SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

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

1. Check the appropriate box:

☑ 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
1015

7. Registrant's telephone number, including area code

(632) 849-4000

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

October 19, 2019, 3:00 p.m., Multi-purpose Room, 4th Floor Administration Building, FEU Main Campus, Nicanor Reyes Street, Sampaloc, Manila

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

Sep 30, 2019

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	16,477,023

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

☑ Yes ☐ No

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

Philippine Stock Exchange, Inc.

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	Oct 19, 2019
Type (Annual or Special)	Annual
Time	3:00 P.M.
Venue	Multi-purpose Room, 4th Floor Administration Building, FEU Main Campus, Nicanor Reyes Street, Sampaloc, Manila
Record Date	Sep 30, 2019

Inclusive Dates of Closing of Stock Transfer Books

Start Date	Sep 30, 2019
End date	Oct 19, 2019

Other Relevant Information
-

Filed on behalf by:

Name	Santiago Jr. Garcia
Designation	Corporate Secretary/Compliance Officer

FAR EASTERN UNIVERSITY

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

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

NOTICE IS HEREBY GIVEN that, pursuant to Sections VII and VIII of the By-Laws of Far Eastern University, Inc. (FEU), as amended, the Annual Meeting of Stockholders shall be held on Saturday, 19 October 2019 at 3:00 p.m., at the Multi-purpose Room, 4th Floor Administration Building, FEU Main Campus, Nicanor Reyes Street, Sampaloc, Manila, to consider the following:

AGENDA

1. Call of meeting to order
2. Certification of notice of meeting and determination of quorum
3. Approval of minutes of the Annual Meeting of Stockholders on 20 October 2018
4. Academic Report of the President
5. Annual Report and approval of Audited Financial Statements
6. Ratification of all acts during the past year of the Board of Trustees, Committees and Officers
7. Approval of Declaration of Stock Dividend with corresponding increase in Authorized Capital Stock from ₱2.0Bn to ₱5.0Bn and Amendment of Article Seventh of the Amended Articles of Incorporation
8. Election of Trustees, including Independent Trustees
9. Appointment of External Auditor and fixing of its remuneration
10. Consideration of such other business as may properly come before the meeting
11. Adjournment

Please see attached brief description of agenda items (Annex A).

For the purpose of this meeting, the Board of Trustees has fixed 30 September 2019 as the record date for the stockholders entitled to notice and to vote. The transfer book will be closed from 30 September 2019 to 19 October 2019, inclusive, in accordance with Section XXXI of the Amended By-Laws.

Sampaloc, Manila, 12 September 2019.

SANTIAGO L. GARCIA, JR.
Corporate Secretary

We are not soliciting your proxy. However, if you cannot personally attend the meeting and you wish to be represented thereat, you may designate your authorized representative by submitting a proxy instrument (Annex B) to the Office of the Corporate Secretary – FEU Main Campus, 2/F Administration Building, 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 18 October 2019. The appointment of the Proxy shall not affect your right to vote in the event you choose to attend the meeting.

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 : **1015**

7 Registrant's Telephone Number including area code : **(632) 849-4000**

8. Date, time and place of meeting of security holders : **19 October 2019**
3:00 p.m.
Multi-purpose Room
4th 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: **30 September 2019**

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 : **16,477,023**

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:	19 October 2019
Time:	3:00 P.M.
Place:	Multi-purpose Room 4th Floor, Administration Building Far Eastern University Nicanor Reyes Street Sampaloc, Manila
Registrant's Mailing Address:	Far Eastern University Nicanor Reyes Street Sampaloc, Manila 1015

b. The approximate date when the Information Statement and the form of Proxy shall first be sent or given to security holders is on 30 September 2019.

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 August 31, 2019	16,294,291 common shares (Local) 182,732 common shares (Foreign) 16,477,023 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 30 September 2019 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 31 August 2019)

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	1,318,464	8.00
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	4,717,162	28.63
Common	Sysmart Corporation[3] 10th Fl., L.V. Locsin Bldg. 6752 Ayala Cor. Makati Ave. Makati City Stockholder	Sysmart Corporation	Domestic corporation	3,546,138	21.52

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

[2]Ibid.

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

e. Security Ownership of Trustees and Management (as of 31 August 2019)

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	7,964	D	0.04833
Common	Aurelio R. Montinola III Chairman, Board of Trustees	Filipino	313,812 3,800	D I	1.90454 0.02306
Common	Michael M. Alba Trustee/President	Filipino	1	I	0.00001
Common	Angelina Palanca Jose Trustee	Filipino	531,873 1,050	D I	3.22797 0.00637
Common	Antonio R. Montinola Trustee	Filipino	72,412 5,000	D I	0.43947 0.03034
Common	Paulino Y. Tan Trustee	Filipino	1	I	0.00001
Common	Edilberto C. de Jesus Independent Trustee	Filipino	226	D	0.00137
Common	Sherisa P. Nuesa Independent Trustee	Filipino	1,520 180	D I	0.00922 0.00109
Common	Jose T. Sio Independent Trustee	Filipino	10	D	0.00006
Common	Juan Miguel R. Montinola Chief Finance Officer	Filipino	75,144 3,900	D I	0.45605 0.02367
Common	Rosanna E. Salcedo Treasurer	Filipino	503	D	0.00305
Common	Glenn Z. Nagal Comptroller	Filipino	176	D	0.00107
Common	Gianna R. Montinola Vice President for Corporate Affairs	Filipino	72,626 5,010	D I	0.44077 0.03041

Security Ownership of Trustees and Management as a Group

Total Shares	-	1,095,208
Percentage	-	6.64688%

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
Mr. Antonio R. Montinola
Dr. Paulino Y. Tan
Dr. Edilberto C. De Jesus (Independent Trustee)
Ms. Sherisa P. Nuesa (Independent Trustee)
Mr. Jose T. Sio (Independent Trustee)

The Nomination Committee is chaired by Dr. Edilberto C. De Jesus (Independent Trustee). The members are: Dr. Paulino Y. Tan, Mr. Antonio R. Montinola and Atty. Gianna R. Montinola.

The nominees for the trustees and independent trustees have been pre-screened by the Nomination Committee composed of four (4) members, one of whom (the Chairman) is an Independent Trustee.

The following have been nominated members to the Board of Trustees for fiscal year 2019 – 2020:

Name	Ages	Citizenship	Position
Lourdes R. Montinola	91	Filipino	Chair Emeritus, Board of Trustees
Aurelio R. Montinola III	68	Filipino	Chairman, Board of Trustees
Michael M. Alba	61	Filipino	President
Angelina P. Jose	66	Filipino	Trustee
Antonio R. Montinola	66	Filipino	Trustee
Paulino Y. Tan	73	Filipino	Trustee
Edilberto C. De Jesus	77	Filipino	Independent Trustee
Sherisa P. Nuesa	64	Filipino	Independent Trustee
Jose T. Sio	79	Filipino	Independent Trustee

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

None of the nominated Independent Trustees is covered by SEC Memorandum Circular No. 4, Series of 2017, re Term Limit of Independent Directors considering that under said SEC Circular, the reckoning of the cumulative nine-year term limit is from 2012.

Please see the latest certifications of the Independent Trustees (Annex C pages 1-3).

Brief Background of Trustees and Executive Officers:

1. **Lourdes R. Montinola, 91, 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 Emeritus, Nicanor Reyes Educational Foundation, Inc.; Governor, Nicanor Reyes Memorial Foundation; Trustee, FEU-Dr. Nicanor Reyes Medical Foundation, Inc.; Chair, MEMORARE-Manila 1945 Foundation, Inc. and Board Member, The English Speaking Union. She is also a Member of the Museum Foundation of the Philippines, Inc., the Oriental Ceramic Society, and HABI: The Philippine Textile Council, Inc.

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

2. **Aurelio R. Montinola III, 68, Filipino: Chairman of the Board of Trustees (August 2013 to present), Vice Chairman (June 1989 to August 2013), Far Eastern University, Inc.**

   Other Corporate Affiliations: Chairman, Amon Trading Inc., East Asia Computer Center, Inc., Far Eastern College Silang, Inc., Nicanor Reyes Educational Foundation, Inc., World Wildlife Fund Philippines, FEU High School, Inc., FEU Alabang, Inc., Roosevelt College, Inc., and National Golf Association of the Philippines; Vice Chairman, Philippine Business for Education Foundation (PBED); Director, BPI/MS Insurance Corporation; Trustee, Ramon Magsaysay Award Foundation; and Member, Management Association of the Philippines and Makati Business Club.

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

   He graduated with a BS Management Engineering degree at the Ateneo de Manila University in 1973, and received his MBA at Harvard Business School in 1977. He was awarded the 2005 and 2009 Asian Banker Leadership Award for the Philippines and the MAP Management Man of the Year Award in 2012.

3. **Michael M. Alba, 62, Filipino: President and Trustee (October 2012 to present), Far Eastern University, Inc.**

   He is President concurrently of East Asia Computer Center, Inc.; Far Eastern College Silang, Inc.; FEU Alabang, Inc.; FEU High School, Inc.; Roosevelt College, Inc.; East Asia Educational Foundation, Inc.; and Nicanor Reyes Educational Foundation, Inc.; and Governor, Nicanor Reyes Memorial Foundation. His affiliations include, among others: FEU Public Policy Center (Chairman); Edustria Incorporated (Chairman); Philippine Association of Colleges and Universities (Board Member; Chair, Research Committee); Association of

Southeast Asian Institutions of Higher Learning–National Council of the Philippines (President 2018-2020); Presidents' Forum of Southeast and South Asia and Taiwan Universities (Member, Steering Committee); Foundation for Information Technology Education and Development (President); Philippine Economic Society (Lifetime Member and President, 2007); Action for Economic Reforms (Fellow); and Management Association of the Philippines (Member).

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

4. Angelina P. Jose, 66, Filipino: Trustee (June 1990 to present), Far Eastern University, Inc.

Other Corporate Affiliations: Member, Board of Directors, FERN Realty Corporation and FEU Alabang, Inc.; 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.; Chair, Angel C. Palanca Peace Program Foundation, Inc.; Chair, Board of Trustees, (April 2014 – April 2015 and April 2017 to present) and Enrolled Member (2013 – 2016) Ahon Sa Hirap, Inc.

She was also the Corporate Secretary of Far Eastern University from February 1998 to January 2017.

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

5. Antonio R. Montinola, 66, Filipino: Trustee (November 2013 to present), Far Eastern University, Inc.

Other Corporate Affiliations: President and Director FERN Realty Corporation and Monti-Rey, Inc.; Vice Chairman, Treasurer and Director, AMON Trading Corp., Director, Far Eastern College Silang, Inc., and Nicanor Reyes Education Foundation, Inc.; and Trustee, FEU Educational Foundation, Inc.

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

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

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

6. Paulino Y. Tan, 73, Filipino: Trustee (June 1991 to present), Far Eastern University, Inc.

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

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

Please see CHED certification (Annex D).

7. Edilberto C. De Jesus, 77, Filipino: Independent Trustee (August 2012 to present) Far Eastern University, Inc.

Other Corporate Affiliations: Member, Board of Directors, Cagayan de Oro College and Phinma Corp.; Member, Board of Trustees, Foundation for Liberty and Prosperity; Member, Makati Business Club and of the Advisory Board of Philippine Business for Education; Fellow, Institute of Corporate Directors; Professor Emeritus, Asian Institute of Management and Independent Trustee, Nicanor Reyes Educational Foundation, Inc. and Roosevelt College, 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).

8. Sherisa P. Nuesa, 64, Filipino: Independent Trustee (August 2010 to present) Far Eastern University, Inc.

Other Corporate Affiliations: President and Board Director, ALFM Mutual Funds Group and Independent Director, Generika/Actimed Group, East Asia Computer Center, Inc., FERN Realty Corporation and Far Eastern College Silang, Inc. She is also an Independent Trustee of East Asia Educational Foundation. She is a Trustee of Institute of Corporate Directors (ICD), Financial Executives Institute of the Philippines (FINEX) and Judicial Reform Initiative. She also serves as a Senior Adviser to the Boards of Vicsal Development Corporation and Metro Retail Stores Group, Inc.

A former Managing Director of conglomerate Ayala Corporation, she held various senior management positions in Ayala subsidiaries: Ayala Land, Inc., Manila Water Company and Integrated Micro Electronics Inc.

She is also an Independent Director of Manila Water Company and Integrated Micro-Electronics, Inc., both listed corporations.

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 attended post-graduate management programs at Harvard Business School and Stanford University. She received the ING -FINEX CFO of the Year award in 2008.

9. Jose T. Sio, 79, Filipino: Trustee (April 2019 to present), Far Eastern University

Present Affiliations: Chairman of the Board of Directors of SM Investments Corporation; Director of China Banking Corporation, OCLP (Ortigas) Holdings, Inc., Belle Corporation, NLEX Corporation, and Atlas Consolidated Mining and Development Corporation; Adviser to the Board of BDO Unibank, Inc.; Premium Leisure Corporation; Audit and Risk Oversight Committees of SM Prime Holdings, Inc.; President and Trustee of SM Foundation, Inc.; Trustee of Asia Pacific College.

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

Mr. Sio was voted as CFO of the year in 2009 by the Financial Executives of the Philippines (FINEX). In various years, he received Asia's Best CFO Award from Hong Kong–based publications such as Alpha Southeast Asia, Corporate Governance Asia, Finance Asia and The Asset. In 2018, he received the Asian Corporate Director Award from Corporate Governance Asia.

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

10. Maria Teresa Trinidad P. Tinio, 54, Filipino: Senior Vice President for Academic Affairs, Far Eastern University, Inc. (June 2011 to present)

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

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

11. Juan Miguel R. Montinola, 58, Filipino: Chief Finance Officer, Far Eastern University, Inc. (September 2010 to present)

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

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

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

Mr. Montinola has an MBA from International Institute of Management Development, Switzerland, and an AB Economics degree from College of William & Mary, Virginia, USA.

12. Myrna P. Quinto, 57, Filipino: Vice President for Academic Development, Far Eastern University, Inc. (April 2014 to present)

Other Corporate Affiliations: She is a member of the Biology Teachers Association (BIOTA), Philippine Society of Microbiology (PSM), and the Association of Systematic Biologists of the Philippines (ASBP).

Among her relevant trainings abroad are the *Educational Leadership Training* in NTU, Singapore, the *ASEAN University Network (AUN) Quality Assurance Training* in Thailand, and the month-long *CHED Training Program on the Internationalization of Philippine Higher Education* held in Canada, in partnership with the Canadian Bureau of International Education.

Dr. Myrna P. Quinto is a B.S. 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, 61, Filipino: Vice President Corporate Affairs, Far Eastern University, Inc. (November 2013 to present)

Other Corporate Affiliations: Concurrently Director and Corporate Secretary of FERN Realty Corporation and Amon Trading Corporation; Director of Far Eastern College Silang, Inc., East Asia Computer Center, Inc. and Robinsons True Serve Hardware Phils, Inc. Trustee and Secretary, Foundation for Information Technology Education and Development, Inc. Co-founder of non-profit organizations Hands on Manila Foundation, Inc. and Peace Tech Inc. Associate lawyer of the Quisumbing Torres Law Office (an affiliate of the Baker & McKenzie Law Office, U.S.A.) from 1986 to 1992. Philippine Honorary Consul to the Republic of Peru from 1992 to 1996, Marketing and Business Development manager of Rockwell Land Corporation from 1996 to 1998.

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

14. Renato L. Serapio, 61, Filipino: Vice President for Human Resource Development, Far Eastern University, Inc. (October 2015 to present)

Other Corporate Affiliations: Member, Board of Trustees of The People Management Association of the Philippines, Accredited Diplomate in People Management by the Society of Fellows in People Management of the People Management Association of the Philippines, and a Certified Executive Coach from AIMS International. He is also a certified assessor of Harrison Profiles and a certified facilitator of Steven Covey's 7 Habits of Highly Effective People.

Past affiliations: Board Member of the Society of Fellows in People Management, 2012 to 2014; President, Puso ng Siemens Foundation, 2001 to 2008; Vice President, Philippine Society of Fellows in Personnel Management, 2004 to 2006; Director, Philippine Society for Training and Development, April - December 2001; Chairperson – Regional HR Council, Siemens Asia Pacific, 2001 - 2002; Chairman, Research Committee, Personnel Management Association of the Philippines, January- December 1994.

Mr. Serapio received his Bachelor of Science in Industrial Management Engineering with a minor in Mechanical Engineering from De La Salle University in 1978 and completed the

Advance Management Development, Siemens Management Learning/The Fuqua School of Business - Duke University, North Carolina August 2000 to May 2001. He also received his Certificate of Professional Designation in Systems Analysis from the UCLA Extension School, University of California Los Angeles in 1987.

15. **Santiago L. Garcia, Jr., 63, Filipino: Corporate Secretary and Vice-President for Compliance, Far Eastern University, Inc. (February 2017 to present)**

Other Corporate Affiliations: Corporate Secretary of East Asia Computer Center, Inc. (doing business under the trade names FEU Institute of Technology, and FEU Diliman), East Asia Educational Foundation, Inc., FEU Alabang, Inc., FEU High School, Inc., Nicanor Reyes Educational Foundation, Inc. (also known as FEU-FERN College), and UP Law 80 Foundation, Inc. He is also a member of the Board of Trustees of UP Law 80 Foundation, Inc.

He graduated with an AB Political Science degree at San Beda College [now San Beda University] (Mendiola, Manila) in 1976, and received his Bachelor of Laws degree from the College of Law of the University of the Philippines (Diliman, Quezon City) in 1980. He passed the Bar Examinations given by the Supreme Court of the Philippines in November 1980.

16. **Edward R. Kilakiga, 44, Filipino: Vice President, Facilities and Technical Services (July 2017 - Present), Far Eastern University, Inc.**

Other affiliations: Vice President, Facilities Managers Association for Schools (FMAS); Board of Director, Philippine Society of Mechanical Engineers (PSME Quezon City Chapter); Mission Director, Brotherhood of Christian Businessmen and Professionals (BCBP Manila Chapter); Committee Chairman, American Society of Heating, Refrigeration and Air-Conditioning Engineers (ASHRAE Phil. Chapter); Members: Institute of Integrated Electrical Engineers (IIEE); Institute of Hotel Engineers Association of the Philippines, National Master Plumber Association of the Philippines (NAMPAP).

He graduated with a degree of BS Mechanical Engineering in 2009, BS Electrical Engineering in 1999 and Electrical Technology in 1994 at Rizal Technological University (RTU). He is a professional Electrical Engineer, a Professional Mechanical Engineer, A registered Master Plumber and a Registered Master Electrician.

He received a Pundasyon Award (Excellent in Engineering Award) by RTU Grand Alumni Association in 2019 and Lorenzo Ruiz Award for National Discipline in 1991 by AY Foundation Inc., Guadalupe Catholic School, Makati City.

17. **Victorino T. Tolosa II, 46 years old, Married, Filipino, Chief Information Officer, Far Eastern University, Inc. (May 2019 to present)**

Prior to joining FEU, Mr. Tolosa worked for 26 years with Jollibee Foods Corporation (JFC); started his career with Store Operations, then with Restaurant Systems and Development, then with Store Operations Opening Team. He spent the last 17 years with Information Management Division in various roles in IT Project Management and Account Management both in JFC Philippines and JFC International Operations. He was the head of the Enterprise Work Tools and Mobility group of JFC Business Technology division in 2018 until April 2019.

He was also a JFC Group Foundation volunteer and once held the post of Board Secretary of the JFC Cooperative (*a P1.5B asset cooperative and with more than 6,000 members*)

Mr. Tolosa obtained his AB major in Political Science degree, where he started as an academic scholar and active student council officer, from the University of Nueva Caceres, UNC (Naga City, Camarines Sur). He obtained his MBA degree from the De La Salle University (DLSU), Manila, where he held the post of Vice President of the Student Forum DLSU RCBC Campus in 2004 and he was also a member of the DLSU GSB bowling team in his Graduate School years.

