 1,005,425,145**	
HSBC Account:			
UITF			
SEI GBL MSTR FD PLC - GBL EQTY USD	70,749	P 71,367,400	
SEI GBL MSTR FD PLC - US CORE FX INC	39,516	43,507,224	
VINTAGE 2018 CARLYLE LP A USD	500,000	32,260,891	
HSBC DIVERSIFIED LOAN SCSP RAIF A USD	500,000	24,060,903	
SEI GBL MSTR FD PLC - GBL MGD VOL FD USD H	26,287	22,243,024	
SEI GBL MSTR FD PLC - GBL FX INC FD USD	23,730	22,148,216	
SEI GBL MSTR FD PLC - GBL OPP FX INC USD	20,814	22,015,193	
SEI GBL MSTR FD PLC - HGH YLD FX INC USD	5,165	14,078,349	
SEI GBL MSTR FD PLC - EMRG MKTS DBT FD USD	9,222	14,033,668	
SCHRODER ISF GLOBAL CREDIT INCOME A USD MCS	2,901	13,701,090	
BLACKROCK ASIAN TIGER BOND A6	29,516	13,550,225	
SEI GBL MSTR FD PLC - EMRG MKTS EQTY USD	5,282	10,178,253	
SEI GBL MSTR FD PLC - US SML COMPNS FD USD	1,428	9,302,836	
PICTET GLOBAL ENVIRONMENTAL OPP P USD ACC	281	5,153,509	
BNP PARIBAS FDS CLIMATE IMPACT U2 USD ACC	883	4,676,903	
BLACKSTONE REIT ICAP OFF ACC A 0621 USD MCSH	52	3,921,435	
SEI GBL MSTR FD PLC - PAN EURO SML CAP USD	3,657	3,869,662	
Totals for HSBC Account (FEU)		**P 330,068,781**	

Forward

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities
May 31, 2023

Name of Issuing Entity and Association of Each Issue	*Number of Shares or Principal Amount of Bonds and Notes*	*Amounts Shown on the Statements of Financial Position*	*Income Received and Accrued*
Other Investment Accounts			
Equity Securities (BPI Securities)			
Commons Shares			
CEU	2,273,007	P 17,706,725	
FILRT	685,000	2,829,050	
IPO	2,800	23,240	
PHN	1,000	19,100	
Preferred Shares			
GTPPA	7,940	7,781,200	
Total		**P 28,359,315**	
UITF (BPI)			
BGF GLO DYN EQUITY FN NON DIS A2	17,720	P 27,475,314	
AB SICAV I-LOW VOL EQ-AD USD	22,460	26,169,148	
JAN HND BAL A USD IN	38,910	25,765,432	
BGF GLOBAL ALLOCATION FN NON DIS A2	6,700	25,326,733	
JH Balance Fund (owned by FRC)	35,393	22,712,353	
AB FCP I AMER INC AT USD	59,938	21,716,401	
BGF Global Allocation (owned by FRC)	6,000	18,058,067	
IWX US Equity (iSHARES RUSSEL TOP 200 VALUE)	4,990	18,034,571	
AB American Income Profolio (owned by FRC)	48,293	17,111,808	
IGF US Equity (iSHARES GLOBAL INFRASTRUCTURE)	5,400	14,066,125	
FIRST STATE ASIAN EQUITY PLUS I ACC USD	2,950	13,869,630	
IXG US Equity (iSHARES GLOBAL)	3,100	11,943,323	
MORGAN STANLEY INVESTMENT FUNDS	700	7,401,453	
BPI US DOLLAR SHORT TERM FUND	58	1,040,660	
BPI SHORT TERM UITF (owned by FRC)		1,101,882	
BPI SHORT TERM UITF	1,122	180,585	
BPI US DOLLAR SHORT TERM FUND (owned by FRC)		93,332	
Total		**P 252,066,817**	
Corporate Bonds (BPI)			
VLL International Inc (owned by FRC)	$ 1,250,000	P 73,400,996	
AYC Finance Linited (owned by FRC)	500,000	23,989,582	
Bank of the Philippine Islands (owned by FRC)	200,000	10,843,563	
PNBPM	300,000	16,762,367	
ACPM	200,000	11,252,000	
AC ENERGY	200,000	11,238,427	
Total		**P 147,486,935**	
Chinabank			
Century 4.8467% Bond	100,000,000	P 100,000,000	
Aboitiz 3.8224% Bond	87,000,000	87,000,000	
Total		**P 187,000,000**	
Others			
Short-term Placements/Treasury Bills	$ 630,748	34,330,963	
Club Share - Anvaya Cove Beach and Nature Club	1	1,700,000	
Club Share - Tagaytay Highlands The Country Club	1	750,000	
Total		**P 36,780,963**	
Grand Totals		**P 4,580,402,850**	**P 94,539,418**

Note:

The financial assets in this schedule is presented in the 2023 consolidated statement of financial position as follows.

Financial assets at fair value through profit or loss	*P*	*1,834,217,950*
Financial assets at fair value through other comprehensive income		*2,190,551,315*
Investment securities at amortized cost		*555,633,585*
	P	*4,580,402,850*

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)
May 31, 2023

Name and Designation of Debtor	*Balance at Beginning of Period*	*Additions*	*Deductions*		*Current*	*Non-Current*	*Balance at End of Period*
			Amounts Collected	*Amounts Written-Off*			
Administrative managers and supervisors	21,214,806	13,557,234	(9,483,721)	-	25,288,318	-	25,288,318
Administrative Rank and file	1,882,195	5,895,162	(4,773,487)	-	3,003,870	-	3,003,870
Teaching personnel	171,060	5,042,399	(4,490,470)	-	722,990	-	722,990
	P 23,268,061	**P 24,494,794**	**(P 18,747,678)**	**-**	**29,015,177.81**	**-**	**P 29,015,178**
Other advances including from subsidiaries							27,324,570.00
TOTAL							**P 56,339,748**

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule C - Amounts Receivable from Related Parties Which are Eliminated During the Consolidation of Financial Statements
May 31, 2023

Name and Designation of Debtor	*Balance at Beginning of Period*	*Additions*	*Deductions*		*Current*	*Non-Current*	*Balance at End of Period*
			Amounts Collected	*Amounts Written-Off*			
FEU							
Reimbursement of expenses	P 97,325,758	P 34,218,616	-	P -	P 131,544,374	P -	P 131,544,374
Noninterest-bearing advances	235,564,735	-	-	-	235,564,735	-	235,564,735
Rental receivable	51,725,810	46,814,597	(92,095,846)	-	6,444,561	-	6,444,561
Dividend receivables	-	203,307,923	(203,307,923)	-	-	-	-
	P 384,616,303	**P 284,341,136**	**(P 295,403,769)**	**P -**	**P 373,553,670**	**P -**	**P 373,553,670**
FRC							
Rental receivable	**P 7,976,581**	**P 104,816,343**	**(P 99,965,892)**	P -	**P 12,827,032**	P -	**P 12,827,032**
FECSI							
Transfer of fixed asset	P 26,991,160	P 23,170,854	(P 26,991,160)	P -	P 23,170,854	P -	P 23,170,854
Reimbursement of expenses	1,524,189	2,152,238	-	-	3,676,427	-	3,676,427
	P 28,515,349	**P 25,323,092**	**(P 26,991,160)**	P -	**P 26,847,281**	-	**P 26,847,281**
EACCI							
Reimbursement of expenses	P -	P -	P -	P -	P 2,765,215	P -	P 2,765,215
Interest-bearing loans to FEUAI	144,000,000	-	(144,000,000)	-	-	-	-
	P 144,000,000	P -	**(P 144,000,000)**	P -	**P 2,765,215**	P -	**P 2,765,215**
FEU High							
Collections from students	-	**P 961,698**	-	**P -**	**P 961,698**	**P -**	**P 961,698**
FEUAI							
Reimbursement of expenses	-	**P 1,355,884**	-	**P -**	**P 1,355,884**	**P -**	**P 1,355,884**

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule D - Intangible Assets / Other Assets
May 31, 2023

Description	*Balance at Beginning of Period*	*Additions (Disposals or Deductions) at Cost*	*Deductions*		*Other Changes*	*Balance at End of Period*
			Charged to Cost and Expenses	*Charged to Other Accounts*	*Additions (Deductions)*	
Intangible Asset						
Goodwill	**P 186,487,019**	**P -**	**P -**	**P -**	**P -**	**P 186,487,019**
Other Current Assets						
Real estate held-for-sale	P 120,944,753	(P 2,162,211)	P -	P -	P -	P 118,782,542
Prepaid expenses	90,492,610	-	(17,261,500)	-	-	73,231,110
Inventories	22,231,267	1,588,869	-	-	-	23,820,136
Short-term investments	22,768,890	128,992	-	-	-	22,897,882
Input value-added tax (VAT) - net	2,173,315	10,010,206	-	-	-	12,183,521
Others	21,153,932	(8,037,531)	-	-	-	13,116,401
	P 279,764,767	**P 1,528,325**	**(P 17,261,500)**	**P -**	**-**	**P 264,031,592**
Other Non-current Assets						
Advances to developers and suppliers	P 240,324,680	P -	P -	(P 31,433,663)	P -	P 208,891,017
Refundable deposits	8,023,458	9,612,441	-	-	-	17,635,899
Long-term investments	10,392,000	(10,392,000)	-	-	-	-
Others	2,173,477	-	-	-	-	2,173,477
	P 260,913,615	**(P 779,559)**	**P -**	**(P 31,433,663)**	**P -**	**P 228,700,393**

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule E - Long Term Debt
May 31, 2023

Title of Issue and Type of Obligation	*Amount Authorized by Indenture*	*Amount Shown Under Caption "Current Portion of Long Term Debt" in Related Balance Sheet*	*Amount Shown Under Caption "Long Term Debt" in Related Balance Sheet*
PN 800050201994 (Interest-bearing loan)	P 542,857,143	P 103,401,361	P 336,054,422
PN 800050203813 (Interest-bearing loan)	500,000,000	95,238,095	309,523,810
PN 800050196305 (Interest-bearing loan)	425,000,000	80,952,381	263,095,238
PN 800050196532 (Interest-bearing loan)	300,000,000	57,142,858	185,714,286
PN 800050197641 (Interest-bearing loan)	150,000,000	28,571,428	92,857,143
PN 800050199879 (Interest-bearing loan)	120,000,000	22,857,143	74,285,714
PN 800050197816 (Interest-bearing loan)	100,000,000	19,047,619	61,904,762
PN 800050203487 (Interest-bearing loan)	50,000,000	9,523,809	30,952,381
PN 800050203756 (Interest-bearing loan)	50,000,000	9,523,809	30,952,381
TOTAL		**P 426,258,503**	**P 1,385,340,137**

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule F - Indebtedness to Related Parties
May 31, 2023

Name of Related Party	*Balance at Beginning of Year*	*Balance at End of Year*

-- Nothing to report --

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule H - Capital Stock
May 31, 2023

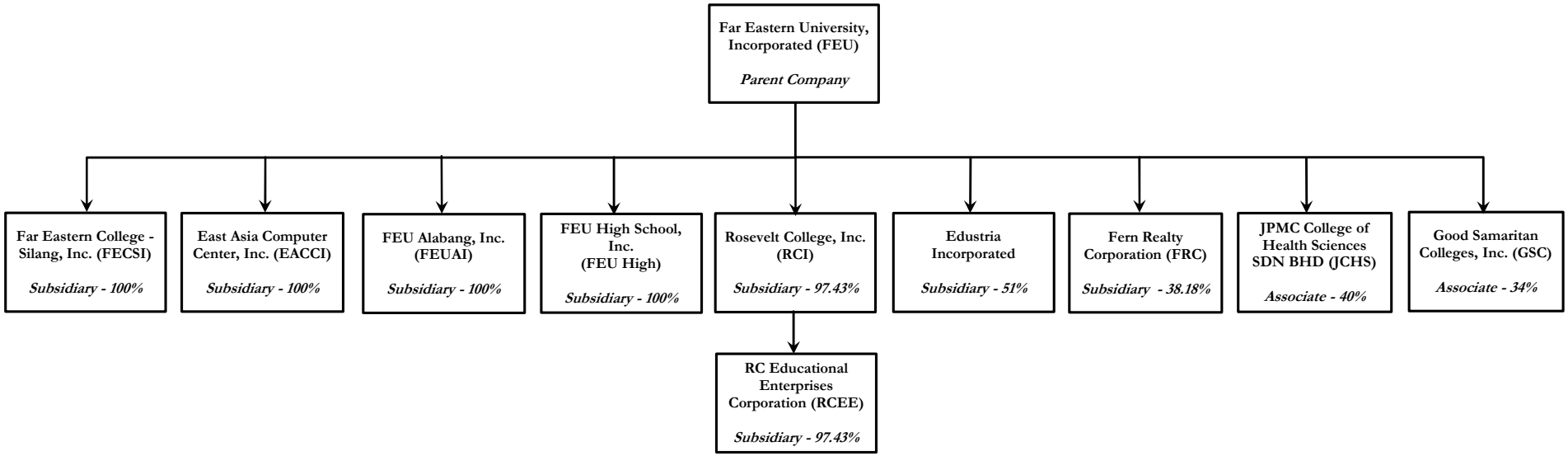
Title of Issue	*Number of Shares Authorized*	*Number of Shares Issued and Outstanding as Shown Under Related Balance Sheet Caption*	*Number of Shares Reserved for Options, Warrants, Conversion and Other Rights*	*Number of Shares Held by Related Parties*	*Directors, Officers and Employees*	*Others*
Common shares - P100 par value	50,000,000	23,956,364	-	14,390,852	712,642	8,852,870

THE FAR EASTERN UNIVERSITY, INCORPORATED
Nicanor Reyes Sr. Street, Sampaloc, Manila

Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended May 31, 2023

Unappropriated Retained Earnings at Beginning of Year		
As previously reported		P 2,820,280,363
Prior Years' Outstanding Reconciling Items, net of tax		
Deferred tax expense		17,383,619
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted		2,837,663,982
Net Profit Realized during the Year		
Net profit per audited financial statements		1,200,000,369
Non-actual/unrealized income, net of tax −		
Unrealized foreign exchange gains	(47,174,733)	
Unrealized fair value losses on financial assets at fair value thorugh profit or loss	28,224,376	
Deferred tax expense	6,155,775	(12,794,582)
		1,187,205,787
Other Transactions During the Year		
Dividends declared	(673,561,364)	
Appropriations during the year	(360,379,711)	
Reversal of appropriations during the year	81,500,000	(952,441,075)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year		**P 3,072,428,694**

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Map Showing the Relationships Between and Among the University and Its Related Parties
May 31, 2023



Note:

Percentages indicated pertain to FEU's effective ownership over the respective related parties, which are also disclosed in the consolidated financial statements.

P&A Grant Thornton

35 YEARS
Shaping a Vibrant Tomorrow
#BoldPerspectives #DivergentThinking #ForgingPaths

Report of Independent Auditors on Components of Financial Soundness Indicators

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The Board of Trustees and the Stockholders
Far Eastern University, Incorporated
Nicanor Reyes Street
Sampaloc, Manila

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Far Eastern University, Incorporated and subsidiaries (the Group) for the years ended May 31, 2023, 2022 and 2021, on which we have rendered our report dated August 15, 2023. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at May 31, 2023, 2022 and 2021 and for each of the three years in the period ended May 31, 2023 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO



By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 9566627, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 90230-SEC (until financial period 2025)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-20-2020 (until Dec. 21, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

August 15, 2023

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Supplemental Schedule of Financial Soundness Indicators
May 31, 2023, 2022 and 2021

Indicators	Formula	Ratios / Percentages/ Amounts		
		2023	2022	2021
Current ratio	Total Current Assets / Total Current Liabilities	**2.25**	2.52	2.35
Acid test ratio	Cash and cash equivalents + Trade and other receivables - net + Investments / Total Current Liabilities	**2.14**	2.40	2.23
Debt-to-asset ratio	Total Liabilities / Total Assets	**0.22**	0.25	0.27
Equity-to-asset ratio	Total Equity / Total Assets	**0.78**	0.75	0.73
Debt-to-equity ratio	Total Liabilities / Total Equity	**0.28**	0.32	0.37
Assets-to-equity ratio	Total Assets / Total Equity	**1.28**	1.32	1.37
Interest rate coverage ratio	Earnings before Interest and Taxes / Interest Expense*	**23.22**	32.55	17.23
Return on equity	Net Profit / Total Equity	**15%**	13%	9%
Return on assets	Net Profit / Total Assets	**11%**	10%	6%
Earnings per share	Net Profit / Average outstanding shares	**P 77.92**	P 62.74	P 40.28

**exclusive of borrowing cost*

FAR EASTERN UNIVERSITY

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Sampaloc, Manila
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(+632) 8849-4000

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Far Eastern University, Incorporated (the University)** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended May 31, 2023, 2022 and 2021 in accordance with the prescribed financial reporting framework indicated therein, 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 University'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 University or to cease operations, or has no realistic alternative to do so.

The Board of Trustees is responsible for overseeing the University's financial reporting process.

The Board of Trustees reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of **Far Eastern University, Incorporated** in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

AURELIO R. MONTINOLA III
Chairman of the Board and
Chief Executive Officer

JUAN MIGUEL R. MONTINOLA
President and Chief Operating Officer

ROSANNA E. SALCEDO
Chief Finance Officer and Treasurer

Signed this 15th day of August, 2023.

AUG 15 2023

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2023, affiants exhibiting their Tax Identification Numbers (TIN) as follows:

Name	TIN	Place Issued
Aurelio R. Montinola III	135-558-086	Philippines
Juan Miguel R. Montinola	115-203-243	Philippines
Rosanna E. Salcedo	115-178-175	Philippines

Doc. No. 123
Page No. 25
Book No. I
Series of 2023.

ATTY. FELY JANE P. CATLI
NOTARY PUBLIC - CITY OF MANILA
Notarial Commission No. 2023-153
Valid Until December 31, 2024
Roll of Attorney's No. 70141
IBP Lifetime Member Roll No. 017715, 06.21.2017
PTR No. 0868582, 01.16.2023
MCLE Compliance No. VII-0013891, 03.26.2022
TIN-340-171-697
Rm.310, FEU Administration Bldg.
Nicanor Reyes St., Sampaloc, Manila

NOTARY PUBLIC

P&A Grant Thornton

FOR SEC FILING

Financial Statements and
Independent Auditors' Report

Far Eastern University, Incorporated

May 31, 2023, 2022 and 2021

P&A Grant Thornton

35 YEARS
Shaping a Vibrant Tomorrow
#BoldPerspectives #DivergentThinking #ForgingPaths

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

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Report of Independent Auditors

The Board of Trustees and the Stockholders
Far Eastern University, Incorporated
Nicanor Reyes Street
Sampaloc, Manila

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Far Eastern University, Incorporated (the University), which comprise the statements of financial position as at May 31, 2023, 2022 and 2021 and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at May 31, 2023, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the University in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements in the Philippines that are relevant to our audits of the financial statements, 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 these financial statements in accordance with PFRS, 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 University'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 University or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 PSA 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 PSA, 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 procedures 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 University'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 the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 the date of our auditors' report. However, future events or conditions may cause the University 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended May 31, 2023 required by the Bureau of Internal Revenue as disclosed in Note 31 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audits resulting in this independent auditors' report is Mailene Sigue-Bisnar.

