

**HEALTH CARE AND DEVELOPMENT CORPORATION OF THE PHILS.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2024 AND 2023**

**AND**

**REPORT OF INDEPENDENT AUDITOR**

**(IN PHILIPPINE PESO)**

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**STATEMENT OF MANAGEMENT RESPONSIBILITY FOR INCOME TAX RETURN**

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**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**

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**STATEMENT OF MANAGEMENT RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**


The Management of **Health Care and Development Corporation of the Philippines** is responsible for the preparation and fair presentation of the financial statements including schedules attached therein for the year ended December 31, 2024 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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


The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

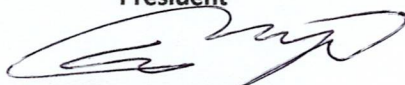
**Floyd C. Paguio, CPA**, the independent auditor, appointed by the board of directors, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its reports to the stockholders, have expressed its opinion on the fairness of presentation upon completion of such audit.



**PERLA B. SAN JUAN**  
Chief Finance Officer



**RICHARD ANTONIOM. TAMAYO**  
President



**Dr. ANTONIO L. TAMAYO**  
Chairman of the board/ CEO

April 10, 2025  
Las Pinas City

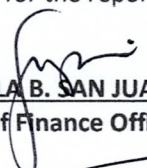
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**STATEMENT OF MANAGEMENT RESPONSIBILITY  
FOR ANNUAL INCOME TAX RETURN**


The management of **Health Care and Development Corporation of the Philippines** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2024. Management is likewise responsible for all the information and representations contained in the financial statements accompanying the Annual Income tax Return Information Sheet covering the same reporting period. Furthermore, the management is responsible for all the information and representations contained in all other tax returns filed for the reporting period, including, but not limited to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2024 and the accompanying Annual Income Tax Returns are in accordance with the books and records of **Health Care and Development Corporation of the Philippines** complete and correct in all material respects. Management likewise affirms that:


- a. The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- b. Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to *financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules* has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No.8-2007 and other relevant issuances;
- c. The **Health Care and Development Corporation of the Philippines** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.



**PERLA B. SAN JUAN**  
Chief Finance Officer



**RICHARD ANTONIO M. TAMAYO**  
President



**DR. ANTONIO L. TAMAYO**  
Chairman of the board/ CEO

April 10, 2025  
Las Pinas City

## CERTIFICATION

April 10, 2025

Financial Examination Group  
Insurance Commission  
1071 United Nations Avenue, Ermita  
Manila, 1000

### To whom it may concern:

I hereby attest that I have examined all the documents, schedules and other related records relative to the audit of the financial statements of **HEALTH CARE AND DEVELOPMENT CORPORATION OF THE PHILIPPINES** as of and for the year ended December 31, 2024. I declare that the reports submitted to the Insurance Commission per IC Circular Letter No. 2024-03, are true and accurate to the best of my knowledge.

### **PAGUIO, DUMAYAS & ASSOCIATES, CPAs (PDAC)**

Tax Identification Number 008-662-265-000

BIR Accreditation No. 08-800011-000-2025, February 3, 2025, valid until February 2, 2028

SEC Accreditation No. 5614-SEC (Group C), valid until December 31, 2023, and extended until December 31, 2025 per SEC Notice dated April 4, 2025

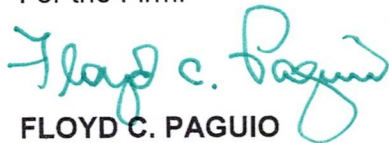
BOA Accreditation No. 5614, July 5, 2023, valid until February 28, 2026

BSP Accreditation No. 5614-BSP (Group B), valid for 2021 to 2025 financial statements audit

IC Accreditation No. 5614-IC (Group A), valid for 2020 to 2024 financial statements audit

CDA Accreditation No. 124-AF, January 15, 2025, valid until January 14, 2030

For the Firm:



**FLOYD C. PAGUIO**

Senior Partner

CPA Certificate No. 115664

Tax Identification Number 243-676-418-000

BIR Accreditation No. 08-800011-001-2025, February 3, 2025, valid until February 2, 2028

SEC Accreditation No. 115664-SEC (Group C), valid until December 31, 2023, and extended until December 31, 2025 per SEC Notice dated April 4, 2025

BSP Accreditation No. 115664-BSP (Group B), valid for 2021 to 2025 financial statements audit

IC Accreditation No. 115664-IC (Group A), valid for 2020 to 2024 financial statements audit

PTR No. 4778905, issued on January 15, 2025, Muntinlupa City

April 10, 2025  
Muntinlupa City, Metro Manila

## CERTIFICATION

April 10, 2025

Financial Examination Group  
Insurance Commission  
1071 United Nations Avenue, Ermita  
Manila, 1000

### To whom it may concern:

In compliance with the IC Circular Letter No. 2024-03, we certify the following in relation to the audit of our client, **HEALTH CARE AND DEVELOPMENT CORPORATION OF THE PHILIPPINES** for the year ended December 31, 2024.

1. We have not discovered any material findings involving fraud or error;
2. There are no actual or potential losses the aggregate of which amounts to at least ten percent (10%) of the total assets;
3. There is no significant doubt as to the ability of the Company to continue as a going concern;
4. We have not discovered any material breach of laws or IC rules and regulations, such as, but not limited to the prescribed:
  - a. Net worth requirements
  - b. Risk-based capital requirements
5. There are no material internal control weaknesses which may lead to financial reporting problems; and
6. There are no findings on matters of corporate governance that may require urgent action by the IC.

It is, however, understood that the accountability of an external auditor is based on matters within the normal coverage of an audit conducted in accordance with generally accepted auditing standards.



*(Signature page follows)*



## SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

**The Stockholders and the Board of Directors**  
**HEALTH CARE AND DEVELOPMENT CORPORATION OF THE PHILIPPINES**  
7<sup>th</sup> Floor MAB Building PHMC, Real Street, Pamplona III  
Las Piñas City

We have audited the financial statements of **HEALTH CARE AND DEVELOPMENT CORPORATION OF THE PHILIPPINES** for the year ended **December 31, 2024**, on which we have rendered the attached report dated April 10, 2025.

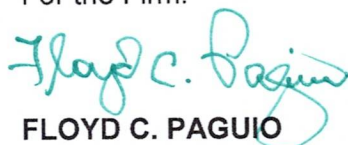
In compliance with Revenue Regulation V-20, we are stating that we are not related by consanguinity or affinity to the president, manager, or principal stockholders of the Company.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the said Company has a total number of ten (10) stockholders owning one hundred (100) or more shares each.