18. Rosanna Esguerra-Salcedo, 55, Filipino: Treasurer, Far Eastern University, Inc. (September 2014 to present)

Other Corporate Affiliations: Treasurer of FEU Alabang, Inc., Vice President for Finance of Roosevelt College, Inc. and a Member of the Credit Management Association of the Philippines.

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

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

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

19. Glenn Z. Nagal, 61, Filipino: Comptroller, Far Eastern University, Inc. (1996 to present)

Other Corporate Affiliation: Director and Treasurer, FEU High School, 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; Compliance Officer, 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.

20. Rogelio C. Ormilon, Jr., 53, Filipino: Chief Audit Executive (September 2015 to present), Far Eastern University, Inc.

Work experience: Audit Director at R.G. Manabat & Co./KPMG Philippines; Audit Senior Manager at Isla Lipana & Co./PwC Philippines; Audit Senior Manager at Ernst & Young Ltd. Auckland, New Zealand; Compliance Officer, Far Eastern University (September 2015 to January 2017); and Risk Management Officer, Far Eastern University (September 2015 to October 2018).

He graduated with the degree of B.S. Business Administration, Major in Accounting from Philippine School of Business Administration, Quezon City Campus in 1987 and obtained his Master in Management at the Asian Institute of Management in 2004. He is also a Certified Public Accountant.

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. Legal Proceedings

Hereunder is the list of the legal proceedings involving the company which is being handled by Atty. Enrico G. Gilera, the University Legal Counsel:

External Cases

Pending Court Cases as of 30 July 2019

1. Ma. Corazon Abella vs. FEU, CA GR Case No. 142320
   Status: Court of Appeals ruled in favor of FEU, Complainant filed a Motion for Reconsideration
   Nature: Illegal Suspension case filed by an IABF faculty member
2. Jacqueline Alota, vs. FEU, CA GR Case No. 156431
   Status: Court of Appeals ruled in favor of FEU
   Nature: Payment of FEU's share of retirement pay in relation to the illegal dismissal case filed by a faculty member terminated for serious misconduct.
3. Century Iron Work, Inc. vs. FEU, G.R. No. 217329
   Status: Supreme Court ordered RTC to determine FEU's liability
   Nature: Collection case filed against FEU's contractor by a sub-contractor.
4. FEU vs. FEU-ELU, CA GR No. 157462, Case No. AC-073-RCMB-NCR-LVA-029-06-11-2016
   Status: Court of Appeals ruled in favor of FEU, FEU-ELU filed a Petition for Review before the Supreme Court
   Nature: Payment of LA/SFA bonus to rank-and-file employees
5. FEU-ELU vs. FEU, CA-G.R. SP No. 149408; AC-022 RCNB-NCR-LVA-022-04-08-2016
   Status: Court of Appeals ruled in favor of FEU-ELU, FEU filed a Motion for Reconsideration
   Nature: Interpretation of CBA provision regarding coverage of educational benefits for dependents.
6. FEU vs. Maricel Trinidad, CA GR Case No. 157252, NLRC–LAC No.02-000691-18,NLRC NCR No. 05-06747-17
   Status: Pending before the Court of Appeals
   Nature: Illegal dismissal filed by a retrenched faculty member.
7. Ivan Faronal vs. FEU, NLRC NCR-00-08-10179-2016
   Status: Pending before the NLRC
   Nature: Illegal dismissal filed by a contractual faculty member.
8. Von Kirby German and Alex Cabaluna vs. FEU, NLRC NCR-06-11155-19
   Status: Pending before the NLRC
   Nature: Illegal dismissal filed by contractual faculty members.

Involvement of Directors and Officers in Certain Legal Proceedings

None of the directors and officers of the **registrant or any of its subsidiaries or affiliates** were involved during the past five (5) years 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 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 of their property is the subject.

Certain Relationship and Related Transactions

The Group's related parties include related parties under common management, key management personnel and others as described in Note 2.20 of the consolidated financial statements. The following are the Group's transactions with such related parties:

		2019		2018		2017			
	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 112,500,000**	**P 529,000,000**	P -	P -	P 416,500,000	P -	nonredeemable; non-controlling	not applicable
Advances to related parties	24.2(a), 24.2(b), 24.2(c)	**(9,229,702)**	**38,840,013**	16,756,062	48,069,715	6,832,457	31,313,653	due and demandable; noninterest-bearing	unsecured; not impaired unsecured; not impaired
Reimbursement of expenses	24.8	**-**	**4,892,015**	(4,302,990)	4,892,015	1,300,891	9,195,005	due and demandable;	unsecured; not impaired
Rental income	24.3	**19,951,790**	**10,643,063**	20,823,538	11,358,633	21,817,203	10,302,738	payable within 30 days; noninterest-bearing	unsecured; not impaired
Advances from related party	24.2(b)	**(6,343,848)**	**-**	2,019,088	(6,343,848)	7,558,327	(4,324,760)	due and demandable; noninterest-bearing	unsecured; not impaired
Others	24.9	**(9,000)**	**(1,443,500)**	110,014	(1,452,500)	(95,264)	(1,562,514)	due and demandable; noninterest-bearing	unsecured; impaired
Retirement Funds:	24.4								
Retirement plan assets		**P -**	**P 756,932,798**	P -	P 756,979,018	P -	P 632,111,250	not applicable	not applicable
Reimbursement of fund		**-**	**-**	-	-	-	995,779	due and demandable; noninterest-bearing	unsecured; not-impaired
Others –									
Key management personnel compensation	24.5	**202,226,542**	**-**	235,796,087	-	213,277,760	-	not applicable	not applicable
Advances from previous BOT of RCI	24.6	**-**	**-**	-	-	16,508,793	-	due and demandable; interest-bearing	unsecured; not impaired

Subscription of Preferred Shares of Stock of EACCI

In 2015, EAEF, a related party under common management, entered into a subscription agreement for the purchase of 240,000 preferred shares of EACCI. The total consideration paid by EAEF amounted to P240.0 million. There was no outstanding receivable arising from the transaction as the amount was fully paid by EAEF in the year of subscription.

During the year ended May 31, 2019 and 2017, EAEF also entered into a subscription agreement for the purchase of 112,500 and 416,500 preferred shares with total consideration of P112.5 million and P416.5 million. There was no outstanding receivable arising from the transaction as the amount was fully paid by EAEF in the year of subscription. No similar transaction occurred during the period ended May 31, 2018.

Noninterest-bearing Advances

Advances of the University to a Related Party

The University grants unsecured and noninterest-bearing advances, which are due and demandable to FEU Public Policy Foundation, Inc., related party under common management of the Group for working capital purposes.

Summarized below are the outstanding receivables from these advances as of May 31, 2019, 2018 and 2017 recorded as part of Non-trade advances from related parties under Trade and Other Receivables account in the consolidated statements of financial position:

	2019	2018	2017
Balance at beginning of year	**P 3,584,102**	P 1,636,729	P 1,199,289
Additional advances during the year	**1,142,330**	3,146,663	437,440
Repayments during the year	**-**	(1,199,290)	-
Balance at end of year	**P 4,726,432**	P 3,584,102	P 1,636,729

As of May 31, 2019, 2018 and 2017, management believes that these outstanding balances are collectible in full in all the years presented; thus, no allowance for impairment on these receivables are recognized.

Advances between EACCI and EAEF

During the periods ended May 31, 2019, 2018 and 2017, EACCI granted to and obtained from EAEF cash advances for working capital requirements and other purposes. These advances are non interest-bearing, unsecured and payable in cash upon demand. As of May 31, 2019, 2018 and 2017, outstanding advances to EAEF amounting to P34.1 million, P42.5 million and P26.7 million, respectively, are presented as part of Non-trade advances to related parties under the Trade and Other Receivables account, while the outstanding advances from EAEF amounting to P6.3 million and P4.3 million (nil as of May 31, 2019), respectively, are presented as Advances from related parties under the Trade and Other Payables account in the consolidated statements of financial position. No impairment loss is recognized by the Group on the receivables arising from advances.

Advances of RCI to its Related Party

RCI grants noninterest-bearing and unsecured advances to RC Educational Enterprises Corporation, Roosevelt College Scholarship Foundation and Roosevelt College Center for Teacher Education, related parties under common management, for working capital purposes. These advances are generally collectible in cash and are due upon demand or through offsetting arrangement. The outstanding balance from these transactions amounts to P2.0 million and P3.0 million as of May 31, 2018 and 2017 (nil as of 2019), respectively, are presented as part of Non-trade advances to related parties under the Trade and Other Receivables account in the consolidated statements of financial position.

Leases

Lease of Buildings to EAEF

The University leased out certain buildings to EAEF for a period of one to five years until May 31, 2015. Upon expiration of the term of the contract, the University and EAEF had mutually agreed not to renew such lease agreement. Instead, as of May 31, 2019, 2018 and 2017, only certain floors of the buildings were leased out to EAEF.

Total rental income earned by the University and EACCI from EAEF, presented as part of Rental under Revenues in the consolidated statements of profit or loss, amounted to P2.8 million for the periods ended May 31, 2018 and 2017 (nil as of May 31, 2019). Outstanding receivable arising from the transaction amounted to P2.9 million as of May 31, 2019 and 2018 and P3.3 million as of May 31, 2017, and is presented as part of Rental receivable under Trade and Other Receivables account in the consolidated statement of financial position. There was no similar transaction in 2019 and 2018 as EAEF has already transferred its students to EACCI through a memorandum of agreement in 2017.

Lease of Buildings to FERN College

FRC leased out certain buildings to FERN College effective from June 1, 2007 to May 31, 2017 for an annual rental of P14.0 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 P12.0 million or 10% of FERN College's annual gross income, whichever is higher.

Total rental income of FRC from FERN College amounted to P18.7 million, P19.4 million and P18.0 million for the years ended May 31, 2019, 2018 and 2017, respectively, which is recorded as part of Rental under Revenues in the consolidated statements of profit or loss. Outstanding receivables from this transaction amount to P7.7 million, P8.4 million and P7.0 million as of May 31, 2019, 2018 and 2017, respectively, are presented as part of Rental receivable under the Trade and Other Receivables account in the consolidated statements of financial position. No impairment loss is recognized by the Group on this receivable from FERN College.

Lease of Transportation Vehicle to FERN College

In 2012, FRC entered into a contract with FERN College for the lease of a bus to the latter for a fixed monthly rental of P0.1 million covering a term of five years.

The rental income earned from this transaction amounted to P1.3 million and P1.4 million for the years ended May 31, 2019 and 2018 and is presented as part of Rental under Revenues in the consolidated statements of profit or loss. No similar income was earned during the two months ended May 31, 2017. The Group recognized unearned rental income in accordance with PAS 17 from FERN College amounting to P0.1 million as of May 31, 2017 (nil in 2019 and 2018) and is presented as part of the Deferred Revenues account in the 2017 consolidated statements of financial position.

Retirement Funds

The University, FECSI and EACCI's retirement funds are in the form of trustee-banks managed accounts. The fair value of the University's retirement plan assets amounted to P757.0 million as of May 31, 2019 and 2018 and P632.1 million as of May 31, 2017, respectively. The University, FECSI and EACCI have no transactions with the retirement plans other than contributions and benefit payments in all periods presented.

During the periods ended May 31, 2017, the University funded the retirement pay of certain employees who availed of the ERGP, which will be reimbursed by the Fund. The outstanding receivable from this transaction amounted to P1.0 million as of May 31, 2017 (nil as of May 31, 2019 and 2018), and is recorded as part of Non-trade advances from related parties under Trade and Other Receivables account in the consolidated statements of financial position (see Note 9). No similar transaction occurred for the year ended May 31, 2018.

None of the retirement plan assets are invested in or provided to the University or FECSI, their related parties, and to their officers in the form of advances or loans.

The retirement funds neither provide any guarantee nor surety for any obligation of the University and FECSI.

Key Management Personnel Compensation

Total remunerations of the Group's key management personnel for the periods ended May 31, 2019, 2018 and 2017, which are presented as part of Instructional and academic and Administrative expenses under Costs and Operating Expenses in the consolidated statement of profit or loss, are as follows:

	2019	2018	2017
Short-term benefits	**P 206,160,383**	P 208,947,101	P 188,323,195
Post-employment benefits	**27,214,947**	26,848,986	24,954,565
	P 233,375,330	P 235,796,087	P 213,277,760

Financial Guaranty for Subsidiaries' Loans

RCI obtains unsecured, interest-bearing cash advances from the current members of its BOT, with an interest rate ranging from 8% to 12% per annum, for working capital purposes. These advances are generally collectible in cash and are due upon demand. The outstanding balance from this transaction amounted to P16.5 million as of May 31, 2016, and is presented as part of Other payables under the Trade and Other Payables account in the consolidated statement of financial position. The outstanding payable was settled in 2017.

Financial Guaranty for Subsidiaries' Loans

In March 2017, the BOT approved that for and in consideration of the loan or credit facilities obtained by any subsidiary of the University, in which the University owns at least 75% of the outstanding voting capital stock of such subsidiary, from a local commercial bank, the University gives its full consent and authority to act as surety for the subsidiary's obligations arising from any loan or availments from any credit facilities granted by the said local bank in favor of the subsidiary, as well as any renewals, increases, extensions of existing obligations obtained by or which may hereafter be obtained by the subsidiary from the local bank, whether direct or indirect, principal or secondary. In August 2019 and April 2018, RCI availed an unsecured term loan as a drawdown from the University's credit facility with the local bank. In case of any breaches of RCI with the loan covenants, the University will shoulder any relating liability to such breach.

Reimbursement of Expenses

During the periods ended May 31, 2019, 2018 and 2017, the University billed EAEF for related services such as security and janitorial services, light and water and other utilities at cost. Accordingly, the outstanding receivable amounting to P4.9 million as of May 31, 2019 and 2018 and P9.2 million as of May 31, 2017, is presented as part of Non-trade advances to related parties under the Trade and Other Receivables account in the consolidated statements of financial position.

Others

Others include amounts due to non-controlling interest for to the unclaimed payments arising from the fractional shares, treated as treasury stocks in 2007 and 2015 by FRC. Outstanding payable to non-controlling interest amounted to P1.5 million as of May 31, 2019, 2018 and 2017, and is presented as part of Other payables to related parties under the Trade and Other Payables account in the consolidated statements of financial position.

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 08 May 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.

Summary Compensation Table I

Summary and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Aurelio R. Montinola III *Chairman, Board of Trustees / Chief Executive Officer (CEO)*		- x -	- x -	- x -
Michael M. Alba *Trustee / President*		- x -	- x -	- x -
Juan Miguel R. Montinola *Chief Finance Officer (CFO)*		- x -	- x -	- x -
Maria Teresa Trinidad P. Tinio *SVP - Academic Affairs*		- x -	- x -	- x -
Glenn Z. Nagal *Comptroller*		- x -	- x -	- x -
Totals	2017 - 2018	P 23,936,913.34	P 8,430,954.39	- x -
	2018 - 2019	25,768,827.54	9,221,263.74	- x -
	2019 - 2020 (Estimated)	27,057,268.92	9,532,326.93	- x -

Summary Compensation Table II

Summary and Principal Position	Year	Salary	Bonus	Other Annual Compensation
All Officers and Trustees as a Group	2017 - 2018	P 45,458,206.98	P 22,810,740.07	- x -
	2018 - 2019	44,104,298.38	23,247,198,.02	- x -
	2019 - 2020 (Estimated)	49,669,513.30	24,294,557.92	- x -

Item 7: Independent Public Accountant

The external auditor, Punongbayan & Araullo, audited the Financial Statements of the corporation for fiscal year ended 31 May 2019. 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

Audit of annual financial statements FY 2018-2020	₱1,099,400.00 plus 12% VAT
Out of pocket expenses	₱131,928.00 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), Dr. Paulino Y. Tan, and Ms. Angelina P. Jose (Alternate Member).

The Audit Committee's approval of the policies and procedures covering the examination of FEU's financial statements for fiscal year ending May 31, 2019, including other services, is covered by the minutes of the meeting of the Audit Committee dated August 19, 2019.

The signing partners of the external auditor shall be rotated every 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.

Please see Audit Committee Report (Annex E).

Item 8: Compensation Plans

There are no matters or actions to be taken up in the meeting with respect to any compensation plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9: Authorization or Issuance of Securities Other than for Exchange

There are no matters or actions to be taken up with respect to authorization or issuance of securities.

Item 10: Modification or Exchange of Securities

There are no matters or actions to be taken up for the modification of any class of the Company's securities or the issuance or authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class.

Item 11: Financial and Other Information

The audited financial statements as of May 31, 2019, Management's Discussion and Analysis, Market Price of Shares and Dividends and other data related to the Company's financial information are attached hereto as Annex F.

Item 12: Mergers, Consolidations, Acquisitions and Similar Matters

There are no matters or actions to be taken up in the annual stockholders' meeting with respect to merger, consolidation, acquisition by sale, or liquidation of the Company.

Item 13: Acquisition or Disposition of Property

There are no matters or actions to be taken up in the annual stockholders' meeting with respect to acquisition or disposition of any property by the Company.

Item 14: Restatement of Accounts

No restatement of accounts to be taken up in the annual stockholders' meeting.

D. OTHER MATTERS

Item 15: Action with Respect to Reports

Approval of the Annual Report for the fiscal year ending 31 May 2019

a. Approval of the minutes of the Annual Stockholders' Meeting held on 20 October 2018 that includes the following:

1. Minutes of Annual Meeting held on 21 October 2017
2. Academic Report of the President, 2017 – 2018 and Annual Report of the Chair, 2017 – 2018
3. Approval, ratification and confirmation of the acts and resolutions during the past year of the Board of Trustees, Board and Management Committees, and Management and other officers of Far Eastern University, Inc. taken or adopted since the Annual Meeting of Stockholders last 21 October 2017 until 20 October 2018;
4. Election of Trustees and Independent Trustees for the fiscal year 2018 – 2019:

   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)
   Dr. Edilberto C. de Jesus (Independent Trustee)

5. Authorization to elect and fill the vacant seat of an Independent Trustee, vice the late Mr. Robert F. Kuan.
6. Re-Appointment of Punongbayan & Araullo, Certified Public Accountants and the Philippine member firm of Grant Thornton International, Ltd. as External Auditor for the fiscal year 2018-2019;
7. Consideration of such other business as may properly come before the meeting

b. Summary of resolutions approved by the Board of Trustees for the fiscal year 2018 – 2019:

1. Board of Trustees' Meeting held on 28 August 2018:

   Appropriations of retained earnings of Far Eastern University as of 31 May 2018 be adjusted to Two Billion One Hundred Seventy Million Seven Hundred Thirty Three Thousand One Hundred Pesos (₱2,170,733,100.00) as follows:

Reserved for Property Acquisition and Investment	₱	1,631,000,000.00
Reserved for Expansion and Improvement of Facilities		164,000,000.00
Reserved for Purchase of Equipment and Furniture		92,000,000.00
Reserved for General Retirement		90,000,000.00
Reserved for Contingencies		190,000,000.00
Reserved for Treasury Shares		3,733,100.00
Total	₱	2,170,733,100.00

   Report received on 30 August 2018.

2. On 17 September 2018

   Demise of Mr. Robert F. Kuan, Independent Trustee on 15 September 2018.

   Report received on 17 September 2018.

3. Board of Trustees' meeting held on 18 September 2018:

   Declaration of ₱8.00/share cash dividend on record as of 02 October 2018, payable on 18 October 2018.

   Report received on 19 September 2018.

