SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

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1. Check the appropriate box:

- [x] Preliminary Information Statement
- [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter

FAR EASTERN UNIVERSITY, INC.

3. Province, country or other jurisdiction of incorporation or organization

Philippines

4. SEC Identification Number

PW538

5. BIR Tax Identification Code

000-225-442

6. Address of principal office

Nicanor Reyes Street, Sampaloc, Manila Postal Code 1008

7. Registrant's telephone number, including area code

(632) 735-8686

8. Date, time and place of the meeting of security holders

August 23, 2014 3:00 P.M. Archives Room 3rd Floor Administration Bldg., FEU, Sampaloc, Manila

9. Approximate date on which the Information Statement is first to be sent or given to security holders

Aug 4, 2014

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

-

Address and Telephone No.

-

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	13,731,303

13. Are any or all of registrant's securities listed on a Stock Exchange?

- [x] Yes
- [ ] No

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange, Inc.

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 17-5 - Information Statement for Annual or Special Stockholders' Meeting
References: SRC Rule 20 and Section 17.10 of the Revised Disclosure Rules

Date of Stockholders' Meeting	Aug 23, 2014
Type (Annual or Special)	Annual
Time	3:00 P.M.

Venue	Archives Room 3rd Floor Administration Bldg., FEU, Nicanor Reyes St., Sampaloc, Manila
Record Date	Aug 4, 2014

Inclusive Dates of Closing of Stock Transfer Books

Start Date	Aug 4, 2014
End date	Aug 22, 2014

Other Relevant Information
-

FAR EASTERN UNIVERSITY

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO FEU STOCKHOLDERS:

Pursuant to the provisions of Sections VII and VIII of the By-Laws of Far Eastern University, Inc. as amended, the annual meeting of stockholders shall be held on Saturday, August 23, 2014, at 3:00 p.m. at the Archives Room, Third Floor, Administration Building, FEU, Nicanor Reyes Street, Sampaloc, Manila, to consider the following:

A G E N D A

1. Call of meeting to order
2. Proof of notice and determination of quorum
3. Approval of minutes of previous meeting — August 24, 2013
4. Academic report of the President
5. Approval of the annual report of the Chair
6. Ratification and confirmation of the following:

   a. Approval of the amendment of Article Second of the Amended Articles of Incorporation to read as follows:

   "**Second**. That the purpose or purposes for which said corporation is formed are:

   (a) To establish and conduct a university, college or colleges, school or schools and dormitories **<u>including enhanced basic education programs (namely, kindergarten education, elementary education, and secondary education programs inclusive of junior high school and senior high school education) collegiate and postgraduate courses, and technical vocational education and training programs</u>;** to provide courses of study of university grade, for business or professional life or for general culture; to establish classical, mathematical, scientific, business, technical, and general courses of study including correspondence courses, to conduct institutes, lectureships, training schools, courses of study and home classes; to provide for the holding and giving of lectures, exhibitions, public meetings, and conferences adapted directly or indirectly to advance the calling of education; to secure, print, and publish books and courses of study suitable for use in connection with the schools and courses of study of this corporation; and to grant diplomas, titles and degrees as may be authorized by the government. xxx"

   b. Approval of the amendment of Section XXIX of the Amended By-Laws of the Corporation to read as follows:

   "Section XXIX – NOMINATION COMMITTEE: **The Board shall create a Nomination Committee which shall have at least 3 voting Trustees (one of whom must be independent).** xxx"

   c. Approval of 20% Stock Dividend on record as of September 9, 2014

   d. Actions of the Board of Trustees in the furtherance of the matters covered by the Annual Report

7. Election of trustees, including the independent trustees
8. Appointment of external auditor
9. Other matters

For the purpose of this meeting, the transfer book of the Corporation will be closed from August 04 to August 22, 2014, both dates inclusive, in accordance with Section XXXI of the By-Laws.

In the event you are unable to attend and in order to assure the presence of a quorum at the annual meeting, please accomplish the attached Proxy Form and return the same to the undersigned at the Office of the Corporate Secretary, Far Eastern University, Nicanor Reyes Street, Sampaloc, Manila. All proxies must be in the hands of the Corporate Secretary for inspection and record at least twenty-four (24) hours before the time set for the meeting as required by the By-Laws, or not later than 3:00 p.m. of August 22, 2014. The appointment of the Proxy shall not affect your right to vote in the event you choose to attend the meeting.

Should you return this proxy without indicating a choice in any or all of the above items, you hereby authorize the appointed proxy to vote in your behalf, at his or her discretion, to approve or disapprove the matters to be acted upon in the meeting.

ANGELINA P. JOSE
Corporate Secretary

Manila
July16, 2014

SEC FORM 20-IS
Information Statement Pursuant to Section 20
of the Securities Regulation Code

1. Check the Appropriate Box:

   [x] Preliminary Information Statement

   [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter: **Far Eastern University, Inc.**

3. Province, country or other jurisdiction of incorporation or organization : **Manila, Philippines**

4. SEC Identification Number : **538**

5. BIR Tax Identification Code : **000-225-442**

6. Address of Principal Office : **Nicanor Reyes Street, Sampaloc, Manila**

   Postal Code : **1008**

7 Registrant's Telephone Number including area code : **(632) 735-5621**

8. Date, time and place of meeting of security holders : **August 23, 2014**
   3:00 p.m.
   Archives Room
   3rd Floor, Administration Building
   Far Eastern University
   Nicanor Reyes Street
   Sampaloc, Manila

9. Approximate date on which the Information Statement is first sent to the security holders: **August 04, 2014**

10. Securities registered pursuant to Sections 8 and 12 of the Code:

    Title of Each Class : **Common**

    Authorized Capital Stock : **₱2,000,000,000.00**

    Shares outstanding : **13,731,303**

11. Are any or all of registrant's securities listed on a Stock Exchange?

    All common shares of stocks are listed with the Philippine Stock Exchange, Inc.

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1: Date, Time and Place of Meeting of Security Holders and Mailing Address:

a. Date:	August 23, 2014
Time:	3:00 P.M.
Place:	Archives Room 3rd Floor, Administration Building Far Eastern University Nicanor Reyes Street Sampaloc, Manila
Registrant's Mailing Address:	Far Eastern University Nicanor Reyes Street Sampaloc, Manila 1008

b. The approximate date when the Information Statement and the form of Proxy shall first be sent or given to security holders is on August 04, 2014.

Item 2: Dissenter's Right of Appraisal

There are no matters or proposed corporate actions included in the Agenda of the Meeting which may give rise to a possible exercise by security holders of their appraisal rights. Generally, however, in the instances mentioned by the Corporate Code of the Philippines, the stockholders of the corporation have the right of appraisal provided that the procedures and the requirements of Title X governing the exercise of the right is complied with and/or followed.

Item 3: Interest of Certain Persons in or Opposition to Matters to be Acted Upon

a. None of the members of the Board of Trustees or senior management have substantial interest in the matters to be acted upon other than election to office.

b. None of the members of the Board of Trustees have informed the Company in writing that he/she intends to oppose any action intended to be taken up at the Annual Stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4: Voting Securities and Principal Holders Thereof

a. Class of Voting Securities:

Number of Shares Outstanding as of June 30, 2014	13,567,148 common shares (Local) 164,155 common shares (Foreign) 13,731,303 common shares (Total) Net of 37,331 Treasury Shares
Number of Votes Entitled:	one (1) vote per share

b. Record Date: All stockholders of record as of August 04, 2014 are entitled to notice and to vote at the Annual Stockholders' Meeting.

c. Manner of Voting

A stockholder entitled to vote at the meeting shall have the right to vote in person or by proxy the number of shares of stock held in his name on the stock books of the Corporation, and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit.

d. Security Ownership of Certain Record and Beneficial Owners of more than 5% (as of June 30, 2014)

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Ownership and Relationship with Record Owner	Citizenship	Number of Shares	Percent of Holdings
Common	Desrey, Incorporated[1] 10th Fl., Pacific Star Bldg. Cor. Makati & Gil Puyat Ave. Makati City Stockholder	Desrey, Inc.	Domestic corporation	1,098,720	8.0016
Common	Seyrel Investment and Realty Corporation[2] 10th Fl., Pacific Star Bldg. Cor. Makati & Gil Puyat Ave. Makati City Stockholder	Seyrel Investment and Realty Corporation	Domestic corporation	3,930,969	28.6278
Common	Sysmart Corporation[3] 10th Fl., L.V. Locsin Bldg. 6752 Ayala Cor. Makati Ave. Makati City Stockholder	Sysmart Corporation	Domestic corporation	2,955,115	21.5210

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

[2] Ibid.

[3] Mr. Henry Sy, Sr. as Chair of the Board will vote for the shares of the Corporation.

e. Security Ownership of Trustees and Management (as of June 30, 2014)

Title of Class	Name of Beneficial Owner/Position	Citizenship	Shares Owned	Nature of Beneficial Ownership	Percent of Class
Common	Lourdes R. Montinola Chair Emeritus, Board of Trustees	Filipino	6,635	D	0.04832
Common	Aurelio R. Montinola III Chair, Board of Trustees	Filipino	261,510	D	1.90448
Common	Michael M. Alba Trustee/President	Filipino	1	I	0.00001
Common	Angelina Palanca Jose Trustee/Corporate Secretary	Filipino	442,528	D	3.22277
Common	Paulino Y. Tan Trustee	Filipino	1	I	0.00001
Common	Antonio R. Montinola Trustee	Filipino	60,344	D	0.43946
Common	Sherisa P. Nuesa Independent Trustee	Filipino	1	I	0.00001
Common	Edilberto C. de Jesus Independent Trustee	Filipino	190	D	0.00138
Common	Robert F. Kuan Independent Trustee	Filipino	1	I	0.00001
Common	Juan Miguel R. Montinola Chief Finance Officer	Filipino	62,620	D	0.45604
Common	Herminia I. Maliwat Treasurer	Filipino	10	D	0.00007
Common	Glenn Z. Nagal Comptroller	Filipino	565	D	0.00411
Common	Gianna R. Montinola Vice President for Corporate Affairs	Filipino	60,522	D	0.44076
Common	Rudy M. Gaspillo Vice President for Facilities and Technical Services	Filipino	95	D	0.00069

<u>Security Ownership of Trustees and Management as a Group</u>

Total Shares	-	895,023
Percentage	-	6.51812%

f. 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.

g. Changes in Control

There has been no recent change in the control of the Corporation.

Item 5: Trustees and Executive Officers

a. The following are the current trustees of the corporation:

Dr. Lourdes R. Montinola
Mr. Aurelio R. Montinola III
Dr. Michael M. Alba
Ms. Angelina P. Jose
Dr. Paulino Y. Tan
Mr. Antonio R. Montinola
Ms. Sherisa P. Nuesa (Independent Trustee)
Mr. Robert F. Kuan (Independent Trustee)
Dr. Edilberto C. de Jesus (Independent Trustee)

The Nomination Committee is chaired by Dr. Lourdes R. Montinola. The members are: Dr. Paulino Y. Tan and Ms. Sherisa P. Nuesa (Independent Trustee).

The nominees for the trustees and independent trustees have been pre-screened by the nominations committee composed of three (3) voting trustees, one of whom is independent.

The following have been nominated members to the Board of Trustees for fiscal year 2014 – 2015:

Name	Ages	Citizenship	Position
Lourdes R. Montinola	86	Filipino	Chair Emeritus , Board of Trustees
Aurelio R. Montinola III	62	Filipino	Chair, Board of Trustees
Michael M. Alba	57	Filipino	President
Angelina P. Jose	61	Filipino	Corporate Secretary/Trustee
Paulino Y. Tan	68	Filipino	Trustee
Antonio R. Montinola	61	Filipino	Trustee
Sherisa P. Nuesa	59	Filipino	Independent Trustee
Robert F. Kuan	65	Filipino	Independent Trustee
Edilberto C. de Jesus	71	Filipino	Independent Trustee

The aforementioned nominees were submitted to the Nominations Committee of the Far Eastern University by a shareholder, Ms. Fe V. Canilao. Ms. Sherisa P. Nuesa, Mr. Robert F. Kuan and Dr. Edilberto C. de Jesus are being nominated as Independent Trustees in compliance with the SRC Rule 38 (Requirements on Nomination and Election of Independent Directors). Ms. Fe V. Canilao is not related to the nominees for Independent Trustees.

The latest certifications of the Independent Trustees follow:

FAR EASTERN UNIVERSITY

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1008
www.feu.edu.ph

CERTIFICATION OF INDEPENDENT TRUSTEE

I, **SHERISA P. NUESA**, Filipino, of legal age, and resident of Muntinlupa City, after having been duly sworn to in accordance with the law do hereby declare that:

1. I am an independent trustee of **Far Eastern University,**
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Service period, from:
Psi Technologies, Inc.	Board Director	Oct. 2010
Financial Executives Institute of the Phils. (FINEX)	Board Member & Treasurer	Jan. 2012
ALFM Mutual Funds	President and Director	May 2012
Institute of Corporate Directors (ICD)	Board Trustee	May 2012
FEU Health, Welfare & Retirement Fund	Independent Governor	June 2012
ING Foundation, Inc. (Phils.)	Independent Director	July 2012
FERN Realty Corp.	Independent Director	August 2012
Manila Water Company	Independent Director	April 2013
East Asia Computer Center, Inc.	Independent Director	February 2014
East Asia Educational Foundation	Independent Director	February 2014

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Trustee of **Far Eastern University,** as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations;
4. I shall faithfully and diligently comply with my duties and responsibilities as independent trustee under the Securities Regulation Code;
5. I shall inform the corporate secretary of **Far Eastern University** of any changes in the abovementioned information within five days of its occurrence.

Done this 23rd day of June 2014 at Manila.

SHERISA P. NUESA
Affiant

SUBSCRIBED AND SWORN to before me this 23rd day of June 2014, at Manila, affiant personally appeared before me and exhibited to me her Tax Identification Number 132-204-906 issued in the Philippines.

Doc. No. 24;
Page No. 49;
Book No. X;
Series of 2014.

ENRICO G. GILERA
Notary Public for Manila
Until December 2014
PTR No. 25 4802 01.02.2014; Manila
IBP No. 95? 63 01.08.2014; PPLM
Roll No. ?51 5; May 27, 1988
Compliance No. IV-0017359; April 23, 2013
Unit 303, Doña Consuelo Bldg.,
9?? Nicanor Reyes Street, Manila
Tel. No. 736-4975

FAR EASTERN UNIVERSITY

CERTIFICATION OF INDEPENDENT TRUSTEE

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1008
www.feu.edu.ph

I, **ROBERT F. KUAN**, Filipino, of legal age and a resident of Taguig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent trustee of **Far Eastern University**.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
China Banking Corporation	Independent Director	2005
China Bank Savings, Inc.	Independent Director	2009
St. Luke's Medical Center, Inc.	Trustee	1989
St. Luke's Medical Center Global City, Inc.	Trustee	2008
St. Luke's College of Medicine, Inc.	Trustee	1996
BRENT Schools, Inc.	Chairman (BOT)	2010
BRENT Int'l School Manila, Inc.	Trustee	1989
BRENT Int'l School Subic, Inc.	Trustee	2009
BRENT Int'l School Baguio, Inc.	Chairman (BOT)	2009
St. Theodore of Tarsus Hospital Sagada, Inc.	Chairman (BOT)	2005
Towers Watson Insurance Brokers Phil. Inc.	Chairman (BOD)	2014
Planter's Development Bank	Independent Director	2014
SEAOIL Phils, Inc.	Independent Director	2008
Far Eastern College – Silang, Inc.	Independent Director	2009

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Trustee of **Far Eastern University**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent trustee under the Securities Regulation Code.

5. I shall inform the corporate secretary of **Far Eastern University** of any changes in the abovementioned information within five days from it occurrence.

Done, this 23rd day of June 2014, at Manila.

ROBERT F. KUAN
Affiant

SUBSCRIBED AND SWORN to before me this 23rd day of June 2014 at Manila, affiant personally appeared before me and exhibited to me his Tax Identification Number 115-733-271 issued in the Philippines.

Doc. No. 25
Page No. 49
Book No. X
Series of 2014.

ENRICO G. GILERA
Notary Public for Manila
Until December 2014
PTR No. 2514802; 01.02.2014; Manila
IBP No. 953663; 01.08.2014; PPLM
Roll No. 35115; May 27, 1988
Compliance No. IV-0017359; April 23, 2013
Unit 403, Doña Consuelo Bldg.,
929 Nicanor Reyes Street, Manila
Tel No. 736-4975

FAR EASTERN UNIVERSITY

CERTIFICATION OF INDEPENDENT TRUSTEE

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1008
www.feu.edu.ph

I, **EDILBERTO C. DE JESUS**, Filipino, of legal age and a resident of Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent trustee of **Far Eastern University**.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Phinma Corporation	Member, Board of Directors	2009
Makati Business Club	Member	2009
Philippine Business for Education	Member, Board of Advisers	2007
Institute of Corporate Directors	Fellow	2010
Asian Institute of Management	Professor Emeritus	2012
Philippine Reclamation Authority	Member, Board of Directors	2014

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Trustee of **Far Eastern University**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. I shall inform the corporate secretary of **Far Eastern University** of any changes in the abovementioned information within five days from it occurrence.

Done, this 23rd day of June 2014, at Manila.

EDILBERTO C. DE JESUS
Affiant

SUBSCRIBED AND SWORN to before me this 23rd day of June 2014 at Manila, affiant personally appeared before me and exhibited to me his Tax Identification Number 103-104-968 issued in the Philippines.

Doc. No. 26
Page No. 50
Book No. X
Series of 2014.

ENRICO G. GILERA
Notary Public for Manila
Until December 2014
PTR No. 2544802; 01.02.2014; Manila
IBP No. 953663 01.08.2014; PPLM
Roll No. 351 5; May 27, 1988
Compliance No. IV-0017359; April 23, 2013
Unit 403, Doña Consuelo Bldg.,
929 Nicanor Reyes Street, Manila
Tel No. 736-4975

<u>Brief Background of Trustees and Executive Officers:</u>

1. **Lourdes R. Montinola, 86, 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.; Chair, Nicanor Reyes Educational Foundation, Inc.; Chair, Far Eastern College Silang, Inc.; Governor, Nicanor Reyes Memorial Foundation; Trustee, FEU-Dr. Nicanor Reyes Medical Foundation, Inc. and East Asia Educational Foundation, Inc. She is also a Member of the Museum Foundation of the Philippines, Inc., the Oriental Ceramic Society, the Heritage Conservation Society and HABI: The Philippine Textile Council, Inc.

   Dr. Montinola holds a Bachelor of Arts degree (c*um 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 Montinola III, 62, Filipino: Chairman of the Board of Trustees (August 2013 to present), Vice Chair (June 1989 to August 2013), Far Eastern University, Inc.**

   His other affiliations, among others, include: Chairman, Lafarge Republic, Inc., Amon Trading Corporation, East Asia Educational Foundation, Inc., East Asia Computer Center, Inc., Nicanor Reyes Educational Foundation, Inc. and National Golf Association of the Philippines; Vice Chairman, Philippine Business for Education Foundation (PBED); Director, World Wildlife Fund Philippines; Trustee, Makati Business Club and Member, Management Association of the Philippines.

   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 2009 Asian Banker Leadership Award for the Philippines and the MAP Management Man of the Year Award in 2012.

3. **Michael M. Alba, 57, Filipino: President and Trustee, Far Eastern University, Inc. (October 2012 to present)**

   President concurrently of East Asia Educational Foundation, Inc., East Asia Computer Center, Inc., Nicanor Reyes Educational Foundation, Inc. and Far Eastern College Silang, Inc. His affiliations include, among others: Philippine Economic Society (lifetime member and president in 2007), Action for Economic Reforms (fellow), Philippine Human Development Network (member).

   He obtained his AB (Economics) degree from the Ateneo de Manila University in 1978, MA (Economics) degree from the School of Economics, University of the Philippines (Diliman), in 1987, and PhD (Applied Economics) degree from Stanford University in 1993. "Household Vulnerability to Employment Shocks, 1997-1998," a paper he wrote which appeared in the *Philippine Review of Economics*, was awarded the most outstanding scientific paper by the National Academy Science and Technology in 2003.

4. **Angelina Palanca Jose, 60, Filipino: Trustee (1990 to present) and Corporate Secretary (1998 to present), Far Eastern University, Inc.**

   Other Corporate Affiliations: Member, Board of Directors, FERN Realty Corporation; Corporate Secretary and Trustee, Nicanor Reyes Educational Foundation, Inc.; Treasurer and Trustee, FEU Educational Foundation, Inc.; Corporate Secretary and Governor, Nicanor Reyes Memorial Foundation; Member, Executive Committee, Far Eastern University, Inc.; Corporate Secretary and Director, Far Eastern College Silang, Inc. and Chair, Board of Trustees, Ahon Sa Hirap, Inc.

   Ms. Jose obtained her Bachelor of Science degree, major in Economics, from the University of the Philippines (Dean's Medal).

5. **Paulino Y. Tan, 68, Filipino: Trustee, Far Eastern University, Inc. (1991 to present)**

   Other Business Experience: President of Asia Pacific College. 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, Foundation for Upgrading the Standard of Education (FUSE), SM (Shoemart) Foundation, Inc., Asia Pacific Technology Educational Foundation, FERN Realty Corporation and Far Eastern College Silang, Inc.

   Dr. Tan obtained the Degree of Bachelor in Science in Chemical Engineering (*summa cum laude*) 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.

6. **Antonio R. Montinola, 61, Filipino: Trustee, Far Eastern University, Inc. (2013 to present)**

   Corporate Affiliations: President and Director Southwestern Cement Ventures, Inc.; Director, Round Royal, Inc.; Vice-Chair & Director, AMON Trading Corp.; President & Director, FERN Realty Corp.; President & Director, Monti-Rey, Inc.; President & Director, Juliana Management Co., Inc.

   Sports Affiliations: Senior Board Member, University 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).

7. **Sherisa P. Nuesa, 59, Filipino: Independent Trustee, Far Eastern University, Inc. (August 2010 to present)**

   Her other affiliations include: President and Board Director, ALFM Mutual Funds Group. She is an Independent Director of: East Asia Educational Foundation, Inc., East Asia Computer Center, Inc., Manila Water Company, FERN Realty Corporation and ING Foundation, Inc. (Phils.). She is also an Independent Trustee of East Asia Computer Center, Inc., an Independent Governor of the FEU Health, Welfare and Retirement Fund Plan, a Director of Institute of Corporate Directors (ICD) and Psi Technologies, Inc., a Consultant of Vicsal Development Corporation and a Board Member and Executive Vice President of the Financial Executives Institute of the Philippines (FINEX).

She graduated with the degree of Bachelor of Science in Commerce (*summa cum laude*) at Far Eastern University in 1974 and received her Master in Business Administration degree from the Ateneo-Regis Graduate School of Business in 2010. She also completed an Advanced Management Program from the Harvard Business School in 1999 and a Finance Management Program at Stanford University in 1991. She received the ING-FINEX CFO of the Year award in 2008.

8. Robert F. Kuan, 65, Filipino: Independent Trustee, Far Eastern University, Inc. (2004 to present)

Other Business Affiliations: Trustee, St. Luke's Medical Center, Quezon City (Chairman, 1996-2011), St. Luke's Medical Center, Global City, Inc. (Chairman, 2009-2011), St. Luke's College of Medicine–William H. Quasha Memorial, Brent International School of Manila and Brent International School Subic, Inc.; Chairman, Brent International School Baguio, Inc., Brent Schools, Inc. and St. Theodore of Tarsus Hospital in Sagada, Inc.; Independent Director, China Banking Corporation, China Bank Savings, Inc. and Far Eastern College-Silang, Inc.; and Director, SEAOIL Philippines, Inc.

Mr. Kuan graduated from the University of the Philippines (1970) with a degree of Bachelor of Science in Business Administration. In 1975, he earned his Masters in Business Management from the Asian Institute of Management (AIM). In 1993, he took up the Top Management Program at AIM, a program exclusively for company Presidents and Chief Executive Officers. He was a TOFIL (The Outstanding Filipino) Awardee in 2003 in the field of Business & Entrepreneurship; Agora Awardee for Entrepreneurship and Triple-A Awardee of AIM; Outstanding Alumnus Awardee in the field of Business given by the Alumni Association of the University of the Philippines (UP) and Distinguished Alumnus Awardee given by the College of Business Administration of the University of the Philippines (UP).

9. Edilberto C. de Jesus, 71, Filipino: Independent Trustee, Far Eastern University, Inc. (August 2012 to present)

His other affiliations, among others, include: Member, Board of Directors, Phinma Corp. and, Philippine Reclamation Authority; Member, Makati Business Club, Advisory Board and Philippine Business for Education; Fellow, Institute of Corporate Directors; Professor Emeritus, Asian Institute of Management and Independent Trustee, Nicanor Reyes Educational Foundation, Inc.

He obtained a BA Honors Degree in the Humanities, *cum laude* at the Ateneo de Manila University in 1962, and received his M. Phil (1969) and Ph.D. degrees (1972) from Yale University. He served as president of: Far Eastern University (1995-2002); University of the Cordilleras (2008-2009); Asian Institute of Management (2009-2012); and Secretariat Director, Southeast Asia Ministers of Education Organization in Bangkok (2005-2007). He also served in the Cabinet of President Corazon Aquino as Deputy Peace Commissioner and Presidential Adviser on Rural Development (1987-1992) and as Secretary of Education in the Cabinet of President Gloria Arroyo (2002-2004).

10. Maria Teresa Trinidad P. Tinio, 48, Filipino: Senior Vice President for Academic Affairs, Far Eastern University, Inc. (June 2011 to present)

Ph.D. Southeast Asian Studies, National University of Singapore, Master of English, major in Literature and Cultural Studies, Ateneo de Manila University, AB Humanities, Ateneo de Manila University. She also earned academic units in the Master of Liberal Arts, New School for Social Research, New York City.

Publications include contributions to the *CCP Encyclopaedia of the Arts, the ACELT Journal, Pantas, the Loyola Schools Review, Philippine Studies* and an essay in *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).

11. Miguel M. Carpio, 59, Filipino: Vice-President for Academic Services, Far Eastern University, Inc. (2010 to present)

Other Professional Experience: Founding member/incorporator, UST College of Architecture Alumni Association (July 2011 to present); Vice Chair, PNP Station Advisory Council (April 2014); Council of Advisers, UAP Sta. Mesa Chapter; Member, College of Fellows – United Architects of the Philippines (UAP); Member, Philippine Institute of Environmental Planners; Member, National Real Estate Association, Inc.

Arch./Environmental Planner Miguel Carpio is a Ph.D. in Development Studies, University of Santo Tomas, Master of Environmental Management and Development, Australian National University in Canberra, Australia, and Bachelor of Science in Architecture, University of Santo Tomas. He also earned academic units in the Masters in Urban and Regional Planning from the University of the Philippines.

12. Myrna P. Quinto, 52, Filipino: Vice President for Academic Development, Far Eastern University, Inc. (April 2014 to present)

She is a member of some professional organizations such as Biology Teachers Association of the Philippines (BIOTA), Philippine Society for Microbiology (PSM), Association of Systematic Biologists of the Philippines (ASBP), Association of Philippine Colleges of Arts and Sciences (APCAS), Asian Association for Biology Education (AABE) and East Asian Science Educators (EASE).

Dr. Myrna P. Quinto is a BS Biology graduate from the College of the Holy Spirit. She finished her Master of Arts in Education major in Biology at the University of the Philippines and her Doctor of Philosophy in Science Education major in Biology at De La Salle University, Manila, Philippines.

13. Gianna R. Montinola, 56, Filipino: Vice President for Corporate Affairs, Far Eastern University, Inc. (2013 to present)

Concurrently Director and Corporate Secretary of FERN Realty Corporation, East Asia Computer Center, Inc. and AMON Trading Corporation; Trustee and Corporate Secretary of East Asia Educational Foundation, Inc. and Director of Far Eastern College Silang, Inc. and Robinsons True Serve Hardware Phils, Inc. She is also a co-founder of non-profit organizations Hands On Manila Foundation, Inc. and PeaceTech, Inc. A lawyer by profession, she was connected with the Quisumbing, Torres and Evangelista Law Office (an affiliate of the Baker & McKenzie Law Office, U.S.A.) from 1986 to 1992. She served as Philippine Honorary Consul to the Republic of Peru from 1992 to 1996, and joined the Marketing and Business Development departments of Rockwell Land Corporation from 1996 to 1998.

She obtained her Bachelor of Arts degree in International Relations from Mount Holyoke College, USA and a Bachelor of Laws (Ll.B.) degree, with honors, from the Ateneo de Manila College of Law. She obtained a Masters degree in Public Administration from the Harvard Kennedy School, U.S.A.

14. Melinda G. Macaraig, 60, Filipino: Vice President for Human Resource Development, Far Eastern University, Inc. (January 2014 to present)

She gained extensive local and international Human Resources Management experience and exposure in San Miguel Corporation as Assistant Vice President-HR Consultant, SMC Group of

Companies; Assistant Vice President-Organization and Management Development for San Miguel Brewing Group; and Assistant Vice President-Human Resources and Administration for Monterey Farms Corporation. She acquired five (5) years HR consulting experience with several companies in different industries, notably: Globe Telecom, ABS-CBN, Asian Institute of Management, Meralco, and Asian Hospital and Medical Center. Prior to joining FEU, she was the Director of Human Resources Management and Administration of Next Mobile Inc., a tele-communications company.

She obtained her Master of Arts in Industrial Relations and Bachelor of Science in Business Economics from the University of the Philippines; completed the Management Development Program at the Asian Institute of Management and Human Resources Management in Asia at Insead-Euro Asia Center, Macao; and participated in the World Congress on Personnel Management sponsored by the Hongkong Institute of Human Resources Management.

15. Rudy M. Gaspillo, PME, CFPS (NFPA) M. Eng., 59 Filipino: Vice President for Facilities and Technical Services, Far Eastern University, Inc. (2010 to present)

Other Business Affiliations: International Member, National Fire Protection Association (NFPA), American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE); Life Member, Philippine Society of Ventilating, Air Conditioning and Refrigerating Engineers (PSVARE) and Life Member, Philippine Society of Mechanical Engineers (PSME) Makati Chapter.

He graduated with a degree of Bachelor of Science in Mechanical Engineering from the University of Negros Occidental – Recoletos and earned his Master of Engineering from the University of the Philippines. Ranked 8th place in the Board Examination for Mechanical Engineers in August 1977. Licensed Professional Mechanical Engineer. NFPA Certified Fire Protection Specialist (CFPS). Recently passed the Comprehensive Exam for the Stationary Pumps for Fire Protection and Automatic Sprinkler Systems administered by the U.S. NFPA.

16. Juan Miguel R. Montinola, 53, Filipino: Chief Finance Officer, Far Eastern University, Inc. (2010 to present)

Other Corporate Affiliations: Chair, FEU Health, Welfare and Retirement Fund Plan; Director of FERN Realty Corporation, East Asia Computer Center, Inc. and Far Eastern College Silang, Inc.; Trustee of East Asia Educational Foundation, Inc. and FEU Educational Foundation, Inc.; Board Member, Nicanor Reyes Memorial Foundation, AMON Trading Corporation, Urban Program for Livelihood Finance and Training and Petnet. He is a Member of the Executive Committee of Far Eastern University, Inc. and Far Eastern College Silang, Inc.

Mr. Montinola was Chief Executive Officer and Country Manager of Lafarge Cementi SA, Italy, from 2006 to 2008, and President and CEO of Republic Cement Corporation from 1996 to 2006. During this period he served concurrently as Senior Vice President for Commercial Business from 2002 to 2006, and SVP for Procurement from 2001 to 2002, of 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 an MBA from International Institute of Management Development, Switzerland, and an AB Economics degree from College of William & Mary, Virginia, USA.

17. Herminia I. Maliwat, 65, Filipino: Treasurer, Far Eastern University, Inc. (1998 to present)

Ms. Maliwat is a Certified Public Accountant. She obtained her BS in Accounting, *cum laude,* from the University of the East.

Before joining FEU, she worked as Chief Accountant for 10 years and Instructor for eight years at the College of the Holy Spirit, as Administrative and Finance Officer for 16 years at the Asia Foundation, and as External Auditor for 10 years at the Mother Edelwina Educational Foundation. She also served as Executive Director of the FEU Educational Foundation, Inc. for three years and as 2007-2008 Committee Chairperson on special projects of the Philippine Institute of Certified Public Accountants (PICPA). She is part-time Executive Director of Angel C. Palanca Peace Program effective January 1, 2014.

18. Glenn Z. Nagal, 56, Filipino: Comptroller (1996 to present), Compliance Officer, (2011 to present) Far Eastern University, Inc.

Work experience: External Auditor, Carlos J. Valdes and Company; Examiner, Central Bank of the Philippines; Internal Audit Manager, Far Eastern University; Chief Accountant and Budget Director, Far Eastern University; and Accounting Professor, Far Eastern University.

A Certified Public Accountant by profession, Mr. Nagal graduated with the degree of Bachelor of Science in Commerce, major in Accounting from Far Eastern University.

b. 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.

c. Family Relationship

The Chairperson, Mr. Aurelio R. Montinola III is the son of Dr. Lourdes R. Montinola, Chair Emeritus and Member of the Board of Trustees. He is also the sibling of Mr. Antonio R. Montinola, Member of the Board of Trustees, Atty. Gianna R. Montinola, Vice President for Corporate Affairs, and Mr. Juan Miguel R. Montinola, Chief Finance Officer.

d. Certain Relationships and Related Transactions

The Group's related parties include related parties under common management and key management personnel as described below. The following are the Group's significant transactions with such related parties:

		2014		2013		2012			
	Notes	**Amount of Transaction**	**Outstanding Receivable**	Amount of Transaction	Outstanding Receivable	Amount of Transaction	Outstanding Receivable	Terms	Conditions
Related Parties Under Common Management									
Subscription of preferred stocks	24.1	**P 479,250,000**	**P -**	P280,750,000	P -	P -	P -	nonredeemable; non-controlling	not applicable
Advances	24.2	**(8,333,308)**	**5,852,944**	(2,139,358)	14,186,252	3,730,322	40,075,610	due and demandable; noninterest-bearing	unsecured; advances to ICF-CCE, Inc. and FEFI were fully impaired in 2013
Management fees	24.3	**55,358,978**	**56,534,249**	55,358,978	52,242,167	47,857,409	47,772,271	payable within 30 days; noninterest-bearing	unsecured; not impaired
Rental	24.4	**73,820,732**	**6,226,344**	70,721,087	2,913,852	62,453,776	15,266,853	payable within 30 days; noninterest-bearing	unsecured; rental receivable from ICF-CCE, Inc. was fully impaired in 2013
Others	24.5	**-**	**1,313,250**	7,387,152	1,316,500	8,040,798	39,565,959	due and demandable; noninterest-bearing	unsecured; impaired
Others –									
Key management compensation	24.6	**150,615,701**	**-**	152,814,188	-	146,214,885	-	not applicable	not applicable

Subscription of Preferred Stocks

In 2013, 280,750 preferred shares of EACCI amounting to ₱280.8 million were subscribed and fully paid by East Asia Educational Foundation, Inc. (EAEFI), a related party under common management.

In 2014, additional 479,250 preferred shares of EACCI amounting to ₱479.3 million were subscribed and fully paid by EAEFI.

Noninterest-bearing Advances

The University grants unsecured and noninterest-bearing advances, which are due and demandable, to related parties under common management for working capital purposes.

Summarized below are the outstanding receivables from these advances as of March 31, shown as part of the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9):

	Balance	Beginning Advances	Additional Repayments	Impairment	Ending Balance
2014					
EAEFI	₱ 11,693,293	₱ 30,496,530	(₱ 36,336,879)	₱ -	₱ 5,852,944
FERN College	2,492,959	41,010	(2,533,969)	-	-
	₱ 14,186,252	**₱ 30,537,540**	**(₱38,870,848)**	**₱ -**	**₱ 5,852,944**
2013					
ICF-CCE, Inc.	₱ 23,750,000	₱ -	₱ -	(₱ 23,750,000)	₱ -
EAEFI	14,300,692	17,163,977	(19,771,376)	-	11,693,293
FERN College	2,024,918	2,553,157	(2,085,116)	-	2,492,959
	₱ 40,075,610	₱ 19,717,134	(₱ 21,856,492)	(₱ 23,750,000)	₱ 14,186,252
2012					
ICF-CCE, Inc.	₱ 23,750,000	₱ -	₱ -	₱ -	₱ 23,750,000
EAEFI	10,649,397	5,643,914	(1,992,619)	-	14,300,692
FERN College	1,945,891	79,027	-	-	2,024,918
	₱ 36,345,288	₱ 5,722,941	(₱ 1,992,619)	₱ -	₱ 40,075,610

In 2013, management assessed that total amount of advances to ICF-CCE, Inc. amounting to ₱23.8 million is doubtful of collection. Hence, the total advances to ICE-CCE, Inc. was provided with full amount of allowance, shown as part of Finance Costs in the 2013 consolidated statement of comprehensive income (see Note 21.2).

No allowance for impairment loss on the remaining amount of advances was provided as of March 31, 2014 and 2012 since management believes that these are collectible in full.

Management Services

The University provides management services to EAEFI which agreed to pay management fee computed at a certain percentage of its gross revenue subject to certain conditions. Management fees earned amounted to ₱55.4 million in 2014 and 2013, and ₱47.9 million in 2012 and is presented as Management Fees under Revenues section in the consolidated statements of comprehensive income.

Outstanding receivables arising from this transaction amount to ₱56.5 million, ₱52.2 million and ₱47.8 million as of March 31, 2014, 2013 and 2012, respectively, and are presented as part of receivables from EAEFI under Trade and Other Receivables (see Note 9). No impairment loss is recognized on these related party receivables.

Leases

Lease of Buildings to EAEFI

The University leases out certain buildings to EAEFI for a period of one to five years until May 31, 2015. Total rental income from EAEFI, presented as part of Rental in the consolidated statements of comprehensive income, amounted to ₱60.4 million in 2014, ₱53.4 million in 2013 and ₱44.8 million in 2012. There were no outstanding receivables from these transactions for all the years presented.

Lease of Buildings to FERN College

FRC leases out certain buildings to FERN College effective from June 1, 2007 to May 31, 2017 for an annual rental of ₱1.4 million or 10% of gross annual revenue, whichever is higher. In January 2013, an amended lease agreement was executed by both parties which stated that the lease term shall now be from January 31, 2013 to December 31, 2023 for an annual rental fee of ₱1.2 million or 10% of FERN College's annual gross income, whichever is higher.

Total rental income of FRC from FERN College amounted to ₱13.5 million, ₱12.1 million and ₱10.0 million in 2014, 2013 and 2012, respectively, recorded as part of Rental in the consolidated statements of comprehensive income. Outstanding receivables from this transaction amounting to ₱6.2 million, ₱2.9 million and ₱0.7 million as of March 31, 2014, 2013 and 2012, respectively, are recorded as Rental receivable under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9). No impairment loss is recognized by the Group on this receivable from FERN College.

Lease of Office Premises to ICF-CCE, Inc.

In the previous years, the University leased out certain floors of a building in Makati to ICF-CCE, Inc. for a period of one year subject to annual renewal as agreed by both parties. However, such contract expired and was not renewed in March 2013.

Total rental income earned with ICF-CCE, Inc. amounted to ₱5.2 million and ₱7.6 million 2013 and 2012, respectively, and is recorded as part of Rental in the consolidated statements of comprehensive income. As of March 31, 2014, there is no outstanding balance related to these transactions. Outstanding balances as of March 31, 2013 and 2012 amounting to ₱19.7 million and ₱14.5 million, respectively, are recorded as part of receivables from related parties under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9).

In 2013, management assessed that total rental receivables from ICF-CCE, Inc. amounting to ₱19.7 million is no longer collectible; hence, the University provided full amount of allowance for the total receivable balance. The related impairment loss is recognized as part of Finance Costs in the 2013 consolidated statement of comprehensive income (see Note 21.2). In 2014, receivables from ICF-CCE, Inc. were written-off (see Note 9).

Others

In previous years, the University incurred various expenses, on behalf of FEFI and ICF-CCE, Inc., recorded as receivables from related parties under the Trade and Other Receivables account in the consolidated statements of financial position. However, there are no such transactions that occurred in 2014. As of March 31, 2014, 2013 and 2012, total receivables from these transactions amount to nil, ₱60.2 million and ₱38.3 million, respectively (see Note 9). The outstanding balance in 2013 has been fully provided with allowance in 2013 and recorded as part of Finance Costs in the 2013 consolidated statement of comprehensive income (see Note 21.2). The balance of this receivable is included in the amounts written-off in 2014 (see Note 9).

Also, this includes the unclaimed balance due to certain stockholders arising from 2005 return of investments relating to fractional shares of FRC amounting to ₱1.3 million as of March 31, 2014, 2013 and 2012. It is presented as part of Others under the Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

Key Management Personnel Compensation

Total remunerations of the Group's key management personnel for the years ended March 31, 2014, 2013 and 2012, which are presented as part of Salaries and allowances and Employees benefits under Instructional and academic expenses (see Note 20), are as follows:

	2014	2013	2012
Short-term benefits	₱ **108,121,710**	₱ 105,108,027	₱ 105,007,785
Bonuses	**23,102,747**	27,053,116	21,706,005
Post-employment benefits	**19,391,244**	20,653,045	19,501,095
	₱ **150,615,701**	₱ 152,814,188	₱ 146,214,885

e. Involvement of Directors and Officers in Certain Legal Proceedings

None of the directors and officers was involved during the past ten (10) years and to date in any bankruptcy proceeding. Neither have they been convicted by final judgment in any criminal proceeding or been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities, or banking activities, nor found in action by any court or administrative body to have violated a securities or commodities law.

The registrant or any of its subsidiaries or affiliates is not a party to any pending legal proceedings in which any or their property is the subject.

Item 6: Compensation of Trustees and Executive Officers

The members of the Board of Trustees of the corporation are receiving gas allowances for board/special meetings attended. They are also entitled to bonuses at the end of the fiscal year in accordance with an approved resolution of the stockholders dated May 08, 1976, while the officers of the corporation are entitled to basic salaries, fringe benefits, and also bonuses at the discretion of the Board.

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

No action is to be taken with respect to any stock options, warrants or right plan or to any other type of compensation plans.

Summary Compensation Table I

Summary and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Lourdes R. Montinola Chair, Board of Trustees	- x -	- x -	- x -	- x -
Lydia B. Echauz[1] Trustee/President	- x -	- x -	- x -	- x -
Michael M. Alba[2] Trustee/President	- x -	- x -	- x -	- x -
Juan Miguel R. Montinola Chief Finance Officer	- x -	- x -	- x -	- x -
Glenn Z. Nagal Compliance Officer/Comptroller	- x -	- x -	- x -	- x -
Herminia I. Maliwat Treasurer	- x -	- x -	- x -	- x -
TOTAL	2012-2013	₱42,216,964.17	₱14,616,774.20	- x -

Summary and Principal Position	Year	Salary	Bonus	Other Annual Compensation
All Officers and Trustees as a Group	2012-2013	₱52,368,319.29	₱27,338,085.74	- x -

[1] Retired in August 2012
[2] Effective October 16, 2012

Summary Compensation Table II

Summary and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Lourdes R. Montinola[1] Chair Emeritus, Board of Trustees	- x -	- x -	- x -	- x -
Aurelio R. Montinola III[2] Chair, Board of Trustees	- x -	- x -	- x -	- x -
Michael M. Alba Trustee/President	- x -	- x -	- x -	- x -
Juan Miguel R. Montinola Chief Finance Officer	- x -	- x -	- x -	- x -
Glenn Z. Nagal Compliance Officer/Comptroller	- x -	- x -	- x -	- x -
Miguel M. Carpio Vice President for Academic Services	- x -	- x -	- x -	- x -
TOTAL	2013-2014	₱27,549,564.61	₱10,756,817.69	- x -
	2014-2015 (est.)	₱20,537,161.18	₱ 7,061,339.34	- x -

Summary and Principal Position	Year	Salary	Bonus	Other Annual Compensation
All Officers and Trustees as a Group	2013-2014	₱39,870,922.22	₱22,597,617.30	- x -
	2014-2015 (est.)	34,817,402.36	20,748,598.67	- x -

[1] Chair and CEO up to August 2013. Chair Emeritus effective September 2013.
[2] Chair and CEO effective September 2013.

Item 7: Independent Public Accountant

The principal accountant and external auditor is Punongbayan & Araullo, who prepared the Financial Statements of the corporation for fiscal year ending March 31, 2014. The same accounting firm is recommended for re-appointment at the annual stockholders' meeting for almost the same remunerations in the previous year.

Representatives of Punongbayan & Araullo are expected to be present at the stockholders' meeting; they will have the opportunity to make a statement if they desire to do so; and they are expected to be available to respond to appropriate questions.

Fees for services rendered:

External Auditor's Fee	2013 – 2014
Audit of annual financial Statements	₱895,000.00 plus 12% VAT
Out of pocket expenses	₱107,400.00 plus 12% VAT

Except for the above mentioned external auditor's fees, there are no other fees (tax fees, all other fees) for services rendered by the external auditors.

The Audit Committee is chaired by Ms. Sherisa P. Nuesa, an Independent Trustee. The members are: Dr. Edilberto C. de Jesus (Independent Trustee), Mr. Robert F. Kuan (Independent Trustee), and Dr. Paulino Y. Tan (Member).

The Audit Committee's approval of the policies and procedures covering the examination of FEU's financial statements for fiscal year ending March 31, 2014, including other services, is covered by the minutes of the meeting of the Audit Committee dated June 11, 2014.

The external auditor shall be rotated every after five (5) years of engagement. In case of a firm, the signing partner shall be rotated every after said period. The reckoning date for such rotation shall commence in year 2002. (SRC Rule 68 (3) (b) (iv).

There has been no recent change in and disagreements with accountants on accounting and financial disclosures.

AUDIT COMMITTEE REPORT

The Board of Trustees
Far Eastern University, Inc.

The Audit Committee's roles and responsibilities are defined in the Audit Committee Charter approved by the Board of Trustees. It assists the Board of Trustees in fulfilling its oversight responsibility to the shareholders relating to the financial statements and financial reporting process, system of internal controls, risk management, performance of internal and external auditors and compliance with legal and regulatory matters. The Audit Committee is composed of four members – an independent Trustee as Chair, two independent Trustees as members, and one member who is also a Trustee.

In compliance with the Audit Committee Charter, we performed the following:

- We discussed and approved the overall scope and timing of the audit plans and focus areas related to the review of the financial statements for the year ending March 31, 2014 by our independent auditors, Punongbayan and Araullo.
- We had five (5) committee meetings which included executive sessions with the finance group, internal auditors and the independent auditors. All our meetings are covered by minutes of meetings approved by the members of the committee.
- We reviewed and discussed the quarterly unaudited financial statements before they were approved by the Board and subsequently submitted to the SEC.
- We reviewed the internal audit reports ensuring that Management is taking appropriate actions, where required, in a timely manner.
- We reviewed and discussed the different budgets for fiscal year 2013-2014 before they were presented to the Board for approval.
- We reviewed and discussed the audited financial statements for fiscal year ending March 31, 2014 with management, which has the primary responsibility for the financial statements, and with Punongbayan and Araullo, our independent auditor, who is responsible for expressing an opinion on the conformity of our financial statements with generally accepted accounting principles.
- We recommended to the Board of Trustees the re-appointment of Punongbayan and Araullo as the corporation's independent auditors for fiscal year ending March 31, 2015.
- We recommended to the Board of Trustees that the audited financial statements be included in the Annual Report (SEC Form 17-A) for fiscal year ending March 31, 2014.

MS. SHERISA P. NUESA Chairperson Independent Trustee	MR. ROBERT F. KUAN Member Independent Trustee	DR. EDILBERTO C. DE JESUS Member Independent Trustee	DR. PAULINO Y. TAN Member

C. OTHER MATTERS

Action with Respect to Reports

Approval of the Annual Report for the fiscal year ending March 31, 2014

Other Proposed Actions

a. Approval of the minutes of the Annual Stockholders' Meeting held on August 24, 2013 that includes the following:

   1. Minutes of Annual Meeting held on August 25, 2012
   2. Academic Report of the President, 2012 – 2013 and Annual Report of the Chair, 2012 – 2013
   3. Ratification and Confirmation of the Actions of the Board of Trustees in the furtherance of the matters covered by the Annual Report.
   4. Election of Trustees and Independent Trustees for the fiscal year 2013 – 2014:

      Dr. Lourdes R. Montinola
      Mr. Aurelio R. Montinola III
      Dr. Michael M. Alba
      Ms. Angelina P. Jose
      Atty. Gianna R. Montinola
      Dr. Paulino Y. Tan
      Ms. Sherisa P. Nuesa (Independent Trustee)
      Mr. Robert F. Kuan (Independent Trustee)
      Dr. Edilberto C. de Jesus (Independent Trustee)

   5. Appointment of Punongbayan and Araullo as External Auditor for the fiscal year 2013-2014;
   6. Vote of Appreciation

b. Summary of resolutions approved by the Board of Trustees for the fiscal year 2013 – 2014:

   1. On May 27, 2013:

      Far Eastern University purchased a certain parcel of land with an area of 1.6 hectares located at Brgy. Biluso, Silang, Cavite from Moldex Realty, Incorporated for the full amount of Forty Million Two Hundred Eighteen Thousand Six Hundred Twenty Five Pesos (₱40,218,625.00) on 27 May 2013. Such parcel of land was acquired for purposes of future expansion. The authority to purchase such parcel of land was authorized by the Board of Trustees of Far Eastern University in its resolution during its meeting held on 21 February 2012 and disclosed on the same date.

      Authorization of the Company to negotiate and contract the acquisition of a parcel of land located at Brgy, Biluso, Silang, Cavite offered by Moldex Realty, Incorporated. The Board delegated to the President and the Chief Finance Officer the authority to negotiate, determine the terms and conditions, sign and execute the documents related thereto on behalf of the Company.

   2. Board of Trustees' meeting held on June 18, 2013:

      Approval of the subscription of the Corporation of One Million Three Hundred Thousand (1,300,000) common shares in East Asia Computer Center, Inc. (EACCI) of which an initial payment of 25% of subscription price of One Hundred Thirty Million Pesos (₱130,000,000.00) was paid.

Authorization of the Executive Committee to determine the schedule of subsequent payments and to take such other actions, with the authority to delegate, as it may deem necessary to implement the foregoing resolution.

Authorization of the Corporation to waive its pre-emptive rights over the Five Hundred Thousand (500,000) preferred shares, at the par value of One Thousand Pesos (₱1,000.00) per share, to be issued out of the unissued shares of EACCI. The Board constitutes, authorizes, appoints and designates the President and the Chief Finance Officer to represent the Corporation in effecting the foregoing resolution.

Declaration of ₱15.00/share cash dividend on record as of July 02, 2013, payable on July 17, 2013.

3. Organizational Meeting of the Board of Trustees held on August 27, 2013:

<u>Elected Corporate and University Officials for the fiscal year 2013-2014:</u>

<u>Corporate Officials</u>

Dr. Lourdes R. Montinola	-	Chair Emeritus
Mr. Aurelio R. Montinola III	-	Chair
Dr. Michael M. Alba	-	President
Ms. Angelina P. Jose	-	Corporate Secretary
Mr. Juan Miguel R. Montinola	-	Chief Finance Officer
Ms. Herminia I. Maliwat	-	Treasurer

<u>University Officials</u>

Dr. Maria Teresa Trinidad P. Tinio	-	Senior Vice President, Academic Affairs
Dr. Miguel M. Carpio	-	Vice President, Academic Services
Dr. Auxencia A. Limjap	-	Vice President, Academic Development
Engr. Rudy M. Gaspillo	-	Vice-President, Facilities and Technical Services
Mr. Glenn Z. Nagal	-	Comptroller / Compliance Officer

<u>Executive Committee</u>

Mr. Aurelio R. Montinola III	-	Chair
Dr. Michael M. Alba	-	Member
Ms. Angelina P. Jose	-	Member
Dr. Paulino Y. Tan	-	Member
Mr. Juan Miguel R. Montinola	-	Alternate member

<u>Audit Committee</u>

Ms. Sherisa P. Nuesa	-	Chair
Dr. Edilberto C. de Jesus	-	Member
Mr. Robert F. Kuan	-	Member
Dr. Paulino Y. Tan	-	Member

<u>Corporate Governance Committee</u>

Dr. Edilberto C. de Jesus	-	Chair
Mr. Robert F. Kuan	-	Member
Atty. Gianna R. Montinola	-	Member
Mr. Juan Miguel R. Montinola	-	Member

<u>Nomination Committee</u>

Atty. Gianna R. Montinola	-	Chair
Dr. Paulino Y. Tan	-	Member
Ms. Sherisa P. Nuesa	-	Member
Mr. Juan Miguel R. Montinola	-	Non Voting Member

Risk Management Committee

Mr. Robert F. Kuan	-	Chair
Dr. Michael M. Alba	-	Member
Ms. Sherisa P. Nuesa	-	Member
Mr. Juan Miguel R. Montinola	-	Member

Compensation Committee

Dr. Lourdes R. Montinola	-	Chair
Mr. Robert F. Kuan	-	Member
Mr. Juan Miguel R. Montinola	-	Member

4. Board of Trustees' meeting on September 22, 2013:

   Resignation of Atty. Gianna R. Montinola as member of the Board of Trustees effective 22 October 2013.