PUNONGBAYAN & ARAULLO



By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 9566627, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 90230-SEC (until financial period 2025)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-020-2020 (until Dec. 21, 2023)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

August 15, 2023

FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	4	**P 503,084,160**	P 582,668,500	P 334,351,829
Receivables - net	5	**841,990,661**	771,504,059	644,993,647
Financial asset at fair value through profit or loss (FVTPL)	6	**1,148,825,052**	1,153,449,411	1,091,390,925
Financial asset at fair value through other comprehensive income (FVOCI)	6	**48,621,497**	267,067,116	140,736,884
Investment securities at amortized cost	6	**66,655,463**	97,615,962	80,128,511
Prepayments and other current assets - net	9	**70,686,157**	80,234,267	75,878,145
Total Current Assets		**2,679,862,990**	2,952,539,315	2,367,479,941
NON-CURRENT ASSETS				
Financial asset at FVOCI	6	**808,309,119**	468,406,097	428,881,340
Investment securities at amortized cost	6	**34,906,398**	73,190,766	177,140,164
Investments in subsidiaries and associates	7	**2,468,612,234**	2,307,942,440	2,307,942,440
Investment properties - net	8	**1,323,060,987**	1,323,830,890	1,316,026,036
Property and equipment - net	10	**3,279,951,423**	3,187,629,410	3,385,254,344
Deferred tax assets - net	21	**-**	2,057,366	19,440,985
Other non-current assets		**3,396,757**	63,424,020	3,273,477
Total Non-current Assets		**7,918,236,918**	7,426,480,989	7,637,958,786
TOTAL ASSETS		**P 10,598,099,908**	P 10,379,020,304	P 10,005,438,727
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	12	**P 1,034,270,027**	P 897,054,936	P 853,192,458
Interest-bearing loan	13	**331,020,408**	377,925,170	187,619,048
Unearned tuition fees	15	**29,420,147**	35,158,522	11,219,880
Loans from related parties	20	**-**	-	100,000,000
Subscription payable	7, 20	**-**	76,499,997	76,499,997
Total Current Liabilities		**1,394,710,582**	1,386,638,625	1,228,531,383
NON-CURRENT LIABILITIES				
Interest-bearing loans	13	**1,075,816,327**	1,406,836,735	1,784,761,905
Lease liabilities	11	**1,190,623,905**	1,195,422,079	1,195,736,992
Deferred tax liabilities - net	21	**4,098,409**	-	-
Total Non-Current Liabilities		**2,270,538,641**	2,602,258,814	2,980,498,897
Total Liabilities		**3,665,249,223**	3,988,897,439	4,209,030,280
EQUITY				
Capital stock	23	**2,409,309,400**	2,409,309,400	2,409,309,400
Treasury stock - at cost	23	**(3,733,100)**	(3,733,100)	(3,733,100)
Revaluation reserves	6	**(4,298,372)**	(20,587,187)	5,665,181
Retained earnings	23			
Appropriated		**1,463,733,100**	1,184,853,389	844,233,100
Unappropriated		**3,067,839,657**	2,820,280,363	2,540,933,866
Total Equity		**6,932,850,685**	6,390,122,865	5,796,408,447
TOTAL LIABILITIES AND EQUITY		**P 10,598,099,908**	P 10,379,020,304	P 10,005,438,727

See Notes to Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED MAY 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	**2023**	2022	2021
EDUCATIONAL REVENUES				
Tuition fees - net	15	**P 2,748,719,663**	P 2,318,574,073	P 1,867,781,228
Other school fees	15	**68,358,214**	60,142,211	36,764,608
		2,817,077,877	2,378,716,284	1,904,545,836
IMPAIRMENT LOSS	5	**(5,138,804)**	(7,852,408)	(173,141,025)
OPERATING EXPENSES	16	**(1,892,307,067)**	(1,577,275,770)	(1,447,504,659)
OTHER OPERATING INCOME	8, 20	**48,809,392**	86,756,498	75,189,694
OPERATING INCOME		**968,441,398**	880,344,604	359,089,846
FINANCE INCOME	17	**296,571,343**	299,093,692	279,216,598
FINANCE COSTS	17	**(192,067,166)**	(160,528,253)	(206,727,037)
OTHER INCOME	18	**156,091,542**	68,499,346	39,364,299
INCOME BEFORE TAX		**1,229,037,117**	1,087,409,389	470,943,706
TAX EXPENSE	21	**(29,036,748)**	(34,438,869)	(14,032,878)
NET INCOME		**P 1,200,000,369**	P 1,052,970,520	P 456,910,828
Earnings Per Share				
Basic and Diluted	24	**P 49.88**	P 43.77	P 18.99

See Notes to Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MAY 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Note	**2023**	2022	2021
NET INCOME		**P 1,200,000,369**	P 1,052,970,520	P 456,910,828
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified subsequently to profit or loss				
Net fair value gains (losses) during the year		**14,709,347**	(25,245,781)	(4,711,096)
Net fair value losses (gains) reclassified to profit or loss on debt securities classified as FVOCI	6	**1,816,728**	742,189	(6,359,803)
Tax expense (income)		**(165,261)**	245,036	110,709
		16,360,814	(24,258,556)	(10,960,190)
Items that will not be reclassified subsequently to profit or loss				
Net fair value losses (gains) on equity securities classified as financial assets at FVOCI	6	**(72,726)**	(2,013,952)	6,307,620
Tax expense (income)		**727**	20,140	(63,076)
		(71,999)	(1,993,812)	6,244,544
Other Comprehensive Income (Loss)		**16,288,815**	(26,252,368)	(4,715,646)
TOTAL COMPREHENSIVE INCOME		**P 1,216,289,184**	P 1,026,718,152	P 452,195,182

See Notes to Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MAY 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Capital Stock (See Note 23)	Stock Dividend Distributable (See Note 23)	Treasury Stock - at Cost	Revaluation Reserves (See Note 6)	Retained Earnings (See Note 23)			Total Equity
					Appropriated	Unappropriated	Total	
Balance at June 1, 2022	P 2,409,309,400	P -	(P 3,733,100)	(P 20,587,187)	P 1,184,853,389	P 2,820,280,363	P 4,005,133,752	P 6,390,122,865
Transaction with owners –								
Cash dividends	-	-	-	-	-	(673,561,364)	(673,561,364)	(673,561,364)
Appropriations of retained earnings:								
Appropriations during the year	-	-	-	-	360,379,711	(360,379,711)	-	-
Reversal of appropriations during the year	-	-	-	-	(81,500,000)	81,500,000	-	-
	-	-	-	-	278,879,711	(278,879,711)	-	-
Total comprehensive income:								
Net income for the year	-	-	-	-	-	1,200,000,369	1,200,000,369	1,200,000,369
Other comprehensive income - net	-	-	-	16,288,815	-	-	-	16,288,815
	-	-	-	16,288,815	-	1,200,000,369	1,200,000,369	1,216,289,184
Balance at May 31, 2023	**P 2,409,309,400**	**P -**	**(P 3,733,100)**	**(P 4,298,372)**	**P 1,463,733,100**	**P 3,067,839,657**	**P 4,531,572,757**	**P 6,932,850,685**
Balance at June 1, 2021	P 2,409,309,400	P -	(P 3,733,100)	P 5,665,181	P 844,233,100	P 2,540,933,866	P 3,385,166,966	P 5,796,408,447
Transaction with owners –								
Cash dividends	-	-	-	-	-	(433,003,734)	(433,003,734)	(433,003,734)
Appropriations of retained earnings –								
Appropriations during the year	-	-	-	-	340,620,289	(340,620,289)	-	-
Total comprehensive income (loss):								
Net income for the year	-	-	-	-	-	1,052,970,520	1,052,970,520	1,052,970,520
Other comprehensive loss - net	-	-	-	(26,252,368)	-	-	-	(26,252,368)
	-	-	-	(26,252,368)	-	1,052,970,520	1,052,970,520	1,026,718,152
Balance at May 31, 2022	P 2,409,309,400	P -	(P 3,733,100)	(P 20,587,187)	P 1,184,853,389	P 2,820,280,363	P 4,005,133,752	P 6,390,122,865

	Capital Stock (See Note 23)	Stock Dividend Distributable (See Note 23)	Treasury Stock - at Cost	Revaluation Reserves (See Note 6)	Retained Earnings (See Note 23)			Total Equity
					Appropriated	Unappropriated	Total	
Balance at June 1, 2020	P 1,651,435,400	P 757,941,400	(P 3,733,100)	P 10,380,827	P 1,909,733,100	P 1,210,901,742	P 3,120,634,842	P 5,536,659,369
Transaction with owners –								
Issuance of capital stock	757,874,000	(757,941,400)	-	-	-	67,400	67,400	-
Cash dividends	-	-	-	-	-	(192,446,104)	(192,446,104)	(192,446,104)
	757,874,000	(757,941,400)	-	-	-	(192,378,704)	(192,378,704)	(192,446,104)
Appropriations of retained earnings –								
Appropriations during the year	-	-	-	-	90,000,000	(90,000,000)	-	-
Reversal of appropriations during the year	-	-	-	-	(1,155,500,000)	1,155,500,000	-	-
	-	-	-	-	(1,065,500,000)	1,065,500,000	-	-
Total comprehensive income (loss):								
Net income for the year	-	-	-	-	-	456,910,828	456,910,828	456,910,828
Other comprehensive loss - net	-	-	-	(4,715,646)	-	-	-	(4,715,646)
	-	-	-	(4,715,646)	-	456,910,828	456,910,828	452,195,182
Balance at May 31, 2021	P 2,409,309,400	P -	(P 3,733,100)	P 5,665,181	P 844,233,100	P 2,540,933,866	P 3,385,166,966	P 5,796,408,447

See Notes to Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax		**P 1,229,037,117**	P 1,087,409,389	P 470,943,706
Adjustments for:				
Depreciation and amortization	8, 10, 16	**303,418,248**	302,256,849	303,802,286
Dividend income	17	**(203,307,923)**	(200,248,733)	(119,999,382)
Interest expense	17	**178,489,839**	150,764,544	174,468,480
Interest income	17	**(62,583,172)**	(32,435,961)	(36,765,814)
Unrealized foreign exchange loss (gain) - net		**(47,174,733)**	(44,957,928)	24,185,074
Other investment loss (income) from financial assets at FVTPL and financial assets at FVOCI - net	17	**16,494,486**	(21,451,070)	(121,975,229)
Impairment loss	5, 16	**5,138,804**	7,852,408	200,666,677
Impairment reversal on investments	6	**-**	-	(476,173)
Operating profit before working capital changes		**1,419,512,666**	1,249,189,498	894,849,625
Decrease (increase) in receivables		**(75,389,516)**	(135,551,279)	91,403,644
Decrease (increase) in prepayments and other current assets		**4,860,840**	(11,067,267)	(6,856,967)
Decrease in trade and other payables		**(754,749)**	(60,390,639)	(137,260,051)
Increase (decrease) in unearned tuition fees		**(5,738,375)**	23,938,642	(25,035,284)
Cash generated from operations		**1,342,490,866**	1,066,118,955	817,100,967
Interest received		**8,478,325**	716,124	606,350
Income taxes paid		**(18,193,703)**	(10,344,106)	(37,454,001)
Net Cash From Operating Activities		**1,332,775,488**	1,056,490,973	780,253,316
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	10	**(303,391,552)**	(80,902,917)	(99,584,798)
Investment in associates	7	**(160,669,794)**	-	-
Dividend received	20	**203,307,923**	200,248,733	159,997,382
Net acquisition of financial assets at FVOCI	6	**(118,130,214)**	(137,992,906)	(52,387,206)
Proceeds from maturities of investment securities at amortized cost	6	**117,078,090**	105,057,664	241,731,328
Payment of subscription payable		**(76,499,997)**	-	-
Interest received		**63,971,253**	22,855,174	16,184,421
Acquisitions of investment securities at amortized cost	6	**(43,334,577)**	(12,900,000)	-
Net disposal (acquisition) of financial assets at FVTPL	6	**32,651,971**	(46,150,713)	(189,088,431)
Advances paid to suppliers and contractors		**-**	(60,150,543)	-
Additions to investment properties	8	**-**	(4,599,458)	-
Additional investment in a subsidiary	7	**-**	-	(15,000,000)
Net Cash From (Used in) Investing Activities		**(285,016,897)**	(14,534,966)	61,852,696
Balance carried forward		**P 1,047,758,591**	P 1,041,956,007	P 842,106,012

	Notes	2023	2022	2021
Balance brought forward		**P 1,047,758,591**	P 1,041,956,007	P 842,106,012
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	22, 23	**(627,637,230)**	(355,530,742)	(247,441,904)
Repayment of interest-bearing loans	13, 22	**(377,925,170)**	(187,619,048)	(1,275,714,286)
Payment of lease liability	11, 22	**(64,317,505)**	(111,801,981)	(99,146,712)
Interest paid on loans payable	13, 22	**(58,476,345)**	(39,431,744)	(55,850,837)
Repayment of advances from a related party	20, 22	**-**	(100,000,000)	(573,200,000)
Proceeds from interest-bearing loan	13, 22	**-**	-	1,042,857,143
Advances obtained from a related party	20, 22	**-**	-	507,400,000
Net Cash Used in Financing Activities		**(1,128,356,250)**	(794,383,515)	(701,096,596)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		**1,013,319**	744,179	(110,110)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(79,584,340)**	248,316,671	140,899,306
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**582,668,500**	334,351,829	193,452,523
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 503,084,160**	P 582,668,500	P 334,351,829

Supplemental Information on Non-cash Investing and Financing Activities:

1) The University declared cash dividends totaling P673.6 million in 2023, P433.0 million in 2022 and P192.4 million in 2021, of which P45.9 million, P55.0 million and P10.8 million, respectively, were not paid in the year of declaration (see Notes 12 and 23).

2) The University applied as payment for progress billings of various projects, classified under property and equipment, the advances made to its suppliers and contractors amounting to P60.0 million in 2023.

3) In 2023, the University received an investment property from its subsidiary amounting to P23.2 million. The cost of the transferred asset remains unpaid as of May 31, 2023 (see Notes 8 and 20.6).

4) In 2023, the University recognized additional right-of-use assets and lease liabilities amounting to P8.4 million (see Notes 10 and 11).

5) During 2020, the University subscribed to the shares of a new subsidiary amounting to P331.5 million. Subscription payable as of May 31, 2022 and 2021 amounted to P76.5 million, which was fully paid in 2023 (see Note 7).

See Notes to Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

The Far Eastern University, Incorporated (the University or FEU) is a 95-year-old Philippine-based proprietary educational institution founded in June 1928 and registered with the Securities and Exchange Commission (SEC) on October 27, 1933. FEU listed with the Philippine Stock Exchange (PSE) on July 11, 1986.

The University is a nonsectarian institution of learning, embracing equal opportunity, inclusivity, and diversity. FEU is comprised of seven institutes as follows, under each, handling distinct courses and programs of study:

- Institute of Accounts, Business and Finance;
- Institute of Architecture and Fine Arts;
- Institute of Arts and Sciences;
- Institute of Education;
- Institute of Health Sciences and Nursing;
- Institute of Law; and,
- Institute of Tourism and Hotel Management

FEU has been designated the Autonomous Status by the Commission on Higher Education (CHED) on July 25, 2012, with extended validity until May 31, 2023. The University continues to hold its Autonomous Status for an extended period while its application for renewal is being processed. Among the University's flagship programs are the Teacher Education and Business Administration which are recognized by the CHED as Center of Excellence and Center of Development, respectively.

On top of existing highly accredited programs by local accreditors, such as the Philippine Association of Colleges and Universities Commission on Accreditation and the Philippine Accrediting Association of Schools, Colleges and Universities, parallel international certifications by the ASEAN University Network – Quality Assurance were also granted for 14 programs of FEU.

The registered office address and principal place of business of the University is located at Nicanor Reyes Street, Sampaloc, Manila. The University also has a campus in Makati, which offers programs mainly in Law, Accountancy and Business Administration.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements are prepared as the University's separate financial statements. The University also prepares consolidated financial statements as required under Philippine Financial Reporting Standards (PFRS) and is available for public use.

2.1 Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the University have been prepared in accordance with PFRS. PFRS are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The recognition and measurement bases of the accounting policies are more fully described in Note 26.

2.2 Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The University presents the statement of comprehensive income separate from the statement of profit or loss.

The University presents two comparative periods for the statement of financial position regardless whether the University has or does not have retrospective restatement of items in its financial statements, or reclassifies items in the financial statements.

These financial statements are presented in Philippine pesos, the University's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the University are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the University operates.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for adoption of amendments and improvements to existing standards effective in fiscal year 2023 that is relevant to the University. The University has not adopted early any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new pronouncements did not have any significant impact on the University's financial performance or position.

3.1 Effective in Fiscal Year 2023 that are Relevant to the University

The University adopted the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2022:

PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to PFRS (2018-2020 Cycle)

PFRS 9 (Amendments)	:	Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities
PFRS 16 (Amendments)	:	Leases – Lease Incentives

Discussed below are the relevant information about these pronouncements.

(i) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use.* The amendments prohibit deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

(ii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*. The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". Costs that relate directly to a contract include both incremental costs of fulfilling that contract (e.g., direct labor and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g., the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

(iii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments which are effective from January 1, 2022, are relevant to the University's financial statements:

- PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities.* The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives.* The amendment removes potential for confusion regarding lease incentives by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements as it had not been explained clearly enough as to whether the reimbursement would meet the definition of a lease incentive in accordance with PFRS 16.

3.2 Effective in Fiscal Year 2023 that are not Relevant to the University

Among the amendments to PFRS and annual improvements which are mandatorily effective for annual periods beginning on or after January 1, 2022, the following are not relevant to the University's financial statements:

(i) PFRS 3 (Amendments), *Business Combinations - Reference to the Conceptual Framework* (effective from January 1, 2022)

(ii) Annual Improvements to PFRS 2018-2020 Cycle.

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards – Subsidiary as a First-time Adopter*
- PAS 41, *Agriculture – Taxation in Fair Value Measurements*

3.3 Effective Subsequent to Fiscal Year 2023 but not Adopted Early

Pronouncements issued but not yet effected are listed below. The University will adopt the following relevant pronouncements when they become effective. None of these pronouncements are expected to have significant impact on the University's financial statements.

(i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)

(ii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)

(iii) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

(iv) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:

	2023	2022	2021
Cash on hand and in banks	**P 356,695,404**	P 407,646,000	P 334,351,829
Short-term placements	**146,388,756**	175,022,500	-
	P 503,084,160	P 582,668,500	P 334,351,829

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate liquidity needs of the University.

Effective annual interest earned from these short-term placements made in 2023 and 2022 is at 5.9% and 1.8%, respectively.

Interest income earned from cash and cash equivalents is presented as part of Finance Income in the statements of profit or loss (see Note 17). The related interest receivable from short-term placements is presented as part of Accrued interest under the Receivables account in the statements of financial position (see Note 5).

5. RECEIVABLES - Net

The breakdown of this account is as follows:

	Notes	**2023**	2022	2021
Tuition and other school fees receivables		**P 444,938,513**	P 417,147,570	P 313,879,117
Receivables from related parties	20	**408,567,115**	431,724,050	400,992,977
Advances to employees		**43,919,714**	13,199,115	9,945,470
Accrued interest	4, 6, 9	**9,257,772**	5,013,688	3,656,820
Others		**44,045,429**	11,760,190	20,253,673
		950,728,543	878,844,613	748,728,057
Allowance for impairment		**(108,737,882)**	(107,340,554)	(103,734,410)
		P 841,990,661	P 771,504,059	P 644,993,647

Advances to employees comprise of unsecured and noninterest-bearing advances given to officers and employees in the normal course of operations subject to liquidation within 15 days from the earlier between the release of the advances and the event to which the advances are utilized.

Others include receivables from brokers, dividend receivables and various other receivables from third party debtors.

A reconciliation of the allowance for impairment on receivables at the beginning and end of May 31, 2023, 2022 and 2021 is presented below.

	2023	2022	2021
Balance at beginning of year	**P 107,340,554**	P 103,734,410	P 42,561,716
Impairment losses during the year	**5,138,804**	7,852,408	173,141,025
Receivables written-off during the year, net of recoveries	**(3,741,476)**	(4,246,264)	(111,968,331)
Balance at end of year	**P 108,737,882**	P 107,340,554	P 103,734,410

All of the University's receivables had been assessed for impairment. The University applies the PFRS 9 simplified approach in measuring expected credit losses (ECL) taking into consideration the expected loss rates determined through the assessment of credit impairment, which was observed for Tuition and other school fees that are outstanding for at least two semesters and which the student is unenrolled in the previous semester [see Note 14.2(b)].

The breakdown of allowance for impairment provided on receivables is as follows:

	2023	2022	2021
Tuition and other school fees	**P 75,946,771**	P 79,688,247	P 83,885,761
Related parties	**30,499,047**	25,360,243	17,556,585
Others	**2,292,064**	2,292,064	2,292,064
	P 108,737,882	P 107,340,554	P 103,734,410

6. FINANCIAL ASSETS

6.1 Financial Assets at FVTPL

The types of investments classified under Financial Assets at FVTPL as of May 31 are shown below.