4. Organizational Meeting of the Board of Trustees held on 20 October 2018:

   Elected Corporate and University Officials for the fiscal year 2018-2019:

   Corporate Officers

Dr. Lourdes R. Montinola	-	Chair Emeritus
Mr. Aurelio R. Montinola III	-	Chairman
Dr. Michael M. Alba	-	President
Mr. Juan Miguel R. Montinola	-	Chief Finance Officer & Chief Risk Officer
Ms. Rosanna E. Salcedo	-	Treasurer
Atty. Santiago L. Garcia, Jr.	-	Corporate Secretary & VP for Compliance

   University Officials

Dr. Maria Teresa Trinidad P. Tinio	-	Senior Vice President, Academic Affairs
Engr. Edward R. Kilakiga	-	Vice President, Facilities & Technical Services
Atty. Gianna R. Montinola	-	Vice President, Corporate Affairs
Dr. Myrna P. Quinto	-	Vice President, Academic Development
Mr. Renato L. Serapio	-	Vice President, Human Resources Development
Atty. Enrico G. Gilera	-	Chief Legal Counsel
Mr. Michael Q. Liggayu	-	Quality Management & Data Protection Officer
Mr. Glenn Z. Nagal	-	Comptroller
Mr. Rogelio C. Ormilon, Jr.	-	Chief Audit Executive

Executive Committee

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

Audit Committee

Ms. Sherisa P. Nuesa	-	Chairman (Independent Trustee)
Dr. Edilberto C. De Jesus	-	Member (independent Trustee)
Ms. Angelina P. Jose	-	Alternate Member

Corporate Governance Committee

Dr. Edilberto C. De Jesus	-	Chairman (Independent Trustee)
Ms. Angelina P. Jose	-	Member
Atty. Gianna R. Montinola	-	Member
Ms. Sherisa P. Nuesa	-	Alternate Member (Independent Trustee)

Nomination Committee

Dr. Edilberto C. De Jesus	-	Chairman (Independent Trustee)
Mr. Antonio R. Montinola	-	Member
Dr. Paulino Y. Tan	-	Member
Atty. Gianna R. Montinola	-	Member

Risk Management Committee

Dr. Edilberto C. De Jesus	-	Chairman (Independent Trustee)
Dr. Michael M. Alba	-	Member
Ms. Sherisa P. Nuesa	-	Member (Independent Trustee)
Mr. Juan Miguel R. Montinola	-	Member

Talent Management Committee

Mr. Aurelio R. Montinola III	-	Chairman
Dr. Paulino Y. Tan	-	Member
Mr. Juan Miguel R. Montinola	-	Member

5. On 05 November 2018:

   Acquisition by FERN Realty Corporation of 31 FEU shares and lodged them with PCD Nominee Corporation (Filipino).

   Report received on 06 November 2018.

6. Board of Trustees' meeting held on 20 November 2018:

   Appointment of Dr. Paulino Y. Tan as Member of the Audit Committee for the remaining period of the term 2018-2019, or until his successor is duly appointed and qualified.

   Report received on 22 November 2018.

7. Board of Trustees' meeting held on 19 February 2019:

   Declaration of ₱8.00/share cash dividend on record as of 06 March 2019, payable on 20 March 2019.

   Report received on 20 February 2019.

8. On 07 March 2019:

   Deed of Absolute Sale between Far Eastern University, Inc. and CAPP Industries Incorporated for the sale of FEU's 43,659 shares of the capital stock of Juliana Management Company, Inc. was signed and notarized on 07 March 2019 for the total purchase price of One Hundred Forty Seven Million Pesos (₱147,000,000.00).

   Report received on 08 March 2019.

9. Board of Trustees' meeting held on 12 April 2019:

   Election of Mr. Jose Tan Sio as Member of the Board of Trustees of Far Eastern University effective 12 April 2019 until his successor is elected and qualified.

   Report received on 15 April 2019.

10. Board of Trustees' meeting held on 12 April 2019:

    Appointment of Mr. Victorino T. Tolosa II as Chief Information Officer effective 16 May 2019.

    Report received on 15 April 2019.

11. Board of Trustees' meeting held on 12 April 2019:

    Approval of the establishment of a new corporation, to be jointly owned by FEU and the Technological Institute of the Philippines (T.I.P.) for the purpose of establishing and operating a school which shall offer, among others, a senior high school program.

    Authorization for any two (2) of the following officers:

Dr. Michael M. Alba	-	President
Mr. Juan Miguel R. Montinola	-	Chief Finance Officer
Ms. Romelia I. Neri	-	Finance Manager, Far Eastern College-Silang, Inc.

    to be FEU's duly authorized representatives for purposes of the Project, granting such persons the power and authority to do any of the following for and on behalf of FEU:

    1. To negotiate the terms of, and execute such agreements with T.I.P. in connection with the Project (the "Agreements");
    2. to take such steps and perform such acts and things as such representative shall deem necessary or advisable to pursue and proceed with the Project and effect the Agreements, including but not limited to the making of any and all payments, the execution of any necessary or advisable instruments, certificates, or other documents in connection therewith, and to do any and all acts and things which the representatives shall deem necessary, advisable or appropriate in order to carry out the intent and purpose of these resolutions.

    Report received on 15 April 2019.

Item 16: Matters Not Required to be Submitted

There are no matters to be taken up in the meeting that will not require the vote of the stockholders as of the record date.

Item 17: Amendment of Charter, By-Laws or Other Documents

There is no proposal to amend the Charter, By-Laws or other documents that needs to be submitted to the stockholders for approval.

Item 18: Other Proposed Action

No other proposed action to be taken up in the annual meeting other than those stated in the agenda.

Item 19: 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. Approval of Declaration of Stock Dividend with corresponding Increase in Authorized Capital stock from ₱2.0Bn to ₱5.0Bn and Amendment of Article Seventh of the Amended Articles of Incorporation

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:

FAR EASTERN UNIVERSITY, INC.
2019 Annual Stockholders' Meeting
October 19, 2019

PROXY

The undersigned stockholder of FAR EASTERN UNIVERSITY, INC. (FEU) hereby appoints ____________________________________ or in his/her absence,

Chairman of the Board of Trustees Aurelio R. Montinola III or in his absence,
Chair Emeritus Lourdes R. Montinola or in her absence,
the Chairman of the Meeting

as attorney-in-fact and proxy, with power of substitution, to represent and vote all shares registered in his/her/its name, as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of FEU on 19 October 2019 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of minutes of previous meeting.
❑ Yes ❑ No ❑ Abstain

2. Approval of annual report and Audited Financial Statements.
❑ Yes ❑ No ❑ Abstain

3. Ratification and confirmation of all actions during the past year of the Board of Trustees, Board and Management Committees, and Management and other Officers.
❑ Yes ❑ No ❑ Abstain

4. Approval of Declaration of Stock Dividend with corresponding increase in Authorized Capital Stock from ₱2.0Bn to ₱5.0Bn and Amendment of Article Seventh of the Amended Articles of Incorporation.
❑ Yes ❑ No ❑ Abstain

5. Election of Trustees

❑ Vote for all nominees listed below:
Lourdes R. Montinola
Aurelio R. Montinola III
Michael M. Alba
Angelina P. Jose
Antonio R. Montinola
Paulino Y. Tan
Edilberto C. De Jesus (Independent Trustee)
Sherisa P. Nuesa (Independent Trustee)
Jose T. Sio (Independent Trustee)

❑ Withhold authority to vote for all nominees listed above.

❑ Withhold authority to vote for the nominees listed below:

____
____
____

6. Appointment of Punongbayan & Araullo, Certified Public Accountants and the Philippine member firm of Grant Thornton International, Ltd.
❑ Yes ❑ No ❑ Abstain

7. At his/her discretion, the attorney-in-fact and proxy named above is authorized to vote upon such other business as may properly come before the meeting.
❑ Yes ❑ No ❑ Abstain

____
PRINTED NAME OF STOCKHOLDER

____
SIGNATURE OF STOCKHOLDER /
AUTHORIZED SIGNATORY

____
DATE

This proxy should be received by the Corporate Secretary on or before 5:00 p.m. of 17 October 2019, the deadline for submission of proxies.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder/s. If no direction is made, this proxy will be voted "for" the election of all nominees and "for" the approval of the matters stated above and "for" such other matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by Management or the Board of Trustees.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.

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 20 October 2018;

b. approval of the Annual Report of the Chairman and the Academic Report of the President to the stockholders for fiscal year ending 31 May 2019;

c. ratification and confirmation of the actions of the Board of Trustees, Board and Management Committees, and Management and Other Officers;

d. approval of Declaration of Stock Dividend with corresponding increase in Authorized Capital Stock from ₱2.0Bn to ₱5.0Bn and Amendment of Article Seventh of the Amended Articles of Incorporation;

e. election of Trustees/Independent Trustees;

f. appointment of External Auditor;

g. 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 ₱110.00 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

SIGNATURE PAGE

Undertaking

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 1015

Attention: Atty. Santiago L. Garcia, Jr.
Corporate Secretary

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. This report is signed in the City of Manila on 12 September 2019.

ISSUER	:	FAR EASTERN UNIVERSITY, INC.
SIGNATURE AND TITLE	:	SANTIAGO L. GARCIA, JR. Corporate Secretary

ANNEXES

ANNEX A

EXPLANATION OF AGENDA ITEMS

1. **Call of meeting to order**

Board of Trustees Chairman Aurelio R. Montinola III will preside and call the meeting to order at 3:00 p.m.

2. **Proof of notice of meeting and determination of quorum**

Corporate Secretary Santiago L. Garcia, Jr. will certify that copies of the notice of meeting were sent to all stockholders of record as of 30 September 2019.

The Secretary will announce the percentage of those present, in person and by proxy, to the total issued and outstanding capital stock entitled to vote and represented at the meeting.

The Chairman of the Board will then declare the existence of a quorum.

3. **Approval of minutes of the annual meeting of stockholders held on 20 October 2018**

Stockholders present will be provided with copies of the minutes of 20 October 2018 annual stockholders' meeting for their approval.

4. **Academic Report of the President**

Copies of the President's Report for Academic Year 2018-2019 will be distributed to those present.

5. **Approval of Annual Report and Audited Financial Statements**

The Chairman will present the Annual Report with the Audited Financial Statements, advance copies of which will be made available to the stockholders present.

6. **Ratification and confirmation of all actions during the past year of the Board of Trustees, Board and Management Committees, and Management and other Officers**

All acts and resolutions of the Board of Trustees, Board and Management Committees, and Management and other Officers taken or adopted during the past year will be recommended to the stockholders for their ratification and confirmation.

7. **Approval of Declaration of Stock Dividend with corresponding increase in Authorized Capital Stock from ₱2.0Bn to ₱5.0Bn and Amendment of Article Seventh of the Amended Articles of Incorporation**

The Board of Trustees at its meeting held on 10 September 2019, approved the following:

- declaration of a stock dividend of **46%** on the outstanding capital stock of the Corporation, or a total stock dividend of up to 7,579,414 shares of common stock, eliminating any fractional shares, payable out of the unrestricted retained earnings of the Corporation as of 31 May 2019, which stock dividends shall be sourced from the increase in authorized capital stock of the Corporation;

- increase in the authorized capital stock of the Corporation from **TWO BILLION PESOS (₱2,000,000,000.00)** divided into **Twenty Million (20,000,000)** shares of common stock, with a par value of One Hundred Pesos (₱100.00) per share, to **FIVE BILLION PESOS (₱5,000,000,000.00)** divided into **Fifty Million (50,000,000)** shares of common stock, with a par value of One Hundred Pesos (₱100.00) per share
- amendment to Article SEVENTH of the Amended Articles of Incorporation of the Corporation such that the same shall read as follows:

> SEVENTH: - That the authorized capital stock of the corporation is **FIVE BILLION PESOS (₱5,000,000,000.00)**, Philippine Currency, divided into **Fifty Million (50,000,000)** shares, with a par value of One Hundred Pesos (₱100.00) per share.

The increase in authorized capital stock would allow FEU to declare a 46% stock dividend to increase its capital base necessary for its expansion.

8. Election of Trustees, including Independent Trustees

In accordance with the By-Laws, as amended, the Nomination Committee will determine whether the nominees for the Board of Trustees, including the nominees for Independent Trustees, have all the qualifications and none of the disqualifications to serve as members of the Board before submitting the nominees for election by the stockholders.

As recommended by the Nomination Committee, the following will be nominated (please see the profiles of the nominees to the Board of Trustees):

<table>
<tr><td rowspan="6">Trustees</td><td>Dr. Lourdes R. Montinola</td></tr>
<tr><td>Mr. Aurelio R. Montinola III</td></tr>
<tr><td>Dr. Michael M. Alba</td></tr>
<tr><td>Ms. Angelina P. Jose</td></tr>
<tr><td>Mr. Antonio R. Montinola</td></tr>
<tr><td>Dr. Paulino Y. Tan</td></tr>
<tr><td rowspan="3">Independent Trustees</td><td>Dr. Edilberto C. De Jesus</td></tr>
<tr><td>Ms. Sherisa P. Nuesa</td></tr>
<tr><td>Mr. Jose T. Sio</td></tr>
</table>

9. Appointment of External Auditor

The firm Punongbayan & Araullo, Certified Public Accountants and the Philippine member firm of Grant Thornton International, Ltd., will be recommended for reappointment as External Auditor for the ensuing year.

10. Consideration of such other business as may properly come before the meeting

Stockholders may raise such other relevant matters or issues that may be taken up at the meeting.

11. Adjournment

Upon determination that there are no other matters to be considered, the Chairman, upon motion made and seconded, will declare the meeting adjourned.

Lourdes R. Montinola
91, 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 Emeritus, Nicanor Reyes Educational Foundation, Inc.; Governor, Nicanor Reyes Memorial Foundation; Trustee, FEU-Dr. Nicanor Reyes Medical Foundation, Inc.; Chair, MEMORARE-Manila 1945 Foundation, Inc. and Board Member, The English Speaking Union. She is also a Member of the Museum Foundation of the Philippines, Inc., the Oriental Ceramic Society, and HABI: The Philippine Textile Council, Inc.

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

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

Other Corporate Affiliations: Chairman, Amon Trading Inc., East Asia Computer Center, Inc., Far Eastern College Silang, Inc., Nicanor Reyes Educational Foundation, Inc., World Wildlife Fund Philippines, FEU High School, Inc., FEU Alabang, Inc., Roosevelt College, Inc., and National Golf Association of the Philippines; Vice Chairman, Philippine Business for Education Foundation (PBED); Director, BPI/MS Insurance Corporation; Trustee, Ramon Magsaysay Award Foundation; and Member, Management Association of the Philippines and Makati Business Club.

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

He graduated with a BS Management Engineering degree at the Ateneo de Manila University in 1973, and received his MBA at Harvard Business School in 1977. He was awarded the 2005 and 2009 Asian Banker Leadership Award for the Philippines and the MAP Management Man of the Year Award in 2012.

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

He is President concurrently of East Asia Computer Center, Inc.; Far Eastern College Silang, Inc.; FEU Alabang, Inc.; FEU High School, Inc.; Roosevelt College, Inc.; East Asia Educational Foundation, Inc.; and Nicanor Reyes Educational Foundation, Inc.; and Governor, Nicanor Reyes Memorial Foundation. His affiliations include, among others: FEU Public Policy Center (Chairman); Edustria Incorporated (Chairman); Philippine Association of Colleges and Universities (Board Member; Chair, Research Committee); Association of Southeast Asian Institutions of Higher Learning–National Council of the Philippines (President 2018-2020); Presidents' Forum of Southeast and South Asia and Taiwan Universities (Member, Steering Committee); Foundation for Information Technology Education and Development (President); Philippine Economic Society (Lifetime Member and President, 2007); Action for Economic Reforms (Fellow); and Management Association of the Philippines (Member).

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

Angelina P. Jose

66, Filipino: Trustee (June 1990 to present)
Far Eastern University, Inc.

Other Corporate Affiliations: Member, Board of Directors, FERN Realty Corporation and FEU Alabang, Inc.; 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.; Chair, Angel C. Palanca Peace Program Foundation, Inc.; Chair, Board of Trustees, (April 2014 – April 2015 and April 2017 to present) and Enrolled Member (2013 – 2016) Ahon Sa Hirap, Inc.

She was also the Corporate Secretary of Far Eastern University from February 1998 to January 2017.

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

Antonio R. Montinola

66, Filipino: Trustee (November 2013 to present)
Far Eastern University, Inc.

Other Corporate Affiliations: President and Director FERN Realty Corporation and Monti-Rey, Inc.; Vice Chairman, Treasurer and Director, AMON Trading Corp., Director, Far Eastern College Silang, Inc., and Nicanor Reyes Education Foundation, Inc.; and Trustee, FEU Educational Foundation, Inc.

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

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

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

Paulino Y. Tan

73, Filipino: Trustee (June 1991 to present)
Far Eastern University, Inc.

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

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

Edilberto C. de Jesus

77, Filipino: Independent Trustee (August 2012 to present)
Far Eastern University, Inc.

Other Corporate Affiliations: Member, Board of Directors, Cagayan de Oro College and Phinma Corp.; Member, Board of Trustees, Foundation for Liberty and Prosperity; Member, Makati Business Club and of the Advisory Board of Philippine Business for Education; Fellow, Institute of Corporate Directors; Professor Emeritus, Asian Institute of Management and Independent Trustee, Nicanor Reyes Educational Foundation, Inc. and Roosevelt College, 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).

Sherisa P. Nuesa

64, Filipino: Independent Trustee (August 2010 to present)
Far Eastern University, Inc.

Other Corporate Affiliations: President and Board Director, ALFM Mutual Funds Group and Independent Director, Generika/Actimed Group, East Asia Computer Center, Inc., FERN Realty Corporation and Far Eastern College Silang, Inc. She is also an Independent Trustee of East Asia Educational Foundation. She is a Trustee of Institute of Corporate Directors (ICD), Financial Executives Institute of the Philippines (FINEX) and Judicial Reform Initiative. She also serves as a Senior Adviser to the Boards of Vicsal Development Corporation and Metro Retail Stores Group, Inc.

A former Managing Director of conglomerate Ayala Corporation, she held various senior management positions in Ayala subsidiaries: Ayala Land, Inc., Manila Water Company and Integrated Micro Electronics Inc.

She is also an Independent Director of Manila Water Company and Integrated Micro-Electronics, Inc., both listed corporations.

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 attended post-graduate management programs at Harvard Business School and Stanford University. She received the ING -FINEX CFO of the Year award in 2008.

Jose Tan Sio

79, Filipino: Independent Trustee (April 2019 to present)
Far Eastern University, Inc.

Present Affiliations: Chairman of the Board of Directors of SM Investments Corporation; Director of China Banking Corporation, OCLP (Ortigas) Holdings, Inc., Belle Corporation, NLEX Corporation, and Atlas Consolidated Mining and Development Corporation; Adviser to the Board of BDO Unibank, Inc.; Premium Leisure Corporation; Audit and Risk Oversight Committees of SM Prime Holdings, Inc.; President and Trustee of SM Foundation, Inc.; Trustee of Asia Pacific College.

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

Mr. Sio was voted as CFO of the year in 2009 by the Financial Executives of the Philippines (FINEX). In various years, he received Asia's Best CFO Award from Hong Kong–based publications such as Alpha Southeast Asia, Corporate Governance Asia, Finance Asia and The Asset. In 2018, he received the Asian Corporate Director Award from Corporate Governance Asia.