   Election of Mr. Antonio R. Montinola as member of the Board of Trustees effective 19 November 2013 to serve the unexpired term of Atty. Gianna R. Montinola as member of the Board.

5. Board of Trustees' meeting on November 19, 2013:

   Appointment of Atty. Gianna R. Montinola as Vice President for Corporate Affairs 18 November 2013.

   Appointment of Dr. Lourdes R. Montinola as Chair of the Nomination Committee effective 19 November 2013 vice Atty. Gianna R. Montinola who resigned.

6. Board of Trustees' meeting on December 10, 2013:

   Amendment of Section XXIX of the Amended By-Laws to read as follows:

   "Section XXIX – NOMINATION COMMITTEE: **The Board shall create a Nomination Committee which shall have at least 3 voting Trustees (one of whom must be independent).**

   xxx"

   Amendment of Article Second of the Amended Articles of Incorporation pertaining to the Corporation's purpose, to wit:

   "**Second**. That the purpose or purposes for which said corporation is formed are:

   (a) To establish and conduct a university, college or colleges, school or schools and dormitories <u>including enhanced basic education programs (namely, kindergarten education, elementary education, and secondary education programs inclusive of junior high school and senior high school education) collegiate and postgraduate courses, and technical vocational education and training programs</u>; to provide courses of study of university grade, for business or professional life or for general culture; to establish classical, mathematical, scientific, business, technical, and general courses of study including correspondence courses, to conduct institutes, lectureships, training schools, courses of study and home classes; to provide for the holding and giving of lectures, exhibitions, public meetings, and conferences adapted directly or indirectly to advance the calling of education; to secure, print, and publish books and courses of study suitable for use in connection with the schools and courses of study of this corporation; and to grant diplomas, titles and degrees as may be authorized by the government.

   xxx"

7. Board of Trustees' meeting on December 10, 2013:

   Declaration of ₱12.00/share cash dividend on record as of 26 December 2013, payable on 15 January 2014.

8. Executive Committee meeting on January 14, 2014:

   Promotion of Ms. Melinda G. Macaraig from Assistant Vice President to Vice President – Human Resource Development effective 16 January 2014.

9. Board of Trustees meeting held on March 18, 2014:

   Appropriation from the retained earnings as of 31 March 2014 the amount of Two Billion Fifty Five Million Four Hundred Thirty Three Thousand One Hundred Pesos (₱2,055,433,100.00) as follows:

Reserved for Property Acquisition and Investment	₱ 1,542,500,000.00
Reserved for Expansion and Improvement of Facilities	294,200,000.00
Reserved for Purchase of Equipment	115,000,000.00
Reserved for General Retirement	90,000,000.00
Reserved for Contingencies	10,000,000.00
Reserved for Treasury Shares	3,733,100.00
Total	₱2,055,433,100.00

10. Executive Committee meeting on March 28, 2014:

    Appointment of Dr. Myrna P. Quinto as Vice President for Academic Development effective 16 May 2014 to 31 March 2015.

c. Amendment of Article Second of the Amended Articles of Incorporation

   The purpose of the amendment is to include in the Corporation's purpose (letter a) the phrase "<u>including enhanced basic education programs (namely, kindergarten education, elementary education, and secondary education programs inclusive of junior high school and senior high school education) collegiate and postgraduate courses, and technical vocational education and training programs</u>".

d. Amendment of Section XXIX of the Amended By-Laws

   The purpose of the amendment is to delete the last phrase "and one non-voting member in the person of the Vice President for Operations".

Item 8: Voting Procedures:

Voting upon all questions at all meetings of the stockholders shall be made by shares of stock and not per capita or otherwise, each share of stock being counted as one vote.

Registrant's shares of stock entitle the holders thereof to one vote at any stockholders' meeting. Stockholders are given cumulative voting rights for the election of trustees.

All the following matters to be decided shall require an affirmative vote of the stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock.

1. Amendment of Article Second of the Amended Articles of Incorporation;
2. Amendment of Section XXIX of the Amended By-Laws
3. 20% Stock Dividend on record as of September 9, 2014

All other matters to be decided shall require the affirmative vote of the majority of the corporation's shares present, or represented and entitled to vote at the Annual Meeting. Likewise, Trustees shall be elected with a majority vote of the shares present or represented.

Election is through ballots or other means to be approved by the stockholders.

With respect to the election of nine (9) trustees, each shareholder may vote such number of shares for as many as nine persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by nine shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by nine.

Using cumulative voting, the formula for finding the total number of votes needed for one seat in the Board is:

$$x = \frac{A \times B}{C + 1}$$

where	A	=	total number of shares voting
	B	=	number of Directors desired to be elected
	C	=	number of Directors to be elected

Unless required by law, or demanded by a stockholder present in person or by proxy at any meeting, and entitled to vote thereat, the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the stockholder voting, or in his name by his proxy if there be such proxy, and shall state the number of shares voted by him.

Method by Which Votes Will be Counted

All matters subject to vote, except in cases where the law provides otherwise, shall be decided by the plurality vote of stockholders present in person or by proxy and entitled to vote thereat, a quorum being present.

The Corporate Secretary is the officer authorized to count the votes to be cast in the forthcoming annual stockholders' meeting.

PART II
INFORMATION REQUIRED IN A PROXY FORM

Items 1 and 2:

KNOW ALL MEN BY THESE PRESENTS:

The undersigned stockholder of FAR EASTERN UNIVERSITY, INC. (the "Corporation") does hereby name, constitute and appoint:

Mr./Ms. Chairperson, Aurelio R. Montinola III, or in his/her absence,
Mr./Ms. The Chair Emeritus, Lourdes R. Montinola, or in his/her absence,

the Chairman of the Meeting

to be my true and lawful attorney and for me and in my name, place and stead to vote at the Annual Stockholders' Meeting on August 23, 2014 at Manila and at any adjournment thereof, wherein the following matters will be considered and I hereby authorize the above named proxy to vote as follows:

Matters	Approve	Disapprove	Abstain
Previous Meeting: Regular – August 24, 2013			
Academic Report of the President			
Annual Report of the Chairman			
Ratification and confirmation of the actions of the Board of Trustees			
Approval of the amendment of Article Second of the Amended Articles of Incorporation pertaining to the Corporation's purpose			
Approval of the amendment of Section XXIX – Nomination Committee of the Amended By-Laws			
Approval of 20% stock dividend on record as of September 9, 2014			
<u>Election of Trustees/Independent Trustees</u> <u>Nominees for Trustees:</u>			
Mr. Aurelio R. Montinola III	______	______	______
Dr. Lourdes R. Montinola	______	______	______
Dr. Michael M. Alba	______	______	______
Mrs. Angelina P. Jose	______	______	______
Dr. Paulino Y. Tan	______	______	______
Mr. Antonio R. Montinola	______	______	______
______ For all nominees ______ Withhold Authority to Vote			
Nominees for Independent Trustees:			
Ms. Sherisa P. Nuesa	______	______	______
Mr. Robert F. Kuan	______	______	______
Dr. Edilberto C. de Jesus	______	______	______
______ Withhold Authority to Vote			
Appointment of External Auditor			
Other Matters			

Please check approve, disapprove, or abstain to vote column for the nominees. You may check all, or check only one or two, depending on your choice.

In the event that this Proxy is returned without a choice having been made in any or all of the above items, the undersigned hereby authorizes the appointed proxy to vote in his or her behalf, at this proxy's discretion, to approve or disapprove the matters to be acted upon in the meeting.

In addition, I hereby grant discretionary powers to the above named proxy as to matters incidental to the conduct of the meeting.

IN WITNESS WHEREOF, I have set my hand this _____day of ________2014 at ______________.

Signature of Stockholder/ Authorized Representative : ______________________________

Printed Name of Signatory/Stockholder/ Authorized Representative : ______________________________

Title of Signatory : ______________________________
(For Corporate Stockholders)

Number of Shares : ______________________________

W I T N E S S E S

_________________________ _________________________

- A proxy executed by a corporate stockholder shall be in the form of a board resolution duly certified by the Corporate Secretary or in this proxy form executed by a duly authorized corporate officer accompanied by a Corporate Secretary's Certificate quoting the board resolution authorizing the said corporate officer to execute the proxy.
- This proxy form is not required to be notarized.

THIS PROXY IS BEING SOLICITED IN BEHALF OF FAR EASTERN UNIVERSITY, INC.

Item 3: Revocability of Proxy

The person giving the proxy has the right to revoke the proxy by personal appearance or execution of a proxy at a later date, subject to the pertinent requirements of the law and SEC Circular Number 5, Series of 1996.

Item 4: Persons Making the Solicitation

The solicitation is being made by the Registrant for the purpose of having the matters subject of the annual meeting approved by the stockholders, namely:

a. approval of the minutes of the annual meeting of stockholders held on August 24, 2013;

b. approval of the Annual Report of the Chairman and the Academic Report of the President to the stockholders for fiscal year ending March 31, 2014;

c. ratification and confirmation of the actions of the Board of Trustees;

d. approval of the amendment of Article Second of the Amended Articles of Incorporation to read as follows:

> "**Second**. That the purpose or purposes for which said corporation is formed are:
>
> (a) To establish and conduct a university, college or colleges, school or schools and dormitories **including enhanced basic education programs (namely, kindergarten education, elementary education, and secondary education programs inclusive of junior high school and senior high school education) collegiate and postgraduate courses, and technical vocational education and training programs;** to provide courses of study of university grade, for business or professional life or for general culture; to establish classical, mathematical, scientific, business, technical, and general courses of study including correspondence courses, to conduct institutes, lectureships, training schools, courses of study and home classes; to provide for the holding and giving of lectures, exhibitions, public meetings, and conferences adapted directly or indirectly to advance the calling of education; to secure, print, and publish books and courses of study suitable for use in connection with the schools and courses of study of this corporation; and to grant diplomas, titles and degrees as may be authorized by the government. xxx"

e. approval of the amendment of Section XXIX of the Amended By-Laws of the Corporation to read as follows:

> "Section XXIX – NOMINATION COMMITTEE: **The Board shall create a Nomination Committee which shall have at least 3 voting Trustees (one of whom must be independent).** xxx"

f. approval of 20% stock dividend on record as of September 9, 2014

g. election of Trustees/Independent Trustees;

h. appointment of External Auditor;

i. such other matters as may properly come before the meeting and other actions of the Board of Trustees done and taken during the preceding year.

None of the members of the Board of Trustees has informed the Registrant in writing that he/she intends to oppose any action intended to be taken up at the meeting as aforementioned.

All costs of solicitation for the proxies are approximately in the amount of ₱250,000.00 which shall be borne by the Registrant.

Solicitation shall be conducted by the Registrant through Stock Transfer Service, Inc. (STSI), the company's transfer agent by mail and personal delivery, and not by especially engaged employees. LBC Express, Inc., formerly known as Luzon Brokerage Corporation, the designated courier which will deliver the proxy statement has approximately 6,000 employees. It will charge a rate of ₱75.00 exclusive of 12% VAT for special delivery. No material features of the contract with the courier need to be disclosed. The Registrant has no knowledge if solicitation for purposes of opposing a solicitation will be conducted.

Item 5: Interest of Certain Persons in Matters to be Acted Upon

None of the members of the Board of Trustees or senior management has substantial interest in the matters to be acted upon by the stockholders in the annual stockholders' meeting.

PART III

MANAGEMENT REPORT

1. Brief Description of the General Nature and Scope of the Business of the Registrant and its Subsidiaries

2. Market Price and Dividends

3. Top 20 Stockholders as of June 30, 2014

4. Management Discussion and Analysis or Plan of Operation

5. Statement of Management's Responsibility for Financial Statements

6. Compliance Report

7. Audited Financial Statements March 31, 2014, 2013 and 2012 with accompanying notes to Financial Statements

8. Consolidated Financial Statements March 31, 2014, 2013 and 2012 with accompanying notes to Financial Statements

1. <u>Brief Discussion of Business</u>

Far Eastern University, Inc., founded in 1928, is a private non-sectarian institution of learning. Guided by the core values of Fortitude, Excellence and Uprightness, FEU aims to be a university of choice in Asia. Committed to the highest intellectual, moral and cultural standards, FEU strives to produce principled and competent graduates. It nurtures a service-oriented and environment-conscious community which seeks to contribute to the advancement of the global society. Tuition and other fees which are the main sources of its financial stability are moderate, subject to government regulation. The University also provides full and partial scholarships to deserving students. An FEU Foundation supplements the University scholarship program by providing special grants. The University maintains excellent facilities such as an electronic library, various types of laboratories, auditorium, audio-visual and multimedia rooms, clinic, technology-based gate security and enrollment system, gymnasiums, and spacious air-conditioned classrooms to best serve the students. The University was granted deregulated status for five years beginning October 22, 2001 until October 21, 2006 per CHED Memorandum Order (CMO) No. 38, Series 2001. Then, per CMO No. 52, Series 2006, the deregulated status was extended until the end of Second Semester, SY 2006-2007. Moreover, per CMO No. 59, Series 2007, the University was granted the same status from November 15, 2007 to November 14, 2008. On January 22, 2009, through a Memorandum from the CHED Chairman, FEU's status was extended until April 30, 2009. On March 17, 2009, CHED extended the University's deregulated status for another five years, that is, from March 11, 2009 until March 30, 2014. Effective July 25, 2012, Far Eastern University – Manila was granted the Autonomous status until May 31, 2014.

<u>FEU EAST ASIA COLLEGE</u>

Initiated by the leaders of the industry and the academe, FEU East Asia College (FEU-EAC) started its operation in 1992 offering courses in Computer Studies. To consolidate the technology courses, the Institute of Engineering of the Far Eastern University was transferred to FEU-EAC in 2002 making it the Technology College of the FEU Group.

Currently, the College offers the following courses:

Engineering Programs:

- B.S. Civil Engineering
- B.S. Computer Engineering
- B.S. Electrical Engineering
- B.S. Electronics Engineering

Computer Studies Programs:

- B.S. Computer Science, with specialization in
  - Software Engineering
- B.S. Information Technology, with specialization in
  - Digital Arts
  - Web Applications Development
  - Animation and Game Development

Associate in Computer Technology (Diploma course)

Master in Information Technology

Proving to be a venue “Where Industry meets Academe,” FEU - East Asia College has strong partnership with the larger community and has excellent Computer and Engineering curricula which are relevant to the current industry trends and needs.

The commitment of FEU - East Asia College to be an institution of quality education has been acknowledged as the Commission of Higher Education recognized the College as a Center of Development (COD) for Information Technology Education.

FEU FERN COLLEGE

FEU FERN College (Nicanor Reyes Educational Foundation) is a non-stock, non-profit institution of higher learning. FEU FERN College, being a part of the FEU group, was founded in 1994 to commemorate the birth centennial of Dr. Nicanor Reyes Sr., the founder and the first president of the Far Eastern University. Dr. Reyes was an epitome of nationalism as he pioneered the first Institute of Accountancy to enable Filipinos, including working students, to become accountants.

The Basic Education Department, offering classes from Pre-school to High School, is committed to providing education in a safe and supportive environment that promotes self-discipline, motivation, and excellence in learning. It continues to educate its students to do critical thinking, to be articulate, and to take initiative in their endeavors. The department has aligned its curriculum for all grade levels with the requisites of the K-12 curriculum.

The foundation provides a caring and enjoyable environment that enables students to acquire professional competencies in the fields of Accountancy, Business, and Information Technology, together with strong industry linkages with BPOs and Business Enterprises, giving them the best chance at a career right after graduation.

FEU FERN College continues to recruit and retain excellent faculty, genuinely serve the students, improve on operational efficiency, enhance curricula, improve alumni relations, and strive for the highest academic standards, through a holistic education, anchored on Fortitude, Excellence and Uprightness.

FAR EASTERN COLLEGE SILANG, INC.

Far Eastern College Silang, Incorporated, a wholly owned subsidiary of Far Eastern University, consists of two medium-rise buildings, one each for Basic Education and College, on two separate sites, totaling five and a half hectares within the gated and secured environs of MetroGate Estates on Aguinaldo Highway, Silang, Cavite.

Incorporated in 2009, the pristine campus rests amidst an invigorating atmosphere, with the eco-friendly structures housing spacious classrooms, equipped with state-of-the-art learning facilities that are deemed at par with existing international schools.

It was in June 2010 when the new campus opened its doors to students for pre-school, grade school, high school and tertiary levels. The college division offers degree programs in Hotel and Restaurant Management, Tourism Management, Business Administration, Secondary Education and Elementary Education. Three more programs were added in SY 2012-13: Accountancy, Information Technology and Psychology. The Center for Continuing Education offers non-degree programs and short courses such as English as a Second Language (ESL) and TESDA courses like Culinary Arts, Housekeeping Operations, Bar Management, and Baking and Pastry, among others.

2. Market Prices of Common Stocks: (Phil.Stock Exchange,Inc.) and Dividends Declared

The Philippine Stock Exchange, Inc. is the principal market where the shares of stock of the corporation are being traded.

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

Herewith are the high, low, and closing prices of shares of stock traded from April 2013 to June 2014:

2013	High	Low	Close
Apr	1,300.00	1,220.00	1,300.00
May	1,295.00	1,155.00	1,275.00
Jun	1,275.00	1,145.00	1,200.00
Jul	1,240.00	1,150.00	1,240.00
Aug	1,260.00	1,150.00	1,165.00
Sep	1,220.00	1,120.00	1,190.00
Oct	1,200.00	1,110.00	1,145.00
Nov	1,135.00	1,110.00	1,115.00
Dec	1,120.00	1,104.00	1,104.00
2014			
Jan	1,150.00	1,103.00	1,105.00
Feb	1,112.00	1,103.00	1,105.00
Mar	1,150.00	1,103.00	1,150.00
Apr	1,120.00	1,103.00	1,115.00
May	1,120.00	1,103.00	1,110.00
June	1,159.00	1,103.00	1,159.00
July*	1,200.00	1,195.00	1,200.00

* As of July 15, 2014

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

a. April 01, 2014 - June 30, 2014

Period		High		Low		Close
First Quarter	₱	1,133.00	₱	1,103.00	₱	1,128.00

b. April 01, 2013 - March 31, 2014

Period		High		Low		Close
First Quarter	₱	1,290.00	₱	1,173.33	₱	1,258.33
Second “		1,240.00		1,140.00		1,198.33
Third “		1,151.67		1,108.00		1,121.33
Fourth “		1,137.33		1,103.00		1,120.00

c. April 01, 2012 - March 31, 2013

Period		High		Low		Close
First Quarter	₱	970.00	₱	918.33	₱	955.00
Second “		1,040.00		965.00		1,010.00
Third “		1,075.00		1,005.00		1,070.00
Fourth “		1,173.33		1,069.67		1,155.67

Dividends:

Cash Dividend:

April 1, 2013 – March 31, 2014

Payment Date	Outstanding Shares	Cash Dividend Rate	Amount
July 17, 2013	13,731,303	₱15.00/share	₱205,969,545.00
Jan. 15, 2014	13,731,303	12.00/share	164,775,636.00
			₱370,745,181.00

April 1, 2012 – March 31, 2013

Payment Date	Outstanding Shares	Cash Dividend Rate	Amount
July 18, 2012	13,731,303	₱12.00/share	₱164,775,636.00
Jan. 23, 2013	13,731,303	12.00/share	164,775,636.00
			₱329,551,272.00

Stock Dividend:

No stock dividend for the period April 1, 2013 to March 31, 2014 was declared.

Restrictions on Dividends

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, while stock dividend on common shares shall be paid based on the approval of the Board of Trustees, ratified by the stockholders, based on the unrestricted retained earnings up to the approved authorized capital stock.

Recent Sales of Unregistered or Exempt Securities

There are no sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

3. Number of Shareholders

There are 1,511 common stockholders holding a total of 13,731,303 outstanding shares as of June 30, 2014.

The following are the top 20 stockholders:

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	3,930,969 – D	Filipino	28.6278
2. Common	Sysmart Corporation	2,955,115 – D	Filipino	21.5210
3. Common	Desrey, Incorporated	1,098,720 – D	Filipino	8.0016
4. Common	Angelina D. Palanca	442,528 – D	Filipino	3.2228
5. Common	PCD Nominee Corporation (Filipino)	413,665 – D	Filipino	3.0126
6. Common	Sr. Victorina D. Palanca	308,000 – D	Filipino	2.2431
7. Common	ICM Sisters Phil. Mission Board, Inc.	301,000 – D	Filipino	2.1921
8. Common	Aurelio Montinola III	261,510 – D	Filipino	1.9045
9. Common	Marco P. Gutang	175,113 – D	Filipino	1.2753
10. Common	Gonzaga-Lopez Enterprises, Inc	168,190 – D	Filipino	1.2249
11. Common	Jomibel Agricultural Development Corporation	149,070 – D	Filipino	1.0856
12. Common	Amon Trading Corporation	127,391 – D	Filipino	0.9277
13. Common	ZARE, Inc.	69,468 – D	Filipino	0.5059
14. Common	Rosario P. Melchor	67,519 – D	Filipino	0.4917
15. Common	Juan Miguel R. Montinola	62,620 – D	Filipino	0.4560
16. Common	Rosario Panganiban Melchor	61,294 – D	Filipino	0.4464
17. Common	Gianna R. Montinola	60,522 – D	Filipino	0.4408
18. Common	Antonio R. Montinola	60,344 – D	Filipino	0.4395
19. Common	Mitos Sison	56,512 – D	Filipino	0.4116
20. Common	Consorcia P. Reyes	55,071 – D	Filipino	0.4011
	Total	**10,824,621**		**78.8317**

4. <u>Management's Discussion and Analysis or Plan of Operation</u>

Financial Position:

A summary of the previous years' performance indicates that on March 31, 2012, the company and its subsidiaries had a total consolidated resources of P5,227.89 million, a total consolidated liability of P501.53 million and a total consolidated net worth of P4,726.35 million. Consolidated resources consisted of P2,793.51 million current assets and P2,434.38 million non-current assets. Most of the consolidated current assets were quick assets amounting to P2,447.28 million, an amount more than sufficient to cover total consolidated liability out of which P473.73 million was current. The total consolidated net worth consisted of P4,245.05 million equity attributable to the owners of the parent company and a P481.30 million equity for the non-controlling interest. The company's net worth attributable to the owners of the parent company consisted of a paid-up capital, net of treasury stocks amounting to P1,373.13 million, an accumulated fair value gain of P83.55 million, and a retained earnings of P2,788.37 million. The company's retained earnings consisted of a P1,718.50 million restricted retained earnings and a P1,069.87 million free retained earnings. Current ratio was 5.90:1 and debt was 10.61% of equity.

Figures presented last March 31, 2013, showed that total consolidated assets amounted to P7,027.27 million which was 34.42% higher than the previous year's P5,227.89 million. Total consolidated liabilities amounted to P1,362.72 million which was 171.71% higher than the previous year's P501.53 million. Total consolidated equity amounted to P5,664.55 million which was 19.85% higher than the previous year's P4,726.35 million. Equity attributable to the owners of the parent company amounted to P4,811.87 million and was 13.35% more than the previous year's P4,245.05 million. Equity for non-controlling interests amounted to P852.68 million and was 77.16% more than the previous year's P481.30 million. Current ratio was 5.93:1 and debt was 24.06% of equity.

For the current year in review, on March 31, 2014, total consolidated assets amounted to P8,053.45 million which was 14.60% higher than the previous year's P7,027.27 million. Total consolidated liabilities amounted to P1,515.19 million which was 11.19% higher than the previous year's P1,362.72 million. Total consolidated equity amounted to P6,538.26 million which was 15.42% higher than the previous year's P5,664.55 million. Equity attributable to the owners of the parent company amounted to P5,158.54 million and was 7.20% higher than the previous year's P4,811.87 million. Equity for non-controlling interest amounted to P1,379.72 million and was 61.81% more than the previous year's P852.68 million. Current ratio was 4.80:1 and debt was 23.17% of equity.

For the past four (4) years, total consolidated assets increased at an average annual rate of 20.02% or P1,115.02 million a year while, consolidated liabilities increased at around P346.92 million or 62.87% a year. The unusual increase in assets and liabilities in 2013 was mainly due to a bank loan amounting to P800 million. For the same period of time, consolidated stockholders' equity also increased at an average annual rate of 15.63% or P768.11 million a year.

(In Million Pesos)

	Consolidated	Increase / (Decrease)		Consolidated	Increase / (Decrease)		Excess of Assets over	Increase / (Decrease)	
	Assets	Amount	%	Liabilities	Amount	%	Liabilities	Amount	%
March 31, 2011	4,708.38			474.44			4,233.94		
March 31, 2012	5,227.89	519.51	11.03%	501.53	27.09	5.71%	4,726.36	492.42	11.63%
March 31, 2013	7,027.27	1,799.38	34.42%	1,362.72	861.19	171.71%	5,664.55	938.19	19.85%
March 31, 2014	8,053.45	1,026.18	14.60%	1,515.19	152.47	11.19%	6,538.26	873.71	15.42%
Total		3,345.07	60.06%		1,040.75	188.61%		2,304.32	46.90%
Average		1,115.02	20.02%		346.92	62.87%		768.11	15.63%

During the past four years, the company's solvency has always been favorable. As of March 31, 2014, the company has P5.32 worth of assets to pay for every P1.00 worth of liability.

During the same period of time, the company remained liquid as shown by the following statistics in million Pesos:

Year	Consolidated Current Assets	Consolidated Current Liabilities	Excess of Current Assets over Current Liabilities
March 31, 2011	P 2,349.03	P 451.55	P 1,897.48
March 31, 2012	2,793.51	473.73	2,319.78
March 31, 2013	2,946.82	497.30	2,449.52
March 31, 2014	3,046.21	634.27	2,411.94

As of March 31, 2014, the company has P4.80 worth of current assets to pay for every P1.00 worth of current liability.

The stability in the company's financial condition both in solvency and liquidity is largely attributed to the company's consolidated net income each year over the past four years, which were always more than enough to pay the usual yearly cash dividends during the same period of time.

(In Million Pesos)

Year	Consolidated Net Income	Cash Dividends Paid	%	Excess of Net Income over Cash Dividends Paid	%
2010 - 2011	655.25	294.2	44.9%	361.05	55.1%
2011 - 2012	741.47	311.9	42.1%	429.57	57.9%
2012 - 2013	890.86	329.6	37.0%	561.26	63.0%
2013 - 2014	902.82	370.7	41.1%	532.12	58.9%
					235.0%
Four year average					58.74%

Based on the above figures, around 58.74% of each year's consolidated net income had been retained. As a result, consolidated owner's equity steadily improved as follows:

(In Million Pesos)

Year	Consolidated Owner's Equity	Increase (Decrease)	%
March 31, 2011	4,233.94		
March 31, 2012	4,726.36	492.42	11.63%
March 31, 2013	5,664.55	938.19	19.85%
March 31, 2014	6,538.26	873.71	15.42%

As of March 31, 2014, consolidated owner's equity accounts for 81.19% of consolidated assets.

Results of Operations

In 2010-2011, consolidated operating revenue amounted to P2,091.72 million while consolidated cost and operating expenses amounted to P1,495.20 million resulting in a consolidated operating income of P596.52 million. On the same year, other income amounted to P159.0 million resulting in a consolidated net profit before tax of P755.52 million. Tax for this year was P100.27 million and, therefore, net profit after tax amounted to P655.25 million out of which P635.62 million was attributable to owners of the parent company and the balance of P19.63 million to non-controlling interest. The main source of operating revenue was tuition/school fees amounting to P1,986.91 million (95.0%) followed by rental (3.45%), management fee (.87%), sale of real estate (.55%) and others (.14%). On the other hand, investment income amounting to P154.14 million (96.94%) was the main source of other income.

In 2011-2012, consolidated operating income amounted to P663.66 million which was 11.26% more than the previous year's P596.52 million. While, other income amounted to P191.67 million which was 20.55% higher than the previous year's P159.0 million. The combined effect was a net profit before tax of P855.33 million which was 13.21% more than the previous year's P755.52 million. Tax for this year amounted to P113.86 million. Net profit after tax was P741.47 million out which P719.30 million was attributable to owners of the parent company and the balance of P22.17 million to non-controlling interest.

In 2012-2013, due to a one-time sale of real estate amounting to P184.43 million, consolidated operating income jumped to P905.19 million which was 36.39% higher than the previous year's P663.66 million. Other income, however, went down to P158.67 million and was lower by 17.22% compared to the previous year's P191.67 million. The combined effect was a net profit before tax of P1,063.86 million which was still higher by 24.38% compared to the previous year's P855.33 million. Tax for this year amounted to P173.0 million. Net profit after tax was P890.86 million out which P800.23 million was attributable to owners of the parent company and the balance of P90.63 million to non-controlling interest.

In 2013-2014, consolidated operating income amounted to P829.30 million, which was 8.38% lower than the previous year's P905.19 million but other income recovered and went up to P201.62 million and was higher by 27.07% compared to the previous year's P158.67 million. The combined effect was a net profit before tax of P1,030.93 million which was lower by 3.10% compared to the previous year's P1,063.86 million. Tax for this year was P128.11 million. Net profit after tax was P902.82 million out which P855.02 million was attributable to owners of the parent company and the balance of P47.79 million to non-controlling interest.

During the past four years, consolidated operating income increased at an average rate of 13.09% or P77.59 million a year while other income increased at an average rate of 10.13% or P14.21 million a year. The combined effect was a net profit before tax that increased at an average rate of 11.50% or P91.80 million a year. After all taxes, the remaining net profit increased at an average rate of 11.55% or P82.52 million a year.

(In Million Pesos)

	Consolidated Operating Income	Periodic Increase / (Decrease) Peso	%	Other Income	Periodic Increase / (Decrease) Peso	%	Net Profit Before Tax	Periodic Increase / (Decrease) Peso	%
2010 - 2011	596.52			159.00			755.52		
2011 - 2012	663.66	67.14	11.26%	191.67	32.67	20.55%	855.33	99.81	13.21%
2012 - 2013	905.19	241.53	36.39%	158.67	(33.00)	-17.22%	1,063.86	208.53	24.38%
2013 - 2014	829.30	(75.89)	-8.38%	201.62	42.95	27.07%	1,030.93	(32.93)	-3.10%
	2,994.67	232.78	39.27%	710.96	42.62	30.40%	3,705.64	275.41	34.50%
Average	748.67	77.59	13.09%	177.74	14.21	10.13%	926.41	91.80	11.50%
	80.81%			19.19%			100.00%		

During the same four-year period, the average annual net profit before tax was P926.41 million. Operating income contributed an average of 80.81% or P748.67 million a year while other income was at 19.19 % or P177.74 million a year.

Operating income was able to contribute significantly (80.81% average per year) to total net profit before tax because cost and operating expenses were effectively controlled during the past four years at an average increase of 2.71% or P41.23 million a year while operating revenues posted a higher increase at an average rate of 5.62% or P118.82 million a year.

(I n M i l l i o n P e s o s)

	Consolidated Operating Revenue	Periodic Increase / (Decrease) Peso	%	Cost and Operating Expenses	Periodic Increase / (Decrease) Peso	%	Operating Income	Periodic Increase / (Decrease) Peso	%
2010 - 2011	2,091.72			1,495.20			596.52		
2011 - 2012	2,225.81	134.09	6.41%	1,562.15	66.95	4.48%	663.66	67.14	11.26%
2012 - 2013	2,531.09	305.28	13.72%	1,625.89	63.74	4.08%	905.20	241.54	36.40%
2013 - 2014	2,448.19	(82.90)	-3.28%	1,618.89	(7.00)	-0.43%	829.30	(75.90)	-8.38%
	9,296.81	356.47	16.85%	6,302.13	123.69	8.13%	2,994.68	232.78	39.27%
Average	2,324.20	118.82	5.62%	1,575.53	41.23	2.71%	748.67	77.59	13.09%
	100.00%			67.79%			32.21%		

A Look of What Lies Ahead

Below is a schedule of operating revenues during the past four years:

(I n M i l l i o n P e s o s)

SY	Tuition / School Fees	%	Rental	%	Management Fee	%	Sale of Real Estate	%	Others	%	Operating Revenue Total	%
10-11	1,986.91	94.99%	72.06	3.45%	18.30	87.00%	11.55	55.00%	2.89	0.14%	2,091.72	100%
11-12	2,064.70	92.76%	92.89	4.17%	47.86	2.15%	16.50	74.00%	3.86	0.17%	2,225.81	100%
12-13	2,196.98	86.80%	89.32	3.53%	55.36	2.19%	184.43	7.29%	4.99	0.20%	2,531.09	100%
13-14	2,282.17	93.22%	98.41	4.02%	55.36	2.26%	-	-	12.25	0.50%	2,448.19	100%
	8,530.76	91.76%	352.68	3.79%	176.88	1.90%	212.48	2.29%	23.99	0.26%	9,296.81	100%
Average	2,132.69	91.76%	88.17	3.79%	44.22	1.90%	53.12	2.29%	6.00	0.26%	2,324.20	100%

Since the main source of operating revenues is tuition/school fees, enrollment will be a major factor in the group's consolidated results of operations.

For school year 2014-2015, the first semester enrollment of FEU is at 27,884 which is 1,086 students (3.7%) less than last year's 28,970. The slight decrease in enrollment is due stricter admission policies aimed at improving the quality of our new students.

FEU's 2014-2015 basic tuition fee increased by 4.1% for freshmen and 3.0% for upper classmen compared to last year's 3.5% for all year levels. This year's average percentage increase is more or less the same with last year.

The slight decrease in enrollment will certainly have an adverse effect on income but with proper and better management of resources, we expect that the 2014-2015 operating income of the parent company would still be satisfactory. With FECSI's first semester enrollment in HED now at 894 which is higher by 122 (15.8%) over its previous year's enrollment of 772 and with EACCI starting to operate as an educational institution this year, the FEU group may even surpass its 2013-2014 consolidated net income.

Fully aware of the importance to maintain a satisfactory level of enrollment, the FEU group is committed to continue to uplift academic standards even more. This will be done through continuously updating curricula, strengthening faculty, improving services to students and providing the best educational facilities. With a reasonable tuition fee hike, the group is confident that it will maintain its market share in the industry.

Top Five (5) Key Performance Indicators

I. Test of Liquidity

Liquidity refers to the company's ability to pay its short-term current liabilities as they fall due. This is measured by any of the following:

1. Current ratio measures the number of times that the current liabilities could be paid with the available current assets (Adequate: at least 1.5:1)

March 31, 2011	5.20:1
March 31, 2012	5.90:1
March 31, 2013	5.93:1
March 31, 2014	4.80:1

2. Quick ratio measures the number of times that the current liabilities could be paid with the available quick assets (Adequate: at least 1:1)

March 31, 2011	4.38:1
March 31, 2012	5.17:1
March 31, 2013	4.85:1
March 31, 2014	4.24:1

II. Test of Solvency

Solvency refers to the company's ability to pay all its debts whether such liabilities are current or non-current. It is somewhat similar to liquidity, except that solvency involves a longer time horizon. This is measured by any of the following:

1. Debt to equity ratio measures the amount of assets provided by the creditors relative to that provided by the owner (Adequate : 100% or less)

March 31, 2011	11%
March 31, 2012	11%
March 31, 2013	24%
March 31, 2014	23%

2. Debt to asset ratio measures the amount of assets provided by the creditors relative to the total amount of assets of the company. (Adequate: 50% or less)

March 31, 2011	10%
March 31, 2012	10%
March 31, 2013	19%
March 31, 2014	19%

3. Equity to asset ratio measures the amount of assets provided by the owner relative to the total assets of the company (Adequate: 50% or more)

March 31, 2011	90%
March 31, 2012	90%
March 31, 2013	81%
March 31, 2014	81%

III. Test of Profitability

Profitability refers to the company's earning capacity. It also refers to the company's ability to earn a reasonable amount of income in relation to its total investment. It is measured by any of the following:

1. Return on total assets measures how well management has used its assets under its control to generate income (Adequate: at least equal to the prevailing industry rate).

March 31, 2011	14%
March 31, 2012	14%
March 31, 2013	13%
March 31, 2014	11%

2. Return on owner's equity measures how much was earned on the owners' or stockholders' investment. (Adequate: at least equal to the prevailing industry rate).

March 31, 2011	15%
March 31, 2012	16%
March 31, 2013	16%
March 31, 2014	14%

3. Earnings per share measures the net income per share.

March 31, 2011	P46.29
March 31, 2012	52.38
March 31, 2013	58.28
March 31, 2014	62.27

IV. Product Standard

- **FEU**

1. Teaching performance in the University is constantly being monitored to maintain a satisfactory level of excellence. Various incentives are given to our faculty for teaching excellence.

2. The Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) has granted Certificates of Level III Re-accredited Status from April 2011 to April 2016 to:

Bachelor of Arts in Mass Communications

Bachelor of Science in Business Administration major in:

Business Economics
Financial Management
Marketing Management
Human Resource Development Management
Operations Management
Business Management
Internal Auditing
Legal Management

Similarly, PACUCOA granted a Level III Reaccredited Status from April 2011 to April 2015 to:

Bachelor of Science in Accountancy
Bachelor of Science in Biology
Bachelor of Science in Applied Mathematics major in Information Technology
Bachelor of Science in Psychology
Bachelor of Elementary Education
Bachelor of Secondary Education

Also, PACUCOA have granted Candidate status from March 2012 to March 2014 to:

Master of Arts in Psychology
Master of Arts in Education
Doctor of Education

PACUCOA has conducted Level 1 Formal Visit to the following programs last May 2014:

Master of Arts in Psychology
Master of Arts in Education
Doctor of Education

Results of the said visit will be forwarded by PACUCOA before the year ends.

The Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU) granted Level II Reaccredited Status to Bachelor of Nursing program until 2015.

3. Performance of FEU graduates in their respective Board Exams is generally better than the national passing rate with the following board placers:

Medical Technology, March 2014	4th and 8th Place
Architecture	9th Place

- **FECSI, EACCI and FEU Alabang**

All are established to operate as educational institution. FECSI is relatively new but fully operational offering basic and higher education programs. EACCI is in engineering and IT courses and shall accept enrollment starting this school year (2014-2015). FEU Alabang is still in its pre-operating stage. All of them shall follow the FEU model.

V. Market Acceptability

- **FEU**

1. Below is a schedule of the first semester enrollment for the past 5 years:

SY	Enrollment	Increase (Decrease)
2009-2010	22,885	
2010-2011	24,672	1,787
2011-2012	26,962	2,290
2012-2013	29,580	2,618
2013-2014	28,970	(610)

2. Below is a schedule of Entrance and Entrance Merit Scholars for the past 5 years:

SY	Entrance	Entrance Merit	Total
2009-2010	958	198	1,156
2010-2011	1,126	223	1,349
2011-2012	1,475	230	1,705
2012-2013	1,599	256	1,855
2013-2014	1,433	253	1,686

The substantial enrollment despite difficult times and the big number of valedictorians, salutatorians and entrance merit scholars are indications that FEU is one of the better choices among the various colleges and universities in the metropolis.

- **FECSI, EACCI and FEU Alabang**

FECSI's first semester enrollment in HED has steadily improved from 284 in 2011-2012 to 894 in 2014-2015. This year, it increased by 122 or 15.8% over the first semester enrollment of 2013-2014. This is a positive sign that more and more students are considering FECSI as one of their better choices in Cavite and in its surrounding area.

EACCI is a new technology school which will offer IT and engineering courses and shall be called FEU Tech. With the FEU brand in its name and with its new 17-storey building complete with facilities, we expect that it will also have its fair share in the market.

FEU Alabang is still in its pre-operating stage.

Formula

A. Liquidity

1. Current ratio $= \dfrac{\text{Current assets}}{\text{Current Liabilities}}$

2. Acid test ratio $= \dfrac{\text{Quick assets}}{\text{Current Liabilities}}$

B. Solvency

1. Debt to Equity ratio $= \dfrac{\text{Total liabilities}}{\text{Total Stockholder's Equity}}$

2. Debt to Asset ratio $= \dfrac{\text{Total liabilities}}{\text{Total assets}}$

3. Equity to Asset ratio $= \dfrac{\text{Total Stockholder's Equity}}{\text{Total assets}}$

C. Profitability

1. Return on Assets $= \dfrac{\text{Net Profit}}{\text{Total assets}}$

2. Return on Owner's Equity $= \dfrac{\text{Net Profit}}{\text{Total Stockholder's Equity}}$

3. Earning per share $= \dfrac{\text{Net Profit}}{\text{Total Outstanding shares}}$

Facts

(In Million Pesos)

	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014
Quick Assets	1,976.34	2,447.28	2,411.66	2,688.20
Current Assets	2,349.03	2,793.51	2,946.82	3,046.21
Non-Current Asset	2,359.35	2,434.38	4,080.45	5,007.24
Total Assets	4,708.38	5,227.89	7,027.27	8,053.45
Current Liabilities	451.55	473.73	497.30	634.27
Non-Current Liabilities	22.89	27.80	865.42	880.92
Total Liabilities	474.44	501.53	1,362.72	1,515.19
Stockholder's Equity	4,233.94	4,726.36	5,664.55	6,538.26
•Owners of Parent Company	3,774.80	4,245.05	4,811.87	5,158.54
•Non-controlling Interest	459.13	481.30	852.68	1,379.72
Operating Profit	596.52	663.66	905.19	829.30
Other Income	159.00	191.67	158.67	201.62
Net Profit before Tax	755.52	855.33	1,063.86	1,031.93
Net Profit or Profit after Tax	655.25	741.47	890.86	902.82
•Owners of Parent Company	635.62	719.30	800.23	855.02
•Non-controlling Interest	19.63	22.17	90.63	47.79
Other Comprehensive Income	12.79	62.90	96.14	(137.61)
Total Comprehensive Income	668.04	804.37	987.00	765.21
• Total Outstanding shares				
• Actual	9,808,448	13,731,303	13,731,303	13,731,303
• Earnings per share computation	13,731,030	13,731,303	13,731,303	13,731,303

Other Items

1. The current economic condition may still affect the sales/revenues/income from operations.

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

3. There are no known events that will trigger direct or contingent financial obligation that may be material to the company

4. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

5. The company does not foresee any cash flow or liquidity problem in the next 12 months. It 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.

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

8. A branch (FEU Makati Campus) was opened in June 2010 at the Makati area to offer business courses. Its educational income for the year ended March 31, 2014 is P153.89 million while its operating expense is P36.48 million. Other income amounted to P.30 million resulting in a net income before tax of P117.70 million.

   The Board of Trustees in its meeting held on March 16, 2010, also authorized the Corporation to join and participate as a party/co-venturer with PHI Culinary Arts and Food Services Institute, Inc. to set up a Joint Venture Company (JVC) named ICF-CCE, Inc. for the purpose of owning and operating a culinary arts school to be named "ICF@FEU". The registration of the JVC was approved by SEC on May 7, 2010. As the joint venture continues to incur losses, management fully impaired its investment. The allowance for impairment recognized in 2013 is presented in the 2013 statement of comprehensive income. As of March 31, 2014, the JVC already ceased its operations and therefore, management decided to write-off its previously impaired total investments in ICF-CCE.

   In 2013, the University increased its subscription in common shares of EACCI to P150.1 million.

   Also in January 2013, FEU Alabang, Inc. was established with an authorized capital stock of P100 million. The University subscribed 25% or P25 million of the authorized capital stock; of which 25% or P6.2 million was paid as of March 31, 2013.

9. Seasonal aspects that has material effect on financial statements:

There are three school terms within a fiscal year: the summer (April to May), the first semester (June to October) and the second semester (November to March). The first semester has the highest enrollment. The second semester is usually at 90% of the first semester's enrollment while summer is the lowest at around 33%. The full load of a student during the summer is 9 units compared to 21 to 24 during the first and second semesters. The tuition fee increase, if any, usually takes effect during the first semester of the current school year. Thus, old rates are followed during the summer term while new rates are used during the first and second semesters. Since the first quarter is from April to June, the resulting income for the first quarter is expected to be lowest among the four quarters of the fiscal year.

10. The K-12 program is just around the corner and shall have an adverse effect on our enrollment starting school year 2016-2017. Since two years shall be added to our present 10-year basic education program, there shall be no fresh high school graduates for two consecutive years starting 2016-2017. College enrollment shall drastically decrease for 5 years especially from 2017-2018 to 2019-2020. The situation shall only normalize in 2021-2022. To cushion its impact, the parent company formed another subsidiary (FEU High School, Incorporated) to offer and conduct enhanced basic education programs including junior and senior high school starting academic year 2016-2017. With EACCI also fully operating as an educational institution, the FEU group is confident that it shall be able to go through the K-12 adjustment period without too much difficulty.

11. Segment Reporting

I. BUSINESS LINE

(In Thousands)

			Real Estate							
2013 - 2014		Education		Rental		Sale of Properties		Investment		Total
Revenues	P	2,282,168	P	183,736	P	6,401	P	223,422	P	2,695,727
Costs and other operating expenses		1,557,323		64,258		-		7,939		1,629,520
Operating Income	P	724,845	P	119,478	P	6,401	P	215,483	P	1,066,207
Assets	P	3,122,937	P	2,306,682	P	195,071	P	2,740,788	P	8,365,478
Liabilities	P	1,510,012	P	10,044	P	-	P	-	P	1,520,056

II. GEOGRAPHICAL

(In Thousands)

2013 - 2014		Manila		Makati		Cavite		Total
Revenues	P	2,468,800	P	161,951	P	64,976	P	2,695,727
Costs and other operating expenses		1,549,172		(28,466)		(51,882)		1,629,520
Operating Income	P	919,628	P	133,485	P	13,094	P	1,066,207
Assets	P	8,245,543	P	65,546	P	54,389	P	8,365,478
Liabilities	P	1,504,104	P	9,049	P	6,903	P	1,520,056

III. RECONCILIATION OF SEGMENT FIGURES TO FINANCIAL STATEMENTS FIGURES

(In Thousands)

2013 - 2014		Segment Report		Reconciling Amount		Financial Statements
Revenues	P	2,695,727	P	247,535	P	2,448,192
Costs and other operating expenses		1,629,520		10,633		1,618,887
Operating Income	P	1,066,207	P	236,902	P	829,305
Assets	P	8,365,478	P	65,546	P	8,053,449
Liabilities	P	1,520,056	P	9,049	P	1,515,189

The reconciling figures are mainly due to the elimination of intersegment and/or intercompany accounts.

FAR EASTERN UNIVERSITY
SCHEDULE OF PROPERTY, PLANT & EQUIPMENT/INVESTMENT PROPERTY
SCHOOL YEAR 2013 - 2014

	Gross Book Value	Accumulated Depreciation	Net Book Value	Location	Condition
FAR EASTERN UNIVERSITY					
I. PROPERTY, PLANT & EQUIPMENT:					
			-		
L A N D	98,457,565.00	-	98,457,565.00	Manila	Very Good
L A N D - BILUSO, SILANG	41,434,567.00	-	41,434,567.00	Cavite	
	139,892,132.00		139,892,132.00		
BUILDINGS & LAND IMPROVEMENTS					
Technology	286,667,446.00	132,487,693.00	154,179,753.00	Manila	"
Alfredo Reyes Hall	121,131,348.00	52,809,960.00	68,321,388.00	"	"
Leasehold Improvement	383,313,959.00	78,770,876.00	304,543,083.00	"	"
Science Building	160,202,239.00	36,187,695.00	124,014,544.00	"	"
Arts Building	33,404,947.00	11,249,295.00	22,155,652.00	"	"
Nicanor Reyes Hall	194,501,195.00	17,530,318.00	176,970,877.00	"	"
GEC & Educational Hall	-	-	-	"	"
Grade school	-	-	-	"	"
LB to SB Covered Walk	617,737.00	617,737.00	-	"	"
Covered Passage	3,202,126.00	1,210,353.00	1,991,773.00	"	"
Perimeter Fence	715,360.00	689,729.00	25,631.00	"	"
Campus Pavilion	1,661,650.00	611,388.00	1,050,262.00	"	"
Pavilion 2 & Pergola	310,000.00	310,000.00	-	"	"
Electrical Rooms	296,196.00	296,196.00	-	"	"
Chapel	5,263,611.00	-	5,263,611.00	"	"
Others	9,992,679.00	2,829,140.00	7,163,539.00	"	"
Grandstand	1,562,113.00	345,471.00	1,216,642.00	"	"
FEU Makati Campus	166,986,490.00	29,369,038.00	137,617,452.00	Makati	"
	1,369,829,096.00	365,314,889.00	1,004,514,207.00		
CONSTRUCTION IN PROGRESS II	1,260,400.00	-	1,260,400.00	Manila	"
	1,260,400.00		1,260,400.00		
EQUIPMENTS					
Furnitures & Fixtures	54,868,180.00	30,284,232.00	24,583,948.00	Manila	"
Electrical & Mechanical	113,451,392.00	72,794,639.00	40,656,753.00	"	"
Information Technology	89,646,750.00	58,078,296.00	31,568,454.00	"	"
Transportation Equipment	34,669,915.00	23,453,235.00	11,216,680.00	"	"
Miscellaneous Fixed Assets	103,703,682.00	90,549,089.00	13,154,593.00	"	"
T o o l s	1,375,994.00	1,259,122.00	116,872.00	"	"
Museum Collection	9,065,199.00	-	9,065,199.00	"	"
Laboratory Equipment	24,333,803.00	2,270,951.00	22,062,852.00	"	"
Athletic & Sports Equipment	796,187.00	292,843.00	503,344.00	"	"
Musical Instrument	2,251,942.00	365,032.00	1,886,910.00	"	"
	434,163,044.00	279,347,439.00	154,815,605.00		"
TOTAL	1,945,144,672.00	644,662,328.00	1,300,482,344.00		

II. INVESTMENT PROPERTIES:					
LAND	53,394,726.00	-	53,394,726.00	Manila	Very Good
LAND - FILINVEST	1,053,292,737.00	-	1,053,292,737.00	Muntinglupa	"
	1,106,687,463.00		1,106,687,463.00		"
CONSTRUCTION IN PROGRESS I	5,702,187.00	-	5,702,187.00	Muntinglupa	
COLLEGE OF ENGINEERING BUILDING	243,831,472.00	121,758,417.00	122,073,055.00	Manila	"
FEU SILANG 1	204,550,000.00	17,669,375.00	186,880,625.00	Cavite	"
FEU SILANG 11	222,826,542.00	18,340,342.00	204,486,200.00	Cavite	"
	671,208,014.00	157,768,134.00	513,439,880.00		
TOTAL	1,783,597,664.00	157,768,134.00	1,625,829,530.00		
TOTAL - FEU	**3,728,742,336.00**	**802,430,462.00**	**2,926,311,874.00**		

FERN REALTY CORPORATION

INVESTMENT PROPERTY					
Land	459,399,933.00	-	459,399,933.00	Mla- Mkti-Cavite	"
Land Improvements	2,941,666.00	2,941,666.00	-	Mla- Mkti-Cavite	"
Building	184,664,352.00	65,677,683.00	118,986,669.00	Manila	"
Building Improvements	7,576,800.00	5,937,422.00	1,639,378.00	Various	"
Construction in Progress	84,926,803.00	-	84,926,803.00	Mkti -Taguig	"
TOTAL	**739,509,554.00**	**74,556,771.00**	**664,952,783.00**		

EAST ASIA COMPUTER CENTER, INC.

Construction in Progress	790,523,940.00	-	790,523,940.00	Manila	
Furnitures & Fixtures	1,212,330.00	-	1,212,330.00	Manila	newly acquired
Computer Equipment	1,225,900.00	-	1,225,900.00	Manila	newly acquired
TOTAL	**792,962,170.00**	-	**792,962,170.00**		

FEU CAVITE

Furnitures & Fixtures	6,198,209.00	2,990,936.00	3,207,273.00	Cavite	Very Good
Electrical & Mehanical	1,842,687.00	1,056,498.00	786,189.00	Cavite	"
Tools	25,815.00	9,854.00	15,961.00	Cavite	"
Instruments	4,231,353.00	2,253,953.00	1,977,400.00	Cavite	"
TOTAL	**12,298,064.00**	**6,311,241.00**	**5,986,823.00**		
GRAND TOTAL	**5,273,512,124.00**	**883,298,474.00**	**4,390,213,650.00**		

FEU owns Seventeen Thousand Nine Hundred Sixty-Seven (17,967) square meters of real properties with improvements in Nicanor Reyes Street, Sampaloc, Manila, wherein its main campus is situated.