### **PAGUIO, DUMAYAS & ASSOCIATES, CPAs (PDAC)**

Tax Identification Number 008-662-265-000  
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BSP Accreditation No. 5614-BSP (Group B), valid for 2021 to 2025 financial statements audit  
IC Accreditation No. 5614-IC (Group A), valid for 2020 to 2024 financial statements audit  
CDA Accreditation No. 124-AF, January 15, 2025, valid until January 14, 2030

For the Firm:



**FLOYD C. PAGUIO**

Senior Partner  
CPA Certificate No. 115664  
Tax Identification Number 243-676-418-000  
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PTR No. 4778905, issued on January 15, 2025, Muntinlupa City

April 10, 2025  
Muntinlupa City, Metro Manila

**PAGUIO, DUMAYAS & ASSOCIATES, CPAs (PDAC)**

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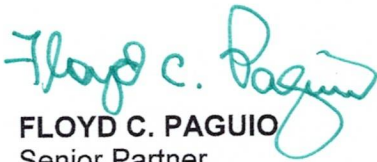
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For the Firm:



**FLOYD C. PAGUIO**

Senior Partner

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PTR No. 4778905, issued on January 15, 2025, Muntinlupa City

April 10, 2025

Muntinlupa City, Metro Manila

**NOT VALID WITHOUT SEAL**

## INDEPENDENT AUDITOR'S REPORT

**The Stockholders and the Board of Directors**  
**HEALTH CARE AND DEVELOPMENT CORPORATION OF THE PHILIPPINES**  
7<sup>th</sup> Floor MAB Building PHMC, Real Street, Pamplona III  
Las Piñas City

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of **HEALTH CARE AND DEVELOPMENT CORPORATION OF THE PHILIPPINES** (the Company), which comprise the statement of financial position as at **December 31, 2024**, and the statement of income, statement of changes in stockholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at **December 31, 2024**, and its financial performance and its cash flows for the year then ended in accordance Philippine Financial Reporting Standards for Small Entities (PFRSs for SEs).

#### *Basis for Opinion*

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

#### *Other Matter*

The financial statements of the Company as at December 31, 2023, were audited by another auditor, whose report dated April 12, 2024, expressed an unmodified opinion on those statements.

#### *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 PFRSs, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high-level of assurance but is not a guarantee that an audit is 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 the 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 to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of 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 Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audits. 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.

### **Report on the Supplementary Information Required Under Revenue Regulation 15-2010**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information under Revenue Regulation 15-2010 in Note 21 to the financial statements is presented for the purpose of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the Management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

#### **PAGUIO, DUMAYAS & ASSOCIATES, CPAs (PDAC)**

Tax Identification Number 008-662-265-000

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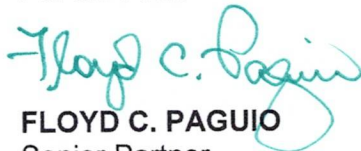
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For the Firm:



**FLOYD C. PAGUIO**

Senior Partner

CPA Certificate No. 115664

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PTR No. 4778905, issued on January 15, 2025, Muntinlupa City

April 10, 2025

Muntinlupa City, Metro Manila

## HEALTH CARE & DEVELOPMENT CORPORATION OF THE PHILIPPINES

### STATEMENTS OF FINANCIAL POSITION

As of December 31, 2024 and 2023

Amounts in Philippine Peso

	<i>Notes</i>	<b>2024</b>	2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	<b>23,829,610</b>	25,888,681
Membership fees receivable	7	<b>9,112,905</b>	14,148,318
Deposit to health care providers	8	<b>51,061</b>	30,565
Other current assets	9	<b>739,130</b>	737,415
		<b>33,732,707</b>	40,804,979
<b>Non-Current Assets</b>			
Property and equipment	10	<b>460,386</b>	354,041
Advances to related parties	11, 18	<b>914,897</b>	1,464,897
Deferred tax assets	20	<b>9,015,794</b>	8,436,109
		<b>10,391,077</b>	10,255,047
<b>TOTAL ASSETS</b>		<b>44,123,783</b>	51,060,026
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Claims reserves	12	<b>12,546,947</b>	17,466,347
Membership fee reserves	13	<b>18,204,361</b>	23,865,617
Accounts and other payables	14	<b>2,446,279</b>	2,021,635
Deposit for Future Stock Subscription		<b>8,000,000</b>	9,500,000
		<b>41,197,586</b>	52,853,599
<b>Stockholders' Equity</b>			
Share capital	15	<b>10,000,000</b>	10,000,000
Deposit for Future Stock Subscription	15	<b>14,008,400</b>	-
Retained earnings		<b>(21,082,203)</b>	(11,793,573)
<b>TOTAL STOCKHOLDERS' EQUITY</b>		<b>2,926,197</b>	(1,793,573)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>44,123,783</b>	51,060,026

See accompanying notes to financial statements

**HEALTH CARE & DEVELOPMENT CORPORATION OF THE PHILIPPINES****STATEMENTS OF INCOME**

For the years ended December 31, 2024 and 2023

Amounts in Philippine Peso

	<i>Notes</i>	<b>2024</b>	<b>2023</b>
<b>MEMBERSHIP FEES</b>	<i>12</i>	<b>47,684,914</b>	28,725,430
<b>UNDERWRITING EXPENSES</b>	<i>16</i>	<b>(47,623,956)</b>	(44,228,870)
<b>GROSS PROFIT</b>		<b>60,958</b>	(15,503,440)
<b>OTHER INCOME</b>		<b>29,412</b>	-
<b>ADMINISTRATIVE EXPENSES</b>	<i>17</i>	<b>(10,268,092)</b>	(9,978,405)
<b>INTEREST INCOME</b>	<i>6</i>	<b>583,794</b>	435,978
<b>INCOME (LOSS) BEFORE INCOME TAX</b>		<b>(9,593,929)</b>	(25,045,868)
<b>INCOME TAX EXPENSE</b>			
Current		-	-
Final		<b>116,759</b>	87,195
Deferred		<b>(422,057)</b>	(5,037,635)
	<i>19</i>	<b>(305,298)</b>	(4,950,440)
<b>NET INCOME (LOSS)</b>		<b>(9,288,630)</b>	(20,095,428)

*See accompanying notes to financial statements*

**HEALTH CARE & DEVELOPMENT CORPORATION OF THE PHILIPPINES**

**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

(Amounts in Philippine peso)