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

ANNEX B

PART II
INFORMATION REQUIRED IN A PROXY FORM

Items 1 and 2:

FAR EASTERN UNIVERSITY, INC.
2019 Annual Stockholders' Meeting
October 19, 2019

PROXY

The undersigned stockholder of FAR EASTERN UNIVERSITY, INC. (FEU) hereby appoints ______________________________ or in his/her absence,

Chairman of the Board of Trustees Aurelio R. Montinola III or in his absence,
Chair Emeritus Lourdes R. Montinola or in her absence,
the Chairman of the Meeting

as attorney-in-fact and proxy, with power of substitution, to represent and vote all shares registered in his/her/its name, as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of FEU on 19 October 2019 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of minutes of previous meeting.
   ❑ Yes ❑ No ❑ Abstain

2. Approval of annual report and Audited Financial Statements.
   ❑ Yes ❑ No ❑ Abstain

3. Ratification and confirmation of all actions during the past year of the Board of Trustees, Board and Management Committees, and Management and other Officers.
   ❑ Yes ❑ No ❑ Abstain

4. Approval of Declaration of Stock Dividend with corresponding increase in Authorized Capital Stock from ₱2.0Bn to ₱5.0Bn and Amendment of Article Seventh of the Amended Articles of Incorporation.
   ❑ Yes ❑ No ❑ Abstain

5. Election of Trustees

   ❑ Vote for all nominees listed below:
   - Lourdes R. Montinola
   - Aurelio R. Montinola III
   - Michael M. Alba
   - Angelina P. Jose
   - Antonio R. Montinola
   - Paulino Y. Tan
   - Edilberto C. De Jesus (Independent Trustee)
   - Sherisa P. Nuesa (Independent Trustee)
   - Jose T. Sio (Independent Trustee)

   ❑ Withhold authority to vote for all nominees listed above.

   ❑ Withhold authority to vote for the nominees listed below:

   ____
   ____
   ____

6. Appointment of Punongbayan & Araullo, Certified Public Accountants and the Philippine member firm of Grant Thornton International, Ltd.
   ❑ Yes ❑ No ❑ Abstain

7. At his/her discretion, the attorney-in-fact and proxy named above is authorized to vote upon such other business as may properly come before the meeting.
   ❑ Yes ❑ No ❑ Abstain

____
PRINTED NAME OF STOCKHOLDER

____
SIGNATURE OF STOCKHOLDER /
AUTHORIZED SIGNATORY

____
DATE

This proxy should be received by the Corporate Secretary on or before 5:00 p.m. of 17 October 2019, the deadline for submission of proxies.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder/s. If no direction is made, this proxy will be voted "for" the election of all nominees and "for" the approval of the matters stated above and "for" such other matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by Management or the Board of Trustees.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.

FAR EASTERN UNIVERSITY

CERTIFICATION OF INDEPENDENT DIRECTORS

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

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

1. I am a nominee for Independent Director of **Far Eastern University** and have been its Independent Director since August 2010 (where applicable).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Vicsal Development Corporation	Senior Adviser to the Board	March 2012
ALFM Mutual Funds	*President and Board Director	May 2012
Institute of Corporate Directors (ICD)	Board Trustee	May 2012
FERN Realty Corporation	Independent Board Director	August 2012
Manila Water Company	Independent Director	April 2013
East Asia Educational Foundation	Independent Trustee	March 2014
East Asia Computer Center, Inc.	Independent Director	March 2014
Judicial Reform Initiative (JRI)	Board Trustee	January 2015
Metro Retail Stores Group, Inc. (MRSGI)	Senior Adviser to Board Directors	August 2015
Generika/Actimed Group	Independent Director	November 2015
Far Eastern College, Silang, Inc.	Independent Director	November 2016
Financial Executives Institute of the Phils. (FINEX)	Board Trustee	January 2018
Integrated Micro-Electronics, Inc.	Independent Director	April 2018

* became President as of April 2013

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

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities and Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable (N/A)		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

5. I shall inform the Corporate Secretary of **Far Eastern University** of any changes in the abovementioned information within five days from its occurrence.

Done, this ___ day of August 2019, at Manila.

SHERISA P. NUESA
Affiant

SEP 12 2019

SUBSCRIBED AND SWORN to before me this _____ day of August 2019 at Manila, affiant personally appeared before me and exhibited to me her Tax Identification Number 132-204-906 issued in the Philippines.

Doc. No. 101
Page No. 12
Book No. 20
Series of 2019.

ATTY. ANTONIO G. MALONZO
NOTARY PUBLIC
887 P. PAREDES ST. SAMP. MLA.
TEL. NO. 735-45-26
PTR NO. MLA 8008984 1-3, 2019
TIN NO. 106-187-030
IBP NO. 1085700 2-20-2018-2019
ROLL NO. 28170
COMMISSION NO. 2019-012 1-15-19
UNTIL DECEMBER 31, 2020
MCLE VI-0011185 ERMITA MLA.
MAR. 17, 24-APR. 21-28, 2018

FAR EASTERN UNIVERSITY

CERTIFICATION OF INDEPENDENT DIRECTOR

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 a nominee for Independent Director of **Far Eastern University** and have been its Independent Director since August 2012 (where applicable).

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Philippine Business for Education	Member, Board of Advisers	2007
Phinma Corporation	Member, Board of Directors	2009
Makati Business Club	Member	2009
Institute of Corporate Directors	Fellow	2010
Asian Institute of Management	Professor Emeritus	2012
Foundation for Liberty and Prosperity	Member, Board of Trustees	2013
Cagayan de Oro College	Member, Board of Directors	2014
Nicanor Reyes Educational Foundation, Inc.	Independent Trustee	2014
Roosevelt College, Inc.	Independent Trustee	2016

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

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities and Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable (N/A)		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in ____N/A__________, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

5. I shall inform the Corporate Secretary of **Far Eastern University** of any changes in the abovementioned information within five days from its occurrence.

Done, this ___ day of SEP 12 2019 2019, at Manila.

EDILBERTO C. DE JESUS
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of SEP 12 2019 2019 at Manila, affiant personally appeared before me and exhibited to me his Tax Identification Number 103-104-968 issued in the Philippines.

Doc. No. 102
Page No. 12
Book No. 20
Series of 2019.

ATTY. ANTONIO G. MALONZO
NOTARY PUBLIC
987 P. PAREDES ST. SAMP. MLA.
TEL. NO. 735-45-26
PTR NO. MLA. 8008984 1-3, 2019
TIN NO. 106-187-030
IBP NO. 1085700 2-20, 2018-2019
ROLL NO. 28170
COMMISSION NO. 2019-012 1-15-19
UNTIL DECEMBER 31, 2020
MCLE VI-0011185 ERMITA MLA.
MAR. 17, 24- APR. 21-28, 2018

FAR EASTERN UNIVERSITY

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

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **JOSE TAN SIO**, Filipino, of legal age and a resident of Bacoor, Cavite, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of **Far Eastern University.**

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
SM Investments Corporation	Chairman of the Board	2017 - Present
SM Prime Holdings, Inc.	Adviser – Audit Committee and Risk Oversight Committee	2015 - Present
Premium Leisure Corporation	Board Adviser	2012 - Present
Atlas Consolidated Mining and Development Corporation	Director	2011 - Present
Belle Corporation	Director	2009 - Present
China Bank	Director	2007 - Present
Banco de Oro Unibank, Inc.	Board Adviser	2006 - Present
Asia Pacific Technology Educational Foundation Inc.	Trustee & Treasurer	2018 - Present
CityMall Commercial Centers, Inc.	Director	2015 - Present
OCLP Holdings, Inc.	Director	2014 - Present
Carmen Copper Corporation	Director	2011 - Present
SM Foundation, Inc.	President	2011 - Present
NLEX Corporation	Director	2010 - Present
First Asia Realty Development Corporation	Director	2010 - Present
Asia Pacific Computer Technology Center Inc.	Director	2004 - Present

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

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities and Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable (N/A)		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

5. I shall inform the Corporate Secretary of **Far Eastern University** of any changes in the abovementioned information within five days from its occurrence.

Done, this 12th day of September 2019, at Manila.

JOSE T. SIO
Affiant

SEP 12 2019

SUBSCRIBED AND SWORN to before me this _____ day of September 2019 at ~~Manila~~ MAKATI CITY, affiant personally appeared before me and exhibited to me his Tax Identification Number 103-433-285 issued in the Philippines.

ATTY. REINIER S. QUIAMBAO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2020
PTR NO. 7347750 / 01.11.19 / MAKATI CITY
IBP NO. 066157 / 01.09.19 / TARLAC CITY
TIN 238-251-699 ROLL NO. 62283
MCLE NO. VI - 0025079 / 03.29.19

Doc. No. 349
Page No. 70
Book No. 18
Series of 2019.

ANNEX D

Republic of the Philippines
OFFICE OF THE PRESIDENT
COMMISSION ON HIGHER EDUCATION

9 September 2019

MR. VICENTE GRACIANO P. FELIZMENIO, JR.
Director
Market and Securities Regulation Department
Securities and Exchange Commission
Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City,1307

Dear Director Felizmenio:

Please be informed that Dr. Paulino Y. Tan, who is a member of the Board of Trustees of Far Eastern University, is currently the Chairperson of the Technical Panel for Information Technology of this Commission, appointed on a holdover capacity per CSO No. 6, series of 2018, copy attached for reference.

This appointment is valid until the Technical Panels are reconstituted per CHED Administrative Order No. 3, series of 2019.

Very truly yours,

J. PROSPERO E. DE VERA III, DPA
Chairman
Commission on Higher Education

Republic of the Philippines
OFFICE OF THE PRESIDENT
COMMISSION ON HIGHER EDUCATION

Commission on Higher Education
OFFICIAL RELEASE
CHED Central Office
RECORDS SECTION
C.P. Garcia Ave., U.P. Diliman, Q.C.

CHED SPECIAL ORDER
No. 06
Series of 2018

SUBJECT: HOLDOVER DESIGNATION OF CHAIRPERSONS AND MEMBERS OF THE TECHNICAL PANELS AND TECHNICAL COMMITTEES FOR DIFFERENT CLUSTERS OF DISCIPLINES

Pursuant to Section 12 of Republic Act No. 7722, otherwise known as "*Higher Education Act of 1994*", and per Commission en Banc (CEB) Resolution No. 958-2017 dated December 19, 2017, the designation of the Chairpersons and Members of the Technical Panels (TPs) and Technical Committees (TCs) for the different clusters of disciplines per CHED Special Order No. 08, series of 2017 will be on holdover capacity until replaced. However, the following are not included:

1. Those who filed their resignation in writing.
2. In the case of representatives from Professional Regulation Commission (PRC), if they are not renewed as PRC Chairperson or Board Member.

Issued this 31st day of January 2018.

J. PROSPERO E. DE VERA III
Officer-In-Charge, CHED

ANNEX E

FAR EASTERN UNIVERSITY

REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF TRUSTEES
For the Fiscal Year Ended May 31, 2019

The Board of Trustees
Far Eastern University, Inc.

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1015
www.feu.edu.ph

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 for the University's financial reporting process, the system of internal control, the audit process, and the company's process for monitoring compliance with laws and regulations.

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

I. Audit Committee Structure and Process

1. The Audit Committee is composed of four (4) members, two (2) of whom are independent trustees including the Chair.
2. We had five (5) committee meetings which included one (1) joint meeting with the Risk Management Committee. All our meetings are covered by minutes of meetings approved by the members of the committee.

II. Internal and External Auditors and Internal Controls

1. We recommended for approval of the Board and endorsement to the shareholders the reappointment of Punongbayan and Araullo (P&A) as the Company's external auditor for the fiscal year 2018-19 and the related audit fee.

2. We discussed and approved the overall scope and the respective audit plans of the company's internal auditors and external auditor. We also discussed the results of their audits and their assessment of the company's internal controls and found that the system is adequate.

3. We have reviewed and approved all audit services provided by P&A to Far Eastern University, Inc. including the related audit fees. There were no non-audit services provided by P&A to the Company.

4. We have reviewed the reports of internal auditors ensuring that Management is taking the appropriate actions on the audit recommendations in a timely manner.

FAR EASTERN UNIVERSITY

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1015
www.feu.edu.ph

III. Financial Reporting

We reviewed, discussed, and endorsed for the approval of the Board, and subject to the limitations of the Committee's roles and responsibilities, the quarterly unaudited and annual audited consolidated statements of Far Eastern University, Inc. and Subsidiaries.

Based on the reviews and discussions undertaken, and subject to the limitations on our roles and responsibilities referred to above, the Audit Committee recommends to the Board of Directors that the audited consolidated financial statements be included in the Annual Report for the fiscal year ended May 31, 2019 for filing with the Securities and Exchange Commission and the Philippine Stock Exchange.

SHERISA P. NUESA	EDILBERTO C. DE JESUS	PAULINO Y. TAN	ANGELINA P. JOSE
Chairperson	Member	Member	Member
Independent Trustee	Independent Trustee		

ANNEX F

MANAGEMENT REPORT

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

B. Market Price and Dividends

C. Top 20 Stockholders as of 31 August 2019

D. Management Discussion and Analysis or Plan of Operation

E. Corporate Governance

F. Statement of Management's Responsibility for Financial Statements

G. Audited Parent and Consolidated Financial Statements as of May 31, 2019, May 31, 2018 and May 31, 2017 with accompanying notes to Financial Statements

Far Eastern University, Inc., was incorporated in **1933**. It operates Far Eastern University in Manila, and is the majority shareholder of East Asia Computer Center, Inc. (EACCI); FEU Alabang, Inc.; Far Eastern College Silang, Inc.; FEU High School, Inc.; and Roosevelt College, Inc. In turn, EACCI is doing business under the names and styles FEU Institute of Technology and FEU Diliman, while Far Eastern College Silang, Inc., uses FEU Cavite.

Far Eastern University which is included in the top 50 of the Top 100 Publicly Listed Companies by market capitalization in 2017 is also among the 15 companies of the Service Sector in the 2017 ASEAN Corporate Governance Scorecard (ACGS).

A. Brief Discussion of Business

1. FAR EASTERN UNIVERSITY

Far Eastern University (FEU) was founded in 1928 as a private, non-sectarian institution of learning. Guided by the core values of Fortitude, Excellence, and Uprightness, it aims to be a university of choice in Asia. Committed to the highest intellectual, moral, and cultural standards, the university strives to produce principled and professionally competent graduates; and it nurtures a service-oriented and environment-conscious community that seeks to contribute to the advancement of the global society.

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

FEU maintains excellent facilities to best serve the schooling experience of its students. These include, among others, a library with an expanding electronic footprint; laboratories of various types; audio-visual and multi-media rooms including smart classrooms; conference, meeting, and multi-function rooms; auditoriums, gyms, and other sports facilities; a clinic; an information-technology enabled gate security system; and an integrated cloud-based, enterprise-software (NetSuite) enrollment and financial system. All classrooms are spacious and air-conditioned – the ambient temperature powered campus-wide by an environmentally friendly and, apparently thus far, the only district-cooling system in the Philippines. It also uses a state-of-the-art learning management system, Canvas of Instructure.

The university's high standard of quality is substantiated by numerous recognitions from the Commission on Higher Education (CHED) as well as accrediting bodies such as the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) and the Philippine Accrediting Association of Schools, Colleges, and Universities (PAASCU). It is one of only six Philippine universities that is a member of the ASEAN University Network – Quality Assurance (AUN-QA).

CHED conferred on FEU (Manila) the autonomous university status on July 25, 2012. Using the stricter quality-assurance framework of CHED Memorandum Order 46 Series of 2012, the Commission reaffirmed this status (per CHED Memorandum Order 20 Series of 2016) on April 1, 2016, extending it until May 31, 2019.

Product: An educational institution composed of seven institutes and an extension campus (in Makati), the university offers the following baccalaureate and graduate programs:

A. Institute of Accounts, Business, and Finance (IABF) – Manila and Makati Campuses

Baccalaureate Programs:

- Bachelor of Science in Accountancy
- Bachelor of Science in Business Administration (Business Analytics Track)
- Bachelor of Science in Business Administration (Entrepreneurial Management Track)

- Bachelor of Science in Business Administration (Financial Management Track)
- Bachelor of Science in Business Administration (Leadership & Human Capital Management Track)
- Bachelor of Science in Business Administration (Marketing Management Track)
- Bachelor of Science in Internal Auditing

Graduate Programs:

- Master of Business Administration

B. Institute of Architecture and Fine Arts (IARFA)

Baccalaureate Programs:

- Bachelor of Fine Arts major in Studio Arts
- Bachelor of Fine Arts major in Visual Communication
- Bachelor of Science in Architecture (Building Construction Track)
- Bachelor of Science in Architecture (Housing Design Track)
- Bachelor of Science in Architecture (Urban Design Track)

C. Institute of Arts and Sciences (IAS)

Baccalaureate Programs:

- Bachelor of Arts in Communication (Convergent Media Track)
- Bachelor of Arts in Communication (Digital Cinema Track)
- Bachelor of Arts in Interdisciplinary Studies (Global Development and Sustainability Track)
- Bachelor of Arts in Interdisciplinary Studies (Philippine Arts, Culture and Society Track)
- Bachelor of Arts in Interdisciplinary Studies (Urban Spaces and Transitions Studies Track)
- Bachelor of Arts in International Studies (International Development and Cooperation)
- Bachelor of Arts in International Studies (International Relations and Diplomacy)
- Bachelor of Arts in Language and Literature Studies (English Studies Track)
- Bachelor of Arts in Language and Literature Studies (Literature Studies Track)
- Bachelor of Arts in Political Science (Philippine Politics and Foreign Relations Track)
- Bachelor of Science in Applied Mathematics (Data Science Track)
- Bachelor of Science in Applied Mathematics (Information Technology Track)
- Bachelor of Science in Biology (Medical Biology Track)
- Bachelor of Science in Biology (Microbiology Track)
- Bachelor of Science in Biology (Systematic Biology Track)
- Bachelor of Science in Medical Technology
- Bachelor of Science in Psychology

Graduate Programs:

- Doctor of Philosophy in Psychology major in Clinical Psychology
- Doctor of Philosophy in Psychology major in Forensic Psychology
- Doctor of Philosophy in Psychology major in Industrial Psychology
- Master of Arts in Communication
- Master of Arts major in Letters
- Master of Arts in Psychology specialization in Clinical Psychology
- Master of Arts in Psychology specialization in Industrial Psychology
- Master of Science in Biology

D. Institute of Education (IE)

Baccalaureate Programs:

- Bachelor of Elementary Education
- Bachelor of Physical Education
- Bachelor of Science in Exercise and Sports Science Major in Fitness and Sports Management
- Bachelor of Secondary Education major in English
- Bachelor of Secondary Education major in Mathematics
- Bachelor of Secondary Education major in Science
- Bachelor of Special Needs Education

Certificate Program:

- Teacher Certificate Program

Graduate Programs:

- Doctor of Education major in Curriculum and Instruction
- Doctor of Education major in Educational Administration
- Doctor of Education major in Language and Literature Education
- Master of Arts in Education major in Curriculum and Instruction
- Master of Arts in Education major in Educational Administration
- Master of Arts in Education major in English Language Teaching
- Master of Arts in Education major in Literature and Language Education (English)
- Master of Arts in Education major in Special Education
- Master in Physical Education

E. Institute of Law (IL)

Baccalaureate Program:

- Juris Doctor

F. Institute of Nursing (IN)

Baccalaureate Program:

- Bachelor of Science in Nursing

Graduate Programs:

- Master of Arts in Nursing specialized in Community Health
- Master of Arts in Nursing specialized in Maternal-Child Health
- Master of Arts in Nursing specialized in Medical-Surgical Nursing
- Master of Arts in Nursing specialized in Mental Health and Psychiatric Nursing
- Master of Arts in Nursing specialized in Nursing Systems Administration

G. Institute of Tourism and Hotel Management (ITHM)

Baccalaureate Programs:

- Bachelor of Science in Hotel and Restaurant Management (Culinary Management Track)
- Bachelor of Science in Hotel and Restaurant Management (Hotel Operations Track)
- Bachelor of Science in Tourism Management (Events Management Track)
- Bachelor of Science in Tourism Management (Travel and Tours Management Track)

All of these academic program offerings were approved and/or granted permits by the CHED, the Legal Education Board (in the case of the Juris Doctor program), and other relevant government agencies.