The principal properties which include buildings, land improvements and equipments are as follows:

	Gross Book Value	Accumulated Depreciation	Net Book Value	Location	Condition
FAR EASTERN UNIVERSITY					
I. PROPERTY, PLANT & EQUIPMENT:					
L A N D	98,457,565.00	-	98,457,565.00	Manila	Very Good
LAND - BILUSO, SILANG	41,434,567.00	-	41,434,567.00	Cavite	"
	139,892,132.00		139,892,132.00		
BUILDINGS & LAND IMPROVEMENTS					
Technology	286,667,446.00	132,487,693.00	154,179,753.00	Manila	"
Alfredo Reyes Hall	121,131,348.00	52,809,960.00	68,321,388.00	"	"
Leasehold Improvement	383,313,959.00	78,770,876.00	304,543,083.00	"	"
Science Building	160,202,239.00	36,187,695.00	124,014,544.00	"	"
Arts Building	33,404,947.00	11,249,295.00	22,155,652.00	"	"
Nicanor Reyes Hall	194,501,195.00	17,530,318.00	176,970,877.00	"	"
GEC & Educational Hall	-	-	-	"	"
Grade School	-	-	-	"	"
S B Covered Walk	617,737.00	617,737.00	-	"	"
Covered Passage	3,202,126.00	1,210,353.00	1,991,773.00	"	"
Perimeter Fence	715,360.00	689,729.00	25,631.00	"	"
Campus Pavilion	1,661,650.00	611,388.00	1,050,262.00	"	"
Pavilion 2 & Pergola	310,000.00	310,000.00	-	"	"
Electrical Rooms	296,196.00	296,196.00	-	"	"
Chapel	5,263,611.00	-	5,263,611.00	"	"
Others	9,992,679.00	2,829,140.00	7,163,539.00	"	"
Grandstand	1,562,113.00	345,471.00	1,216,642.00	"	"
FEU Makati Campus	166,986,490.00	29,369,038.00	137,617,452.00	Makati	"
	1,369,829,096.00	365,314,889.00	1,004,514,207.00		
CONSTRUCTION IN PROGRESS II	1,260,400.00	-	1,260,400.00	Manila	"
	1,260,400.00		1,260,400.00		
EQUIPMENTS					
Furnitures & Fixtures	54,868,180.00	30,284,232.00	24,583,948.00	Manila	"
Electrical & Mechanical	113,451,392.00	72,794,639.00	40,656,753.00	"	"
Information Technology	89,646,750.00	58,078,296.00	31,568,454.00	"	"
Transportation Equipment	34,669,915.00	23,453,235.00	11,216,680.00	"	"
Miscellaneous Fixed Assets	103,703,682.00	90,549,089.00	13,154,593.00	"	"
T o o l s	1,375,994.00	1,259,122.00	116,872.00	"	"
Museum Collection	9,065,199.00	-	9,065,199.00	"	"
Laboratory Equipment	24,333,803.00	2,270,951.00	22,062,852.00	"	"
Athletic & Sports Equipment	796,187.00	292,843.00	503,344.00	"	"
Musical Instrument	2,251,942.00	365,032.00	1,886,910.00	"	"
	434,163,044.00	279,347,439.00	154,815,605.00		
TOTAL	1,945,144,672.00	644,662,328.00	1,300,482,344.00		
II. INVESTMENT PROPERTY:					
LAND	53,394,726.00	-	53,394,726.00	Manila	"
LAND - FILINVEST	1,053,292,737.00	-	1,053,292,737.00	Muntinglupa	"
	1,106,687,463.00		1,106,687,463.00		

CONSTRUCTION IN PROGRESS I	5,702,187.00	-	5,702,187.00	Muntinglupa	"
COLLEGE OF ENGINEERING BUILDING	243,831,472.00	121,758,417.00	122,073,055.00	Manila	"
FEU SILANG 1	204,550,000.00	17,669,375.00	186,880,625.00	Cavite	"
FEU SILANG 11	222,826,542.00	18,340,342.00	204,486,200.00	Cavite	"
	671,208,014.00	157,768,134.00	513,439,880.00		
TOTAL	1,783,597,664.00	157,768,134.00	1,625,829,530.00		
TOTAL - FEU	**3,728,742,336.00**	**802,430,462.00**	**2,926,311,874.00**		

The above-mentioned properties are not mortgaged, encumbered, or under any lien.

FERN REALTY CORPORATION

INVESTMENT PROPERTY

Land	459,399,933.00	-	459,399,933.00	Mla- Mkti-Cavite	"
Land Improvements	2,941,666.00	2,941,666.00	-	Mla- Mkti-Cavite	"
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Computer Equipment	1,225,900.00	-	1,225,900.00	Manila	newly acquired
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TOTAL	**12,298,064.00**	**6,311,241.00**	**5,986,823.00**		
GRAND TOTAL	**5,273,512,124.00**	**883,298,474.00**	**4,390,213,650.00**		

PROPERTIES LEASED BY THE CORPORATION FROM FERN REALTY, INC.

		ANNUAL RENTAL (12 MONTHS)	CONTRACT DATE
Education Building - an eight (8) storey building made of concrete located at Nicanor Reyes St., Manila Nursing Building - an eight (8) storey building made of concrete located at Nicanor Reyes St., Manila Law Building - a four (4) storey building made of concrete located at Nicanor Reyes St., Manila Administration Building - a four (4) storey building made of concrete located at Nicanor Reyes St., Manila	P	**53,815,767.32 plus applicable VAT**	**July 1, 2013 to June 30, 2014**
Gymnasium - a two (2) storey building made of concrete located on R. Papa St., Manila		**7,778,580.00 plus applicable VAT**	**April 1, 2013 to March 31, 2014**
Athletes' Quarter, additional space - Ground Floor (234.44 sq.m.), of a five (5) storey building made of concrete located at P. Paredes cor S.H. Loyola St., Sampaloc, Manila		**562,656.00 plus applicable VAT**	**April 4, 2013 to April 3, 2014**
Athletes' Quarter, portion of the 2nd Floor (790 sq.m.), of a five (5) storey building made of concrete located at P. Paredes cor S.H. Loyola St., Sampaloc, Manila		**2,304,599.85 plus applicable VAT**	**December 1, 2013 to December 1, 2014**
FEU Makati Branch - (1) parcel of land (2,186 sq.m.) located at Makati Central Business District bounded by Sen. Gil Puyat Avenue, Malugay Street, Manila and Geronimo Street, Makati City		**7,377,750.00 plus applicable VAT**	**December 1, 2013 to November 30, 2014**
FEU FERN Bookstore - a portion of Ground Floor (48 sq.m.) of a five (5) storey building made of concrete Sampaguita Avenue, Barangay Pasong Tamo, Quezon City.		**86,400.00 plus applicable VAT**	**February 11, 2013 to January 10, 2015**
Computer Laboratory - a portion of ground floor (292.74 sq.m.) Nursing Building made of concrete located at Nicanor Reyes St., Manila		**1,936,475.10 plus applicable VAT**	**June 1, 2013 to May 31, 2014**

The lease contract shall not be deemed extended by implication beyond the contract period for any cause or reason whatsoever, but only by negotiation and written agreement of the **LESSOR** and the **LESSEE**.

PROPERTY LEASED BY EAST ASIA FROM FEU, INC.

FEU EAC Main Building and FEU-EAC Annex Building located at Nicanor Reyes St., Manila 7,553.62 sq.M.	**29,912,335.00** **plus applicable VAT**	**October, 1, 2013 to April 30, 2014**
4th - 8th floors and Rooms 906, 907, 908 of 9th floor of the Technology Building located at Nicanor Reyes St., Manila 7,280.43 sq.m.	**28,830,503.00** **plus applicable VAT**	**October, 1, 2013 to April 30, 2014**

PROPERTY LEASED BY FEU CAVITE FROM FEU, INC.

Two concrete buildings located at FEU-Silang, Cavite	**600,000.00** **plus applicable VAT**	**August 1, 2012 to July 31, 2022**

6. Corporate Governance

- The University's compliance with SEC Memorandum Circular No. 2 dated April 5, 2002, as well as all relevant circulars on Corporate Governance has been monitored.

- FAR EASTERN UNIVERSITY, its trustees, officers and employees complied with the leading practices and principles on good corporate governance as embodied in the company's Manual;

- FAR EASTERN UNIVERSITY also complied with the appropriate performance self-rating assessment and performance evaluation system to determine and measure compliance with the Manual. The corporation's evaluation system was approved by the Board of Trustees at its meeting on March 16, 2004;

- All members of the Board of Trustees as well as Senior Management officers completed and were duly certified to have attended a special seminar on Corporate Governance conducted by an entity accredited by the Securities and Exchange Commission.

- In November 2011, the university participated in the Corporate Governance Survey using the Corporate Governance Scorecard prepared by the Institute of Corporate Directors.

- Far Eastern University submitted its Revised Manual on Corporate Governance to the Securities and Exchange Commission on February 16, 2011.

- Far Eastern University (FEU) submitted the hard copy of its Annual Corporate Governance Report (ACGR) to the Securities and Exchange Commission (SEC) on July 1, 2013. Likewise, FEU sent an electronic copy of the said report to the Philippine Stock Exchange (PSE) on the same date. Posted the updated ACGR in FEU's website on May 31, 2014.

FAR EASTERN UNIVERSITY

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1008
www.feu.edu.ph

NOTICE OF UNDERTAKING

The management of Far Eastern University agrees to distribute copies of FEU's Financial Statement for the quarter ending June 30, 2014 to all attendees during the forthcoming annual stockholders meeting to be held on August 23, 2014.

JUAN MIGUEL R. MONTINOLA
Chief Finance Officer

INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES

FAR EASTERN UNIVERSITY

P.O. BOX 609

MANILA, PHILIPPINES

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **The Far Eastern University, Inc.** (the Company), is responsible for the preparation and fair presentation of the financial statements for the years ended March 31, 2014 and 2013, in accordance with Philippine Financial Reporting Standards (PFRS), including the following additional supplemental information filed separately from the basic financial statements:

a. Supplementary Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68
b. Reconciliation of Retained Earnings Available for Dividend Declaration
c. Schedule of PFRS Effective as of March 31, 2014
d. Schedule of Financial Indicators for March 31, 2014 and 2013
e. Map Showing the Relationship Between and Among the Company and its Related Entities

Management responsibility on the financial statements includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Trustees reviews and approves the financial statements, and the additional supplementary information, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has examined the financial statements of the Company in accordance with Philippine Standards on Auditing and, and in its report to the Board of Trustees and stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

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

MICHAEL M. ALBA
President and Chief
Operating Officer

JUAN MIGUEL R. MONTINOLA
Chief Finance Officer

SUBSRIBED AND SWORN to before me this 4th day of June 2014, affiants exhibiting their Tax Identification Numbers as follows:

Name	TIN	Place Issued
Aurelio R. Montinola III	135-558-086	Philippines
Michael M. Alba	157-483-273	Philippines
Juan Miguel R. Montinola	115-203-243	Philippines

BUREAU OF INTERNAL REVENUE
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LARGE TAXPAYERS ASSISTANCE DIVISION I
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NOTARY PUBLIC

Doc. No. 170
Page No. 35
Book No. X
Series of 2014.

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Financial Statements and
Independent Auditors' Report

The Far Eastern University, Incorporated

March 31, 2014, 2013 and 2012

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Report of Independent Auditors

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The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 988 2288
F +63 2 886 5506
www.punongbayan-araullo.com

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Far Eastern University, Incorporated, which comprise the statements of financial position as at March 31, 2014, 2013 and 2012, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

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LARGE TAXPAYERS ASSISTANCE DIVISION I
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Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Far Eastern University, Incorporated as at March 31, 2014, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Report on 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 March 31, 2014 required by the Bureau of Internal Revenue as disclosed in Note 28 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 Philippine Financial Reporting Standards. 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.

PUNONGBAYAN & ARAULLO

By: Christopher M. Ferareza
Partner

CPA Reg. No. 0097462
TIN 184-595-975
PTR No. 4222743, January 2, 2014, Makati City
SEC Group A Accreditation
Partner - No. 1185-A (until Jan. 18, 2015)
Firm - No. 0002-FR-3 (until Jan. 18, 2015)
BIR AN 08-002511-34-2011 (until Sept. 21, 2014)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

June 17, 2014

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THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

	Notes	2014	2013	2012
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	7	P 215,797,069	P 195,608,838	P 421,846,871
Receivables - net	8	304,492,740	327,223,560	758,811,847
Financial asset at fair value through profit or loss	9	-	18,629,900	-
Available-for-sale financial assets	10	1,765,336,184	1,652,448,209	1,482,655,331
Other current assets - net	11	125,300,134	358,070,792	160,087,595
Total Current Assets		2,410,926,127	2,551,981,299	2,823,401,644
NON-CURRENT ASSETS				
Available-for-sale financial assets	10	543,627,512	367,039,668	335,300,863
Investments in subsidiaries, associate and joint venture - net	12	277,313,364	187,313,364	147,313,489
Investment properties - net	13	1,625,829,530	1,586,241,963	163,711,490
Property and equipment - net	14	1,339,032,992	1,123,615,852	932,925,048
Due from a related party	23	-	-	114,610,613
Refundable deposits		3,929,796	3,929,796	3,929,796
Deferred tax assets - net	22	3,356,317	8,747,720	9,424,385
Total Non-current Assets		3,793,089,511	3,276,888,363	1,707,215,684
TOTAL ASSETS		P 6,204,015,638	P 5,828,869,662	P 4,530,617,328
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	15	P 465,051,393	P 424,007,788	P 413,256,501
Derivative liability	9	14,433,500	-	1,145,972
Unearned tuition fees	17	11,302,985	-	31,922,493
Income tax payable		6,600,139	10,204,672	41,982,049
Total Current Liabilities		497,388,017	434,212,460	488,307,015
NON-CURRENT LIABILITY				
Interest-bearing loan	16	800,000,000	800,000,000	-
Total Liabilities		1,297,388,017	1,234,212,460	488,307,015
EQUITY				
Capital stock	24	1,376,863,400	1,376,863,400	1,376,863,400
Treasury stock - at cost	24	(3,733,100)	(3,733,100)	(3,733,100)
Revaluation reserves	10	41,973,971	179,511,293	83,549,498
Retained earnings	24	3,491,523,350	3,042,015,609	2,585,630,515
Total Equity		4,906,627,621	4,594,657,202	4,042,310,313
TOTAL LIABILITIES AND EQUITY		P 6,204,015,638	P 5,828,869,662	P 4,530,617,328

See Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
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THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

	Notes	2014	2013	2012
EDUCATIONAL REVENUES	17			
Tuition fees - net		**P 2,166,519,015**	P 2,108,685,663	P 2,006,269,518
Other school fees		**51,253,152**	46,911,603	35,545,655
		2,217,772,167	2,155,597,266	2,041,815,173
OPERATING EXPENSES	18	**1,609,907,452**	1,567,116,134	1,548,671,581
OPERATING PROFIT		**607,864,715**	588,481,132	493,143,592
OTHER INCOME (CHARGES)				
Finance income	19	**217,230,838**	246,168,491	224,891,416
Rental	13	**71,997,999**	66,588,796	63,630,627
Management fees	23	**55,358,978**	55,358,978	47,857,409
Finance costs	19	**(34,306,448)**	(94,671,458)	(27,767,089)
Miscellaneous - net	20	**14,726,197**	40,894,320	8,340,883
		325,007,564	314,339,127	316,953,246
PFOFIT BEFORE TAX		**932,872,279**	902,820,259	810,096,838
TAX EXPENSE	22	**112,619,357**	116,883,893	97,085,446
NET PROFIT		**820,252,922**	785,936,366	713,011,392
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will be reclassified subsequently to profit or loss				
Fair value gains (losses) on available-for-sale financial assets - net of tax	10			
Gains during the year		**44,492,889**	126,382,100	93,025,498
Fair value gains reclassified to profit or loss		**(182,030,211)**	(30,420,305)	(30,126,845)
		(137,537,322)	95,961,795	62,898,653
TOTAL COMPREHENSIVE INCOME		**P 682,715,600**	P 881,898,161	P 775,910,045
Earnings Per Share				
Basic and Diluted	25	**P 59.74**	P 57.24	P 51.93

See Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
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THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

	Notes	Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Retained Earnings Appropriated	Retained Earnings Unappropriated	Retained Earnings Total	Total Equity
Balance at April 1, 2013		P 1,376,863,400	(P 3,733,100)	P 179,511,293	P 1,628,733,100	P 1,413,282,509	P 3,042,015,609	P 4,594,657,202
Transactions with owners								
Appropriations for the year	24	-	-	-	432,500,000	(432,500,000)	-	-
Reversal of appropriations during the year	24	-	-	-	(5,800,000)	5,800,000	-	-
Cash dividends	24	-	-	-	-	(370,745,181)	(370,745,181)	(370,745,181)
		-	-	-	426,700,000	(797,445,181)	(370,745,181)	(370,745,181)
Total comprehensive income (loss)								
Net profit for the year		-	-	-	-	820,252,922	820,252,922	820,252,922
Other comprehensive loss	10	-	-	(137,537,322)	-	-	-	(137,537,322)
		-	-	(137,537,322)	-	820,252,922	820,252,922	682,715,600
Balance at March 31, 2014		**P 1,376,863,400**	**(P 3,733,100)**	**P 41,973,971**	**P 2,055,433,100**	**P 1,436,090,250**	**P 3,491,523,350**	**P 4,906,627,621**
Balance at April 1, 2012		P 1,376,863,400	(P 3,733,100)	P 83,549,498	P 1,718,503,100	P 867,127,415	P 2,585,630,515	P 4,042,310,313
Transactions with owners								
Appropriations for the year	24	-	-	-	120,230,000	(120,230,000)	-	-
Reversal of appropriations during the year	24	-	-	-	(210,000,000)	210,000,000	-	-
Cash dividends	24	-	-	-	-	(329,551,272)	(329,551,272)	(329,551,272)
		-	-	-	(89,770,000)	(239,781,272)	(329,551,272)	(329,551,272)
Total comprehensive income								
Net profit for the year		-	-	-	-	785,936,366	785,936,366	785,936,366
Other comprehensive income	10	-	-	95,961,795	-	-	-	95,961,795
		-	-	95,961,795	-	785,936,366	785,936,366	881,898,161
Balance at March 31, 2013		P 1,376,863,400	(P 3,733,100)	P 179,511,293	P 1,628,733,100	P 1,413,282,509	P 3,042,015,609	P 4,594,657,202

See Notes to Financial Statements.

	Notes	Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Retained Earnings Appropriated	Retained Earnings Unappropriated	Retained Earnings Total	Total Equity
Balance at April 1, 2011		P 984,577,900	(P 3,733,100)	P 20,650,845	P 1,853,733,100	P 723,126,299	P 2,576,859,399	P 3,578,355,044
Transactions with owners								
Appropriations for the year	24	-	-	-	1,599,770,000	(1,599,770,000)	-	-
Reversal of appropriations during the year	24	-	-	-	(1,735,000,000)	1,735,000,000	-	-
Stock dividends	24	392,285,500	-	-	-	(392,285,500)	(392,285,500)	-
Cash dividends	24	-	-	-	-	(311,954,776)	(311,954,776)	(311,954,776)
		392,285,500	-	-	(135,230,000)	(569,010,276)	(704,240,276)	(311,954,776)
Total comprehensive income								
Net profit for the year		-	-	-	-	713,011,392	713,011,392	713,011,392
Other comprehensive income	10	-	-	62,898,653	-	-	-	62,898,653
		-	-	62,898,653	-	713,011,392	713,011,392	775,910,045
Balance at March 31, 2012		P 1,376,863,400	(P 3,733,100)	P 83,549,498	P 1,718,503,100	P 867,127,415	P 2,585,630,515	P 4,042,310,313

See Notes to Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

	Notes	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 932,872,279	P 902,820,259	P 810,096,838
Adjustments for:				
Interest income	19	(120,124,411)	(170,721,965)	(161,492,068)
Depreciation and amortization	18	133,536,586	98,965,895	98,466,077
Other investment income from AFS financial assets	19	(78,677,681)	(56,816,626)	(63,399,348)
Impairment loss on trade receivables	8, 18	38,946,542	50,312,208	46,700,571
Fair value loss (gain) on financial asset at fair value through profit or loss	19	33,063,400	(18,629,900)	9,602,353
Unrealized foreign exchange loss (gain)	19	(18,515,409)	10,723,000	12,611,015
Impairment loss on receivables from related parties	8, 19	954,264	83,905,727	-
Impairment loss on investments in a joint venture	20	-	6,250,000	-
Interest expense	19	288,784	-	5,559,202
Operating profit before working capital changes		922,344,354	906,808,598	758,144,640
Increase in receivables		(17,169,986)	(318,050,058)	(112,466,378)
Decrease (increase) in other assets		226,130,231	(338,849,349)	(131,289,303)
Increase (decrease) in trade and other payables		20,231,518	(7,857,874)	42,203,611
Increase (decrease) in unearned tuition fees		11,302,985	(31,922,493)	(20,772,083)
Cash generated from operations		1,162,839,102	210,128,824	535,820,487
Interest received		1,434,761	23,330,090	16,408,294
Income taxes paid		(98,760,097)	(137,352,061)	(104,990,067)
Net Cash From Operating Activities		1,065,513,766	96,106,853	447,238,714
CASH FLOWS FROM INVESTING ACTIVITIES				
Net disposal (acquisitions) of available-for-sale financial assets	10	(408,584,395)	227,042,858	(201,967,624)
Acquisitions of property and equipment	14	(329,369,759)	(264,494,072)	(179,018,007)
Interest received		191,935,367	204,208,501	208,483,122
Additional investments in subsidiaries, associate and joint venture	12	(90,000,000)	(46,249,875)	(19,604,637)
Interest paid	10, 16	(31,025,840)	(7,579,000)	(5,559,202)
Acquisitions of investment properties	13	(28,434,478)	(1,440,114,100)	-
Collection of advances to a related party	23	-	465,156,538	64,028,118
Collection of loans receivable	8	-	55,200,000	92,500,000
Advances made to related parties	23	-	(3,470,384)	(17,926,507)
Net Cash Used in Investing Activities		(695,479,105)	(810,299,534)	(59,064,737)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	24	(349,933,094)	(312,088,083)	(308,833,696)
Proceeds from interest-bearing loan	16	-	800,000,000	-
Net Cash From (Used in) Financing Activities		(349,933,094)	487,911,917	(308,833,696)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		86,664	42,731	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		20,188,231	(226,238,033)	79,340,281
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		195,608,838	421,846,871	342,506,590
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 215,797,069	P 195,608,838	P 421,846,871

Supplemental Information on Noncash Operating, Investing and Financing Activities:

1) In 2014, 2013 and 2012, the University declared cash dividends totaling P370.7 million, P329.6 million and P312.0 million, respectively, of which P20.8 million, P17.5 million and P3.1 million, respectively, were unpaid in the year of declaration (see Note 24).

2) In 2014 and 2013, the University paid interest on its interest-bearing loans amounting to P30.74 million and P7.58 million, respectively, which was capitalized as part of its Investment Properties (see Note 13).

3) In 2014, certain building and improvements amounting to P12.9 million was reclassified from Property and Equipment to Investment Property (see Notes 13 and 14).

4) In 2013, the University subscribed to additional shares of East Asia Computer College, Inc. amounting to P40.0 million, P7.5 million of which was settled through offsetting of advances (see Notes 12 and 23).

5) In 2012, the University declared and issued stock dividend of P392.3 million (see Note 24).

6) In 2012, the University subscribed to additional 260,000 shares from the unissued capital stock of Far Eastern College-Silang, Inc.'s (FECSI) for a total consideration of P26.0 million, P6.4 million of which was settled through offsetting of advances (see Notes 12 and 23).

THE FAR EASTERN UNIVERSITY, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

The Far Eastern University, Incorporated (the University or FEU) is a domestic educational institution founded in June 1928 and was registered and incorporated with the Securities and Exchange Commission (SEC) on October 27, 1933. On October 27, 1983, the University extended its corporate life to another 50 years. The University became a listed corporation in the Philippine Stock Exchange on July 11, 1986.

The University is a private, non-sectarian institution of learning comprising the following different institutes that offer specific courses, namely, Institute of Arts and Sciences; Institute of Accounts, Business and Finance; Institute of Education; Institute of Architecture and Fine Arts; Institute of Nursing; Institute of Tourism and Hotel Management and Institute of Law.

Several programs of FEU, such as Liberal Arts, Commerce and Education, are accredited by the Philippine Association of Colleges and Universities Commission on Accreditation.

The registered office address and principal place of business of the University is located at Nicanor Reyes, Sr. Street, Sampaloc, Manila.

The financial statements of the University for the year ended March 31, 2014 (including the comparatives for the years ended March 31, 2013 and 2012) were authorized for issue by the Board of Trustees (BOT) on June 17, 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the University have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council from the pronouncements issued by the International Accounting Standards Board (IASB).

The 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.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The University presents all items of income and expense in a single statement of comprehensive income.

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.

(c) Functional and Presentation Currency

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.

2.2 Adoption of New and Amended PFRS

(a) Effective in Fiscal Year 2014 that are Relevant to the University

In 2014, the University adopted the following new PFRS, revisions, amendments to PFRS and interpretations that are relevant to the University and effective for financial statements for the annual period beginning on or after July 1, 2012 or January 1, 2013:

PAS 1 (Amendment)	:	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
PAS 19 (Revised)	:	Employee Benefits
PFRS 7 (Amendment)	:	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
PFRS 10	:	Consolidated Financial Statements
PFRS 11	:	Joint Arrangements
PRFS 12	:	Disclosure of Interests in Other Entities
PAS 27 (Revised)	:	Separate Financial Statements
PAS 28 (Revised)	:	Investments in Associates and Joint Ventures
PFRS 10, 11 and 12 (Amendments)	:	Amendments to PFRS 10, 11 and 12 – Transition Guidance to PFRS 10, 11 and 12
PFRS 13	:	Fair Value Measurement
Annual Improvements	:	Annual Improvements to PFRS (2009-2011 Cycle)

Discussed below is the relevant information about these new, revised and amended standards.

(i) PAS 1 (Amendment), *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in other comprehensive income into those that, in accordance with other PFRS: (a) will not be reclassified subsequently to profit or loss, and, (b) will be reclassified subsequently to profit or loss when specific conditions are met. The amendment has been applied retrospectively, hence, the presentation of other comprehensive income has been modified to reflect the changes.

(ii) PAS 19 (Revised), *Employee Benefits* (effective from January 1, 2013). This revised standard made a number of changes to the accounting for employee benefits. The most significant changes relate to defined benefit plans as follows:

- eliminates the corridor approach and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;

- changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit liability or asset; and,

- enhances disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

The revised standard has an impact on the University's financial statements in so far as to the extent of disclosures of the University's defined contribution plan accounted for as a defined benefit plan in relation to the minimum guarantee prescribed by the Republic Act No. 7641, *The Philippine Retirement Law* (RA 7641), based on the interpretations issued by the Philippine Interpretations Committee (PIC) in its Question and Answers on PAS 19 – *Accounting for Employee Benefits Under a Defined Benefit Contribution Plan Subject to Requirements of RA 7641* (see Notes 2.15). Because the management determined that the impact of the adoption of this interpretation by the PIC is not material to the financial statements; the University only enhanced its disclosures in its financial statements (see Note 21).

(iii) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Offsetting of Financial Assets and Financial Liabilities* (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation*. The amendment also requires disclosure of information about recognized financial instruments which are subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32 and amounts related to a financial collateral. These disclosures allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and financial liabilities on the entity's statement of financial position. The details and outstanding balances of financial assets and financial liabilities that are subject to offsetting are disclosed in Note 5.2.

(iv) Consolidation, Joint Arrangements, Associates and Disclosures

This package of consolidation, joint arrangements, associates and disclosures standards comprise of PFRS 10, *Consolidated Financial Statements*, PFRS 11, *Joint Arrangements*, PFRS 12, *Disclosure of Interests in Other Entities*, PAS 27 (revised 2011), *Separate Financial Statements* and PAS 28 (revised 2011), *Investments in Associates and Joint Ventures*.

- PFRS 10 changes the definition of control focusing on three elements which determine whether the investor has control over the investee such as the: (a) power over the investee; (b) exposure or rights to variable returns from involvement with the investee; and, (c) ability to use such power to affect the returns. This standard also provides additional guidance to assist in determining control when it is difficult to assess, particularly in situations where an investor that owns less than 50% of the voting rights in an investee may demonstrate control to the latter.

- PFRS 11 deals with how a joint arrangement is classified and accounted for based on the rights and obligations of the parties to the joint arrangement by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. The option of using proportionate consolidation for arrangement classified as jointly controlled entities under the previous standard has been eliminated. This new standard now requires the use of equity method in accounting for arrangement classified as joint venture.

- PFRS 12 integrates and makes consistent the disclosure requirements for entities that have interest in subsidiaries, joint arrangements, associates, special purpose entities and unconsolidated structured entities. In general, this requires more extensive disclosures about the risks to which an entity is exposed to its involvement with structured entities.

- PAS 27 (Revised) deals with the requirements pertaining solely to separate financial statements after the relevant discussions on control and consolidated financial statements have been transferred and included in PFRS 10, while PAS 28 (Revised) includes the requirements for joint ventures, as well as for associates, to be accounted for using the equity method following the issuance of PFRS 11.

Subsequent to the issuance of these new standards and revisions and amendments to PFRS 10, PFRS 11 and PFRS 12 were issued to clarify certain transitional guidance for the first-time application of the standards. The guidance clarifies that an entity is not required to apply PFRS 10 retrospectively in certain circumstances and clarifies the requirements to present adjusted comparatives. The guidance also made changes to PFRS 10 and PFRS 12 which provide similar relief from the presentation or adjustment of comparative information for periods prior to the immediately preceding period. Further, it provides relief by removing the requirement to present comparatives for disclosures relating to unconsolidated structured entities for any period before the first annual period for which PFRS 12 is applied.

The University has evaluated the various facts and circumstances related to its interests in other entities and it has determined that the adoption of the foregoing standards, revisions and amendments had no material impact on the amounts recognized in the financial statements. Additional information, however, are disclosed in compliance with the requirements of PAS 27 (Revised) with respect to principal place of business and incorporation of the significant subsidiaries and associates (see Note 12).

(v) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This new standard clarifies the definition of fair value and provides guidance and enhanced disclosures about fair value measurements. The requirements under this standard do not extend the use of fair value accounting but provide guidance on how it should be applied to both financial instrument items and non-financial items for which other PFRS require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances. This new standard applies prospectively from annual period beginning January 1, 2013, hence, disclosure requirements need not be presented in the comparative information in the first year of application.

Other than the additional disclosures presented in Notes 6, the application of this new standard had no significant impact on the amounts recognized in the financial statements.

(vi) 2009 – 2011 Annual Improvements to PFRS. Annual Improvement to PFRS (2009-2011 Cycle) made minor amendments to a number of PFRS. Among those improvements, the following are relevant to the University:

(a) PAS 1 (Amendment), *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information.* The amendment clarifies that a statement of financial position as at the beginning of the preceding period (third statement of financial position) is required when an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the third statement of financial position. The amendment specifies that other than disclosure of certain specified information in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, related notes to the third statement of financial position are not required to be presented.

This amendment had no impact on the University's financial statements since the University presents three statements of financial position and related period statements irrespective whether it applied an accounting policy retrospectively or makes a retrospective restatement or reclassification of any item in the financial statements.

(b) PAS 16 (Amendment), *Property, Plant and Equipment – Classification of Servicing Equipment.* The amendment addresses a perceived inconsistency in the classification requirements for servicing equipment which resulted in classifying servicing equipment as part of inventory when it is used for more than one period. It clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognized as property, plant and equipment when they meet the definition of property, plant and equipment, otherwise, these are classified as inventory. This amendment had no impact on the University's financial statements since it has been recognizing those servicing equipment in accordance with the recognition criteria under PAS 16.

(c) PAS 32 (Amendment), *Financial Instruments: Presentation – Tax Effect of Distributions to Holders of Equity Instruments*. The amendment clarifies that the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with PAS 12, *Income Taxes*. Accordingly, income tax relating to distributions to holders of an equity instrument is recognized in profit or loss while income tax related to the transaction costs of an equity transaction is recognized in equity. This amendment had no effect on the University's financial statements as it has been recognizing the effect of distributions to holders of equity instruments and transaction costs of an equity transaction in accordance with PAS 12.

(d) PAS 34 (Amendment), *Interim Financial Reporting and Segment Information for Total Assets and Liabilities* (effective from January 1, 2013). This standard clarifies the requirements on segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in paragraph 23 of PFRS 8, *Operating Segments*. It also clarifies that the total assets and liabilities for a particular reportable segment are required to be disclosed if, and only if: (a) a measure of total assets or of total liabilities (or both) is regularly provided to the chief operating decision maker; and, (b) there has been a material change from those measures disclosed in the last annual financial statements for that reportable segment. This amendment does not have a significant impact on the University's financial statements as the University discloses segment assets and liabilities consistent with the information regularly provided to its chief operating decision maker.

(b) Effective in Fiscal Year 2014 that are not Relevant to the University

The following amendments, annual improvements and interpretation to PFRS are mandatory for accounting periods beginning on or after January 1, 2013 but are not relevant to the University's financial statements:

PFRS 1 (Amendment)	:	First-time Adoption of PFRS – Government Loans
Annual Improvement PFRS 1 (Amendment)	:	First-time Adoption of PFRS – Repeated Application of PFRS 1 and Borrowing Cost
Philippine Interpretation International Financial Reporting Interpretation Committee 20	:	Stripping Costs in the Production Phase of a Surface Mine

(c) Effective Subsequent to Fiscal Year 2014 but not Adopted Early

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to fiscal year March 2014. Management has initially determined the following pronouncements, which the University will apply in accordance with their transitional provisions, to be relevant to its financial statements:

(i) PAS 19 (Amendment), *Employee Benefits*: *Defined Benefit Plans – Employee Contributions* (effective from January 1, 2014). The amendment clarifies that if the amount of the contributions from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan's contribution formula or on a straight-line basis) for the gross benefit. Management is currently assessing the impact of the amendment on the University's financial statements.

(ii) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to be legally enforceable, in the normal course of business; in the event of default, and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies the principle behind net settlement and provided characteristics of a gross settlement system that would satisfy the criterion for net settlement. The University does not expect this amendment to have a significant impact on its financial statements.

(iii) PAS 36 (Amendment), *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets* (effective from January 1, 2014). The amendment clarifies that the requirements for the disclosure of information about the recoverable amount of assets or cash-generating units is limited only to the recoverable amount of impaired assets that is based on fair value less cost of disposal. It also introduces an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount based on fair value less cost of disposal is determined using a present value technique. Management will reflect in its subsequent years' financial statements the changes arising from this relief on disclosure requirements, if the impact of the amendment will be applicable.

(iv) PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting* (effective from January 1, 2014). The amendment provides some relief from the requirements on hedge accounting by allowing entities to continue the use of hedge accounting when a derivative is novated to a clearing counterparty resulting in termination or expiration of the original hedging instrument as a consequence of laws and regulations, or the introduction thereof. The management is currently assessing the impact of this amendment on the University's financial statements.

(v) PFRS 9, *Financial Instruments: Classification and Measurement*. This is the first part of a new standard on financial instruments that will replace PAS 39, *Financial Instruments: Recognition and Measurement*, in its entirety. The first phase of the standard was issued on November 2009 and October 2010 and contains new requirements and guidance for the classification, measurement and recognition of financial assets and financial liabilities. It requires financial assets to be classified into two measurement categories: amortized cost or fair value. Debt instruments that are held within a business model whose objective is to collect the contractual cash flows that represent solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. All other debt instruments and equity instruments are measured at fair value. In addition, PFRS 9 allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to the liability's credit risk is recognized in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

In November 2013, the IASB has published amendments to International Financial Reporting Standard (IFRS) 9 that contain new chapter and model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures. The amendment also now requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather in profit or loss. It also includes the removal of the January 1, 2015 mandatory effective date of IFRS 9.

To date, the remaining chapter of IFRS/PFRS 9 dealing with impairment methodology is still being completed. Further, the IASB is currently discussing some limited modifications to address certain application issues regarding classification of financial assets and to provide other considerations in determining business model.

The University does not expect to implement and adopt PFRS 9 until its effective date. In addition, management is currently assessing the impact of PFRS 9 on the financial statements of the University and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(vi) PFRS 10, 12 and PAS 27 (Amendments) – *Investment Entities* (effective from January 1, 2014). The amendments define the term "investment entities," provide supporting guidance, and require investment entities to measure investments in the form of controlling interest in another entity, at fair value through profit or loss.

Management does not anticipate these amendments to have an impact on the University's financial statements.

(vii) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after July 1, 2014. Among those improvements, the following amendments are relevant to the University but management does not expect a material impact on the University's financial statements:

Annual Improvements to PFRS (2010-2012 Cycle)

- PAS 16 (Amendment), *Property, Plant and Equipment* and PAS 38 (Amendment), *Intangible Assets*. The amendments clarify that when an item of property, plant and equipment, and intangible assets is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.

- PAS 24 (Amendment), *Related Party Disclosures*. The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also requires and clarifies that the information required to be disclosed in the financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and not the amounts of compensation paid or payable by the key management entity to its employees or directors.

- PFRS 13 (Amendment), *Fair Value Measurement*. The amendment, through a revision only in the basis of conclusion of PFRS 13, clarifies that issuing PFRS 13 and amending certain provisions of PFRS 9 and PAS 39 related to discounting of financial instruments, did not remove the ability to measure short-term receivables and payables with no stated interest rate on an undiscounted basis, when the effect of discounting is immaterial.

Annual Improvements to PFRS (2011-2013 Cycle)

- PFRS 13 (Amendment), *Fair Value Measurement*. The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of, and accounted for in accordance with, PAS 39 or PFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32.

- PAS 40 (Amendment), *Investment Property*. The amendment clarifies the interrelationship of PFRS 3, *Business Combinations*, and PAS 40 in determining the classification of property as an investment property or owner-occupied property, and explicitly requires an entity to use judgment in determining whether the acquisition of an investment property is an acquisition of an asset or a group of asset, or a business combination in reference to PFRS 3.

2.3 Separate Financial Statements and Investments in Subsidiaries, an Associate and a Joint Venture

These financial statements are prepared as the University's separate financial statements. The University also prepares consolidated financial statements as required under PFRS and is available for public use.

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.

An associate is an entity over which the University is able to exert significant influence but which is neither a subsidiary nor interest in a joint venture.

A joint venture is an entity whose economic activities are controlled jointly by the venturers.

The University's investments in subsidiaries, an associate and a joint venture are accounted for in these separate financial statements at cost, less any impairment loss (see Note 2.14).

2.4 Financial Assets

Financial assets are recognized when the University becomes a party to the contractual terms of the financial instrument. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments and available-for-sale (AFS) financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and the related transaction costs are recognized in profit or loss.

A more detailed description of the categories of financial assets relevant to the University is as follows:

(a) *Financial Assets at FVTPL*

This category includes financial assets that are either classified as held for trading or that meets certain conditions and are designated by the entity to be carried at fair value through profit or loss upon initial recognition. All derivatives fall into this category, except for those designated and effective as hedging instruments. Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months from the end of the reporting period.

Financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Financial assets (except derivatives and financial instruments originally designated as financial assets at fair value through profit or loss) may be reclassified out of fair value through profit or loss category if they are no longer held for the purpose of being sold or repurchased in the near term.

The University enters into a cross currency swap agreement to manage its risks associated with fluctuations in foreign currency denominated investments in corporate bonds. The host instruments are classified under AFS financial assets. Such derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is favorable to the University and as liabilities when the fair value is favorable to the counterparty.

The University has derivative assets that are presented as Financial Assets at Fair Value through Profit or Loss in the 2013 statement of financial position.

The University's derivative instruments provide economic hedges under the University's policies but are not designated as accounting hedges. Consequently, any gains or losses arising from changes in fair value are taken directly to profit or loss for the period.

(b) *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the University provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period which are classified as non-current assets.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment loss, if any. Impairment loss is provided when there is objective evidence that the University will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

The University's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Receivables (excluding advances to employees), Due from a Related Party, Short-term Investments (under Other Current Assets) and Refundable Deposits in the statement of financial position.

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(c) AFS Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets under the AFS Financial Assets account in the statement of financial position unless management intends to dispose of the investment within 12 months from the end of the reporting period.

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Revaluation Reserves account in equity. When the financial asset is disposed of or is determined to be impaired, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income.

Reversal of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

All income and expenses, except those arising from operating activities relating to financial assets that are recognized in profit or loss, are presented as part of Finance Costs or Finance Income in the statement of comprehensive income.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

The 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.

2.5 Other Assets

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 entity and the asset has a cost or value that can be measured reliably.

Where future economic benefits are expected to flow to the University beyond one year after the end of the reporting period, these other assets are classified under the non-current category.

2.6 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 the straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	20 years
Leasehold improvements	20 years
Furniture and equipment	3-6 years
Miscellaneous equipment	5 years

Leasehold improvements are amortized over 20 years regardless of the term of lease contract which is usually shorter than the expected useful life of the improvements because it is highly probable that the lease contract will be renewed before the end of such contract [see Note 3.1(b)].

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 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 2.14).

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 profit or loss in the year the item is derecognized.

2.7 Investment Property

Investment property is measured initially at acquisition cost. Subsequently, investment property, except land, is carried at cost less accumulated depreciation and impairment in value, if any. Depreciation of investment property, which consists 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.

Investment property includes construction in progress which represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs (see Note 2.18) 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 investment property when, and only when, there is a change in use, evidenced by the end of owner-managed, commencement of an operating lease to another party or by the end of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of the owner-managed or commencement of development with a view to sell.

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.

2.8 Financial Liabilities

Financial liabilities, which include, Interest-bearing Loan, Trade and Other Payables (except tax-related liabilities) and Derivative Liability, are recognized when the University becomes a party to the contractual terms of the instrument.

Interest-bearing loan is availed to fund the establishment of the new campus to be leased out by the University to a subsidiary (see Notes 13 and 16).

Financial liabilities are recognized initially at their fair values and subsequently measured at amortized cost, except derivative liability which is subsequently measured at fair value, using the effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period, or the University does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the 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.

2.9 Offsetting Financial Instruments

Financial assets and liabilities are offset and the resulting net amount 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.

2.10 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 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 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 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.

2.11 Revenue and Expense Recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the University for services rendered, excluding value-added tax (VAT) and discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the University; and, the costs incurred or to be incurred can be measured reliably. 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 are presented as Unearned Tuition Fees in the statement of financial position. Revenues from National Service Training Program (NSTP) trust funds (see Note 2.17) 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 trust funds (liability) recorded as part of the Trade and Other Payables account in the statement of financial position.

(b) *Rental* – Revenue is recognized over the lease term using the straight-line method.

(c) *Management fees* – Revenue is recognized on a monthly basis upon rendering of the services.

(d) *Income from sale of books and other educational-related merchandise* – Revenue is recognized when the risks and rewards of ownership of the goods have passed to the buyer. This is generally when the customer has acknowledged delivery of goods. The sale of this merchandise is made exclusively for the University's students.

(e) *Interest* – Income is recognized as the interest accrues taking into account the effective yield on the asset.

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 2.18).

2.12 Leases

The University accounts for its leases as follows:

(a) *University as Lessee*

Leases which do not transfer to the University substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in profit or loss in the statement of comprehensive income on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(b) *University 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 in the statement of comprehensive income on a straight-line basis over the lease term.

The University 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.

2.13 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 the statement of comprehensive income as part of profit or loss.

2.14 Impairment of Non-financial Assets

The University's investments in subsidiaries, an associate and a joint venture, property and equipment, 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 asset 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. 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 asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.15 Employee Benefits

The University provides post-employment benefits to employees through a defined contribution plan subject to compliance to a minimum guaranty required by RA 7641, which is accounted for as a defined benefit plan, and various compensations mandated by law.

(a) Post-employment Benefits

The University maintains a defined contribution plan that covers all regular full-time employees. Under its plan, the University pays fixed contributions based on the employees' monthly salaries. The University, however, is covered by RA 7641, which provides for its qualified employees a defined benefit minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA 7641.

Accordingly, the University recognizes its post-employment benefit obligation based on the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan.

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 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 to the then 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 profit or loss. The University 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 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 present value.

(c) *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 Trade and Other Payables account in the statement of financial position at the undiscounted amount that the University expects to pay as a result of the unused entitlement.

2.16 Deposits Payable

This represents funds collected from students or entities that 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 is presented as Deposits Payable which is part of Trade and Other Payables account, under current liabilities in the statement of financial position, as they are normally of a short term in nature.

2.17 Trust Funds

This represents restricted funds of the University that are intended for student's NSTP and other specific educational purposes. The University administers the use of these funds based on the specific purpose such funds are identified with. This is presented as part of NSTP trust fund under the Trade and Other Payables account in the statement of financial position.

2.18 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.

2.19 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or 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 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 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 liabilities and assets reflects the tax consequences that would follow from the manner in which the University 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 liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in equity are recognized in other comprehensive income or directly in equity, respectively.

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 taxation authority.

2.20 Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the University 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 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 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.

2.21 Equity

Capital stock represents the nominal value of shares that have been issued.

Treasury shares 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 or disposed of.

Revaluation reserves comprise accumulated gains or losses arising from the revaluation of AFS financial assets.

Retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the statement of comprehensive income, reduced by the amount of dividend declared. The appropriated portion represents the amount which is not available for distribution.

2.22 Earnings Per Share

Basic earnings per share (EPS) is determined by dividing net profit 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 EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. The University does not have dilutive potential shares outstanding that would require disclosure of diluted earnings per share in the statement of comprehensive income.

2.23 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.

3. 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.

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Evaluating Impairment of AFS Financial Assets

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the University evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Based on the recent evaluation of information and circumstances affecting the University's AFS Financial Assets, management concluded that the assets are not impaired as of March 31, 2014, 2013 and 2012. Future changes in those information and circumstance might significantly affect the carrying amount of the assets.

(b) Determining Amortization of Leasehold Improvements

The University's leasehold improvements are amortized over 20 years, which is the estimated useful life of the asset (see Notes 2.6 and 14) regardless of the term of the lease contracts which is usually shorter than the expected useful life of the improvements because it is highly probable that the lease contract will be renewed before the end of such contract. A decision by management not to renew its lease agreement will result in a significant change in profit or loss in the period such decision is made.

(c) Distinguishing 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 under finance lease), 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.

(d) Distinguishing Operating and Finance Lease

The University has entered into various lease agreements as either a lessor or a lessee. 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. Currently, all of the University's lease agreements are determined to be operating leases.

(e) 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 2.10 and relevant disclosures are presented in Note 26.

3.2 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 Impairment of Receivables

The University maintains an allowance for impairment loss on receivables at a level considered adequate to cover probable uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, history of the students' payment behavior, age of receivables and other external factors affecting the education industry. The University constantly reviews the age and status of receivables and identifies accounts that should be provided with allowance. The carrying value of receivables and the analysis of allowance for impairment on such financial assets are shown in Note 8.

(b) Determining Fair Value Measurement of Financial Assets Other than Loans and Receivables

The University carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. 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 amount of 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 and loss and equity.

The carrying values of the University's AFS Financial Assets and the amounts of fair value changes recognized during the years on those assets are disclosed in Note 10. On the other hand, fair value gains or losses recognized on financial assets at FVTPL (Derivative Liability) are presented as Fair value gain or loss on financial asset at FVTPL under Finance Income or Finance Costs in the statement of comprehensive income.

(c) 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 are presented in Notes 13 and 14, respectively. Based on management's assessment as at March 31, 2014, 2013 and 2012, 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.

(d) Determining Fair Value of Investment Properties

Investment property is measured using the cost model. The fair value disclosed in the financial statements is determined by the University using the discounted cash flows valuation technique when information on current or recent prices of assumptions underlying the discounted cash flow approach of investment property is not readily available. Otherwise, the disclosures on fair values of investment properties are based on appraisal reports prepared by a third party appraiser. The University uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

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 University and those reported by the market.

The expected future market rentals are determined on the basis of the remaining useful life of 20 years of the properties being leased out.

(e) Estimating Impairment of Non-financial Assets

The University's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.14. 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. The management assessed that the full amount of investment in a joint venture previously impaired in prior years is no longer recoverable and thus appropriately written off in 2014 (see Note 12). On the other hand, based on management assessment, no impairment loss is required to be recognized on the investment properties, property and equipment, and investments in subsidiaries and an associate in 2014, 2013 and 2012.

(f) Determining Realizable 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 asset to be utilized. Management assessed that the deferred tax assets recognized as at March 31, 2014, 2013 and 2012 will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 22.

4. 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 to are described in the succeeding paragraphs.

4.1 Market Risk

(a) Foreign Currency Risk

Most of the University's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the AFS financial assets, which are primarily denominated in U.S. dollars and Euro. The University also holds U.S. dollar-denominated cash and cash equivalents.

To mitigate the University's exposure to foreign currency risk, the University entered in a cross-currency swap agreement and keeps the amount of its dollar deposit at a minimum level.

Foreign currency-denominated financial assets and liabilities, translated into Philippine pesos at the closing rate follow:

	2014		2013		2012	
	U.S. Dollar	**Euro**	U.S. Dollar	Euro	U.S. Dollar	Euro
Short-term exposure:						
Financial assets	**P 88,764**	**P -**	P 3,962,877	P -	P 966,857	P -
Long-term exposure:						
Financial assets	**P 309,044,002**	**P 68,785,580**	P 147,193,807	P 58,496,721	P 154,607,790	P 63,560,026

The following table illustrates the sensitivity of the University's profit before tax with respect to changes in Philippine peso against U.S. dollar and Euro 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 12 months at a 68% confidence level.

	2014			2013			2012		
	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 profit before tax	Effect in equity
PhP - USD	**20.61%**	**(P 18,294)**	**(P 63,693,969)**	14.25%	(P 564,710)	(P20,975,118)	8.07%	(P 78,025)	(P 12,476,849)
PhP - EUR	**33.31%**	**-**	**(22,912,477)**	17.58%	-	(10,283,724)	27.98%	-	(17,784,095)
		(P 18,294)	**(P 86,606,446)**		(P 564,710)	(P31,258,842)		(P 78,025)	(P 30,260,944)

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

(b) Interest Rate Risk

The University's exposure to interest rate risk arises from the following interest-bearing financial instruments which are subject to variable interest rates. All other financial assets and liabilities have fixed rates.

	Notes	2014	2013	2012
Cash and cash equivalents	7	**P 215,797,069**	P 195,608,838	P 421,846,871
AFS financial assets	10	**1,486,580,783**	1,645,490,432	1,595,554,561
Other current assets	11	**110,740,446**	344,738,279	135,233,609
Interest-bearing loans	16	**(800,000,000)**	(800,000,000)	-
		P 1,013,118,298	P 1,385,837,549	P 2,152,635,041

The following table illustrates the sensitivity of profit before tax for the years with regard to the University's interest-bearing financial instruments. These percentages have been determined based on the average market volatility rates, using standard deviation, in the previous 12 months, estimated at 68% level of confidence. The sensitivity analysis is based on the University's financial instruments held at March 31, 2014, 2013 and 2012.

	2014		2013		2012	
	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 profit before tax
Cash and cash equivalents	**+/-0.46%**	**P 992,667**	+/-0.41%	P 801,996	+/-0.98%	P 4,183,099
AFS financial assets	**+/-0.59%**	**8,770,827**	+/-1.16%	19,087,689	+/-1.21%	19,306,210
Other current assets	**+/-0.59%**	**653,369**	+/-1.16%	3,998,964	+/-1.21%	1,575,827
Interest-bearing loans	**+/-0.65%**	**(5,200,000)**	+/-0.93%	(7,440,000)		-
		P 5,216,863		P 16,448,649		P 25,065,136

(c) Other Price Risk

The University's exposure to price risk arises from its investments in equity securities, which are classified as AFS Financial Assets 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 of 17.43%, 12.27% and 15.74% has been observed during 2014, 2013 and 2012, respectively. If quoted price for these securities increased or decreased by that amount profit before tax would have changed by P143.3 million, P45.9 million and P35.0 million in 2014, 2013 and 2012, respectively.

No sensitivity analysis was provided for government and corporate bonds, and investments in trust classified as AFS financial assets as management deemed that the risk at the end of the year is not representative of a risk inherent in financial instruments.

The 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, except as discussed in Notes 9 and 10 in connection with its investment in certain foreign currency denominated corporate debt instruments which are also subject to a cross-currency swap agreement. The investments are continuously monitored to ensure returns of these equity instruments are timely utilized or reinvested in the University's favor.