	2023	2022	2021
Equity securities	**P 454,662,353**	P 476,454,344	P 523,060,608
Unit Investment Trust Funds (UITF)	**694,162,699**	676,995,067	568,330,317
	P 1,148,825,052	P 1,153,449,411	P 1,091,390,925

The breakdown of Financial Assets at FVTPL as to currency denomination is as follows:

	2023	2022	2021
Local	**P 545,807,243**	P 563,794,958	P 569,760,625
Foreign	**603,017,809**	589,654,453	521,630,300
	P 1,148,825,052	P 1,153,449,411	P 1,091,390,925

An analysis of the movements in the carrying amounts of the University's investments is presented below.

	2023	2022	2021
Balance at beginning of year	**P 1,153,449,411**	P 1,091,390,925	P 839,573,467
Additions	**1,296,031,100**	1,461,858,929	1,560,901,270
Disposals	**(1,311,993,134)**	(1,415,708,216)	(1,371,812,839)
Foreign currencies gain (loss) – net	**39,562,050**	39,338,846	(17,786,400)
Fair value gains (losses) – net	**(28,224,375)**	(23,431,073)	80,515,427
	P 1,148,825,052	P 1,153,449,411	P 1,091,390,925

Investment income received from financial assets at FVTPL, which includes dividend income and gain or loss on disposal, has been reinvested as part of additions to financial assets at FVTPL. In 2023, 2022 and 2021, net investment income, including changes in fair values amounted to P3,362, P13.0 million and P108.5 million, respectively. These are presented as Other investment income from financial assets at FVTPL under Finance Income in the statements of profit or loss (see Note 17.1).

6.2 Financial Assets at FVOCI

As of May 31, the University's financial assets at FVOCI are classified in the statements of financial position as follows:

	2023	2022	2021
Current	**P 48,621,497**	P 267,067,116	P 140,736,884
Non-current	**808,309,119**	468,406,097	428,881,340
	P 856,930,616	P 735,473,213	P 569,618,224

The types of investments classified under Financial Assets at FVOCI as of May 31 are shown below.

	2023	2022	2021
Debt securities:			
Government	**P 788,621,648**	P 637,221,367	P 366,193,893
Corporate	**30,835,653**	45,736,749	77,590,422
	819,457,301	682,958,116	443,784,315
Equity securities –			
Corporate shares	**37,473,315**	52,515,097	125,833,909
	P 856,930,616	P 735,473,213	P 569,618,224

Government securities, which include Philippine and US government-issued securities, bear annual interest rates ranging from 1.95% to 12.13% in 2023, and 2.38% to 12.13% in 2022 and 2021. Corporate bonds bear interest ranging from 3.82% to 5.44% in 2023, 3.82% to 4.91% in 2022, and 4.04% to 5.50% in 2021. The fair values of the equity securities and debt securities have been determined based on quoted prices in active markets.

The breakdown of quoted Financial Assets at FVOCI as to currency denomination is as follows:

	2023	2022	2021
Local	**P 711,743,209**	P 735,473,213	P 569,618,224
Foreign	**145,187,407**	-	-
	P 856,930,616	P 735,473,213	P 569,618,224

An analysis of the movements in the carrying amounts of the University's investments is presented below.

	2023	2022	2021
Balance at beginning of year	**P 735,473,213**	P 569,618,224	P 462,188,902
Additions	**582,502,401**	463,602,934	275,579,927
Disposals	**(482,725,743)**	(266,410,958)	(160,702,491)
Fair value gains (losses) – net	**16,330,467**	(25,997,959)	(5,024,279)
Amortization of discount (premium) – net	**3,349,757**	(5,339,028)	(1,761,237)
Foreign currency gains (losses) – net	**2,000,521**	-	(662,598)
Balance at end of year	**P 856,930,616**	P 735,473,213	P 569,618,224

Investment income from financial assets at FVOCI pertaining to interests and gain or loss on disposal has been reinvested as part of additions to financial assets at FVOCI. Net investment income from financial assets at FVOCI, including dividend income, totaling P29.8 million, P28.7 million and P32.9 million for the years ended May 31, 2023, 2022 and 2021, respectively, is presented separately as Interest income from financial assets at FVOCI and as Other investment income (losses) from financial assets at FVOCI under Finance Income in the statements of profit or loss (see Note 17.1). The related outstanding interest is presented as part of Accrued interest under the Receivables account in the statements of financial position (see Note 5).

The total fair value gains amounting to P1.8 million and P0.7 million for the years ended May 31, 2023 and 2022, respectively, and fair value losses amounting to P6.4 million for the year ended May 31, 2021, are presented as an item that will be reclassified subsequently to profit or loss in the statements of comprehensive income. The total fair value losses amounting to P0.1 million and P2.0 million for the years ended May 31, 2023 and 2022, respectively, and total fair value gains amounting to P6.3 million for the year ended May 31, 2021, are presented as an item that will not be reclassified to profit or loss in the statements of comprehensive income.

6.3 Investment Securities at Amortized Cost

As of May 31, the University's investment securities at amortized cost are classified in the statements of financial position as follows:

	2023	2022	2021
Current	**P 66,655,463**	P 97,615,962	P 80,128,511
Non-current	**34,906,398**	73,190,766	177,140,164
	P 101,561,861	P 170,806,728	P 257,268,675

As of May 31, 2023, 2022 and 2021 the fair value of debt securities above amounts to P98.8 million, P170.1 million and P263.2 million, respectively, which is Level 1 in the hierarchy of fair values.

These investments are composed of corporate bonds denominated in Philippine pesos and US dollars which bear fixed interest rates ranging from 3.0% to 7.8% in 2023 and 2022, and 2.5% to 7.8% per annum in 2021, and have maturities ranging from one to five years.

The breakdown of investment securities at amortized cost as to currency denomination is as follows:

	2023	2022	2021
Local	**P 62,309,066**	P 102,803,283	P 185,174,120
Foreign	**39,252,795**	68,003,445	72,094,555
	P 101,561,861	P 170,806,728	P 257,268,675

An analysis of the movements in the carrying amount of the University's investment securities at amortized cost for the years ended May 31, 2023, 2022 and 2021, is presented below.

	2023	2022	2021
Balance at beginning of year	**P 170,806,728**	P 257,268,675	P 503,611,483
Additions	**43,334,577**	12,900,000	-
Maturities	**(117,151,840)**	(105,504,132)	(241,295,439)
Amortization of discount (premium) – net	**(26,447)**	(31,175)	578,597
Foreign currency gains (losses) – net	**4,598,843**	6,173,360	(5,625,966)
Balance at end of year	**P 101,561,861**	P 170,806,728	P 257,268,675

As of May 31, 2023, 2022 and 2021, the unamortized discount relating to financial assets at amortized cost amounts to P0.1 million, P0.2 million and P0.1 million, respectively. Net amortization of discount (premium) during the years ended May 31, 2023, 2022 and 2021 is netted against Interest income from investment securities at amortized cost (see Note 17.1).

6.4 Financial Instruments Measurement at Fair Value

The tables presented below show the fair value hierarchy of the University's classes of financial assets and financial liabilities measured at fair value in the statements of financial position on a recurring basis as of the years ended May 31, 2023, 2022 and 2021.

	Level 1	**Level 2**	**Level 3**	**Total**
May 31, 2023				
Financial assets at FVOCI:				
Debt securities:				
Government	P 788,621,648	P -	P -	P 788,621,648
Corporate	30,835,653	-	-	30,835,653
Equity securities	37,473,315	-	-	37,473,315
Financial assets at FVTPL –				
Equity securities	454,662,353	694,162,699	-	1,148,825,052
Investment securities at amortized cost	98,771,622	-	-	98,771,622
	P 1,410,364,591	**P 694,162,699**	**P -**	**P2,104,527,290**

	Level 1	Level 2	Level 3	Total
May 31, 2022				
Financial assets at FVOCI:				
Debt securities:				
Government	P 637,221,367	P -	P -	P 637,221,367
Corporate	45,736,749	-	-	45,736,749
Equity securities	52,515,097	-	-	52,515,097
Financial assets at FVTPL –				
Equity securities	476,454,344	676,995,067	-	1,153,449,411
Investment securities at				
amortized cost	170,135,264	-	-	170,135,264
	P 1,382,062,821	P 676,995,067	P -	P 2,059,057,888
May 31, 2021				
Financial assets at FVOCI:				
Debt securities:				
Government	P 366,193,893	P -	P -	P 366,193,893
Corporate	77,590,422	-	-	77,590,422
Equity securities	125,833,909	-	-	125,833,909
Financial assets at FVTPL –				
Equity securities	523,060,608	568,330,317	-	1,091,390,925
Investment securities at				
amortized cost	263,208,349	-	-	263,208,349
	P 1,355,887,181	P 568,330,317	P -	P 1,924,217,498

There were neither transfers between levels nor changes in levels of classification of instruments in all years presented.

6.5 Carrying Amounts and Fair Values by Category

The carrying amounts and fair value of financial assets and financial liabilities measured at fair value and amortized cost, and an investment carried at amortized cost but whose fair value is required to be disclosed are shown below.

	Notes	2023 Carrying Values	2023 Fair Values	2022 Carrying Values	2022 Fair Values	2021 Carrying Values	2021 Fair Values
Financial Assets:							
At FVOCI:	6.2						
Debt securities		**P 819,457,301**	**P 819,457,301**	P 682,958,116	P 682,958,116	P 443,784,315	P 443,784,315
Equity securities		**37,473,315**	**37,473,315**	52,515,097	52,515,097	125,833,909	125,833,909
		856,930,616	**856,930,616**	735,473,213	735,473,213	569,618,224	569,618,224
At FVTPL:	6.1						
Equity securities		**454,662,353**	**454,662,353**	476,454,344	476,454,344	523,060,608	523,060,608
UITF		**694,162,699**	**694,162,699**	676,995,067	676,995,067	568,330,317	568,330,317
		1,148,825,052	**1,148,825,052**	1,153,449,411	1,153,449,411	1,091,390,925	1,091,390,925
At amortized cost –							
Debt securities	6.3	**101,561,861**	**98,771,622**	170,806,728	170,135,264	257,268,675	263,208,349
Other non-current assets		**3,273,477**	**3,273,477**	3,273,477	3,273,477	3,273,477	3,273,477
Receivables	5	**798,070,946**	**798,070,946**	758,304,944	758,304,944	635,048,177	635,048,177
		902,906,284	**900,116,045**	932,385,149	931,713,685	895,590,329	901,530,003
		P 2,908,661,952	**P 2,905,871,713**	P 2,821,307,773	P 2,820,636,309	P 2,556,599,478	P 2,562,539,152
Financial Liabilities:							
At amortized cost –							
Interest-bearing loans	13	**P 1,406,836,735**	**P 1,299,038,256**	P 1,784,761,905	P 1,692,364,566	P 1,972,380,953	P 1,799,852,978

Except for the financial assets and financial liabilities presented above, the University has financial assets and/or financial liabilities that are not carried at fair value but are required to be disclosed at fair value as of May 31, 2023, 2021 and 2021. Management determined that the carrying amounts of the other financial assets and financial liabilities that are carried at amortized costs are equal to or approximate their fair values.

See Note 26.2 for a description of the accounting policies for each category of financial instruments. A description of the University's risk management objectives and policies for financial instruments is provided in Note 14.

7. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

This account consists of the following investments as of May 31:

	% Interest Held	**2023**	2022	2021
Investments in:				
Subsidiaries				
Roosevelt College, Inc. (RCI)	97.43%	**P 1,012,418,769**	P 1,012,418,769	P 1,012,418,769
FEU Alabang, Inc. (FEUAI)	100%	**749,999,875**	749,999,875	749,999,875
Edustria, Inc. (Edustria)	51%	**254,999,997**	254,999,997	254,999,997
East Asia Computer Center, Inc. (EACCI)	100%	**150,104,999**	150,104,999	150,104,999
Fern Realty Corporation (FRC)	38.18%	**64,419,300**	64,419,300	64,419,300
Far Eastern College – Silang, Inc. (FECSI)	100%	**51,000,000**	51,000,000	51,000,000
FEU High School, Inc. (FEU High)	100%	**24,999,500**	24,999,500	24,999,500
		2,307,942,440	2,307,942,440	2,307,942,440
Associates:				
JPMC College of Health Sciences SDN BHD (JCHS)	40%	**P 90,669,794**	P -	P -
Good Samaritan Colleges, Inc. (GSC)	34%	**70,000,000**	-	-
		160,669,794	-	-
		P 2,468,612,234	P 2,307,942,440	P 2,307,942,440

Except FRC, all subsidiaries and associates are educational institutions. FRC primarily operates as a real estate lessor to the University and other related parties.

The subsidiaries and associates' place of incorporation which are the same as their sites of operations are summarized as follows.

RCI	-	J.P. Rizal Street, Malanday, Marikina City
FEUAI	-	Lot 1, Corporate Woods cor. South Corporate Avenues, Woods District, Filinvest City, Alabang, Muntinlupa City
Edustria	-	Blocks R &T Lima Technology Center Barangay Bugtong na Pulo Lipa City, Batangas
EACCI	-	P. Paredes Street, Sampaloc, Manila
FRC and FEU High	-	Nicanor Reyes Street, Sampaloc, Manila
FECSI	-	Metrogate Silang Estates, Silang, Cavite
JCHS	-	Block 2C East Wing, Ong Sum Ping Condominium Jalan Ong Sum Ping, Bandar Seri Begawan BA 1311, Brunei Darussalam
GSC	-	Burgos Avenue, Cabanatuan City, Nueva Ecija

Management assessed that these investments are fully recoverable based on expected profitability of the investees in the coming years; hence, no impairment loss were recognized in 2023, 2022 and 2021.

Dividends earned by the University from its subsidiaries were as follows (see Notes 17.1 and 20.1):

	2023	2021	2021
EACCI	**P 175,499,096**	P 177,439,373	P 119,999,382
FEU High	**19,999,467**	15,000,000	-
FRC	**7,809,360**	7,809,360	-
	P 203,307,923	P 200,248,733	P 119,999,382

7.1 Investment in Edustria

The outstanding balance of Subscription Payable amounting to P76.5 million as of May 31, 2022 and 2021, is presented as Subscription Payable in the 2022 and 2021, is fully paid in December 2022.

7.2 Investment in JCHS

In July 2022, by virtue of an Investment Agreement, the University and Jerudong Park Medical Centre Sendirian Berhad (JPMC) of Brunei, agreed to invest a total of Brunei Dollar (BND) 5.5 million in JCHS, with the University and JPMC having equity ownerships of 40% and 60%, respectively. JCHS was incorporated to operate a private tertiary school of health sciences in Brunei Darussalam. The University also provides technical management services.

In February 2023, the University has fully paid the investment in JCHS amounting to BND 2.2 million, or an equivalent of P90.7 million.

7.3 Investment in GSC

GSC is an educational institution that offers junior and senior high school, tertiary, and graduate school courses. In August 2022, with the approval of its Board of Trustees (BOT), the University entered into an Investment Agreement for the acquisition of 77,273 common shares of GSC, representing 34% equity ownership.

In October 2022, the University paid in full its P70.0 million investment in GSC.

7.4 Financial Information of Associates

Presented below are the Associates' summary of financial information based on its most recent unaudited financial statements as of and for the periods ended May 31, 2023.

	JCHS	GSC
Total current assets	P 210,588,194	P 113,457,353
Total non-current assets	3,904,251	117,545,204
Total current liabilities	222,384	31,360,100
Total non-current liabilities	-	6,412,537
Revenues	17,004,183	108,908,127
Net income (loss)	(14,007,481)	21,811,440

As of May 31, 2023, the investments in JCHS and GSC were carried at cost, and management believes that the carrying amounts of the investments are fully recoverable.

8. INVESTMENT PROPERTIES

This account consists of the building and improvements leased to FECSI, and a parcel of land leased to FEUAI where its building, gym, chapel and campus are situated. None of the University's Investment Properties as of May 31, 2023 are used as collateral for any of the University's interest-bearing loans and borrowings.

The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of the years ended May 31, 2023, 2022 and 2021 are shown below.

	Land	Building and Improvements	Total
May 31, 2023			
Cost	P 1,076,829,849	P 483,376,295	P 1,560,206,144
Accumulated depreciation	-	(237,145,157)	(237,145,157)
Net carrying amount	**P 1,076,829,849**	**P 246,231,138**	**P 1,323,060,987**
May 31, 2022			
Cost	P 1,076,829,849	P 460,205,441	P 1,537,035,290
Accumulated depreciation	-	(213,204,400)	(213,204,400)
Net carrying amount	P 1,076,829,849	P 247,001,041	P 1,323,830,890
May 31, 2021			
Cost	P 1,076,829,849	P 428,614,821	P 1,505,444,670
Accumulated depreciation	-	(189,418,634)	(189,418,634)
Net carrying amount	P 1,076,829,849	P 239,196,187	P 1,316,026,036

A reconciliation of the carrying amounts of investment properties at the beginning and end of the years ended May 31, 2023, 2022 and 2021 is shown below.

	Land	Building and Improvements	Total
Balance at June 1, 2022, net of accumulated depreciation	P 1,076,829,849	P 247,001,041	P 1,323,830,890
Additions	-	23,170,854	23,170,854
Depreciation charges for the year	-	(23,940,757)	(23,940,757)
Balance at May 31, 2023, net of accumulated depreciation	**P 1,076,829,849**	**P 246,231,138**	**P 1,323,060,987**
Balance at June 1, 2021, net of accumulated depreciation	P 1,076,829,849	P 239,196,187	P 1,316,026,036
Additions	-	31,590,620	31,590,620
Depreciation charges for the year	-	(23,785,766)	(23,785,766)
Balance at May 31, 2022, net of accumulated depreciation	P 1,076,829,849	P 247,001,041	P 1,323,830,890
Balance at June 1, 2020, net of accumulated depreciation	P 1,076,829,849	P 260,626,028	P 1,337,455,877
Depreciation charges for the year	-	(21,429,841)	(21,429,841)
Balance at May 31, 2021, net of accumulated depreciation	P 1,076,829,849	P 239,196,187	P 1,316,026,036

The total rental income earned from investment properties is presented as Other Operating Income in the statements of profit or loss (see Notes 20.4, 20.5, 20.7, 20.8 and 20.9). The direct operating expenses, which include depreciation and amortization, insurance, and taxes and licenses incurred by the University relating to the investment properties, totaling to P24.5 million for the years ended May 31, 2023 and 2022, and P21.9 million for the year ended May 31, 2021, are presented as part of Depreciation and amortization, Insurance, and Taxes and licenses, respectively, under Operating Expenses in the statements of profit or loss (see Note 16).

The fair values (which is at Level 3) of the University's investment properties presented below are determined on the basis of the latest appraisals performed by an independent appraiser in July 2022 covering the years ended May 31, 2023 and 2022, and in July 2020 covering the year ended May 31, 2021.

The valuation process was conducted by the appraiser, with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations, to some extent in discussion with the University's management with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location with an average of 5% to 10% adjustment. The fair values of the investment properties are as follows:

	2023	2022	2021
Land	**P 3,791,248,000**	P 3,791,248,000	P 3,054,560,000
Building and improvements	**345,848,854**	322,678,000	355,970,000
At appraised values	**P 4,137,096,854**	P 4,113,926,000	P 3,410,530,000

There were no known events that may have devalued the property from its most recent appraisal.

9. PREPAYMENTS AND OTHER CURRENT ASSETS

The breakdown of this account is as follows:

	2023	2022	2021
Input value-added tax (VAT)	**P 34,864,866**	P 34,864,866	P 34,864,866
Prepaid expenses	**25,796,565**	35,409,557	23,609,959
Prepaid income tax	**16,967,324**	21,648,861	28,360,006
Inventories	**17,225,562**	18,423,086	18,320,841
Short-term investments	**5,742,794**	1,066,649	1,857,714
Supplies	**4,953,912**	3,616,962	3,729,625
	105,551,023	115,099,133	110,743,011
Allowance for impairment of input VAT	**(34,864,866)**	(34,864,866)	(34,864,866)
	P 70,686,157	P 80,234,267	P 75,878,145

Prepaid expenses mainly consist of rentals, insurance, and license and subscriptions.

Inventories consist of merchandise inventory items relating to the University's bookstore. Inventories of the University are assessed for inventory write-down and are valued at the lower of cost and net realizable value. As of May 31, 2023, 2022 and 2021, all inventories are valued at cost.