Program Accreditations

Far Eastern University continuously strives for excellence in teaching, research and development, and extension work. Validations of this institutional effort include CHED's citations of (a) the teacher-education programs of the IE as a Center of Excellence and (b) the Bachelor of Science in Business Administration program of the IABF as a Center of Development.

Local Accreditations

Almost all of the academic programs in the Manila campus are accredited by PACUCOA. The following programs have PACUCOA Level IV accreditation status (the highest), for the period December 2015 to December 2020:

- Bachelor of Arts in Communication
- Bachelor of Elementary Education
- Bachelor of Science in Accountancy
- Bachelor of Science in Applied Mathematics with Information Technology
- Bachelor of Science in Biology
- Bachelor of Science in Business Administration
- Bachelor of Science in Psychology
- Bachelor of Secondary Education

The Bachelor of Science in Nursing is the only academic program in the Manila campus that is accredited by PAASCU. It has Level III Reaccredited status for the period August 2018 to November 2021.

Programs with PACUCOA Level II first-reaccreditation status are as follows:

- February 2017 – February 2022:
    - Doctor of Education
    - Master of Arts in Education
    - Master of Arts in Psychology
- September 2015 – September 2018
    - Bachelor of Arts in English Language
    - Bachelor of Arts in Literature
    - Bachelor of Arts in Political Science
    - Bachelor of Science in Tourism Management

Programs with PACUCOA Level I formal-accreditation status are as follows:

- November 2016 – September 2019
    - Bachelor of Arts in Hotel and Restaurant Management
    - Bachelor of Arts in International Studies
    - Bachelor of Fine Arts
    - Bachelor of Science in Medical Technology
- February 2017 – September 2020
    - Bachelor of Science in Architecture

In addition, two graduate programs were granted Candidate status by PACUCOA from May 2018 to May 2020:

- MS Biology
- MA Communication

Three programs of FEU Makati were granted Candidate status by PACUCOA effective March 2017 to March 2019:

- Bachelor of Science in Accountancy
- Bachelor of Science in Accounting Technology
- Bachelor of Science in Business Administration

International Accreditations

Far Eastern University is a member of the ASEAN University Network – Quality Assurance (AUN-QA) and the Association to Advance Collegiate Schools of Business (AACSB).

ITHM's Bachelor of Science in Tourism Management program is also accredited by the Asia-Pacific Institute for Events Management (APIEM) as a Center of Excellence, effective February 2017 to February 2021.

Both PAASCU and PACUCOA recommend the accreditation status they have assessed for an academic program to the Federation of Accrediting Agencies of the Philippines (FAAP), which is recognized by CHED to approve and issue the certification of said accreditation status. A detailed description of the various program accreditation levels may be found in CMO 1 Series of 2005.

Affiliates and Subsidiaries

2. EAST ASIA COMPUTER CENTER, INC. (EACCI)

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

A. FEU INSTITUTE OF TECHNOLOGY

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

FEU Tech offers innovative academic programs that are complemented by strong industry and academic partnerships, which provide students additional opportunities for immersive learning experiences. Students receive real-world training and work experience from an intense and well-designed internship program with industry partners – a network of some 800 technology and engineering corporations nationwide. In addition, study abroad and internship abroad programs allow students to learn and be immersed in multicultural environments and cultures with partner schools in Taiwan and Korea.

FEU Tech offers the following programs and specializations:

College of Engineering:

- Bachelor of Science in Civil Engineering
- Bachelor of Science in Computer Engineering
- Bachelor of Science in Electronics Engineering
- Bachelor of Science in Electrical Engineering
- Bachelor of Science in Mechanical Engineering
- Bachelor of Science in Manufacturing Engineering

College of Computer Studies:

- Bachelor of Science in Computer Science, with specialization in Software Engineering

- Bachelor of Science in Information Technology, with specialization in:
    - *Animation and Game Development*
    - *Digital Arts*
    - *Service Management and/or Business Analytics*
    - *Web and Mobile Applications*

- Bachelor of Science in Entertainment and Multimedia Computing
- Bachelor of Multimedia Arts

B. FEU DILIMAN

FEU Diliman is a private, non-sectarian educational institution with a 10-hectare campus that is located in in Mapayapa Village, Quezon City. Its offerings cover the full spectrum of kindergarten, grade school, junior high school, senior high school, and college.

For basic education, FEU Diliman delivers an advanced curriculum in English, Science, and Mathematics, which integrates 21st-century skills development. Students are provided with holistic development through engagement in sports, culture, values formation, and socio-civic activities and programs. Value-added courses are embedded primarily to prepare the FEU Diliman basic education graduates to pursue higher education in the top universities of the country.

For higher education, FEU Diliman is working toward becoming a professional institution that is recognized for the business and information technology fusion of its academic programs. Professional core courses for technical proficiency and internship for real-world practice form the core of the curriculum. Technology-driven, non-traditional delivery strategies allow higher levels of student engagement and motivation to achieve the intended learning goals. Graduates are envisioned to be technology-empowered, highly qualified, and principled professionals and leaders poised to provide innovative solutions to the future challenges of their work places.

The college offerings of FEU Diliman include:

- BS Accountancy
- BS Business Administration
    - major in Marketing Management and Multimedia Design
    - major in Financial Management and Business Analytics
    - major in Operations and Service Management
- BS Information Technology, with specialization in:
    - Animation and Game Development
    - Web and Mobile Applications

3. FEU ALABANG

Founded on July 21, 2016, FEU Alabang, Inc., carries Far Eastern University's mission to provide quality education to the south of Metro Manila. It is located in Filinvest City, Alabang, one of the most progressive areas in Southern Metro Manila. Opened in August 2018, the 1.8-hectare campus welcomed students to its 17-story academic building, which is equipped with modern classrooms and laboratories, as well as a campus accented by lush green spaces and featuring a 200-seat chapel and gymnasium.

FEU Alabang offers the following programs:

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

College of Engineering
- Bachelor of Science in Civil Engineering
- Bachelor of Science in Computer Engineering
- Bachelor of Science in Electronics Engineering
- Bachelor of Science in Electrical Engineering
- Bachelor of Science in Mechanical Engineering
- Bachelor of Science in Manufacturing Engineering

College of Computer Studies and Multimedia Arts
- Bachelor of Arts in Multimedia Arts
- Bachelor of Science in Computer Science
- Bachelor of Science in Entertainment and Multimedia Computing

4. FAR EASTERN COLLEGE SILANG, INC.

Established in 2009, Far Eastern College Silang, Inc., is doing business under the name and style of FEU Cavite, and is the first subsidiary of Far Eastern University, Inc., outside Metro Manila. It is located inside MetroGate Silang Estates, a gated community in Silang, Cavite, and hence serves as the “Home of the Tamaraws in the South. It admitted its first batch of pre-school, grade school, and college students in June 2010 and of senior high school students in 2016. Effective school year 2019-2020, the Higher Education Department accepts freshmen for the Ladderized Curriculum.

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

FEU Cavite offers the following programs:

Basic Education Department (BED)

- Pre-kindergarten
- Kindergarten
- Grade School
- Junior High School

Senior High School (SHS) Department

Academic Tracks
- Science, Technology, Engineering, and Mathematics
- Accountancy, Business Management
- Humanities and Social Sciences

Higher Education Department (HED)

Bachelor of Science in Accountancy
Bachelor of Science in Accounting Information System
Bachelor of Science in Business Administration
Bachelor of Science in Hospitality Management
Bachelor of Science in Information Technology
Bachelor of Science in Tourism Management
Bachelor of Science in Psychology
TESDA-accredited course on Bread and Pastry Production

HED Ladderized Curriculum

Associate in Computer Technology leading to BS Information Technology
Associate in Hospitality Services leading to BS Hospitality Management
Associate in Service Management leading to BSBA major in Marketing Management
Associate in Tourism Services leading to BS Tourism Management

5. FEU HIGH SCHOOL, INC.

FEU High School (FEU HS), Inc., was established as a subsidiary of Far Eastern University, Inc., in 2013 in response to Republic Act No. 10533, the "Enhanced Basic Education Act of 2013," which extended the Philippine basic education program to 13 years, adding Grades 11 and 12 to the secondary education level. Nestled inside the FEU Manila Campus, FEU High School opened its doors to its first batch of senior high school students in June 2016.

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

Sharing the same campus with Far Eastern University in Manila, the institution occupies the Nursing Building. FEU High School is considered as a separate entity. However, the institution is part of the FEU Group of Schools.

FEU HS offers the following strands under the academic track of the senior high school program: Science, Technology, Engineering, and Mathematics (STEM); Accountancy, Business, and Management (ABM); Humanities and Social Sciences (HUMSS); and the General Academic Strand (GAS). Unlike any other GAS Strands, the General Academic Strand in FEU High School s divided into 3 specializations namely: GAS – Sports and Health, GAS – Arts and Design, and GAS – Tourism.

6. ROOSEVELT COLLEGE, INC.

Roosevelt College, Inc. (RCI), has a long history of establishing good-quality nonsectarian private high schools, first as Marikina Academy in 1933 and as RCI starting 1946. Soon after its founding, the academy ranked among the top 20 of the 70 private high schools in the Philippines.

RCI became a member of the Far Eastern University (FEU) group of schools in May 2016 when FEU purchased 79.72% (now 97.43%) of the outstanding capital stock of RCI and gained management control of all its existing campuses as well as affiliated companies. Significantly contributing to the expansion of the FEU group's geographic and demographic footprint and to the growth of its basic education program, RCI is expected to carry forward FEU's mark of offering quality educational programs and facilities while improving its accessibility to more Filipino families.

RCI envisions the formation of a productive and responsible citizenry empowered through education. It offers the following degree programs and short programs:

- Basic Education Program: K-12
- Developmental Kindergarten for 4-year olds
- Special Science Program for Junior High School students with high aptitude in Science, Math, and English (RCI Cainta)
- Senior High School
    - Academic Track: ABM, HUMSS, and STEM strands
    - Tech-Vocational: Home Economics strand (RCI Rodriguez)
- Tertiary Education (RCI Cainta and Marikina)
- Undergraduate Programs
    - Bachelor of Elementary Education (Cainta)
    - Bachelor of Early Childhood Education (Cainta)
    - Bachelor of Secondary Education Major in English (Cainta)
    - Bachelor of Secondary Education Major in Mathematics (Cainta)
    - Bachelor of Secondary Education Major in Science (Cainta)
    - Bachelor of Secondary Education Major in Filipino (Cainta)
    - Bachelor of Secondary Education Major in Social Studies (Cainta)

  - Bachelor of Secondary Education Major in Values Education (Cainta)
  - Bachelor of Science in Information Technology (Marikina)
  - BSBA Human Resources Management (Cainta/Marikina)
  - BSBA Operations Management (Cainta/Marikina)
  - BSBA Marketing Management (Cainta/Marikina)
  - BS Hotel and Restaurant Management (Cainta)
- Graduate Program
  - MA in Education Major in Educational Management
  - MA in Education Major in Educational Technology
  - MA in Education Major in Teaching in the Early Grades
  - MA in Education Major in Social Studies
  - MA in Education Major in Filipino Education
  - MA in Education Major in Mathematics Education
  - MA in Education Major in Science Education
  - MA in Education Major in English Studies & Instruction
  - MA in Education Major in Guidance & Counselling
  - MA in Education Major in Special Education
  - MA in Education Major in Physical Education
  - MA in Education Major in Values Education
  - Teacher Certificate Program

7. FERN REALTY CORPORATION

Fern Realty Corporation was established in 1984 primarily to assist Far Eastern University and sister schools regarding their real estate requirements. For this purpose, the Corporation has acquired several properties in Metro Manila, Makati City and Silang, Cavite, which are currently leased to the different FEU campuses. It has also constructed dormitory facilities, staff house and farm laboratories for use of students, faculty members and officers.

For its other activities, Fern Realty Corporation is engaged in acquiring and developing real properties for sale or lease. It has co-developed with Ayala Land, Inc. the Ferndale Homes subdivision in Quezon City and Fern Parc in Silang Cavite. It also owns prime condominium units and residential houses in Makati City, Taguig City and Quezon City which are on leased to several parties.

B. 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 June 2018 to August 2019:

2018	High	Low	Close
June	994.00	900.00	940.00
July	939.50	905.00	930.00
Aug	930.00	900.00	900.00
Sep	948.00	900.00	900.00
Oct	900.00	890.00	890.00
Nov	950.00	892.00	892.00
Dec	920.00	890.00	890.00
2018			
Jan	960.00	890.00	892.00
Feb	920.00	890.00	900.00
Mar	905.00	890.00	903.00
Apr	895.00	890.00	890.00
May	895.00	890.00	890.00
June	890.00	890.00	890.00
July	895.00	890.00	895.00
Aug	900.00	890.00	890.00
Sep*	919.00	908.00	919.00

* as of September 13, 2019

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

a. June 01, 2019 - August 31, 2018

Period		High		Low		Close
First Quarter	₱	895.00	₱	890.00	₱	891.67

b. June 01, 2018 - May 31, 2019

Period		High		Low		Close
First Quarter	₱	954.50	₱	901.67	₱	923.33
Second "		932.67		894.00		894.00
Third "		933.33		890.00		894.00
Fourth "		898.33		890.00		894.33

c. June 01, 2017 - May 31, 2018

Period		High		Low		Close
First Quarter	₱	996.50	₱	970.00	₱	976.67
Second "		1,006.67		963.33		975.00
Third "		1,000.00		963.33		970.00
Fourth "		958.33		900.00		920.00

Dividends:

Cash Dividend:

June 1, 2018 – May 31, 2019

Payment Date	Outstanding Shares	Cash Dividend Rate	Amount
October 18, 2018	16,477,023	₱8.00/share	₱131,816,184.00
March 20, 2019	16,477,023	8.00/share	131,816,184.00
			₱263,632,368.00

June 1, 2017 – May 31, 2018

Payment Date	Outstanding Shares	Cash Dividend Rate	Amount
October 18, 2017	16,477,023	₱8.00/share	₱131,816,184.00
March 20, 2018	16,477,023	8.00/share	131,816,184.00
			₱263,632,368.00

Stock Dividend:

No stock dividend for the period June 1, 2018 to May 31, 2019 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.

C. Number of Shareholders

There are 1,503 common stockholders holding a total of 16,477,023 outstanding shares as of 31 August 2019.

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	4,717,162 – D	Filipino	28.63
2. Common	Sysmart Corporation	3,546,138 – D	Filipino	21.52
3. Common	Desrey, Incorporated	1,318,464 – D	Filipino	8.00
4. Common	PCD Nominee Corporation (Filipino)	868,090 – D	Filipino	5.27
5. Common	Angelina D. Palanca	531,873 – D	Filipino	3.23
6. Common	Sr. Victorina D. Palanca	369,600 – D	Filipino	2.24
7. Common	ICM Sisters Phil. Mission Board, Inc.	361,200 – D	Filipino	2.19
8. Common	Aurelio Montinola III	313,812 – D	Filipino	1.90
9. Common	Marco P. Gutang	210,135 – D	Filipino	1.28
10. Common	Gonzaga-Lopez Enterprises, Inc	201,828 – D	Filipino	1.22
11. Common	Amon Trading Corporation	191,764 – D	Filipino	1.16
12. Common	Jomibel Agricultural Development Corporation	178,884 – D	Filipino	1.09
13. Common	ZARE, Inc.	83,361 – D	Filipino	0.51
14. Common	Rosario P. Melchor	81,022 – D	Filipino	0.49
15. Common	Juan Miguel R. Montinola	75,144 – D	Filipino	0.46
16. Common	Rosario Panganiban Melchor	73,552 – D	Filipino	0.45
17. Common	Gianna R. Montinola	72,626 – D	Filipino	0.44
18. Common	Antonio R. Montinola	72,412 – D	Filipino	0.44
19. Common	Consorcia P. Reyes	66,085 – D	Filipino	0.40
20. Common	The Caridad I. Santos Gifting Trust	55,944 – D	Filipino	0.34
	Total	**13,389,096**		**81.26**

D. Management's Discussion and Analysis or Plan of Operation

As an academic institution, The Far Eastern University, Incorporated and its subsidiaries (The Group or FEU) is fully aware of the importance of education in nation building and to its students who benefit from quality instruction, research and community extension.

The Group is committed to continuously uplift academic standards through updating of its curricula, developing the faculty, improving the services to its students and providing the best educational facilities.

Consolidated Financial Position

The consolidated financial position of the Group remains strong as of May 31, 2019, 2018 and 2017.

The Group's consolidated total assets of as of March 31, 2017 is recorded at P11,959.84 million. Current portion reached P4,627.37 million, while the non-current portion amounted to P7,332.46 million. Total liabilities amounted to P3,137.22 million, while total equity remains firm at P8,822.63 million. The portion of equity attributable to the owners of the Parent Company and non-controlling interest (NCI) amounted to P6,712.12 million and P2,110.51 million, respectively. Current and debt-to-equity ratios were at 3.20:1 and 36%, respectively.

As of May 31, 2018, consolidated total assets further increased to P13,187.39 million, which was 10.3% higher than the previous year's P11,959.84 million. The increase is mainly attributable to non-current assets which grew by 15.1%, from P7,332.47 million to P8,437.85 million. Current assets also went up by 7.5%, from P4,627.37 million as of May 31, 2017, to P4,749.54 million as of May 31, 2018. Consolidated total liabilities grew by 32.2% to P4,146.0 million as of May 31, 2018 compared to the May 31, 2017 balance amounting to P3,137.22 million. The increase in total liabilities is mainly on the current portion which soared to by 89.8% to P2,742.46 million as of May 31, 2018 compared to the P1,444.89 million balance as of May 31, 2017. Non-current liabilities, however, was reduced by 17.1% to P1,403.54 million from P1,692.34 million, as of May 31, 2018 and 2017, respectively. Total consolidated equity remains stable with portions attributable to the owners of the Parent Company and NCI at P6,862.19 million and P2,179.21 million, respectively.

Current and debt-to-equity ratios as of May 31, 2018, remains favorable at 1.73:1 and 46%, respectively.

As of the end of the current fiscal year, consolidated total assets have reached another milestone as it reached P14,079.96 million, which was 6.8% above the previous year's balance of P13,187.39 million. Non-current assets grew by 21.3%, from P8,437.85 million as of May 31, 2018 to P10,231.08 million as of May 31, 2019. Meanwhile, current assets slid by 19.0%, from P4,749.54 million as of May 31, 2018 to P3,848.88 million as of May 31, 2019.

The growth in consolidated total assets is mainly from the results of operations during the current year and additional equity financing. The balances of Cash and Cash Equivalents and Trade and Other Receivables grew significantly due to operating activities. Property and equipment likewise registered a significant increase mainly due to the constructions undertaken by FEU Alabang, Inc. and East Asia Computer Center, Inc. (EACCI), and the University in its Manila campus.

Consolidated total liabilities increased by 1.6% to P4,211.88 million as of May 31, 2019 compared to previous year's P4,146.0 million. The increase is mainly attributable to the year-end balance of Trade and Other Payables, and Deferred Revenues which pertain to advance tuition collections and charges from students which is applicable to the coming school year.

Current liabilities went up to P3,170.71 million from previous year's P2,742.46 million, while non-current liabilities went down to P1,041.17 million from P1,403.54 million last year.

Consistent with the growth in consolidated total assets, consolidated total equity improved as well as it gained by 9.1%, from P9,041.4 million as of May 31, 2018 to P9,868.07 million as of May 31, 2019. The Group's consolidated equity is composed of the equity attributable to owners of the Parent Company and NCI amounting to P7,251.35 million and P2,616.72 million, respectively.

The Group's financial position remained strong with current ratio and quick ratio at 1.21:1 and 1.13:1, respectively, and with a debt-to-equity ratio and equity-to-asset ratio at favorable levels of 43% and 70%, respectively.