4.2 Credit Risk

Credit risk represents the loss the University would incur if the counterparty fails to perform its contractual obligations. The credit risk for cash and cash equivalents and AFS financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution. The University's exposure to credit risk on its receivables related primarily to the inability of the debtors to pay and students to fully settle the unpaid balance of tuition fees and other charges which are owed to the University based on installment payment schemes. The University has established controls and procedures to minimize risks of non-collection. Students are not allowed to enroll in the following semester unless the unpaid balance in the previous semester has been paid. The University also withholds the academic records and clearance of the students with unpaid balances, thus ensuring that collectability is reasonably assured. 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 neither any significant exposure to any individual customer or counterparty nor does it have any other concentration of credit risk arising from counterparties in similar business activities, geographic region or economic parties.

The significant amount of loans to Fern Realty Corporation (FRC) in 2012 which is not considered high-risk considering that FRC is a subsidiary of the University, was fully settled in 2013 (see Note 23.1). With respect to credit risk arising from cash and cash equivalents, receivables, due from a related party and AFS financial assets, the University's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The risk is minimal as these financial assets and investments are with reputable financial institutions and with related parties.

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

	Notes	**2014**	2013	2012
Cash and cash equivalents	7	**P 215,797,069**	P 195,608,383	P 421,846,871
Receivables	8	**298,539,270**	320,180,882	749,516,021
Financial assets at FVTPL	9	**-**	18,629,900	-
AFS financial assets (except equity securities)	10	**1,486,580,783**	1,645,490,432	1,595,554,561
Short-term investments (under Other Current Assets)	11	**110,740,446**	344,738,279	135,233,609
Due from a related party	23.1	**-**	-	114,610,613
Refundable deposits		**3,929,796**	3,929,796	3,929,796
		P2,115,587,364	P2,528,577,672	P3,020,691,471

The table below shows the credit quality of the University's financial assets as of March 31, 2014, 2013 and 2012 having past due components.

	Notes	Neither past due nor impaired	Past due and impaired	Total
2014				
Cash and cash equivalents	7	P 215,797,069	P -	P 215,797,069
Receivables	8	261,644,710	36,894,560	298,539,270
AFS financial assets (except equity securities)	10	1,486,580,783	-	1,486,580,783
Short-term investments (under Other Current Assets)	11	110,740,446	-	110,740,446
Refundable deposits		3,929,796	-	3,929,796
		P 2,078,692,804	**P 36,894,560**	**P 2,115,587,364**
2013				
Cash and cash equivalents	7	P 195,608,383	P -	P 195,608,383
Receivables	8	196,883,072	123,297,810	320,180,882
Financial assets at FVTPL	9	18,629,900	-	18,629,900
AFS financial assets (except equity securities)	10	1,645,490,432	-	1,645,490,432
Short-term investments (under Other Current Assets)	11	344,738,279	-	344,738,279
Refundable deposits		3,929,796	-	3,929,796
		P 2,405,279,862	P 123,297,810	P 2,528,577,672

	Notes	Neither past due nor impaired	Past due and impaired	Total
2012				
Cash and cash equivalents	7	P 421,846,871	P -	P 421,846,871
Receivables	8	717,272,150	32,243,871	749,516,021
AFS financial assets (except equity securities)	10	1,595,554,561	-	1,595,554,561
Short-term investments (under Other Current Assets)	11	135,233,609	-	135,233,609
Due from a related party	23.1	114,610,613	-	114,610,613
Refundable deposits		3,929,796	-	3,929,796
		P 2,988,447,600	P 32,243,871	P 3,020,691,471

The University has no past due but not impaired financial assets at end of each year.

The University classifies tuition and other school fees receivables from students based on the number of semesters the receivables have been outstanding. Receivables from students that are outstanding for more than one semester are analyzed to determine whether they are impaired. Those that are not outstanding for more than one semester or are classified as current receivable are determined to be fully collectible, based on historical experience.

The University's management considers that all the above financial assets are not impaired, except those specifically provided with allowance for impairment at the end of the reporting period, and of good credit quality. Cash and cash equivalents and AFS financial assets are coursed through reputable financial institutions duly approved by the BOT. The balance of Due from a Related Party account is from a profitable related party with a good payment record. As of March 31, 2013, such balance was fully collected by the University.

4.3 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 March 31, 2014, 2013 and 2012 the University's financial liabilities have contractual maturities which are presented below.

	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
2014			
Trade and other payables	P 370,882,200	P -	P -
Interest-bearing loans			830,400,000
Derivative liability	-	14,433,500	-
	P 370,882,200	**P 14,433,500**	**P 830,400,000**
2013			
Trade and other payables	P 353,957,133	P -	P -
Interest-bearing loans	-	-	828,800,000
	P 353,957,133	P -	P 828,800,000
2012			
Trade and other payables	P 381,984,187	P -	P -
Derivative liability	-	1,114,572	-
	P 381,984,187	P 1,114,572	P -

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.

5. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

5.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

		2014		2013		2012	
	Notes	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets							
Loans and receivables:							
Cash and cash equivalents	7	**P 215,797,069**	**P 215,797,069**	P 195,608,838	P 195,608,838	P 426,846,871	P 426,846,871
Receivables	8	**298,539,270**	**298,539,270**	320,180,882	320,180,882	749,516,021	749,516,021
Other current assets	11	**110,740,446**	**110,740,446**	344,738,279	344,738,279	135,233,609	135,233,609
Due from a related party	23.1	**-**	**-**	-	-	114,610,613	114,610,613
Refundable deposits		**3,929,796**	**3,929,796**	3,929,796	3,929,796	3,929,796	3,929,796
		629,006,581	**629,006,581**	864,457,795	864,457,795	1,430,136,910	1,430,136,910
FVTPL							
Cross currency swaps	9	**-**	**-**	18,629,900	18,629,900	-	-
AFS financial assets:	10						
Debt securities		**1,486,580,783**	**1,486,580,783**	1,645,490,432	1,645,490,432	1,595,554,561	1,595,554,561
Equity securities		**822,382,913**	**822,382,913**	373,997,445	373,997,445	222,401,633	222,401,633
		2,308,963,696	**2,308,963,696**	2,019,487,877	2,019,487,877	1,817,956,194	1,817,956,194
		P 2,937,970,277	**P 2,937,970,277**	P 2,883,945,672	P 2,883,945,672	P 3,248,093,104	P 3,248,093,104

	Notes	2014 Carrying Values	2014 Fair Values	2013 Carrying Values	2013 Fair Values	2012 Carrying Values	2012 Fair Values
Financial Liabilities							
Financial liabilities at amortized cost:							
Interest-bearing loans	16	**P 800,000,000**	**P 800,000,000**	P 800,000,000	P 800,000,000	P -	P -
Trade and other Payables	15	**370,882,200**	**370,882,200**	353,957,133	353,957,133	380,838,215	380,838,215
		1,170,882,200	**1,170,882,200**	1,153,957,133	1,153,957,133	380,838,215	380,838,215
FVTPL							
Cross currency swaps	9	**14,433,500**	**14,433,500**	-	-	1,145,972	1,145,972
		P 1,185,315,700	**P 1,185,315,700**	P 1,153,957,133	P 1,153,957,133	P 381,984,187	P 381,984,187

See Notes 2.4 and 2.8 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 4.

5.2 Offsetting of Financial Assets and Financial Liabilities

The University's cash in bank which is presented as part of Cash and Cash Equivalents and portion of short-term investments under Other Current Assets account in the statements of financial position (see Notes 7 and 11) is subject to offsetting, enforceable master netting arrangements and similar agreements in 2014 and 2013:

	Gross amounts recognized in the statement of financial position: Financial Assets	Gross amounts recognized in the statement of financial position: Financial liabilities set off	Net amount presented in the statement of financial position	Related amounts that can potentially be set-off in the statement of financial position: Financial instruments	Related amounts that can potentially be set-off in the statement of financial position: Cash collateral received	Net amount
Cash and cash equivalents and short-term investments						
March 31, 2014	**P 209,017,368**	**P -**	**P 209,017,368**	**(P 800,000,000)**	**P -**	**(P 590,982,632)**
March 31, 2013	P 378,861,526	P -	P 378,861,526	(P 800,000,000)	P -	(P 421,138,474)

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the University and counterparties (i.e., depository bank) allows for net settlement of the relevant financial assets and liabilities 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 Board of Directors. 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.

6. FAIR VALUE MEASUREMENT AND DISCLOSURES

6.1 Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and 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 has the levels presented in the following page.

- 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.

6.2 Financial Instruments Measurement at Fair Value

The table below shows 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 March 31, 2014, 2013 and 2012.

	Level 1	Level 2	Level 3	Total
2014				
AFS financial assets:				
Debt securities:				
Government	P 451,389,849	P -	P -	P 451,389,849
Corporate	1,035,190,934	-	-	1,035,190,934
Equity securities	822,382,913	-	-	822,382,913
	P 2,308,963,696	**P -**	**P -**	**P2,308,963,696**
Derivative liability:				
Cross currency swaps	**P -**	**(P 14,433,500)**	**P -**	**(P 14,433,500)**

	Level 1	Level 2	Level 3	Total
2013				
AFS financial assets:				
Debt securities:				
Government	P 882,641,861	P -	P -	P 882,641,861
Corporate	762,848,571	-	-	762,848,571
Equity securities	373,997,445	-	-	373,997,445
Financial assets at FVTPL:				
Cross currency swaps	-	18,629,900	-	18,629,900
	P 2,019,487,877	P 18,629,900	P -	P 2,038,117,777
2012				
AFS financial assets:				
Debt securities:				
Government	P 835,320,756	P -	P -	P 835,320,756
Corporate	760,233,805	-	-	760,233,805
Equity securities	222,401,633	-	-	222,401,633
	P 1,817,956,194	P -	P -	P 1,817,956,194
Derivative liability:				
Cross currency swaps	P -	(P 1,145,972)	P -	(P 1,145,972)

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

Described below are the information about how the fair values of the University's classes of financial assets and financial liabilities are determined.

a) Equity securities

As of March 31, 2014, 2013 and 2012, instruments included in Level 1 comprise of corporate shares and unit investment trust funds (UITF) which are classified as AFS financial assets. The corporate shares and UITF were valued based on their market prices quoted in the Philippine stock exchange at the end of each reporting period.

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.

c) Derivatives

Derivatives classified as financial assets 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.

6.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below summarizes the fair value hierarchy of the University's financial assets and financial liabilities which are not measured at fair value in the 2014 statement of financial position but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 215,797,069	P -	P -	P 215,797,069
Receivables	-	-	298,539,270	298,539,270
Other current assets	-	-	110,740,446	110,740,446
Refundable deposits	-	-	3,929,796	3,929,796
	P 215,797,069	**P -**	**P 413,209,512**	**P 629,006,581**
Financial liabilities:				
Interest-bearing loans	P -	P -	P 800,000,000	P 800,000,000
Trade and other payables	-	-	387,409,695	387,409,695
	P -	**P -**	**P1,187,409,695**	**P 1,187,409,695**

For financial assets and financial liabilities with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments equal their fair values.

The fair values of the financial assets and financial liabilities included in Level 3 above which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value 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 rely 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.

6.4 Fair Value Measurement for Non-financial Assets

(a) Determining Fair Value of Investment Properties

The table below shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis as of March 31, 2014 (see Note 13).

	Level 1	Level 2	Level 3	Total
Land	P -	P 318,968,000	P 1,058,994,925	P 1,377,962,925
Building and improvements	-	-	455,170,000	455,170,000
	P -	**P 318,968,000**	**P 1,514,164,925**	**P 1,833,132,925**

The fair value of the University's investment properties, except for the land that will be leased out to FEU Alabang, Inc. (see Note 13), are determined on the basis of the appraisals performed by an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser 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.

In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the University's non-financial assets indicated above is their current use.

The fair values of these non-financial assets were determined based on the following approaches:

(i) Fair Value Measurement for Land

The Level 2 fair value of land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations. Under this approach, when sales prices of comparable land in close proximity are used in the valuation of the subject property with no adjustment on the price, fair value is included in Level 2. On the other hand, if the observable recent prices of the reference properties were adjusted for differences in key attributes such as property size, zoning, and accessibility, the fair value is included in Level 3. The most significant input into this valuation approach is the price per square foot, hence, the higher the price per square foot, the higher the fair value.

(ii) Fair Value Measurement for Building and Improvements

The Level 3 fair value of the buildings and improvements under the Investment Properties account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

(b) Other Fair Value Information

The cost of land that will be leased out to FEU Alabang, Inc., which was acquired recently in 2013 including capitalized borrowing costs, is considered as its fair value.

There were no transfers into or out of Level 3 fair value hierarchy in 2014.

The carrying amount of investment property included in Level 3 is presented in Note 13.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of March 31:

	2014	2013	2012
Cash on hand and in banks	**P 215,644,498**	P 145,112,834	P 230,845,593
Short-term placements	**152,571**	50,496,004	191,001,278
	P 215,797,069	P 195,608,838	P 421,846,871

Cash in banks generally earn interest at rates 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 University. Effective annual interest earned from these placements is as follows:

	2014	2013	2012
Peso	**0.8% to 1.0%**	2.4% to 3.7%	2.6% to 4.8%
Dollar	**0.4%**	0.4%	0.5%

Interest income earned from cash and cash equivalents are presented as part of Finance Income in the statements of comprehensive income (see Note 19.1). The related interest receivable from short-term placements as of March 31, 2014, 2013 and 2012 is presented as part of Accrued interest under the Receivables account in the statements of financial position (see Note 8).

8. RECEIVABLES

This account is composed of the following:

	Notes	**2014**	2013	2012
Tuition and other school fees receivables		**P 251,087,880**	P 276,333,445	P 212,527,716
Receivables from related parties	23	**64,705,755**	152,026,012	499,109,705
Accrued interest	7, 9	**19,749,806**	14,457,239	12,591,975
Advances to employees		**5,953,470**	7,042,678	9,295,826
Loans receivable		**-**	-	55,200,000
Others		**844,653**	661,995	2,330,496
		342,341,564	450,521,369	791,055,718
Allowance for impairment on:				
Tuition and other school fees receivables		**(36,894,560)**	(39,392,082)	(32,243,871)
Receivables from related parties	19.2	**(954,264)**	(83,905,727)	-
		(37,848,824)	(123,297,809)	(32,243,871)
		P 304,492,740	P 327,223,560	P 758,811,847

Advances to employees comprise of unsecured and noninterest-bearing advances to officers and employees which are liquidated or payable through salary deduction within 15 days from the earlier between the release of the advances and the event to which the advances are utilized.

Loans receivable represents promissory notes issued by certain rental and leasing domestic corporation in favor of the University's funds maintained with a certain local bank. The outstanding loans receivable were collected in full in August 2013. Interest income earned from these loans is presented as part of Finance Income in the statement of comprehensive income (see Note 19.1).

A reconciliation of the allowance for impairment loss on receivables at the beginning and end of 2014, 2013 and 2012 is shown below.

	Notes	**2014**	2013	2012
Balance at beginning of year		**P 123,297,809**	P 32,243,871	P 24,428,937
Impairment losses during the year	18, 19.2	**39,900,806**	134,217,935	46,700,571
Receivables written off during the year		**(125,349,791)**	(43,163,997)	(38,885,637)
		P 37,848,824	P 123,297,809	P 32,243,871

All of the University's receivables had been reviewed for indicators of impairment. Full allowance is provided for receivables from uncollected tuition fees of the previous school term when the specific student from whom it is due does not enroll in the succeeding school term. In 2014, 2013 and 2012, certain tuition and other school fees receivables were found to be impaired and related impairment loss is presented as part of General under Operating Expenses in the statements of comprehensive income (see Note 18). The allowance for impairment loss on receivables from students as of March 31, 2014, 2013 and 2012 pertains to amounts which have been outstanding for more than one semester and specifically identified to be impaired.

In 2013, the management assessed that the receivables from ICF-CCE, Inc. and FEU Foundation, Inc. (FEFI), related parties under common management, amounting to P47.2 million and P36.7 million, respectively, may no longer be collected. Accordingly, appropriate amount of allowance for impairment have been provided on those accounts. Impairment loss recognized on receivables from related parties is presented as part of Finance Costs in the statements of comprehensive income (see Note 19.2).

In 2014, the management have assessed that the collection of the receivables from ICF-CCE, Inc. and FEFI is already improbable; as such, those accounts were written-off (see Note 23.8).

No allowance for impairment loss on all other receivables is provided as of March 31, 2014, 2013 and 2012 since management believes that those are collectible in full.

9. CROSS-CURRENCY SWAP

In 2014, 2013 and 2012, the University entered into cross-currency swaps to hedge its foreign currency exposure related to its foreign currency denominated AFS investments (see Note 10). As of March 31, 2014 and 2012, the net fair value of these cross currency swaps amounting to P14.4 million and P1.1 million, respectively, is presented as Derivative Liability in the 2014 and 2012 statements of financial position. As of March 31, 2013, these cross-currency swaps has fair value of P18.6 million which is presented as Financial Assets at FVTPL in the 2013 statement of financial position. The related fair value gains or losses are presented as part of Finance Income (Costs) in the 2014, 2013 and 2012 statements of comprehensive income (see Note 19).

Being denominated in foreign currency, the related interest receivable from cross currency agreement has been adjusted to the prevailing exchange rate resulting in the recognition of cross currency gain amounting to P2.7 million presented as part of Finance Income in the 2013 statement of comprehensive income (see Note 19.1). On the other hand, the net changes in carrying amount of the related interest receivable and payable as of March 31, 2014 and 2012 from the cross currency swaps amounting to P0.3 million and P5.6 million, respectively, are presented as part of Finance Costs in the 2014 and 2012 statements of comprehensive income (see Note 19.2). The related asset is presented as part of Accrued Interest under the Receivables account, and the related liability is presented as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Notes 8 and 15).

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

AFS financial assets are classified in the statements of financial position as follows:

	2014	2013	2012
Current	**P 1,765,336,184**	P 1,652,448,209	P 1,482,655,331
Non-current	**543,627,512**	367,039,668	335,300,863
	P 2,308,963,696	P 2,019,487,877	P 1,817,956,194

The types of investments classified under AFS financial assets consist of the following:

	2014	2013	2012
Debt securities:			
Government	**P 451,389,849**	P 882,641,861	P 835,320,756
Corporate	**1,035,190,934**	762,848,571	760,233,805
	1,486,580,783	1,645,490,432	1,595,554,561
Equity securities:			
Corporate shares	**614,062,973**	331,594,810	208,121,505
Unit investment trust funds	**208,319,940**	42,402,635	14,280,128
	822,382,913	373,997,445	222,401,633
	P 2,308,963,696	P 2,019,487,877	P 1,817,956,194

The fair values of the equity securities and debt securities have been determined based on quoted prices in active markets (see Note 6.2).

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

	2014	2013	2012
Local	**P 1,851,929,941**	P1,755,875,948	P1,437,843,536
Foreign	**457,033,755**	263,611,929	380,112,658
	P2,308,963,696	P2,019,487,877	P1,817,956,194

As of March 31, 2014, 2013 and 2012, portion of the foreign currency denominated AFS financial assets, amounting to P377.8 million, P205.7 million and P262.8 million, respectively, which pertain to corporate bonds, are subject to cross currency swap agreement over the same period of the said bonds (see Note 9).

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

	2014	2013	2012
Balance at beginning of year	**P 2,019,487,877**	P 1,817,956,194	P 1,565,700,932
Additions	**437,013,141**	249,987,192	251,967,624
Disposals	**(10,000,000)**	(144,417,304)	(62,611,015)
Fair value gains (losses)	**(137,537,322)**	95,961,795	62,898,653
Balance at end of year	**P 2,308,963,696**	P 2,019,487,877	P 1,817,956,194

Investment income from AFS financial assets totaling P191.9 million, P181.2 million and P182.9 million, in 2014, 2013 and 2012, respectively, have been reinvested as part of additions to AFS financial assets and are presented separately as Interest income from AFS financial assets and as Other investment income from AFS financial assets under Finance Income in the statements of comprehensive income (see Note 19.1). The related outstanding interest is presented as part of Accrued interest under the Receivables account in the statements of financial position (see Note 8).

11. OTHER CURRENT ASSETS

The breakdown of this account is as follows:

	2014	2013	2012
Short-term investments	**P 110,740,446**	P 344,738,279	P 135,233,609
Prepaid expenses	**13,277,293**	12,763,723	24,836,352
Input VAT	**12,263,292**	11,549,687	10,998,531
	136,281,031	369,051,689	171,068,493
Allowance for impairment	**(10,980,897)**	(10,980,897)	(10,980,897)
	P 125,300,134	P 358,070,792	P 160,087,595

Short-term investments earn interest ranging from 1.0% to 2.1% in 2014, 2.6% to 3.6% in 2013 and 2.9% to 4.5% in 2012, and maturing beyond three months from the date of placement.

12. INVESTMENTS IN SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE

This account consists of the following as of March 31:

	% Interest Held	**2014**	2013	2012
Investments in:				
Subsidiaries				
EACCI	100%	**P 150,104,999**	P 60,104,999	P 20,104,999
FRC	37.52%	**64,419,300**	64,419,300	64,419,300
FECSI	100%	**51,000,000**	51,000,000	51,000,000
FEU Alabang, Inc.	100%	**6,249,875**	6,249,875	-
Associate				
Juliana Management Company, Inc. (JMCI)	49%	**7,878,120**	7,878,120	7,878,120
Joint Venture				
ICF-CCE, Inc.	50%	**-**	6,250,000	6,250,000
		279,652,294	195,902,294	149,652,419
Allowance for impairment		**(2,338,930)**	(8,588,930)	(2,338,930)
		P 277,313,364	P 187,313,364	P 147,313,489

The place of incorporation which is similar with the place of operation of the University's subsidiaries, associates and joint venture are summarized as follows.

- EACCI – P. Paredes Street, Sampaloc, Manila
- FRC – Administration Building, FEU Manila Campus, Nicanor Reyes, Sr. Street, Sampaloc, Manila
- FECSI – Metrogate Silang Estates, Silang, Cavite
- FEU Alabang, Inc. – Lot 1, Corporate Woods corner South Corporate Avenues, Woods District, Filinvest City, Alabang, Muntinlupa City
- JMCI – E. Rodriguez Jr. Avenue corner Cpl. Cruz St.Bagong Ilog, Pasig City
- ICF-CCE, Inc. – FEU Makati, Sen. Gil J. Puyat Avenue, corner Zuellig St., Makati City

Presented below is JMCI's summary of financial information based on its audited financial statements as of and for the year ended December 31.

	2013	2012	2011
Total assets	**P 14,879,898**	P 14,801,771	P 14,879,283
Total liabilities	**1,113,689**	829,134	830,154
Total equity	**13,766,209**	13,972,637	14,049,129
Net loss	**156,814**	76,492	123,597

In November 2009, the University entered into a Joint Venture (JV) Agreement with a co-venturer to establish and operate a culinary skills training center which shall provide courses of study in the culinary arts. The University and co-venturer invested P6.3 million each to ICF-CCE, Inc., the joint venture company (JVC). The registration of the JVC was approved by the SEC on May 7, 2010.

Presented below is ICF-CCE, Inc.'s summary of financial information based on its audited financial statements as of and for the year ended December 31.

	2013	2012
Total assets	P 59,788,696	P 74,499,592
Total liabilities	94,284,258	89,027,211
Total capital deficiency	(34,495,562)	(14,527,619)
Net loss	19,967,943	20,535,890

The University's share in ICF-CCE, Inc.'s net loss in 2011 exceeded the balance of the investment account which is already nil as of March 31, 2011. The University's unrecognized equity in ICF-CCE, Inc. losses as of March 31, 2013 and 2012 amounted to P10.0 million and P7.3 million, respectively.

As of March 31, 2014, the JVC already ceased its operations and accordingly, the management decided to write-off the previously impaired total investment in ICF-CCE with the corresponding reversal of the entire allowance account (see Note 20).

In 2012, the University subscribed to additional 260,000 shares from the unissued capital stock of FECSI for a total consideration of P26.0 million. Out of the total consideration, P19.6 million was paid in cash and the balance of P6.4 million was settled through offsetting of advances (see Note 23.2).

In July 2012, the University and EACCI entered into a Subscription Agreement whereby the University subscribed to 1.3 million common shares of EACCI for P100 per share or an aggregate subscription price of P130.0 million. In 2013, portion of the total subscription price, amounting to P32.5 million, was paid in cash, while P7.5 million was settled through offsetting of advances (see Note 23.2). The remaining balance of the total subscription price, amounting to P90.0 million, was fully paid in cash in 2014.

In January 2013, FEU Alabang, Inc. was established with an authorized capital stock of P100 million. The University subscribed to 25% or P25 million of the authorized capital stock and of which, 25% or P6.2 million was paid as of March 31, 2013.

The shares of stocks of the subsidiaries, an associate, and a JV are not listed in the stock exchange; hence, the fair value of the shares cannot be determined reliably. However, management believes that the carrying amount of the investments, except for EACCI, which has been previously provided in prior years with allowance for impairment amounting to P2.3 million, is fully recoverable.

13. INVESTMENT PROPERTIES

This account consists of the land and building being leased out to EAEF and FECSI, and a property under current construction and development to be leased out to FEU Alabang, Inc.

The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of 2014, 2013 and 2012 are shown below.

	Land	Building and Improvements	Construction in Progress	Total
March 31, 2014				
Cost	P 1,106,687,462	P 671,208,014	P 5,702,188	P 1,783,597,664
Accumulated depreciation	-	(157,768,134)	-	(157,768,134)
Net carrying amount	**P 1,106,687,462**	**P 513,439,880**	**P 5,702,188**	**P 1,625,829,530**
March 31, 2013				
Cost	P 1,075,950,407	P 632,763,898	P -	P 1,708,714,305
Accumulated depreciation	-	(122,472,342)	-	(122,472,342)
Net carrying amount	P 1,075,950,407	P 510,291,556	P -	P 1,586,241,963
March 31, 2012				
Cost	P 53,394,726	P 207,626,479	P -	P 261,021,205
Accumulated depreciation	-	(97,309,715)	-	(97,309,715)
Net carrying amount	P 53,394,726	P 110,316,764	P -	P 163,711,490
April 1, 2011				
Cost	P 53,394,726	P 207,626,479	P -	P 261,021,205
Accumulated depreciation	-	(86,928,391)	-	(86,928,391)
Net carrying amount	P 53,394,726	P 120,698,088	P -	P 174,092,814

A reconciliation of the carrying amounts of investment properties at the beginning and end of 2014, 2013 and 2012 is shown below and on the succeeding page.

	Land	Building and Improvements	Construction in Progress	Total
Balance at April 1, 2013, net of accumulated depreciation	P 1,075,950,407	P 510,291,556	P -	P 1,586,241,963
Additions	30,737,055	22,732,291	5,702,188	59,171,534
Transfers from property and equipment	-	12,871,362	-	12,871,362
Depreciation charges for the year	-	(32,455,329)	-	(32,455,329)
Balance at March 31, 2014, net of accumulated depreciation	**P 1,106,687,462**	**P 513,439,880**	**P 5,702,188**	**P 1,625,829,530**

	Land	Building and Improvements	Construction in Progress	Total
Balance at April 1, 2012, net of accumulated depreciation	P 53,394,726	P 110,316,764	P -	P 163,711,490
Additions	1,022,555,681	425,137,419	-	1,447,693,100
Depreciation charges for the year	-	(25,162,627)	-	(25,162,627)
Balance at March 31, 2013, net of accumulated depreciation	P 1,075,950,407	P 510,291,556	P -	P 1,586,241,963
Balance at April 1, 2011, net of accumulated depreciation	P 53,394,726	P 120,698,088	P -	P 174,092,814
Depreciation charges for the year	-	(10,381,324)	-	(10,381,324)
Balance at March 31, 2012, net of accumulated depreciation	P 53,394,726	P 110,316,764	P -	P 163,711,490

The total rental income earned from investment properties amounted to P72.0 million in 2014, P66.6 million in 2013 and P63.6 million in 2012 which are presented as Rental under Other Income (Charges) in the statement of comprehensive income (see Notes 23.5, 23.6 and 23.7). The direct operating expenses incurred by the University relating to the investment properties amounting to P32.5 million in 2014, P25.2 million in 2013 and P10.4 million in 2012, is presented as part of Depreciation and amortization under General Operating Expenses in the statements of comprehensive income (see Note 18).

Construction in progress includes the cost incurred for on-going architectural designs prior to the actual construction on the property. The capitalized borrowing costs of P30.7 million and P7.6 million incurred on the related bank loan obtained to finance the purchase of the land and eventual construction of school building forms part of the qualifying asset to be leased out to a related party, FEU Alabang, Inc. (see Note 16).

Based on the latest appraisal report performed by an independent appraiser, management determined that the total fair value of investment properties, as of March 31, 2014, amounts to P1.8 billion (see Note 6.4).

14. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization at the beginning and end of 2014, 2013 and 2012 are shown below.

	Land	Building and Improvements	Furniture and Equipment	Leasehold Improvements	Miscellaneous Equipment	Total
March 31, 2014						
Cost	P 139,892,132	P 987,775,537	P 292,636,238	P 383,313,959	P 141,526,807	P 1,945,144,673
Accumulated depreciation and amortization	-	(266,543,013)	(184,610,402)	(60,221,229)	(94,737,037)	(606,111,681)
Net carrying amount	**P 139,892,132**	**P 721,232,524**	**P 108,025,836**	**P 323,092,730**	**P 46,789,770**	**P 1,339,032,992**

	Land	Building and Improvements	Furniture and Equipment	Leasehold Improvements	Miscellaneous Equipment	Total
March 31, 2013						
Cost	P 98,457,565	P 821,736,296	P 214,642,064	P 378,676,711	P 117,974,102	P 1,631,486,738
Accumulated depreciation and amortization	-	(226,793,634)	(151,881,614)	(41,204,256)	(87,991,382)	(507,870,886)
Net carrying amount	P 98,457,565	P 594,942,662	P 62,760,450	P 337,472,455	P 29,982,720	P 1,123,615,852
March 31, 2012						
Cost	P 98,457,565	P 798,967,978	P 182,475,575	P 173,139,870	P 113,951,678	P 1,366,992,666
Accumulated depreciation and amortization	-	(188,883,829)	(131,482,948)	(30,809,379)	(82,891,462)	(434,067,618)
Net carrying amount	P 98,457,565	P 610,084,149	P 50,992,627	P 142,330,491	P 31,060,216	P 932,925,048
April 1, 2011						
Cost	P 98,457,565	P 752,447,430	P 161,776,025	P 80,720,540	P 94,573,099	P 1,187,974,659
Accumulated depreciation and amortization	-	(150,961,715)	(112,151,262)	(22,298,186)	(60,571,702)	(345,982,865)
Net carrying amount	P 98,457,565	P 601,485,715	P 49,624,763	P 58,422,354	P 34,001,397	P 841,991,794

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2014, 2013 and 2012 is shown below.

	Land	Building and Improvements	Furniture and Equipment	Leasehold Improvements	Miscellaneous Equipment	Total
Balance at April 1, 2013, net of accumulated depreciation and amortization	P 98,457,565	P 594,942,662	P 62,760,450	P 337,472,455	P 29,982,720	P 1,123,615,852
Additions	41,434,567	181,751,065	77,994,174	4,637,249	23,552,704	329,369,759
Transfers to investment properties	-	(12,871,362)	-	-	-	(12,871,362)
Depreciation and amortization charges for the year	-	(42,589,841)	(32,728,788)	(19,016,974)	(6,745,654)	(101,081,257)
Balance at March 31, 2014 net of accumulated depreciation and Net carrying amount	**P 139,892,132**	**P 721,232,524**	**P 108,025,836**	**P 323,092,730**	**P 46,789,770**	**P 1,339,032,992**
Balance at April 1, 2012, net of accumulated depreciation and amortization	P 98,457,565	P 610,084,149	P 50,992,627	P 142,330,491	P 31,060,216	P 932,925,048
Additions	-	22,768,318	32,166,489	205,536,841	4,022,424	264,494,072
Depreciation and amortization charges for the year	-	(37,909,805)	(20,398,666)	(10,394,877)	(5,099,920)	(73,803,268)
Balance at March 31, 2013, net of accumulated depreciation and amortization	P 98,457,565	P 594,942,662	P 62,760,450	P 337,472,455	P 29,982,720	P 1,123,615,852
Balance at April 1, 2011, net of accumulated depreciation and amortization	P 98,457,565	P 601,485,715	P 49,624,763	P 58,422,354	P 34,001,397	P 841,991,794
Additions	-	46,520,548	20,699,550	92,419,330	19,378,579	179,018,007
Depreciation and amortization charges for the year	-	(37,922,114)	(19,331,686)	(8,511,193)	(22,319,760)	(88,084,753)
Balance at March 31, 2012, net of accumulated depreciation and amortization	P 98,457,565	P 610,084,149	P 50,992,627	P 142,330,491	P 31,060,216	P 932,925,048

15. TRADE AND OTHER PAYABLES

This account consists of:

	Notes		2014		2013		2012
Dividends payable	24.2	**P**	**128,350,057**	P	107,537,970	P	80,054,907
Withholding and other taxes payable			**72,354,255**		58,396,252		32,418,286
Deposits payable			**67,962,029**		74,778,093		50,555,514
Accounts payable			**66,798,100**		66,567,680		47,945,272
Accrued expenses	9, 23.3		**46,617,581**		42,930,790		124,245,682
Amounts due to students			**42,261,007**		38,608,670		40,409,975
Accrued salaries and, employee benefits			**16,839,980**		16,254,334		30,591,622
NSTP trust fund			**14,821,698**		11,654,402		-
Payable to FEU retirement plan			**6,961,747**		5,679,291		5,679,291
Others			**2,084,939**		1,600,306		1,355,952
		P	**465,051,393**	P	424,007,788	P	413,256,501

Deposits payable are amounts due to third parties for cooperative members' fees, school uniforms of students and computer loans of employees.

Accrued expenses include the University's accrual for utilities, rentals and directors' bonuses.

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

Payable to FEU retirement plan are collections of employee contribution for remittance to the retirement fund. These amounts are subsequently remitted after the annual reporting dates.

The NSTP trust funds collected from students amounted to P22.1 million, P39.6 million and P26.6 million in 2014, 2013 and 2012, respectively. As of March 31, 2014 and 2013, remaining balance of P14.8 million and P11.7 million, respectively, were set aside as a contingency fund and is presented as NSTP Trust Fund. As of March 31, 2012, the management has determined that the entire amount of trust funds has been fully disbursed and utilized for their intended purposes; hence, there is no outstanding undisbursed trust fund as of said date.

16. INTEREST-BEARING LOAN

This represents the P800.0 million unsecured loan obtained by the University in December 2012 from a local commercial bank. The interest-bearing loan is payable in 2017 and bears interest at an annual average rate of 3.8% in 2014 and 3.6% in 2013. The loan stipulates a floating interest rate which is the higher between the base interest rate plus a spread of 85 basis points (bps), and the Bangko Sentral ng Pilipinas overnight reverse repurchase agreement rate plus a spread of 10 bps.

The proceeds of the loan were used by the University to finance the acquisition of a real estate property and the related capital expenditure requirements (see Note 13).

The following covenants are required to be complied with in order for the University to keep the credit facilities with the local commercial bank, which is monitored on a quarterly basis:

- current ratio is not less than 1.00:1.00; and,
- debt-to-equity ratio is not more than 1.00:1.00 (see Note 27).

The University was able to comply with the loan covenants in 2014 and 2013.

The loan covenant does not require the University to immediately pay the obligation upon failure to comply with the foregoing requirements. The outstanding loan balance amounting to P800.0 million as of March 31, 2014 and 2013, is shown as Interest-bearing Loan under non-current liability section in the statement of financial position.

17. EDUCATIONAL REVENUES

Details of net tuition and other school fees presented in the statements of comprehensive income are as follows:

	2014	2013	2012
Tuition fees	**P2,341,127,790**	P2,265,005,106	P2,127,044,316
Less discounts:			
Scholarships	**143,486,537**	130,919,238	97,852,675
Cash	**16,010,491**	11,225,603	10,475,320
Family	**15,111,747**	14,174,602	12,446,803
	174,608,775	156,319,443	120,774,798
	2,166,519,015	2,108,685,663	2,006,269,518
Other school fees:			
Entrance fees	**15,820,960**	18,994,886	14,265,110
Identification cards	**8,292,477**	8,558,344	9,258,802
Transcript fees	**7,265,049**	6,578,570	7,072,540
Forfeited payments	**6,347,228**	-	-
Certification fee	**2,873,154**	2,510,987	1,704,355
Diplomas	**2,498,075**	2,022,709	2,435,969
Miscellaneous	**8,156,209**	8,246,107	808,879
	51,253,152	46,911,603	35,545,655
	P2,217,772,167	P2,155,597,266	P2,041,815,173

Towards the end of every year, the University usually collects tuition fees from students for summer classes which start after the reporting period. Such collections amounting to P11.3 million and P31.9 million as of March 31, 2014 and 2012, respectively, are excluded from tuition fees earned for the year and presented as part of Unearned Tuition Fees in the statement of financial position. These are recognized as revenue in the following year. There are no unearned tuition fees as of March 31, 2013 as collections for summer classes started subsequent to the end of the reporting period.

18. OPERATING EXPENSES

Costs and operating expenses consist of:

	Notes	2014	2013	2012
Instructional and Academic				
Salaries and allowances		**P 624,530,444**	P 593,189,562	P 584,179,813
Employees benefits	21	**210,628,843**	200,600,759	151,563,151
Affiliation		**4,568,690**	3,760,571	8,026,841
Related learning experience		**1,706,739**	2,963,020	9,765,742
Others		**91,962,653**	91,791,845	166,221,429
		933,397,369	892,305,757	919,756,976
Administrative				
Salaries and allowances		**90,325,235**	103,259,474	100,234,367
Rental	23.3, 23.4	**85,347,311**	76,782,867	74,936,745
Employees benefits	21	**43,499,308**	51,280,336	34,524,535
Directors' bonus		**13,500,000**	12,875,000	13,500,000
Others		**21,776,343**	21,105,778	28,308,989
		254,448,197	265,303,455	251,504,636
Maintenance and University Operations				
Utilities		**92,342,168**	100,616,323	93,702,715
Salaries and allowances		**26,757,897**	27,946,378	26,139,193
Janitorial services		**18,133,669**	17,888,641	17,598,428
Repairs and maintenance		**15,408,159**	18,995,161	26,331,762
Employee benefits	21	**12,852,141**	13,349,682	10,200,571
Property insurance		**3,341,485**	2,375,568	2,877,744
		168,835,519	181,171,753	176,850,413
General				
Depreciation and amortization	13, 14	**133,536,586**	98,965,895	98,466,077
Impairment losses on receivables from students	8	**38,946,542**	50,312,208	46,700,571
Professional fees		**32,120,089**	26,704,545	10,802,825
Security services		**20,655,445**	20,085,370	22,827,715
Publicity and promotions		**8,917,743**	7,802,972	7,908,899
Taxes and licenses	28.1(f)	**4,424,392**	5,584,578	3,855,197
Donation and charitable contributions		**-**	1,021,478	734,655
Others		**14,625,570**	17,858,123	9,263,617
		253,226,367	228,335,169	200,559,556
		P 1,609,907,452	P 1,567,116,134	P 1,548,671,581

Other instructional and academic expenses include publication, printing, binding, donations, membership fees and others. Other administrative expenses pertain mainly to expenses incurred for outsourced services, representation, expenses for seminars and conferences, insurance, various supplies, fuels, repairs and maintenance and other. Other general expenses pertain to directors' and officers' liability insurance and books and other subscriptions.

19. FINANCE INCOME AND FINANCE COSTS

19.1 Finance Income

This consists of the following:

	Notes	**2014**	2013	2012
Interest income from:				
AFS financial assets	10	**P 113,257,686**	P 124,345,085	P 119,466,374
Other short-term investments	11	**5,431,964**	21,226,426	8,558,257
Cash and cash equivalents	7	**1,434,761**	19,165,823	12,799,090
Financial asset at FVTPL	9	**-**	2,690,360	-
Due from a related party	23.1	**-**	1,820,364	17,059,143
Loans receivable	8	**-**	1,473,907	3,609,204
		120,124,411	170,721,965	161,492,068
Other investment income from AFS financial assets	10	**78,677,681**	56,816,626	63,399,348
Foreign exchange gains – net	10	**18,428,746**	-	-
Fair value gain on financial asset at FVTPL	9	**-**	18,629,900	-
		P 217,230,838	P 246,168,491	P 224,891,416

Other investment income from AFS financial assets comprised collectively of dividend income and gain on sale of securities held by trustee banks.

19.2 Finance Costs

This is broken down into the following:

	Notes	2014	2013	2012
Fair value loss on financial asset at FVTPL	9	**P 33,063,400**	P -	P 9,602,353
Impairment loss on receivables from related parties	8	**954,264**	83,905,727	-
Interest expense	9	**288,784**	-	5,559,202
Foreign exchange losses – net	10	**-**	10,765,731	12,605,534
		P 34,306,448	P 94,671,458	P 27,767,089

20. MISCELLANEOUS INCOME – Net

This consists of the following:

	Note	2014	2013	2012
Income from sale of books and other merchandise		**P 7,953,891**	P 5,464,403	P 1,739,064
Reversal of accrued rent		**-**	37,523,295	-
Impairment loss on investment in JV	12	**-**	(6,250,000)	-
Others		**6,772,306**	4,156,622	6,601,819
		P 14,726,197	P 40,894,320	P 8,340,883

The reversal of accrued rent in 2013 pertains to the accumulated rent based on PAS 17 prior to the amendment of the lease contract with FRC (see Note 23.3).

21. EMPLOYEES' HEALTH, WELFARE AND RETIREMENT FUND

(a) Characteristics of the Defined Benefit Plan

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 (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. Retirement expense presented as part of Employee benefits under Operating Expenses in the statements of comprehensive income amounted to P82.6 million, P81.3 million and P19.9 million in 2014, 2013 and 2012, respectively (see Note 18).

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 applied to reduce employer contributions in the succeeding years, which was the case in 2012.

(b) Explanation of Amounts Disclosed in the Financial Statements

Actuarial valuation is obtained to determine the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan. All amounts presented below are based on the actuarial valuation report obtained from an independent actuary in 2014.

In determining the amounts of post-employment obligation in accordance with PAS 19 (Revised), the following significant actuarial assumptions were used:

Discount rates	4.68%
Expected rate of salary increases	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 65 is 15 for both males and 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 bonds 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.

As discussed in Note 2.15, the University's defined contribution plan is accounted for as a defined benefit plan with minimum guarantee starting in 2014 upon the University's adoption of the PIC Interpretation on PAS 19 (Revised). However, considering that the present value of the obligation as determined by an independent actuary approximates the fair value of the plan assets, management opted not to recognize further the unfunded portion of the obligation which is considered insignificant as shown in the analysis below.

An analysis of the University's defined benefit obligation following PIC Interpretation as discussed in Note 2.2(ii) with respect to the defined benefit minimum guarantee under RA 7641 is presented below.

Present value of obligation	P 688,252,191
Fair value of plan assets	(685,857,711)
	P 2,394,480

(c) Risks Associated with the Retirement Plan

The plan exposes the University 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. 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 plan efficiently.

(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 University's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding page.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of March 31, 2014:

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	+/- 0.5%	(P 1,200,765)	P 1,495,485
Salary growth rate	+/- 1.0%	3,054,576	(1,993,447)

The sensitivity analysis 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 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.

A large portion of the Fund's assets as of March 31, 2014 consists of equities and debt securities, although the Fund also invests in cash equivalents. The University believes that equities offer the best returns over the long term with an acceptable level of risk. The majority of equities are in a diversified portfolio of local blue chip entities but none are invested in the University's listed shares with the PSE.

There has been no change in the University's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

While there is no minimum funding requirement in the country, the size of the fund is also sufficient to cover the vested benefits when a significant number of employees are expected to retire in 20 years' time.

The University expects to make contribution of P81.5 million to the plan during the next reporting period.

The Fund's, which comprised of both employer and employee share contributions, audited statements of financial position show the following as of December 31:

		2013		2012		2011
Assets						
Cash and cash equivalents	**P**	**148,504,605**	P	454,037,795	P	318,781,015
Financial assets at FVTPL		**740,760,974**		419,496,563		489,757,180
Receivables		**58,767,537**		67,822,305		46,783,591
Others		**71,897**		55,093		92,066
		948,105,013		941,411,756		855,413,852
Liabilities	**(**	**28,264,587)**	(	19,092,789)	(	15,612,477)
Net Assets	**P**	**919,840,426**	P	922,318,967	P	839,801,375

Below is the further breakdown of the Fund's financial assets at FVTPL as to type of investments as of March 31. These are maintained in trust funds under credible trustee banks under control by the Fund through its Retirement Board.

		2014		2013		2012
Cash and cash equivalents	**P**	**188,015,308**	P	1,487,376	P	87,102,852
Domestic listed shares		**163,793,630**		23,310,000		12,360,000
Corporate bonds		**119,144,077**		99,047,757		15,164,845
Other securities and debt instruments		**115,972,897**		129,179,983		109,374,208
Government bonds		**84,265,726**		31,525,196		30,888,963
Fixed income loans		**5,996,959**		26,055,918		29,498,142
Unit investment trust funds		**-**		14,611,383		9,117,931
Others		**8,669,114**		4,797,617		4,514,518
	P	**685,857,711**	P	330,015,230	P	298,021,459

The above breakdown of the Fund's financial assets at FVTPL is presented to show the composition of the plan assets used by the actuary in determining the net retirement obligation based on the minimum guarantee under RA 7641 as of March 31, 2014.

22. 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 of 30% will apply to the entire taxable income instead of the 10% preferential rate. The University qualifies 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.

The major components of tax expense reported in the statement of comprehensive income are as follows:

	2014	2013	2012
Current tax expense:			
Special rate at 10%	**P 68,135,838**	P 71,601,655	P 64,470,590
Final tax at 20%	**39,092,116**	44,605,573	34,789,200
	107,227,954	116,207,228	99,259,790
Deferred tax expense (income) relating to origination and reversal of temporary differences	**5,391,403**	676,665	(2,174,344)
	P 112,619,357	P 116,883,893	P 97,085,446

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in profit or loss is presented below:

	2014	2013	2012
Tax on pretax profit at 10%	**P 93,287,228**	P 90,282,026	P 81,009,684
Adjustments for income subjected to higher tax rates	**19,211,908**	22,302,786	17,394,600
Tax effect of non-deductible expenses	**120,221**	4,299,081	(1,318,838)
Tax expense	**P 112,619,357**	P 116,883,893	P 97,085,446

The net deferred tax assets relate to the following as of March 31:

	Statement of Financial Position			Profit or Loss		
	2014	2013	2012	**2014**	2013	2012
Deferred tax assets:						
Allowance for impairment on tuition and other school fees receivables	**P 3,689,456**	P 8,657,412	P 3,224,387	**P 4,967,956**	(P 5,433,025)	(P 781,493)
Unrealized fair value loss	**1,443,350**	-	114,597	**(3,306,340)**	-	(960,235)
Accrued rent expense	**57,719**	255,998	4,825,238	**198,279**	4,569,240	450,325
Unrealized foreign currency loss	**-**	1,072,300	1,260,163	**-**	187,863	-
Allowance for impairment on non-financial asset	**-**	625,000	-	**625,000**	(625,000)	-
Deferred tax liability –						
Unrealized foreign currency gains	**(1,834,208)**	-	-	**2,906,508**	-	(882,941)
Unrealized fair value gains	**-**	(1,862,990)	-	**-**	1,977,587	-
Deferred tax expense (income) – net				**P 5,391,403**	P 676,665	(P 2,174,344)
Deferred tax assets – net	**P 3,356,317**	P 8,747,720	P 9,424,385			

The University claims itemized deductions for income tax purposes.

23. RELATED PARTY TRANSACTIONS

The University's related parties include its subsidiaries, the University's key management and others as described in Note 2.20. A summary of the University's transactions with such related parties is presented below (in thousand pesos).

	Notes	2014 Amount of Transaction	2014 Outstanding Balance	2013 Amount of Transaction	2013 Outstanding Balance	2012 Amount of Transaction	2012 Outstanding Balance
Subsidiaries							
Interest-bearing advances	23.1	P -	P -	P 465,157	P -	P 64,028	P 465,157
Noninterest-bearing advances	23.2	142	686	639	773	5,723	137
Rental expense	23.3, 23.4	(82,381)	(2,577)	(73,212)	(2,560)	(74,937)	(48,252)
Rental income	23.5, 23.6	2,567	1,632	1,635	919	714	-
Sale of equipment	23.10	10	-	-	-	-	-
Other related party							
Noninterest-bearing advances	23.2	30,536	5,853	19,717	14,186	44,934	16,326
Rental income	23.7	60,362	-	53,448	-	44,824	
Management service	23.9	55,359	56,534	55,359	52,242	47,857	47,772
Key management personnel compensation	23.11	139,188	-	150,971	-	138,713	-

Details of the foregoing summary of transactions are shown below and in the succeeding pages.

23.1 Interest-bearing Advances

Prior to fiscal year 2012, the University granted unsecured cash advances to FRC at an interest rate ranging from 2.50% and 4.25% per annum based on the usual interest rate on the University's short-term placements. The outstanding advances to FRC amounting to P465.2 million as of March 31, 2012, current portion of which is presented as part of Receivable from related parties under the Receivables account (see Note 8), while non-current portion is recorded under Due From a Related Party account in the 2012 statement of financial position, were collected in full in fiscal year 2013. Total interest income earned from these advances amounted to P1.8 million in 2013 and P17.1 million in 2012 which are presented as part of Finance Income in the statement of comprehensive income (see Note 19.1).

The movement in the outstanding balance of the advances to FRC which is presented as Due from a Related Party in the statements of financial position is shown below (see Note 4.2).

	Note	**2013**	2012
Balance at beginning of year		**P 465,156,538**	P 529,184,656
Repayments		**(465,156,538)**	(64,028,118)
Advances during the year		**-**	-
Balance at end of year		**-**	465,156,538
Current portion	8		(350,545,925)
Non-current portion		**P -**	P 114,610,613

No impairment loss is recognized on these interest-bearing advances to FRC.

23.2 Noninterest-bearing Advances

The University grants unsecured and noninterest-bearing advances to certain related parties for working capital purposes which are currently due and demandable.

Summarized below are the outstanding receivables, shown as part of Receivable from related parties under the Receivables account in the statement of financial position, arising from these transactions (see Note 8).

	Beginning	Advances	Repayments	Offsetting	Ending
2014					
EAEF	P 11,693,293	P 30,496,530	(P 36,336,879)	P -	P 5,852,944
FERN College	2,492,959	41,010	(2,533,969)	-	-
FEU Alabang, Inc.	328,658	56,500	-	-	385,158
EACCI	228,793	-	(228,793)	-	-
FRC	215,473	85,645	-	-	301,118
	P 14,959,176	**P 30,679,685**	**(P 39,099,641)**	**P -**	**P 6,539,220**
2013					
EAEF	P 14,300,692	P 17,163,977	(P 19,771,376)	P -	P 11,693,293
FERN College	2,024,918	2,553,157	(2,085,116)	-	2,492,959
FEU Alabang, Inc.	-	328,658	-	-	328,658
EACCI	-	7,728,793	-	(7,500,000)	228,793
FRC	134,358	81,115	-	-	215,473
FECSI	2,967	-	(2,967)	-	-
	P 16,462,935	P 27,855,700	(P 21,859,459)	(P 7,500,000)	P 14,959,176
2012					
EAEF	P 10,649,397	P 5,643,914	(P 1,992,619)	P -	P 14,300,692
FERN College	1,945,891	79,027	-	-	2,024,918
FRC	207,738	134,358	(207,738)	-	134,358
FECSI	5,536,612	44,799,370	(43,937,652)	(6,395,363)	2,967
	P 18,339,638	P 50,656,669	(P 46,138,009)	(P 6,395,363)	P 16,462,935

As discussed in Note 12, in 2012, the University acquired additional shares of stock of FECSI and settled P6.4 million of which through offsetting of advances. Also, the University subscribed to 1.3 million common shares of EACCI for P100 per share or an aggregate subscription price of P130.0 million. In 2013, portion of the total subscription price, amounting to P7.5 million was settled through offsetting of advances.

No impairment loss is recognized on the University's noninterest-bearing advances to its related parties.

23.3 Lease of Manila Campus Premises from FRC

The University leases certain buildings located within the Manila campus premises from FRC for a period of 10 years from July 1, 2005 to June 30, 2015. The lease period is renewable subject to conditions mutually agreed upon by both parties. In July 2011, FEU and FRC agreed to amend the existing lease contract changing the annual rental rate from P24.5 million subject to 10% escalation rate to an annual rate agreed yearly between the parties but at no rate lower than what was previously prevailing in the preceding year.

Total rental expense arising from these leases charged to operations amounting to P74.4 million in 2014, P65.3 million in 2013 and P67.2 million in 2012 is presented as part of Rental under Administrative Expenses (see Note 18). Outstanding payables on the rentals amounting to P2.6 million as at March 31, 2014 and 2013, and P48.3 million as at March 31, 2012 is presented as part of Accrued Expenses under the Trade and Other Payables account in the statements of financial position (see Note 15).