Short-term investments include investments in time deposit or special savings deposit accounts. These investments, which earn interest ranging from 1.13% to 5.0% for 2023, and 0.37% to 0.5% for 2022 and 2021, have maturities beyond three months but within one year from the end of each of the reporting period. Related accrued interest is presented as part of the Receivables account in the statements of financial position (see Note 5). Interest income earned from short-term investments is presented as part of Finance income in the statements of profit or loss (see Note 17.1).

In 2021, certain long-outstanding claims amounting to P27.5 million were impaired by the University and is recognized as part of Impairment of other assets which is presented under Operating Expenses account in the 2021 statement of profit or loss (see Note 16). There was no similar impairment recognized in 2023 and 2022.

10. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization at the beginning and end of years ended May 31, 2023, 2022 and 2021 are shown below.

	Land	Building and Improvements	Furniture and Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction in Progress	Right-of-use Assets	Total
May 31, 2023								
Cost	P 434,956,275	P 2,535,637,877	P 744,275,272	P 895,435,991	P 219,305,616	P 32,478,067	P 1,129,568,096	P 5,991,657,194
Accumulated depreciation and amortization	-	(1,211,947,459)	(627,138,340)	(400,557,434)	(198,344,616)	-	(273,717,922)	(2,711,705,771)
Net carrying amount	**P 434,956,275**	**P 1,323,690,418**	**P 117,136,932**	**P 494,878,557**	**P 20,961,000**	**P 32,478,067**	**P 855,850,174**	**P 3,279,951,423**
May 31, 2022								
Cost	P 389,229,440	P 2,318,314,908	P 654,834,044	P 895,435,991	P 216,879,498	P 23,976,403	P 1,121,187,406	P 5,619,857,690
Accumulated depreciation and amortization	-	(1,093,954,606)	(587,006,802)	(356,962,549)	(188,907,559)	-	(205,396,764)	(2,432,228,280)
Net carrying amount	P 389,229,440	P 1,224,360,302	P 67,827,242	P 538,473,442	P 27,971,939	P 23,976,403	P 915,790,642	P 3,187,629,410
May 31, 2021								
Cost	P 389,229,440	P 2,303,450,824	P 617,037,997	P 895,492,761	P 203,612,802	P 8,694,023	P 1,121,187,406	P 5,538,705,253
Accumulated depreciation and amortization	-	(971,989,346)	(551,256,450)	(313,401,806)	(179,872,131)	-	(136,931,176)	(2,153,450,909)
Net carrying amount	P 389,229,440	P 1,331,461,478	P 65,781,547	P 582,090,955	P 23,740,671	P 8,694,023	P 984,256,230	P 3,385,254,344

A reconciliation of the carrying amounts of property and equipment at the beginning and end of periods ended May 31, 2023, 2022 and 2021 is shown below and in the succeeding page.

	Land	Building and Improvements	Furniture and Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction in Progress	Right-of-use Assets	Total
Balance at June 1, 2022, net of accumulated depreciation and amortization	P 389,229,440	P 1,224,360,302	P 67,827,242	P 538,473,442	P 27,971,939	P 23,976,403	P 915,790,642	P 3,187,629,410
Additions	45,726,835	215,646,889	89,441,228	-	2,426,118	10,177,744	8,380,690	371,799,504
Reclassifications	-	1,676,080	-	-	-	(1,676,080)	-	-
Depreciation and amortization charges for the year	-	(117,992,853)	(40,131,538)	(43,594,885)	(9,437,057)	-	(68,321,158)	(279,477,491)
Balance at May 31, 2023, net of accumulated depreciation and amortization	**P 434,956,275**	**P 1,323,690,418**	**P 117,136,932**	**P 494,878,557**	**P 20,961,000**	**P 32,478,067**	**P 855,850,174**	**P 3,279,951,423**
Balance at June 1, 2021, net of accumulated depreciation and amortization	P 389,229,440	P 1,331,461,478	P 65,781,547	P 582,090,955	P 23,740,671	P 8,694,023	P 984,256,230	P 3,385,254,344
Additions	-	11,139,401	37,796,047	-	12,960,406	19,007,063	-	80,902,917
Reclassifications	-	3,724,683	-	(56,768)	-	(3,724,683)	-	(56,768)
Depreciation and amortization charges for the year	-	(121,965,260)	(35,750,352)	(43,560,745)	(8,729,138)	-	(68,465,588)	(278,471,083)
Balance at May 31, 2022, net of accumulated depreciation and amortization	P 389,229,440	P 1,224,360,302	P 67,827,242	P 538,473,442	P 27,971,939	P 23,976,403	P 915,790,642	P 3,187,629,410

	Land	Building and Improvements	Furniture and Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction in Progress	Right-of-use Assets	Total
Balance at June 1, 2020, net of accumulated depreciation and amortization	P 389,229,440	P 814,909,652	P 105,769,921	P 624,255,681	P 53,757,659	P 611,515,107	P 1,052,721,818	P 3,652,159,278
Additions	-	19,875,329	22,940,850	1,414,272	4,053,882	51,300,465	-	99,584,798
Reclassifications	-	617,926,797	(23,557,105)	-	(24,365,430)	(654,121,549)	-	(84,117,287)
Depreciation and amortization charges for the year	-	(121,250,300)	(39,372,119)	(43,578,998)	(9,705,440)	-	(68,465,588)	(282,372,445)
Balance at May 31, 2021, net of accumulated depreciation and amortization	P 389,229,440	P 1,331,461,478	P 65,781,547	P 582,090,955	P 23,740,671	P 8,694,023	P 984,256,230	P 3,385,254,344

As of May 31, 2023, 2022 and 2021, certain fully depreciated and amortized assets with acquisition cost of P1,199.0 million, P1,104.7 million and P1,011.6 million, respectively, are still being used in the University's operations.

The table below describes the nature of the University's leasing activities by type of ROUA for the years ended May 31, 2022 and 2021, which is recognized in the 2022 and 2021 statements of financial position.

	Number of right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
University buildings	5	2 – 21 years	10 years	5	5

Total rental income earned from the sublease of one of the University buildings amounted to P44.1 million and P36.1 million, for the years ended May 31, 2022 and 2021, respectively, and is part of Other Operating Income in the statements of profit or loss. Effective June 1, 2022, the University no longer have any subleasing arrangements.

The amount of depreciation is presented as part of Depreciation and amortization which is presented under Operating Expenses account (see Note 16).

None of the University's Property and Equipment as of May 31, 2023 are used as collateral for any of the University's interest-bearing loans and borrowings.

11. LEASES

The University has leases for certain university buildings, transportation equipment, and event venues. With the exception of leases of low-value underlying assets pertaining to transportation equipment and event venues, each lease is reflected on the statements of financial position as ROUA under Property and Equipment (see Note 10) and as Lease Liabilities (current portion under Trade and Other Payables) [see Note 12].

Each lease generally imposes a restriction that, unless there is a contractual right for the University to sublet the asset to another party, the ROUA can only be used by the University. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an extension of the lease for a further term. The University is prohibited from selling or pledging the underlying leased assets as security. For leases of university buildings, the University must keep those properties in a good state of repair and return the properties in good condition at the end of the lease. Further, the University must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

11.1 Lease Liabilities

The composition of the University's lease liabilities is shown below.

	2023	2022	2021
Current	**P 21,078,650**	P 15,498,514	P 33,898,929
Non-current	**1,190,623,905**	1,195,422,079	1,195,736,992
	P 1,211,702,555	P 1,210,920,593	P 1,229,635,921

The University has no commitment to any unstarted lease contracts. The non-current portion is separately reported in the statements of financial position. The University has elected not to recognize a lease liability for rented low-value assets. Payments made under such leases are considered immaterial and are expensed on a straight-line basis.

The availability of option to extend, terminate or renegotiate gives the University flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is exercised consistent to the University's markets strategy and the economic benefit of exercising the option exceeds the expected overall cost.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at May 31, 2023, 2022 and 20201 are as follows :

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
2023							
Lease payments	P 22,225,192	P 229,521,588	P 116,759,865	P 122,597,858	P 128,727,751	P 1,995,179,821	P 2,615,012,074
Finance charges	(1,146,543)	(226,432,916)	(113,268,186)	(112,658,783)	(111,393,029)	(838,410,063)	(1,403,309,519)
Net present values	**P 21,078,650**	**P 3,088,672**	**P 3,491 679**	**P 9,939,075**	**P 17,334,722**	**P1,156,769,758**	**P 1,211,702,555**
2022							
Lease payments	P 17,286,475	P 223,688,733	P 123,616,949	P 116,759,865	P 122,597,858	P 2,123,907,572	P 2,727,857,452
Finance charges	(1,787,961)	(225,836,225)	(113,582,612)	(113,268,186)	(112,658,783)	(949,803,092)	(1,516,936,859)
Net present values	P 15,498,514	(P 2,147,492)	P 10,034,337	P 3,491,679	P 9,939,075	P1,174,104,480	P 1,210,920,593
2021							
Lease payments	P 36,539,849	P 213,683,999	P 122,827,172	P 123,616,949	P 116,759,865	P 2,246,505,429	P 2,859,933,263
Finance charges	(2,640,920)	(224,475,173)	(113,868,576)	(113,582,612)	(113,268,186)	(1,062,461,875)	(1,630,297,342)
Net present values	P 33,898,929	(P 10,791,174)	P 8,958,596	P 10,034,337	P 3,491,679	P 1,184,043,554	P 1,229,635,921

11.2 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P64.3 million in 2023, P111.8 million in 2022, and P99.1 million in 2021 (see Note 22). Interest expense in relation to lease liabilities amounted to P114.1 million, P113.4 million and P112.4 million for the years ended May 31, 2023, 2022 and 2021, respectively, is presented as part of Interest expense under Finance Costs in the statements of profit or loss, respectively (see Note 17.2).

12. TRADE AND OTHER PAYABLES

The breakdown of this account follows:

	Notes	2023	2022	2021
Dividends payable	23.2(b)	**P 291,427,957**	P 245,503,823	P 168,030,831
Accounts payable	20.6	**213,542,729**	183,739,851	177,667,560
Deposits payable		**156,625,080**	165,092,956	208,550,533
Accrued expenses	13, 20.3, 20.10	**110,608,379**	89,529,999	72,694,521
National Service Training Program (NSTP) and other funds		**72,447,957**	28,831,600	18,895,203
Amounts due to students		**60,028,828**	57,191,179	54,540,348
Accrued salaries and employee benefits		**58,401,045**	62,860,163	45,922,252
Retention payable		**22,907,011**	22,907,011	22,907,011
Lease liabilities	11	**21,078,650**	15,498,514	33,898,929
Withholding and other taxes payable		**14,142,737**	18,578,211	14,761,499
Others		**13,059,654**	7,321,629	35,323,771
		P 1,034,270,027	P 897,054,936	P 853,192,458

Accounts payable pertain to unpaid amounts for various incurred expenses already billed by the University's suppliers.

Deposits payable are monies held by the University on behalf of students and third parties for various specific purposes relating to an activity or event. Long-outstanding deposits payable are routinely assessed for status of utilization and ascertained whether no future obligations will be called against it.

Accrued expenses pertain to the University's estimated expenses where billings are not yet received as of reporting date. These generally consist of accruals for utilities, professional fees, outside services, supplies and materials, and interest.

As of May 31, 2023, 2022 and 2021, after reconciliation was determined, certain deposit payables, accruals, funds and other liabilities amounting to P60.1 million, P49.0 million, and P17.1 million, respectively, were reversed and is presented as part of Reversal of liabilities under the Other Income – Income account in the statements of profit or loss (see Note 18).

The NSTP fees charged to students amounted to P30.8 million, P29.4 million and P19.5 million for the years ended May 31, 2023, 2022 and 2021, respectively. The outstanding balance of the NSTP trust fund, reported as part of Other funds amounted to P22.4 million and P0.9 million as of May 31, 2023 and 2021, respectively (nil as of May 31, 2022).

Amounts due to students represent excess payment of tuition and miscellaneous fees that are payable to them once applied for refund, or automatically applied on the students' subsequent enrollment.

Retention payable is the unpaid balance of the acquisition price of RCI in 2016. Such is retained by the University to ensure compliance by the selling shareholders of RCI to certain agreed terms. During the year ended May 31, 2021, the University paid P19.3 million of the retention payable in partial compliance with the agreement. No subsequent payment is made yet.

13. INTEREST-BEARING LOANS

The University's interest-bearing loans as of May 31, 2023, 2022 and 2021 are as follows:

Original Principal Amount	Outstanding Principal Balance (in Million Pesos)			Interest Charges (in Million Pesos)			Accrued Interest (in Million Pesos)			Current Interest Rate*	Security	Maturity Date	Principal Repayment
	2023	2022	2021	**2023**	2022	2021	**2023**	2022	2021				
P 542.9	**P 439.5**	P 542.9	P 542.9	**P 20.1**	P 10.8	P 8.7	**P 3.2**	P 1.3	P 1.3	5.35%	Unsecured	July 2027	Quarterly
500.0	**404.8**	500.0	500.0	**18.5**	9.9	2.1	**2.9**	1.2	1.2	5.35%	Unsecured	July 2027	Quarterly
425.0	**344.0**	425.0	425.0	**15.8**	8.4	10.0	**2.5**	1.0	1.1	5.35%	Unsecured	July 2027	Quarterly
150.0	**121.4**	150.0	150.0	**5.6**	3.0	3.5	**0.9**	0.3	0.4	5.35%	Unsecured	July 2027	Quarterly
120.0	**97.1**	120.0	120.0	**4.4**	2.4	2.8	**0.7**	0.3	0.3	5.35%	Unsecured	July 2027	Quarterly
680.0	**-**	32.4	161.9	**0.02**	1.7	5.6	**-**	0.1	0.7	1.95%	Unsecured	June 2022	Quarterly
200.0	**-**	9.5	47.6	**0.004**	0.5	1.7	**-**	0.04	0.2	1.95%	Unsecured	June 2022	Quarterly
100.0	**-**	5.0	25.0	**0.002**	0.3	0.9	**-**	0.02	0.1	1.95%	Unsecured	June 2022	Quarterly
800.0	**-**	-	-	**-**	-	3.7	**-**	-	-	4.16%	Unsecured	August 2020	End of Term
100.0	**-**	-	-	**-**	-	3.7	**-**	-	-	4.50%	Unsecured	February 2021	End of Term
100.0	**-**	-	-	**-**	-	3.6	**-**	-	-	4.50%	Unsecured	February 2021	End of Term
100.0	**-**	-	-	**-**	-	3.6	**-**	-	-	4.50%	Unsecured	February 2021	End of Term
150.0	**-**	-	-	**-**	-	0.7	**-**	-	-	4.16%	Unsecured	August 2020	Quarterly
80.0	**-**	-	-	**-**	-	2.9	**-**	-	-	4.50%	Unsecured	February 2021	End of Term
70.0	**-**	-	-	**-**	-	2.5	**-**	-	-	4.50%	Unsecured	February 2021	End of Term
50.0	**-**	-	-	**-**	-	1.7	**-**	-	-	4.50%	Unsecured	February 2021	End of Term
500.0	**-**	-	-	**-**	-	2.1	**-**	-	-	4.25%	Unsecured	March 2021	End of Term
	P 1,406.8	P 1,784.8	P 1,972.4	**P 64.4**	P 37.0	P 59.8	**P 10.2**	P 4.2	P 5.3				

* For certain loans, interest rates are determined based on Philippine Dealing System Treasury Reference three-month bid yields for Philippine government securities plus 0.75% or prevailing rate on special deposit accounts.

All of the University's interest-bearing loans and borrowings are clean loans; no assets used and/or required as collaterals as of May 31, 2023, 2022 and 2021.

The total interest incurred by the University on all these loans are presented as part of Interest expense under Finance Costs in the statements of profit or loss (see Note 17.2), while any outstanding interest payable is recognized as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 12).

Loans obtained with a local commercial bank are subject to loan covenants effective for the years ended May 31, 2023, 2022 and 2021, which require the University to maintain a debt service coverage ratio of at least 1.2x and debt-to-equity ratio of not more than 2:1. As of May 31, 2023, 2022 and 2021, the University has complied with its loan covenants based on its financial statements for all years presented (see Note 25).

14. RISK MANAGEMENT OBJECTIVES AND POLICIES

The University is exposed to certain financial risks in relation to financial instruments. Its main purpose for its dealings in financial instruments is to fund operational and capital expenditures. The BOT has overall responsibility for the establishment and oversight of the University's risk management framework. It has a risk management committee headed by an independent trustee that is responsible for developing and monitoring the University's policies, which address risk management areas.

Management is responsible for monitoring compliance with the University's risk management policies and procedures and for reviewing the adequacy of these policies in relation to the risks faced by the University.

The University does not engage in trading of financial assets for speculative purposes, nor does it write options. The most significant financial risks to which the University is exposed are described below and in the succeeding pages.

14.1 Market Risk

(c) Foreign Currency Risk

Most of the University's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange risk arise from certain cash and cash equivalents, investment securities at FVTPL, FVOCI and amortized cost that are primarily denominated in United States (US) dollars.

To mitigate the University's exposure to foreign currency risk, the University generally keeps the amount of its US dollar deposit at a level within BOT-approved limits.

Financial assets denominated in US dollar, translated into Philippine pesos at the closing rate, as of May 31 are presented below.

	2023	2022	2021
Short-term exposure – Financial assets	**P 795,363,806**	P 605,956,445	P 530,903,592
Long-term exposure – Financial assets	**P 39,252,795**	P 68,003,445	P 72,094,555

The next table illustrates the sensitivity of the University's profit or loss before tax with respect to changes in Philippine peso against US dollar exchange rates. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous periods (for the periods ended May 31, 2023, 2022 and 2021) at a 95% confidence level.

	May 31, 2023			May 31, 2022			May 31, 2021		
	Reasonably possible change in rate	**Effect in profit before tax**	**Effect in equity**	Reasonably possible change in rate	Effect in profit before tax	Effect in equity	Reasonably possible change in rate	Effect in loss before tax	Effect in equity
PhP – USD	**12.29%**	**P 102,597,858**	**P 92,338,072**	8.58%	P 53,759,152	P 53,221,560	4.67%	P 28,160,013	P 27,667,213

Exposures to US dollar exchange risk vary during the year depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis above is representative of the University's current risk.

(b) Interest Rate Risk

The University is exposed to changes in market interest rates through its cash and cash equivalents, debt securities investments, and interest-bearing loans as of end of each reporting period, which are subject to variable interest rates, as shown below. All other financial assets and financial liabilities have fixed interest rates. The exposure to interest rate risks as of the end of each reporting period is as follow:

	Notes	**2023**	2022	2021
Cash and cash equivalents	4	**P 503,084,160**	P 582,668,500	P 334,351,829
Financial assets at FVOCI	6.2	**819,457,301**	682,958,116	443,784,315
Investment securities at amortized cost	6.3	**101,561,861**	170,806,728	257,268,675
Short-term investments	9	**5,742,794**	1,066,649	1,857,714
Interest-bearing loans	13	**(1,406,836,735)**	(1,784,761,905)	(1,972,380,952)
		P 23,009,381	(P 347,261,912)	(P 935,118,419)

The following table illustrates the sensitivity of profit or loss before tax regarding the University's interest-bearing financial instruments. These percentages have been determined based on the average market volatility rates, using standard deviation, in the years ended May 31, 2023, 2022 and 2021, estimated at 95% level of confidence. The sensitivity analysis is based on the University's financial instruments held at May 31, 2023, 2022 and 2021.

	May 31, 2023		May 31, 2022		May 31, 2021	
	Reasonably possible change in rate	**Effect on profit before tax**	Reasonably possible change in rate	Effect on profit before tax	Reasonably possible change in rate	Effect on loss before tax
Cash and cash equivalents	**+/-0.45%**	**P 2,276,955**	+/-0.27%	P 1,572,739	+/-0.73%	P 2,440,768
Financial assets at FVOCI	**+/-0.42%**	**3,452,320**	+/-0.49%	3,629,679	+/-0.69%	3,062,112
Investment securities at amortized cost	**+/-0.42%**	**427,873**	+/-0.49%	848,959	+/-0.69%	1,775,154
Short-term investments	**+/-0.48%**	**27,761**	+/-0.72%	7,627	+/-1.03%	19,134
Interest-bearing loans	**+/-0.42%**	**(5,926,911)**	+/-0.49%	(8,808,088)	+/-0.69%	(13,609,429)
		P 257,998		(P 2,749,084)		(P 6,312,261)

(c) Other Price Risk

The University's exposure to price risk arises from its investments in equity securities, which are classified as part of the Financial Assets at FVOCI and Financial Assets at FVTPL accounts in the statement of financial position. These consist of publicly listed equity securities which are carried at fair value.
Management monitors its equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis.