For the past four years, consolidated total asset growth is at an average annual rate of 11.8% or P1,247.27 million; consolidated total liabilities also increased at around P659.96 million or at an average rate 35.2% a year. For the same periods, consolidated total stockholders' equity continues to build up at an annual average of P587.31 million or 7.1% a year (*see Table 1*).

Table 1

(Amounts in Million Philippine Peso)

Fiscal Year Ending	Consolidated Total Assets	Increase Amount	Increase %	Consolidated Total Liabilities	Increase Amount	Increase %	Consolidated Net Assets	Increase Amount	Increase %
March 31, 2015	P 9,090.88	P -	-	P 1,572.05	P -	-	P 7,518.83	P -	-
March 31, 2016	9,691.05	600.17	6.6%	1,470.27	(101.78)	-6.5%	8,220.78	701.95	9.3%
May 31, 2017	11,959.84	2,268.80	23.4%	3,137.22	1,666.95	113.4%	8,822.63	601.84	7.3%
May 31, 2018	13,187.39	1,227.55	10.3%	4,146.00	1,008.78	32.2%	9,041.40	218.77	2.5%
May 31, 2019	14,079.96	892.56	6.8%	4,211.88	65.89	1.6%	9,868.07	826.68	9.1%
Average		P 1,247.27	11.8%		P 659.96	35.2%		P 587.31	7.1%

The Group's solvency for the past four years has always been favorable. As of May 31, 2019, the Group has a P3.34 worth of assets to cover every P1.00 worth of liability.

As of the same report date, the Group remained liquid with P1.21 worth of the current asset available to cover every P1.00 worth of current liability *(see Table 2)*.

Table 2

(Amounts in Million Philippine Peso)

Fiscal Year Ending	Consolidated Total Current Assets	Consolidated Total Current Liabilities	Consolidated Net Current Assets
March 31, 2016	P 4,227.41	P 747.85	P 3,479.56
May 31, 2017	4,627.37	1,444.88	3,182.49
May 31, 2018	4,749.54	2,742.46	2,007.08
May 31, 2019	3,848.88	3,170.71	678.17

The stability in the Group's financial condition, both in solvency and liquidity, was largely attributed to the Group's consolidated net income each year for the past four years which was always more than enough to provide for the usual annual dividends during the same period of time.

Below is a four-year table which shows the sufficiency of the Group's net income compared to the total cash dividend declared and paid.

Table 3

(Amounts in Million Philippine Peso)

Fiscal Year Ending	Consolidated Net Income	Cash Dividends	%	Excess of Net Income Over Dividends	%
March 31, 2016	P 1,224.90	P 430.87	35.2%	P 794.03	64.8%
May 31, 2017	806.45	397.84	49.3%	408.62	50.7%
May 31, 2018	547.63	300.16	54.8%	247.47	45.2%
May 31, 2019	808.47	298.59	36.9%	508.88	63.1%
Four-year average			44.1%		55.9%

Around 55.9% of the Group's net income is retained in equity (*see Table 3*). As a result, the Group's consolidated stockholders equity steadily improved (*see Table 4*).

Table 4

(Amounts in Million Philippine Peso)

Fiscal Year Ending	Consolidated Stockholders' Equity	Increase / (Decrease)	%
March 31, 2015	P 7,518.83	P -	-
March 31, 2016	8,220.78	701.95	9.3%
May 31, 2017	8,822.63	601.85	7.3%
May 31, 2018	9,041.40	218.77	2.5%
May 31, 2019	9,868.07	826.68	9.1%

As shown in Table 5, the consolidated total stockholders' equity as of May 31, 2019 accounts for 70.1% of the consolidated total assets, which means the Group is able to pay all its liabilities and still have remaining 96.7% of its consolidated non-current assets, assuming all current assets are used first to settle the Group's obligations. As expressed in peso amounts, this would mean P9,868.08 million out of the P10,231.08 million consolidated non-current assets after paying all liabilities amounting to P4,211.88 million.

Table 5

(Amounts in Million Philippine Peso)

	Amount	%
Consolidated Total Assets	P 14,079.96	100.0%
Consolidated Current Assets	3,848.88	27.3%
Consolidated Non-current Assets	10,231.08	72.6%
Consolidated Total Liabilities	4,211.88	29.91%
Consolidated Total Assets Net of Consolidated Total Liabilities	9,868.08	70.1%

Consolidated Results of Operations

The Group's results of operations continues to be positive as the consolidated net profit after tax remained hefty for the last three fiscal years.

The fiscal year ended May 31, 2017 was marked with the start of implementation of the K-12 program wherein graduating high school students need to undergo an additional two-year Senior High School level, resulting to very few freshmen enrollees for the Academic Years (AY) 2016-2017 and 2017-2018. In spite of this, the Group's operations remained optimistic as the consolidated operating income for the fiscal year ended May 31, 2017 reached P767.25 million, while other income amounted to P160.48. With the contribution of both income sources, net profit before tax reached P927.74 million. Tax expense for the year is at P121.28 million, resulting to net profit after tax amounting to P806.45 million.

With the second year of K-12 implementation, the trend continued as the consolidated operating income for the fiscal year ended May 31, 2018 dipped to P483.91 million from last year's P767.25 million; however, other income remained almost steady at P156.23 million. Overall results remained resilient as the Group still posted a sustainable profit before tax amounting to P640.14. After income tax expense of P92.51 million, net profit after tax remains sound at P547.63 million.

The Group's operating income for the fiscal year ended May 31, 2019 was registered at P668.2 million, a 38.1% improvement from last year. Educational revenues grew by 26.5%, to P3,315.25 million, due to the return of freshmen enrollees in the tertiary schools, as AY 2018-2019 marks the first batch of Senior High School graduates moving to college level. Other income likewise contributed significantly as it grew by 70.5%, to P266.39 million. Profit before tax is at P934.58 million, while tax expense amounted to P126.11 million, resulting to an improved net profit after tax amounting to P808.47 million.

Table 6

(Amounts in Million Philippine Peso)

Fiscal Year Ending	Consolidated Operating Income	Periodic Increase / (Decrease)		Consolidated Other Income	Periodic Increase / (Decrease)		Consolidated Net Profit Before Tax	Periodic Increase / (Decrease)	
		Amount	%		Amount	%		Amount	%
March 31, 2015	P 1,005.59	P -	-	P 222.65	P -	-	P 1,228.24	P -	-
March 31, 2016	1,151.02	145.43	14.5%	232.22	9.57	4.3%	1,383.24	155.00	12.6%
May 31, 2017	767.25	(383.76)	-33.3%	160.48	(71.74)	-30.9%	927.74	(455.50)	-32.9%
May 31, 2018	483.91	(283.34)	-36.9%	156.23	(4.25)	-2.7%	640.14	(287.59)	-31.0%
May 31, 2019	668.20	184.29	38.1%	266.39	110.16	70.5%	934.58	294.44	46.00%
Four-year Average	P 767.59	(P 84.35)	-4.4%	P 203.83	P 10.93	10.3%	P 971.42	(P 73.41)	-1.3%

Still based on the last four fiscal years, average Consolidated Net Profit Before Tax is at P971.42 million annually. Average contribution based on the same four-year period coming from Operating Income and Other Income amounted to P767.59 million and P203.83 million, respectively (*see Table 6*).

The significant contribution of Operating Income to the Consolidated Net Profit Before Tax is due to the effective control of Costs and Operating Expenses which posted an average annual increase of 11.3%, or P230.17 million, based on the same four-year period. The average annual increase in revenue is slightly lower at 5.7%, or P145.82 million (*see Table 7*). Such trend in revenues was significantly affected by the K-12 program; however, such is expected to slowly normalize as college freshmen enrollees already returned starting the current AY 2018-2019. Such trend highlights the efficiency of the Groups business operations.

Table 7

(Amounts in Million Philippine Peso)

Fiscal Year Ending	Consolidated Operating Revenue	Periodic Increase / (Decrease)		Consolidated Costs and Operating Expenses	Periodic Increase / (Decrease)		Consolidated Operating Income	Periodic Increase / (Decrease)	
		Amount	%		Amount	%		Amount	%
March 31, 2015	P 2,778.47	P -	-	P 1,772.88	P -	-	P 1,005.59	P -	-
March 31, 2016	3,066.34	287.87	10.4%	1,915.33	142.45	8.0%	1,151.02	145.43	14.5%
May 31, 2017	2,862.82	(203.52)	-6.6%	2,095.57	180.24	9.4%	767.25	(383.76)	-33.3%
May 31, 2018	2,666.21	(196.61)	-6.9%	2,182.30	86.73	4.1%	483.91	(283.34)	-36.9%
May 31, 2019	3,361.76	695.55	26.1%	2,693.56	511.26	23.4%	668.20	184.29	-38.1%
Four-year Average	P 2,989.28	P 145.82	5.7%	P 2,221.69	P 230.17	11.3%	P 767.59	(P 84.35)	-4.4%

The Group's revenue pertains mainly to Tuition and Other School Fees which is generated from educational services, being its core operations. Presented in Table 8 is the composition of the Group's consolidated revenues.

Table 8

(Amounts in Million Philippine Peso)

Fiscal Year Ending	Tuition and Other School Fees	%	Rental Income	%	Management Fee	%	Others	%	Total Revenue	%
March 31, 2016	P 2,918.59	95.2%	P 124.07	4.1%	P 20.45	0.6%	P 3.24	0.1%	P 3,066.34	100.0%
May 31, 2017	2,816.83	98.4%	43.43	1.5%	-	-	2.56	0.1%	2,862.82	100.0%
May 31, 2018	2,620.18	98.3%	42.03	1.6%	-	-	4.00	0.1%	2,666.21	100.0%
May 31, 2019	3,315.25	98.6%	43.78	1.3%	-	-	2.72	0.1%	3,361.76	100.0%
Four-year Average	P 2,917.71	97.6%	P 63.33	2.1%	P 5.11	0.6%	P 3.13	0.1%	P 2,843.46	100.0%

A Look at What Lies Ahead

Moving forward, continuous cost efficiency will have to prevail.

With the initial batch of Senior High School students moving on to college this AY 2018-2019, together with the start of operations of FEU Alabang, Group-wide enrollment reached 39,892 students for the first semester. As the tertiary enrollment continues to normalize, plus the completion of various facilities construction and improvements, the student population of the FEU schools are expected to further grow.

With a continued effort to attain operational cost efficiency, the Group is confident that it will maintains steady operations and meet its budget for the coming year.

Fully aware of the importance to maintain a satisfactory level of enrollment, the Group is committed to continue the uplifting of the academic standards in its different schools. This will be done through continuously updating of curricula, strengthening faculty competency, 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. Further, with the constant effective and efficient management of its schools and other entities within the Group, it expects to have a reasonable growth, or at least to maintain, its consolidated net income level.

Top Five (5) Key Performance Indicators

I. Test of Liquidity

Liquidity refers to the Group'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)

As of May 31,			*As of March 31,*
2019	2018	2017	2016
1.21 : 1	1.73 : 1	3.20 : 1	5.65 : 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)

As of May 31			*As of March 31,*
2019	2018	2017	2016
1.13 : 1	1.62 : 1	3.01 : 1	2.36 : 1

II. Test of Solvency

Solvency refers to the Group'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)

As of May 31,			*As of March 31*
2019	2018	2017	2016
43%	46%	36%	18%

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

As of May 31,			*As of March 31,*
2019	2018	2017	2016
30%	31%	26%	15%

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

As of May 31,			*As of March 31,*
2019	2018	2017	2016
70%	69%	74%	85%

III. Test of Profitability

Profitability refers to the Group's earning capacity. It also refers to the Group'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).

For the Year Ended May 31,			*For the Year Ended March 31,*
2019	2018	2017	2016
6%*	4%*	7%*	13%

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).

For the Year Ended May 31,			*For the Year Ended March 31,*
2019	2018	2017	2016
8%*	6%*	9%*	15%

3) Earnings per share measure the net income per share.

For the Year Ended May 31,			*For the Year Ended March 31,*
2019	2018	2017	2016
P 45.86*	P 29.96*	P 45.61*	P 70.89

***Decrease in net income due to the implementation of K-12. There were lesser college freshmen and sophomore students (see *Note 12 on page 58*)*

IV. Product/Service Standards

- **<u>FEU – Manila *(operated by FEU or the University)*</u>**

1) FEU was conferred the **Autonomous Status** from April 1, 2016 to May 31, 2019.

2) FEU is a member of the ASEAN University Network – Quality Assurance (AUN-QA) and the Association to Advance Collegiate Schools of Business

3) The ITHM's ***Bachelor of Science in Tourism Management*** program is accredited by the Asia-Pacific Institute for Events Management (APIEM) as a **Center of Excellence**, effective February 2017 to February 2021.

4) The Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) has granted Certificates of Level IV Status (the Highest) from December 2015 to December 2020 to the following programs:

   - ***Bachelor of Arts in Mass Communication***
   - ***Bachelor of Science in Business Administration***
   - ***Bachelor of Science in Accountancy***
   - ***Bachelor of Science in Applied Mathematics major in Information Technology***
   - ***Bachelor of Science in Biology***
   - ***Bachelor of Science in Psychology***
   - ***Bachelor of Elementary Education***
   - ***Bachelor of Secondary Education***

   Also, PACUCOA has granted Level II Reaccredited Status from February 2017 to February 2022 to the following programs:

   - ***Master of Arts in Psychology***
   - ***Master of Arts in Education***
   - ***Doctor of Education***

   In addition, two graduate programs were granted Candidate Status by the PACUCOA from May 2018 to May 2020:

   - ***Master of Science in Biology***
   - ***Master of Arts in Communication***

PACUCOA has granted Level II Reaccredited Status from 2018 to 2023 to the following programs:

- ***Bachelor of Arts in English Language***
- ***Bachelor of Arts in Literature***
- ***Bachelor of Arts in Political Science***
- ***Bachelor of Science in Tourism Management***

PACUCOA has granted Level I Status from February 2017 to February 2022 to ***Bachelor of Science in Architecture***.

PACUCOA has granted Level I Status from November 2016 to November 2019 to the following programs:

- ***Bachelor of Science in Medical Technology***
- ***Bachelor of Science in Hotel and Restaurant Management***
- ***Bachelor of Arts in International Studies***
- ***Bachelor of Fine Arts***

Moreover, PACUCOA has granted Candidate Status from March 2017 to March 2019 to the following programs of FEU-Makati:

- ***Bachelor of Science in Accountancy***
- ***Bachelor of Science in Accounting Technology***
- ***Bachelor of Science in Business Administration***

The Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU) granted Level III Reaccredited Status to ***Bachelor of Science in Nursing*** program until 2021.

Bachelor of Science in Business Administration was awarded ***Center of Development*** by the Commission on Higher Education.

Teacher Education Program was awarded ***Center of Excellence*** by the Commission on Higher Education.

Teaching performance is constantly being monitored to maintain a superior level of quality. Various incentives are given to faculty for teaching excellence.

Performance of FEU graduates in their respective Professional Licensure Examinations is generally better than national passing rates.

The following are the highlights of FEU's performance in the recent board examinations.

- **4th Top Performing School – March 2019 Medical Technologist Licensure Examination**

- **Other Top Performance of Individual Graduates**

  - *Medical Technologist, September 2018 - 4th, 5th, 6th and 9th Place*
  - *Certified Public Accountant (CPA) Licensure Examination, October 2018 - 5th Place*
  - *Psychometrician Licensure Examinations, October 2018 - 5th Place*

- **<u>FEU Institute of Technology *(operated by EACCI)*</u>**

FEU Tech continuous to strive to remain as among the best educational institutions providing quality education in the fields of Engineering and Information Technology.

FEU Tech's ***BS Information Technology*** program has Level II accreditation from PAASCU, while it's ***BS Civil Engineering*** and ***BS Computer Engineering*** programs have Level I accreditation.

Graduates of FEU Tech showed impressive performances in their respective Professional Licensure Examinations as the results garnered are generally higher than national passing rates. The following are the highlights of FEU Tech's performance in the recent board examinations:

Top Performance of Individual Graduates:

- *Electronics Engineering, April 2019 - 3rd, 6th, and 7th Place*

- **FEU Cavite *[operated by Far Eastern College - Silang, Inc. (FECSI)]***

  Like any other schools of the Group, FEU Cavite is operated and managed in line with FEU's quality standards and best practice

  FEU Cavite achieved significant milestones that brought it closer to its aspirations of achieving regulatory excellence, referring to compliance with government requirements and standards; matched excellence, or having graduates who are equipped with the right knowledge, skills, and behaviors needed in moving to the next level of learning and in being employed in fields of endeavor where they can best contribute; and adaptive excellence, or having students equipped with critical thinking skills that will help them face local and global demands.

  FEU Cavite continued its pursuit of quality education through various faculty training programs and student development activities that made work and educational experiences more fulfilling and enriching. Industry linkages and organizational partnerships were also continuously strengthened through benchmarking on evidenced-based best practices for curriculum improvement, program development, and other collaborative activities.

  Overall, FEU Cavite has embarked on curricular and infrastructure projects to advance its program offering. The projects include curriculum mapping, preparation for use of Canvas as a new learning management system, alignment of syllabi to outcomes-based education, curriculum revision, and program reviews. Additional personnel were also hired in key non-academic service units alongside high-quality teachers to serve the expanded population of senior high school.

- **FEU Senior High School *(operated by FEU High)***

  FEU High was established to offer pre-school, grade school and high school education programs, and various technical and vocational education and training programs.

  The FEU Senior High School offers four strands under the Academic Track of the Department of Education two-year senior high school program:

  - ***Science, Technology, Engineering and Mathematics (STEM)***
  - ***Accounting, Business and Management (ABM)***
  - ***Humanities and Social Sciences (HUMSS)***
  - ***General Academic Strand (GAS) – with sub-specializations of Tourism, Arts and Design, and Sports and Health***

The academic offerings are complemented with the following special programs that foster experiential learning and development of leadership, social skills, and service among the students:

- *FEU HS Integrated Enhancement and Reinforcement Classroom Experience (FIERCE) – Summer Program;*
- *Student Training on Responsible Individuality and Development Enhancement Sessions (STRIDES);*
- *Multiple Intelligence Learning Enhancement Sessions (MILES) – Club Program;*
- *Student Alternative Integrated Learnings Sessions (SAILS) – Alternative Classes; and,*
- *Student Academic Intervention Program (SAiVE)*

FEU Senior High School aims at solidifying its ground as a premier senior high school, true to the FEU brand of excellence but having its own distinct identity.

- **FEU Alabang *(operated by FEU Alabang, Inc.)***

FEU Alabang strengthens the Group's commitment to give students a complete academic experience. Being the sixth campus of FEU, it serves as the continuing realization of Dr. Nicanor Reyes Sr.'s aspiration that all graduates of the FEU community build rewarding careers in professions that will be beneficial to the country's growth.

Opened in August 2018, the 1.8-hectare campus welcomed students to its 17-storey academic building, which is equipped with modern classrooms and laboratories, as well as a campus accented by lush green spaces and featuring a 200-seat chapel and gymnasium.

FEU Alabang offers the following programs:

Senior High School

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

College of Engineering

- *Bachelor of Science in Civil Engineering*
- *Bachelor of Science in Computer Engineering*
- *Bachelor of Science in Electronics Engineering*
- *Bachelor of Science in Electrical Engineering*
- *Bachelor of Science in Mechanical Engineering*
- *Bachelor of Science in Manufacturing Engineering*

College of Computer Studies and Multimedia Arts

- *Bachelor of Arts in Multimedia Arts*
- *Bachelor of Science in Computer Science*
- *Bachelor of Science in Entertainment and Multimedia Computing*

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

Roosevelt College lays claim to a long history of establishing good-quality nonsectarian private high schools, first as Marikina Academy in 1933 and as RCI starting 1946. Soon after its founding, the academy ranked among the top 20 of the 70 private high schools in the Philippines. As it became a member of the FEU group of schools in 2016, RCI is expected to carry forward FEU's mark of offering quality educational programs and facilities, while improving its accessibility to more Filipino families.