23.4 Lease of Makati Campus Premises from FRC

FEU leases from FRC the land where the building occupied by FEU Makati Campus is located. The lease agreement covers a period of 30 years from December 1, 2010 to May 31, 2041. The lease period is renewable subject to conditions mutually agreed upon by both parties. Total rental expense charged to operations amounted to P8.0 million in 2014, P7.9 million in 2013 and P7.7 million in 2012 and is presented as part of Rental under the Administrative Expenses (see Note 18). There are no outstanding rental payable as of March 31, 2014, 2013 and 2012 arising from this lease transaction.

23.5 Lease of Certain Building Floor to FRC

The University leases to FRC the mezzanine floor of one of the University's building for a period of 10 years from September 1, 2007 to August 31, 2017, renewable upon mutual consent of both parties. This location is further subleased by FRC to a third party concessionaire who operates the University's cafeteria. Rent income from FRC amounted to P1.0 million in 2014, P0.8 million in 2013 and P0.7 million in 2012 which are shown as part of Rental under Other Income (Charges) in the statement of comprehensive income (see Note 13). There are no outstanding receivables as of the end of each year related to this lease agreement.

23.6 Lease of Campus Premises to FECSI

In July 2012, a contract was signed between the University and FRC, where the University became the new owner and lessor of two school buildings to FECSI. However, FRC still retains the ownership of the land where the buildings are situated. In previous years, FRC owned and leased the campus' buildings and land solely to FECSI. Subsequently, a new lease agreement was signed by the University, FRC and FECSI for a period of ten years from August 1, 2012 to July 31, 2022. The lease period is renewable subject to conditions mutually agreed upon by the parties. The annual rent is set at 10% of FECSI's annual gross revenue net of some adjustments.

Total rental income earned from this transaction amounting to P1.6 million in 2014 and P0.8 million in 2013 is presented as part of Rentals under Other Income (Charges) in the statements of comprehensive income (see Note 13). As of March 31, 2014 and 2013, the outstanding receivable arising from this transaction amounts to P1.6 million and P0.9 million, respectively, and is presented as part of Receivable from related parties under the Receivables account in the statements of financial position (see Note 8). No impairment loss is recognized by the University on this receivable from related parties.

23.7 Lease of Certain Buildings to EAEF

The University leases out certain buildings to EAEF for a period of one to five years until May 31, 2015. Total rental income from EAEF, is presented as part of Rental account in the statement of comprehensive income, amounted to P60.4 million in 2014, P53.4 million in 2013 and P44.8 million in 2012 (see Note 13). There was no outstanding balance from this transaction as of March 31, 2014, 2013 and 2012.

23.8 Lease of Office Premises to ICF-CCE, Inc.

The University leased out certain floors of a building in FEU Makati Campus to ICF-CCE, Inc. in previous years but such lease contract expired and was not renewed in March 2013. Total rental income earned from this transaction amounted to P5.2 million and P7.6 million in 2013 and 2012, respectively, and is recorded as part of Rental in the statements of comprehensive income. As of March 31, 2014, there is no outstanding balance related to these transactions. In 2013, the management assessed that the outstanding receivable from ICF-CCE, Inc., amounting to P47.2 million, was doubtful of collection and was provided with 100% allowance for impairment. It was written off in 2014 (see Note 8).

23.9 Management Services

The University provides management services to EAEF which agreed to pay management fee computed at a certain percentage of the latter's gross revenue subject to certain conditions. Management fees earned amounted to P55.4 million in 2014 and 2013, and P47.9 million in 2012 which is presented as Management Fees in the statements of comprehensive income. Outstanding receivables arising from this transaction amounted to P56.5 million, P52.2 million and P47.8 million as of March 31, 2014, 2013 and 2012, respectively, and are presented as part of Receivable from related parties under the Receivables account in the statement of financial position (see Note 8). No impairment loss is recognized by the University on these receivables.

23.10 Sale of Transportation Equipment

In 2014, the University sold a fully-depreciated transportation equipment to FECSI amounting to P10,000 which is included as part of Others under Miscellaneous Income in the 2014 statement of comprehensive income. There is no outstanding receivable from such transaction as of March 31, 2014. There was no similar transaction in 2013 and 2012.

23.11 Key Management Personnel Compensation

Total remunerations of the University's key management personnel presented as part of Salaries and allowances and Employees benefits under the Instructional and Academic expenses (see Note 18) is as follows:

	2014	2013	2012
Short-term benefits	**P 119,840,558**	P 130,318,343	P 119,211,482
Post-employment benefits	**19,347,562**	20,653,045	19,501,095
	P 139,188,120	P 150,971,388	P 138,712,577

24. EQUITY

24.1 Capital Stock

	Shares			Amount		
	2014	2013	2012	**2014**	2013	2012
Common shares – P100 par value						
Authorized	**20,000,000**	20,000,000	20,000,000			
Issued and outstanding:						
Balance at beginning of year	**13,768,634**	13,768,634	9,845,779	**P 1,376,863,400**	P 1,376,863,400	P 984,577,900
Issued during the year	**-**	-	3,922,855	**-**	-	392,285,500
Balance at end of year	**13,768,634**	13,768,634	13,768,634	**1,376,863,400**	1,376,863,400	1,376,863,400
Treasury stock – at cost	**(37,331)**	(37,331)	(37,331)	**(3,733,100)**	(3,733,100)	(3,733,100)
Total outstanding	**13,731,303**	13,731,303	13,731,303	**P 1,373,130,300**	P 1,373,130,300	P 1,373,130,300

On July 19, 2011, the University's BOT approved the increase in authorized capital stock from P1.0 billion divided into 10.0 million shares with a par value of P100 per share to P2.0 billion divided into 20.0 million shares with a par value of P100 per share. Also on the same date, the University's BOT approved the declaration of 40% stock dividends (see Note 24.2).

The increase in authorized capital stock and declaration of stock dividends were ratified by the stockholders representing at least 2/3 of FEU's total outstanding shares during the University's annual stockholders' meeting on August 27, 2011 and was subsequently approved by the SEC on November 2, 2011.

On July 11, 1986, the SEC approved the listing of the University's shares totaling 199,272,368. The shares were initially issued at an offer price of P100 per share. As of March 31, 2014, there are 4,706,327 listed shares owned by the public apart from the treasury shares and shares owned by the University's related parties, equivalent to 34.27% of the total outstanding shares. Such listed shares closed at P1,103 per share as of March 31, 2014.

24.2 Retained Earnings

Significant transactions affecting Retained Earnings, which is also legally restricted at an amount equivalent to the cost of the University's treasury shares of P3.7 million, are as follows:

(a) Appropriation of Retained Earnings

Appropriated Retained Earnings consist of appropriations for:

	2014	2013	2012
Property and investment acquisition	**P 1,542,500,000**	P 1,150,000,000	P 1,320,000,000
Expansion of facilities	**294,200,000**	300,000,000	240,000,000
Purchase of equipment and improvements	**115,000,000**	75,000,000	39,770,000
General retirement	**90,000,000**	90,000,000	65,000,000
Contingencies	**10,000,000**	10,000,000	50,000,000
Treasury shares	**3,733,100**	3,733,100	3,733,100
	P 2,055,433,100	P 1,628,733,100	P 1,718,503,100

The changes in the appropriated retained earnings are shown below.

	2014	2013	2012
Balance at beginning of year	**P 1,628,733,100**	P 1,718,503,100	P 1,853,733,100
Reversal of appropriations	**(5,800,000)**	(210,000,000)	(1,735,000,000)
Appropriations during the year	**432,500,000**	120,230,000	1,599,770,000
Balance at end of year	**P 2,055,433,100**	P 1,628,733,100	P 1,718,503,100

The University has the following appropriations for which the management assessed that is necessary for the respective purposes within one year from the end of the respective reporting period.

	2014	2013	2012
Property and investment acquisition	**P 392,500,000**	P -	P1,320,000,000
General retirement and purchase of equipment and improvements	**40,000,000**	60,230,000	39,770,000
Expansion of facilities	**-**	60,000,000	240,000,000
	P 432,500,000	P 120,230,000	P1,599,770,000

Also, the University reversed the previous appropriations for expansion of facilities amounting to P5.8 million in 2014 and for property and investment amounting to P170.0 million and P1.7 billion in 2013 and 2012, respectively, as the planned expansion of facilities were completed in 2014 while the investment and acquisition of property were completed in 2013 and 2012.

(b) Dividend Declaration

The BOT approved the following dividend declarations in 2014, 2013 and 2012:

	Date of			
	Declaration	**Record**	**Payment/Issuance**	**Amount**
2014				
Cash dividend of P15 per share	June 18, 2013	July 2, 2013	July 17, 2013	P 205,969,545
Cash dividend of P12 per share	December 10, 2013	December 26, 2013	January 15, 2014	164,775,636
				P 370,745,181
2013				
Cash dividend of P12 per share	June 19, 2012	July 4, 2012	July 18, 2012	P 164,775,636
Cash dividend of P12 per share	December 18, 2012	January 8, 2013	January 23, 2013	164,775,636
				P 329,551,272

	Date of Declaration	Date of Record	Date of Payment/Issuance	Amount
2012				
Cash dividend of P15 per share	June 21, 2011	July 6, 2011	July 20, 2011	P 147,126,770
40% stock dividend equivalent to 3,922,855 shares	July 19, 2011	November 22, 2011	December 19, 2011	392,285,500
524 fractional shares paid out in cash at P100 per share				52,370
Cash dividend of P12 per share	January 17, 2012	February 15, 2012	February 15, 2012	164,775,636
				P 704,240,276

Unclaimed dividend checks as of March 31, 2014, 2013 and 2012 are presented as Dividends payable under the Trade and Other Payables account in the statements of financial position (see Note 15).

25. EARNINGS PER SHARE

Earnings per share amounts were computed as follows:

	2014	2013	2012
Net profit	**P 820,252,922**	P 785,936,366	P 713,011,392
Divided by number of outstanding shares, net of treasury stock of 37,331 shares	**13,731,303**	13,731,303	13,731,303
Basic and diluted EPS	**P 59.74**	P 57.24	P 51.93

The University has no dilutive potential common shares as of March 31, 2014, 2013 and 2012, hence the diluted EPS is the same as the basic EPS in all the years presented.

26. COMMITMENTS AND CONTINGENCIES

26.1 Operating Lease Commitments – University as Lessee

(a) Lease Agreement with FRC

The University is a lessee under operating leases covering certain buildings for a period of 10 years from July 1, 2005 to June 30, 2015. As discussed in Note 23.3, in July 2011, FEU and FRC agreed to amend the existing lease contract changing the annual rental rate from P24.5 million subject to 10% escalation rate to an annual rate that is to be determined at the beginning of each year but at no rate lower than the previous year.

The University also entered into another contract of lease for the land where the building occupied by FEU Makati is located for a period of 30 years (see Note 23.4).

The future minimum rentals payable under these non-cancellable operating leases are as follows as of March 31:

		2014		2013		2012
Within one year	**P**	**70,851,308**	P	78,025,215	P	65,547,743
After one year but not more than five years		**-**		-		95,851,328
More than five years		**-**		-		186,903,000
	P	**70,851,308**	P	78,025,215	P	348,302,071

26.2 Operating Lease Commitments – University as Lessor

The University leases out certain buildings to EAEF and FECSI and the mezzanine floor to FRC for a period of one to ten years until July 31, 2022 (see Notes 13 and 23).

Future minimum rental receivables, excluding contingent rental, under these operating leases as of March 31, 2014, 2013 and 2012 are as follows:

		2014		2013		2012
Within one year	**P**	**45,650,974**	P	58,858,784	P	51,163,348
After one year but not more than five years		**4,955,540**		1,920,000		3,840,000
More than five years		**1,785,714**		-		1,360,000
	P	**52,392,228**	P	60,778,784	P	56,363,348

26.3 Legal Claims

As of March 31, 2014 the University is a defendant in certain civil cases which are pending before the National Labor Relations Commission and the Court of Appeals. The University's management and its legal counsel believe that liabilities, if any, which may result from the outcome of these cases, will not materially affect the financial position and results of operations of the University. However, the University has appropriated portion of its retained earnings for the occurrence of these types of contingencies (see Note 24.2).

26.4 Others

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 generally appropriate portion of its retained earnings to cover for such contingencies (see Note 24.2).

27. 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 debt divided by total equity. Capital for the reporting period March 31, 2014, 2013 and 2012 under review is summarized as follows:

	2014	2013	2012
Total liabilities	**P1,297,388,017**	P1,234,212,460	P 488,307,015
Total equity	**4,868,386,750**	4,418,879,009	3,962,493,915
Debt-to-equity ratio	**0.27 : 1.00**	0.28 : 1.00	0.12 : 1.00

The University's goal in capital management is to maintain a debt-to-equity structure ratio of not more than 1.00:1.00 (see Note 16). This is in line with the University's bank covenants related to its borrowings.

The University has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for all years presented.

There was no significant change in the University's approach to capital management during the year.

28. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under its existing revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

28.1 Requirements Under Revenue Regulations (RR) 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR 15-2010 are as follows:

(a) Output VAT

In fiscal year 2014, the University declared output VAT as follows:

	Tax Base	Output VAT
Rental	P 78,560,907	P 9,427,309
Management fee	56,121,124	6,734,535
Sale of merchandise	1,002,506	120,301
	P 135,684,537	**P 16,282,145**

The outstanding output VAT payable amounting to P1.03 million as of March 31, 2014 is presented as part of Withholding and other taxes payable under the Trade and Other Payables account in the 2014 statement of financial position (see Note 15).

Pursuant to Section 109, *VAT Exempt Transactions*, of the National Internal Revenue Code of 1997, the University's receipts from tuition and other fees related to educational services are VAT exempt.

(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.

(c) Taxes on Importation

The University did not have any importation in fiscal year 2014.

(d) Excise Tax

The University did not have any transactions in fiscal year 2014 which are subject to excise tax.

(e) Documentary Stamp Tax

In fiscal year 2014, the University paid and accrued documentary stamp tax (DST) for the following transactions:

Transcript of records	P	579,044
Lease contracts		149,078
Miscellaneous		48,929
	P	777,051

(f) Taxes and Licenses

The details of taxes and licenses in fiscal year 2014 are as follows (see Note 18):

DST	P	2,778,543
Municipal license and permits		1,070,406
Community tax		10,500
Miscellaneous		564,943
	P	4,424,392

DST includes deficiency taxes paid in May 2013 amounting to P2.0 million [see Note 28.1 (h)].

(g) Withholding Taxes

The details of total withholding taxes for the year ended March 31, 2014 are shown below.

Compensation	P	189,768,167
Expanded		19,035,563
Final		11,853,103
	P	220,656,833

(h) Deficiency Tax Assessments and Tax Cases

In fiscal year 2014, the University was assessed for deficiency DST and withholding taxes related to taxable year 2008. Total payment for deficiency taxes is recorded as part of Taxes and licenses under Operating Expenses account (see Note 18). Such deficiency taxes assessment was accordingly paid in May 2013.

	Basic Tax		Interest Cost		Penalty	
DST	P	903,469	P	1,098,023	P	-
Withholding taxes		58,015		93,930		189,945
	P	961,484	P	1,191,953	P	189,945

Total payment for deficiency DST and interest cost totaling P2,095,422 was claimed as part of deductible Taxes and licenses in fiscal year 2014 [see Note 28.1 (f)].

As of March 31, 2014, the University did not have any final deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

28.2 Requirements Under RR 19-2011

RR 19-2011 requires schedules of taxable revenues and other non-operating income, costs of sales and services, itemized deductions and other significant tax information, to be disclosed in the notes to financial statements.

The amounts of taxable revenues and income, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts of revenues reflected in the 2014 statement of comprehensive income.

(a) Taxable Revenues

The composition of the University's taxable revenues for the fiscal year ended March 31, 2014 at special tax rate of 10% mainly comprise of tuition and other school fees amounting to P2,217,772,167.

(b) Deductible Costs of Services

The deductible costs of services for the year ended March 31, 2014, which is presented as Instructional and Academic and Maintenance and University Operations expenses under Operating Expenses in the 2014 statement of comprehensive income, comprise the following:

Salaries and allowances	P 651,288,341
Employee benefits	223,480,984
Depreciation	101,081,257
Communication, light and water	92,342,168
Rental	87,330,103
Student development activities	24,104,504
University supplies and materials	22,387,535
Janitorial services	18,133,669
Outside services	17,254,564
University repairs and maintenance	15,408,159
Conference and seminars	7,580,304
Insurance	6,718,353
Miscellaneous	23,534,307
	P1,290,644,248

(c) Taxable Non-operating and Other Income

The details of taxable non-operating and other income in fiscal year 2014 which are subject to special tax rate of 10% are shown below.

Rental income	P	71,997,999
Management fees		55,358,978
Income from sale of books and other merchandise		7,953,891
Others		6,858,972
	P	142,169,840

(d) Itemized Deductions

The amounts of itemized deductions in fiscal year 2014 at special tax rate of 10% are as follows:

Salaries and allowances	P	90,325,235
Impairment losses on receivables		88,626,105
Employee benefits		43,499,308
Depreciation		32,455,327
Professional fees		32,120,089
Security services		20,655,445
Directors' bonus		13,500,000
Subscriptions		12,628,912
Realized foreign currency losses		10,723,000
Advertising		8,917,743
Loss from write-off of investment in a JV		6,250,000
Taxes and licenses		4,176,432
Litigation fees		3,600,000
Software license cost		2,897,665
Other outside services		2,414,601
Interest and other bank charges		2,302,569
Repairs and maintenance (labor)		1,898,450
Supplies		1,749,833
Conference and seminars		1,535,975
Insurance		1,484,972
Miscellaneous		6,177,723
	P	387,939,384

Punongbayan & Araullo

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Consolidated Financial Statements and Independent Auditors' Report

The Far Eastern University, Incorporated and Subsidiaries

March 31, 2014, 2013 and 2012

Report of Independent Auditors

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

We have audited the accompanying consolidated financial statements of The Far Eastern University, Incorporated and subsidiaries, which comprise the consolidated statements of financial position as at March 31, 2014, 2013 and 2012, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Far Eastern University, Incorporated and subsidiaries as of March 31, 2014, 2013 and 2012, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

PUNONGBAYAN & ARAULLO

By: Christopher M. Ferareza
Partner

CPA Reg. No. 0097462
TIN 184-595-975
PTR No. 4222743, January 2, 2014, Makati City
SEC Group A Accreditation
Partner - No. 1185-A (until Jan. 18, 2015)
Firm - No. 0002-FR-3 (until Jan. 18, 2015)
BIR AN 08-002511-34-2011 (until Sept. 21, 2014)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

June 17, 2014

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

	Notes	2014	2013	2012
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	8	P 559,584,420	P 338,059,095	P 486,095,989
Trade and other receivables - net	9	363,282,079	402,521,059	478,526,679
Financial asset at fair value through profit or loss	10	-	18,629,900	-
Available-for-sale financial assets	11	1,765,336,184	1,652,448,209	1,482,655,331
Real estate held-for-sale	12	131,526,860	94,837,617	119,459,271
Other current assets - net	13	226,482,865	440,320,758	226,776,035
Total Current Assets		3,046,212,408	2,946,816,638	2,793,513,305
NON-CURRENT ASSETS				
Trade and other receivables - net	9	47,465,839	98,226,853	-
Available-for-sale financial assets	11	552,556,482	367,039,668	335,300,863
Investments in associate and joint venture	14	6,769,756	6,846,595	6,884,076
Property and equipment - net	15	3,914,179,071	3,221,446,603	1,767,389,265
Investment property - net	16	476,094,579	366,291,755	291,397,101
Deferred tax assets	23	2,238,847	12,897,723	15,254,114
Other non-current assets	13	7,931,610	7,702,000	18,151,515
Total Non-current Assets		5,007,236,184	4,080,451,197	2,434,376,934
TOTAL ASSETS		P 8,053,448,592	P 7,027,267,835	P 5,227,890,239
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	17	P 579,407,538	P 478,263,447	P 392,909,630
Interest-bearing loans	18	12,763,501	3,154,777	6,146,862
Derivative liability	10	14,433,500	-	1,145,972
Deferred revenues	19	14,569,321	5,679,787	31,922,493
Income tax payable		13,095,621	10,204,672	41,607,049
Total Current Liabilities		634,269,481	497,302,683	473,732,006
NON-CURRENT LIABILITIES				
Interest-bearing loans	18	846,936,083	806,984,744	10,139,521
Deferred tax liabilities	23	20,352,881	41,480,547	12,760,404
Other non-current liabilities		13,630,418	16,953,803	4,903,932
Total Non-current Liabilities		880,919,382	865,419,094	27,803,857
Total Liabilities		1,515,188,863	1,362,721,777	501,535,863
EQUITY	25			
Equity attributable to owners of the parent company				
Capital stock		1,376,863,400	1,376,863,400	1,376,863,400
Treasury stock - at cost		(3,733,100)	(3,733,100)	(3,733,100)
Revaluation reserves		42,077,941	179,686,293	83,549,498
Retained earnings		3,743,328,450	3,259,048,975	2,788,372,022
Total equity attributable to owners of parent company		5,158,536,691	4,811,865,568	4,245,051,820
Non-controlling interest		1,379,723,038	852,680,490	481,302,556
Total Equity		6,538,259,729	5,664,546,058	4,726,354,376
TOTAL LIABILITIES AND EQUITY		P 8,053,448,592	P 7,027,267,835	P 5,227,890,239

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

	Notes	2014	2013	2012
REVENUES				
Educational	19			
Tuition fees - net		P 2,208,746,459	P 2,138,536,245	P 2,024,254,083
Other school fees		73,422,000	58,440,971	40,447,982
		2,282,168,459	2,196,977,216	2,064,702,065
Rental	16	98,411,239	89,322,857	92,888,338
Management fees	24	55,358,978	55,358,978	47,857,409
Sale of real estate	12	-	184,434,952	16,504,911
Other operating income		12,253,788	4,993,641	3,856,364
		2,448,192,464	2,531,087,644	2,225,809,087
COSTS AND OPERATING EXPENSES	20	1,618,887,807	1,625,892,874	1,562,151,106
OPERATING INCOME		829,304,657	905,194,770	663,657,981
OTHER INCOME (CHARGES)				
Finance income	21	223,421,624	248,832,138	211,723,409
Finance costs	21	(35,085,309)	(97,264,455)	(27,772,752)
Share in net losses of an associate and a joint venture	14	(76,839)	(37,481)	(3,064,697)
Miscellaneous - net		13,362,850	7,138,280	10,788,418
		201,622,326	158,668,482	191,674,378
PROFIT BEFORE TAX		1,030,926,983	1,063,863,252	855,332,359
TAX EXPENSE	23	128,109,779	173,007,093	113,859,015
NET PROFIT		902,817,204	890,856,159	741,473,344
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will be reclassified subsequently to profit or loss				
Fair value gains (losses) on available-for-sale financial assets - net of tax				
Gains during the year		44,421,859	126,557,100	93,025,498
Fair value gains reclassified to profit or loss on disposed financial assets		(182,030,211)	(30,420,305)	(30,126,845)
	11	(137,608,352)	96,136,795	62,898,653
TOTAL COMPREHENSIVE INCOME		P 765,208,852	P 986,992,954	P 804,371,997
Net income attributable to:				
Owners of the parent company		P 855,024,656	P 800,228,225	P 719,303,686
Non-controlling interest		47,792,548	90,627,934	22,169,658
		P 902,817,204	P 890,856,159	P 741,473,344
Total comprehensive income attributable to:				
Owners of the parent company		P 717,416,304	P 896,365,020	P 782,202,339
Non-controlling interest		47,792,548	90,627,934	22,169,658
		P 765,208,852	P 986,992,954	P 804,371,997
Earnings Per Share				
Basic and Diluted	26	P 62.27	P 58.28	P 52.38

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

		Attributable to Owners of the Parent Company							
					Retained Earnings				
	Notes	Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Appropriated	Unappropriated	Total	Non-controlling Interest	Total Equity
Balance at April 1, 2013	25	P 1,376,863,400	(P 3,733,100)	P 179,686,293	P 1,628,733,100	P 1,630,315,875	P 3,259,048,975	P 852,680,490	P 5,664,546,058
Transactions with owners									
Issuance of shares of stock	25	-	-	-	-	-	-	479,250,000	479,250,000
Appropriations for the year	25	-	-	-	432,500,000	(432,500,000)	-	-	-
Reversal of appropriations during the year	25	-	-	-	(5,800,000)	5,800,000	-	-	-
Cash dividends	25	-	-	-	-	(370,745,181)	(370,745,181)	-	(370,745,181)
		-	-	-	426,700,000	(797,445,181)	(370,745,181)	479,250,000	108,504,819
Total comprehensive income (loss)									
Net profit for the year		-	-	-	-	855,024,656	855,024,656	47,792,548	902,817,204
Other comprehensive loss	11	-	-	(137,608,352)	-	-	-	-	(137,608,352)
		-	-	(137,608,352)	-	855,024,656	855,024,656	47,792,548	765,208,852
Balance at March 31, 2014	25	**P 1,376,863,400**	**(P 3,733,100)**	**P 42,077,941**	**P 2,055,433,100**	**P 1,687,895,350**	**P 3,743,328,450**	**P 1,379,723,038**	**P 6,538,259,729**
Balance at April 1, 2012	25	P 1,376,863,400	(P 3,733,100)	P 83,549,498	P 1,718,503,100	P 1,069,868,922	P 2,788,372,022	P 481,302,556	P 4,726,354,376
Transactions with owners									
Issuance of shares of stock	25	-	-	-	-	-	-	280,750,000	280,750,000
Appropriations for the year	25	-	-	-	120,230,000	(120,230,000)	-	-	-
Reversal of appropriations during the year	25	-	-	-	(210,000,000)	210,000,000	-	-	-
Cash dividends	25	-	-	-	-	(329,551,272)	(329,551,272)	-	(329,551,272)
		-	-	-	(89,770,000)	(239,781,272)	(329,551,272)	280,750,000	(48,801,272)
Total comprehensive income									
Net profit for the year		-	-	-	-	800,228,225	800,228,225	90,627,934	890,856,159
Other comprehensive income	11	-	-	96,136,795	-	-	-	-	96,136,795
		-	-	96,136,795	-	800,228,225	800,228,225	90,627,934	986,992,954
Balance at March 31, 2013	25	P 1,376,863,400	(P 3,733,100)	P 179,686,293	P 1,628,733,100	P 1,630,315,875	P 3,259,048,975	P 852,680,490	P 5,664,546,058

See Notes to Consolidated Financial Statements.

	Notes	Attributable to Owners of the Parent Company: Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Retained Earnings: Appropriated	Retained Earnings: Unappropriated	Retained Earnings: Total	Non-controlling Interest	Total Equity
Balance at April 1, 2011	25	P 984,577,900	(P 3,733,100)	P 20,650,845	P 1,853,733,100	P 919,575,512	P 2,773,308,612	P 459,132,898	P 4,233,937,155
Transactions with owners									
Appropriations for the year	25	-	-	-	1,599,770,000	(1,599,770,000)	-	-	-
Reversal of appropriations during the year	25	-	-	-	(1,735,000,000)	1,735,000,000	-	-	-
Stock dividends	25	392,285,500	-	-	-	(392,285,500)	(392,285,500)	-	-
Cash dividends		-	-	-	-	(311,954,776)	(311,954,776)	-	(311,954,776)
		392,285,500	-	-	(135,230,000)	(569,010,276)	(704,240,276)	-	(311,954,776)
Total comprehensive income									
Net profit for the year		-	-	-	-	719,303,686	719,303,686	22,169,658	741,473,344
Other comprehensive income	11	-	-	62,898,653	-	-	-	-	62,898,653
		-	-	62,898,653	-	719,303,686	719,303,686	22,169,658	804,371,997
Balance at March 31, 2012	25	P 1,376,863,400	(P 3,733,100)	P 83,549,498	P 1,718,503,100	P 1,069,868,922	P 2,788,372,022	P 481,302,556	P 4,726,354,376

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

	Notes	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax		P 1,030,926,983	P 1,063,863,252	P 855,332,359
Adjustments for:				
Depreciation and amortization	20	146,856,813	113,128,527	115,415,315
Interest income	21	(126,315,197)	(173,385,612)	(148,324,061)
Other investment income from AFS financial assets	21	(78,677,681)	(56,816,626)	(63,399,348)
Unrealized foreign exchange losses (gains) - net	21	(18,428,746)	10,765,730	12,605,534
Interest expense	10, 18, 21	1,067,645	2,592,997	5,564,865
Impairment losses on receivables from related parties	21	954,264	83,905,728	-
Share in net losses of an associate and a joint venture	14	76,839	37,481	3,064,697
Loss on sale of investment property		-	-	6,082,342
Operating profit before working capital changes		956,460,920	1,044,091,477	786,341,703
Decrease (increase) in trade and other receivables		80,712,423	(162,306,690)	(92,611,885)
Decrease (increase) in financial asset at fair value through profit or loss		18,629,900	(18,629,900)	9,602,353
Decrease (increase) in real estate held-for-sale		(36,689,243)	24,621,654	1,462,989
Decrease (increase) in other assets		217,784,232	(6,667,134)	38,724,406
Increase in trade and other payables		80,332,004	65,415,396	40,766,606
Increase (decrease) in derivative liability		14,433,500	(1,145,972)	1,145,972
Increase (decrease) in deferred revenues		8,889,534	(26,242,706)	(28,782,568)
Increase (decrease) in other non-current liabilities		(3,323,385)	12,049,871	2,737,123
Cash generated from operations		1,337,229,885	931,185,996	759,386,699
Income taxes paid		(134,431,605)	(163,080,412)	(135,196,992)
Net Cash From Operating Activities		1,202,798,280	768,105,584	624,189,707
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	15	(785,367,171)	(1,529,116,913)	(222,023,146)
Net investments on available-for-sale financial assets		(225,735,692)	(113,711,250)	(159,757,567)
Acquisitions of investment properties	16	(133,315,204)	(105,560,173)	(22,093,659)
Collections of advances to related parties	24	38,870,848	21,856,492	1,992,619
Interest paid	15	(31,804,701)	(7,696,765)	-
Advances to related parties	24	(30,537,540)	(19,717,134)	(5,722,941)
Interest received	21	7,625,546	20,130,941	26,976,107
Proceeds from disposal of property and equipment		27,326	-	-
Collection of loans receivable	9	-	55,200,000	92,500,000
Proceeds from disposal of investment property		-	-	70,200,000
Net Cash Used in Investing Activities		(1,160,236,588)	(1,678,614,802)	(217,928,587)

Forward

	Notes	2014	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of preferred stocks to a related party under common management	24	**P 479,250,000**	P 280,750,000	P -
Dividends paid	25	**(349,933,094)**	(312,088,083)	(308,833,696)
Proceeds of interest-bearing loans	18	**56,981,515**	800,000,000	12,934,688
Repayments of interest-bearing loans	18	**(7,421,452)**	(6,146,862)	(3,604,048)
Net Cash From (Used in) Financing Activities		**178,876,969**	762,515,055	(299,503,056)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		**86,664**	(42,731)	9,385
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**221,525,325**	(148,036,894)	106,767,449
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**338,059,095**	486,095,989	379,328,540
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 559,584,420**	P 338,059,095	P 486,095,989

Supplemental Information on Noncash Investing and Financing Activities:

1) In 2014, 2013 and 2012, the University declared cash dividends totaling P370.7 million, P329.6 million and P312.0 million, respectively, of which, P20.8 million, P17.5 million and P3.1 million, respectively, were unpaid in the year of declaration [see Note 25.2(b)].

2) The University capitalized interest of P30.74 million in 2014 and P7.58 million in 2013 on interest-bearing loans as part of its Property and Equipment [see Notes 15 and 18(a)].

3) In 2014, certain building and improvements amounting to P12.9 million were reclassified from Property and Equipment to Investment Property (see Notes 15 and 16).

4) In 2012, the University declared and issued stock dividend of P392.3 million [see Note 25.2(b)].

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014, 2013 AND 2012
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Background of the University

The Far Eastern University, Incorporated (the University, FEU or parent company) is a domestic educational institution founded in June 1928 and was registered and incorporated with the Philippine Securities and Exchange Commission (SEC) on October 27, 1933. On October 27, 1983, the University extended its corporate life to another 50 years. The University became a listed corporation in the Philippine Stock Exchange on July 11, 1986.

The University is a private, non-sectarian institution of learning comprising the following different institutes that offer specific courses, namely: Institute of Arts and Sciences; Institute of Accounts, Business and Finance; Institute of Education; Institute of Architecture and Fine Arts; Institute of Nursing; Institute of Tourism and Hotel Management and Institute of Law.

Several programs of FEU, such as Liberal Arts, Commerce and Education, are accredited by the Philippine Association of Colleges and Universities Commission on Accreditation.

As of March 31, 2014, 2013, and 2012, the University holds interest in the following subsidiaries, associate, and joint venture which were all incorporated and operating in the Philippines (see Note 14):

	Percentage of Effective Ownership		
Company Name	**2014**	2013	2012
Subsidiaries:			
East Asia Computer Center, Inc. (EACCI)	**100%**	100%	100%
Far Eastern College – Silang, Inc. (FECSI)	**100%**	100%	100%
FEU Alabang, Inc.	**100%**	100%	-
Fern Realty Corporation (FRC)	**37.52%**	37.52%	37.52%
TMC – FRC Sports Performance and Physical Medicine Center, Inc. (SPARC)	**22.51%**	22.51%	22.51%

Company Name	Percentage of Effective Ownership 2014	2013	2012
Associate –			
Juliana Management Company, Inc. (JMCI)	**49%**	49%	49%
Joint Venture –			
ICF – CCE, Inc.	**50%**	50%	50%

Similar to the University, FECSI, EACCI and FEU Alabang, Inc. were established to operate as educational institutions offering general courses of study.

EACCI and FEU Alabang, Inc. will start operating as educational institutions upon approval by the Commission on Higher Education of their respective application for permits to operate as educational institutions.

FRC, on the other hand, operates as a real estate company leasing most of its investment properties to the University and other related parties. FRC acquired 60% equity ownership interest in SPARC in 2008. SPARC is engaged in the business of maintaining a sports facility for rehabilitation and sports performance enhancement purposes.

Although the University controls less than 50% of the voting shares of stock of FRC, it has control over FRC as it is exposed, or has right to, variable returns from its involvement with FRC and has the ability to affect those returns through its power over FRC. Also, the University has the power to cast the majority of votes at meetings of the Board of Directors and elect officers of FRC. Accordingly, FRC is recognized as a subsidiary of the University. Further, SPARC is also considered a subsidiary of the University through its 22.51% effective ownership interest over the former through FRC's 60% ownership interest over SPARC.

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

1.2 Other Corporate Information

The registered offices and principal places of business of the University and its subsidiaries, associate and joint-venture are as follows:

FEU and SPARC	-	Nicanor Reyes, Sr. Street, Sampaloc, Manila
EACCI	-	P. Paredes Street, Sampaloc, Manila
FECSI	-	Metrogate Silang Estates, Silang, Cavite
FEU Alabang, Inc.	-	Lot 1, Corporate Woods cor. South Corporate Avenues, Woods District, Filinvest City, Alabang, Muntinlupa City
FRC	-	Administration Building, FEU Compound, Nicanor Reyes, Sr. Street, Sampaloc, Manila
JMCI	-	E. Rodriguez Jr. Avenue corner Cpl. Cruz St., Bagong Ilog, Pasig City
ICF-CCE, Inc.	-	FEU Makati, Sen. Gil. J. Puyat Avenue corner Zuellig St., Makati City

1.3 Approval for Issuance of Consolidated Financial Statements

The consolidated financial statements of the Group for the year ended March 31, 2014 (including the comparatives for the years ended March 31, 2013 and 2012) were authorized for issue by the Board of Trustees (BOT) on June 17, 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of the Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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.

(b) Presentation of the Consolidated Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents all items of income and expenses in a single consolidated statement of comprehensive income.

The Group has been presenting two comparative periods for the consolidated statement 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.

(c) Functional Currency

These consolidated financial statements are presented in Philippine pesos, the Group's functional 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 (see Note 2.15). Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in Fiscal Year 2014 that are Relevant to the Group

In 2014, the Group adopted the following new PFRS, revisions, amendments to PFRS and interpretations that are relevant to the Group and effective for consolidated financial statements for the annual period beginning on or after July 1, 2012 or January 1, 2013:

PAS 1 (Amendment)	:	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
PAS 19 (Revised)	:	Employee Benefits
PFRS 7 (Amendment)	:	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
PFRS 10	:	Consolidated Financial Statements
PFRS 11	:	Joint Arrangements
PRFS 12	:	Disclosure of Interests in Other Entities
PAS 27 (Revised)	:	Separate Financial Statements
PAS 28 (Revised)	:	Investments in Associate and Joint Venture
PFRS 10, 11 and 12 (Amendments)	:	Amendments to PFRS 10, 11 and 12 – Transition Guidance to PFRS 10, 11 and 12
PFRS 13	:	Fair Value Measurement
Annual Improvements	:	Annual Improvements to PFRS (2009-2011 Cycle)

Discussed below and on the succeeding pages is the relevant information about these new, revised and amended standards.

(i) PAS 1 (Amendment), *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in other comprehensive income into those that, in accordance with other PFRS: (a) will not be reclassified subsequently to profit or loss; and, (b) will be reclassified subsequently to profit or loss when specific conditions are met. The amendment has been applied retrospectively, hence, the presentation of other comprehensive income has been modified to reflect the changes.

(ii) PAS 19 (Revised), *Employee Benefits* (effective from January 1, 2013). This revised standard made a number of changes to the accounting for employee benefits. The most significant changes relate to defined benefit plans as follows:

- eliminates the corridor approach and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;

- changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit liability or asset; and,

- enhances disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

The revised standard has an impact on the Group's consolidated financial statements in so far as to the extent of disclosures of the Group's defined contribution plan accounted for as a defined benefit plan in relation to the minimum guarantee prescribed by the Republic Act No. 7641, *The Philippine Retirement Law* (RA 7641), based on the interpretations issued by the Philippine Interpretations Committee (PIC) in its Question and Answers on PAS 19 – *Accounting for Employee Benefits Under a Defined Benefit Contribution Plan Subject to Requirements of RA 7641* (see Notes 2.17).
Because the management determined that the impact of the adoption of this interpretation by the PIC is not material to the consolidated financial statements; the Group only enhanced its disclosures in its consolidated financial statements (see Note 22).

(iii) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Offsetting of Financial Assets and Financial Liabilities* (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation.* The amendment also requires disclosure of information about recognized financial instruments which are subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32 and amounts related to a financial collateral. These disclosures allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and financial liabilities on the entity's statement of financial position. The details and outstanding balances of financial assets and financial liabilities that are subject to offsetting are disclosed in Note 5.2.

(iv) Consolidation, Joint Arrangements, Associates and Disclosures

This package of consolidation, joint arrangements, associates and disclosures standards comprise of PFRS 10, *Consolidated Financial Statements*, PFRS 11, *Joint Arrangements*, PFRS 12, *Disclosure of Interests in Other Entities*, PAS 27 (revised 2011), *Separate Financial Statements* and PAS 28 (revised 2011), *Investments in Associates and Joint Ventures*.

- PFRS 10 changes the definition of control focusing on three elements which determine whether the investor has control over the investee such as the: (a) power over the investee; (b) exposure or rights to variable returns from involvement with the investee; and, (c) ability to use such power to affect the returns. This standard also provides additional guidance to assist in determining control when it is difficult to assess, particularly in situations where an investor that owns less than 50% of the voting rights in an investee may demonstrate control to the latter.

- PFRS 11 deals with how a joint arrangement is classified and accounted for based on the rights and obligations of the parties to the joint arrangement by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. The option of using proportionate consolidation for arrangement classified as jointly controlled entities under the previous standard has been eliminated. This new standard now requires the use of equity method in accounting for arrangement classified as joint venture.

- PFRS 12 integrates and makes consistent the disclosure requirements for entities that have interest in subsidiaries, joint arrangements, associates, special purpose entities and unconsolidated structured entities. In general, this requires more extensive disclosures about the risks to which an entity is exposed to its involvement with structured entities.

- PAS 27 (Revised) deals with the requirements pertaining solely to separate financial statements after the relevant discussions on control and consolidated financial statements have been transferred and included in PFRS 10, while PAS 28 (Revised) includes the requirements for joint ventures, as well as for associates, to be accounted for using the equity method following the issuance of PFRS 11.

Subsequent to the issuance of these standards, amendments to PFRS 10, PFRS 11 and PFRS 12 were issued to clarify certain transitional guidance for the first-time application of the standards. The guidance clarifies that an entity is not required to apply PFRS 10 retrospectively in certain circumstances and clarifies the requirements to present adjusted comparatives. The guidance also made changes to PFRS 10 and PFRS 12 which provide similar relief from the presentation or adjustment of comparative information for periods prior to the immediately preceding period. Further, it provides relief by removing the requirement to present comparatives for disclosures relating to unconsolidated structured entities for any period before the first annual period for which PFRS 12 is applied.

The Group has evaluated the various facts and circumstances related to its interests in other entities and it has determined that the adoption of the foregoing standards, revisions and amendments had no material impact on the amounts recognized in the consolidated financial statements. Additional information, however, are disclosed in compliance with the requirements of PAS 27 (Revised) with respect to principal place of business and incorporation of the significant subsidiaries and associates (see Note 1.2).

(v) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This new standard clarifies the definition of fair value and provides guidance and enhanced disclosures about fair value measurements. The requirements under this standard do not extend the use of fair value accounting but provide guidance on how it should be applied to both financial instrument items and non-financial items for which other PFRS require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances. This new standard applies prospectively from annual period beginning January 1, 2013, hence, disclosure requirements need not be presented in the comparative information in the first year of application.

Other than the additional disclosures presented in Notes 6, the application of this new standard had no significant impact on the amounts recognized in the consolidated financial statements.

(vi) 2009 – 2011 Annual Improvements to PFRS. Annual improvement to PFRS (2009-2011 Cycle) made minor amendments to a number of PFRS. Among those improvements, the following are relevant to the Group:

- PAS 1 (Amendment), *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information.* The amendment clarifies that a statement of financial position as at the beginning of the preceding period (third statement of financial position) is required when an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the third statement of financial position. The amendment specifies that other than disclosure of certain specified information in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, related notes to the third statement of financial position are not required to be presented. This amendment had no impact on the Group's consolidated financial statements since the Group presents three statements of consolidated financial position irrespective of whether it applied an accounting policy retrospectively or makes a retrospective restatement or reclassification of any item in the consolidated financial statements.

- PAS 16 (Amendment), *Property, Plant and Equipment – Classification of Servicing Equipment*. The amendment addresses a perceived inconsistency in the classification requirements for servicing equipment which resulted in classifying servicing equipment as part of inventory when it is used for more than one period. It clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognized as property, plant and equipment when they meet the definition of property, plant and equipment, otherwise, these are classified as inventory. This amendment had no impact on the Group's consolidated financial statements since it has been recognizing those servicing equipment in accordance with the recognition criteria under PAS 16.

- PAS 32 (Amendment), *Financial Instruments: Presentation – Tax Effect of Distributions to Holders of Equity Instruments*. The amendment clarifies that the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with PAS 12, *Income Taxes*. Accordingly, income tax relating to distributions to holders of an equity instrument is recognized in profit or loss while income tax related to the transaction costs of an equity transaction is recognized in equity. This amendment had no effect on the Group's consolidated financial statements as it has been recognizing the effect of distributions to holders of equity instruments and transaction costs of an equity transaction in accordance with PAS 12.

- PAS 34 (Amendment), *Interim Financial Reporting and Segment Information for Total Assets and Liabilities* (effective from January 1, 2013). This standard clarifies the requirements on segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in paragraph 23 of PFRS 8, *Operating Segments*. It also clarifies that the total assets and liabilities for a particular reportable segment are required to be disclosed if, and only if: (a) a measure of total assets or of total liabilities (or both) is regularly provided to the chief operating decision maker; and, (b) there has been a material change from those measures disclosed in the last annual financial statements for that reportable segment. This amendment does not have a significant impact on the Group's consolidated financial statements as the Group discloses segment assets and liabilities consistent with the information regularly provided to its chief operating decision maker.

(b) *Effective in Fiscal Year 2014 that are not Relevant to the Group*

PFRS 1 (Amendment)	:	First-time Adoption of PFRS – Government Loans
Annual Improvement PFRS 1 (Amendment)	:	First-time Adoption of PFRS – Repeated Application of PFRS 1 and Borrowing Costs
Philippine Interpretation International Financial Reporting Interpretation Committee 20	:	Stripping Costs in the Production Phase of a Surface Mine

(c) *Effective Subsequent to Fiscal Year 2014 but not Adopted Early*

There are new PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to March 2014. Management has initially determined the following pronouncements, which the Group will apply in accordance with their transitional provisions, to be relevant to its consolidated financial statements:

(i) PAS 19 (Amendment), *Employee Benefits – Defined Benefit Plans – Employee Contributions* (effective from January 1, 2014). The amendment clarifies that if the amount of the contributions from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan's contribution formula or on a straight-line basis) for the gross benefit. Management is currently assessing the impact of the amendment on the Group's consolidated financial statements.

(ii) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to be legally enforceable, in the normal course of business; in the event of default; and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies the principle behind net settlement and provided characteristics of a gross settlement system that would satisfy the criterion for net settlement. The Group does not expect this amendment to have a significant impact on its consolidated financial statements.

(iii) PAS 36 (Amendment), *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets* (effective from January 1, 2014). The amendment clarifies that the requirements for the disclosure of information about the recoverable amount of assets or cash-generating units is limited only to the recoverable amount of impaired assets that is based on fair value less cost of disposal. It also introduces an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount based on fair value less cost of disposal is determined using a present value technique. Management will reflect in its subsequent years' consolidated financial statements the changes arising from this relief on disclosure requirements, if the impact of the amendment will be applicable.

(iv) PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting* (effective from January 1, 2014). The amendment provides some relief from the requirements on hedge accounting by allowing entities to continue the use of hedge accounting when a derivative is novated to a clearing counterparty resulting in termination or expiration of the original hedging instrument as a consequence of laws and regulations, or the introduction thereof. The management is currently assessing the impact of this amendment on the Group's consolidated financial statements.

(v) PFRS 9, *Financial Instruments: Classification and Measurement*. This is the first part of a new standard on financial instruments that will replace PAS 39, *Financial Instruments: Recognition and Measurement*, in its entirety. The first phase of the standard was issued in November 2009 and October 2010 and contains new requirements and guidance for the classification, measurement and recognition of financial assets and financial liabilities. It requires financial assets to be classified into two measurement categories: amortized cost or fair value. Debt instruments that are held within a business model whose objective is to collect the contractual cash flows that represent solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. All other debt instruments and equity instruments are measured at fair value. In addition, PFRS 9 allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to the liability's credit risk is recognized in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

In November 2013, the IASB has published amendments to International Financial Reporting Standard (IFRS) 9 that contain new chapter and model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures. The amendment also now requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather in profit or loss. It also includes the removal of the January 1, 2015 mandatory effective date of IFRS 9.

To date, the remaining chapter of IFRS/PFRS 9 dealing with impairment methodology is still being completed. Further, the IASB is currently discussing some limited modifications to address certain application issues regarding classification of financial assets and to provide other considerations in determining business model.

The Group does not expect to implement and adopt PFRS 9 until its effective date. In addition, management is currently assessing the impact of PFRS 9 on the consolidated financial statements of the Group and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(vi) PFRS 10, 12 and PAS 27 (Amendments) – *Investment Entities* (effective from January 1, 2014). The amendments define the term "investment entities", provide supporting guidance, and require investment entities to measure investments in the form of controlling interest in another entity, at fair value through profit or loss.

Management does not anticipate these amendments to have an impact on the Group's consolidated financial statements.

(vii) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after July 1, 2014. Among those improvements, the following amendments are relevant to the Group but management does not expect a material impact on the Group's consolidated financial statements:

Annual Improvements to PFRS (2010-2012 Cycle)

- PAS 16 (Amendment), *Property, Plant and Equipment* and PAS 38 (Amendment), *Intangible Assets*. The amendments clarify that when an item of property, plant and equipment, and intangible assets is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.

- PAS 24 (Amendment), *Related Party Disclosures*. The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also requires and clarifies that the information required to be disclosed in the financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and not the amounts of compensation paid or payable by the key management entity to its employees or directors.

- PFRS 3 (Amendment), *Business Combinations*. Requires contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.

- PFRS 8 (Amendment), *Operating Segments*. Requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarifies that the reconciliations of segment assets are only required if segment assets are reported regularly.

- PFRS 13 (Amendment), *Fair Value Measurement*. The amendment, through a revision only in the basis of conclusion of PFRS 13, clarifies that issuing PFRS 13 and amending certain provisions of PFRS 9 and PAS 39 related to discounting of financial instruments, did not remove the ability to measure short-term receivables and payables with no stated interest rate on an undiscounted basis, when the effect of discounting is immaterial.

Annual Improvements to PFRS (2011-2013 Cycle)

- PAS 40 (Amendment), *Investment Property*. The amendment clarifies the interrelationship of PFRS 3, *Business Combinations*, and PAS 40 in determining the classification of property as an investment property or owner-occupied property, and explicitly requires an entity to use judgment in determining whether the acquisition of an investment property is an acquisition of an asset or a group of asset, or a business combination in reference to PFRS 3.

- PFRS 3 (Amendment), *Business Combinations*. Clarifies that PFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

- PFRS 13 (Amendment), *Fair Value Measurement*. The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of, and accounted for in accordance with, PAS 39 or PFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32.

2.3 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 material 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. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as that of the University, using consistent accounting principles, except SPARC and EACCI which have reporting period ending December 31 and April 30, respectively.

The University accounts for its investments in subsidiaries, associate, joint venture and non-controlling interests (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 University obtains control. 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. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries (see Note 2.4).

(b) Investment in an Associate

Associate is an entity over which the Group is able to exercise significant influence but which is neither a subsidiary nor interest in a joint venture. Investment in an associate is initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in an associate is also subject to purchase accounting. However, any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognized as investment in an associate. All subsequent changes to the share in the equity of the associate are recognized in the carrying amount of the Group's investment.

Changes resulting from the profit or loss generated by the associate, if any, are reported as Share in Net Losses of an Associate and a Joint Venture in the Group's consolidated statement of comprehensive income and, therefore, affect the net results of operations of the Group.

Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the Group, as applicable. However, when the Group's share of net losses in an associate equals 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 exceeds the accumulated share of net losses that has previously not been recognized.

Distributions received from the associate are accounted for as a reduction of the carrying value of the investment.

In computing the Group's share in net profit or loss of the associate, unrealized gains or losses on transactions between Group and its associate are eliminated to the extent of the Group's interest in the associate. Where unrealized losses are eliminated, the underlying asset is also tested for impairment from a group perspective.

(c) Investment in a Joint Venture (JV)

The Group's interest in a jointly controlled entity is recognized in the consolidated financial statements of the Group using the equity method. Under the equity method, the interest in a jointly controlled entity is initially recognized at cost and the carrying amount is increased or decreased to recognize the Group's share in the profit or loss of the JV after the date of acquisition. The Group's share in the profit or loss of the JV is adjusted for any unrealized gains arising from transactions with the JV against the related investment. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred (see Note 2.16). The JV is carried at equity method until the date on which the Group ceases to have joint control over the JV.

(d) 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 profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other 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 other comprehensive income are reclassified to profit or loss.

For the purpose of impairment testing (see Note 2.16), goodwill (see Note 2.4) is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

2.4 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 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. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed (see Note 2.16).

Negative goodwill 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.

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 profit or loss or 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 profit or loss or as a charge to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2.5 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), loans and receivables, and available-for-sale (AFS) financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value, plus transaction costs. Financial assets carried at FVTPL are initially recognized at fair value and transaction costs related to it are recognized in profit or loss.

Currently, the Group's financial instruments are categorized as follows:

(a) Financial Assets at FVTPL

This category includes financial assets that are either classified as held for trading or those that meet certain conditions and are designated by the entity to be carried at FVTPL upon initial recognition. All derivatives fall into this category, except for those designated and effective as hedging instruments. Assets in this category are classified as current if they are either held for trading or are expected to be realized within 12 months from the end of the reporting period.

Financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss. Financial assets (except derivatives and financial instruments originally designated as financial assets at FVTPL) may be reclassified out of FVTPL category if they are no longer held for the purpose of being sold or repurchased in the near term.

The Group enters into a cross currency swap agreement to manage its risks associated with fluctuations in foreign currency denominated instruments in corporate bonds. The host instruments are classified under AFS financial assets. Such derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is favorable to the Group and as liabilities when the fair value is favorable to the counterparty.

The Group has derivative assets that are presented as Financial Asset at FVTPL in the 2013 consolidated statement of financial position. In 2014 and 2012, the Group has derivative liabilities (see Note 2.10).