For equity securities listed in the Philippines, an average volatility has been observed for the years ended May 31, 2023, 2022 and 2021 which is shown on the next table.

	Change in Total Comprehensive Income					
	+/-%	**2023**	+/-%	2022	+/-%	2021
Financial assets at FVTPL	**5.40%**	**P 24,569,662**	5.32%	P 50,326,607	21.79%	P 113,988,364
Financial assets at FVOCI	**1.57%**	**588,952**	4.50%	2,654,527	17.77%	22,363,446

Certain investments are considered medium to long-term strategic investments. In accordance with the University's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored to ensure that returns of these equity instruments are timely utilized or reinvested in the University's favor.

14.2 Credit Risk

Credit risk represents the loss that the University would incur if the counterparty failed to perform its contractual obligations.

The University is exposed to credit risk relating to its receivables from related parties and assessed tuition fees receivables primarily anchored on the students' possible inability to fully settle outstanding balances of receivables which are owed to the University based on installment payment schemes.

The University's exposure to credit risk on its other receivables from debtors and related parties is managed through close account monitoring and setting limits. The University has established controls and procedures to minimize risks of noncollection. Students by default are not allowed to enroll in the following semester unless the unpaid balance in the previous semester has been paid.

Other than the foregoing, the University is not exposed to significant credit risk and has no significant exposure to any individual customer or counterparty nor it has any other concentration of credit risk arising from counterparties in similar business activities, geographic region, or economic parties.

With respect to credit risk arising from debt instruments, the University's maximum exposure is equal to the carrying amount, before any allowances for impairment, of these instruments.

The maximum exposure to credit risk at the end of the reporting period is as follows:

	Notes	2023	2022	2021
Cash and cash equivalents	4	**P 503,084,160**	P 582,668,500	P 334,351,829
Receivables	5	**906,808,828**	865,645,498	738,782,587
Financial assets at FVOCI	6.2	**819,457,301**	682,958,116	443,784,315
Investment securities at amortized cost	6.3	**101,561,861**	170,806,728	257,268,675
Short-term investments	9	**5,742,794**	1,066,649	1,857,714
Other non-current assets		**3,273,477**	3,273,477	3,273,477
		P 2,339,928,421	P 2,306,418,968	P 1,779,318,597

a. Cash and Cash Equivalents and Short-term Investments

The credit risk for cash and cash equivalents and short-term investments held by reputable financial institutions is considered negligible or the probability of default is remote since there has been no history of default from these counterparties and because of their high-quality external credit ratings.

Cash in banks are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum coverage of P0.5 million per depositor per banking institution, as provided for under Republic Act (R.A.) No. 9576, *Amendment to Charter of PDIC*.

For cash and cash equivalents and financial assets of similar nature, the University applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the University's policy to measure ECL on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

As of May 31, 2023, 2022 and 2021, management assessed that the allowance for ECL on these financial instruments is not material.

b. Receivables

The University's receivables include assessed tuition fees receivables, receivables from related parties and others miscellaneous receivables.

The University applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for assessed tuition fees and other receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets.

To calculate the ECL using a provision matrix, the University makes use of its historical experience, external indicators, and forward-looking information (FLI). The expected loss rates on these receivables are determined based on the history of credit-impaired student accounts. The University analyses assessed tuition receivables based on the number of semesters the receivables have been outstanding. Student receivables that are outstanding for at least two semesters are assessed for credit impairment. The University also assesses impairment of tuition fees and other receivables on a collective basis as they possess shared credit risk characteristics.

The historical loss rates, which are expressed as the relationship between the credit-impaired accounts and the related recognized tuition fees, are adjusted to reflect current and FLI on macroeconomic factors affecting the ability of the students to settle the receivables. The University assessed that the expected loss rates for tuition fees and other receivables are a reasonable approximation of the loss rates for these financial assets. As at May 31, 2023, 2022 and 2021, weighted average loss rates, adjusted with FLI, used in the measurement of ECL is at 3.8%, 5.0% and 6.4%, respectively.

The University incorporates FLI into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The most relevant macroeconomic variable used in the measurement of ECL is consumer spending as at May 31, 2023, 2022 and 2021, based on the correlation of historical loss rates and FLI.

With respect to advances to related parties, the University determines possible impairment based on the counterparties' ability to repay the receivables upon demand at the reporting date taking into consideration the historical defaults from the counterparties. Accordingly, the University recognized allowance for impairment loss amounting to P30.5 million, P25.4 million and P17.6 million as at May 31, 2023, 2022 and 2021, respectively (see Note 5).

For the years ended May 31, 2023, 2022 and 2021, the University recognized allowance for impairment loss on all its receivables amounting to P108.7 million, P107.3 million and P103.7 million, respectively. A reconciliation of the allowance for ECL as at May 31, 2023, 2022 and 2021 to the opening loss allowance is presented in Note 5.

c. Debt Instruments Classified as Financial Assets at FVOCI and at Amortized Cost

Debt securities measured at amortized cost and at FVOCI are considered to have low credit risk, and therefore, the loss allowance during the period is determined to be equivalent to 12 months ECL. Management considers "low credit risk" for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default, and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The loss allowance provided are as follows:

Company Internal Credit Rating	External Credit Rating	ECL Rate	Estimated Gross Carrying Amount at Default	Allowance
2023				
Investment Securities at Amortized Cost				
Performing	A – AAA	0.00% - 0.03%	P 46,324,646	P -
Underperforming	BB – BBB+	0.00% - 0.23%	152,174,744	-
Financial Assets at FVOCI				
Performing	AAA	0.0%	30,000,000	-
Underperforming	BBB+	0.00% - 0.09%	644,433,931	696,432
			P 872,933,321	**P 696,432**

Company Internal Credit Rating	External Credit Rating	ECL Rate	Estimated Gross Carrying Amount at Default	Allowance
2022				
Investment Securities at Amortized Cost				
Performing	A – AAA	0.00% - 0.03%	P 114,329,456	P -
Underperforming	BB – BBB+	0.00% - 0.23%	56,477,273	-
Financial Assets at FVOCI				
Performing	AAA	0.0%	43,900,000	-
Underperforming	BBB+	0.00% - 0.09%	661,702,267	570,352
			P 876,408,995	P 570,352
2021				
Investment Securities at Amortized Cost				
Performing	A – AAA	0.00% - 0.05%	P 188,548,343	P -
Underperforming	BB – BBB+	0.23% - 0.45%	69,055,667	-
Financial Assets at FVOCI				
Performing	AAA	0.0%	86,600,000	-
Underperforming	BBB+	0.00% - 0.09%	350,067,199	300,860
			P 694,271,209	P 300,860

In 2021, the University has recognized a reversal of ECL for debt securities at amortized cost, while no addition or reversal of ECL has been recognized for debt securities at FVOCI.

d. Other Non-current Assets

Management has assessed that these financial assets have low probability of default since these mainly relate to continuing lease contracts and any outstanding deposit balance can be applied against future monthly rentals. Also, these are no longer discounted since management believes that the effect of discounting is not material to the financial statements. With respect to certain long-term marketable securities, the University determines that there is a possible impairment. Accordingly, the University recognized allowance for impairment loss amounting to P3.7 million as at May 31, 2023, 2022 and 2021 (see Note 16).

14.3 Liquidity Risk

The University manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the University's future and contingent obligations and ensures that future cash collections are sufficient to meet them in accordance with internal policies. The University invests in cash placements when excess cash is obtained from operations.

As at May 31, 2023, 2022 and 2021, the University's financial liabilities (except lease liabilities) have contractual maturities (or are expected to be settled within these periods) below.

	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
2023			
Trade and other payables	P 926,600,683	P -	P -
Interest-bearing loans	211,335,698	205,781,093	1,202,183,599
	P 1,137,936,381	**P 205,781,093**	**P 1,202,183,559**
2022			
Trade and other payables	P 834,146,611	P -	P -
Interest-bearing loans	228,848,484	180,053,172	1,463,346,553
Subscription payable	-	76,499,997	-
	P 1,062,995,095	P 256,553,169	P 1,463,346,553
2021			
Trade and other payables	P 785,636,827	P -	P -
Interest-bearing loans	108,919,597	113,152,530	1,894,157,667
Loans from related parties	100,000,000	-	-
Subscription payable	-	76,499,997	-
	P 994,556,424	P 189,652,527	P 1,894,157,667

The contractual maturities presented above reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting period. The maturity analysis of lease liabilities are presented in Note 11.1.

14.4 Offsetting of Financial Assets and Financial Liabilities

The amounts of University's cash in bank, which is presented as part of the Cash and Cash Equivalents account, and portion of Short-term investments under the Prepayments and Other Current Assets account in the statements of financial position (see Notes 4 and 9) are subject to offsetting, enforceable master netting arrangements and similar agreements as at May 31, 2023, 2022 and 2021, as presented below.

	Gross amounts recognized in the statements of financial position		Net amount presented in the statements of financial position	Related amounts that can potentially be set-off in the statements of financial position		
	Financial assets	Financial liabilities set-off		Financial instruments	Cash collateral received	Net amount
2023	**P 89,114,135**	**P -**	**P 89,114,135**	**(P1,406,836,735)**	**P -**	**(P 1,317,722,600)**
2022	P 102,738,316	P -	P 102,738,316	(P 1,784,761,905)	P -	(P 1,682,023,589)
2021	P 214,987,792	P -	P 214,987,792	(P 1,972,380,953)	P -	(P 1,757,393,161)

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the University and its counterparties (i.e., depository bank) allows for net settlement of the relevant financial assets and financial liabilities (i.e., interest-bearing loans) when both elect to settle on a net basis.

All other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (i.e., related parties) will have the option to settle all such amounts on a net basis through the approval by both parties' BOT. As such, the University's outstanding receivables from and payables to the same related parties can potentially be offset to the extent of their corresponding outstanding balances.

15. EDUCATIONAL REVENUES

Details of net tuition and other school fees presented in the statements of profit or loss are as follows:

	2023	2022	2021
Tuition fees	**P 2,985,532,076**	P 2,504,735,938	P 2,005,577,201
Less:			
Discounts:			
Scholarships	**208,554,317**	163,419,874	124,711,539
Cash	**22,373,099**	17,472,319	9,989,936
Family	**5,884,997**	5,269,672	3,094,498
	236,812,413	186,161,865	137,795,973
Tuition fees – net	**2,748,719,663**	2,318,574,073	1,867,781,228
Other school fees:			
Entrance fees	**13,956,611**	14,040,901	10,097,501
Transcript fees	**13,528,415**	10,410,573	5,501,234
Diplomas	**12,676,035**	10,817,265	5,653,574
Identification cards	**8,797,582**	7,928,946	5,878,248
Graduation and commencement fees	**6,837,482**	6,626,404	2,358,268
Certification fee	**4,960,877**	3,317,968	1,889,286
International student fees	**1,631,314**	3,361,499	3,827,864
Miscellaneous	**5,969,898**	3,638,655	1,558,633
	68,358,214	60,142,211	36,764,608
	P 2,817,077,877	P 2,378,716,284	P 1,904,545,836

15.1 Core Revenue Stream

The University derives revenues from transactions involving tuition fees, other school fees and other school-related activities such as sale of school merchandise and books. Revenues from tuition fees are recognized over time of instruction. On the other hand, all other revenue sources, such as other incidental fees and sale of school merchandise and books (presented as part of Other Income), are recognized at a point in time.

15.2 Unearned Tuition Fees

As of May 31, 2023, 2022 and 2021, the University has collected tuition fee payments amounting to P29.4 million, P35.2 million and P11.2 million, respectively, from students enrolled for the succeeding midyear term or first semester of the following school year.

These collections are presented as Unearned Tuition Fees in the statements of financial position. These will be recognized as revenue in the next reporting period once the performance obligation of the University has been rendered.

16. OPERATING EXPENSES

Costs and operating expenses consist of:

	Notes	**2023**	2022	2021
Salaries and employee benefits	19.1	**P 1,038,077,960**	P 927,780,772	P 802,889,187
Depreciation and amortization	8, 10	**303,418,248**	302,256,849	303,802,286
Professional fees		**93,111,618**	60,578,073	60,932,648
Utilities and communication		**79,770,105**	33,741,946	25,377,899
License and subscription		**78,119,424**	44,397,476	41,908,614
Supplies and materials		**74,073,367**	36,889,096	17,555,692
Outside services		**59,105,145**	41,737,488	27,017,850
Repairs and maintenance		**41,269,450**	43,894,740	47,462,333
Training and seminars		**25,732,187**	16,616,235	7,079,858
Taxes and licenses	8	**21,389,643**	17,375,213	34,374,631
Insurance	8	**17,431,795**	7,008,662	6,362,830
Transportation and travel		**14,219,000**	7,085,345	4,383,310
Directors' bonus		**13,500,000**	13,000,000	13,500,000
Rental	20.3	**4,141,506**	2,075,887	612,109
Advertising and promotions		**3,142,613**	2,100,809	3,444,021
Research		**2,815,640**	3,253,269	3,839,191
Impairment of other assets	9	**-**	-	27,525,652
Others		**22,989,366**	17,483,910	19,436,548
		P 1,892,307,067	P 1,577,275,770	P 1,447,504,659

17. FINANCE INCOME AND FINANCE COSTS

17.1 Finance Income

This consists of the following:

	Notes	2023	2022	2021
Dividend income	7, 20.1	**P 203,307,923**	P 200,248,733	P 119,999,382
Foreign exchange gain - net	6.2	**47,174,733**	44,957,928	-
Interest income from:				
Financial assets at FVOCI	6.2	**46,319,696**	20,203,135	19,365,582
Cash and cash equivalents	4	**8,476,350**	330,316	461,677
Investment securities at amortized cost - net	6.3	**7,549,261**	11,406,704	16,793,882
Loans receivable	20.10	**235,890**	109,998	-
Short-term investments	9	**1,975**	385,808	144,673
Other investment income (losses) from:				
Financial assets at FVOCI	6.2	**(16,498,147)**	8,460,219	13,518,735
Financial assets at FVTPL	6.1	**3,662**	12,990,851	108,456,494
Reversal of impairment loss on financial assets at amortized cost	6.3	**-**	-	476,173
		P 296,571,343	P 299,093,692	P 279,216,598

Other investment income (loss) from financial assets at FVOCI and FVTPL comprised collectively of dividend income, gain or loss on disposal, and realized fair value gains or losses of securities held by trustee banks, as well as net amortization of discount and premium on investments at amortized cost.

17.2 Finance Costs

This is broken down into the following:

	Notes	2023	2022	2021
Interest expense on:				
Lease liabilities	11, 22	**P 114,068,795**	P 113,360,483	P 112,363,368
Interest-bearing loans	13 20.10, 22	**64,421,044**	37,404,061	62,105,112
Bank charges		**13,577,327**	9,763,709	8,073,483
Foreign exchange loss - net	6	**-**	-	24,185,074
		P 192,067,166	P 160,528,253	P 206,727,037

18. OTHER INCOME – Net

This consists of the following:

	Note	2023	2022	2021
Other income from:				
Reversal of accruals and other liabilities	12	**P 60,051,391**	P 49,030,206	P 17,108,036
Adjustment arising from reduced rent coverage		**57,350,021**	20,301,830	9,516,747
Gain (loss) from sale of books and other merchandise – net		**11,353,669**	(2,678,861)	(1,060,686)
Others		**27,336,461**	1,846,171	13,800,202
		P 156,091,542	P 68,499,346	P 39,364,299

Others include revenues from processing fees for various document requests of students, reimbursement of vaccine costs and clinic services of employees, fees for use clinic and library by students of FEU High, and discounts received for rental payments.

19. EMPLOYEES' HEALTH, WELFARE AND RETIREMENT FUND

19.1 Salaries and Employee Benefits Expense

Details of salaries and employee benefits are presented below (see Note 16).

	2023	2022	2021
Short-term employee benefits	**P 955,277,597**	P 851,268,215	P 757,132,612
Post-employment benefits	**82,800,363**	76,452,557	45,756,575
	P 1,038,077,960	P 927,720,772	P 802,889,187

19.2 Post-employment Defined Benefit

The University maintains a tax-qualified, funded and contributory retirement plan, which is a defined contribution type of retirement plan since 1967, covering regular teaching and non-teaching personnel members.

The retirement fund is under the administration of an organization, the FEU Health, Welfare and Retirement Fund Plan (FEUHWRFP or the Fund), through its Retirement Board.

Contributions to this fund are in accordance with the defined contribution established by the Retirement Board which is the sum of the employees' and the University's contributions. Employees' contribution is 5% of basic salary while the University's contribution is equivalent to 20% of the employees' basic salary.

As a policy of FEU, any contributions made by the University in the past years that were subsequently forfeited resulting from resignations of covered employees prior to vesting of their retirement pay can be utilized as employer contributions in the succeeding years.

The Fund's audited statements of financial position, which comprised of both employer and employee share contributions, show the following as of December 31:

	2022	2021	2020
Assets			
Cash and cash equivalents	**P 108,583,575**	P 87,106,029	P 74,152,930
Receivables – net	**46,516,917**	53,749,357	67,520,237
Investment in debt securities:			
Government securities	**416,474,205**	365,734,297	320,422,304
Corporate bonds and other debt instruments	**105,676,905**	138,238,329	182,648,568
Investment in equity securities:			
Corporate shares	**319,880,997**	354,114,730	365,563,048
UITF	**127,717,207**	129,886,446	91,653,602
Others	**35,038**	65,321	106,932
	1,124,884,844	1,128,894,509	1,102,067,621
Liabilities	**(50,474,498)**	(44,705,185)	(37,223,416)
Net assets available for plan benefits	**P 1,074,410,346**	P 1,084,189,324	P 1,064,844,205

Plan assets do not comprise any of the University's or its related parties' own financial instruments or any of its assets occupied and/or used in its operations.

The Fund's financial assets are maintained in trust funds with credible trustee banks under control by the Fund through its Retirement Board.

20. RELATED PARTY TRANSACTIONS

The University's related parties include its subsidiaries, the University's key management and others as described in Note 26.16. A summary of the University's transactions with its related parties is presented below (in thousands).

		May 31, 2023		May 31, 2022		May 31, 2021	
	Notes	**Amount of Transaction**	**Outstanding Receivable (Payable)**	Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)
Subsidiaries and associates:							
Noninterest-bearing advances	20.2	**P -**	**P 235,565**	P -	P 235,565	P -	P 235,565
Interest-bearing loans	20.10	**-**	**-**	(100,000)	-	(65,800)	(100,000)
Interest expense	20.10	**-**	**-**	(382)	-	(2,273)	(910)
Interest-bearing loans	20.10	**-**	**-**	20,000	20,000	-	-
Interest income	20.10	**236**	**-**	110	110	-	-
Lease liabilities	20.3	**3,452**	**(1,208,364)**	(16,448)	(1,204,912)	(9,492)	(1,221,359)
ROUA	20.3	**(65,524)**	**853,519**	(65,669)	910,663	(65,669)	976,332
Interest on lease liabilities	17.2, 20.3	**(113,864)**	**-**	(113,015)	-	(111,884)	-
Rent expense	20.3	**(1,284)**	**-**	(1,598)	(620)	-	-
Reimbursement of expenses	20.6	**28,966**	**126,291**	(10,589)	97,326	10,589	110,596
Reimbursement of expenses	20.6	**(23,171)**	**(23,171)**	(26,991)	(26,991)	-	-
Dividend income	20.1	**203,308**	**-**	200,249	-	119,999	-
Rental income	20.4, 20.5, 20.7, 20.8 20.9	**41,799**	**6,445**	87,242	51,726	74,835	27,930
Investment subscription (payments) - net	7	**-**	**-**	-	(76,500)	-	(76,500)
Stock dividends	20.14	**-**	**-**	-	-	30,000	-
Share in tuition fees		**1,587**	**1,587**	523	523	285	285
Fees for use of school clinic and library		**4,780**	**4,780**	-	-	-	-

	Notes	May 31, 2023 Amount of Transaction	May 31, 2023 Outstanding Receivable (Payable)	May 31, 2022 Amount of Transaction	May 31, 2022 Outstanding Receivable (Payable)	May 31, 2021 Amount of Transaction	May 31, 2021 Outstanding Receivable (Payable)
Related parties under common management:							
Reimbursement of expenses	20.6	**4,798**	**24,397**	(2,180)	19,599	(12,197)	21,779
Lease liabilities	20.3	**(2,670)**	**(3,339)**	(2,268)	(6,009)	(5,792)	(8,277)
ROUA	20.3	**(2,797)**	**2,331**	(2,797)	5,127	(2,797)	7,924
Interest on lease liabilities	17.2, 20.3	**(205)**	**-**	(346)	-	(480)	-
Rental income	20.8	**-**	**-**	-	-	(2,921)	-
Noninterest-bearing advances	20.2	**2,626**	**9,502**	2,037	6,876	2,508	4,839
Key management personnel compensation	20.12	**95,072**	**-**	86,347	-	78,633	-
Retirement fund –	20.13						
Retirement plan assets		**-**	**868,233**	-	851,228	-	784,764

Details of the foregoing summary of transactions are discussed below and in the succeeding pages.