The previous academic year marked by the outstanding performance of students from different grade levels. Notable student accomplishments include the following: Center for Educational Management (CEM) post-tests, RCI students obtained scores that are equal to or higher than the population mean of all CEM clients; a student from RCI Cainta placed third in a national quiz contest, and a student from Rodriguez campus was named one of the Ten Outstanding Boy Scouts of the Philippines.

In terms of accreditation, RCI campuses maintain evidence of continuous growth. The Rodriguez campus was granted Level II accreditation by PAASCU and is slated for an interim visit this school year. The Marikina and Cubao campuses were recertified by the Private Education Assistance Committee (PEAC) in February 2018, while the Cainta campus is due for PEAC visit in AY 2018-2019.

Roosevelt College Inc. offers the following degree programs and short programs:

- **Basic Education Program: K-12**
- **Developmental Kindergarten for 4-year olds**
- **Special Science Program for Junior High School students with high aptitude in Science, Math, and English** *(RCI Cainta)*

- **Senior High School**
  - *Academic Track: ABM, HUMSS, and STEM strands*
  - *Tech-Vocational: Home Economics strand (RCI Rodriguez only)*

- **Tertiary Education** *(RCI Cainta only, except if otherwise indicated)*

  Undergraduate Programs

  - *Bachelor of Elementary Education*
  - *Bachelor of Early Childhood Education*
  - *Bachelor of Secondary Education Major in English*
  - *Bachelor of Secondary Education Major in Mathematics*
  - *Bachelor of Secondary Education Major in Science*
  - *Bachelor of Secondary Education Major in Filipino*
  - *Bachelor of Secondary Education Major in Social Studies*
  - *Bachelor of Secondary Education Major in Values Education*
  - *Bachelor of Science in Information Technology (Marikina)*
  - *BSBA Human Resources Management (Cainta and Marikina)*
  - *BSBA Operations Management (Cainta and Marikina)*
  - *BSBA Marketing Management (Cainta and Marikina)*
  - *BS Hotel and Restaurant Management*

  Graduate Program

  - *MA in Education Major in Educational Management*
  - *MA in Education Major in Educational Technology*
  - *MA in Education Major in Teaching in the Early Grades*
  - *MA in Education Major in Social Studies*
  - *MA in Education Major in Filipino Education*
  - *MA in Education Major in Mathematics Education*
  - *MA in Education Major in Science Education*
  - *MA in Education Major in English Studies & Instruction*
  - *MA in Education Major in Guidance & Counselling*
  - *MA in Education Major in Special Education*
  - *MA in Education Major in Physical Education*
  - *MA in Education Major in Values Education*
  - *Teacher Certificate Program*

V. Market Acceptability

- ***FEU Manila (Main Campus)***

Despite certain economic challenges and the immediate effects of changes in the Philippine education system, the University's population remained steady as reflected in its substantial enrollment level at each start of academic year for the last five years

Below is the trend of the University's first semester enrollment for the past five years.

School Year	No. of Students	Increase / (Decrease)
2014 – 2015	27,956	-
2015 - 2016	26,752	(1,204)
2016 - 2017	20,705	(6,047)
2017 - 2018	15,754	(4,951)
2018 - 2019	18,059	2,305

AY 2016-2017 and 2017-2018 are the initial years of K-12 program implementation wherein there are very few freshmen enrollees. Currently, the University registered 19,122 student population to open the AY 2019-2020.

- ***FEU Institute of Technology***

FEU Tech has solidified its stature as among the most preferred higher education institution in terms of providing quality education in the fields of Engineering and Information Technology.

Since its start of operations in AY 2014-2015, student enrollment for its tertiary programs remain steady.

School Year	No. of Students		
	First Term	Second Term	Third Term
2014 - 2015	3,017	2,691	2,479
2015 - 2016	5,925	5,538	5,032
2016 - 2017	7,491	6,972	6,488
2017 - 2018	6,419	5,977	5,563
2018 - 2019	7,477	6,840	6,173

Further, in AY 2018-2019, FEU Tech, in its Diliman Campus, registered student enrollments of 355 for grade school, 541 for high school and 1,365 for senior high school.

For the AY 2019-2020, FEU Tech tertiary (first term) registered a student enrollment of 7,757 for the first term. For the same AY, Grade school, high school and senior high school enrollments continued its improvement with student population of 358, 605 and 1,568, respectively.

- ***FEU Cavite***

FEU Cavite's enrollment level for its Higher Education Department (HED) has remained steady over the years. As expected, enrollment in HED dropped in AY 2016-2017 and 2017-2018 due to the initial years of implementation of K-12 program. This was mitigated, however by the 357 students who enrolled in FEU-Cavite's senior high school.

Meanwhile, its (Basic Education Department) BED remains at competitive levels over the past few years.

Presented below is the first semester (for HED) and basic education program enrollment of FEU-Cavite for the last five years.

	HED (First Semester)		**BED**	
School Year	**Enrollment**	**Increase / (Decrease)**	**Enrollment**	**Increase / (Decrease)**
2014 - 2015	898	-	395	-
2015 - 2016	1,128	230	358	(37)
2016 - 2017	938	(190)	511	153
2017 - 2018	678	(260)	678	167
2018 - 2019	638	(40)	896	218

The opening of AY 2019-2020 registered a total 528 students for the HED and 936 students for the BED. With overall enrollments steady at competitive levels, residents of Cavite and its nearby localities now consider FEU Cavite as among the best choices among schools in the area that provide excellent quality college and basic education to students.

- ***FEU Senior High School***

  FEU Senior High School opened its doors starting AY 2016-2017 in line with the first year of implementation of the senior high school (Grades 11 and 12) of the K-12 program. Its first batch of Grade 11 senior high school students reached 1,956 students from different junior high schools and were enrolled in 51 class sections under the four academic strands.

  For the current AY 2019-2020, enrollment reached 2,173 and 2,177 for Grades 11 and 12, respectively, for a total population of 4,350 students.

- ***FEU Alabang***

  FEU Alabang started its operations in AY 2018-2019 with an enrollment of 575 students for its tertiary programs and 1,124 for its senior high school programs.

  In its second year of operations, enrollment for the first term of AY 2019-2020 reached 1,164 and 1,887 for its tertiary and senior high school programs, respectively.

- ***Roosevelt College***

  For AY 2019-2020, the Roosevelt College system with its campuses in eastern Metro Manila and Rizal area have registered enrollments of 500 students for its tertiary programs, 1,076 students for its senior high school programs and 2,767 students for its basic education programs.

  Significantly contributing to the expansion of the FEU group's geographic and demographic footprint and to the growth of its basic education program, RCI is expected to carry forward FEU's mark of offering quality educational programs and facilities while improving its accessibility to more Filipino families.

FORMULA USED:

I. Liquidity

1 Current ratio = $\frac{\text{Current assets}}{\text{Current liabilities}}$

2 Acid test ratio = $\frac{\text{Quick assets}}{\text{Current liabilities}}$

II. Solvency

1 Debt to Equity ratio = $\frac{\text{Total liabilities}}{\text{Total equity}}$

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

3 Equity to Asset ratio = $\frac{\text{Total equity}}{\text{Total assets}}$

III. Profitability

1 Return on assets = $\frac{\text{Net profit}}{\text{Total assets}}$

2 Return on owner's equity = $\frac{\text{Net profit}}{\text{Total equity}}$

3 Earnings per share = $\frac{\text{Net profit}}{\text{Weighted average outstanding shares}}$

FACTS (Based on Consolidated Balances):

(Amounts in Million Philippine Pesos)

	May 31,			March 31,
	2019	2018	2017	2016
FINANCIAL POSITION				
Assets:				
Quick assets*	P 3,595.60	P 4,432.67	P 4,351.51	P 4,014.83
Current assets	3,848.88	4,749.54	4,627.37	4,227.41
Non-current asset	10,231.08	8,437.85	7,332.47	5,463.64
Total assets	14,079.96	13,187.39	11,959.84	9,691.05
Liabilities:				
Current liabilities	P 3,170.71	P 2,742.46	P 1,444.88	P 747.85
Non-current liabilities	1,041.17	1,403.54	1,692.34	722.42
Total liabilities	4,211.88	4,146.00	3,137.22	1,470.27
Equity:				
Total equity	P 9,868.07	P 9,041.40	P 8,822.63	P 8,220.78
• Attributable to owners of the Parent Company	7,251.35	6,862.19	6,712.12	6,569.20
• Non-controlling interest	2,616.72	2,179.21	2,110.51	1,651.58
RESULTS OF OPERATIONS				
Net Profit:				
Operating profit	P 668.20	P 483.91	P 767.25	P 1,151.02
Other income	266.39	156.23	160.48	232.22
Net profit before tax	934.58	640.14	927.74	1,383.24
Net profit after tax	547.63	547.63	806.45	1,224.90
• Attributable to owners of the Parent Company	753.27	492.23	749.52	1,166.02
• Non-controlling interest	55.20	55.40	56.93	58.88
Other Comprehensive Income:				
Other comprehensive income	(P 4.38)	(P 64.80)	(P 20.22)	(P 92.08)
Total comprehensive income	804.09	482.83	786.23	1,132.82

** Quick assets include Cash and Cash Equivalents, Trade and Other Receivables – net (under Current Assets), Available-for-Sale Financial Assets (under Current Assets), Held-to-Maturity Investments (under Current Assets) and Short-term Investment which is included as part of Other Current Assets – net (see **Note 16 of the Consolidated Financial Statements**).*

FACTS (Based on Consolidated Balances):

	(Amounts in Philippine Peso and In Absolute Value Unless Otherwise Indicated)			
	May 31,			March 31,
	2019	2018	2017	2016
OTHERS:				
Weighted average number of shares outstanding	16,425,220	16,430,700	16,434,790	16,449,038
Earnings per share	P 45.86	P 29.96	P 45.61	P 70.89

Other Items

1. In general, the current economic condition remains stable for both the clientele and educational institutions; however, certain economic factors are still expected to affect the revenues and income from the Group's operations. Such factors include the implementation of K-12 program and the possible competition from tuition-free State Universities and Colleges.

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

3. Other than those disclosed in the financial statements, there are no other known events that will trigger direct or contingent financial obligation that may be material to the Group.

4. On April 12, 2016, FEU entered into a Share Purchase Agreement (SPA) with certain stockholders of RCI for FEU's initial acquisition of 80% of the total issued and outstanding shares of RCI, with the option for FEU to subsequently acquire up to 99.42% of RCI's total issued and outstanding shares.

   During the year ended May 31, 2017, the University acquired additional 52,349 shares of stock of RCI from various selling stockholders of RCI. The additional shares are equivalent to 17.71% of the total outstanding shares of RCI.

   As of May 31, 2019, the University already owns 97.43% of RCI's total outstanding shares.

   Other than the above transactions, there are no other material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

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

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

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

8. FEU Makati Campus, which was opened in June 2010 and strategically located in the heart of the Makati Central Business District, continues to offer undergraduate business courses. Further, FEU Makati offers graduate programs for business and also houses FEU's Institute of Law.

   For the fiscal year ending May 31, 2019, FEU Makati generated total Educational and Other Income amounting to P77.9 million. Efficient administration keep operating expenses at a manageable level of P22.3 million, which eventually yielded a net income of P55.6 million.

9. In January 2013, FEU established its new subsidiary FEU Alabang, Inc. The new subsidiary will operate as an educational institution and will serve the market within its vicinity and nearby communities.

   The operations of FEU Alabang, Inc. started in August 2018 for the AY 2018-2019 with an initial enrollment of 1,124 senior high school, and 395 college students.

10. EACCI, under the trade name FEU Institute of Technology (FEU Tech), started its operations in 2015. FEU Tech is now in full operations. It offers various engineering and information technology courses.

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

    For FEU Manila and FEU Cavite (Tertiary), there are three school terms within a fiscal year: Summer Term (June to July for FEU Manila, while April to May for FEU Cavite), First Semester (August to December for FEU Manila, while June to October for FEU Cavite) and Second Semester (January to May for FEU Manila and November to March for FEU Cavite).

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

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

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

12. The K-12 program of the government is anticipated to have an adverse effect on enrollment, particularly on AY 2017-2018. With the enhancement of the current 10-year basic education program, high school graduates need to undergo the senior high school program for two years starting AY 2016-2017 before being able to move on to the college level. With this, there were only few college freshmen enrollees for the AY 2016-2017 and AY 2017-2018.

    To cushion the expected impact of K-12, FEU had organized a new subsidiary to offer and conduct enhanced basic education programs, including junior and senior high school. On June 2014, FEU High School, Inc. (FEU High) was incorporated and registered with the Philippine Securities and Exchange Commission with the primary purpose of offering pre-school, grade school and high school education programs and various technical and vocational education and training programs. FEU High started its operations beginning AY 2016-2017.

    With EACCI, RCI and FEU Alabang's operations, the Group is confident of not only maintaining the quality and high standards of its service offerings, but continuing the development for further academic excellence of the FEU system.

13. On March 15, 2016, the University's Board of Trustees (BOT) approved the amendment of its by-laws for the change in the University's current fiscal year from a fiscal year beginning on April 1 and ending on March 31, to a fiscal year beginning on June 1 and ending on May 31. The amended by-laws was approved by the SEC on June 29, 2016. The University's application for change in fiscal year was approved by the Bureau of Internal Revenue (BIR) on June 30, 2016. Such change became effective on June 1, 2016.

14. The Group identifies its operating segments as its three major lines of business namely education, real estate and investment activities.

    Also, the Group reports geographical segments in which campuses of FEU Schools are located.

(Amounts in Thousand Philippine Peso)

Operating Segments by Line of Business:

		Real Estate			
	Education	**Rental**	**Sale of Properties**	**Investment**	**Total**
Revenues	P 3,315,252	P 230,330	P -	P 152,095	P 3,697,677
Costs and operating expenses	(2,608,538)	(85,021)	-	-	(2,693,559)
Operating income	P 706,714	P 145,309	P -	P 152,095	P 1,004,118
Assets	P10,562,338	P 2,362,362	P 178,501	P 3,422,057	P 16,525,258
Liabilities	4,969,175	52,628	-	36,721	5,058,524

Operating Segments by Geographical Location:

	Manila	**Makati**	**Cavite**	**Quezon City, Marikina City and Rizal**	**Muntinlupa City**	**Total**
Revenues	P 3,196,606	P 77,976	P 93,331	P 197,434	P 132,330	P 3,697,677
Costs and operating expenses	(2,260,489)	(22,334)	(84,950)	(195,921)	(129,865)	(2,693,559)
Operating income	P 936,117	P 55,642	P 8,381	P 1,513	P 2,465	P 1,004,118
Assets	P 12,781,326	P 99,614	P 153,715	P 1,440,175	P 2,050,428	P16,525,258
Liabilities	3,542,209	59,667	37,749	801,291	617,608	5,058,524

(Amounts in Thousand Philippine Peso)

Reconciliation of Segment Information to Financial Information in the Consolidated Financial Statements:

	Amounts per Segment	Reconciling Items	Amounts per Consolidated Financial Statements
Revenues	P 3,697,677	(P 338,642)	P 3,359,035
Other operating income	-	2,720	2,720
Costs and operating expenses	(2,693,559)	-	(2,693,559)
Operating income	P 1,004,118	(P 335,922)	P 668,196
Assets	P 16,525,258	(P 2,445,300)	P 14,079,958
Liabilities	5,058,524	(846,641)	4,211,883

E. Corporate Governance

Compliance with Leading Practices on Corporate Governance

1. Board of Trustee's Governance Responsibilities

1.1. Establish a Competent Board - Far Eastern University (FEU) is headed by a competent, working Board of Trustees (Board). The Board is composed of Trustees with a collective working knowledge, experience and expertise that are relevant to FEU's education industry.

1.2. Establish Clear Roles and Responsibilities of the Board - The fiduciary roles, responsibilities and accountabilities of the FEU Board as provided under the law, FEU's Articles of Incorporation and By-Laws, as amended, and other legal pronouncements and guidelines are clearly made known to all Trustees as well as to stockholders and other stakeholders of FEU.

1.3. Establish Board Committees - All of the Board Committees of FEU are set up to support the effective performance of the Board's functions. The composition, functions and responsibilities of all Board Committees established are contained in a publicly available Committee Charter.

1.4. Foster Board Commitment - To show their full commitment to FEU, its Trustees devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with FEU's business.

In amendments endorsed by the Corporate Governance Committee and ratified by the Board on 15 May 2018, FEU policies now (i) allow Trustees to attend meetings via tele-conferencing or videoconferencing conducted in accordance with SEC rules; (ii) provide that the absence of a Trustee in more than 50% of all Board meetings during his/her incumbency is a ground for disqualification in the succeeding election; (iii) limit Trustees from concurrently serving as directors/trustees to a maximum of five publicly listed companies; and (iv) require a Trustee to notify the Chairman of the Board when he/she is invited to join the board of directors/trustees of another company, and to review with the Corporate Governance Committee before he/she accepts the invitation any potential conflict issues that may need to be brought before the Board.

1.5 Reinforce Board Independence - The FEU Board endeavors to exercise objective and independent judgment on all corporate affairs. And the Board has three Independent Trustees, or one-third of the nine-member Board of Trustees.

1.6 Strengthen Board Ethics - The members of the FEU Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

2. Disclosure and Transparency

2.1. Enhance Disclosure Policies and Procedures - FEU had established corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

2.2. Strengthen External Auditor's Independence and Improve Audit Quality - FEU had established standards for the appropriate selection of an External Auditor, and exercised effective oversight of its External Auditor to strengthen the latter's independence and enhance audit quality.

2.3. Increase Focus on Non-Financial and Sustainability Reporting - FEU had ensured that the material and reportable non-financial and sustainability issues are disclosed.

2.4. Promote a Comprehensive and Cost-Efficient Access to Relevant Information - FEU maintains a comprehensive and cost-efficient communication channel for disseminating relevant information. The channel is crucial for informed decision-making by investors, stakeholders and other interested users.

3. Internal Control System and Risk Management Framework

3.1. Strengthen Internal Control System and Enterprise Risk Management Framework - FEU has a strong and effective internal control system and enterprise risk management framework that ensures the integrity, transparency and proper governance in the conduct of its affairs.

3.2. FEU seeks external technical support in risk management when such competence is not available internally.

4. Cultivate Synergic Relationship with Shareholders

4.1. Promote Shareholder Rights - FEU treats all shareholders fairly and equitably, and also recognizes, protects and facilitates the exercise of their rights.

4.2. The minutes of the 20 October 2018 (a Saturday) Annual Meeting of FEU Stockholders were posted on the FEU website on 26 October 2018, three business days from the end of the meeting.

5. Duties to Stakeholders

5.1. Respect Rights of Stakeholders and Effective Redress for Violation of Stakeholders' Rights - FEU respects the rights of stakeholders established by law, contractual relations and through voluntary commitments. In FEU, where stakeholders' rights and/or interests are at stake, stakeholders have the opportunity to obtain prompt and effective redress for the violation of their rights.

5.2. Encourage Employees' Participation - FEU had developed a mechanism for employee participation that creates a symbiotic environment to realize FEU's goals and participate in its governance processes.

FEU has an active Union of its rank-and-file employees and another working Union of its faculty members. Both Unions have a collective bargaining agreement with FEU.

5.3. Encourage Sustainability and Social Responsibility - FEU is socially responsible in all its dealings with the communities where it operates. FEU ensures that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced developments.

INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES

109132019002484

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FAR EASTERN UNIVERSITY

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1015
(+632) 7777-FEU (338)
(+632) 849-4000
www.feu.edu.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of ***Far Eastern University, Incorporated*** (the University) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended May 31, 2019, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

Michael M. Alba

MICHAEL M. ALBA
President and Chief Operating Officer

GLENN Z. NAGAL
Comptroller

Signed this ________ day of September 2019.