	Notes	2024	2023
<b>Share capital paid-up</b>			
Authorized 100,000 shares at P100 par value			
Subscribed 100,000			
Issued and Fully paid -100,000 shares	2 , 15	<b>10,000,000</b>	10,000,000
		<b>10,000,000</b>	10,000,000
<hr/>			
Deposit for Future Stcok Subsription		<b>14,008,400</b>	-
<hr/>			
Retained Earnings-Beginning	2	<b>(11,793,573)</b>	8,301,855
Add: Net Income (Loss) for the year	2	<b>(9,288,630)</b>	(20,095,428)
		<b>(21,082,203)</b>	(11,793,573)
<hr/>			
<b>STOCKHOLDERS' EQUITY-DECEMBER 31</b>		<b>2,926,197</b>	<b>(1,793,573)</b>

*See accompanying notes to financial statements*

## HEALTH CARE & DEVELOPMENT CORPORATION OF THE PHILIPPINES

### STATEMENTS OF CASH FLOWS

For the years ended December 31, 2024 and 2023

Amounts in Philippine Peso

	Notes	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Loss before income tax</b>		<b>(9,593,929)</b>	<b>(25,045,868)</b>
Adjustments for:			
Depreciation	10	76,549	109,504
Interest expense		-	-
Interest income	7	(583,794)	(435,977)
<b>Operating cash flows before changes in working capital</b>		<b>(10,101,173)</b>	<b>(25,372,341)</b>
(Increase) Decrease in operating assets:			
Membership fee receivables	7	5,035,413	(4,742,257)
Deposit to health care providers	8	(20,496)	290,302
Other current assets	9	(1,715)	(380,689)
Increase (Decrease) in operating liabilities:			
Claims reserves	12	(4,919,400)	8,779,420
Membership fee reserves	13	(5,661,256)	11,623,898
Accounts and other payables	14	424,644	687,348
Deposit for Future Stock Subscription	15	12,508,400	9,500,000
Net cash provided by (used in) operations		(2,735,585)	385,681
Interest income received	6	583,794	435,977
Income taxes paid		(274,387)	(87,196)
<b>Net cash used in operating activities</b>		<b>(2,426,178)</b>	<b>734,462</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property and equipment	10	(182,893)	(96,873)
<b>Net cash used in investing activities</b>		<b>(182,893)</b>	<b>(96,873)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest expense paid		-	-
Payment of loan		-	-
Advances to related parties	11, 18	550,000	-
<b>Net cash provided by financing activities</b>		<b>550,000</b>	<b>-</b>
<b>NET INCREASE IN CASH</b>		<b>(2,059,071)</b>	<b>637,589</b>
<b>CASH AT BEGINNING OF YEAR</b>		<b>25,888,681</b>	<b>25,251,092</b>
<b>CASH AT END OF YEAR</b>	6	<b>23,829,610</b>	<b>25,888,681</b>

See accompanying notes to financial statements

# HEALTH CARE & DEVELOPMENT CORPORATION OF THE PHILIPPINES

## NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2024 and 2023

(Amounts in Philippine Pesos)

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### 1. GENERAL INFORMATION

HEALTH CARE AND DEVELOPMENT CORPORATION OF THE PHILIPPINES (the “Company”) was established in Philippines and registered with the Securities and Exchange Commission (SEC) on May 9, 1980 per Registration No. 92775.

The Company is organized primarily to provide an institutional medium for care, development and management of human resources as they relate to the health of the individual, family, group and organization in all aspect affecting their productivity – physical, mental, professional and other aspects of their well-being.

The Company was issued by the Insurance Commission (IC) the Certificate of Registration and License to Act as a Health Maintenance Organization (HMO) per Reg. No. HMO-2024-04-R valid from January 01, 2024 until December 31, 2026, unless sooner suspended or revoked for cause.

The registered address of the Company is located at 7<sup>th</sup> Floor MAB Building, PHMC Real Street, Pamplona III, Las Piñas City.

The accompanying financial statements of the Company were approved and authorized for issue by the Board of Directors on April 10, 2025.

### 2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

#### **Statement of Compliance**

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including the SEC provisions.

The Company qualifies as Small Entity (SE) based on the criteria set by the SEC under SRC Rule 68, as amended. However, under the said rules, as a holder of secondary license from Insurance Commission the financial statements of the Company shall be prepared using PFRS as financial reporting framework.

#### **Basis of Preparation**

The financial statements have been prepared on a going concern basis under the historical cost convention, except where a Financial Reporting Standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and change in fair value of the consideration received in exchange for incurring a liability.

The financial statements have been presented in Philippine Peso, which is the functional currency of the Company. All values are rounded to the nearest peso, except when otherwise indicated.

#### **Use of Estimates and Judgments**

The preparation of the Company’s financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Company’s significant accounting policies and estimates and the application of these policies and estimates. The estimates and assumptions are reviewed on an ongoing basis. These are based on management’s

evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Changes in accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Current versus Non-current Classification**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve 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 the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve 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 terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities, respectively.

### **3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS**

#### **Adoption of Amended PFRS**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS.

*Effective for annual periods beginning on or after January 1, 2020:*

- Amendments to References to the Conceptual Framework in PFRS

The amendments include a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance-in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurements uncertainty in financial reporting. The amendments should be applied retrospectively unless retrospective application would be impracticable or involve undue cost or effort.

- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*.

The amendments clarify the definition of "material" and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS standards. Based on the new definition, an information is "material" if omitting, misstating

or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

*Effective for annual periods beginning on or after June 1, 2020:*

- Amendments to PFRS 16, *Leases - Covid-19 Related Rent Concessions*.

The amendments provide practical expedient to lessees from applying the requirements on lease modifications under PFRS 16 for eligible rent concessions that is a direct consequence of COVID-19 pandemic. A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment. The amendments do not affect lessors. Earlier application of the amendments is permitted.

Under prevailing circumstances, the adoption of the foregoing amended PFRS did not have a material effect on the financial statements of the Company.

#### **Amended PFRS Issued but Not yet Effective**

Relevant new and amended PFRS, which are not yet effective for the year ended December 31, 2020 and have not been applied in preparing the financial statements, are summarized below.

*Effective beginning on or after January 1, 2022:*

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds before Intended Use*

The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract*

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

*Effective beginning on or after January 1, 2023*

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach).
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

On October 17, 2024, the Insurance Commission (IC) issued Circular Letter (CL) No. 2024-20 requiring Health Maintenance Organization (HMOs) to adapt Philippine Financial Reporting Standards (PFRS) 17 starting January 01, 2027 in their Audited Financial Statements (AFS).