20.1 Dividend Income

For the years ended May 31, 2023, 2022 and 2021, the University recognized dividend income from cash dividend declarations made by EACCI, FEU High and FRC (see Note 7), which is presented as Dividend income under Finance Income in the statements of profit or loss (see Note 17.1). There are no outstanding receivables as of the end of each period related to dividends.

20.2 Noninterest-bearing Advances

The University grants unsecured and noninterest-bearing advances to certain related parties for working capital purposes which are currently due on demand.

Summarized below are the outstanding receivables, shown as part of Receivables from related parties under the Receivables account in the statements of financial position, arising from these transactions (see Note 5). In 2023, 2022, and 2021, the University recognized impairment loss amounting to P5.1 million, P7.8 million and P17.0 million and presented as under Impairment Loss in the statements of profit or loss.

	Beginning	Advances	Ending
2023			
RCI	P 235,564,735	P -	P 235,564,735
FEU Public Policy Center Foundation, Inc. (FEUPPCFI)	6,875,803	2,626,000	9,501,803
	P 242,440,538	**P 2,626,000**	**P 245,066,538**
2022			
RCI	P 235,564,735	P -	P 235,564,735
FEUPPCFI	4,838,503	2,037,300	6,875,803
	P 240,403,238	P 2,037,300	P 242,440,538
2021			
RCI	P 235,564,735	P -	P 235,564,735
FEUPPCFI	2,779,304	2,059,199	4,838,503
	P 238,344,039	P 2,059,199	P 240,403,238

20.3 Lease of Land, Various Buildings and Facilities

The University had several lease agreements with FRC and Nicanor Reyes Educational Foundation, Inc. (NREF) for its lease of land, various buildings and facilities. The lease agreements are long-term, renewable, and provides for yearly rental rates with yearly escalation rates.

The University, as a lessee, recognized ROUA and lease liabilities, which is presented as ROUA and Lease Liabilities in the statements of financial position (see Note 11). Amortization of the ROUA arising from these transactions is presented as part of Depreciation and amortization under Operating Expenses of the statements of profit or loss. Total interest expense on lease liabilities is presented as part of Interest expense on lease liabilities under Finance Costs in the statements of profit or loss. The outstanding balances arising from these transactions are presented as part of ROUA under Property and Equipment, and Lease Liabilities (current portion under Trade and Other Payable) in the statements of financial position.

			Right-of-use asset		Lease Liabilities	
Lessor	Property	Lease term	Outstanding balance	Amortization expense	Outstanding balance	Interest expense
2023:						
FRC	Manila campus premises – land and buildings	20 years	P735,257,272	P 45,953,580	P 1,022,575,559	P 97,192,245
FRC	Makati campus premises – land	30 years	95,612,673	5,311,815	155,907,310	14,775,403
FRC	Building – gymnasium	10 years	18,459,287	10,068,701	25,490,064	1,583,114
FRC	Facilities – athlete's quarters	3 years	4,190,344	4,190,344	4,390,389	313,185
NREF	Facilities – Diliman sports facilities	10 years	2,330,598	2,796718	3,339,233	204,848
			P855,850,174	**P 68,321,158**	**P1,211,702,555**	**P 114,068,795**
2022:						
FRC	Manila campus premises – land and buildings	20 years	P781,210,852	P 45,953,580	P 1,013,731,334	P 96,179,404
FRC	Makati campus premises – land	30 years	100,924,488	5,311,815	153,645,448	14,540,159
FRC	Building – gymnasium	10 years	28,527,988	10,068,701	37,534,763	2,144,284
FRC	Facilities – athlete's quarters	3 years	-	4,334,774	-	151,060
NREF	Facilities – Diliman sports facilities	10 years	5,127,316	2,796,718	6,009,048	345,576
			P915,790,644	P 68,465,588	P1,210,920,593	P 113,360,483
2021:						
FRC	Manila campus premises – land and buildings	20 years	P827,164,432	P 45,953,580	P 1,012,547,740	P 94,611,449
FRC	Makati campus premises – land	30 years	106,236,302	5,311,815	153,376,028	14,241,020
FRC	Building – gymnasium	10 years	38,596,688	10,068,701	50,023,296	2,630,758
FRC	Facilities – athlete's quarters	3 years	4,334,774	4,334,774	5,412,056	400,595
NREF	Facilities – Diliman sports facilities	10 years	7,924,034	2,796,718	8,276,801	479,547
			P984,256,230	P 68,465,588	P1,229,635,921	P 112,363,369

Starting September 2021, the University leases from FECSI the gymnasium located in its campus. The lease agreement was initially for five years, with the terms and conditions subject to review and determination at the end of every year, however, the lease was discontinued on June 1, 2022. Rental expense on this lease amounted P0.9 million for period ended May 31, 2022 and is shown as part of Operating Expenses in the 2022 statement of profit or loss (see Note 16). The outstanding balance presented as part of Accrued expenses under the Trade and Other Payables account in the 2022 statement of financial position (see Note 12).

The University also leases certain spaces from FRC for the use by the University bookstore, and by its student-athletes, and dormitory space located at FEU Cavite Campus. The lease agreements covering these leases are renewed annually. Rental expense on this lease amounted P1.3 million and P0.7 million for years ended May 31, 2023 and 2022 is shown as part of Operating Expenses in the 2023 and 2022 statements of profit or loss. The outstanding balance presented as part of Accrued expenses under the Trade and Other Payables account in the 2023 and 2022 statements of financial position (see Note 12).

20.4 Lease of Certain Building Floor to FRC

The University leases to FRC the mezzanine floor of one of the University's buildings. The lease agreement is renewed annually. Rental income from FRC amounted to P0.5 million, for the year ended May 31, 2021 (nil in 2023 and 2022), and is shown as part of Other Operating Income in the 2021 statement of profit or loss. There are no outstanding receivables as of the end of each period related to this lease agreement.

20.5 Lease of Campus Premises to FECSI

For a period of ten years from August 1, 2012 to July 31, 2022, the University entered into a lease of its two school buildings (see Note 8) to FECSI. The lease period is renewable subject to conditions mutually agreed upon by the parties. Accordingly, in July 2022, both parties mutually agreed to continue with the agreement, with negotiations on the terms of the extension underway as of the report date. The annual rent is set at P1.3 million or 10% of FECSI's annual gross revenue net of some adjustments, whichever is higher. The rental fee is equally allocated between the University and FRC.

Total rental income earned from this transaction amounted to P2.7 million, P2.4 million and P2.3 million for the years ended May 31, 2023, 2022 and 2021, respectively, and is presented as part of Other Operating Income in the statements of profit or loss (see Note 8). Related outstanding receivable arising from this transaction amounted to P3.6 million, P3.2 million and P3.8 million for the year ended May 31, 2023, 2022 and 2021, respectively, which is presented as part of Receivables from related parties under the Receivables account in the statements of financial position (see Note 5). No impairment loss is recognized by the University on this receivable.

20.6 Reimbursement of Expenses

During the year ended May 31, 2023, 2022 and 2021, the University billed its subsidiaries and other related entities for the reimbursement of amounts it initially advanced to third party suppliers and service providers for certain expenses, and other various allocated expenses, at cost. These expenses pertain to those incurred in the normal course of operations of University and its related entities, which include utilities, license and subscriptions, legal fees, various supplies, janitorial and security services, use of facilities, and salaries and benefits of seconded employees, among others.

Also, during the fiscal years ended May 31, 2022 and 2021, particularly during the months where strict quarantine restrictions were imposed, the University initially advanced the amount of approved employee emergency loans obtained from FEUHWRFP, which will subsequently be reimbursed at cost.

Receivables from related parties under the Receivables account in the statements of financial position (see Note 5).

	2023	2022	2021
RCI	**P 61,262,612**	P 38,468,812	P 37,573,640
FECSI	**38,011,696**	19,932,810	16,786,888
FEUPPCFI	**20,997,244**	17,028,695	12,190,775
FEU High	**13,189,003**	25,925,372	18,252,983
EACCI	**11,020,813**	9,876,318	23,199,497
FEUHWRFP	**3,399,583**	2,504,859	5,062,058
FEUAI	**936,517**	2,257,399	14,718,344
FRC	**856,485**	838,913	38,192
GSC - associate	**390,893**	-	-
Edustria	**331,288**	26,134	26,134
JCHS – associate	**292,193**	-	-
NREF	-	65,730	4,526,254
	P 150,688,327	P 116,925,042	P 132,374,765

During 2022, FECSI billed FEU for the reimbursement of the cost of construction that it incurred for the additional floor in one of the buildings it leases from FEU, amounting to P27.0 million. FEU fully paid the amount in 2023, while the outstanding balance as of May 31, 2022 is presented as part of Accounts payable under the Trade and Other Payables account in the 2022 statement of financial position (see Note 12).

During 2023, FECSI billed FEU for the reimbursement of costs that it incurred for construction of the gymnasium in its campus which is being used by FEU, amounting to P23.2 million. The outstanding balance as of May 31, 2023 is presented as part of Accounts payable under the Trade and Other Payables account in the 2023 statement of financial position (see Note 12).

20.7 Sub-lease of Buildings to FEU High

Starting June 2016, the University initially subleased Nursing Building to FEU High thereafter in 2018 the Accounts, Business and Finance Buildings were also sublet (these two buildings are leased by the University from FRC). These subleased arrangements have been extended until May 31, 2022. Upon expiration of the term of the contract, the University and FEU High had mutually agreed not to renew such lease agreement. Total rental income from this transaction amounted to P44.1 million and P36.1 million, for the years ended May 31, 2022 and 2021 (nil in 2023), respectively, and is presented as part of Other Operating Income in the statements of profit or loss for the year ended May 31, 2023, 2022 and 2021, respectively. Outstanding receivable arising from this transaction amounting to P48.5 million and P5.5 million as of May 31, 2022 and 2021 (nil in 2023), respectively, is presented as part of Receivables from related parties under the Receivables account in the statements of financial position (see Note 5).

20.8 Lease of Certain Buildings to East Asia Educational Foundation, Inc. (EAEF) and EACCI

The University leases out certain buildings to EAEF for a period of one to five years until March 31, 2015. However, upon expiration of the term of the contract, the University and EAEF had mutually agreed not to renew such lease agreement. Instead, as of May 31, 2016, only certain floors of the buildings were leased out to EAEF.

Starting July 2016, upon take-over of EACCI of the EAEF's operations, the lease of the buildings was transferred to the custody of EACCI. A new lease contract for a period of ten years until June 30, 2026 was entered into by the University and EACCI. Monthly rental of P2.1 million (exclusive of VAT) from July 2016 to February 2017 and P2.0 million (inclusive of VAT) for March 2017 onwards, was billed to EACCI.

Total rental income from EACCI, presented as part of Other Operating Income in the statements of profit or loss, amounted to P23.7 million, for the year ended May 31, 2023, P25.0 million for the year ended May 31, 2022 and P23.1 million for the year ended May 31, 2021. Outstanding receivables arising from this transaction amounting to P1.4 million and P18.5 million as of May 31, 2023 and 2021, respectively (nil in 2022), is presented as part of Receivables from related parties under the Receivables account in the statement of financial position (see Note 5).

20.9 Lease of Campus Premises to FEUAI

In 2019, the University started to lease to FEUAI the land where the building occupied by the FEU Alabang Campus is located. The lease agreement covers a period of 15 years from January 1, 2019 to December 31, 2034, and the parties also agreed that there shall be no rental fees for the first year of the lease. In subsequent years, the terms and conditions of the lease is to be determined annually, subject to conditions mutually agreed upon by both parties. For the period January 1 to June 30, 2020, the rate agreed is P1.2 million per month, subject to review and renewal every year thereafter until the end of lease term.

Total rental income from FEUAI which is presented as part of Other Operating Income in the statements of profit or loss, amounted to P15.4 million, P15.8 million and P12.8 million, for the years ended May 31, 2023, 2022 and 2021, respectively. Outstanding balance as of May 31, 2023, amounting to P1.4 million (nil in 2022 and 2021), is presented as part of Receivables from related parties under the Receivables account in the 2020 statement of financial position (see Note 5).

20.10 Interest-bearing Loans

Interest-bearing loans granted by the University to its related parties are presented as part of Receivables from related parties in the statements of financial position, while Interest-bearing loans obtained by the University from its related parties are disclosed as Loans from Related Parties in the statements of financial position.

Interest-bearing loan from FEU High

On various dates, the University obtained interest-bearing loans from FEU High. The loans were unsecured and bears interest based on a 91-day time deposit rate plus 0.10%. The terms of the loans were initially set at 90 days, with the option for extension as agreed between the parties. The agreements also provide for a 3% late payment interest on any unpaid principal and interest, computed per annum from date of maturity until full payment, in the event of non-extension of the term.

As of May 31, 2021, the University has an outstanding loan from FEU High amounting to P100.0 million, with an interest rate of 0.9%, and maturing on June 2021.

Related interest amounting to P0.4 million and P1.9 million in May 31, 2022 and 2021, respectively (nil in 2023), was recognized in profit or loss as part of Interest expense on interest-bearing loans under Finance Costs in the statements of profit or loss (see Note 17.2). Interest payable amounting to P0.9 million as of May 31, 2021 (nil in 2023 and 2022) is presented as part of Accrued expenses under the Trade and Other Payables account in the 2021 statement of financial position (see Note 12). The University did not obtain any loan from FEU High during the year ended May 31, 2023 and 2022.

Interest-bearing loan to FECSI

In November 2021, the University granted a loan to FECSI amounting to P20.0 million. The loan bears interest rates of 1% per annum. The loan is unsecured, has a term of six months, and renewable upon agreement by the parties. In June 2022, upon the expiration of its original term, the loan was renewed for a period of one year, with an interest rate of 1.2% per annum. The said loan has been fully paid as of May 31, 2023.

Related interest amounting to P0.2 million and P0.1 million was recognized as part of Interest income from loans under Finance Income in the 2023 and 2022 statements of profit or loss (see Note 17.1).

20.11 Financial Guaranty for Subsidiaries' Loans

In March 2017 and January 2018, the BOT approved that for and in consideration of the loan or credit facilities obtained by any subsidiary of the University, in which the University owns at least 75% of the outstanding voting capital stock of such subsidiary, from a certain local commercial bank, the University gives its full consent and authority to act as surety up to P500.0 million for the subsidiary's obligations arising from any loan or availment from any credit facilities granted by the said local bank in favor of the subsidiary, as well as any renewals, increases, extensions of existing obligations obtained by or which may hereafter be obtained by the subsidiary from the local bank, whether direct or indirect, principal or secondary. The outstanding loans payable of RCI from the said local bank amounted to P404.8 million as of May 31, 2023 and P500.0 million as of May 31, 2022 and 2021.

20.12 Key Management Personnel Compensation

Total remuneration of the University's key management personnel presented as part of Salaries and allowances and Employee benefits under Operating Expenses (see Note 16) is as follows:

	2023	2022	2021
Salaries and short-term benefits	**P 82,233,496**	P 74,310,909	P 67,791,995
Post-employment benefits	**12,838,765**	12,036,104	10,841,132
	P 95,072,261	P 86,347,013	P 78,633,127

20.13 Retirement Fund

The University's retirement fund is in the form of trustee-bank managed accounts. The fair value of the University's retirement plan assets amounted to P868.2 million, P851.2 million, and P784.8 million as of May 31, 2023, 2022 and 2021, respectively.

None of the retirement plan assets are invested in or provided to the University and/or its related parties, except for loans granted to the University.

The retirement fund neither provides any guarantee nor surety for any obligation of the University.

20.14 Receipt of Stock Dividends

During the year ended May 31, 2021, FEU High declared a 50% stock dividend and issued them in June 2021. Accordingly, the University received 199,990 additional shares of FEU High.

21. INCOME TAXES

Under the Philippine laws, the taxable income from operations related to school activities and passive investment income of private and proprietary (stock) educational institutions is subject to a tax of 10%. However, if 50% or more of the institution's total gross income is from unrelated business activities, the regular corporate income tax (RCIT) of 30% or 25% will apply respectively effective before and after July 2021 to the entire taxable income instead of the 10% preferential rate. The University qualifies to continue to avail of the 10% preferential rate given its revenue profile. In addition, the University is also not covered by the minimum corporate income tax provision of the new tax code.

In March 2021, R.A. No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) has been passed into law which provides for a reduced tax rate of proprietary schools to 1% from the previous 10%, effective July 2021 until June 2023.

Also in December 2021, R.A. No. 11635, *An Act Clarifying the Income Taxation of Proprietary Educational Institutions, Amending for the Purpose Section 27 (B) of the NIRC of 1997, As Amended*, was enacted such that proprietary schools were clarified to apply 1% reduced tax rate as originally intended by CREATE law.

The University used the reduced 1% income tax rate for the fiscal years ended May 31, 2023 and 2022 to recognize its current tax expense.

In pursuance of the CREATE and Revenue Memorandum Circular No. 69-2023, *Reversion of Rates of Percentage Tax, Minimum Corporate Income Tax, and Regular Corporate Income Tax on Proprietary Educational Institutions and Not for Profit Hospitals, Pursuant to R.A. No. 11534,* the rate of RCIT for proprietary educational institutions reverted to 10% from 1%, effective July 1, 2023. Consequently and in accordance with the requirements of PAS 12, *Income Taxes*, the University measured its deferred tax assets and liabilities at 10% as of May 31, 2023.

The major components of tax expense reported in the statements of profit or loss are as shown below.

	2023	2022	2021
Current tax expense:			
Final tax at 20% and 15%	**P 12,466,531**	P 6,465,193	P 7,353,163
Special rate at 1% (July 2020 to May 2023)	**10,414,442**	10,590,057	2,832,365
Special rate at 10% (June 2020)	**-**	-	2,574,877
Balance carried forward	**P 22,880,973**	P 17,055,250	P 12,760,405

	2023	2022	2021
Balance brought forward	**P 22,880,973**	P 17,055,250	P 12,760,405
Deferred tax expense relating to origination and reversal of temporary differences (10% in 2023, 1% in 2022 and 2021)	**6,155,775**	17,383,619	1,272,473
	P 29,036,748	P 34,438,869	P 14,032,878

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in profit or loss is presented below.