The Group's derivative instruments provides economic hedges under the Group's policies but are not designated as accounting hedges. Consequently, any gains or losses arising from changes in fair value are taken directly to profit or loss for the period.

(b) *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting period which are classified as non-current assets.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The Group's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Trade and Other Receivables (excluding Advances to officers and employees), Short-term investments presented as part of Other Current Assets and Refundable deposits presented as part of Other Non-current Assets in the consolidated statement of financial position. Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(c) AFS Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets in the consolidated statements of financial position unless management intends to dispose of the investment within 12 months from the reporting period. The Group's AFS financial assets include listed equity securities, corporate and government bonds and unit investment trust funds (UITF).

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Revaluation Reserves account in equity. When the financial asset is disposed of or is determined to be impaired, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income.

Reversal of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

All income and expenses, except those arising from operating activities, relating to financial assets that are recognized in profit or loss are presented as part of Finance Income or Finance Costs in the consolidated statement of comprehensive income.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

The 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.

2.6 Real Estate Held-for-Sale

Acquisition costs of raw land intended for future development, 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 2 to 10 years from the time of acquisition, which is considered as the normal operating cycle of FRC with respect to its development and sale of real estate properties.

2.7 Other Assets

Other current 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 entity and the asset has a cost or value that can be measured reliably.

Where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period (or in the normal operating cycle of the business, if longer), these other assets are classified under the non-current category.

2.8 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	3-6 years
Miscellaneous equipment	5 years

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs (see Note 2.20) and other directly attributable costs of bringing the asset to working condition for its intended use. The account is not depreciated until such time that the assets are completed and available for use.

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 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 2.16).

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 profit or loss in the year the item is derecognized.

2.9 Investment Property

Investment property is measured initially at acquisition cost. Subsequently, investment property, except land, is carried at cost less accumulated depreciation and impairment in value. Depreciation of investment property, which consists 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.

Construction in progress includes condominiums that are purchased by FRC at a preselling state and to be turned over to the FRC upon completion of construction works by its respective third party developers. This includes installment payments and other direct charges. The account is not depreciated until such time that the assets are completed and available for use.

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.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner-managed, commencement of an operating lease to another party or by the end of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of the owner-managed or commencement of development with a view to sell.

2.10 Financial Liabilities

Financial liabilities, which include Trade and Other Payables (except tax-related liabilities), Interest-bearing Loans, Derivative Liability, and Other Non-current Liabilities, are recognized when the Group becomes a party to the contractual terms of the instrument.

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. 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 and other non-current liabilities are recognized initially at their fair values and subsequently measured at amortized cost, using the effective interest method for maturities beyond one year, less settlement payments.

Derivative liability is initially and subsequently recognized at fair value.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the University.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the reporting period, or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Otherwise, these are presented as non-current liabilities.

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.

2.11 Offsetting Financial Instruments

Financial assets and liabilities are offset and the resulting net amount 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.

2.12 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.

2.13 Revenue and Expense Recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for services rendered, excluding value-added tax (VAT) and discounts.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Group; and, the costs incurred or to be incurred can be measured reliably.

In addition, the following specific recognition criteria must also be met before revenue is recognized:

(a) *Tuition and other school fees* – 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; these are presented as part of Deferred Revenues in the consolidated statement of financial position. Revenues from National Service Training Program (NSTP) trust funds (see Note 2.19) are recognized upon fulfillment of conditions attached to the fund and/or up to the extent that the related expenses have been incurred. Restricted funds for which restrictions and conditions have not yet been met are recorded as NSTP Trust Fund under the Trade and Other Payables account in the consolidated statements of financial position.

(b) *Sale of real estate* – Revenue is recognized when the earnings process is virtually complete and collectability of the entire sales price is reasonably assured.

(c) *Rental* – Revenue is recognized in the consolidated statement of comprehensive income over the term of the lease using the straight-line method, and in certain cases, the amount determined using straight-line method or amount determined using a certain percentage of the lessee's gross annual revenue, whichever is higher. Rent received in advance is initially recorded as part of Deferred Revenues in the consolidated statement of financial position.

(d) *Management fees* – Revenue is recognized on a monthly basis upon rendering of the services.

(e) *Income from sale of books and other educational-related merchandise* – Revenue is recognized when the risks and rewards of ownership of the goods have passed to the buyer. This is generally when the customer has acknowledged delivery of goods. The sale of this merchandise is made exclusively for the students of the University and FECSI. This auxiliary income is presented as part of Miscellaneous-net account under Other Income (Charges) in the consolidated statement of comprehensive income.

(f) *Interest* – Income is recognized as the interest accrues taking into account the effective yield on the asset.

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 2.20).

2.14 Leases

The Group accounts for its leases as follows:

(a) *Group as Lessee*

Leases, which do not transfer to the Group substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in profit or loss in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

(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 in the statement of comprehensive income on a straight-line basis over the lease term.

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.

2.15 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 comprehensive income as part of profit or loss.

Changes in the fair value of monetary financial assets denominated in foreign currency classified as AFS financial assets 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.

2.16 Impairment of Non-financial Assets

The Group's investments in an associate and a joint venture, property and equipment, investment property 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.

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.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit 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 cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets 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 cash generating unit's recoverable amount exceeds its carrying amount.

2.17 Employee Benefits

The Group provides post-employment benefits to employees through a defined contribution plan subject to compliance to a minimum guaranty required by RA 7641, which is accounted for as a defined benefit plan, and various compensations mandated by law.

(a) Post-employment Benefits

The Group maintains a defined contribution plan that covers all regular full-time employees. Under its plan, the Group pays fixed contributions based on the employees' monthly salaries. The Group, however, is covered by RA 7641, which provides for its qualified employees a defined benefit minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA 7641.

Accordingly, the Group recognizes its post-employment benefit obligation based on the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan.

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 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 then 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 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) 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.

2.18 Deposits Payable

This represents funds collected from students or entities that 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. This is presented as part of the Trade and Other Payables account under current liabilities as they are normally short-term in nature.

2.19 Trust Funds

This represents restricted funds of the University and FECSI that are intended for student's NSTP and other specific educational purposes. The University and FECSI administer the use of these NSTP trust fund based on the specific purpose for which such funds are identified with. This is presented as NSTP trust fund under the Trade and Other Payables account in the consolidated statement of financial position.

2.20 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.

2.21 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or 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 according to 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 liabilities are measured at the tax rates that are expected to apply in 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 liabilities and assets 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 liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in equity are recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the University 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 entity and the same taxation authority.

2.22 Related Party Relationships and Transactions

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 trustees.

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

2.23 Equity

Capital stock represents the nominal value of shares that have been issued.

Treasury stocks are stated at the cost of re-acquiring such shares and are deducted from equity attributable to the University's equity holders until the shares are cancelled, reissued or disposed of.

Revaluation reserves comprise gains arising from the revaluation of AFS financial assets.

Retained earnings include all current and prior period results of operations as reported in the profit or loss section of the consolidated statement of comprehensive income. The appropriated portion represents the amount which is not available for distribution.

NCI represents the interests not held by the Group in FRC and SPARC. It also includes the preferred shares of stock of EACCI issued to a stockholder outside of the Group but under the Group's common management (see Note 25.3).

2.24 Earnings Per Share

Basic earnings per share (EPS) is determined by dividing net profit 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 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 earnings per share in the consolidated statement of comprehensive income.

2.25 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's 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.

2.26 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 products and service lines as disclosed in Note 7, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8 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.

3. SIGNIFICANT ACCOUNTING JUDGMENTS 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.

3.1 Critical Management Judgments 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, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Evaluating Impairment of AFS Financial Assets

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Based on the recent evaluation of information and circumstances affecting the Group's AFS financial assets, management concluded that the assets are not impaired as of March 31, 2014, 2013 and 2012. Future changes in those information and circumstances might significantly affect the carrying amount of the assets.

(b) *Distinguishing 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 a 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.

(c) *Distinguishing Operating and Finance Leases*

The Group 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. Currently, all of the Group's lease agreements are determined to be operating leases.

(d) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provision and contingencies are discussed in Note 2.12 and disclosure on relevant provisions and contingencies are presented in Note 27.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at te 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 Impairment of Trade and Other Receivables*

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, history of the students' payment behavior, age of receivables and other external factors affecting the education industry. The Group constantly reviews the age and status of receivables and identifies accounts that should be provided with allowance.

The carrying value of trade and other receivables and the analysis of allowance for impairment on such financial assets are shown in Note 9.

(b) *Determining Fair Value Measurement for Financial Instruments Other Than Loans and Receivables*

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 AFS financial assets and the amounts of fair value changes recognized during the years on those assets are disclosed in Note 11. On the other hand, fair value gains or losses recognized on financial assets at FVTPL in 2014, 2013 and 2012 are presented as part of Fair value gains or losses on financial assets at FVTPL under Finance Income or Finance Costs in the consolidated statements of comprehensive income.

(c) *Estimating Useful Lives of Investment Property and Property and Equipment*

The Group estimates the useful lives of investment property 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 property are presented in Notes 15 and 16, respectively.

Based on management's assessment as at March 31, 2014, 2013 and 2012, 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.

(d) *Determining Fair Value of Investment Properties*

Investment property is measured using the cost model. The fair value disclosed in the consolidated financial statements is determined by the Group using the discounted cash flows valuation technique when information on current or recent prices of assumptions underlying the discounted cash flow approach of investment property is not readily available. Otherwise, the disclosures on fair values of investment properties are based on appraisal reports prepared by a third party appraiser. The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

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.

(e) Estimating Impairment of Non-financial Assets

The Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.16. 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 investments in associate and joint venture, investment property and property and equipment in 2014, 2013 and 2012.

(f) Determining Realizable Value 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 recognized by certain entities within the Group as of March 31, 2014, 2013 and 2012 will be fully utilized in the coming years.

On the other hand, management opted not to recognize deferred tax assets arising from the net operating loss carry over (NOLCO) and pre-operating expenses of FECSI, and from the NOLCO of EACCI and FEU Alabang, Inc. as management believes that no sufficient taxable profit will be realized against which deferred tax assets can be applied within the prescriptive period of these respective entities. The carrying value of deferred tax assets as of those dates is disclosed in Note 23.

4. 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. The BOT has the 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 in the succeeding paragraphs.

4.1 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 rates arise from the University's AFS debt securities which are denominated in U.S. dollars (USD) and euro (EUR), and insignificant dollar deposit.

To mitigate the Group's exposure to foreign currency risk related to the foreign currency-denominated AFS debt securities, management entered into a cross-currency swap agreement. As to the dollar deposit, management keeps the amount of deposits at a low level.

	2014		2013		2012	
	USD	**EUR**	USD	EUR	USD	EUR
Short-term exposure – Financial assets	**P 88,764**	**P -**	P 3,962,877	P -	P 966,857	P -
Long-term exposure – Financial assets	**P 309,044,002**	**P 68,785,580**	P 147,193,807	P 58,496,721	P154,607,790	P 63,560,026

The following table illustrates the sensitivity of the Group's profit before tax with respect to changes in Philippine peso against USD and EUR 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 12 months at a 68% confidence level.

	2014			2013			2012		
	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 profit before tax	Effect in equity
PhP - USD	**20.61%**	**(P 18,294)**	**(P 63,693,969)**	14.25%	(P 564,570)	(P20,969,907)	8.07%	(P 78,069)	(P 12,483,869)
PhP - EUR	**33.31%**	**-**	**(22,912,477)**	17.58%	-	(10,285,726)	27.98%	-	(17,781,023)
		(P 18,294)	**(P 86,606,446)**		(P 564,570)	(P31,255,633)		(P 78,069)	(P 30,264,892)

Exposures to foreign exchange rates 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 foreign currency risk.

(b) Interest Rate Risk

The Group's exposure to interest rate risk arises from the following interest-bearing financial instruments which are subject to variable interest rates. All other financial assets and liabilities have fixed rates.

	Notes	**2014**	2013	2012
Cash and cash equivalents	8	**P 559,380,865**	P 337,545,519	P 485,761,243
AFS financial assets	11	**1,495,509,753**	1,645,490,432	1,595,554,561
Other current assets	13	**134,944,032**	393,155,724	191,650,693
Interest-bearing loans	18	**(800,000,000)**	(800,000,000)	-
		P1,389,834,650	P1,576,191,675	P2,272,966,497

The following table illustrates the sensitivity of profit before tax for the years 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 previous 12 months, estimated at a 68% level of confidence. The sensitivity analysis is based on the Group's financial instruments held at March 31, 2014, 2013 and 2012.

	2014		2013		2012	
	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 profit before tax
Cash and cash equivalents	**+/-0.46%**	**P 2,573,152**	+/-0.41%	P 1,383,937	+/-0.98%	P 4,760,460
AFS financial assets	**+/-0.59%**	**8,823,508**	+/-1.16%	19,087,689	+/-1.21%	19,306,210
Other current assets	**+/-0.59%**	**796,170**	+/-1.16%	4,560,606	+/-1.21%	2,318,973
Interest-bearing loans	**+/-0.65%**	**(5,200,000)**	+/-0.93%	(7,440,000)	-	-
		P 6,992,830		P 17,592,232		P 26,385,643

(c) Other Price Risk

The Group's exposure to price risk arises from its investments in equity securities, which are classified as AFS Financial Assets 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 of 17.43%, 12.27% and 15.74% has been observed during 2014, 2013 and 2012, respectively. If quoted prices for these securities increased or decreased by that amount, profit before tax would have changed by P143.3 million, P45.9 million and P35.0 million in 2014, 2013 and 2012, respectively.

No sensitivity analysis was provided for government and corporate bonds, and investments in trust classified as AFS financial assets as management deemed that the risk at the end of the year is not representative of a risk inherent in financial instruments.

The 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, except as discussed in Note 10 in connection with its investment in cross currency swap. The investments are continuously monitored to ensure returns of these equity instruments are timely utilized or reinvested in the Group's favor.

4.2 Credit Risk

Credit risk represents the loss the Group would incur if the counterparty fails to perform its contractual obligations. The Group's exposure to credit risk on its receivables relates primarily to the inability of the debtors to pay and students to fully settle the 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. Students are not allowed to enroll in the following semester unless the unpaid balance in the previous semester has been paid.

The Group also withholds the academic records and clearance of the students with unpaid balances; thus, ensuring that collectability is reasonably assured. The Group's exposure to credit risk on its other receivables from debtors and related parties is managed through setting limits and monitoring closely said accounts.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the consolidated statements of financial position or in the detailed analysis provided in the notes to the consolidated financial statements, as summarized below.

	Notes	2014	2013	2012
Cash and cash equivalents	8	**P 559,584,420**	P 338,059,095	P 486,095,989
Trade and other receivables – net	9	**404,552,152**	493,525,522	469,042,810
Financial asset at FVTPL	10	-	18,629,900	-
AFS financial assets (excluding equity securities)	11	**1,495,509,753**	1,645,490,432	1,595,554,561
Short-term investments	13	**134,944,032**	393,155,724	191,650,693
Refundable deposits	13	**3,929,796**	3,929,796	3,929,796
		P 2,598,520,153	P 2,892,790,469	P 2,746,273,849

The table below and in the succeeding page shows the credit quality of the Group's financial assets as at March 31, 2014, 2013 and 2012 having past due but not impaired components.

	Notes	Neither past due nor impaired	Past due and impaired	Total
2014				
Cash and cash equivalents	8	P 559,584,420	P -	P 559,584,420
Trade and other receivables – net	9	357,966,474	46,585,678	404,552,152
AFS financial assets (except equity securities)	11	1,495,509,753	-	1,495,509,753
Short-term investments	13	134,944,032	-	134,944,032
Refundable deposits	13	3,929,796	-	3,929,796
		P 2,551,934,475	**P 46,585,678**	**P 2,598,520,153**

	Notes	Neither past due nor impaired	Past due and impaired	Total
2013				
Cash and cash equivalents	8	P 338,059,095	P -	P 338,059,095
Trade and other receivables – net	9	358,641,555	134,883,967	493,525,522
Financial asset at FVTPL	10	18,629,900	-	18,629,900
AFS financial assets (except equity securities)	11	1,645,490,432	-	1,645,490,432
Short-term investments	13	393,155,724	-	393,155,724
Refundable deposits	13	3,929,796	-	3,929,796
		P 2,757,906,502	P 134,883,967	P 2,892,790,469
2012				
Cash and cash equivalents	8	P 486,095,989	P -	P 486,095,989
Trade and other receivables – net	9	436,331,538	32,711,272	469,042,810
AFS financial assets (except equity securities)	11	1,595,554,561	-	1,595,554,561
Short-term investments	13	191,650,693	-	191,650,693
Refundable deposits	13	3,929,796	-	3,929,796
		P 2,713,562,577	P 32,711,272	P 2,746,273,849

The Group's management considers that all the above financial assets are not impaired and of good credit quality, except those specifically provided with allowance for impairment at the end of the reporting period. The age of past due but not impaired receivables is about six months for each of the three years.

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents as described below.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables

In respect of trade and other receivables, the Group has neither any significant exposure to any individual customer or counterparty nor does it have any other concentration of credit risk arising from counterparties in similar business activities, geographic region or economic parties. The Group classifies tuition and other fee receivables from students based on the number of semesters the receivables have been outstanding. Receivables from students that are outstanding for more than one semester are analyzed to determine whether they are impaired. Those that are not outstanding for more than one semester or are currently receivable are determined to be collectible, based on historical experience.

(c) Financial Assets at FVTPL and AFS Financial Assets

Financial assets at FVTPL and AFS financial assets are coursed through reputable financial institutions duly approved by the BOT.

4.3 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 short-term placements when excess cash is obtained from operations.

As at March 31, 2014, 2013 and 2012 the Group's financial liabilities have contractual maturities which are presented below.

	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
2014			
Trade and other payables	P 575,541,331	P 3,866,207	P -
Interest-bearing loans	7,088,079	6,338,079	954,507,227
Derivative liability	-	14,433,500	-
Other non-current liabilities	-	-	3,063,144
	P 582,629,410	**P 24,637,786**	**P 957,570,371**
2013			
Trade and other payables	P 400,408,948	P 9,640,003	P -
Interest-bearing loans	2,306,123	1,223,654	944,078,904
Other non-current liabilities	-	-	4,632,374
	P 402,715,071	P 10,863,657	P 948,711,278
2012			
Trade and other payables	P 348,806,978	P 9,640,003	P -
Interest-bearing loans	3,335,931	2,885,931	10,957,972
Derivative liability	-	1,145,972	-
Other non-current liabilities	-	-	4,903,932
	P 352,142,909	P 13,671,906	P 15,861,904

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.

5. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

5.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

	Notes	2014		2013		2012	
		Carrying Values	**Fair Values**	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets							
Loans and receivables:							
Cash and cash equivalents	8	**P 559,584,420**	**P 559,584,420**	P 338,059,095	P 338,059,095	P 486,095,989	P 486,095,989
Trade and other receivables – net	9	**404,552,152**	**404,552,152**	493,525,522	493,525,522	469,042,810	469,042,810
Short-term investments	13	**134,944,032**	**134,944,032**	393,155,724	393,155,724	191,650,693	191,650,693
Refundable deposits	13	**3,929,796**	**3,929,796**	3,929,796	3,929,796	3,929,796	3,929,796
		1,103,010,400	**1,103,010,400**	1,228,670,137	1,228,670,137	1,150,719,288	1,150,719,288
FVTPL – Cross currency swaps	10	**-**	**-**	18,629,900	18,629,900	-	-
AFS financial assets:							
Debt securities	11	**1,495,509,753**	**1,495,509,753**	1,645,490,432	1,645,490,432	1,595,554,561	1,595,554,561
Equity securities	11	**822,382,913**	**822,382,913**	373,997,445	373,997,445	222,401,633	222,401,633
Investment in golf club shares*	13	**2,050,000**	**2,050,000**	2,050,000	2,050,000	1,800,000	1,800,000
		2,319,942,666	**2,319,942,666**	2,021,537,877	2,021,537,877	1,819,756,194	1,819,756,194
		P 3,422,953,066	**P3,422,953,066**	P 3,268,837,914	P 3,268,837,914	P 2,970,475,482	P 2,970,475,482
Financial liabilities							
At amortized cost:							
Trade and other payables	17	**P 575,541,331**	**P 575,541,331**	P 410,048,951	P 410,048,951	P 359,592,953	P 359,592,953
Interest-bearing loans	18	**859,699,584**	**859,699,584**	810,139,521	810,139,521	16,286,383	16,286,383
Other non-current liabilities		**3,063,144**	**3,063,144**	4,632,374	4,632,374	4,903,932	4,903,932
		1,438,304,059	**1,438,304,059**	1,224,820,846	1,224,820,846	380,783,268	380,783,268
FVTPL – Cross currency swaps	10	**14,433,500**	**14,433,500**	-	-	1,145,972	1,145,972
		P 1,452,737,559	**P 1,452,737,559**	P 1,224,820,846	P 1,224,820,846	P 381,929,240	P 381,929,240

**Presented as part of Other Non-current Assets in the consolidated statements of financial position.*

See Notes 2.5 and 2.10 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 4.

5.2 Offsetting of Financial Assets and Financial Liabilities

The Group's cash in bank which is presented as part of Cash and Cash Equivalents and portion of short-term investments under Other Current Assets account in the consolidated statements of financial position (see Notes 8 and 13) is subject to offsetting, enforceable master netting arrangements and similar agreements in 2014 and 2013:

	Gross amounts recognized in the statement of financial position		Net amount presented in the statement of financial position	Related amounts that can potentially be set-off in the statement of financial position		
	Financial Assets	Financial liabilities set off		Financial instruments	Cash collateral received	Net amount
Cash and cash equivalents and short-term investments						
March 31, 2014	**P 209,017,368**	**P -**	**P 209,017,368**	**(P 800,000,000)**	**P -**	**(P 590,982,632)**
March 31, 2013	P 378,861,526	P -	P 378,861,526	(P 800,000,000)	P -	(P 421,138,474)

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 liabilities 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 Board of Directors. As such, the Group's outstanding receivables from and payables to the same related parties can potentially be offset to the extent of their corresponding outstanding balances.

6. FAIR VALUE MEASUREMENT AND DISCLOSURES

6.1 Fair Value Hierarchy

In accordance with PFRS 13, 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 has the following levels:

- 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.

6.2 Financial Instruments Measurement at Fair Value

The table below shows 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 March 31, 2014, 2013 and 2012.

	Level 1	Level 2	Level 3	Total
2014				
Debt securities:				
Government	P 451,389,849	P -	P -	P 451,389,849
Corporate	1,044,119,904	-	-	1,044,119,904
Equity securities	822,382,913	-	2,050,000	824,432,913
	P 2,317,892,666	**P -**	**P 2,050,000**	**P 2,319,942,666**
Derivative liability –				
Cross currency swaps	**P -**	**(P 14,433,500)**	**P -**	**(P 14,433,500)**
2013				
Debt securities:				
Government	P 882,641,861	P -	P -	P 882,641,861
Corporate	762,848,571	-	-	762,848,571
Equity securities	373,997,445	-	2,050,000	376,047,445
Financial asset at FVTPL –				
Cross currency swaps	-	18,629,900	-	18,629,900
	P 2,019,487,877	P 18,629,900	P 2,050,000	P 2,040,167,777
2012				
Debt securities:				
Government	P 835,320,756	P -	P -	P 835,320,756
Corporate	760,233,805	-	-	760,233,805
Equity securities	222,401,633	-	1,800,000	224,201,633
	P 1,817,956,194	P -	P 1,800,000	P 1,819,756,194
Derivative liability –				
Cross currency swaps	P -	(P 1,145,972)	P -	(P 1,145,972)

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

Described below are the information about how the fair values of the University's classes of financial assets and financial liabilities are determined.

a) Equity securities

As of March 31, 2014, 2013 and 2012, instruments included in Level 1 comprise of corporate shares and unit investment trust funds (UITF) which are classified as AFS financial assets. The corporate shares and UITF were valued based on their market prices quoted in the Philippine stock exchange at the end of each reporting period.

Golf club shares which are presented as part of Other Non-current Assets are included in Level 3 since its market value is not quoted in an active market, hence, measured by reference to the fair value of a comparable instrument adjusted for inputs internally developed by management to consider the differences in corporate profile and historical performance of the entity.

b) 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.

c) Derivatives

Derivatives classified as financial assets 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.

6.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below summarizes the fair value hierarchy of the Group's consolidated financial assets and financial liabilities which are not measured at fair value in the 2014 statement of financial position but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash and cash equivalents	P 559,584,420	P -	P -	P 559,584,420
Trade and other receivables	-	-	404,552,152	404,552,152
Short-term investments	-	-	134,944,032	134,944,032
Refundable deposits	-	-	3,929,796	3,929,796
	P 559,584,420	**P -**	**P 543,425,980**	**P 1,103,010,400**
Financial liabilities:				
Interest-bearing loans	P -	P -	P 859,699,584	P 859,699,584
Trade and other payables	-	-	512,287,057	512,287,057
Other non-current liabilities	-	-	3,063,144	3,063,144
	P -	**P -**	**P1,375,049,785**	**P1,375,049,785**

For financial assets and financial liabilities with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments equal their fair values.

The fair values of the financial assets and financial liabilities included in Level 3 above which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value 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 rely 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.

6.4 Fair Value Measurement for Non-financial Assets

a) Determining Fair Value of Investment Properties

The table below shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis as of March 31, 2014 (see Note 16.4).

	Level 1	Level 2	Level 3	Total
Land	P -	P 1,819,133,000	P -	P 1,819,133,000
Building and improvements	-	-	287,704,000	287,704,000
	P -	**P 1,819,133,000**	**P 287,704,000**	**P 2,106,837,000**

The fair value of the Group's investment properties, except for certain condominium units owned by FRC which are based on the prevailing selling prices of such properties, are determined on the basis of the appraisals performed by an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser 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.

In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Group's non-financial assets indicated above is their current use.

The fair values of these non-financial assets were determined based on the following approaches:

(i) Fair Value Measurement for Land

The Level 2 fair value of land was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations. Under this approach, when sales prices of comparable land in close proximity are used in the valuation of the subject property with no adjustment on the price, fair value is included in Level 2. On the other hand, if the observable recent prices of the reference properties were adjusted for differences in key attributes such as property size, zoning, and accessibility, the fair value is included in Level 3. The most significant input into this valuation approach is the price per square foot, hence, the higher the price per square foot, the higher the fair value.

(ii) Fair Value Measurement for Building and Improvements

The Level 3 fair value of the buildings and improvements included under the Investment Properties account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers and contractor's quotes, price catalogues, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in higher fair value of the properties.

b) Other Fair Value Information

In 2013, the Group determined the fair value of investment property based on the discounted net future cash flow model. In 2014, the fair value of the investment property, except for certain condominium units owned by FRC which are based on the prevailing selling prices of such properties, is determined on the basis of the appraisals performed by an independent appraiser. There were no transfers into or out of Level 3 fair value hierarchy in 2014.

7. SEGMENT INFORMATION

7.1 Business Segments

The Group is organized into different business units based on its services or line of business for purposes of management assessment of each unit. In identifying its operating segments, management generally follow the Group's three major lines of business namely education, real estate and investment activities. These are the basis of the Group in reporting to its strategic steering committee for its strategic decision-making activities.

Also, the Group reports geographical segments in which FEU campuses are located.

7.2 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash and cash equivalents, trade and other receivables, AFS financial assets, real estate held-for-sale, investment property, and property and equipment.

Segment assets do not include investments in associate and joint venture, deferred taxes 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.

7.3 Intersegment Transactions

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

7.4 Analysis of Segment Information

Segment information can be analyzed by business line as follows for the years ended March 31, 2014, 2013 and 2012 (in thousands):

				Real Estate											
	Education			Rental Income			Sale of Properties			Investments			Total		
	2014	2013	2011	**2014**	2013	2012	**2014**	2013	2012	**2014**	2013	2012	**2014**	2013	2012
REVENUES															
From external customers	**P 2,282,168**	P 2,196,977	P 2,064,702	**P 98,411**	P 89,323	P 92,889	**P 6,401**	P 184,435	P 16,505	**P 223,422**	P 248,832	P 211,723	**P 2,610,402**	P2,719,567	P 2,385,819
Intersegment revenues	**-**	-	-	**85,325**	73,682	62,301	**-**	19,839	-	**-**	1,820	17,059	**85,325**	95,341	79,360
Total revenues	**2,282,168**	2,196,977	2,064,702	**183,736**	163,005	155,190	**6,401**	204,274	16,505	**223, 422**	250,652	228,782	**2,695,727**	2,814,908	2,465,179
COSTS AND OTHER OPERATING EXPENSES															
Cost of sales and services excluding depreciation	**1,136,428**	1,363,076	1,230,625	**27,875**	25,334	32,704	**-**	24,622	1,463	**4,421**	5,352	2,847	**1,168,724**	1,418,384	1,267,639
Depreciation	**107,011**	79,422	91,483	**36,383**	30,666	21,981	**-**	-	-	**3,461**	3,041	1,951	**146,855**	113,129	115,415
Other expenses	**313,884**	107,061	202,343	**-**	-	-	**-**	-	-	**57**	-	-	**313,941**	107,061	202,343
	1,557,323	1,549,559	1,524,451	**64,258**	56,000	54,685	**-**	24,622	1,463	**7,939**	8,393	4,798	**1,629,520**	1,638,574	1,585,397
SEGMENT OPERATING INCOME	**P 724,845**	P 647,418	P 540,251	**P 119,478**	P 107,005	P 100,505	**P 6,401**	P 179,652	P 15,042	**P 215,483**	P 242,259	P 223,984	**P 1,066,207**	P 1,176,334	P 879,782
TOTAL ASSETS AND LIABILITIES															
Segment assets	**P 3,122,937**	P 2,282,312	P 2,212,477	**P2,306,682**	P2,196,878	P1,121,883	**P 195,071**	P 175,266	P 119,459	**P2,740,788**	P2,567,422	P 2,176,345	**P 8,365,478**	P 7,221,878	P 5,630,164
Segment liabilities	**1,510,012**	1,321,614	956,911	**10,044**	10,380	19,432	**-**	-	-	**-**	-	-	**1,520,056**	1,331,994	976,343

The Group's geographical segment for the years ended March 31, 2014, 2013 and 2012 follows (in thousands).

	Manila	Makati	Cavite	Total
2014				
Segment revenues				
From external customers	P 2,391,476	P 153,950	P 64,976	P 2,610,402
Intersegment revenues	77,324	8,001	-	85,325
Total revenues	2,468,800	161,951	64,976	2,695,727
Operating expenses	(1,549,172)	(28,466)	(51,882)	(1,629,520)
Segment operating profit	**P 919,628**	**P 133,485**	**P 13,094**	**P 1,066,207**
Total Segment Assets	**P 8,245,543**	**P 65,546**	**P 54,389**	**P 8,365,478**
Total Segment Liabilities	**P 1,504,104**	**P 9,049**	**P 6,903**	**P 1,520,056**
2013				
Segment revenues				
From external customers	P 2,548,556	P 129,204	P 41,807	P 2,719,567
Intersegment revenues	85,612	7,870	1,859	95,341
Total revenues	2,634,168	137,074	43,666	2,814,908
Cost of real estate sales	(25,334)	-	-	(25,334)
Operating expenses	(1,533,847)	(33,124)	(46,269)	(1,613,240)
Segment operating profit (loss)	P 1,074,987	P 103,950	(P 2,603)	P 1,176,334
Total Segment Assets	P 7,129,074	P 58,236	P 34,568	P 7,221,878
Total Segment Liabilities	P 1,320,106	P 6,853	P 5,035	P 1,331,994
2012				
Segment revenues				
From external customers	P 2,313,375	P 46,553	P 25,891	P 2,385,819
Intersegment revenues	69,962	7,026	2,372	79,360
Total revenues	2,383,337	53,579	28,263	2,465,179
Cost of real estate sales	(1,463)	-	-	(1,463)
Operating expenses	(1,528,684)	(22,650)	(32,600)	(1,583,934)
Segment operating profit (loss)	P 853,190	P 30,929	(P 4,337)	P 879,782
Total Segment Assets	P 5,458,338	P 137,938	P 33,888	P 5,630,164
Total Segment Liabilities	P 973,408	P 719	P 2,216	P 976,343

7.5 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).

	2014	2013	2012
Revenue			
Total segment revenues	**P 2,695,727**	P 2,814,908	P 2,465,179
Elimination of intersegment revenues	**(85,325)**	(95,341)	(79,360)
Finance income	**(223,422)**	(248,832)	(211,723)
Management fees	**55,359**	55,359	47,857
Revenue from non-reportable segment	**5,853**	4,994	3,856
Revenues as reported in profit or loss	**P 2,448,192**	P 2,531,088	P 2,225,809

	2014	2013	2012
Profit or loss			
Segment operating profit	**P 1,066,207**	P 1,176,334	P 879,782
Finance costs	**(35,085)**	(97,264)	(27,773)
Management fees	**55,359**	55,359	47,857
Share in net losses of an associate and a joint venture	**(77)**	(37)	(3,065)
Miscellaneous income - net	**13,363**	7,138	10,788
Other unallocated expense	**(68,840)**	(77,667)	(52,257)
Tax expense	**(128,110)**	(173,007)	(113,859)
Group net profit as reported in profit or loss	**P 902,817**	P 890,856	P 741,473
Assets			
Segment assets	**P 8,365,478**	P 7,221,878	P 5,642,517
Investments in an associate and a joint venture	**6,770**	6,846	6,884
Deferred tax assets	**2,239**	12,898	15,254
Elimination of intercompany accounts	**(321,038)**	(214,354)	(436,765)
Total Assets	**P 8,053,449**	P 7,027,268	P 5,227,890
Liabilities			
Segment liabilities	**P 1,520,056**	P 1,331,994	P 976,343
Deferred tax liabilities	**20,353**	41,481	12,760
Elimination of intercompany accounts	**(25,220)**	(10,753)	(487,567)
Total Liabilities	**P 1,515,189**	P 1,362,722	P 501,536

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of March 31:

	2014	2013	2012
Cash on hand and in banks	**P 316,507,323**	P 228,947,190	P 250,718,224
Short-term placements	**243,077,097**	109,111,905	235,377,765
	P 559,584,420	P 338,059,095	P 486,095,989

Cash in banks generally earn interest at rates 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.

As of March 31, 2014, 2013 and 2012, these placements earn effective annual interest as follows:

	2014	2013	2012
Peso placements	**1.0% - 2.0%**	2.4% - 3.7%	2.6% - 4.8%
Dollar-denominated placements	**0.4%**	0.4%	0.5%

Interest income earned from cash and cash equivalents are presented as part of Finance Income in the consolidated statements of comprehensive income (see Note 21.1). The related interest receivable from placements as of March 31, 2014, 2013 and 2012 is presented as part of Accrued interest under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9).

9. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	**2014**	2013	2012
Current:				
Non-related parties:				
Tuition and other school fees		**P 261,630,447**	P 281,746,522	P 214,458,062
Accounts receivable	12	**53,559,594**	76,517,435	62,882,486
Rental receivable	24.4	**6,226,344**	5,236,365	3,550,117
Loans receivable		**-**	-	55,200,000
		321,416,385	363,500,322	336,090,665
Related parties	24	**62,387,193**	150,334,146	140,616,456
		383,803,578	513,834,468	476,707,121
Others:				
Accrued interest	8, 10, 11	**19,749,806**	11,943,558	12,687,808
Advances to officers and employees		**6,195,766**	7,222,390	9,483,869
Miscellaneous		**118,607**	4,404,610	12,359,153
		26,064,179	23,570,558	34,530,830
		409,867,757	537,405,026	511,237,951
Allowance for impairment		**(46,585,678)**	(134,883,967)	(32,711,272)
		P 363,282,079	P 402,521,059	P 478,526,679
Non-current –				
Non-related party –				
Accounts receivable	12	**P 47,465,839**	P 98,226,853	P -

Advances to officers and employees comprise of unsecured and noninterest-bearing advances which are liquidated or payable through salary deduction within 15 days from the earlier date between the release of the advances and the event to which the advances are utilized.

Loans receivable represents promissory notes issued by certain rental and leasing domestic corporation in favor of the University's funds maintained with a certain local bank. The outstanding loans receivable were collected in full in August 2013. Interest income earned from these loans is presented as part of Finance Income in the consolidated statement of comprehensive income (see Note 21.1).

Breakdown of the total allowance for impairment loss on receivables is shown below.

	Note	2014	2013	2012
Tuition and other school fees		**P 38,892,428**	P 40,611,760	P 32,711,272
Related parties		**6,738,986**	10,366,479	-
Other receivables	21.2	**954,264**	83,905,728	-
Balance at end of year		**P 46,585,678**	P 134,883,967	P 32,711,272

A reconciliation of the allowance for impairment loss on receivables at the beginning and end of 2014, 2013 and 2012 is shown below.

	Notes	2014	2013	2012
Balance at beginning of year		**P 134,883,967**	P 32,711,272	P 24,491,068
Impairment losses during the year	20, 21.2	**43,268,938**	145,336,694	47,105,841
Receivables written off during the year	24.5	**(131,567,227)**	(43,163,999)	(38,885,637)
Balance at end of year		**P 46,585,678**	P 134,883,967	P 32,711,272

All of the Group's receivables had been reviewed for indicators of impairment. Certain tuition and other school fees receivables were found to be impaired; accordingly, adequate amount of allowance has been recognized.

Full allowance is provided on receivables from students for uncollected tuition fees of the previous school term when the specific student from whom it is due does not enroll in the succeeding school term. The allowance for impairment loss on receivables from students as of March 31, 2014, 2013 and 2012 pertains to amounts which have been outstanding for more than one semester and specifically identified to be impaired.

In 2013, the management assessed that the receivables from ICF-CCE, Inc. and FEU Foundation, Inc. (FEFI), related parties under common management, amounting to P47.2 million and P36.7 million, respectively, may no longer be collected; accordingly, appropriate amount of allowance for impairment have been provided on those accounts. Impairment loss recognized on receivables from related parties is presented as part of Finance Costs in the statements of comprehensive income (see Note 21.2).

Further, in 2014, the management have assessed that the collection of such receivables from FEFI and ICF-CCE, related parties under common management, amounting to P83.9 million which are fully provided with an allowance in 2013 are already improbable; as such, the said accounts were written-off from the books [see Note 24.4(c)].

No allowance for impairment loss on all other receivables is provided as of March 31, 2014, 2013 and 2012 since management believes that those are collectible in full.

10. CROSS-CURRENCY SWAP

In 2014, 2013 and 2012, the Group entered into cross-currency swaps to hedge its foreign currency exposure related to its foreign currency denominated AFS financial assets (see Note 11). As of March 31, 2014 and 2012, the net fair value of these cross currency swaps amounting to P14.4 million and P1.1 million, respectively, is presented as Derivative Liability in the 2014 and 2012 consolidated statements of financial position. As of March 31, 2013, these cross-currency swaps have a fair value of P18.6 million which is presented as Financial Asset at FVTPL in the 2013 consolidated statement of financial position. The related fair value gains or losses are presented as part of Finance Income (Costs) in the 2014, 2013 and 2012 consolidated statements of comprehensive income (see Note 21).

Being denominated in foreign currency, the related interest receivable from cross currency agreement has been adjusted to the prevailing exchange rate resulting in the recognition of cross currency gain amounting to P2.7 million presented as part of Fair value gains on financial asset at FVTPL under Finance Income in the 2013 consolidated statement of comprehensive income (see Note 21.1). On the other hand, the net changes in carrying amount of the related interest receivable and payable as of March 31, 2014 and 2012 from the cross currency swaps amounting to P0.3 million and P5.6 million, respectively, are presented as part Interest expense under Finance Costs in the 2014 and 2012 consolidated statements of comprehensive income (see Note 21.2). The related asset is presented as part of Accrued interest under the Trade and Other Receivables account, and the related liability is presented as part of Accrued expenses under the Trade and Other Payables account in the consolidated statements of financial position (see Notes 9 and 17).

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

AFS financial assets are classified in the consolidated statements of financial position as follows:

	2014	2013	2012
Current	**P 1,765,336,184**	P 1,652,448,209	P 1,482,655,331
Non-current	**552,556,482**	367,039,668	335,300,863
	P 2,317,892,666	P 2,019,487,877	P 1,817,956,194

The types of investments classified under AFS financial assets consist of the following:

	2014	2013	2012
Debt securities:			
Government	**P 451,389,849**	P 882,641,861	P 835,320,756
Corporate	**1,044,119,904**	762,848,571	760,233,805
	1,495,509,753	1,645,490,432	1,595,554,561
Equity securities:			
Corporate shares	**614,062,973**	331,594,810	208,121,505
Unit investment trust funds	**208,319,940**	42,402,635	14,280,128
	822,382,913	373,997,445	222,401,633
	P 2,317,892,666	P 2,019,487,877	P 1,817,956,194

The fair values of equity securities and debt securities have been determined based on quoted prices in active markets (see Note 6.2).

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

	2014	2013	2012
Local	**P 1,860,858,911**	P 1,755,875,948	P 1,437,843,536
Foreign	**457,033,755**	263,611,929	380,112,658
	P 2,317,892,666	P 2,019,487,877	P 1,817,956,194

As of March 31, 2014, 2013 and 2012, portion of the foreign currency denominated AFS financial assets, amounting to P377.8 million, P205.7 million and P262.8 million, respectively, which pertain to corporate bonds, are subject to cross currency swap agreement over the same period of the said bonds (see Note 10).

Analyses of the movements in the carrying amounts of the Group's investments held by trustee banks are presented below.

	2014	2013	2012
Balance at beginning of year	**P 2,019,487,877**	P 1,817,956,194	P 1,602,645,048
Additions	**451,685,897**	260,384,470	202,412,493
Disposals	**(34,213,858)**	(144,266,582)	(37,385,081)
Fair value gains (losses)	**(137,608,352)**	96,136,795	62,898,653
Unrealized foreign exchange gains (losses) – net	**18,541,102**	(10,723,000)	(12,614,919)
Balance at end of year	**P 2,317,892,666**	P 2,019,487,877	P 1,817,956,194

Investment income from AFS financial assets totaling P191.9 million, P187.7 million and P183.4 million, in 2014, 2013 and 2012, respectively, have been reinvested as part of additions to AFS financial assets and are presented separately as Interest income from AFS financial assets and as Other investment income from AFS financial assets under Finance Income in the statements of comprehensive income (see Note 21.1). The related outstanding interest is presented as part of Accrued interest under the Receivables account in the statements of financial position (see Note 9).

12. REAL ESTATE HELD-FOR-SALE

Real estate held-for-sale represents inventory of lots for sale at the following locations:

	2014	2013	2012
Silang, Cavite	**P 94,837,617**	P 94,837,617	P 94,837,617
Ferndale Villas, Quezon City	**36,689,243**	-	24,621,654
	P 131,526,860	P 94,837,617	P 119,459,271

In September 2008, FRC entered into a Joint Development Agreement (Agreement) with Alveo Land Corporation (Alveo) whereby the two agreed to plan and develop an open lot residential subdivision at Ferndale Villas in Quezon City. In January 2013, the Agreement was cancelled and replaced instead by a Deed of Absolute Sale relating to the sale of parcels of land located in Ferndale Villas in Quezon City for a total consideration of P230.0 million. The total income generated from this sales transaction amounted to P184.4 million and is reported as Sale of Real Estate while the related cost amounting to P24.6 million is presented as Cost of Real Estate Sold under Costs and Operating Expenses in the 2013 consolidated statement of comprehensive income (see Note 20). The outstanding receivable arising from this sale transaction amounted to P98.2 million and P169.1 million, as of March 31, 2014 and 2013, respectively. The current and non-current portion of the receivable, amounting to P50.7 and P47.5 as of March 31, 2014, respectively, and P70.9 million and P98.2 million as of March 31, 2013, respectively, is presented as part of Trade and Other Receivables in the consolidated statements of financial position (see Note 9).

In 2014, the FRC purchased four lots and units developed by Alveo in the parcels of land also located in Ferndale Villas. These lots and units amount to P36.7 million and are presented as Real Estate Held-for-sale in the 2014 consolidated statement of financial position.

Management believes that the carrying values of these assets are lower than their net realizable values considering present market rates, thus, no impairment loss is recognized in 2014, 2013 and 2012.

13. OTHER ASSETS – Net

The breakdown of this account is as follows:

	2014	2013	2012
Current:			
Short-term investments	**P 134,944,032**	P 393,155,724	P 191,650,693
Input VAT - net	**94,715,441**	42,975,072	10,998,531
Prepaid expenses	**7,804,289**	15,170,859	35,107,708
	237,463,762	451,301,655	237,756,932
Allowance for impairment	**(10,980,897)**	(10,980,897)	(10,980,897)
	P 226,482,865	P 440,320,758	P 226,776,035
Non-current:			
Refundable deposits	**P 3,929,796**	P 3,929,796	P 3,929,796
Investment in golf club shares	**2,050,000**	2,050,000	1,800,000
Others	**1,951,814**	1,722,204	12,421,719
	P 7,931,610	P 7,702,000	P 18,151,515

Short-term investments earn interest ranging from 1.0% to 2.1% in 2014, 2.6% to 3.6% in 2013 and 2.9% to 4.5% in 2012, and maturing beyond three months from the date of placement.

14. INVESTMENTS IN ASSOCIATE AND JOINT VENTURE

This account consists of the following as of March 31:

	2014	2013	2012
Investment in an associate			
Acquisition cost	**P 7,878,121**	P 7,878,121	P 7,878,121
Accumulated equity in net losses:			
Balance at beginning of year	**(1,031,526)**	(994,045)	(933,483)
Share in net losses	**(76,839)**	(37,481)	(60,562)
Balance at end of year	**(1,108,365)**	(1,031,526)	(994,045)
	6,769,756	6,846,595	6,884,076
Investment in a joint venture			
Acquisition cost	**6,250,000**	6,250,000	6,250,000
Accumulated equity in net losses:			
Balance at beginning of year	**(6,250,000)**	(6,250,000)	(3,245,865)
Share in net losses	**-**	-	(3,004,135)
Balance at end of year	**(6,250,000)**	(6,250,000)	(6,250,000)
	-	-	-
	P 6,769,756	P 6,846,595	P 6,884,076

Presented below is JMCI's summary of financial information in its audited financial statements as of and for the year ended December 31.

	2013	2012	2011
Total assets	**P 14,879,898**	P 14,801,771	P 14,879,283
Total liabilities	**1,113,689**	829,134	830,154
Total equity	**13,766,209**	13,972,637	14,049,129
Net loss	**156,814**	76,492	123,597

In November 2009, the University entered into a JV Agreement with a co-venturer to establish and operate a culinary skills training center. The University and the co-venturer each invested P6.3 million to form ICF-CCE, Inc., the joint venture company (JVC).

Presented below is ICF-CCE, Inc.'s summary of financial information in its audited financial statements as of and for the year ended December 31.

	2013	2012
Total assets	P 59,788,696	P 74,499,592
Total liabilities	94,284,258	89,027,211
Total capital deficiency	(34,495,562)	(14,527,619)
Net loss	19,967,943	20,535,890

The University's share in ICF-CCE, Inc.'s net loss in 2011 exceeded the balance of the investment account which is already nil as of March 31, 2011. The University's unrecognized equity in ICF-CCE, Inc. losses as of March 31, 2013 and 2012 amounts to P10.0 million and P7.3 million, respectively. As of March 31, 2014, the JVC has already ceased to operate and accordingly, the management decided to write-off the previously impaired total investment in ICF-CCE with the corresponding reversal of the entire allowance for impairment.

15. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization at the beginning and end of 2014, 2013 and 2012 are shown below.

	Land	Building and Improvements	Furniture and Equipment	Miscellaneous Equipment	Construction in Progress	Total
March 31, 2014						
Cost	P 1,535,045,802	P 1,822,868,239	P 293,645,632	P 191,107,176	P 763,889,091	P 4,606,555,940
Accumulated depreciation and amortization	-	(360,713,207)	(196,114,299)	(135,549,363)	-	(692,376,869)
Net carrying value	**P 1,535,045,802**	**P 1,462,155,032**	**P 97,531,333**	**P 55,557,813**	**P 763,889,091**	**P 3,914,179,071**
March 31, 2013						
Cost	P 1,493,611,235	P 1,647,870,611	P 212,734,176	P 164,379,595	P 284,754,784	P 3,803,350,401
Accumulated depreciation and amortization	-	(296,866,654)	(159,781,425)	(125,255,719)	-	(581,903,798)
Net carrying value	P 1,493,611,235	P 1,351,003,957	P 52,952,751	P 39,123,876	P 284,754,784	P 3,221,446,603
March 31, 2012						
Cost	P 471,055,554	P 1,418,760,225	P 179,524,054	P 153,111,038	P 44,364,910	P 2,266,815,781
Accumulated depreciation and amortization	-	(246,392,457)	(135,953,081)	(117,080,978)	-	(499,426,516)
Net carrying value	P 471,055,554	P 1,172,367,768	P 43,570,973	P 36,030,060	P 44,364,910	P 1,767,389,265
April 1, 2011						
Cost	P 469,263,118	P 1,272,177,856	P 170,800,977	P 127,382,572	P 5,168,112	P 2,044,792,635
Accumulated depreciation and amortization	-	(199,969,627)	(116,582,634)	(78,830,664)	-	(395,382,925)
Net carrying value	P 469,263,118	P 1,072,208,229	P 54,218,343	P 48,551,908	P 5,168,112	P 1,649,409,710

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2014, 2013 and 2012 is shown below.

	Land	Building and Improvements	Furniture and Equipment	Miscellaneous Equiment	Construction in Progress	Total
Balance at April 1, 2013, net of accumulated depreciation and amortization	P 1,493,611,235	P 1,351,003,957	P 52,952,751	P 39,123,876	P 284,754,784	P 3,221,446,603
Additions	41,434,567	187,868,990	80,911,456	26,754,907	479,134,307	816,104,227
Disposals	-	-	-	(27,326)	-	(27,326)
Reclassifications	-	(12,871,362)	-	-	-	(12,871,362)
Depreciation and amortization charges for the year	-	(63,846,553)	(36,332,874)	(10,293,644)	-	(110,473,071)
Balance at March 31, 2014, net of accumulated depreciation and amortization	**P 1,535,045,802**	**P 1,462,155,032**	**P 97,531,333**	**P 55,557,813**	**P 763,889,091**	**P 3,914,179,071**

	Land	Building and Improvements	Furniture and Equipment	Miscellaneous Equiment	Construction in Progress	Total
Balance at April 1, 2012, net of accumulated depreciation and amortization	P 471,055,554	P 1,172,367,768	P 43,570,973	P 36,030,060	P 44,364,910	P 1,767,389,265
Additions	1,022,555,681	229,110,386	32,994,705	11,645,267	240,389,874	1,536,695,913
Disposals	-	-	(1,369)	(12,905)	-	(14,274)
Reclassifications	-	-	215,417	(376,710)	-	(161,293)
Depreciation and amortization charges for the year	-	(50,474,197)	(23,826,975)	(8,161,836)	-	(82,463,008)
Balance at March 31, 2013, net of accumulated depreciation and amortization	P 1,493,611,235	P 1,351,003,957	P 52,952,751	P 39,123,876	P 284,754,784	P 3,221,446,603
Balance at April 1, 2011, net of accumulated depreciation and amortizaton	P 469,263,118	P 1,072,208,229	P 54,218,343	P 48,551,908	P 5,168,112	P 1,649,409,710
Additions	1,792,436	146,582,369	8,723,077	25,728,466	39,196,798	222,023,146
Depreciation and amortization charges for the year	-	(46,422,830)	(19,370,447)	(38,250,314)	-	(104,043,591)
Balance at March 31, 2012, net of accumulated depreciation and amortization	P 471,055,554	P 1,172,367,768	P 43,570,973	P 36,030,060	P 44,364,910	P 1,767,389,265

Construction in progress includes the cost incurred for on-going architectural designs prior to the actual construction on the property. The capitalized borrowing costs of P30.7 million and P7.6 million incurred on the related bank loan obtained to finance the purchase of the land and eventual construction of school building forms part of the qualifying asset to be used by FEU Alabang, Inc. [see Note 18(a)].