The new CL modifies CL No. 2022-12 thus, deferring the implementation date of PFRS 17 from January 01, 2025 to January 01, 2027. It also provides, however, that HMOs shall not be precluded from early implementation of PFRS 17 before January 01, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify paragraphs 69 to 76 of PAS 1, Presentation of Financial Statements, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

#### *Annual Improvements to PFRS 2018 to 2020 Cycle:*

- Amendments to PFRS 9, *Financial instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*

The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is 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 the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

- Amendments to PFRS 16, *Leases - Lease Incentives*

The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

Under prevailing circumstances, the adoption of the foregoing amended PFRS did not have a material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Principal accounting and financial reporting policies applied by the Company in the preparation of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

##### **Financial instruments**

*Date of Recognition.* The Company recognizes a financial assets or liabilities in the statement of financial position when the Company becomes a party to the contractual provisions of a financial instrument.

*Initial Recognition and Measurement.* Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). The initial measurement of all financial instruments, except for financial instruments classified as fair value through profit or loss (FVPL), includes transaction cost.

### **Financial assets**

In the case of regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

*Classification.* The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at FVPL and (c) financial assets at FVOCI. The classification of financial asset largely depends on the Company's business model and its contractual cash flow characteristics.

The Company does not have financial assets measured at FVPL and FVOCI.

*Financial assets at amortized cost.* A financial asset should be measured at amortized cost if both of the following conditions are met:

- the financial asset is held with a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting year. Otherwise, these are classified as noncurrent assets.

*Cash and cash equivalents.* Cash includes cash on hand and in banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

The Company's short-term time deposits are classified under cash equivalents.

*Impairment.* Under PFRS 9, the Company recognizes an allowance for expected credit loss (ECL) for all debt instruments not measured at FVPL. Expected credit loss is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

*Reclassification.* The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting year following the change in business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in other comprehensive income, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the financial asset using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss should be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

*Derecognition.* A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

### **Financial liabilities**

*Classification.* The Company classifies its financial liabilities at initial recognition under the following categories: (a) financial liabilities at amortized cost or (b) financial liabilities at FVPL.

As at reporting date, the Company does not have financial liabilities measured at FVPL.

*Financial liabilities at amortized cost.* Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

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

### **Classification of financial instrument between liability and equity**

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

### **Offsetting of financial instruments**

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

### **Other current assets**

Other current assets are carried at face value. These mainly consist of supplies, prepaid expenses, and input value-added tax (VAT).

*Supplies.* Supplies are carried at cost and are recognized as expense upon consummation.

*Prepaid expenses.* Prepaid expenses are expenses paid in advance and recorded as asset before these are utilized. Prepaid expenses are apportioned over the period covered by the payment and charged to appropriate expense accounts in profit or loss when incurred. Prepaid expenses that are expected to be realized for no more than 12 months after the financial reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

*Value-added tax (VAT).* Revenue, expenses and assets are recognized, net of the amount of VAT, except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority; or
- receivables and payables that are stated with the amount of tax included.

### **Property and equipment**

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

The initial cost of property and equipment comprises of its purchase price and any directly attributable costs in bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the asset has been put into operations, such as repairs and maintenance, are normally recognized as expense in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have improved the condition of the asset beyond the originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets ranging from 2 – 5 years.

The estimated useful lives and depreciation and amortization are reviewed and adjusted, if appropriate, at each reporting date to ensure that such years and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated assets are retained in the accounts until these are no longer being used and no further depreciation and amortization are credited or charged to profit or loss.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property and equipment 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 from derecognition of the asset (measured as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the item is derecognized.

#### **Impairment of non-financial assets**

At each reporting date, the Company assesses whether there is any indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Company makes a formal estimate of the recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is charged against operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, depreciation and amortization is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

#### **Equity**

*Capital stock and additional paid-in capital.* Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from proceeds, net of tax. The excess of proceeds from the issuance of shares over the par value of shares is credited to additional paid-in capital.

*Retained earnings.* Retained earnings represent the cumulative balance of net income or loss, dividend distributions, correction of prior year errors, effects of changes in accounting policy and other capital adjustments.

*Dividend distribution.* Dividend distribution to the Company's stockholders is recognized as a liability and deducted from equity in the year in which the dividends are declared as approved by the Company's BOD. Dividends that are approved after the reporting year are dealt with as an event after the reporting year.

#### **Revenue recognition**

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the

following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The following specific recognition criteria must also be met before revenue is recognized:

*Membership fee.* Membership fees arising from HMO agreements are recognized as revenue over the period of the membership. Unearned membership fees are set up to recognize the portion of membership fees received or collected yet still unearned as of the reporting date.

The changes in membership fees pertaining to membership fees earned during the year are recognized as revenue under membership fees in the statement of income.

*Interest Income.* Revenue is recognized as the interest accrues, taking into account the effective yield of the asset.

#### **Cost of services**

Cost of services are recognized for all costs directly related to the contract, including all claims incurred, estimates of medical care services that have been rendered on behalf of the members but for which claims have either not been reported or processed, related internal and external claims handling costs that are directly related to the servicing, processing and settlement of claims, and any adjustments to claims outstanding from previous years.

#### **General and administrative expenses**

Expenses are recognized in the income statement when a decrease in the future economic benefit related to a decrease in asset or an increase of a liability has arisen that can be measured reliably. General and administrative expenses are recognized when incurred.

#### **Employee benefits**

*Short-term employee benefits.* The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the year. A liability is also recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

#### **Income taxes**

*Current Tax.* Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at end of the reporting year.

*Deferred Tax.* Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to 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 sufficient future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantively enacted at the end of reporting year.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in relation to the underlying transaction either in other comprehensive income or directly in equity.

#### **Related party relationship and transactions**

Related party transactions consist of transfers of resources, services or obligations between the Company and its related parties.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals who, by owning directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on legal form.

#### **Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

#### **Contingencies**

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

#### **Events after the reporting date**

Events after the reporting date that provide additional information about the Company's financial position at the end of the reporting year (adjusting events) are reflected in the financial statements when material. Events after the reporting date that are non-adjusting events are disclosed in the notes to financial statements when material.

## 5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

### Judgments

In the process of applying the accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

#### *Determining the classification of financial instruments*

The Company exercises judgments in classifying a financial instrument on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial position.

In addition, the Company classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether the quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's-length basis.

### Estimates and assumptions

The key estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances of the financial statements. Actual results could differ from those estimates. Presented below are the relevant significant estimates performed by management in preparing the financial statements.

#### *Estimation of medical claims, including IBNR*

Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of IBNR, which is determined by the Company using an actuarial process. It can take a significant amount of time before the ultimate claims cost can be established with certainty.

The Company provides for IBNR for the estimated ultimate cost of all claims incurred but not settled at the reporting date for all in-force agreements as of reporting date. The estimate is based on factors such as reporting date time lag, claim backlogs and on the claims incurred and reported during the year.