	2023	2022	2021
Tax on pretax profit at 10% (June 2020) and 1% (July 2020 to May 2023)	**P 12,290,371**	P 10,874,094	P 8,241,515
Adjustments for income subjected to higher tax rates	**17,998,833**	6,141,933	6,709,761
Tax effects of:			
Non-taxable income	**(3,189,701)**	(2,509,155)	(3,375,650)
Non-deductible expenses	**1,937,245**	19,931,997	2,457,252
	P 29,036,748	P 34,438,869	P 14,032,878

The net deferred tax assets relate to the following:

	Statements of Financial Position			Statements of Profit or Loss		
	2023	2022	2021	**2023**	2022	2021
Deferred tax assets (DTA):						
Accrued expense	**P 11,060,838**	P 895,300	P 726,945	**(P 2,107,838)**	(P 168,355)	P 339,925
DTA resulting from temporary decrease in tax rates	**-**	-	18,642,111	**-**	P 18,642,111	-
Allowance for impairment on tuition and other school fees receivables	**7,823,883**	819,803	861,778	**374,148**	41,976	(436,161)
Unrealized fair value losses (gains) financial assets at FVTPL	**2,822,438**	234,311	(805,154)	**(479,330)**	(1,039,465)	1,541,632
Unrealized foreign currency losses (gains)	**(4,717,473)**	449,579	241,851	**9,213,266**	(207,729)	(115,355)
Allowance for impairment on investments	**-**	-	-	**-**	-	4,762
	16,989,686	2,398,993	19,667,531	**7,000,246**	17,268,538	1,334,803
Deferred tax liabilities (DTL):						
DTI resulting from remeasurement of DTA	**(P 18,516,298)**	P -	P -	**P -**	P -	P -
Prepaid expenses	**(2,571,797)**	(341,627)	(226,546)	**(844,471)**	115,081	(62,331)
	(21,088,095)	(341,627)	(226,546)	**(844,471)**	115,081	(62,331)
Deferred tax assets (liabilities) – net	**(P 4,098,409)**	P 2,057,366	P 19,440,985			
Deferred tax expense – net				**P 6,155,775**	P 17,383,619	P 1,272,473

The University claimed itemized deductions for income tax purposes in all of the years presented.

22. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of liabilities arising various financing activities.

	Interest-bearing Loans (see Note 13)	Loans from Related Party (see Note 20)	Dividends Payable (see Note 12)	Accrued Interest	Lease Liabilities (see Note 11)	Total
Balance at June 1, 2022	P 1,784,761,905	P -	P 245,503,823	P 4,226,592	P 1,210,920,593	P 3,245,412,913
Net cash flow:						
Repayment of loans	(377,925,170)	-	-	-	-	(377,925,170)
Repayment of lease liabilities	-	-	-	-	(64,317,505)	(64,317,505)
Dividends paid	-	-	(627,637,230)	-	-	(627,637,230)
Interest paid	-	-	-	(58,476,345)	-	(58,476,345)
Non-cash financing activities:						
Dividend declaration	-	-	673,561,364	-	-	673,561,364
Interest on lease liabilities	-	-	-	-	114,068,795	114,068,795
Amortization of lease liabilities	-	-	-	-	(57,350,017)	(57,350,017)
Additional lease liabilities	-	-	-	-	8,380,689	8,380,689
Accrual of interest on loans	-	-	-	64,421,044	-	64,421,044
Balance at May 31, 2023	**P 1,406,836,735**	**P -**	**P 291,427,957**	**P 10,171,291**	**P 1,211,702,555**	**P 2,920,138,538**
Balance at June 1, 2021	P 1,972,380,953	P 100,000,000	P 168,030,831	P 6,254,275	P 1,229,635,921	P 3,476,301,980
Net cash flow:						
Proceeds from additional loans	-	-	-	-	-	
Repayment of loans	(187,619,048)	(100,000,000)	-	-	-	(287,619,048)
Repayment of lease liabilities	-	-	-	-	(111,801,981)	(111,801,981)
Dividends paid	-	-	(355,530,742)	-	-	(355,530,742)
Interest paid	-	-	-	(39,431,744)	-	(39,431,744)
Non-cash financing activities:						
Dividend declaration	-	-	433,003,734	-	-	433,003,734
Interest on lease liabilities	-	-	-	-	113,360,483	113,360,483
Amortization of lease liabilities	-	-	-	-	(20,273,830)	(20,273,830)
Accrual of interest on loans	-	-	-	37,404,061	-	37,404,061
Balance at May 31, 2022	P 1,784,761,905	P -	P 245,503,823	P 4,226,592	P 1,210,920,593	P 3,245,412,913
Balance at June 1, 2020	P 2,205,238,096	P 165,800,000	P 223,026,631	P 29,449,730	P 1,225,936,012	P 3,849,450,469
Net cash flow:						
Proceeds from additional loans	1,042,857,143	507,400,000	-	-	-	1,550,257,143
Repayment of loans	(1,275,714,286)	(573,200,000)	-	-	-	(1,848,914,286)
Repayment of lease liabilities	-	-	-	-	(99,146,712)	(99,146,712)
Dividends paid	-	-	(247,441,904)	-	-	(247,441,904)
Interest paid including capitalized borrowing cost	-	-	-	(55,850,837)	-	(55,850,837)
Non-cash financing activities:						
Dividend declaration	-	-	192,446,104	-	-	192,446,104
Interest on lease liabilities	-	-	-	-	112,363,368	112,363,368
Amortization of lease liabilities	-	-	-	-	(9,516,747)	(9,516,747)
Accrual of interest on loans	-	-	-	32,655,382	-	32,655,382
Balance at May 31, 2021	P 1,972,380,953	P 100,000,000	P 168,030,831	P 6,254,275	P 1,229,635,921	P 3,476,301,980

Accrued interest on loans payable as of May 31, 2023, 2022 and 2021 is recognized as part of Accrued Expenses under Trade and Other Payables in the statements of financial position (see Notes 12 and 13).

23. EQUITY

23.1 Capital Stock

As of May 31, 2023, 2022 and 2021, the University's authorized capital stock consists of 50,000,000 shares with par value of P100 per share, of which 24,055,763 shares were issued and outstanding, net of 37,331 treasury shares.

Below is the ownership structure of the University's outstanding shares as of May 31, 2023, 2022 and 2021.

	2023	2022	2021
Number of shares held by related parties	**15,202,893**	15,315,729	16,040,027
Number of shares held by the public	**8,852,870**	8,740,034	8,015,736
	24,055,763	24,055,763	24,055,763

As of May 31, 2023, 2022 and 2021, the public owns 36.80%, 36.33% and 33.32%, respectively, of the University's listed shares.

As of May 31, 2023, there are 1,252 holders of the listed common shares owning at least one board lot of 100 shares.

The closing price of the University's listed shares was P533, P540 and P570 per share as of May 31, 2023, 2022 and 2021, respectively.

23.2 Retained Earnings

Significant transactions affecting Retained Earnings are as follows:

(a) Appropriation of Retained Earnings

As projects and capital expenditures are annually revisited and would involve several projects, timeline with level of exactness is not defined, instead are recalibrated year on year.

As of May 31, 2023, 2022 and 2021, the University's appropriated retained earnings consists of appropriations for:

	2023	2022	2021
Purchase of equipment and improvements	**P 803,000,000**	P 442,620,289	P 257,000,000
Property and investment acquisition	**567,000,000**	648,500,000	493,500,000
Contingencies	**90,000,000**	90,000,000	90,000,000
Treasury stock	**3,733,100**	3,733,100	3,733,100
	P 1,463,733,100	P 1,184,853,389	P 844,233,100

The changes in appropriated retained earnings are shown below.

	2023	2022	2021
Balance at beginning of year	**P 1,184,853,389**	P 844,233,100	P 1,909,733,100
Appropriations	**360,379,711**	340,620,289	90,000,000
Reversal of appropriations	**(81,500,000)**	-	(1,155,500,000)
Balance at end of year	**P 1,463,733,100**	P 1,184,853,389	P 844,233,100

(b) Dividend Declaration

The BOT approved the following dividend declarations during the years ended:

	Date of Declaration	Record	Payment/Issuance		Amount
May 31, 2023					
Cash dividend of P14 per share	September 20, 2022	October 4, 2022	October 14, 2022	P	336,780,682
Cash dividend of P14 per share	February 21, 2023	March 7, 2023	March 21, 2023		336,780,682
				P	**673,561,364**
May 31, 2022					
Cash dividend of P8 per share	September 21, 2021	October 5, 2021	October 20, 2021	P	192,446,104
Cash dividend of P10 per share	February 15, 2022	March 2, 2022	March 17, 2022		240,557,630
				P	433,003,734
May 31, 2021					
Cash dividend of P3 per share	November 17, 2020	December 3, 2020	December 16, 2020	P	72,167,289
Cash dividend of P5 per share	February 16, 2021	March 3, 2021	March 15, 2021		120,278,815
				P	192,446,104

Unclaimed checks related to dividends declared as of May 31, 2023, 2022 and 2021 are presented as Dividends payable under the Trade and Other Payables account in the statements of financial position (see Note 12).

24. EARNINGS PER SHARE

EPS were computed as follows:

	2023	2022	2021
Net income	**P1,200,000,369**	P1,052,970,521	P 456,910,828
Divided by number of outstanding shares, net of treasury stock of 37,331 shares	**24,055,763**	24,055,763	24,055,763
Basic and diluted earnings per share	**P 49.88**	P 43.77	P 18.99

As of May 31, 2023, 2022 and 2021, the weighted average and actual number of outstanding shares are the same.

The University has no potential dilutive common shares as of May 31, 2023, 2022 and 2021; accordingly, the diluted earnings per share is the same as the basic earnings per share in all years presented.

25. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The University aims to provide returns on equity to shareholders while managing operational and strategic objectives. The University manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust capital structure, the University may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The University defines capital as paid-in capital stock and retained earnings, both appropriated and unappropriated. Other components of equity such as treasury stock and revaluation reserves are excluded from capital for purposes of capital management. The BOT has overall responsibility for monitoring of capital in proportion to risks. Profiles for capital ratios are set in the light of changes in the University's external environment and the risks underlying the University's business, operation and industry.

The University monitors capital on the basis of debt-to-equity ratio, which is calculated as total liabilities (net of unearned tuition fees) divided by total adjusted equity (comprised of capital stock and retained earnings). Capital for the reporting periods May 31, 2023, 2022 and 2021 is summarized below.

	2023	2022	2021
Total adjusted liabilities	**P 3,635,829,076**	P 3,953,738,917	P 4,197,810,400
Total adjusted equity	**6,940,882,157**	6,414,443,152	5,794,408,966
Debt-to-equity ratio	**0.52 : 1.00**	0.62 : 1.00	0.72 : 1.00

The University's goal in capital management is to maintain a lower adjusted liability compared with its adjusted equity or debt-to-equity structure ratio of not more than 1.00:1.00. This is in line with the University's bank covenants related to its interest-bearing loans to a certain bank which requires the University to maintain a debt-to-equity structure ratio of not more than 2.00:1.00 and debt service coverage ratio of at least 1.2x (see Note 13).

The University has complied with its covenant obligations, including maintaining the required debt-to-equity ratios and debt service credit reserve which are both based on the University's consolidated financial statements for all years presented.

There was no significant change in the University's approach to capital management during the year.

26. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

26.1 Current versus Non-current Classification

The University presents assets and liabilities in the statement of financial position based on current or non-current classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months after the reporting period; or,
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or,
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The University classifies all other liabilities as non-current.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

26.2 Financial Instruments

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the financial instrument.

(a) Financial Assets

Financial assets are recognized when the University becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(i) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets is driven by the University's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification, measurement and reclassification of financial assets are as follows.

Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the University's business model with the objective to hold financial assets to collect contractual cash flows ("held to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely for payment of principal and interest (SPPI) on the principal amount outstanding.

Except for receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue on Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for ECL.

Where the business model is to hold assets to collect contractual cash flows, the University assesses whether the financial instruments' cash flows represent SPPI. In making this assessment, the University considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement [see Note 27.1(e)]. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The University's financial assets at amortized cost are presented in the statement of financial position as Cash and Cash Equivalents, Receivables (excluding advances to employees), Short-term investments (under Prepayments and Other Current Assets), Other Non-Current Assets, and Investment Securities at Amortized Cost.

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets.

In the presentation of cash flows, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, cash in bank, and short-term deposits.

Financial Assets at FVOCI

The University accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell; and,

- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the University can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the University for trading or as mandatorily required to be classified as FVTPL. The University has designated certain equity instruments as at FVOCI on initial recognition.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component for nonmonetary items, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of Revaluation Reserves account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss but is reclassified directly to Retained Earnings, except for those debt securities classified as at FVOCI wherein fair value changes are recycled back to profit or loss.

Any dividends earned on holding these equity instruments are recognized in profit or loss as part of other investment income under Finance Income account, when the University's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the University, and the amount of the dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

Financial Assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the University at initial recognition designates an equity investment that is not held for trading as at FVOCI. The University's financial assets at FVTPL include equity securities and investments in UITF which are held for trading purposes or are designated as at FVTPL.

Financial assets at FVTPL are measured at fair value with gains or losses recognized in profit or loss as part of other investment income under Finance Income account in the statement of profit or loss. Related transaction costs are recognized directly as expense in profit or loss. The fair values of these financial assets are determined by reference to active market transactions or using valuation technique when no active market exists.

Dividend income is reported as part of other investment income under Finance Income account in the statement of profit or loss.

Interest income on debt financial assets measured at amortized cost and FVOCI is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The University calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets, except for those that are purchased or originated credit-impaired financial assets (POCI assets) or those subsequently identified as credit-impaired.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, the calculation of interest income reverts to gross basis. For POCI assets, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the POCI asset subsequently improves.

Interest income earned is recognized in the statement of profit or loss as part of Finance Income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The University can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the University is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the University's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(ii) Impairment of Financial Assets

The University assesses its ECL on a forward-looking basis associated with its receivables and investment securities carried at amortized cost and debt instruments at FVOCI. No impairment loss is recognized on equity investments. Recognition of credit losses or impairment is no longer dependent on the University's identification of a credit loss event. Instead, the University considers a broader range of information in assessing credit risk and measuring the ECL, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The University applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all tuition and other school fee receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets.

To calculate the ECL, the University uses its historical experience, external indicators, and FLI to calculate the ECL using a provision matrix. The University also assesses impairment of tuition and other school fee receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the number of semesters past due [see Note 14.2(b)].

For debt instruments measured at FVOCI and at amortized cost, the allowance for credit losses is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since the origination of the financial asset, in such case, a lifetime ECL for a POCI asset, the allowance for credit losses is based on the change in the ECL over the life of the asset. The University has recognized a loss allowance for such losses at each reporting date.

The University's definition of credit risk and information on how credit risk is mitigated by the University are disclosed in Note 14.2.

The key elements used in the calculation of ECL are as follows:

- *Probability of Default (PD)* – it is an estimate of likelihood of a borrower defaulting on its financial obligation over a given time horizon, either over the next 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.

- *Loss Given Default (LGD)* – it is an estimate of loss arising in case where a default occurs at a given time (either over the next 12 months or 12-month LGD), or over the remaining lifetime (lifetime LGD). It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the University would expect to receive, including the realization of any collateral, if any. It is presented as a percentage loss per unit of exposure at the time of default.

- *Exposure at Default (EAD)* – it represents the gross carrying amount of the financial instruments subject to impairment calculation; hence, this is the amount that the University expects to be owed at the time of default over the next 12 months (12-month EAD) or over the remaining lifetime (lifetime EAD). In case of a loan commitment, the University shall include the undrawn balance (up to the current contractual limit) at the time of default should it occur.

The measurement of the ECL reflects: (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (ii) the time value of money; and, (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(iii) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the University neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the University recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the University retains substantially all the risks and rewards of ownership of a transferred financial asset, the University continues to recognize the financial asset and also recognizes an associated liability for the proceeds received.

(b) Financial Liabilities

Financial liabilities, which include interest-bearing loans, trade and other payables (except tax-related liabilities and NSTP trust fund), non-current lease liabilities, advances from a related party, derivative liability and subscription payable, are recognized when the University becomes a party to the contractual terms of the instrument.

Interest-bearing loans are availed for capital expenditures and to provide general corporate funding requirements. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and other payables account includes deposits payable which represents funds collected from students or entities and are held by the University. The University has no control over its use and disburses the funds only upon instruction of the student or entity that made the deposit. This account also includes Trust funds which represent restricted funds of the University that are intended for student's NSTP and other specific educational purposes [see Note 26.12(a)]. The University administers the use of these funds based on the specific purpose such funds are identified with.

Financial liabilities are recognized initially at their fair values and subsequently measured at amortized cost, except derivative liability, which is consistently measured at fair value, using the effective interest method for those with maturities beyond one year, less settlement payments.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the University.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation, or expiration. Financial liabilities are also derecognized when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

(c) Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement,* the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or nonrecurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The levels of the fair value hierarchy are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurable date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the University uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

Furthermore below are how the fair values of the University's classes of financial assets and financial liabilities are determined:

a) Equity securities

As of May 31, 2023, 2022 and 2021, instruments included in Level 1 comprise of listed common and preferred shares which are classified as and designated at financial assets at FVTPL and FVOCI, respectively. The corporate shares were valued based on their market prices quoted in the PSE at the end of each reporting period. On the other hand, the fair value of investments in UITF are classified as Level 2, since fair values are generally measured based on the net asset value of the University's investment, computed and determined at the end of each reporting period based on the closing market and trade prices of the securities comprising the fund's portfolio. This valuation approach takes into the account the period end performance of the funds including all trades made within the funds and the related income and expenses arising therefrom.

b) Debt securities

The fair value of the University's debt securities which consist of government and corporate bonds is estimated by reference to quoted bid price in active market at the end of the reporting period and is categorized within Level 1.

(i) Fair values of government debt securities issued by the Philippine government, are determined based on the reference price per Bloomberg Valuation (BVAL). These BVAL reference rates are computed based on the weighted price derived using an approach based on a combined sequence of proprietary BVAL algorithms of direct observations or observed comparable.

(ii) For corporate and other quoted debt securities, fair value is determined to be the current mid-price, which is computed as the average of ask and bid prices as appearing on the Corporate Securities Board Summary.

(d) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

26.3 Investments in Subsidiaries and Associates

Subsidiaries are entities over which the University has control. The University controls an entity when (i) it has power over the entity, (ii) it is exposed, or has rights to, variable returns from its involvement with the entity, and, (iii) it has the ability to affect those returns through its power over the entity.

The University reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above.

Associates are those entities over which the University is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture.

The University's investments in subsidiaries and associates are accounted for in these separate financial statements at cost, less any impairment loss (see Note 26.7).

26.4 Investment Properties

Investment properties are measured initially at acquisition cost. Subsequently, investment properties, except land, are carried at cost less accumulated depreciation and impairment in value, if any. Depreciation of investment properties, which consist of building and improvements, is computed using the straight-line method over its estimated useful life of 20 years. Land is carried at cost less impairment in value, if any.

When investment properties include construction in progress representing properties under construction such is stated at cost. Cost includes cost of construction, applicable borrowing costs (see Note 26.15) and other direct costs of construction. The account is not depreciated until such time that the assets are completed and available for use.

Transfers are made to and from investment property when, and only when, there is a change in use, evidenced by the end or commencement of owner-managed, commencement of an operating lease to another party, by the end of construction or development, or commencement of development with a view to sell.

For the transfer from investment property to owner-occupied property, the cost of property for subsequent accounting is the carrying value at the date of change in use.

If an owner-occupied property becomes an investment property, the University accounts for such property in accordance with the policy stated under Property and Equipment up to the date of change in use (see Note 26.6).

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 26.7).

26.5 Prepayments and Other Assets

Prepayments and other current assets pertain to other resources controlled by the University as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the University and the asset has a cost or value that can be measured reliably.

Prepayments and other current assets of the University include inventories such as books and merchandise. These are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The cost of these saleable inventories includes all costs directly attributable to acquisition, such as the purchase price, import duties, if any, and other taxes that are not subsequently recoverable from taxing authorities.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

26.6 Property and Equipment

Except for land which is stated at cost less any impairment in value, property and equipment are stated at cost less accumulated depreciation, amortization, and impairment in value, if any.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	20 years
Furniture and equipment	3 - 6 years
Miscellaneous equipment	5 years

Leasehold improvements are amortized over the estimated useful lives of 20 years or the remaining term of the lease, whichever is shorter.

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, borrowing costs, if any (see Note 26.15), and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 26.7).

The residual values estimated useful lives and method of depreciation and amortization of property and equipment are reviewed and adjusted, if appropriate, at the end of each reporting period.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

An item of property and equipment, including the related accumulated depreciation, amortization, and impairment losses, if any, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. 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 item) is included in profit or loss in the year the item is derecognized.

26.7 Impairment of Non-financial Assets

The University's investments in subsidiaries and associates, property and equipment (including ROUA), investment properties and other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment, and some are tested at cash-generating unit level. An impairment loss is recognized for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value reflecting market conditions less costs to sell, and value in use, based on an internal evaluation of discounted cash flows. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate to calculate the present value of those cash flows.