16. INVESTMENT PROPERTY

The gross carrying amounts and accumulated depreciation and amortization of investment property at the beginning and end of 2014, 2013 and 2012 are shown as follows:

	Land	Land Improvements	Building and Improvements	Construction in Progress	Total
March 31, 2014					
Cost	P 166,472,750	P 2,941,664	P 410,662,642	P 86,939,128	P 667,016,184
Accumulated depreciation and amortization	-	(2,941,664)	(187,979,941)	-	(190,921,605)
Net carrying amount	**P 166,472,750**	**P -**	**P 222,682,701**	**P 86,939,128**	**P 476,094,579**
March 31, 2013					
Cost	P 135,057,628	P 2,941,664	P 373,187,054	P 9,643,272	P 520,829,618
Accumulated depreciation and amortization	-	(2,941,664)	(151,596,199)	-	(154,537,863)
Net carrying amount	P 135,057,628	P -	P 221,590,855	P 9,643,272	P 366,291,755
March 31, 2012					
Cost	P 83,686,463	P 2,941,664	P 292,754,265	P 35,887,053	P 415,269,445
Accumulated depreciation and amortization	-	(2,799,314)	(121,073,030)	-	(123,872,344)
Net carrying amount	P 83,686,463	P 142,350	P 171,681,235	P 35,887,053	P 291,397,101

	Land	Land Improvements	Building and Improvements	Construction in Progress	Total
April 1, 2011					
Cost	P 135,983,037	P 2,941,664	P 306,970,521	P 23,562,906	P 469,458,128
Accumulated depreciation and amortization	-	(2,609,264)	(109,891,356)	-	(112,500,620)
Net carrying amount	P 135,983,037	P 332,400	P 197,079,165	P 23,562,906	P 356,957,508

A reconciliation of the carrying amounts of investment property at the beginning and end of 2014, 2013 and 2012 is shown below.

	Land	Land Improvements	Building and Improvements	Construction in Progress	Total
Balance at April 1, 2013, net of accumulated depreciation and amortization	P 135,057,628	P -	P 221,590,855	P 9,643,272	P 366,291,755
Additions	31,415,122	-	24,604,226	77,295,856	133,315,204
Reclassification	-	-	12,871,362	-	12,871,362
Depreciation and amortization charges for the year	-	-	(36,383,742)	-	(36,383,742)
Balance at March 31, 2014, net of accumulated depreciation and amortization	**P 166,472,750**	**P -**	**P 222,682,701**	**P 86,939,128**	**P 476,094,579**
Balance at April 1, 2012, net of accumulated depreciation and amortization	P 83,686,463	P 142,350	P 171,681,235	P 35,887,053	P 291,397,101
Additions	51,371,165	-	54,062,199	126,809	105,560,173
Reclassification	-	-	26,370,590	(26,370,590)	-
Depreciation and amortization charges for the year	-	(142,350)	(30,523,169)	-	(30,665,519)
Balance at March 31, 2013, net of accumulated depreciation and amortization	P 135,057,628	P -	P 221,590,855	P 9,643,272	P 366,291,755
Balance at April 1, 2011, net of accumulated depreciation and amortization	P 135,983,037	P 332,400	P 197,079,165	P 23,562,906	P 356,957,508
Additions	9,769,512	-	-	12,324,147	22,093,659
Disposals	(62,066,086)	-	(14,216,256)	-	(76,282,342)
Depreciation and amortization charges for the year	-	(190,050)	(11,181,674)	-	(11,371,724)
Balance at March 31, 2012, net of accumulated depreciation and amortization	P 83,686,463	P 142,350	P 171,681,235	P 35,887,053	P 291,397,101

16.1 Rental Income

The total rental income earned by the Group from its investment properties amounting to P98.4 million in 2014, P89.3 million in 2013 and P92.9 million in 2012 is presented as Rental under Revenues in the consolidated statements of comprehensive income. The direct operating expenses which include depreciation and amortization expense, insurance, and taxes and licenses incurred by the Group relating to investment property is presented as part of Property Insurance, Taxes and Licenses, and Depreciation under General operating expenses of the Costs and Operating Expenses account in the consolidated statement of comprehensive income (see Note 20).

16.2 Construction in Progress

In July and November 2013, FRC acquired certain condominium units and parking spaces amounting to P71.6 million which are accounted for as part of Construction in progress under Investment Property in the 2014 consolidated statement of financial position. Such condominium units will be leased out upon completion of construction which is expected within the next three years [see Notes 18(b) and 27.1].

16.3 Reclassification

The construction of certain condominium unit classified as investment property was substantially completed in 2013. As such, total capitalizable contract price of P26.4 million was accordingly reclassified from Construction in progress to Building account both under Investment Property.

In 2014, certain building and improvements under Property and Equipment account (see Note 15) were reclassified to Investment Property account as a result of change in use.

16.4 Fair Values of Investment Property

Based on the latest appraisal report performed by an independent appraiser, management determined that the total fair value of investment properties, as of March 31, 2014, amounts to P2.1 billion (see Note 6.4).

17. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	2014	2013	2012
Non-related parties:				
Trade payables		**P 163,653,155**	P 107,051,036	P 50,906,644
Dividends payable	25.2	**128,350,057**	107,537,970	80,054,907
Deposits payable		**74,795,458**	74,778,093	50,555,514
Accrued expenses	10, 18	**44,689,760**	43,878,127	84,359,745
Amounts due to students		**42,952,727**	39,217,484	40,445,573
NSTP trust fund		**15,339,318**	11,783,890	-
Deferred output VAT		**6,160,714**	8,035,714	-
Liability for land acquisition		**-**	-	6,000,000
		475,941,189	392,282,314	312,322,383
Related party:				
Payable to FEU retirement plan		**6,961,747**	5,679,291	5,679,291
Others	24.5	**1,313,250**	1,316,500	1,322,250
		8,274,997	6,995,791	7,001,541
Others:				
Withholding taxes and other payables		**74,485,162**	60,180,100	33,316,677
Accrued salaries and employee benefits		**16,839,980**	16,254,334	30,591,622
Miscellaneous		**3,866,210**	2,550,908	9,677,407
		95,191,352	78,985,342	73,585,706
		P 579,407,538	P 478,263,447	P 392,909,630

Deposits payable are amounts due to third parties for cooperative members' fees, school uniforms of students and computer loans of employees.

Accrued expenses include the Group's accrual for interest, utilities, rentals and directors' bonuses.

Amounts due to students represent excess payments of tuition and miscellaneous fees refundable to them.

The NSTP trust funds collected from students by the University and FECSI amounted to P22.7 million in 2014, P39.6 million in 2013 and P26.6 million in 2012. As of March 31, 2014 and 2013, remaining balance of P15.3 million and P11.7 million, respectively, were set aside as a contingency fund and is presented as NSTP Trust Fund. As of March 31, 2012, the management has determined that the entire amount of trust funds has been fully disbursed and utilized for their intended purposes; hence, there is no outstanding undisbursed trust fund as of said date.

18. INTEREST-BEARING LOANS

The compositions of the Group's outstanding loans are shown below.

	Explanatory Notes	2014	2013	2012
Current:				
FRC	(b)	**P 12,013,501**	P 2,404,777	P 5,771,862
SPARC	(c)	**750,000**	750,000	375,000
		12,763,501	3,154,777	6,146,862
Non-current:				
FEU	(a)	**800,000,000**	800,000,000	-
FRC	(b)	**45,623,583**	5,109,744	7,514,521
SPARC	(c)	**1,312,500**	1,875,000	2,625,000
		846,936,083	806,984,744	10,139,521
		P 859,699,584	P 810,139,521	P 16,286,383

(a) Bank loan obtained by the University from a local commercial bank in 2012 for the acquisition of land (see Note 15). The loan is unsecured, interest-bearing and is payable in 2017. It bears a floating interest rate which is the higher between the base interest rate plus a spread of 85 basis points (bps), and the Bangko Sentral ng Pilipinas overnight reverse repurchase agreement rate plus a spread of 10 bps. The average interest rate is 3.8% and 3.6% in 2014 and 2013, respectively. There were no unpaid interests related to this loan as of March 31, 2014 and 2013.

(b) Pertains to Contracts to Sell (CTS) entered into by FRC in 2012 and 2009 for purchases of condominium units in Sta. Ana, Manila and Global City Taguig, respectively (see Note 27.1).

(c) Interest-bearing loan obtained by SPARC from Medical Arts Tower, Inc. in July 2011. The loan is for a term of five years inclusive of one year grace period on the principal payment to commence on the date of release of the loan. The loan is payable in 20 equal quarterly installment payments.

Interest expense on the above loans amounted to P0.8 million, P0.9 million and P1.2 million for 2014, 2013 and 2012, respectively, is presented as part of Finance Costs in the consolidated statements of comprehensive income, and unpaid interests amounting to P0.1 million as of March 31, 2014 and 2013 and P0.07 million as of March 31, 2012 is presented as part of Accrued expense under the Trade and Other Payables account in the consolidated statements of financial position (see Notes 17 and 21.2).

19. EDUCATIONAL REVENUES

Details of net tuition and other school fees presented in the consolidated statements of comprehensive income are as follows:

	2014	2013	2012
Tuition	**P 2,388,058,651**	P 2,298,889,984	P 2,149,209,834
Less discounts:			
Scholarship	**146,039,466**	132,843,478	100,633,315
Family	**16,652,332**	15,787,839	13,579,903
Cash	**16,620,394**	11,722,422	10,742,533
	179,312,192	160,353,739	124,955,751
	2,208,746,459	2,138,536,245	2,024,254,083
Other school fees:			
Entrance fees	**15,820,960**	18,994,886	14,265,110
Identification cards	**8,771,565**	8,882,340	9,351,447
Transcript fees	**7,265,049**	6,578,570	7,072,540
Diplomas	**2,498,075**	2,022,709	2,435,969
Miscellaneous	**39,066,351**	21,962,466	7,322,916
	73,422,000	58,440,971	40,447,982
	P 2,282,168,459	P 2,196,977,216	P 2,064,702,065

Towards the end of every fiscal year, the University and FECSI usually collect tuition fees from students for summer classes which start after the reporting period. Such collections amounting to P11.3 million and P31.9 million as of March 31, 2014 and 2012, respectively, are excluded from tuition fees earned for the year and is presented as part of Deferred Revenues account in the consolidated statements of financial position. These are recognized as revenue in the following year. There are no unearned tuition fees as of March 31, 2013 as collection for summer classes started after March 31, 2013.

20. COSTS AND OPERATING EXPENSES

Costs and operating expenses consist of:

	Notes	**2014**	2013	2012
Instructional and Academic				
Salaries and allowances	24.6	**P 646,953,817**	P 612,495,443	P 597,529,768
Employee benefits	22, 24.6	**210,628,843**	200,422,176	151,563,151
Affiliation		**4,637,980**	3,831,214	8,026,841
Related learning experience		**4,535,313**	7,605,432	9,765,742
Others		**92,943,485**	92,257,785	168,226,176
		959,699,438	916,612,050	935,111,678
Sale of Real Estate				
Cost of real estate sold	12	**-**	24,621,654	1,462,989

Forward

	Notes	**2014**	2013	2012
Administrative				
Salaries and allowances		**P 102,449,121**	P 114,844,062	P 107,841,047
Employee benefits		**43,499,308**	51,431,022	34,524,535
Directors' bonus		**13,500,000**	12,875,000	13,500,000
Rental		**3,437,621**	12,869,627	16,343,443
Others		**23,662,416**	22,551,478	30,304,282
		186,548,466	214,571,189	202,513,307
Maintenance and University Operations				
Utilities		**96,019,542**	104,264,391	98,032,222
Salaries and allowances		**26,757,897**	27,946,378	26,139,193
Janitorial services		**21,570,829**	21,571,674	20,874,874
Repairs and maintenance		**16,127,358**	19,569,761	27,755,934
Employee benefits	22	**12,852,141**	13,377,578	10,200,571
Property insurance	16.1	**3,395,904**	2,429,511	4,272,799
		176,723,671	189,159,293	187,275,593
General				
Depreciation and amortization	15, 16.1	**146,856,813**	113,128,527	115,415,315
Impairment loss on receivables	9	**42,314,674**	61,430,966	47,105,841
Professional fees		**35,606,527**	30,591,986	14,161,730
Security services		**20,655,445**	20,085,370	25,633,047
Taxes and licenses	16.1	**11,991,262**	16,319,927	10,968,713
Publicity and promotions		**9,282,877**	8,493,615	9,332,079
Donation and charitable contributions		**-**	1,021,477	801,194
Others		**29,208,634**	29,856,820	12,369,620
		295,916,232	280,928,688	235,787,539
		P 1,618,887,807	P 1,625,892,874	P 1,562,151,106

Other instructional and academic expenses include publication, printing, binding, donations, membership fees and others.

Other administrative expenses pertain mainly to expenses incurred for outsourced services, representation, expenses for seminars and conferences, insurance, various supplies, fuels, repairs and maintenance and others.

Other general expenses pertain to directors' and officers' liability insurance and books and other subscriptions.

21. FINANCE INCOME AND FINANCE COSTS

21.1 Finance Income

This consists of the following:

	Notes	2014	2013	2012
Interest income from:				
AFS financial assets	11	**P 113,257,686**	P 130,868,616	P 119,962,933
Cash and cash equivalents	8	**7,625,547**	19,816,663	16,193,667
Other short-term investments	13	**5,431,964**	21,226,426	8,558,257
Loans receivables	9	**-**	1,473,907	3,609,204
		126,315,197	173,385,612	148,324,061
Other investment income from AFS financial assets	11	**78,677,681**	56,816,626	63,399,348
Unrealized foreign exchange gains - net		**18,428,746**	-	-
Fair value gains on financial asset at FVTPL	10	**-**	18,629,900	-
		P 223,421,624	P 248,832,138	P 211,723,409

Other investment income from AFS financial assets comprised collectively of dividend income and gain on sale of securities held by trustee banks.

21.2 Finance Costs

This account is broken down into the following:

	Notes	2014	2013	2012
Fair value loss on financial asset at FVTPL	10	**P 33,063,400**	P -	P 9,602,353
Interest expense	10, 18	**1,067,645**	2,592,997	5,564,865
Impairment loss on receivables from FEFI and ICF-CCE, Inc.	9, 24.2, 24.5	**954,264**	83,905,728	-
Unrealized foreign exchange losses – net		**-**	10,765,730	12,605,534
		P 35,085,309	P 97,264,455	P 27,772,752

22. EMPLOYEES' HEALTH, WELFARE AND RETIREMENT FUND

(a) Characteristics of the Defined Benefit Plan

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 (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. Retirement expense presented as part of Employee benefits under Operating Expenses in the consolidated statements of comprehensive income amounted to P82.6 million, P81.3 million and P19.9 million in 2014, 2013 and 2012, respectively (see Note 20).

As a policy of the University, 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 applied to reduce employer contributions in the succeeding years, which was the case in 2012.

(b) Explanation of Amounts Disclosed in the Consolidated Financial Statements

Actuarial valuation is obtained to determine the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan. All amounts presented are based on the actuarial valuation report obtained from an independent actuary in 2014.

In determining the amounts of post-employment obligation in accordance with PAS 19 (Revised), the following significant actuarial assumptions were used:

Discount rates	4.68%
Expected rate of salary increases	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 65 is 15 for both males and 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.

As discussed in Note 2.17, the University's defined contribution plan is accounted for as a defined benefit plan with minimum guarantee starting in 2014 upon the University's adoption of the PIC Interpretation on PAS 19 (Revised). However, considering that the present value of the obligation as determined by an independent actuary approximates the fair value of the plan assets, management opted not to recognize further the unfunded portion of the obligation which is considered insignificant as shown in the analysis below.

An analysis of the University's defined benefit obligation following PIC Interpretation as discussed in Note 2.2(ii) with respect to the defined benefit minimum guarantee under RA 7641 is presented below.

Present value of obligation	P 688,252,191
Fair value of plan assets	(685,857,711)
	P 2,394,480

(c) Risks Associated with the Retirement Plan

The plan exposes the University 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. 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 plan efficiently.

(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 University's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described in the succeeding pages.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of March 31, 2014:

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	+/- 0.5%	(P 1,200,765)	P 1,495,485
Salary growth rate	+/- 1.0%	3,054,576	(1,993,447)

The above sensitivity analysis 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.

A large portion of the Fund's assets as of March 31, 2014 consists of equity and debt securities, although the Fund also invests in cash and cash equivalents. The University believes that equities offer the best returns over the long term with an acceptable level of risk. The majority of equities are in a diversified portfolio of local blue chip entities.

There has been no change in the University's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

While there is no minimum funding requirement in the country, the size of the fund is also sufficient to cover the vested benefits when a significant number of employees are expected to retire in 20 years' time.

The University expects to make contribution of P81.5 million to the plan during the next reporting period.

The Fund's, which comprised of both employer and employee share contributions, audited statements of financial position show the following as of December 31:

	2013	2012	2011
Assets			
Cash and cash equivalents	**P 148,504,605**	P 454,037,795	P 318,781,015
Financial assets at FVTPL	**740,760,974**	419,496,563	489,757,180
Receivables	**58,767,537**	67,822,305	46,783,591
Others	**71,897**	55,093	92,066
	948,105,013	941,411,756	855,413,852
Liabilities	**(28,264,587)**	(19,092,789)	(15,612,477)
Net Assets	**P 919,840,426**	P 922,318,967	P 839,801,375

Below is the further breakdown of the Fund's financial assets at FVTPL as to type of investments as of March 31. These are maintained in trust funds under credible trustee banks under control by the Fund through its Retirement Board.

	2014	2013	2012
Cash and cash equivalents	**P 188,015,308**	P 1,487,376	P 87,102,852
Domestic listed shares	**163,793,630**	23,310,000	12,360,000
Corporate bonds	**119,144,077**	99,047,757	15,164,845
Other securities and debt instruments	**115,972,897**	129,179,983	109,374,208
Government bonds	**84,265,726**	31,525,196	30,888,963
Fixed income loans	**5,996,959**	26,055,918	29,498,142
Unit investment trust funds	**-**	14,611,383	9,117,931
Others	**8,669,114**	4,797,617	4,514,518
	P 685,857,711	P 330,015,230	P 298,021,459

The above breakdown of the Fund's financial assets at FVTPL is presented to show the composition of the plan assets used by the actuary in determining the net retirement obligation based on the minimum guarantee under RA 7641 as of March 31, 2014.

23. 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 of 30% will apply to the entire taxable income instead of the 10% preferential rate. The University and FECSI are qualified to avail of the 10% preferential rate given their revenue profile. In addition, the University and FECSI are not covered by the minimum corporate income tax (MCIT) provision of the 1997 Tax Code.

The major components of tax expense reported in the consolidated statements of comprehensive income are as follows:

	2014	2013	2012
Current tax expense:			
Special rate at 10%	**P 68,439,327**	P 71,629,318	P 64,470,590
Final tax at 20% and 7.5%	**39,499,838**	24,870,493	35,567,424
Regular corporate income tax (RCIT) at 30%	**29,383,389**	45,505,748	17,684,192
	137,322,554	142,005,559	117,722,206
Deferred tax expense (income) arising from the origination and reversal of temporary differences	**(9,212,775)**	31,001,534	(3,863,191)
	P 128,109,779	P 173,007,093	P 113,859,015

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in profit or loss follows:

	2014	2013	2012
Tax on pretax profit at 10%	**P 103,092,698**	P 106,386,325	P 85,533,236
Adjustments for income subjected to:			
RCIT	**15,610,911**	39,928,830	11,123,407
Final tax	**19,061,952**	21,905,855	17,484,233
Tax effects of:			
Excess of optional standard deduction (OSD) over itemized deductions	**(13,405,804)**	(5,619,862)	(1,040,436)
Unrecognized rent expense	**2,256,367**	1,605,483	-
Unrecognized NOLCO	**891,024**	3,765,338	-
Nondeductible interest expense	**471,340**	253,894	-
Others	**131,291**	4,781,230	758,575
Tax expense	**P 128,109,779**	P 173,007,093	P 113,859,015

The deferred tax assets and liabilities relate to the following as of March 31:

	Consolidated Statements of					
	Financial Position			Profit or Loss		
	2014	2013	2012	**2014**	2013	2012
Deferred tax assets:						
Allowance for impairment losses on trade and other receivables	**P 3,940,449**	P 8,657,412	P 3,224,387	**P 4,716,963**	(P 5,433,025)	(P 781,493)
Unearned rental income	**(2,033,294)**	1,703,936	5,829,729	**100,742**	4,125,793	(489,620)
Unrealized foreign currency losses	**(1,834,208)**	1,072,300	1,260,163	**-**	187,863	(882,941)
Unrealized fair value gains (losses)	**1,443,350**	-	114,597	**(3,306,340)**	114,597	(114,597)
NOLCO	**601,953**	552,683	-	**(351,792)**	(552,683)	-
MCIT	**62,878**	30,394	-	**-**	(30,394)	-
Accrued rent expense	**57,719**	255,998	4,825,238	**2,532,077**	4,569,240	450,326
Allowance for impairment on non-financial assets	**-**	625,000	-	**625,000**	(625,000)	-
Deferred Tax Assets	**P 2,238,847**	P12,897,723	P 15,254,114			
Deferred tax liabilities:						
Accrued rent income	**(P 22,078,378)**	(P38,630,365)	(P 12,760,404)	**(16,435,933)**	25,869,961	(1,199,228)
Unearned rental income	**3,013,194**	-	-	**-**	-	-
Accrued rent receivable	**(1,212,697)**	(912,192)	-	**-**	912,192	-
Unrealized fair value gains on AFS financial assets	**(75,000)**	(75,000)	-	**-**	-	-
Unrealized fair value gains on financial assets at FVTPL	**-**	(1,862,990)	-	**-**	1,862,990	-
Unrealized foreign currency gains	**-**	-	-	**2,906,508**	-	(845,638)
Deferred Tax Liabilities	**(P 20,352,881)**	(P41,480,547)	(P 12,760,404)			
Deferred Tax Expense (Income) – net				**(P 9,212,775)**	P31,001,534	(P3,863,191)

The movements in the NOLCO of FECSI, EACCI, SPARC and FEU Alabang, Inc. are as follows:

Year Incurred	Amount	Expired	Remaining Balance	Valid Until
2014	P 9,640,503	P -	P 9,640,503	2017
2013	12,191,126	621,566	11,569,560	2016
2012	8,490,396	5,131,040	3,359,356	2015
2011	11,044,928	11,044,928	-	2014
	P 41,366,953	P 16,797,534	P 24,569,419	

FRC is subject to the MCIT which is computed at 2% of gross income, as defined under the tax regulations. No MCIT was recognized in 2014, 2013, and 2012 as RCIT was higher than the MCIT in those years.

FECSI is in a taxable loss position in 2013 and 2012; hence, no tax expense at the special tax rate of 10% was recognized in those years. Starting in 2014, FECSI had taxable income and thus, recognized future deductible temporary differences arising from the allowance for impairment loss on receivables and accrual for retirement which resulted in the recognition of deferred tax asset of P0.25 million as of March 31, 2014.

EACCI has no MCIT recognized in 2014, 2013 and 2012 since it derived only interest income subject to final tax and dividend income exempt from income tax.

FEU Alabang, Inc. has no operations yet and it will be subject to MCIT three years after start of operations.

No deferred tax assets were recognized by EACCI and FEU Alabang, Inc. in 2014, 2013 and 2012 since management believes that no sufficient taxable profit will be realized against which deferred tax assets can be applied within the prescriptive period. Unrecognized deferred tax assets of said subsidiaries and related sources as of March 31, 2014, 2013 and 2012 are as follows:

	2014		2013		2012	
	Tax Base	**Tax Effect**	Tax Base	Tax Effect	Tax Base	Tax Effect
FECSI						
NOLCO	**P -**	**P -**	P 18,425,280	P 1,842,528	P 18,284,040	P 1,828,404
Pre-operating expenses	**-**	**-**	155,000	15,500	309,990	30,999
EACCI						
NOLCO	**20,403,021**	**6,120,906**	11,440,363	3,432,109	646,690	194,007
FEU Alabang, Inc.						
NOLCO	**56,975**	**17,093**	378,533	113,560	-	-

The University and other subsidiaries, which are subject to 10% tax, use itemized deduction in computing for their income tax due. On the other hand, FRC, which is subject to 30% tax, elected to use OSD in computing its income tax due.

24. RELATED PARTY TRANSACTIONS

The Group's related parties include related parties under common management and key management personnel as described below. The following are the Group's significant transactions with such related parties:

	Notes	**2014** Amount of Transaction	**2014** Outstanding Receivable	2013 Amount of Transaction	2013 Outstanding Receivable	2012 Amount of Transaction	2012 Outstanding Receivable	Terms	Conditions
Related Parties Under Common Management									
Subscription of preferred stocks	24.1	**P 479,250,000**	**P -**	P280,750,000	P -	P -	P -	nonredeemable; non-controlling	not applicable
Advances	24.2	**(8,333,308)**	**5,852,944**	(2,139,358)	14,186,252	3,730,322	40,075,610	due and demandable; noninterest-bearing	unsecured; advances to ICF-CCE, Inc. and FEFI were fully impaired in 2013
Management fees	24.3	**55,358,978**	**56,534,249**	55,358,978	52,242,167	47,857,409	47,772,271	payable within 30 days; noninterest-bearing	unsecured; not impaired
Rental	24.4	**73,820,732**	**6,226,344**	70,721,087	2,913,852	62,453,776	15,266,853	payable within 30 days; noninterest-bearing	unsecured; rental receivable from ICF-CCE, Inc. was fully impaired in 2013
Others	24.5	**-**	**1,313,250**	7,387,152	1,316,500	8,040,798	39,565,959	due and demandable; noninterest-bearing	unsecured; impaired
Others –									
Key management compensation	24.6	**150,615,701**	**-**	152,814,188	-	146,214,885	-	not applicable	not applicable

24.1 Subscription of Preferred Stocks

In 2013, 280,750 preferred shares of EACCI amounting to P280.8 million were subscribed and fully paid by East Asia Educational Foundation, Inc. (EAEFI), a related party under common management.

In 2014, additional 479,250 preferred shares of EACCI amounting to P479.3 million were subscribed and fully paid by EAEFI.

24.2 Noninterest-bearing Advances

The University grants unsecured and noninterest-bearing advances, which are due and demandable, to related parties under common management for working capital purposes.

Summarized below are the outstanding receivables from these advances as of March 31, shown as part of the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9):

	Beginning Balance	Additional Advances	Repayments	Impairment	Ending Balance
2014					
EAEFI	P 11,693,293	P 30,496,530	(P 36,336,879)	P -	P 5,852,944
FERN College	2,492,959	41,010	(2,533,969)	-	-
	P 14,186,252	**P 30,537,540**	**(P38,870,848)**	**P -**	**P 5,852,944**
2013					
ICF-CCE, Inc.	P 23,750,000	P -	P -	(P 23,750,000)	P -
EAEFI	14,300,692	17,163,977	(19,771,376)	-	11,693,293
FERN College	2,024,918	2,553,157	(2,085,116)	-	2,492,959
	P 40,075,610	P 19,717,134	(P 21,856,492)	(P 23,750,000)	P 14,186,252
2012					
ICF-CCE, Inc.	P 23,750,000	P -	P -	P -	P 23,750,000
EAEFI	10,649,397	5,643,914	(1,992,619)	-	14,300,692
FERN College	1,945,891	79,027	-	-	2,024,918
	P 36,345,288	P 5,722,941	(P 1,992,619)	P -	P 40,075,610

In 2013, management assessed that total amount of advances to ICF-CCE, Inc. amounting to P23.8 million is doubtful of collection. Hence, the total advances to ICE-CCE, Inc. was provided with full amount of allowance, shown as part of Finance Costs in the 2013 consolidated statement of comprehensive income (see Note 21.2).

No allowance for impairment loss on the remaining amount of advances was provided as of March 31, 2014 and 2012 since management believes that these are collectible in full.

24.3 Management Services

The University provides management services to EAEFI which agreed to pay management fee computed at a certain percentage of its gross revenue subject to certain conditions. Management fees earned amounted to P55.4 million in 2014 and 2013, and P47.9 million in 2012 and is presented as Management Fees under Revenues section in the consolidated statements of comprehensive income.

Outstanding receivables arising from this transaction amount to P56.5 million, P52.2 million and P47.8 million as of March 31, 2014, 2013 and 2012, respectively, and are presented as part of receivables from EAEFI under Trade and Other Receivables (see Note 9). No impairment loss is recognized on these related party receivables.

24.4 Leases

(a) Lease of Buildings to EAEFI

The University leases out certain buildings to EAEFI for a period of one to five years until May 31, 2015. Total rental income from EAEFI, presented as part of Rental in the consolidated statements of comprehensive income, amounted to P60.4 million in 2014, P53.4 million in 2013 and P44.8 million in 2012. There were no outstanding receivables from these transactions for all the years presented.

(b) Lease of Buildings to FERN College

FRC leases out certain buildings to FERN College effective from June 1, 2007 to May 31, 2017 for an annual rental of P1.4 million or 10% of gross annual revenue, whichever is higher. In January 2013, an amended lease agreement was executed by both parties which stated that the lease term shall now be from January 31, 2013 to December 31, 2023 for an annual rental fee of P1.2 million or 10% of FERN College's annual gross income, whichever is higher.

Total rental income of FRC from FERN College amounted to P13.5 million, P12.1 million and P10.0 million in 2014, 2013 and 2012, respectively, recorded as part of Rental in the consolidated statements of comprehensive income. Outstanding receivables from this transaction amounting to P6.2 million, P2.9 million and P0.7 million as of March 31, 2014, 2013 and 2012, respectively, are recorded as Rental receivable under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9). No impairment loss is recognized by the Group on this receivable from FERN College.

(c) Lease of Office Premises to ICF-CCE, Inc.

In the previous years, the University leased out certain floors of a building in Makati to ICF-CCE, Inc. for a period of one year subject to annual renewal as agreed by both parties. However, such contract expired and was not renewed in March 2013.

Total rental income earned with ICF-CCE, Inc. amounted to P5.2 million and P7.6 million 2013 and 2012, respectively, and is recorded as part of Rental in the consolidated statements of comprehensive income. As of March 31, 2014, there is no outstanding balance related to these transactions. Outstanding balances as of March 31, 2013 and 2012 amounting to P19.7 million and P14.5 million, respectively, are recorded as part of receivables from related parties under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9).

In 2013, management assessed that total rental receivables from ICF-CCE, Inc. amounting to P19.7 million is no longer collectible; hence, the University provided full amount of allowance for the total receivable balance. The related impairment loss is recognized as part of Finance Costs in the 2013 consolidated statement of comprehensive income (see Note 21.2). In 2014, receivables from ICF-CCE, Inc. were written-off (see Note 9).

24.5 Others

In previous years, the University incurred various expenses, on behalf of FEFI and ICF-CCE, Inc., recorded as receivables from related parties under the Trade and Other Receivables account in the consolidated statements of financial position. However, there are no such transactions that occurred in 2014. As of March 31, 2014, 2013 and 2012, total receivables from these transactions amount to nil, P60.2 million and P38.3 million, respectively (see Note 9). The outstanding balance in 2013 has been fully provided with allowance in 2013 and recorded as part of Finance Costs in the 2013 consolidated statement of comprehensive income (see Note 21.2). The balance of this receivable is included in the amounts written-off in 2014 (see Note 9).

Also, this includes the unclaimed balance due to certain stockholders arising from 2005 return of investments relating to fractional shares of FRC amounting to P1.3 million as of March 31, 2014, 2013 and 2012. It is presented as part of Others under the Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

24.6 Key Management Personnel Compensation

Total remunerations of the Group's key management personnel for the years ended March 31, 2014, 2013 and 2012, which are presented as part of Salaries and allowances and Employees benefits under Instructional and academic expenses (see Note 20), are as follows:

	2014	2013	2012
Short-term benefits	**P 108,121,710**	P 105,108,027	P 105,007,785
Bonuses	**23,102,747**	27,053,116	21,706,005
Post-employment benefits	**19,391,244**	20,653,045	19,501,095
	P 150,615,701	P 152,814,188	P 146,214,885

25. EQUITY

25.1 Capital Stock

	Shares			**Amount**		
	2014	2013	2012	**2014**	2013	2012
Common shares – P100 par value						
Authorized	**20,000,000**	20,000,000	10,000,000			
Issued and outstanding:						
Balance at beginning of year	**13,768,634**	13,768,634	9,845,779	**P 1,376,863,400**	P 1,376,863,400	P 984,577,900
Issued during the year	**-**	-	3,922,855	**-**	-	392,285,500
Balance at end of year	**13,768,634**	13,768,634	13,768,634	**1,376,863,400**	1,376,863,400	1,376,863,400
Treasury stock – at cost	**(37,331)**	(37,331)	(37,331)	**(3,733,100)**	(3,733,100)	(3,733,100)
Net issued and outstanding	**13,731,303**	13,731,303	13,731,303	**P 1,373,130,300**	P 1,373,130,300	P 1,373,130,300

On July 11, 1986, the SEC approved the listing of the University's common shares, its only listed securities, at an offer price of P100 per share. As of March 31, 2014, there are 4,706,327 listed shares owned by the public, which is equivalent to 34.27% public ownership, 37,331 treasury shares held by the University and 9,024,976 shares owned by the University's related parties. The listed shares closed at P1,103 per share as of March 31, 2014.

On July 19, 2011, the University's BOT approved the increase in authorized capital stock from P1.0 billion divided into 10.0 million shares with a par value of P100 per share to P2.0 billion divided into 20.0 million shares with a par value of P100 per share. Also on the same date, the University's BOT approved the declaration of 40% stock dividends [see Note 25.2(b)].

The increase in authorized capital stock and declaration of stock dividends were ratified by the stockholders representing at least 2/3 of FEU's total outstanding shares during the University's annual stockholders' meeting on August 27, 2011 and was subsequently approved by the SEC on November 2, 2011.

25.2 Retained Earnings

Significant transactions affecting Retained Earnings, which is also legally restricted at an amount equivalent to the cost of the University's treasury shares of P3.7 million, are as follows:

(a) Appropriation of Retained Earnings

Appropriated Retained Earnings consist of appropriations for:

	Note	**2014**	2013	2012
Property and investment acquisition		**P 1,542,500,000**	P 1,150,000,000	P 1,320,000,000
Expansion of facilities		**294,200,000**	300,000,000	240,000,000
Purchase of equipment and improvements		**115,000,000**	75,000,000	39,770,000
General retirement		**90,000,000**	90,000,000	65,000,000
Contingencies	27.3, 27.4	**10,000,000**	10,000,000	50,000,000
Treasury shares		**3,733,100**	3,733,100	3,733,100
		P 2,055,433,100	P 1,628,733,100	P 1,718,503,100

The changes in the appropriated retained earnings are shown below.

	2014	2013	2012
Balance at beginning of year	**P 1,628,733,100**	P 1,718,503,100	P 1,853,733,100
Appropriations during the year	**432,500,000**	120,230,000	1,599,770,000
Reversal of appropriations	**(5,800,000)**	(210,000,000)	(1,735,000,000)
Balance at end of year	**P 2,055,433,100**	P 1,628,733,100	P 1,718,503,100

Breakdown of appropriations, which are expected to be utilized within one year from the end of the respective reporting period, is shown below.

	2014	2013	2012
Property acquisition and investment	**P 392,500,000**	P 60,000,000	P 1,300,000,000
Purchase of equipment and improvements	**40,000,000**	-	-
Expansion of facilities	**-**	25,000,000	260,000,000
General retirement	**-**	35,230,000	39,770,000
	P 432,500,000	P 120,230,000	P 1,599,770,000

Also, the University reversed the previous appropriations for expansion of facilities amounting to P5.8 million in 2014 and for property and investment amounting to P170.0 million and P1.7 billion in 2013 and 2012, respectively, as the planned expansion of facilities was completed in 2014 while the investment and acquisition of property were completed in 2013 and 2012.

(b) Dividend Declaration

The BOT approved the dividend declarations for the following years:

	Date of			
	Declaration	**Record**	**Payment/Issuance**	**Amount**
2014				
Cash dividend of P15 per share	June 18, 2013	July 2, 2013	July 17, 2013	P 205,969,545
Cash dividend of P12 per share	December 10, 2013	December 26, 2013	January 15, 2014	164,775,636
				P 370,745,181
2013				
Cash dividend of P12 per share	June 19, 2012	July 4, 2012	July 18, 2012	P 164,775,636
Cash dividend of P12 per share	December 18, 2012	January 8, 2013	January 23, 2013	164,775,636
				P 329,551,272
2012				
Cash dividend of P15 per share	June 21, 2011	July 6, 2011	July 20, 2011	P 147,126,770
40% stock dividend equivalent to 3,922,855 shares	July 19, 2011	November 22, 2011	December 19, 2011	392,285,500
524 fractional shares paid out in cash at P100 per share				52,370
Cash dividend of P12 per share	January 17, 2012	February 15, 2012	February 15, 2012	164,775,636
				P 704,240,276

Unclaimed dividend checks as of March 31, 2014, 2013 and 2012 are presented as Dividends payable under the Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

25.3 Subsidiary with Material Non-controlling Interest

All of EACCI's common shares are owned by the University but EACCI also has preferred shares which were authorized in 2013 and which are held by parties other than the University. Total cost of preferred shares issued and outstanding amounts to P760.0 million and P280.8 million as of March 31, 2014 and 2013, respectively.

EACCI'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, including treasury shares, if any;

(b) Subject to availability of retained earnings and sufficient cash as may be determined by EACCI's BOD, holders of the preferred stock are entitled to receive, out of unrestricted retained earnings of the EACCI, 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 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 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 BOD; and,

(e) In the event of any voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of EACCI's operations, the holders of preferred stock shall have preference and priority as to the net assets of EACCI or proceeds thereof over the holders of common stock.

NCI in FRC and SPARC represents 62.48% and 77.49%, respectively (see Note 2.23).

No dividends were paid to the NCI in 2014, 2013 and 2012.

The summarized financial information of subsidiaries with material non-controlling interest before intragroup eliminations is shown below (in thousands).

	EACCI	FRC	SPARC*
2014			
Total assets	P 983,365	P 1,114,973	P 11,464
Total liabilities	106,436	126,491	3,141
Total equity	876,929	988,482	8,323
Total revenue	107	117,830	5,852
Net profit (loss) for the year	(10,281)	75,615	708
Net cash from operating activities	P 6,396	P 115,947	P 2,561
Net cash used in investing activities	(478,774)	(14,364)	(225)
Net cash from (used in) financing activities	571,030	(7,520)	(654)
Net cash inflow	P 98,652	P 94,063	P 1,682

	EACCI		FRC		SPARC*	
2013						
Total assets	P	357,945	P	1,002,899	P	11,443
Total liabilities		39,985		90,032		3,827
Total equity		317,960		912,867		7,616
Total revenue		1,609		268,819		5,235
Net profit (loss) for the year	(	9,990)		146,479	(	1,151)
Net cash from (used in) operating activities	(	15,959)		123,833	(P	128)
Net cash from (used in) investing activities	(	240,750)		364,027	(	127)
Net cash from (used in) financing activities		313,247	(	473,369)	(	523)
Net cash inflow (outflow)	P	56,538	P	14,491	(P	778)
2012						
Total assets	P	29,231	P	1,295,909	P	12,335
Total liabilities		22,031		529,696		3,568
Total equity		7,200		766,213		8,767
Total revenue		299		111,845		4,917
Net profit (loss) for the year	(	10)		36,242	(	645)
Net cash from (used in) operating activities	P	14,297	P	65,711	P	1,252
Net cash from (used in) investing activities	(	16,438)		17,526	(	3,382)
Net cash from (used in) financing activities		7,503	(	73,274)		3,000
Net cash inflow	P	5,362	P	9,963	P	870

**Financial information of SPARC used in the consolidation before intragroup eliminations for 2014, 2013 and 2012 is as of and for the years ended December 31, 2013, 2012 and 2011, respectively.*

26. EARNINGS PER SHARE

EPS amounts were computed as follows:

		2014		2013		2012
Net profit attributable to owners of the parent company	**P**	**855,024,656**	P	800,228,225	P	719,303,686
Divided by weighted average number of shares outstanding, net of treasury stock of 37,331 shares		**13,731,303**		13,731,303		13,731,303
Basic and diluted EPS	**P**	**62.27**	P	58.28	P	52.38

The University has no dilutive potential common shares as of March 31, 2014, 2013 and 2012; hence, the diluted EPS is the same as the basic EPS in all the years presented.

27. COMMITMENTS AND CONTINGENCIES

27.1 Capital Commitments – Purchase of Condominium Units

FRC acquired condominium units which are still under construction [see Notes 16.2 and 18(b)]. Future payments under this contract are presented as part of Interest-bearing Loans in the consolidated statements of financial position.

	2014	2013	2012
Within one year	**P 12,676,158**	P 2,860,800	P 6,280,555
After one year but not more than five years	**46,441,276**	5,479,966	8,340,766
	P 59,117,434	P 8,340,766	P 14,621,321

27.2 Operating Lease Commitments – Group as Lessor

As discussed in Notes 16 and 24.4, the University and FRC lease out certain buildings to EAEFI and FERN College for varying periods. The University and FRC also lease out certain land and buildings to several non-related parties for a period of one to ten years.

Future minimum rental receivables, excluding contingent rental, under these operating leases as of March 31, 2014, 2013, and 2012 are as follows:

	2014	2013	2012
Within one year	**P 45,151,391**	P 58,858,784	P 69,315,406
After one year but not more than five years	**6,000,000**	1,920,000	209,296,168
More than five years	**4,500,000**	-	-
	P 55,651,391	P 60,778,784	P 278,611,574

27.3 Legal Claims

As of March 31, 2014, the University is a defendant in certain civil cases which are pending before the National Labor Relations Commission and the Court of Appeals. The University's management and its legal counsel believe that liabilities, if any, which may result from the outcome of these cases, will not materially affect the financial position and results of operations of the University. However, the University has appropriated portion of its retained earnings for the occurrence of these types of contingencies (see Note 25.2).

27.4 Others

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 consolidated financial statements, however, the Group opted to generally appropriate portion of its retained earnings to cover for such contingencies (see Note 25.2).

28. 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 debt divided by total equity. Capital for the reporting period March 31, 2014, 2013 and 2012 under review is summarized as follows:

	2014	2013	2012
Total liabilities	**P 1,515,188,863**	P 1,362,721,777	P 501,535,863
Total equity attributable to owners of the parent company (excluding treasury shares and revaluation reserves)	**5,120,191,850**	4,635,912,375	4,165,235,422
Debt-to-equity ratio	**0.30 : 1.00**	0.29 : 1.00	0.12 : 1.00

The Group's goal in capital management is to maintain a debt-to-equity structure ratio of not more than 1.00:1.00 [see Note 18(a)]. This is in line with the University's bank covenants related to its borrowings.

The University has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for all the years presented.

There was no significant change in the Group's approach to capital management during the year.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
INDEX TO SUPPLEMENTARY SCHEDULES
MARCH 31, 2014

Statement of Management's Responsibility for the Consolidated Financial Statements

Independent Auditors' Report on the SEC Supplementary Schedules Filed Separately from the Basic Financial Statements

Supplementary Schedules to Consolidated Financial Statements (Form 17-A, Item 7)

Other Required Information

FAR EASTERN UNIVERSITY

P.O. BOX 609 MANILA, PHILIPPINES

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **The Far Eastern University, Inc. and Subsidiaries** (the Group), is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended March 31, 2014 and 2013, in accordance with Philippine Financial Reporting Standards (PFRS), including the following additional supplemental information filed separately from the basic consolidated financial statements:

a. Supplementary Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68
b. Reconciliation of Retained Earnings Available for Dividend Declaration
c. Schedule of PFRS Effective as of March 31, 2014
d. Schedule of Financial Indicators for March 31, 2014 and 2013
e. Map Showing the Relationship Between and Among the Company and its Related Entities

Management responsibility on the consolidated financial statements includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Trustees reviews and approves the consolidated financial statements, and the additional supplementary information, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has examined the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing and, and in its report to the Board of Trustees and stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

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

MICHAEL M. ALBA
President and Chief
Operating Officer

JUAN MIGUEL R. MONTINOLA
Chief Finance Officer

SUBSRIBED AND SWORN to before me this 4th day of June 2014, affiants exhibiting their Tax Identification Numbers as follows:

Name	TIN	Place Issued
Aurelio R. Montinola III	135-558-086	Philippines
Michael M. Alba	157-483-273	Philippines
Juan Miguel R. Montinola	115-203-243	Philippines

NOTARY PUBLIC

Doc. No. 172
Page No. 36
Book No. X
Series of 2014.

Punongbayan & Araullo

An instinct for growth™

Report of Independent Auditors To Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of The Far Eastern University, Incorporated and subsidiaries (the Group) for the year ended March 31, 2014, on which we have rendered our report dated June 17, 2014. 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 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: **Christopher M. Ferareza**
Partner

CPA Reg. No. 0097462
TIN 184-595-975
PTR No. 4222743, January 2, 2014, Makati City
SEC Group A Accreditation
Partner - No. 1185-A (until Jan. 18, 2015)
Firm - No. 0002-FR-3 (until Jan. 18, 2015)
BIR AN 08-002511-34-2011 (until Sept. 21, 2014)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

June 17, 2014

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities - (Current Marketable Equity Securities and Other Short-Term Cash Investments)
As at March 31, 2014

Name of banks		*Amount shown on the statements of financial position*		*Income received and accrued*
Bank of the Philippine Islands	P	1,394,641,652	P	90,378,008
Banco De Oro		943,138,402		103,009,221
Hongkong and Shanghai Banking Corporation Limited		132,428,451		7,266,725
Metrobank		100,000,000		59,028
China Bank		121,293,419		4,238,579
Rizal Commercial Banking Corp.		4,411,871		41,317
Various Club shares		2,050,000		-
TOTAL	**P**	**2,697,963,795**	**P**	**204,992,878**

These are presented in the statements of financial position as follows:

Cash and cash equivalents	P	243,077,097	P	7,625,547
Other current assets		134,944,032		5,431,964
Available-for-sale investments		2,317,892,666		191,935,367
Investment in golf club shares		2,050,000		-
	P	**2,697,963,795**	**P**	**204,992,878**

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule B - Amounts Receivable from Directors, Officers,
Employees, Related Parties, and Principal Stockholders (Other than Affiliates)
As at March 31, 2014

Name and Designation of Debtor	*Beginning Balance*	*Additions*	*Deductions*		*Current*	*Non-Current*	*Ending*
			Amount Deducted	*Amount Written-Off*			
PERSONAL ADVANCES							
Abala, Genelin	P 155	P -	P -	P -	P -	P 155	P 155
Abelardo, Luzviminda E.	-	828	-	-	828	-	828
Abellera, Evelyn C.	-	8,510	-	-	8,510	-	8,510
Abello, Susan	-	11,209	-	-	11,209	-	11,209
Ador, Lauro	529	-	-	-	-	529	529
Agnes, Reynold D.	(252)	-	-	-	-	(252)	(252)
Agudong, Julito	-	2,064	-	-	2,064	-	2,064
Aguila, Fitzgerald	9,105	-	-	-	-	9,105	9,105
Agustin, Ma. Theresa A.	-	19,823	-	-	19,823	-	19,823
Ahmadzadeh, Teresita P.	-	9,420	-	-	9,420	-	9,420
Alabarca, Wilma J.	-	16,496	6,030	-	10,466	-	10,466
Alarde, Crispulo	-	7,874	-	-	7,874	-	7,874
Alba, Anna Michelle	150	-	-	-	-	150	150
Alba, Michael	-	8,447	-	-	8,447	-	8,447
Albano, Allan Rey L.	4,223	7,840	7,536	-	4,155	373	4,528
Alcaide, Adalbert M.	-	-	3,194	-	(3,194)	-	(3,194)
Alcoberes, Philip Jay N.	310	-	1,310	-	(1,000)	-	(1,000)
Aldeguer, Christine C.	(1,950)	-	-	-	-	(1,950)	(1,950)
Alejandro, Ma. Michelle	2,229	-	-	-	-	2,229	2,229
Alimuin, Sylvia A.	-	4,377	-	-	4,377	-	4,377
Alota, Jacqueline G.	-	41,075	43,150	-	(2,075)	-	(2,075)
Alvarado, Jesse Joey S.	(100)	-	-	-	-	(100)	(100)
Alvarez, Alfredo R.	-	12,353	-	-	12,353	-	12,353
Amlog, Jocelyn	45,000	-	-	-	-	45,000	45,000
Amoncio, Lilia C.	-	2,733	-	-	2,733	-	2,733
Ampatin, Estrella	-	665	-	-	665	-	665
Anastacio, Nanette	(8,165)	-	-	-	-	(8,165)	(8,165)
Andrada, Gayleen	200	-	-	-	-	200	200
Andrade, Ru-gui Ann	1,400	-	-	-	-	1,400	1,400
Angel, Heherson M.	-	436	-	-	436	-	436
Anido, Cecilia I.	79,257	-	-	-	-	79,257	79,257
Ansano, Bela	11,590	-	-	-	-	11,590	11,590
Aquino, Riza M.	-	13,357	-	-	13,357	-	13,357
Arabia, Julieta S.	(40,600)	-	-	-	(40,600)	-	(40,600)
Aragones, Mary Ann F.	422	-	-	-	-	422	422
Aranzanso, Lourdes	-	6,282	-	-	6,282	-	6,282
Areola, Vina	7,700		-	-	-	7,700	7,700
Arquiza, Glenda	(9,846)		-	-	-	(9,846)	(9,846)
Arroyo, Emil	-	7,840	2,940	-	4,900	-	4,900
Artezuela, Marilou C.	-	661	-	-	661	-	661
Asuncion, Janin Azeq	-	270	-	-	270	-	270
Atanacio, Fe A.	975	-	-	-	-	975	975
Atweh, William	-	30	500	-	(470)	-	(470)
Avila, Virgilio C.	(788)	388	388	-	-	(788)	(788)
Ayque, Wilbert	-	18,666	-	-	18,666	-	18,666
Azor, Helen	(1,528)	-	-	-	-	(1,528)	(1,528)
Baccay, Yolanda	-	295	-	-	295	-	295
Bacsafra, Zenaida L.	-	370	-	-	370	-	370
Badilla, Nelson S.	69	-	-	-	-	69	69
Baguisi, Ma. Theresa M.	(1,817)	-	-	-	-	(1,817)	(1,817)
Baja, Lauro	996	-	-	-	-	996	996
Balanay,. Rendel Bryan	-	7,576	6,629	-	947	-	947
Balarosan, Edna G.	27,757	7,161	27,757	-	7,161	-	7,161
Balbastro, Maria Theresa	-	39,385	-	-	39,385	-	39,385
Balbuena, Erickson	-	200	-	-	200	-	200
Balita, Paulita C.	(14,913)	-	-	-	-	(14,913)	(14,913)
Balmes, Erickson	(200)	-	-	-	-	(200)	(200)
Banal, Rustom O.	(1,163)	388	-	-	388	(1,163)	(775)
Bantayan, Maria Emilia R.	5,710	-	-	-	-	5,710	5,710
Barro, Liana M.	-	6,147	-	-	6,147	-	6,147
Bartolome, Liezl	(58)	1,647	-	-	1,647	(58)	1,589
Bataan, Luzviminda G.	(8,886)	-	-	-	-	(8,886)	(8,886)
Batin, Judith J.	975	-	-	-	-	975	975
Bautista, Andres	3,000	-	-	-	-	3,000	3,000
Bautista, Danilo	10,604	19,094	16,484	-	13,214	-	13,214
Bautista, Marvin	-	2,250	-	-	2,250	-	2,250
Bejar, Marcelyn B.	(2,363)	-	-	-	-	(2,363)	(2,363)
Belardo, Amy	-	9,729	-	-	9,729	-	9,729
Belleza, Asuncion L.	826	-	-	-	-	826	826
Benico, Ericson	-	7,840	2,940	-	4,900	-	4,900
Bermachea, Ann Daryl	529	-	-	-	-	529	529