#### *Recognition of deferred income tax assets*

Deferred income tax assets are recognized to the extent that it is probable that sufficient future taxable profits will be available against which these can be utilized. Significant management judgement is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future profits together with future tax planning strategies.

## 6. CASH AND CASH EQUIVALENTS

	2024		2023
Petty cash fund and cash on hand	₱ 16,070	₱	16,070
Cash in banks	4,742,525		7,064,768
Cash equivalents	19,071,015		18,808,043
	₱ 23,829,610	₱	25,888,681

Cash in banks represents cash and deposits with several local and commercial banks in terms of savings and current accounts. Cash equivalents are short-term time deposits subject to 1% to 4.75% interest rate per annum. Interest income earned from bank deposits net of final taxes amounted to **₱583,794** and **₱435,978** in **2024** and **2023**, respectively.

Petty cash fund pertains to working capital funds wherein small amount of expenses are being disbursed.

#### 7. MEMBERSHIP FEES RECEIVABLE

This account pertains to the fixed amount that the Company charges its clients for healthcare services as specified in the HMO Agreement which have accrued and uncollected as of the end of accounting period amounting to **₱9,112,905** and **₱14,148,318** as at **December 31, 2024** and **2023**, respectively.

#### 8. DEPOSIT TO HEALTH CARE PROVIDERS

This account represents funds deposited to healthcare providers to defray for the medical and hospitalization expenses of its members amounting to **₱51,061** and **₱30,565** as at **December 31, 2024** and **2023**, respectively.

#### 9. OTHER CURRENT ASSETS

	2024	2023
Creditable withholding taxes	₱ 597,728	₱ 356,966
Advances to employees	--0--	200,401
Advances to Supplier	--0--	2,245
Accrued Interest Receivable	41,706	40,250
Miscellaneous Receivable - Others	99,696	25,659
Input Taxes	--0--	111,895
	₱ 739,130	₱ 737,415

#### 10. PROPERTY AND EQUIPMENT

	Office/Soft Eqipt and Furniture	Transportation Equipment	Construction In Progress	Website Development	Total
<b>Cost:</b>					
January 1, 2023	163,299	400,000	-	45,000	608,299
Additions	42,995	-	40,077	13,800	96,872
December 31, 2023	206,294	400,000	40,077	58,800	705,171
Additions	281,770	-	(40,077)	(58,800)	182,893
<b>December 31, 2024</b>	<b>488,064</b>	<b>400,000</b>	<b>-</b>	<b>-</b>	<b>888,064</b>

<b>Accumulated Depreciation:</b>					
January 1, 2023	41,626	200,000	-	-	161,653.00
Depreciation	29,543	79,961	-	-	79,973.00
December 31, 2023	71,169	279,961	-	-	241,626.00
Depreciation	6,549	70,000	-	-	109,503.61
<b>December 31, 2024</b>	<b>77,718</b>	<b>349,961</b>	-	-	<b>351,129.61</b>
<b>Net carrying amount:</b>					
December 31, 2023	135,125	120,039	40,077	58,800	354,041
<b>December 31, 2024</b>	<b>410,347</b>	<b>50,039</b>	-	-	<b>460,386</b>

#### 11. ADVANCES TO RELATED PARTIES

	2024	2023
Beginning Balance	P 1,464,897	P 1,464,897
Amount credited – Due from Related Parties	550,000	-0-
	<b>P 914,897</b>	<b>P 1,464,897</b>

On September 2017, a property owned by the Company located at Brgy. Timbao, Biñan with an area of 12,470 sqm. were disposed and sold to a certain corporation. A portion of the proceeds amounting to P14,954,248 were advances to related parties. The advances from the related parties being credited were used by the Company to support and to meet various operations expenses mostly to overcome the higher risk of medical activities of members in the ordinary course of business.

#### 12. CLAIMS RESERVE

	2024	2023
DUP and Medical & Hospital Bills	P 9,090,441	P 13,273,666
IBNR and claims handling reserves	3,456,506	4,192,681
	<b>P 12,546,947</b>	<b>P 17,466,347</b>

#### 13. MEMBERSHIP FEE RESERVES

	2024	2023
Beginning balance	P 23,865,617	P 12,241,719
Membership fees during the year	42,023,658	40,349,328
Membership fees earned	(47,684,914)	(28,725,430)
Ending balance	<b>P 18,204,361</b>	<b>P 23,865,617</b>

#### 14. ACCOUNTS AND OTHER PAYABLES

	2024		2023	
Accounts payable -Trade	₱	1,766,868	₱	1,093,102
Output Tax payable		489,488		514,767
Withholding taxes payable		160,267		296,497
SSS, PHIC, HDMF contributions payable		14,040		19,982
SSS, HDMF loans payable		15,032		8,582
Other payables		584		88,705
	₱	2,446,279	₱	2,021,635

#### 15. SHARE CAPITAL

	2024		2023	
	Shares	Amount	Shares	Amount
Authorized, subscribed and paid-up at ₱100 par value per share	100,000	₱ 10,000,000	100,000	₱ 10,000,000
Deposit for Future Stock Subscription		14,008,400		-0-
	100,000	₱ 24,008,400	100,000	₱ 10,000,000

On February 18, 2025, the Company filed its' Increase in Capitalization by way of Debt to Equity, from ₱10,000,000 to ₱24,008,400 with the Securities and Exchange Commission.

#### 16. UNDERWRITING EXPENSES

	2024		2023	
Healthcare benefits and claims	₱	41,052,735	₱	36,727,184
Commissions		4,570,131		4,929,361
Provision for IBNR and claims		1,988,007		2,513,124
Insurance		13,083		59,201
	₱	47,623,956	₱	44,228,870

#### 17. ADMINISTRATIVE EXPENSES

	2024		2023	
Salaries and benefits	₱	7,933,653	₱	7,924,104
Professional fees		619,286		491,786
Taxes and licenses (Note 21)		161,523		295,323
SSS, HDMF, PHIC contributions		479,810		406,300
Communication		103,451		172,694
Depreciation (Note 10)		76,549		109,504
Office supplies		239,304		109,344
Power, light and water		--0--		--0--
Representation and entertainment		140,994		284,644
Transportation and travel		71,417		43,223
Bank charges		10,675		5,220
Gasoline and oil		23,947		25,746
Utilities		65,891		21,779
Repairs and maintenance		45,474		36,309
Postage		3,871		3,820
Seminars and training		--0--		25,990
Miscellaneous		292,247		22,619
	₱	10,268,092	₱	9,978,405

## 18. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one of the parties has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. Parties are also considered to be related if they are subjected to common control or common significant influence. Related parties may be individuals or corporate entities.