The data used for impairment testing procedures are directly linked to the University's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors. Impairment loss is charged pro-rata to the other assets in the cash-generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the assets or cash generating unit's recoverable amount exceeds its carrying amount.

26.8 Leases

The University accounts for its leases as follows:

(a) University as Lessee

For any new contracts entered into, the University considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the University assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the University;

- the University has the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the University has the right to direct the use of the identified asset throughout the period of use. The University assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the University recognizes a right-of-use asset (ROUA) and a lease liability. The ROUA is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the University, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the University depreciates the ROUA on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROUA or the end of the lease term. The University also assesses the ROUA for impairment when such indicators exist (see Note 26.7).

On the other hand, the University measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the University's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. After initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the ROUA, or profit and loss if the ROUA is already reduced to zero.

The University has elected to account for leases of low-value assets using the practical expedients. Instead of recognizing a ROUA and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

In the statement of financial position, ROUA and current portion of lease liabilities is presented as part of Property and Equipment and Trade and Other Payables, respectively. Conversely, the non-current portion of lease liabilities is separately presented in the statement of financial position.

(b) University as Lessor

The University classifies the sublease by reference to the ROUA arising from the principal lease. The University classifies the sublease as an operating lease and retains the lease liability and ROUA relating to the principal lease in the statement of financial position. The University recognizes a depreciation charge for the ROUA and interest on the lease liability and recognizes lease income from the sublease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term and is presented as part of Other Operating Income in the statement of profit or loss.

26.9 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources, and they 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 obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resource because 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. Similarly, possible inflows of economic benefits to the University that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the University can be certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

26.10 Equity

Capital stock represents the nominal value of common shares that have been issued.

Stock dividends distributable account is a stockholders' equity (paid-in capital) account carried at par or stated value of the total shares distributable until the stock is issued to shareholders.

Treasury stocks are stated at the cost of reacquiring such shares and are deducted from equity attributable to the University's equity holders until the shares are cancelled, reissued, retired or disposed of.

Revaluation reserves comprise accumulated gains or losses arising from the revaluation of Financial Assets at FVOCI.

Retained earnings represent all current and prior period results of operations as reported in the statement of profit or loss, reduced by the amount of dividend declared. The appropriated portion represents the amount which is not available for distribution.

26.11 Earnings Per Share

Basic earnings per share is determined by dividing net income by the weighted average number of shares subscribed and issued during the year after giving retroactive effect to stock dividend declared, stock split and reverse stock split during the current year, if any.

Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of potential dilutive shares. The University does not have potential dilutive shares outstanding that would require disclosure of diluted earnings per share in the statement of profit or loss.

26.12 Revenue and Expense Recognition

Revenue arises mainly from: (i) educational and related activities such as tuition and other school fees, income from sale of books and other merchandise, rental income from school buildings and food stalls; and (ii) investment-related transactions such as, investment income, dividend income from subsidiaries, interest income and others.

The management determined that the revenues arising from educational and other related activities are within the scope of PFRS 15, while rental income is covered by PFRS 16 (see Note 26.8). Investment-related revenues are subject to the provisions of PFRS 9 (see Note 26.2).

The University follows a five-step process, in revenue recognition:

1. identifying the contract with a customer;
2. identifying the performance obligation;
3. determining the transaction price;
4. allocating the transaction price to the performance obligations; and,
5. recognizing revenue when/as performance obligations are satisfied.

The University determines whether a contract with customer exists by evaluating whether the following gating criteria are present:

(a) the parties to the contract have approved the contract either in writing, oraly or in accordance with other customary business practices;
(b) each party's rights regarding the goods to be transferred or performed can be identified;
(c) the payment terms for the goods to be transferred or performed can be identified;
(d) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(e) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the University satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(a) the customer simultaneously receives and consumes the benefits provided by the University's performance as the University performs;
(b) the University's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(c) the University's performance does not create an asset with an alternative use to the University and the entity has an enforceable right to payment for performance completed to date.

The University enters into transactions involving tuition fees and other school fees, and other school-related activities such as sale of books and other merchandise. There are no significant judgments used in determining the transaction price and the amount allocated to the performance obligations. Developing the knowledge and enhancing the abilities of the students represent promises to transfer a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer; therefore, the services rendered represent one performance obligation that is satisfied over time. The transaction price of the single performance obligation is recognized as revenue as the performance obligation is satisfied, which is usually throughout the school year or the semestral period, whichever is applicable. With respect to the sale of books and other merchandise, the obligation is satisfied when the goods, are delivered to the customers. Hence, revenue is recognized at a point in time. Significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 27.1(a).

In addition, the following specific recognition criteria must also be met before revenue is recognized:

(a) *Educational revenues* – Revenue is recognized in profit or loss over the corresponding school term. Tuition fee received in advance and applicable to a school term after the reporting period is not recognized in profit or loss until the next reporting period and is presented as part of Unearned Tuition Fees account in the statement of financial position. Payment for tuition fees is due upon enrollment, which is before the school term starts, and can be made either in full payment or installment.

NSTP trust fund are recognized as revenue upon fulfillment of conditions attached to the fund and/or extent that the related expenses have been incurred. Restricted funds for which restrictions and conditions have not yet been met are classified as part of Other funds in the Trade and Other Payables account in the statement of financial position [see Note 26.2(b)].

(b) *Sale of books and other educational-related merchandise* – Revenue is recognized at a point in time when the control of the goods has been transferred to the buyer. This is generally when the customer has acknowledged delivery of goods. Payment for the transaction price is due immediately at the point the customer purchases the goods.

(c) *Other fees* – This pertains to but is not limited to student or alumni request for transcript, diploma, identification cards and certifications which fees are collected in cash and accordingly issued an official receipt and shortly thereafter the requested services are fulfilled. Revenue is recognized at the point the transaction has occurred.

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date such cost and expenses are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 26.15).

26.13 Employee Benefits

The University provides post-employment benefits to employees through a defined contribution plan subject to a minimum guarantee required by R.A. 7641, *The Retirement Pay Law*, which is accounted for as a defined benefit plan. Such application of the minimum guarantee prescribed by RA 7641 is based on the interpretations issued by the Philippine Interpretations Committee (PIC) in its Question and Answer on PAS 19 – *Accounting for Employee Benefits Under a Defined Benefit Contribution Plan Subject to the Requirements of R.A. 7641.*

(a) *Short-term Benefits*

Short-term employee benefits include wages, salaries, bonuses, and non-monetary benefits provided to current employees which are expected to be settled before 12 months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Salaries and Employee Benefits under Other Operating Expenses section in the statement of comprehensive income.

(b) *Post-employment Benefits*

The University maintains a defined contribution plan that covers all regular full-time employees. Under the plan, the monthly employer-share-contribution is based on a fixed percentage of employees' monthly basic pay. FEU's retirement contribution is generally higher than the R.A. 7641 defined benefit minimum guarantee (i.e., 75% of the monthly salary of an employee for every credited year of service) at normal retirement age.

For defined benefit minimum guarantee, the liability is determined based on the present value of the excess of the projected defined benefit obligation over the projected defined contribution obligation at the end of the reporting period. The defined benefit obligation is annually calculated by a qualified independent actuary using the projected unit credit method. The University determines the net interest expense (income) on the defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period.

The defined contribution is measured at the fair value of the defined contribution assets upon which the defined contribution benefits depend, with an adjustment for margin on asset returns.

Accordingly, the University recognizes its post-employment benefit obligation based on the higher of the defined benefit obligation relating to the minimum guarantee as required by R.A. 7641 and the obligation arising from the defined contribution plan.

(c) Termination Benefits

Termination benefits are payable when employment is terminated by the University before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The University recognizes termination benefits when it is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or, (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(d) Bonuses

The University recognizes a liability and an expense for bonuses. The University recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(e) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. These are included in the Trade and Other Payables account in the statement of financial position at the undiscounted amount that the University expects to pay because of the unused entitlement.

26.14 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the University and its related parties, regardless of whether price is charged.

Parties are related if one party has the ability to control the other party or exercise significant influence in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the University; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the University that gives them significant influence over the University and close members of the family of any such individual; and, (d) certain funded retirement plans administered through a Retirement Board.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form. The University established policies and procedures on related party transactions in accordance with the regulations of the SEC. All material related party transactions, which exceed the established materiality thresholds, must undergo prior internal review from Audit Committee before endorsing for approval of the BOT. However, the Chief Executive Officer, President, or any member of the Audit Committee may request that a related party transaction, regardless of amount, be reviewed by the Audit Committee if such related party transaction meet any of the qualitative factors affecting materiality.

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the BOT, with at least a majority of the independent trustees voting to approve such transactions. In case that a majority of the independent trustees' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two thirds (2/3) of the outstanding capital stock. For aggregate related party transactions within a twelve (12) month period that breaches the materiality threshold, the same board approval would be required for the transaction/s that meets and exceeds the materiality threshold covering the same related party.

26.15 Borrowing Costs

Borrowing costs, which consists of interest and other costs that the University incurs in connection with borrowing of funds, are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset (i.e., an asset that takes a substantial period to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs begins when expenditures for the asset are being incurred (including borrowing cost) and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when major activities on the qualifying assets are substantially completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

26.16 Foreign Currency Transactions and Translation

The accounting records of the University are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Changes in the fair value of monetary financial assets denominated in foreign currency classified as Financial Assets at FVOCI are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized in other comprehensive income.

26.17 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the periods to which they relate, based on the taxable profit for the year.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are offset if the University has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same fiscal authority.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

26.18 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the University's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post year-end events that are not adjusting events are disclosed when material to the financial statements.

27. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the University's financial statements in accordance with PFRS requires management to make judgments and estimates that affect amounts reported in the financial statements and related notes. 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. Actual results may ultimately vary from these estimates.

27.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the University's accounting policies, management has made judgments, apart from those involving estimation. The following judgments have the most significant effect on the amounts recognized in the financial statements:

(a) Determination of Timing of Satisfaction of Performance Obligations

The management determines that its revenue from tuition fees shall be recognized over time of instruction delivery. In making its judgment, the University considers the timing of receipt and consumption of benefits provided by the University to the students. This demonstrates that the students simultaneously receive and consume the benefits as the University performs its obligation.

With respect to its revenues from sale of books, other merchandise, and various other school-related fees, the management deems that revenues shall be recognized at a point in time as control over the goods, particularly the books, merchandise, and requested document, is transferred to the customers upon delivery.

(b) Determination of ECL on Tuition and Other Fee Receivables

The University uses a provision matrix to calculate ECL for assessed tuition fee receivables. The loss rates are based on actual write-off of student accounts or those which are outstanding for two semesters and have not enrolled for the succeeding term [see Note 14.2(b)].

The University's management intends to recalibrate on an annual basis the matrix to consider the historical credit loss experience with forward-looking information. Details about the ECL on the University's tuition fees and other receivables are disclosed in Note 14.2.

(c) Evaluation of Business Model Applied in Managing Financial Instruments

The University manages its financial assets based on business models that maintain adequate level of financial assets to match its expected cash outflows.

Upon adoption of PFRS 9, the University developed business models which reflect how it manages its portfolio of financial instruments. The University's business models need not be assessed at entity level but shall be applied at the level of a portfolio of financial instruments and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the University evaluates in which business model a financial instrument, or a portfolio of financial instruments belong taking into consideration the objectives of each business model established by the University as those relate to the University's investment or trading strategies.

(d) Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model

In determining the classification of financial assets under PFRS 9, the University assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria.

In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the University assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the University considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made from a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the University considers certain circumstances documented in its business model policy to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the University can explain the reasons for those sales and why those sales do not reflect a change in the University's objective for the business model.

(e) Application of ECL to Debt Instruments at Amortized Cost and at FVOCI

The University uses a general approach to calculate ECL for all debt instruments at FVOCI and amortized cost. The allowance for credit loss is based on the ECLs associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since origination of the financial instrument, in such case, a lifetime ECL for the instrument is recognized.

The University has established a policy to perform an assessment, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

(f) Distinction between Investment Properties and Owner-managed Properties

The University determines whether a property qualifies as investment property. In making its judgment, the University considers whether the property generates cash flows largely independent of the other assets held by an entity.

Owner-managed properties generate cash flows that are attributable not only to the property but also to other assets used in the process of providing educational services.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the supply of services or for administrative purposes. If a portion can be sold separately (or leased out separately), the University accounts for such portion separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The University considers each property separately in making its judgment.

Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated and the renewal of the contract is not subject to mutual agreement of both parties.

For leases of university buildings, the factors that are normally the most relevant are (a) if there are significant penalties should the University preterminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the University is reasonably certain to extend and not to terminate the lease contract. Otherwise, the University considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The University availed the extension option for leases of university buildings; thus, the renewal period was included as part of the lease term for such leases.

The lease term is reassessed if an option is exercised or not exercised, or the University becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the University.

(h) Distinction between Operating and Finance Lease

The University has entered into various lease agreements as either a lessor or a lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(i) Determination of Control of Entities in which the University Holds Less than 50%

Management considers that the University has de facto control of FRC even though it holds less than 50% of the ordinary shares and voting rights in the latter. Although the University holds less than 50% of the voting shares of stock of FRC, it has control over FRC because it is exposed or has right to variable returns from its involvement with FRC and it has the ability to affect those returns through its power over FRC. It is able to do this primarily because the University has the power to cast the majority of votes at meetings of the BOD and elect officers of FRC. Accordingly, FRC is recognized as a subsidiary of the University (see Note 7).

(j) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition and disclosure of provisions and contingencies are discussed in Note 26.9 and relevant disclosures are presented in Note 28.

27.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Estimating Allowance for Impairment of Financial Instruments

The measurement of the allowance for ECL on financial assets at FVOCI and investment securities at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of counterparty defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 14.2.

The University uses a provision matrix to calculate ECL for its trade receivables which are based on the University's historical observed default rates. The University's management recalibrate on an annual basis to consider the changes in historical credit loss experience with forward-looking information.

(b) Determining Fair Value Measurement of Financial Assets

The University carries certain financial assets at fair value, which is subject to an annual assessment. In cases where active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The changes in fair value would differ if the University utilized different valuation methods and assumptions. Any change in fair value of these financial assets would affect profit or loss and equity.

The carrying values of the University's financial assets at FVTPL classified as investments in UITF and the amounts of fair value changes recognized during the years on those assets are disclosed in Note 6.

(c) Determining Fair Value of Investment Properties

Investment property is measured using the cost model. The fair value disclosed in Note 8 is determined by the University based on the appraisal report prepared by independent appraisers using the relevant valuation methodology.

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

A significant change in these elements may affect the prices and the value of the assets. As of May 31, 2023, 2022 and 2021, the University determined that there were no significant circumstances that may affect the fair value determination of investment properties.

Estimating Impairment of Non-financial Assets

The University's policy on estimating the impairment of non-financial assets is discussed in detail in Note 26.7. Though management believes that the assumptions used in the estimation of recoverable amounts are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations. Based on management assessment, except for certain prepayments and other current assets, no impairment loss is required to be recognized on the University's investment properties, property and equipment, and investments in subsidiaries as of May 31, 2023, 2022 and 2021.

(e) Estimating Useful Lives of Investment Properties and Property and Equipment

The University estimates the useful lives of investment properties and property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of investment properties and property and equipment (including ROUA) are presented in Notes 8 and 10, respectively. Based on management's assessment as at May 31, 2023, 2022 and 2021, there is no change in the estimated useful lives of the assets during those periods. Actual results, however, may vary due to changes in factors mentioned above.

(f) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The University measures its lease liabilities at present value of the unpaid lease payments at the start date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the University's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset, and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(g) Determining Recoverable Amount of Deferred Tax Assets

The University reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management assessed that the deferred tax assets recognized as at May 31, 2022 and 2021 are fully recoverable because those will be fully utilized in the next 12 months. No deferred tax asset was recognized as at May 31, 2023. The carrying value of deferred tax assets as of those dates is disclosed in Note 21.

(b) Valuation of Post-employment Defined Benefit Obligation

The determination of the University's obligation and cost of post-employment defined benefit (had it been not under a defined contribution plan) is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, expected rate of return on plan assets, salary rate increase, and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income, or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

28. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the University:

28.1 Operating Lease Commitments – University as Lessee

Lease Agreement with FRC

The University is a lessee under operating leases covering certain buildings for a period of ten years from July 1, 2015 to June 30, 2025, subject to annual escalation rate of 5%.

The University also entered into other contracts of lease for the land where the building occupied by FEU Makati is located for a period of 30 years, and for the lease of various sports facilities covering a gymnasium, football field and classrooms for a period of ten years, as discussed in Note 20.3.

28.2 Operating Lease Commitments – University as Lessor

The University leases out certain buildings to EACCI and FECSI and the mezzanine floor to FRC for a period of one to ten years (see Notes 8, 20.4, 20.5, 20.7, 20.8 and 20.9).

Future minimum rental receivables as of May 31, excluding contingent rental, under these operating leases are as follows:

	2023	2022	2021
Within one year	**P 45,117,733**	P 45,359,995	P 41,449,796
After one year but not more than five years	**3,765,874**	3,724,000	3,836,000
	P 48,883,607	P 49,083,995	P 45,285,796

The University is also a lessor in various lease contracts with third party lessees. The terms of the lease vary but do not exceed one year. Total rentals earned from these operating leases amounted to P6.8 million and P2.3 million (nil in 2021) for the years ended May 31, 2023 and 2022, which is presented as part of Other Operating Income in the statements of profit or loss.

28.3 Unused Line of Credit

The University has an unused line of credit amounting to P500 million as of May 31, 2023, 2022 and 2021, respectively. This is exclusive for short-term loans and is extendable to its subsidiaries RCI, EACCI and FEUAl.

28.4 Others

As of May 31, 2023, the University has no record of any litigation not being contested or any that the University has accepted any liability in relation to labor cases and other civil cases.

There are other contingencies that arise in the normal course of business that are not recognized in the University's financial statements. Management believes that losses, if any, arising from these commitments and contingencies will not materially affect its financial statements, however, the University opted to appropriate portion of its retained earnings to cover for such contingencies (see Note 23.2).

30. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the University as of and for the year ended May 31, 2023 (including the comparative financial statements as of and for the years ended May 31, 2022 and 2021) were authorized for issue by the University's BOT on August 15, 2023.

31. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

The following supplementary information on taxes, duties and license fees paid or accrued during the taxable year required by the BIR under RR No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

(a) Output VAT

In fiscal year 2023, the University declared output VAT as follows:

	Tax Base	Output VAT
Rental	P 94,723,705	P 11,366,845
Sale of merchandise	62,782,545	7,533,905
Other gains and losses	1,536,008	184,321
	P 159,042,258	**P 19,085,071**

There is no outstanding output VAT payable as of May 31, 2023. Pursuant to Section 109, *VAT-Exempt Transactions*, of the NIRC 1997, the University's receipts from tuition and other fees related to educational services amounting to P3,072,954,053 are VAT-exempt.

The tax base for rendering of services is based on the University's gross receipts for the year, hence, may not be the same with the amounts reported in the 2023 statement of profit or loss which is based on PFRS.

(b) Input VAT

Pursuant to Section 109, the University is not allowed any tax credit of input VAT on its purchases related to educational services.

The movements in input VAT are summarized below:

Balance at beginning of year	P 34,899,443
Services lodged under cost of services	19,050,494
Applied against output VAT	(19,085,071)
Balance at end of year	**P 34,864,866**

(c) Taxes on Importation

The University did not have any importations in fiscal year 2023.

(d) Excise Tax

The University did not have any transactions in fiscal year 2023, which are subject to excise tax.

(e) Documentary Stamp Tax

In fiscal year 2023, the University paid and accrued documentary stamp tax (DST), amounting to P992,159, for various contracts and documents.

(f) Taxes and Licenses

Details of taxes and licenses in fiscal year 2023 are as follows.

Municipal licenses and permits	P 19,296,369
DST	992,159
Community tax	10,500
Annual registration fee	3,500
Miscellaneous	1,087,115
	P 21,389,643

(g) Withholding Taxes

Details of total withholding taxes for the fiscal year ended May 31, 2023 are shown below.

Compensation	P 124,741,889
Final	19,754,929
Expanded	18,836,576
	P 163,333,394

(h) Deficiency Tax Assessments and Tax Cases

As of May 31, 2023, the University does not have any final deficiency tax assessments from the BIR, and any tax cases outstanding or pending in courts or bodies outside of BIR in any of the open taxable years.