Forward

Name and Designation of Debtor	Beginning Balance	Additions	Deductions		Current	Non-Current	Ending
			Amount Deducted	Amount Written-Off			
Bernardo, Rodrigo G.	P 28,411	P -	P -	P -	P -	P 28,411	P 28,411
Bilan, Jeanette L.	1,326	-	-	-	-	1,326	1,326
Binas, Marie Jean	(1,000)	-	-	-	-	(1,000)	(1,000)
Bitagcul, Virgilio	-	300	150	-	150	-	150
Bolo, Benjamin A.	5,000	-	10,000	-	(5,000)	-	(5,000)
Borja, Victoria Ana	-	3,840	-	-	3,840	-	3,840
Botasclac, Benjamin	6,526	15,680	13,334	-	8,872	-	8,872
Briones, Domingo J.	-	812	-	-	812	-	812
Briones, Ritchelle	-	9,531	-	-	9,531	-	9,531
Brito, Razel	225	-	-	-	-	225	225
Buenafe, Ma. Belinda	-	15,693	-	-	15,693	-	15,693
Bueno, Marivie	10,371	-	-	-	-	10,371	10,371
Bugayong, Eleonor	-	5,116	-	-	5,116	-	5,116
Bunuan, Editha	-	772	-	-	772	-	772
Buquid, Apolonio A.	11,487	-	-	-	-	11,487	11,487
Burac, Joseph T.	(1,332)	-	-	-	-	(1,332)	(1,332)
Caagbay, Elpidio Z.	8,949	15,680	13,334	-	2,346	8,949	11,295
Caaway, Jose Jamir	-	5,380	-	-	5,380	-	5,380
Cabaltica, Leilani A.	(2,081)	320	320	-	(2,081)	-	(2,081)
Cabantac, Ricardo	(706)	-	-	-	-	(706)	(706)
Cabasada, Albert R.	(12,300)	320	320	-	(12,300)	-	(12,300)
Cabebe, Lolita	-	1,811	-	-	1,811	-	1,811
Cabral, Raymond Nonnatus	82	-	-	-	-	82	82
Cabrera, Alicia	-	11,340	-	-	11,340	-	11,340
Cabrera, Maricel S.	(30,000)	-	-	-	-	(30,000)	(30,000)
Cada, Rosalie C.	-	24,713	-	-	24,713	-	24,713
Cadorna, Rosemarie	656	-	-	-	-	656	656
Cajucom, Cherry S.	(500)	300	-	-	-	(200)	(200)
Caleon, Alma	-	52	-	-	52	-	52
Calimpas, Joan	-	7,370	-	-	7,370	-	7,370
Camaclang, Merlita J.	3,068	-	-	-	-	3,068	3,068
Cambe, Dhonna	-	10,350	-	-	10,350	-	10,350
Cando, Cromwell N.	11,116	3,971	11,116	-	3,971	-	3,971
Canoza, Geraldine E.	-	1,496	-	-	1,496	-	1,496
Cao, Marilou F	(5,006)	320	320	-	-	(5,006)	(5,006)
Capili, Regina R.	-	942	-	-	942	-	942
Caracas, Robert	-	1,514	-	-	1,514	-	1,514
Caramanzana, Edward	6,300	-	-	-	-	6,300	6,300
Cardano, Benedicto	-	17,222	5,880	-	11,342	-	11,342
Carino, Raquel G.	(1,550)	-	-	-	-	(1,550)	(1,550)
Carpio, Miguel M.	679,441	21,973	225,008	-	8,567	467,839	476,406
Carpio, Rustica	1,413	-	-	-	-	1,413	1,413
Casaclang, Editha	6,779	3,042	6,779	-	3,042	-	3,042
Casas, Criselda	-	4,227	-	-	4,227	-	4,227
Castillo, Carolina	-	3,508	-	-	3,508	-	3,508
Castillo, Flordeliza	-	2,600	650	-	1,950	-	1,950
Castillo, Perlita C.	9,959	1,138	4,959	-	1,138	5,000	6,138
Castro, Joeven	-	-	215	-	(215)	-	(215)
Castro, Lawrence Christopher	1,765	-	-	-	-	1,765	1,765
Casuco, Leonida S.	(14,365)	500	749	-	-	(14,614)	(14,614)
Catchillar, Ulysses	-	14,000	-	-	14,000	-	14,000
Cebu, Teodora Arlene	26,000	-	-	-	-	26,000	26,000
Cempron, Jaime	(788)	1,575	1,844	-	(1,056)	-	(1,056)
Chanco, Christine R.	975	4,413	-	-	4,413	975	5,388
Chastein, Cherry R.	10,000	-	-	-	-	10,000	10,000
Chua, George S.	(2,083)	-	-	-	-	(2,083)	(2,083)
Chua, Wilson S.	10,480	4,448	10,480	-	4,448	-	4,448
Cipriano, Adarna	-	7,442	825	-	6,617	-	6,617
Ciubal, Willie Y.	(600)	-	-	-	-	(600)	(600)
Cometa, Maria Victoria	(7,775)	-	-	-	-	(7,775)	(7,775)
Concepcion, Benjamin	-	12	-	-	12	-	12
Cordero, Ronald G.	-	995	-	-	995	-	995
Cordoba, Enrico L.	(2,092)	-	-	-	-	(2,092)	(2,092)
Cordova, Ma. Fleur	-	5,907	-	-	5,907	-	5,907
Coronejo, Rosemarie	-	2,125	-	-	2,125	-	2,125
Cortez, Lina	-	13,148	-	-	13,148	-	13,148
Cotorno, Lorine	-	4,239	-	-	4,239	-	4,239
Cruz, Bryan	-	1,500	-	-	1,500	-	1,500
Cruz, Christybel O.	-	484	-	-	484	-	484
Cruz, Eloisa G.	3,363	-	-	-	-	3,363	3,363
Cruz, Luzviminda S.	-	57	-	-	57	-	57
Cruz, Maria Ruth M.	(37,500)	84,979	6,264	-	41,215	-	41,215
Cruz, Marites J.	-	53,552	45,000	-	8,552	-	8,552
Cruz, Noel L.	-	4,067	-	-	4,067	-	4,067
Cruz, Rebecca S.	16,195	-	-	-	-	16,195	16,195
Cruz, Sandra Lyn	44,781	-	-	-	-	44,781	44,781
Cuason, Willy Lim	(2,092)	1,567	2,548	-	(981)	(2,092)	(3,073)
Cuevas, Romeo C.	-	17,357	-	-	17,357	-	17,357
Culala, Harold John D.	3,180	15,680	5,880	-	9,800	3,180	12,980
Cunanan, Catherine	-	13,087	-	-	13,087	-	13,087
Cunanan, Fernando	1,025	-	-	-	-	1,025	1,025
Dacayanan, Marites	-	967	-	-	967	-	967

Forward

Name and Designation of Debtor	Beginning Balance	Additions	Deductions		Current	Non-Current	Ending
			Amount Deducted	Amount Written-Off			
Dadulla, Jose Y.	P 724	P 1,800	P 3,024	P -	(P 500)	P -	(P 500)
Dalton, Juanita	618	-	-	-	-	618	618
Danofrata, Julie	-	10,000	-	-	10,000	-	10,000
Davalos, Zenaida R.	(249)	-	-	-	-	(249)	(249)
David, Philip	-	1,300	325	-	975	-	975
Decena, Aurea	-	16	-	-	16	-	16
Defensor, Marshal	-	979	-	-	979	-	979
Delgado, Emy	3,166	2,811	3,666	-	2,311	-	2,311
Destura, Blanca	-	12,156	-	-	12,156	-	12,156
Dimalanta, Ma. Clarinda	-	1,249	-	-	1,249	-	1,249
Dimalibot, Ma. Martina Geraldine	2,127	-	-	-	-	2,127	2,127
Dimzon, Marnelli	-	7,840	2,940	-	4,900	-	4,900
Dingding, Quintin	(12,150)	-	-	-	-	(12,150)	(12,150)
Diwa, Anna Shellah Marie	-	46,650	46,350	-	300	-	300
Dizon, Kenneth Earl I.	200	-	-	-	-	200	200
Dizon, Mercy	(800)	-	-	-	-	(800)	(800)
Doble, Jon Derek	130,800	-	-	-	-	130,800	130,800
Doctolero, Priscilla	-	3,009	-	-	3,009	-	3,009
Dominado, Liezl M.	-	30,000	-	-	30,000	-	30,000
Domingo, Iluminada Vivien	-	197	-	-	197	-	197
Doria, Raul B.	-	1,877	-	-	1,877	-	1,877
Ducut, Mirela G.	6,350	13,513	8,450	-	11,413	-	11,413
Dulay, Sofronio	-	1,245	-	-	1,245	-	1,245
Echauz, Lydia	-	16,320	-	-	16,320	-	16,320
Eleazar, Glenda C.	7,454	16,046	9,414	-	14,086	-	14,086
Elimen, Fernando	-	7,254	-	-	7,254	-	7,254
Elman, Mario M.	(1,800)	24,025	-	-	24,025	(1,800)	22,225
Escobia, Irma L.	28,750	6,055	34,856	-	(51)	-	(51)
Escoses, Lloyd	-	7,840	2,940	-	4,900	-	4,900
Eser, Myline	33,036	-	-	-	-	33,036	33,036
Espera, Anthony	(500)	-	-	-	-	(500)	(500)
Espinosa, William V.	3,325	-	-	-	-	3,325	3,325
Esquibel, Brian	4,596	-	-	-	-	4,596	4,596
Esquibel, Elizabeth	5,000	-	-	-	-	5,000	5,000
Esteban, Alejandro	-	2,699	-	-	2,699	-	2,699
Estrella, Gloria	1,460	-	-	-	-	1,460	1,460
Estrella, Luisito P.	7,954	15,980	14,434	-	9,500	-	9,500
Evangelista, Erika	17,375	-	-	-	-	17,375	17,375
Fabros, Marietta	5,296	-	-	-	-	5,296	5,296
Farolan, Mikhail E.	1,275	-	-	-	-	1,275	1,275
Faundo, Aurora L.	1,736	-	-	-	-	1,736	1,736
Felices, Catherine P.	(34,111)	1,994	4,889	-	(2,895)	(34,111)	(37,006)
Fernando, Gerry V.	6,373	-	-	-	-	6,373	6,373
Fernando, Rogelio E.	(40,500)	-	-	-	-	(40,500)	(40,500)
Ferreras, Alejandro	-	7,996	-	-	7,996	-	7,996
Fesalbon, Hermond	7,729	-	-	-	-	7,729	7,729
Fiesta, Erlinda P.	724	12,407	724	-	12,407	-	12,407
Figer, Reggy	24,300	-	-	-	-	24,300	24,300
Flores, Roberto	(30,637)	7,840	7,536	-	304	(30,637)	(30,333)
Fontanilla, Anecito	(3,482)	2,179	2,261	-	(81)	(3,482)	(3,563)
Fontanos, Milagros D.	(1,407)	-	-	-	-	(1,407)	(1,407)
Frayres, Miguel	-	7,840	2,940	-	4,900	-	4,900
Fulgar, Ildefonso	-	7,059	-	-	7,059	-	7,059
Gabon, Danilo B.	-	15,680	5,880	-	9,800	-	9,800
Galicia, Reynaldo	-	32,400	-	-	32,400	-	32,400
Galiza, Miguela	45,000	-	-	-	-	45,000	45,000
Gallardo, John	13,000	-	-	-	-	13,000	13,000
Garcia, Arvin	8,766	-	13,766	-	-	(5,000)	(5,000)
Garcia, Dolores	50,000	-	-	-	-	50,000	50,000
Garcia, Earl Jimson	6,000	-	-	-	-	6,000	6,000
Garcia, George DC.	(2,455)	-	-	-	-	(2,455)	(2,455)
Garcia. Miriam	7,425	-	7,454	-	-	(29)	(29)
Garcia, Muriel	-	7,840	2,940	-	4,900	-	4,900
Garcia, Severino M.	320	-	-	-	-	320	320
Gariguez, Mariflor	10,591	-	-	-	-	10,591	10,591
Gaspillo, Rudy M.	-	22,160	-	-	22,160	-	22,160
Gavieta, Rommel	(2,871)	1,225	2,076	-	(851)	(2,871)	(3,722)
Gemzon, Elena	-	1,822	-	-	1,822	-	1,822
Gerardo, Elsa F.	-	12,344	-	-	12,344	-	12,344
Gilera, Enrico G.	-	30,386	-	-	30,386	-	30,386
Gonzales, Emmanuel	-	13,702	-	-	13,702	-	13,702
Gordo, Flordeliza N.	-	3,511	-	-	3,511	-	3,511
Guarino, Rebecca A.	(3,750)	4,443	-	-	4,443	(3,750)	693
Gubio, James B.	(6,477)	21,105	28,477	-	(7,373)	(6,477)	(13,850)
Guevarra, Dorvin	-	3,325	-	-	3,325	-	3,325
Guillermo, Nemesio	5,512	-	-	-	-	5,512	5,512
Gusi, Rechilda	-	301	-	-	301	-	301
Gutierrez, Carlo	(200)	-	-	-	-	(200)	(200)
Gutierrez, Maria Myrel	3,844	-	-	-	-	3,844	3,844
Guzman, Guillerma M.	9,374	15,680	14,420	-	10,634	-	10,634
Guzman, Jericho	8,460	-	-	-	-	8,460	8,460
Guzman, Ma. Corazon A.	2,150	-	-	-	-	2,150	2,150

Forward

Name and Designation of Debtor	Beginning Balance	Additions	Deductions		Current	Non-Current	Ending
			Amount Deducted	Amount Written-Off			
Hernandez, Alma R.	P -	P 18,227	P -	P -	P 18,227	P -	P 18,227
Hernandez, Angeline	6,676	-	-	-	-	6,676	6,676
Hernandez, Jan Joseph S.	5,231	7,840	-	-	7,840	5,231	13,071
Hilario, Jacqueline	-	1,681	-	-	1,681	-	1,681
Hiso, Christopher John	(17)	-	-	-	-	(17)	(17)
Ida, Felipe	-	15,680	5,880	-	9,800	-	9,800
Igno, Francis	(650)	-	-	-	-	(650)	(650)
Inciong, Cherry Wyne	4,220	24,281	6,750	-	17,531	4,220	21,751
Isidro, Teresita L.	(10,401)	14	1,650	-	14	(12,051)	(12,037)
Janagap, Fe Q.	5,131	-	-	-	-	5,131	5,131
Jarlos, Anna Liza	-	15,680	5,880	-	9,800	-	9,800
Javier, Nancy Joan	5,296	-	-	-	-	5,296	5,296
Jerusalem, Violeta L.	(9,717)	-	-	-	-	(9,717)	(9,717)
Jonson, Anna Pamela	-	39,000	-	-	39,000	-	39,000
Joromal, Richmond	2,250	-	-	-	-	2,250	2,250
Jose, Angelina	-	15,800	5,880	-	9,920	-	9,920
Julia, Brynn Jonson	(1,225)	-	-	-	-	(1,225)	(1,225)
Junio, Nenitha L.	-	2,306	-	-	2,306	-	2,306
Kenny Isabel	64,000	-	-	-	-	64,000	64,000
Lacanilao, Gary	375	-	-	-	-	375	375
Ladera, Renville M.	-	5,260	-	-	5,260	-	5,260
Lagman, Benjamin M.	4,004	-	-	-	-	4,004	4,004
Laguimun, Armando	-	10,691	-	-	10,691	-	10,691
Lajara, Galilea R.	3,600	-	-	-	-	3,600	3,600
Lamorena, Juditha M.	6,720	-	120	-	-	6,600	6,600
Lapastora, Milagros	2,072	6,040	-	-	6,040	2,072	8,112
Lapuebla, Alfredo N.	-	27,787	-	-	27,787	-	27,787
Larda, Edmundo D.	(1,500)	2,700	2,700	-	-	(1,500)	(1,500)
Lauro, Jocelyn P.	-	5,219	-	-	5,219	-	5,219
Laxamana, Mary Ann	200	-	-	-	-	200	200
Laxamana, Rachel D.	(200)	10,073	-	-	10,073	(200)	9,873
Lazaro, Carmelita	(2,413)	-	-	-	-	(2,413)	(2,413)
Lazaro, Maria Teresita A.	2,878	-	-	-	-	2,878	2,878
Lee, Chang Woo	-	7,840	2,940	-	4,900	-	4,900
Leon, Allan R.	-	7,840	2,940	-	4,900	-	4,900
Leon, Arsenia J.	-	4,411	-	-	4,411	-	4,411
Leon, Emma Rose H.	5,940	-	-	-	-	5,940	5,940
Leonardo, Raul	3,738	-	-	-	-	3,738	3,738
Leonardo, Violeta M.	7,207	-	-	-	-	7,207	7,207
Letrero, Bernard	1,650	-	-	-	-	1,650	1,650
Liggayu, Pastora	(2,324)	6,968	-	-	6,968	(2,324)	4,644
Lim, Royce Randall	-	-	200	-	(200)	-	(200)
Limjap, Auxencia	-	35,485	6,030	-	29,455	-	29,455
Limkian, Mary Ann	-	-	200	-	(200)	-	(200)
Lindo, Alicia	-	19,331	5,880	-	13,451	-	13,451
Lingat, Yolanda S.	(6)	-	995	-	(995)	(6)	(1,000)
Lintag, Gino Albert	-	-	1,000	-	(1,000)	-	(1,000)
Lintag, Glennford	-	711	-	-	711	-	711
Llave, Jacquelyn	-	445	-	-	445	-	445
Lluz, Samarlita N.	5,192	-	-	-	-	5,192	5,192
Logan, Grace	-	30,000	-	-	30,000	-	30,000
Lopena, Grace	-	362	-	-	362	-	362
Lopez, Anastacio	-	4,449	-	-	4,449	-	4,449
Lopez, Cristina M.	-	2,347	-	-	2,347	-	2,347
Lopez, Mercedita P.	31,705	35,014	31,984	-	35,014	(279)	34,735
Lopez, Ricardo S.	(335)	2,487	115	-	2,487	(450)	2,037
Lumacad, Fernando B.	(32,489)	-	-	-	-	(32,489)	(32,489)
Luyun, Teofilo	-	373	-	-	373	-	373
Luzada, Gian J.	(1,683)	-	-	-	-	(1,683)	(1,683)
Macachor, Celito C.	4,981	32,458	10,167	-	27,272	-	27,272
Macapagal, Arnualdo B.	-	17,898	-	-	17,898	-	17,898
Macapinlac, Joven	-	-	3,000	-	(3,000)	-	(3,000)
Macaraeg, Paul	6,436	-	-	-	-	6,436	6,436
Macaraig, Melinda	29,368	25,323	36,599	-	18,092	-	18,092
Macasaet, Grace Minerva	-	3,324	-	-	3,324	-	3,324
Madeja, Samuel M.	(581)	4,336	472	-	4,336	(1,053)	3,283
Magat, Wendell	-	263	-	-	263	-	263
Magbanua, Luz	-	584	-	-	584	-	584
Magbiro, Erdyn	-	3,800	-	-	3,800	-	3,800
Magdasoc, Cecilia C.	-	6,794	-	-	6,794	-	6,794
Malcampo, Agnes	-	9,248	150	-	9,098	-	9,098
Maliwat, Herminia I.	-	15,680	-	-	15,680	-	15,680
Mallari, Jaime M.	-	15,680	5,880	-	9,800	-	9,800
Malonzo, Ella Margarita N.	2,104	-	-	-	-	2,104	2,104
Manalansan, Palo	-	17,734	-	-	17,734	-	17,734
Manalili, Burton	-	1,200	300	-	900	-	900
Manigbas, Mary Claire	-	7,958	-	-	7,958	-	7,958
Manlapaz, Divine Grace	5,000	-	-	-	-	5,000	5,000
Manrique, Elenita	17,000	-	-	-	-	17,000	17,000
Manuel, Cynthia	-	2,697	-	-	2,697	-	2,697
Manzano, Ronald	-	15,094	-	-	15,094	-	15,094
Marcelo, Teresita	-	448	-	-	448	-	448

Forward

Name and Designation of Debtor	Beginning Balance	Additions	Deductions: Amount Deducted	Deductions: Amount Written-Off	Current	Non-Current	Ending
Marcial, Johnny O.	P -	P 4,420	P -	P -	P 4,420	P -	P 4,420
Mariano, Maria Lourdes	-	14,334	-	-	14,334	-	14,334
Mariano, Redentor	(788)	-	-	-	-	(788)	(788)
Marinas, Luzviminda B.	-	15,680	5,880	-	9,800	-	9,800
Mariscotes, Maria Norlinda	-	9,058	-	-	9,058	-	9,058
Martin, Grace	116	-	-	-	-	116	116
Martin, Wilhelmina	-	1,278	-	-	1,278	-	1,278
Matandag, Marivel C.	(132)	-	300	-	(300)	(132)	(432)
Medina, Buenaventura Jr.	1,050	-	-	-	-	1,050	1,050
Medina, Joy E.	-	1,046	-	-	1,046	-	1,046
Melano, Reyno	-	-	667	-	(667)	-	(667)
Mendoza, Ferdinand	-	1,398	-	-	1,398	-	1,398
Mendoza, Gloria A.	-	2,608	-	-	2,608	-	2,608
Mendoza, Jobert	10,000	-	-	-	-	10,000	10,000
Mendoza, Malaya S.	(250)	-	-	-	-	(250)	(250)
Mendoza, Norberto	-	3,447	-	-	3,447	-	3,447
Mendoza, Sophia	-	-	600	-	(600)	-	(600)
Menez, Karren	-	4,200	1,050	-	3,150	-	3,150
Menorca, Emmanuel	-	25,723	7,961	-	17,762	-	17,762
Mercado, Annabelle	3,759	-	-	-	-	3,759	3,759
Miguel, Emmanuel	6,620	-	-	-	-	6,620	6,620
Milagrosa, Alexander	-	10,420	5,520	-	4,900	-	4,900
Minas, Geraldine C.	(811)	3,204	3,139	-	65	(811)	(746)
Mintu, Cynthia	-	1,922	-	-	1,922	-	1,922
Mirabueno, Benedicto	-	7,673	-	-	7,673	-	7,673
Molina, Ma. Olivia G.	(376)	45,432	42,194	-	3,238	(376)	2,862
Mondejar, Ramil	-	1,910	-	-	1,910	-	1,910
Monderin, Victor C.	(210)	-	-	-	-	(210)	(210)
Monong, Cora	6,000	-	-	-	-	6,000	6,000
Montano, Moses M.	942	-	-	-	-	942	942
Montesclaros, Edgardo	(2,083)	-	-	-	-	(2,083)	(2,083)
Montinola Juan Miguel	1,950	-	-	-	-	1,950	1,950
Morabe, Babsie M.	-	3,519	-	-	3,519	-	3,519
Morales, Rita	-	3,180	-	-	3,180	-	3,180
Nagal, Glenn Z.	649,851	5,594	219,370	-	436,076	-	436,076
Narciso, Wilfredo	5,296	-	-	-	-	5,296	5,296
Narval, Antonio	-	18,291	-	-	18,291	-	18,291
Natera, Malvin	4,122	-	-	-	-	4,122	4,122
Nebril, Jonathan A.	4,907	-	-	-	-	4,907	4,907
Neo, Helen A.	(769)	-	-	-	-	(769)	(769)
Nicdao, Lazaro B.	-	26,336	-	-	26,336	-	26,336
Nicer, Joselito C.	320	-	-	-	-	320	320
Nietes, Reymond	16,689	-	-	-	-	16,689	16,689
Nieto, Rowena	-	3,075	769	-	2,306	-	2,306
Nora, Jon Paolo	-	15,680	5,880	-	9,800	-	9,800
Noriega, Mariwilda	(7,307)	28,301	5,880	-	22,421	(7,307)	15,114
Nuestro, Sarah A.	11,032	-	-	-	-	11,032	11,032
Nulla, Mila R.	-	58,148	25	-	58,124	-	58,124
Nuqui, Romeo B.	-	32,044	-	-	32,044	-	32,044
Ocampo, Dhean	-	13,159	150	-	13,009	-	13,009
Ocampo. Walther	-	181	-	-	181	-	181
Ocampo, Wilfredo	1,150	-	-	-	-	1,150	1,150
Ochangco, Eda lou S.	(875)	-	-	-	-	(875)	(875)
Ogasawara, Musashi	-	15,680	5,880	-	9,800	-	9,800
Olaco, Johnny	-	320	-	-	320	-	320
Olipas, Lorina	200	-	-	-	-	200	200
Oliver, Michael	-	7,840	2,940	-	4,900	-	4,900
Orolfo, Teodora	-	6,817	-	-	6,817	-	6,817
Orozco, Glorina P.	-	1,257	-	-	1,257	-	1,257
Ortega, Manuel L.	(3,967)	729	-	-	-	(3,238)	(3,238)
Padilla, Maria Eleonor	1,431	-	-	-	-	1,431	1,431
Padilla, Myrna	-	3,050	-	-	3,050	-	3,050
Padua, Maybelle Marie	2,522	240	1,547	-	240	975	1,215
Padual, Jennifer C.	-	440	-	-	440	-	440
Pagdilao, Carolina	-	2,261	-	-	2,261	-	2,261
Paguio, Carolina	11,583	-	-	-	-	11,583	11,583
Paguio, Floyd	-	111	-	-	111	-	111
Pahutan, Ludivinia M.	(3,258)	-	300	-	(300)	(3,258)	(3,558)
Palenzuela, Rowena	-	21,395	-	-	21,395	-	21,395
Palis, Fernando	-	3,636	-	-	3,636	-	3,636
Pamilar, Ernesto	-	4,596	-	-	-	4,596	4,596
Pancho, Fiachra Gil R.	-	618	-	-	618	-	618
Panganiban, Carolina A.	8,340	-	-	-	-	8,340	8,340
Pangilinan, Genice	-	300	150	-	150	-	150
Pantaleon, Jonathan	-	14,460	3,615	-	10,845	-	10,845
Panzo, Salome V.	725	-	-	-	-	725	725
Papa, Adriano	5,500	-	-	-	-	5,500	5,500
Paraiso, Lourdes Oliva C.	84,848	771	-	-	771	84,848	85,618
Paras, Renato	50,000	-	-	-	-	50,000	50,000
Pascua, George P.	-	7,840	2,940	-	4,900	-	4,900
Pascua, Jennifer J.	48,365	5,507	3,937	-	1,570	48,365	49,934
Pascua, Melcah	-	19,500	-	-	19,500	-	19,500

Forward

Name and Designation of Debtor	Beginning Balance	Additions	Deductions Amount Deducted	Deductions Amount Written-Off	Current	Non-Current	Ending
Pascual, Danilo S.	P 9,175	P -	P -	P -	P -	P 9,175	P 9,175
Paz, Ellen dela	-	2,403	-	-	2,403	-	2,403
Paz, Rosalinda Z.	20,256	17,780	17,749	-	31	20,256	20,286
Pearson, Lou Dominic	57,664	-	-	-	-	57,664	57,664
Pedregosa, Jeremy Floyd	(373)	-	-	-	-	(373)	(373)
Pening, Teodoro	-	5,000	-	-	5,000	-	5,000
Perez, Angelito Rene	-	3,602	-	-	3,602	-	3,602
Perez, Hector	-	5,599	-	-	5,599	-	5,599
Perez, Maria Rona	-	2,605	-	-	2,605	-	2,605
Permalino, Albert Emmanuel	7,061	-	-	-	-	7,061	7,061
Pineda, Rodolfo G.	(805)	4,887	-	-	4,887	(805)	4,082
Polido, Jelyca	-	15,680	5,880	-	9,800	-	9,800
Ponsaran, Levy C.	(1,113)	6,447	-	-	6,447	(1,113)	5,334
Poquiz, Salvador	-	200	-	-	200	-	200
Privado, Ma. Victoria	-	943	-	-	943	-	943
Prudencio, Philip	-	16,251	-	-	16,251	-	16,251
Publico, Hilario	5,377	-	-	-	-	5,377	5,377
Queddeng, Raymond Manalo	(1,104)	-	-	-	-	(1,104)	(1,104)
Querijero, Glen Hilario	5,000	-	-	-	-	5,000	5,000
Quines, Dante P.	-	906	-	-	906	-	906
Quintanar, Janeth	5,367	-	-	-	-	5,367	5,367
Quinto, Myrna P.	9,724	38,714	25,611	-	22,827	-	22,827
Quizon, Vener	-	937	-	-	937	-	937
Rabaino, Evangeline	-	307	-	-	307	-	307
Ragasa, Samuel M.	-	15,470	-	-	15,470	-	15,470
Ramones, Rhozallino	4,500	-	-	-	-	4,500	4,500
Ramos, Bernadette	-	76	-	-	76	-	76
Ramos, Paolo	-	580	-	-	580	-	580
Ramos, Rose Marie R.	-	16,560	4,140	-	12,420	-	12,420
Rapirap, Raquel T.	-	21,980	-	-	21,980	-	21,980
Razon, Benedict E.	975	-	-	-	-	975	975
Recopuerto, Linda	-	1,200	300	-	900	-	900
Relles, Sheila Marie	-	1,300	325	-	975	-	975
Remiendo, Nora Liza A.	(2,333)	-	-	-	-	(2,333)	(2,333)
Retardo, Victor	(5,000)	-	-	-	-	(5,000)	(5,000)
Retoriano, Kerfelcel	-	580	-	-	580	-	580
Retuerma, Vanessa	750	-	-	-	-	750	750
Reyes, Cecil	-	23,859	-	-	23,859	-	23,859
Reyes, Herbert	4,555	-	-	-	-	4,555	4,555
Reyes, Melodia S.	15,553	16,895	21,433	-	(4,537)	15,553	11,015
Reyes, Mercedes C.	24,740	47,126	12,680	-	43,976	15,210	59,186
Reyes, Richard	-	28,724	-	-	28,724	-	28,724
Rimano, Joy S.	-	300	150	-	150	-	150
Rito, Estrellita S.	(1,000)	-	-	-	-	(1,000)	(1,000)
Rocha, Jose	-	10,000	-	-	10,000	-	10,000
Rodillas, Ma. Rosario	2,000	-	-	-	-	2,000	2,000
Rosario, Julius	4,596	7,840	6,879	-	5,557	-	5,557
Rosario, Ma. Theresa O.	-	8,688	-	-	8,688	-	8,688
Rosete, Dwight Benedict	(500)	-	-	-	-	(500)	(500)
Rubillos, Leonardo I.	(1,600)	-	-	-	-	(1,600)	(1,600)
Rubio, Marisa	-	2,243	-	-	2,243	-	2,243
Rufo, Rowena	-	4,743	-	-	4,743	-	4,743
Sabas, Angel Francisco	-	18,922	-	-	18,922	-	18,922
Sabile, Ahniemay	-	9,540	-	-	9,540	-	9,540
Sadaya, Helen	-	300	150	-	150	-	150
Sagarino, Gavino	(5,796)	-	-	-	-	(5,796)	(5,796)
Saguinsin, James Owen	-	3,383	-	-	3,383	-	3,383
Sagun, Jose Arnold	1,063	-	-	-	-	1,063	1,063
Salloman, Philip	-	9,667	-	-	9,667	-	9,667
Salunga, Loida	14,961	-	-	-	-	14,961	14,961
Salvado, Rowena	22,160	-	-	-	-	22,160	22,160
Samarita, Mercy Cristy	-	733	-	-	733	-	733
Samson, Leylani H.	-	3,223	-	-	3,223	-	3,223
Sandoval, Khistina	32,000	-	-	-	-	32,000	32,000
Sangel, Marites	-	511	-	-	511	-	511
San Mateo, Andres Ignacio	(500)	-	-	-	(500)	-	(500)
Sansalian, Daisy	-	3,023	-	-	3,023	-	3,023
Santos, Cesael	-	7,840	2,940	-	4,900	-	4,900
Santos, Danilo B.	-	10,804	-	-	10,804	-	10,804
Santos, Joseph	-	7,840	2,940	-	4,900	-	4,900
Santos, Marcelino	-	3,287	-	-	3,287	-	3,287
Santos, Marilou D.	-	16,242	4,470	-	11,772	-	11,772
Santos, Ronan S.	(575)	-	-	-	-	(575)	(575)
Santule, Aida	-	10,000	-	-	10,000	-	10,000
Sapitula, Preciosa	1,587	-	-	-	-	1,587	1,587
Saplala, Mariano F.	-	26,974	5,880	-	21,094	-	21,094
Sayat, Ruby	-	4,054	-	-	4,054	-	4,054
Sergio, Joan Liezel	-	1,100	-	-	1,100	-	1,100
Serra, Christine A.	2,500	-	-	-	-	2,500	2,500
Sido, Ma. Victoria P.	-	6,355	-	-	6,355	-	6,355
Simo, Rickson Jay P.	200	-	-	-	-	200	200
Siongco, Josephine C.	-	8,971	300	-	8,671	-	8,671

Forward

Name and Designation of Debtor	Beginning Balance	Additions	Deductions		Current	Non-Current	Ending
			Amount Deducted	Amount Written-Off			
Sioson, Yolanda	P 57,480	P -	P -	P -	P -	P 57,480	P 57,480
Sison, Erlinda G.	4,658	-	-	-	-	4,658	4,658
Sison, Waltedrudes M.	961	-	-	-	-	961	961
Sollano, Ma. Rosario	(2,000)	-	-	-	-	(2,000)	(2,000)
Solomon, Byron Jones	-	2,537	-	-	2,537	-	2,537
Solomon, Rommel	-	2,176	325	-	1,851	-	1,851
Somera, Aurelio	(200)	-	-	-	-	(200)	(200)
Sopoco, Anna Marie M.	-	6,170	-	-	6,170	-	6,170
Soria, Eulegio E.	-	-	2,000	-	(2,000)	-	(2,000)
Sta.Cruz, Cinderella A.	(3,608)	-	-	-	-	(3,608)	(3,608)
Sta. Maria, Amelia M.	-	5,987	-	-	5,987	-	5,987
Sta.Maria, Hipolito M.	7,512	15,680	15,340	-	7,852	-	7,852
Sta. Mina, Joel	4,596	7,840	7,536	-	4,900	-	4,900
Sugay, Judith J.	-	6,683	-	-	6,683	-	6,683
Sy, Dante V.	(1,567)	-	-	-	-	(1,567)	(1,567)
Tabuzo, Achenar	(2,850)	-	-	-	-	(2,850)	(2,850)
Tajonera, Joan Patrick	12,089	-	-	-	-	12,089	12,089
Talampas, Maria Cristina	-	1,314	-	-	1,314	-	1,314
Tan, Alvin O.	621	-	-	-	-	621	621
Tapalgo, Elyn	(2,658)	-	-	-	-	(2,658)	(2,658)
Tapia, Maria Carolina	-	103	-	-	103	-	103
Tapit, Neila	-	3,677	-	-	3,677	-	3,677
Taton, Ma. Thelma	-	4,682	-	-	4,682	-	4,682
Tayag, Evelyn R.	-	1,284	-	-	1,284	-	1,284
Temporosa, Bernard T.	(4,478)	3,830	383	-	(1,030)	-	(1,030)
Tenorio, Mary Jane	(200)	-	-	-	-	(200)	(200)
Teves, Patrick Ryan	-	-	988	-	(988)	-	(988)
Toledo, Nikko	-	593	-	-	593	-	593
Tolentino, Allan	(538)	-	-	-	-	(538)	(538)
Tolentino, Edna	346	-	-	-	-	346	346
Tolentino, Rosula	-	27,538	-	-	27,538	-	27,538
Tomas, Eden	(800)	39,435	5,030	-	34,405	(800)	33,605
Topenio, Jimmy	(4,050)	500	500	-	-	(4,050)	(4,050)
Torres, Irma	-	1,877	-	-	1,877	-	1,877
Torres, Maruja	414	-	-	-	-	414	414
Trajeco, Ma. Shirley	(200)	9,143	-	-	9,143	(200)	8,943
Trinidad, Josefina	1,861	-	-	-	-	1,861	1,861
Tuazon, Nino	356	-	-	-	-	356	356
Tuguigui, Marabini	-	3,737	-	-	3,737	-	3,737
Ugaddan, Karla	-	270	-	-	270	-	270
Umpad, Mara	24,000	-	-	-	-	24,000	24,000
Usita, Laarni P.	23,416	1,200	1,124	-	76	23,416	23,491
Uy, Moira	-	15,811	-	-	15,811	-	15,811
Uyson, Leslie Marie	9,258	-	-	-	-	9,258	9,258
Valderrama, Ruth D.	11,229	-	8,605	-	-	2,624	2,624
Valencia, Jean Pauline	(5,198)	-	-	-	-	(5,198)	(5,198)
Valencia, Joy G.	5,606	8,841	13,822	-	625	-	625
Valenzuela, Rowena B.	120	-	3,047	-	(2,927)	-	(2,927)
Vanta, Amelia	-	1,718	-	-	1,718	-	1,718
Varilla, Edglyn	5,141	-	-	-	-	5,141	5,141
Velasquez, Damian D.	(2,653)	532	1,980	-	-	(4,100)	(4,100)
Velasquez, Ma. Charisma B.	3,160	-	-	-	-	3,160	3,160
Velasquez, Willyn V.	(1,000)	4,200	1,050	-	3,150	(1,000)	2,150
Ventura, Pauline Grace	-	62	-	-	62	-	62
Vera, Alpher	(729)	-	-	-	-	(729)	(729)
Vera, Jose Rizalito	(5,400)	6,713	-	-	6,713	(5,400)	1,313
Vergara, Lordinio	(63)	-	-	-	-	(63)	(63)
Vibar, Maria Theresa	-	1,336	-	-	1,336	-	1,336
Vibas, Danilo T.	13,005	71,398	21,780	-	61,648	975	62,623
Vicera, Reynante P.	(1,300)	-	-	-	-	(1,300)	(1,300)
Victoria, Michael	(640)	-	-	-	-	(640)	(640)
Victoria, Wendelliza M.	(701)	27,449	27,000	-	(252)	-	(252)
Villahermosa, Maximino	-	2,449	-	-	2,449	-	2,449
Villanueva, Ma. Concepcion	21,994	33,835	49,492	-	6,337	-	6,337
Villar, Gerald	-	1,985	525	-	1,460	-	1,460
Villas, Ricardo	-	300	150	-	150	-	150
Vinluan, Lourdes R.	(2,500)	27,370	1,089	-	23,781	-	23,781
Vinluan, Renato A.	4,875	-	-	-	-	4,875	4,875
Yang, Gloria G,.	42,500	1,745	-	-	1,745	42,500	44,245
Yap, Avelina M.	9,405	-	-	-	-	9,405	9,405
Ymas, Sergio	-	1,400	-	-	1,400	-	1,400
Yturriaga, Ryan S.	12	-	-	-	-	12	12
Zafra, Reynele Bren	346	-	-	-	-	346	346
Zaldivar, Felicia P.	43,830	-	-	-	-	43,830	43,830
Zaldivar, Ramil P.	-	517	-	-	517	-	517
Zamora, Elizar	-	2,542	-	-	2,542	-	2,542
Zamudio, Rowena B.	290	-	590	-	(300)	-	(300)
Zape, Vida Edna C.	(3,941)	-	-	-	-	(3,941)	(3,941)
Aclan, Cecile SJ.	(14,448)	-	-	-	-	(14,448)	(14,448)
Ampatin, Estrella V.	166,526	501,560	592,749	-	83,527	(8,190)	75,337
Antonio, Alfredo	(226)	-	-	-	-	(226)	(226)
Bautista, Juan Andres	14,500	-	-	-	-	14,500	14,500

Forward

Name and Designation of Debtor	Beginning Balance	Additions	Deductions		Current	Non-Current	Ending
			Amount Deducted	Amount Written-Off			
Bunuan, Editha	(P 3,163)	P -	P -	P -	P -	(P 3,163)	(P 3,163)
Canoza, Geraldine	(6,200)	-	-	-	-	(6,200)	(6,200)
Cao, Marilou F.	(11,328)	34,000	34,000	-	-	(11,328)	(11,328)
Chua, Ronald	-	14,910	20,000	-	(5,090)	-	(5,090)
Destura, Blanca	900	-	-	-	-	900	900
Domingo, Leovildo	(33,276)	-	-	-	-	(33,276)	(33,276)
Estocada, Donato	-	65,000	-	-	65,000	-	65,000
Faundo, Aurora A.	4,550	-	-	-	-	4,550	4,550
Fernando, Gerry V.	1,000	-	-	-	-	1,000	1,000
Frades, Francisca B.	(23,885)	-	-	-	-	(23,885)	(23,885)
Garcia, Myllah	-	7,500	15,000	-	(7,500)	-	(7,500)
Hamero, Roselyn	(317)	-	-	-	-	(317)	(317)
Leon, Jocelyn E.	16,270	19,200	19,200	-	-	16,270	16,270
Lopez, Martin	2,906	-	-	-	-	2,906	2,906
Mendoza, Malaya	7,650	-	-	-	-	7,650	7,650
Molina, Mark Oliver	56,377	80,000	80,000	-	-	56,377	56,377
Olivares, John Paul	-	9,398	31,960	-	(22,562)	-	(22,562)
Oliver, Michael	(16,600)	-	-	-	-	(16,600)	(16,600)
Paz, Emily	-	28,136	9,360	-	18,776	-	18,776
Penarubia, Christopher	(273)	-	-	-	-	(273)	(273)
Pizarro, Arthur	1,200	-	-	-	-	1,200	1,200
Quines, Dante P.	300	-	-	-	-	300	300
Quinto, Myrna	62,948	-	-	-	-	62,948	62,948
Rapirap, Raquel T.	(18,179)	286,954	268,954	-	-	(179)	(179)
Reoperez, Marie Grace	34,816	-	-	-	-	34,816	34,816
Rito, Estrellita	(500)	-	-	-	-	(500)	(500)
Rosal, Josefina T.	1,000	-	-	-	-	1,000	1,000
San Diego, Immanuel	(3,700)	23,100	19,100	-	-	300	300
Santos, Jansen	(11,743)	-	-	-	-	(11,743)	(11,743)
Suba, Sally	19,000	-	-	-	-	19,000	19,000
Talatala, Jose Rowell	3,375	14,604	19,775	-	(1,796)	-	(1,796)
Tolentino, Rosula R.	12,224	-	-	-	-	12,224	12,224
Villar, Gerald L.	20,294	-	-	-	-	20,294	20,294
Vizcayno, Wilfredo	(8,500)	-	-	-	-	(8,500)	(8,500)
TOTAL	**P 3,089,894**	**P 4,160,743**	**P 2,547,272**	**P -**	**P 2,853,575**	**P 1,849,790**	**P 4,703,365**

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule C - Amounts of Receivable/Payable from/Related Parties which are Eliminated During the Consolidation of Financial Statements
As at March 31, 2014

			Deductions		Ending Balance		
Name and designation of debtor and Affected accounts	*Balance at beginning of year*	*Additions*	*Amounts collected*	*Amounts written-off*	*Current*	*Non-current*	*Balance at the end of the period*
Fern Realty Corporation (FRC)							
Unearned rental from FEU Main	P 4,700,000	P 2,077,646	P -	P -	P 6,777,646	P -	P 6,777,646
Rental receivable from FEU Main	2,559,982	17,208	-	-	2,577,190	-	2,577,190
Interest payable from loan from FEU Main	2,513,681	-	(2,513,681)	-	-	-	-
Noninterest-bearing advances from FEU Main	134,358	-	(134,358)	-	-	-	-
Interest-bearing advances from FEU Main	-	-	-	-	-	-	-
	P 9,908,021	**P 2,094,854**	**(P 2,648,039)**	**P -**	**P 9,354,836**	**P -**	**P 9,354,836**
Far Eastern College - Silang							
Noninterest-bearing advances from FEU Main	P 918,943	P 713,343	P -	P -	P 1,632,286	P -	P 1,632,286
Noninterest-bearing advances from FRC	-	1,632,286	-	-	1,632,286	-	1,632,286
	P 918,943	**P 2,345,629**	**P -**	**P -**	**P 3,264,572**	**P -**	**P 3,264,572**
East Asia Computer Center, Inc. (EACCI)							
Noninterest-bearing advances from FEU Main	P 619,643	P -	(P 619,643)	P -	P -	P -	-
Rental payable to FRC	-	1,363,216	-	-	1,363,216	-	1,363,216
	P 619,643	**P 1,363,216**	**(P 619,643)**	**P -**	**P 1,363,216**	**P -**	**P 1,363,216**
FEU Alabang, Inc.							
Noninterest-bearing advances	**P 372,120**	**P 13,038**	**P -**	**P -**	**P 385,158**	**P -**	**P 385,158**

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule D - Non-current Marketable Equity Securities,
Other Long-Term Investments in Stocks and Other Investments
As at March 31, 2014

Name of Issuing Entity and Description of Each Investment	*BEGINNING BALANCE*		*ADDITIONS (DEDUCTIONS)*				*ENDING BALANCE*		*Percentage Ownership*	*Dividends Received/Accrued from Investments Not Accounted for by the Equity Method*
	Number of Shares or Principal Amount of Bonds and Notes	*Amount in Pesos*	*Number of Shares or Principal Amount of Bonds and Notes*	*Amount in Pesos*	*Dividends Received/ (Declared)*	*Equity in Earnings (Losses) of Investees for the Period*	*Number of Shares or Principal Amount of Bonds and Notes*	*Amount in Pesos*		
Investment - Juliana Management Company, Inc.. (Associate)	43,659	P 6,846,595	-	P -	P -	(76,841)	43,659	P 6,769,754	49.00%	-

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule F - Other Assets
As at March 31, 2014

Description	*Beginning Balance*	*Additions at Cost*	*Deductions*		*Other Changes- Additions (Deductions)*	*Ending Balance*
			Charged to Costs and Expenses	*Charged to Other Accounts*		
Other Current Assets						
Short-term investments	P 393,155,724	P -	P -	P -	(P 258,211,692)	P 134,944,032
Input value-added tax (VAT)	31,994,175	51,740,369	-	-	-	83,734,544
Prepaid expenses	15,170,859	-	(7,366,570)	-	-	7,804,289
	P 440,320,758	**P 51,740,369**	**(P 7,366,570)**	P -	**(P 258,211,692)**	**P 226,482,865**
Other Non-Current Assets						
Refundable deposits	P 3,929,796	P -	P -	P -	P -	P 3,929,796
Investment in golf club shares	2,050,000	-	-	-	-	2,050,000
Others	1,722,204	-	-	-	229,610	1,951,814
	P 7,702,000	**P** -	**P** -	**P** -	**P 229,610**	**P 7,931,610**

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule G - Long-Term Debt
As at March 31, 2014

Title of issue and type of obligation	*Amount authorized by indenture*		*Amount shown under caption "Current portion long-term debt" in related statement of financial position*		*Amount shown under caption "Long-Term Debt" in related statement of financial position*	
Interest bearing loans	P	1,000,000,000	P	-	P	800,000,000
Other borrowings		59,699,584		12,763,501		46,936,083
	P	**1,059,699,584**	**P**	**12,763,501**	**P**	**846,936,083**

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule J - Capital Stock
As at March 31, 2014

				Number of shares held by			
Title of Issue	*Number of shares authorized*	*Number of shares issued and outstanding as shown under the related statement of financial position caption*	*Number of shares reserved for options, warrants, coversion and other rights*	*Related parties*	*Directors, officers and employees*		*Others*
	20,000,000	***13,731,303***	**-**	**-**			
Issuance during the year	-	-	-	-	Board of trustees	771,211	12,815,342
					Officers	123,813	
	20,000,000	13,731,303	-	-	Employees/Faculty	20,937	

THE FAR EASTERN UNIVERSITY, INCORPORATED
Nicanor Reyes Sr. Street, Sampaloc, Manila
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended March 31, 2014

Unappropriated Retained Earnings at Beginning of Year			P	1,413,282,509
Net Profit Realized for the Year				
Net profit per audited financial statements	P	820,252,922		
Less: Non-actual/unrealized income during the year				
Unrealized foreign exchange gain		16,585,871		
Deferred tax income		3,306,340		
		19,892,211		800,360,711
Other Transactions During the Year				
Dividends declared	(	370,745,181)		
Appropriation of retained earnings	(	432,500,000)		
Reversal of appropriations		5,800,000	(	797,445,181)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year			P	**1,416,198,039**

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as of March 31, 2014

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		**Adopted**	**Not Adopted**	**Not Applicable**
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		
	Amendment to PFRS 1: Government Loans**	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures *(deferred application)**			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments*			✓
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*			✓
PFRS 10	Consolidated Financial Statements**	✓		
	Amendment to PFRS 10: Transition Guidance**	✓		
	Amendment to PFRS 10: Investment Entities**	✓		
PFRS 11	Joint Arrangements**	✓		
	Amendment to PFRS 11: Transition Guidance**	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendment to PFRS 12: Transition Guidance**	✓		
	Amendment to PFRS 12: Investment Entities**	✓		
PFRS 13	Fair Value Measurement	✓		
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation**	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements	✓		
	Amendment to PAS 27: Investment Entities	✓		
PAS 28 (Revised)	Investments in Associates and Joint Ventures	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities* *(effective January 1, 2014)*			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets* *(effective January 1, 2014)*			✓

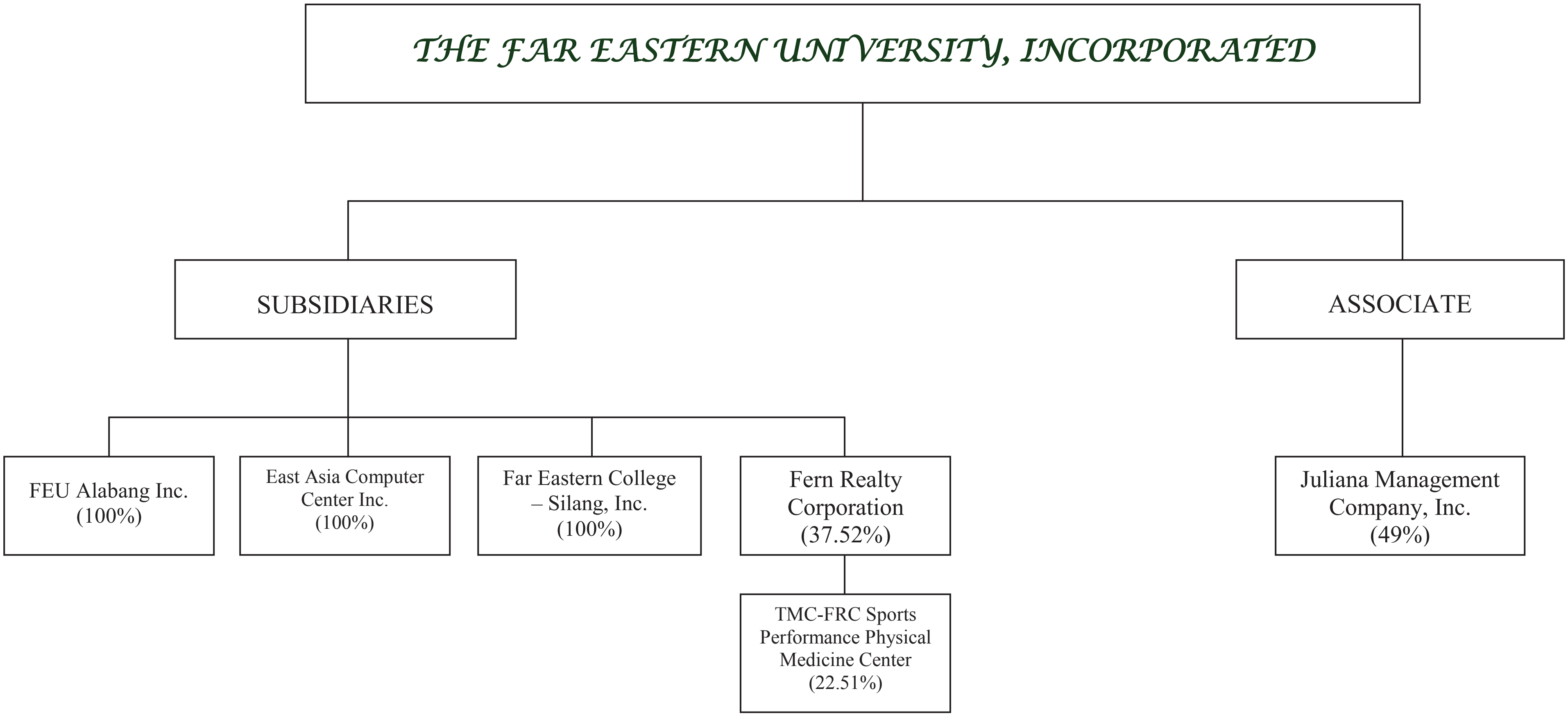
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting* *(effective January 1, 2014)*			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities**	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives**	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives**	✓		
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction**	✓		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners**	✓		
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine**			✓
IFRIC 21	Levies			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Interpretations - Standing Interpretations Committee (SIC)				
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	✓		
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders**	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services**	✓		
SIC-32	Intangible Assets - Web Site Costs			✓

* These standards will be effective for periods subsequent to 2013 and are not early adopted by the Company.

** These standards have been adopted in the preparation of financial statements but the Company has no significant transactions covered in both years presented.

MAP SHOWING THE RELATIONSHIP BETWEEN FEU AND ITS RELATED ENTITIES



THE FAR EASTERN UNIVERSITY, INC. AND SUBSIDIARIES
Financial Indicators
March 31, 2014

	2014	2013	2012
Quick ratio	1.46	1.49	2.04
Current/liquidity ratios	4.80	5.93	5.90
Debt-to-equity ratios	0.30	0.29	0.12
Debt-to-asset ratios	0.19	0.19	0.10
Equity-to-asset ratios	0.81	0.81	0.90
Return on Assets	0.11	0.13	0.14
Return on Equity	0.14	0.16	0.16
Earnings per share	P 62.27	P 58.28	P 52.38

<u>Undertaking</u>

Upon written request, the Corporation undertakes to furnish stockholders with a copy of SEC Form 17-A free of charge, except for the exhibits attached thereto which shall be charged at cost. Any written request for a copy of SEC Form 17-A shall be addressed to the following:

Far Eastern University
Nicanor Reyes Street
Sampaloc, Manila 1008

Attention: Ms. Angelina P. Jose
Corporate Secretary

<u>Verification</u>

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct.

ISSUER	:	FAR EASTERN UNIVERSITY, INC.
DATE	:	July 16, 2014
SIGNATURE AND TITLE	:	ANGELINA P. JOSE Corporate Secretary