In the ordinary course of business, the Company transacts with its affiliates, and with certain directors, officers, stockholders, and other related interests. These transactions are made substantially on the same terms and conditions as transactions with other individuals and businesses of comparable risks.

The significant transactions and outstanding balances of the Company with the related parties follows:

Related Party	Nature of transaction	Year	Amount of transaction	Outstanding Balance		Terms and conditions
				Receivable	Payable	
		2024	P —0--	P 914,897	-	Unsecured non-interest bearing; No impairment
Affiliate companies	Advances to affiliates	2023	P —0--	P1,464,897	-	

## 19. INCOME TAXES

The reconciliation of the provision for income tax computed at statutory income tax rate to the income tax expense shown in the statements of income is as follows:

	2024	2023
Income (Loss) before income tax	P (9,593,929)	P (25,045,868)
Income tax at statutory income tax rates	P (1,918,786)	P (5,009,174)
Addition to (reductions in) income tax resulting from the tax effects of:		
Non-deductible expenses	1,587,836	-0-
Expired NOLCO and MCIT	25,652	58,734
	P (305,298)	P (4,950,440)

Components of the Company's deferred tax assets follows:

	2024	2023
MCIT	P 158,948	P 26,973
NOLCO	8,856,846	8,409,136
	P 9,015,794	P 8,436,109

Components of the Company's MCIT and NOLCO that can be claimed as deduction from future taxable income follows:

MCIT:					
Year Incurred	Amount	Applied	Expired	Balance	Expiry Date
2024	157,628	—	—	157,628	2027
2022	P 1,320	—	—	P 1,320	2025
2021	25,653	—	25,653	-	2024
2020	58,734	—	58,734	-	2023
<b>Total</b>	<b>P 243,335</b>	<b>—</b>	<b>84,387</b>	<b>P 158,948</b>	

NOLCO:					
Year Incurred	Amount	Applied	Expired	Balance	Expiry Date
2024	2,238,548	—	—	2,238,548	2027
2023	P 25,481,845	—	—	P 25,481,845	2026

2022	7,037,384			7,037,384	2025
2021	4,702,727	-	-	4,702,727	2026
2020	3,858,976			3,858,976	2025
<b>Total</b>	<b>₱ 43,319,480</b>	<b>-</b>	<b>-</b>	<b>₱ 43,319,480</b>	

On March 26, 2021, the Republic Act (RA) 11534, known as “The Corporate Recovery or Tax incentives for Enterprises Act” (Create Act), was passed into law. The salient provisions of the Create Act applicable to the Company are as follows:

1. Effective July 1, 2020, the corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5,000,000 and with total assets not exceeding P100,000,000, excluding land on which the particular business entity’s office, plant, and equipment are situated during the taxable year for which the tax is imposed at 20%. All other domestic corporations and resident foreign corporations will be subject to 25% income tax;
2. Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020, to June 30, 2023;
3. Percentage tax reduced from 3% to 1% effective July 1, 2020, to June 30, 2023; and
4. The imposition of improperly accumulated earnings is repealed.

## 20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial instruments consist of cash and cash equivalents, deposits and claims payable. The main purpose of these financial instruments is to fund the Company's operations.

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated with the Board of Directors (BOD) and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial market.

The main financial risks arising from the financial instruments are credit risk and liquidity risk. The BOD regularly reviews and approves the appropriate policies for managing these financial risks, as summarized below:

### *Credit risk*

Credit risk is the risk that the Company will incur a loss because its counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by doing business only with recognized, creditworthy third parties. Receivables are monitored on an on-going basis with the result that the Company's exposure to possible losses is not significant.

With respect to credit risk arising from cash and cash equivalents, the Company’s exposure to credit risk arises from default of the counterparty with a maximum exposure equal to its carrying amount. Cash in bank is deposited with reputable commercial banks duly approved by management and is available for withdrawal.

Maximum credit risk is equal to the gross amount of these instruments as follows:

	2024		2023	
Cash and cash equivalents	₱	23,829,610	₱	25,888,681
Membership fees receivable		9,112,905		14,148,318
Deposits		-		-
	₱	32,942,515	₱	40,036,999

The table below summarizes the Company's financial assets based on aging:

	Neither past due nor impaired	Past due but not impaired – Less than one year	Past due and impaired	Total
Cash and cash equivalents	₱ 23,829,610	-	-	₱ 23,829,610

Membership fees receivable	9,112,905	–	–	9,112,905
	₱ 32,942,515	–	–	₱ 32,942,515

#### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors and maintains a level of cash deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

		Within three months	More than three months to one year	More than one year but less than five years	Total
Claims reserves	₱	12,546,947	–	–	₱ 12,546,947
Membership fee reserves		18,204,361	–	–	18,204,361
Accounts and other payables		2,246,279	–	–	2,246,279
		32,997,587			32,997,587

#### **Capital Management**

The Company maintains a capital base to cover inherent risks in the business. The primary objective of the Company's management is to ensure that it maintains a healthy capital in order to support its business and maximize shareholder value.

The Company considers the following as its capital:

		2024		2023
Capital stock	₱	10,000,000	₱	10,000,000
Deposit for Future Stock Subscription		14,008,400		-0-
Retained earnings		(21,082,203)		(11,793,573)
	₱	2,926,197	₱	1,793,573

#### **Regulatory Framework**

Regulators are interested in protecting the rights of the enrolled members and maintain close vigil to ensure that the Company is satisfactorily managing the affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains appropriate solvency position to meet liabilities arising from claims and that the risk levels are at acceptable levels.

The operations of the Company are subject to regulatory requirements of the Philippine Insurance Commission (IC). Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions (e.g., financial capacity requirements).

#### **Financial Capacity Requirements**

The Insurance Commission (IC) provided financial capacity requirements for HMOs when it issued Circular Letter CL No. 2016-41 dated July 29, 2016. The circular was further amended by CL No. 2017-50 dated October 30, 2017 and CL No. 2019-74 dated December 27, 2019. The following summarizes the Company's compliance with financial capacity requirements for HMOs in accordance with the said circulars:

#### *Minimum paid-up capital*

The minimum paid-up capital requirement for HMOs is at least ₱10,000,000 which the Company has excess capital and deficient amounting to **₱2,926,197** and ₱1,793,573 for the year **December 31, 2024** and December 31, 2023 respectively as indicated above.

During the year the Company infused an aggregate amount of P24,008,400.00 and recorded to Future Stock Subscription hence, the Company have no sufficient authorized Capital Stock to cover. On the meeting held on January 15, 2024, the Board of Directors and Stockholders of the Corporation have approved the increase of its authorized capital stock to ₱ 24,008,400 by way of debt to equity ratio. The Company was filed an initial Increase In Capital Stock on February 18, 2025 with the Securities and Exchange Commission amounting ₱14,008,400.00

#### *Deposit requirement*

The minimum deposit requirement is at least 25% of paid-up capital or ₱5,000,000, whichever is higher. In compliance with the said requirement the Company has time deposit in a trustee bank duly approved by the IC and presented in cash and cash equivalents.

#### *Risk-based capitalization*

The Company is subject to maximum risk on membership fees determined by the following:

<u>Paid-up Capital (PUC)</u>	<u>Maximum Gross Membership Fees</u>
Up to ₱50 million	5 times of PUC
More than ₱50 million up to ₱75 million	10 times of PUC
More than ₱75 million up to ₱200 million	15 times of PUC
More than ₱200 million up to ₱300 million	25 times of PUC
More than ₱300 million up to ₱400 million	30 times of PUC
More than ₱400 million up to ₱500 million	50 times of PUC
More than ₱500 million	No Limit

Gross membership fees pertain to the total annual fees arising from healthcare agreements of pre-agreed set of health services. Gross membership fees for the years **2024** and 2023 amounted to **₱47,684,914** and ₱28,725,430 respectively, which are below the maximum allowed gross membership fees of ₱50 million or 5 times the Company's paid-up capital. The final amount of gross membership fees can be determined only after the accounts of the Company have been examined by the IC.

#### *Net worth requirement*

The minimum net worth requirement should not be less than the paid-up capital. The Company's net worth as of **December 31, 2024** and 2023 amounted to **₱2,926,197** and ₱(1,793,573) respectively, which are above its paid-up capital and deficient respectively. The final net worth can be determined only after the accounts of the Company have been examined by the IC.

#### *Liquidity requirement*

The Company is required to maintain an acid test ratio of at least 1.0. The Company's acid test ratio as of **December 31, 2024** and 2023 are **.82** and **.77**, respectively, in accordance with the said requirement. The final acid test ratio can be determined only after the accounts of the Company have been examined by the IC.

The acid test ratio is calculated by dividing the current assets with current liabilities defined by the IC as follows:

Current assets are composed of cash and other assets that are reasonably to be realized in cash or intended for sale or consummation within 12 months after the reporting period (balance sheet date), or the normal operating cycle of the business, unless it is restricted from being exchanged to settle a liability for at least 12 months after the reporting period identified and verified by the IC as current assets.

Current liabilities are composed of claims payables, health fund/administrative services only (ASO), reserves, and "obligations reasonably expected to be settled within the normal business operating cycle, that (a) is due within 12 months after balance sheet date, (b) is held primarily for the purpose of being traded, (c) does not have an unconditional right to defer settlement of liability for at least 12 months after the balance sheet date".

*Declaration of dividends*

All domestic HMOs are restricted from declaring dividends on its outstanding stocks unless the minimum paid-up capital and net worth requirements are met. The Company has not declared or paid any dividends for the periods presented.

**21. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATION NO. 15-2010**

Presented below are the supplementary information which are required by the Bureau of Internal Revenue (BIR) under existing revenue regulations to be disclosed as part of the notes to financial statements.

Details of the taxes and licenses account follows:

	2024		2023	
Business permits and licenses	₱	120,623	₱	102,923
IC license and filing fees		40,400		191,900
Others		500		500
	₱	161,523	₱	295,323

Details of the withholding taxes remitted and Value-Added Tax during the year are as follows:

	2024		2023	
Withholding tax on compensation	₱	674,044	₱	833,118
Expanded withholding tax		1,861,040		1,341,595
Value-Added Tax		5,406,399		3,069,956
	₱	7,941,483	₱	5,244,669

**22. EVENTS AFTER THE REPORTING PERIOD**

The Company now is in the process of filing with the SEC for the increase in Capital Stock as mention in Notes 20. An additional cash infusion amounting to P22,008,400 were advances by the Stockholders to cover the deficit on Equity and contemplating on more advances to sustain the operational requirement of the Company.

The company is in the process of preparing the required policies and procedures or even internal controls to strengthen the operation to support the implementation of IFRS 17 as required by the standard for the industry selling insurance product.

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF INTERNAL REVENUE**

## FILING REFERENCE NO.


TIN	: 000-897-448-000
Name	: HEALTH CARE & DEVELOPMENT CORPORATION : OF THE PHILS
RDO	: 53A
Form Type	: 1702
Reference No.	: 462500065352386
Amount Payable (Over Remittance)	: -597,728.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2024
Date Filed	: 04/14/2025
Tax Type	: IT


[ [BIR Main](#) | [eFPS Login](#) | [User Menu](#) | [Help](#) ]




Republic of the Philippines  
Department of Finance  
Bureau of Internal Revenue

For BIR Use Only: BCS/Item:

BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 1		<b>Annual Income Tax Return</b> For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate <i>Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X".                  Two Copies MUST be filed with the BIR and one held by the taxpayer.</i>			 1702-RT 01/18ENCS P1
1 For <input checked="" type="radio"/> Calendar <input type="radio"/> Fiscal		3 Amended Return? <input type="radio"/> Yes <input checked="" type="radio"/> No		4 Short Period Return? <input type="radio"/> Yes <input checked="" type="radio"/> No	
2 Year Ended (MM/20YY) 12/2024		5 Alphanumeric Tax Code (ATC) IC055 <input type="checkbox"/> Minimum Corporate Income Tax (MCIT) <input checked="" type="checkbox"/> IC010 <input checked="" type="checkbox"/> DOMESTIC CORPORATION IN GENERAL <input checked="" type="checkbox"/>			
<b>Part I - Background Information</b>					
6 Taxpayer Identification Number (TIN) 000 - 897 - 448 - 000				7 RDO Code 53A	
8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) HEALTH CARE & DEVELOPMENT CORPORATION OF THE PHILS					
9A Registered Address (Indicate complete registered address) 7TH FLOOR MAB BLDG. PHMC REAL STREET PAMPLONA TRES CITY OF LAS PIQAS, NCR, FOURTH					
9B Zipcode 1740					
10 Date of Incorporation/Organization (MM/DD/YYYY)				06/01/1980	
11 Contact Number 8050063			12 Email Address eetomas3566@gmail.com		
13 Method of Deductions <input checked="" type="radio"/> Itemized Deductions [Section 34 (A-J), NIRC] <input type="radio"/> Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]					
<b>Part II - Total Tax Payable (Do NOT enter Centavos)</b>					
14 Total Income Tax Due (Overpayment) (From Part IV Item 43)				157,628	
15 Less: Total Tax Credits/Payments (From Part IV Item 55)				755,356	
16 Net Tax Payable (Overpayment) (Item 14 Less Item 15) (From Part IV Item 56)				(597,728)	
<b>Add Penalties</b>					
17 Surcharge				0	
18 Interest				0	
19 Compromise					
20 Total Penalties (Sum of Items 17 to 19)				0	
21 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Item 16 and 20)				(597,728)	
If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable) <input type="checkbox"/> To be refunded <input type="checkbox"/> To be issued a Tax Credit Certificate (TCC) <input checked="" type="checkbox"/> To be carried over as tax credit next year/quarter					
We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate IIR)					
Signature over printed name of President/Principal Officer/Authorized Representative				Signature over printed name of Treasurer/Assistant Treasurer	
Title of Signatory		TIN		Title of Signatory	
<b>Part III - Details of Payment</b>					
Particulars		Drawee Bank/Agency	Number	Date (MM/DD/YYYY)	Amount
23 Cash/Bank Debit Memo					0
24 Check					0
25 Tax Debit Memo					0
26 Others (Specify Below)					0
Machine Validation/Revenue Official Receipts Details (if not filed with an Authorized Agent Bank)				Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)	

BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 2		<b>Annual Income Tax Return</b> Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate		 1702-RT 01/18ENCS P2	
<b>Taxpayer Identification Number (TIN)</b>			<b>Registered Name</b>		
000 - 897 - 448 - 000			HEALTH CARE & DEVELOPMENT CORPORATION OF THE PHILS		
<b>Part IV - Computation of Tax</b> <i>(Do NOT enter Centavos)</i>					
27 Sales/Receipts/Revenues/Fees				47,684,914	
28 Less: Sales Returns, Allowances and Discounts				0	
29 Net Sales/Receipts/Revenues/Fees <i>(Item 27 Less Item 28)</i>				47,684,914	
30 Less: Cost of Sales/Services				39,832,924	
31 Gross Income from Operation <i>(Item 29 Less Item 30)</i>				7,851,990	
32 Add: Other Taxable Income Not Subjected to Final Tax				29,412	
33 Total Taxable Income <i>(Sum of Items 31 and 32)</i>				7,881,402	
Less: Deductions Allowable under Existing Law					
34 Ordinary Allowable Itemized Deductions <i>(From Part VI Schedule I Item 18)</i>			10,119,949		
35 Special Allowable Itemized Deductions <i>(From Part VI Schedule II Item 5)</i>			0		
36 NOLCO <i>(only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) &amp; (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)</i>			0		
37 Total Deductions <i>(Sum of Items 34 to 36)</i>			10,119,949		
<b>OR [in case taxable under Sec 27(A) &amp; 28(A)(1)]</b>					
38 Optional Standard Deduction <i>(40% of Item 33)</i>			0		
39 Net Taxable Income/(Loss) <i>(If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)</i>				(2,238,547)	
40 Applicable Income Tax Rate				20%	
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) <i>(Item 39 x Item 40)</i>				0	
42 MCIT Due <i>(2% of Item 33)</i>				157,628	
43 Tax Due <i>(Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 11)</i>				157,628	
Less: Tax Credits/Payments (attach proof)					
44 Prior Year's Excess Credits Other Than MCIT				356,966	
45 Income Tax Payment under MCIT from Previous Quarter/s					
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s				340,713	
47 Excess MCIT Applied this Current Taxable Year <i>(From Part VI Schedule IV Item 4)</i>				0	
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307					
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter				57,677	
50 Foreign Tax Credits, if applicable				0	
51 Tax Paid in Return Previously Filed, if this is an Amended Return				0	
52 Special Tax Credits <i>(To Part V Item 58)</i>				0	
Other Credits/Payments <i>(Specify)</i>					
53				0	
54				0	
55 Total Tax Credits/Payments <i>(Sum of Items 44 to 54) (To Part II Item 15)</i>				755,356	
56 Net Tax Payable / (Overpayment) <i>(Item 43 Less Item 55) (To Part II Item 16)</i>				(597,728)	
<b>Part V - Tax Relief Availment</b>					
57 Special Allowable Itemized Deductions <i>(Item 35 of Part IV x Applicable Income Tax Rate)</i>				0	
58 Add: Special Tax Credits <i>(From Part IV Item 52)</i>				0	
59 Total Tax Relief Availment <i>(Sum of Items 57 and 58)</i>				0	



BIR Form No. <b>1702-RT</b> January 2018(ENCS) Page 4	<b>Annual Income Tax Return</b> Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P4
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<b>Taxpayer Identification Number (TIN)</b> 000 - 897 - 448 - 000	<b>Registered Name</b> HEALTH CARE & DEVELOPMENT CORPORATION OF THE PHILS
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Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)	
1 Gross Income (From Part IV Item 33)	7,881,402
2 Less: Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	10,119,949
3 Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA, Item 7A)	(2,238,547)

**Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO)** (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

Net Operating Loss		B) NOLCO Applied Previous Year
Year Incurred	A) Amount	
4 2024	2,238,547	0
5 2023	25,481,845	0
6 2022	7,037,384	0
7 2021	8,561,703	0

Continuation of Schedule IIIA (Item numbers continue from table above)

C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) [E = A Less (B + C + D)]
4 0	0	2,238,547
5 0	0	25,481,845
6 0	0	7,037,384
7 0	0	8,561,703
8 Total NOLCO (Sum of Items 4D to 7D) (To Part IV, Item 36)		0

**Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)**

Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1	0	0	0
2	0	0	0
3	0	0	0

Continuation of Schedule IV (Item numbers continue from table above)

D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1 0	0	0	0
2 0	0	0	0
3 0	0	0	0
Total Excess MCIT Applied (Sum of Items 1F to 3F) (To Part IV Item 47)		0	0

**Schedule V - Reconciliation of Net Income per Books Against Taxable Income** (attach additional sheet/s, if necessary)

1 Net Income/(Loss) per books	(9,593,928)
Add: Non-deductible Expenses/Taxable Other Income	7,939,175
2 NON DEDUCTIBLE EXPENSES	
3	
4 Total (Sum of Items 1 to 3)	(1,654,753)
Less: A) Non-Taxable Income and Income Subjected to Final Tax	583,794
5 INTEREST INCOME SUBJECT TO FINAL TAX	0
6	
B) Special Deductions	0
7	0
8	
9 Total (Sum of Items 5 to 8)	583,794
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	(2,238,547)