SUBSCRIBED AND SWORN to before me this ______ day of ________________, 2019, affiants exhibiting their Tax Identification Numbers (TIN) as follows:

Name	TIN	Place Issued
Aurelio R. Montinola, III	135-558-086	Philippines
Michael M. Alba	157-483-273	Philippines
Glenn Z. Nagal	130-358-924	Philippines

NOTARY PUBLIC

ATTY. JOAQUIN M. CHUA
NOTARY PUBLIC
UNTIL DECEMBER 31, 2019
IBP NO. 1006109-11-22-17-19 ROLL NO. 252[illegible]
PTR NO. 6912309-11-24-17-19
MCLE COMPL. NO. 0024515-IV-11-29-17 TIN-135-914-[illegible]
883 P. PAREDES ST. SAMP. MLA. CP NO. 0920591129[illegible]

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Book No. 30
Series of 2019.

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

T +63 2 988 2288

Report of Independent Auditors

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Far Eastern University, Incorporated (the University), which comprise the statements of financial position as at May 31, 2019, 2018 and 2017 and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at May 31, 2019, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the University to cease to continue as a going concern.

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

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended May 31, 2019 required by the Bureau of Internal Revenue as disclosed in Note 30 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

PUNONGBAYAN & ARAULLO

By: Mailene Sigue-Bisnar
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 7333687, January 3, 2019, Makati City
SEC Group A Accreditation
Partner - No. 0396-AR-3 (until Oct. 1, 2021)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-20-2018 (until Jan. 25, 2021)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

September 10, 2019

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

T +63 2 988 2288

Report of Independent Certified Public Accountants to Accompany Income Tax Return

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

We have audited the financial statements of The Far Eastern University, Incorporated (the University) for the year ended May 31, 2019, on which we have rendered the attached report dated September 10, 2019.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the University.

PUNONGBAYAN & ARAULLO

By: **Mailene Sigue-Bisnar**
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 7333687, January 3, 2019, Makati City
SEC Group A Accreditation
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September 10, 2019

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Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

The Board of Directors
The Far Eastern Univeristy, Inc.
Nicanor reyes, Sr. Street
Sampaloc Manila

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of The Far Eastern University, Inc. for the year ended May 31, 2019, on which we have rendered our report dated September 10, 2019. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The following applicable supplementary information are presented for purposes of additional analysis in compliance with the requirements under the Securities Regulation Code Rule 68, as amended, and are not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards.

a. Reconciliation of Retained Earnings Available for Dividend Declaration; and,

b. Schedule of Philippine Financial Reporting Standards and Interpretations Adopted by the Securities and Exchange Commission and the Financial Reporting Standards Council as of May 31, 2019

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: **Mailene Sigue-Bisnar**
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 7333687, January 3, 2019, Makati City
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BIR AN 08-002511-20-2018 (until Jan. 25, 2021)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

September 10, 2019

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2019	2018	2017
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	7	**P 176,414,122**	P 237,222,553	P 319,600,228
Receivables - net	8	**626,892,849**	574,309,613	506,203,661
Financial assets at fair value through profit or loss	10	**807,352,045**	-	-
Financial assets at fair value through other comprehensive income	10	**184,742,421**	-	-
Investment securities at amortized cost	10	**263,808,437**	-	-
Available-for-sale financial assets	10	**-**	2,119,491,677	2,139,654,834
Held-to-maturity investments	10	**-**	-	95,148,019
Prepayments and other current assets - net	11	**91,638,867**	105,397,395	59,572,675
Total Current Assets		**2,150,848,741**	3,036,421,238	3,120,179,417
NON-CURRENT ASSETS				
Financial asset at fair value through other comprehensive income	10	**280,583,659**	-	-
Investment securities at amortized cost	10	**497,963,134**	-	-
Held-to-maturity investments	10	**-**	297,284,616	241,418,315
Investments in subsidiaries and an associate	12	**2,037,942,443**	2,045,820,563	2,045,820,563
Investment properties - net	13	**1,358,701,703**	1,380,122,640	1,401,543,577
Property and equipment - net	14	**2,368,874,694**	2,116,841,289	2,043,632,959
Refundable deposits	4	**4,796,804**	4,880,271	5,377,630
Deferred tax assets - net	22	**14,384,357**	8,654,109	9,127,118
Total Non-current Assets		**6,563,246,794**	5,853,603,488	5,746,920,162
TOTAL ASSETS		**P 8,714,095,535**	P 8,890,024,726	P 8,867,099,579
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	15	**P 931,080,307**	P 876,394,851	P 830,413,137
Interest-bearing loans	16	**1,143,571,429**	1,033,571,429	262,857,143
Advances from a related party	23	**115,800,000**	85,800,000	-
Unearned tuition fees	17	**105,960,946**	83,737,964	8,811,238
Derivative liability	9	**36,720,866**	38,255,313	33,365,459
Subscription payable	12, 23	**-**	500,000	488,000,000
Total Current Liabilities		**2,333,133,548**	2,118,259,557	1,623,446,977
NON-CURRENT LIABILITY				
Interest-bearing loans	16	**965,000,000**	1,333,571,429	1,617,142,857
Total Liabilities		**3,298,133,548**	3,451,830,986	3,240,589,834
EQUITY				
Capital stock	24	**1,651,435,400**	1,651,435,400	1,651,435,400
Treasury stock - at cost	24	**(3,733,100)**	(3,733,100)	(3,733,100)
Revaluation reserves	21	**(7,438,560)**	(31,806,994)	38,838,926
Retained earnings	24	**3,775,698,247**	3,822,298,434	3,939,968,519
Total Equity		**5,415,961,987**	5,438,193,740	5,626,509,745
TOTAL LIABILITIES AND EQUITY		**P 8,714,095,535**	P 8,890,024,726	P 8,867,099,579

See Notes to Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED MAY 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2019	2018	2017
EDUCATIONAL REVENUES	17			
Tuition fees - net		**P 1,629,253,412**	P 1,373,824,095	P 1,706,281,866
Other school fees		**52,035,862**	41,920,098	32,595,687
		1,681,289,274	1,415,744,193	1,738,877,553
OTHER OPERATING INCOME	2, 23	**75,370,981**	70,336,190	60,424,678
OPERATING EXPENSES	18	**(1,696,961,892)**	(1,477,925,752)	(1,506,735,384)
OPERATING PROFIT		**59,698,363**	8,154,631	292,566,847
FINANCE INCOME	19	**153,085,276**	214,542,374	180,106,668
FINANCE COSTS	19	**(98,354,841)**	(92,969,495)	(83,955,602)
OTHER INCOME - Net	20	**159,940,484**	30,514,544	27,505,208
PROFIT BEFORE TAX		**274,369,282**	160,242,054	416,223,121
TAX EXPENSE	22	**(27,264,562)**	(14,279,771)	(46,286,062)
NET PROFIT		**P 247,104,720**	P 145,962,283	P 369,937,059
Earnings Per Share				
Basic and Diluted	25	**P 15.00**	P 8.86	P 22.45

See Notes to Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MAY 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Capital Stock (See Note 24)	Treasury Stock - at Cost	Revaluation Reserves (See Note 10)	Retained Earnings (See Note 24) Appropriated	Unappropriated	Total	Total Equity
Balance at June 1, 2018							
As previously reported	P 1,651,435,400	(P 3,733,100)	(P 31,806,994)	P 2,843,733,100	P 978,565,334	P 3,822,298,434	P 5,438,193,740
Effect of adoption of PFRS 9, net of tax	-	-	31,252,352	-	(30,072,539)	(30,072,539)	1,179,813
As restated	1,651,435,400	(3,733,100)	(554,642)	2,843,733,100	948,492,795	3,792,225,895	5,439,373,553
Transaction with owners –							
Cash dividends	-	-	-	-	(263,632,368)	(263,632,368)	(263,632,368)
Appropriations of retained earnings –							
Reversal of appropriations during the year	-	-	-	(673,000,000)	673,000,000	-	-
Total comprehensive income:							
Net income for the year	-	-	-	-	247,104,720	247,104,720	247,104,720
Other comprehensive loss - net	-	-	(6,883,918)	-	-	-	(6,883,918)
	-	-	(6,883,918)	-	247,104,720	247,104,720	240,220,802
Balance at May 31, 2019	**P 1,651,435,400**	**(P 3,733,100)**	**(P 7,438,560)**	**P 2,170,733,100**	**P 1,604,965,147**	**P 3,775,698,247**	**P 5,415,961,987**
Balance at June 1, 2017	P 1,651,435,400	(P 3,733,100)	P 38,838,926	P 2,573,733,100	P 1,366,235,419	P 3,939,968,519	P 5,626,509,745
Transaction with owners –							
Cash dividends	-	-	-	-	(263,632,368)	(263,632,368)	(263,632,368)
Appropriations of retained earnings:							
Appropriations during the year	-	-	-	520,000,000	(520,000,000)	-	-
Reversal of appropriations during the year	-	-	-	(250,000,000)	250,000,000	-	-
	-	-	-	270,000,000	(270,000,000)	-	-
Total comprehensive income:							
Net income for the year	-	-	-	-	145,962,283	145,962,283	145,962,283
Other comprehensive loss - net	-	-	(70,645,920)	-	-	-	(70,645,920)
	-	-	(70,645,920)	-	145,962,283	145,962,283	75,316,363
Balance at May 31, 2018	P 1,651,435,400	(P 3,733,100)	(P 31,806,994)	P 2,843,733,100	P 978,565,334	P 3,822,298,434	P 5,438,193,740

	Capital Stock (See Note 24)	Treasury Stock - at Cost	Revaluation Reserves (See Note 10)	Retained Earnings (See Note 24) Appropriated	Unappropriated	Total	Total Equity
Balance at June 1, 2016	P 1,651,435,400	(P 3,733,100)	P 61,715,233	P 2,573,733,100	P 1,358,792,866	P 3,932,525,966	P 5,641,943,499
Transaction with owners –							
Cash dividends	-	-	-	-	(362,494,506)	(362,494,506)	(362,494,506)
Total comprehensive income:							
Net income for the year	-	-	-	-	369,937,059	369,937,059	369,937,059
Other comprehensive loss - net	-	-	(22,876,307)	-	-	-	(22,876,307)
	-	-	(22,876,307)	-	369,937,059	369,937,059	347,060,752
Balance at May 31, 2017	P 1,651,435,400	(P 3,733,100)	P 38,838,926	P 2,573,733,100	P 1,366,235,419	P 3,939,968,519	P 5,626,509,745

See Notes to Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MAY 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Note	2019	2018	2017
NET PROFIT		**P 247,104,720**	P 145,962,283	P 369,937,059
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss				
Net fair value losses (gains) reclassified to profit or loss on debt securities classified as fair value through other comprehensive income	10	**(21,852,529)**	-	-
Tax expense		**2,185,253**	-	-
		(19,667,276)	-	-
Items that will be reclassified subsequently to profit or loss				
Net fair value lossses on equity securities classified as financial assets at fair value through other comprehensive income	10	**14,833,997**	(32,936,988)	(9,991,800)
Net fair value losses during the year		**(630,266)**	(45,558,479)	(15,426,319)
Tax expense (income)		**(1,420,373)**	7,849,547	2,541,812
		12,783,358	(70,645,920)	(22,876,307)
Other Comprehensive Loss		**(6,883,918)**	(70,645,920)	(22,876,307)
TOTAL COMPREHENSIVE INCOME		**P 240,220,802**	P 75,316,363	P 347,060,752

See Notes to Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 274,369,282	P 160,242,054	P 416,223,121
Adjustments for:				
Depreciation and amortization	18	202,739,289	205,593,927	202,634,557
Gain on sale of investment in an associate	20	(139,121,880)	-	-
Interest expense	19	91,678,350	81,465,141	42,857,486
Interest income	19	(74,766,386)	(68,659,934)	(82,960,299)
Dividend income	19	(60,844,367)	(62,511,365)	(32,512,865)
Realized fair value losses from financial assets at fair value through profit or loss (FVTPL)	19	(45,153,882)	-	-
Other investment income from financial assets at FVTPL and fair value through other comprehensive income (FVOCI) - net	19	(14,378,187)	-	-
Unrealized foreign exchange loss (gain) - net	19	6,654,774	(31,703,084)	(29,360,659)
Impairment losses on receivables from students	18	5,660,750	33,441,829	27,256,489
Fair value loss (gain) on derivative liability	19	(3,096,336)	11,504,354	16,618,386
Impairment loss on investments	10	21,717	-	-
Other investment income from available-for-sale (AFS) financial assets and held-to-maturity (HTM) investments - net	19	-	(51,667,991)	(35,272,845)
Loss on write-off of interest receivables	19	-	-	24,479,730
Operating profit before working capital changes		243,763,124	277,704,931	549,963,101
Increase in receivables		(42,065,797)	(34,070,652)	(153,872,546)
Decrease (increase) in prepayments and other current assets		11,695,984	(45,327,355)	(43,720,317)
Increase in trade and other payables		39,019,342	16,544,851	167,847,301
Increase (decrease) in unearned tuition fees		22,222,982	74,926,726	(41,615,783)
Cash generated from operations		274,635,635	289,778,501	478,601,756
Interest received		4,292,133	8,975,115	17,075,800
Income taxes paid		(29,387,346)	(13,806,762)	(28,278,059)
Net Cash From Operating Activities		249,540,422	284,946,854	467,399,497
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	14	(399,697,248)	(257,381,320)	(367,286,136)
Net disposals of financial assets at FVTPL	10	248,421,193	-	-
Net disposals of financial assets at FVOCI	10	181,305,795	-	-
Proceeds from sale of investment in an associate	12, 23	147,000,000	-	-
Acquisitions of investment securities at amortized cost	10	(109,369,204)	-	-
Proceeds from maturities of investment securities at amortized cost	10	94,483,206	-	-
Interest received	10	69,642,096	65,051,814	95,584,168
Dividend received	23	60,416,703	58,352,732	6,672,998
Payment of subscription payable	12	(500,000)	(487,500,000)	(436,394,964)
Acquisitions of HTM investments	10	-	(52,500,099)	(15,000,000)
Proceeds from maturities of HTM investments	10	-	96,128,844	26,612,340
Net acquisitions of AFS financial assets	10	-	(50,482,763)	(28,202,111)
Additions to investment properties	13	-	-	(582,198)
Net Cash From (Used in) Investing Activities		291,702,541	(628,330,792)	(718,595,903)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of interest-bearing loans	16, 29	(428,571,429)	(227,857,142)	-
Dividends paid	24	(246,431,807)	(245,031,711)	(340,632,724)
Proceeds from interest-bearing loan	16, 29	170,000,000	715,000,000	400,000,000
Interest paid	16, 19	(126,867,306)	(70,628,935)	(35,390,861)
Advances obtained from a related party	23, 29	90,000,000	110,800,000	-
Repayment of advances from a related party	23, 29	(60,000,000)	(25,000,000)	-
Net Cash From (Used in) Financing Activities		(601,870,542)	257,282,212	23,976,415
Effect of Exchange Rate Changes on Cash and Cash Equivalents		(180,852)	3,724,051	1,442,262
NET DECREASE IN CASH AND CASH EQUIVALENTS		(60,808,431)	(82,377,675)	(225,777,729)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		237,222,553	319,600,228	545,377,957
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P 176,414,122	P 237,222,553	P 319,600,228

Supplemental Information on Non-cash Investing and Financing Activities:

1) Prior to 2017, the University acquired 17.73% equity interest in Roosevelt College, Inc. for P179.7 million. In 2017, the University acquired additional interest of 79.72%. The purchase of interest resulted in recognition of Retention payable (see Notes 1 and 17). No similar transaction occurred in 2019 and 2018.

2) During the year ended May 31, 2017, the University reclassified investments from AFS Financial Assets amounting to P335.8 million to HTM Investments (see Note 10).

3) During the year ended May 31, 2017, the University reclassified P10.9 million from Investment Properties account to the Receivables account (see Notes 8, 13 and 23).

4) During the years ended May 31, 2019 and 2018, the University declared cash dividends totaling P263.6 million in both years, of which P17.2 million and P18.6 million, respectively, were not paid in the year of declaration.

5) During the years ended May 31, 2019, 2018 and 2017, certain subsidiaries of the University declared dividends totaling to P60.8 million, P62.5 million, and P32.5 million, respectively. Related receivable amounting to P0.4 million, P30.0 million, and P25.8 million, respectively, is recognized as part of Receivables from related parties under Receivable account (see Notes 8 and 23).

6) During the years ended May 31, 2017 (nil in 2019 and 2018), the University made additional subscription to certain subsidiaries amounting to P926.5 million. Subscription payable as of May 31, 2018 and 2017 (nil in 2019) amounted to P0.5 million and P488.0 million, respectively (see Note 12).

7) During the years ended May 31, 2019, the University capitalized borrowing costs amounting to P33.7 million as part of Property, Plant, and Equipment (see Notes 14 and 19).

See Notes to Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Organization and Operations

The Far Eastern University, Incorporated (the University or FEU) is a domestic educational institution founded in June 1928 and was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on October 27, 1933. It became a listed corporation in the Philippine Stock Exchange (PSE) 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, Applied Mathematics, Biology, Accountancy, Business Administration and Education, are accredited by the Philippine Association of Colleges and Universities Commission on Accreditation.

The University also has a campus in Makati, which offers Law, Accountancy, Business and Information Technology education.

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

1.2 Approval of the Financial Statements

The financial statements of the University as of and for the year ended May 31, 2019 (including the comparative financial statements as of and for the years ended May 31, 2018 and 2017) were authorized for issue by the University's Board of Trustees (BOT) on September 10, 2019.

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 (FRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy (BOA).

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 the statement of comprehensive income separate from the statement of profit or loss.

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

(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 2019 that are Relevant to the University

The University adopted the following PFRS, amendments, interpretations and annual improvements to PFRS, which are mandatorily effective for the annual periods beginning on or after January 1, 2018:

PAS 40 (Amendments)	:	Investment Property – Transfers of Investment Property
PFRS 9	:	Financial Instruments
PFRS 15	:	Revenue from Contracts with Customers; Clarifications to PFRS 15
International Financial Reporting Interpretations Committee (IFRIC) 22	:	Foreign Currency Transactions and Advance Consideration
Annual Improvements to PFRS (2014-2016 Cycle)		
PAS 28 (Amendments)	:	Investment in Associates and Joint Ventures (JVs) – Measuring an Associate and JVs At Fair Value
PFRS 1 (Amendments)	:	First-time Adoption of Philippine Financial Reporting Standards – Deletion of Short-term Exemptions

Discussed as follows are relevant information about these new standards, amendments and improvements:

(i) PAS 40 (Amendments), *Investment Property – Transfers of Investment Property*. The amendments state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change in use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The amendments provided a non-exhaustive list of examples constituting change in use. The application of these amendments had no impact on the University's financial statements.

(ii) PFRS 9, *Financial Instruments* (issued in 2014). This new standard on financial instruments replaced PAS 39, *Financial Instruments: Recognition and Measurement*, and PFRS 9 issued in 2009, 2010 and 2013. This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments, i.e., investment securities at amortized costs, fair value through profit and loss (FVTPL), and fair value through other comprehensive income (FVOCI);

- an expected credit loss (ECL) model in determining impairment of all financial assets that are not measured at FVTPL, which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,

- a new 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.

On June 1, 2018, the University adopted PFRS 9, *Financial Instruments*, which was applied using the transitional relief allowed by the standard. This allows the University not to restate its prior periods' financial statements. Differences arising from the adoption of PFRS 9 in relation to classification and measurement and impairment of financial assets are recognized in the opening balance of Retained Earnings and Revaluation Reserves accounts in the current year [see Note 2.2(a)(ii)].

The table below shows the impact of the adoption of PFRS 9 to the University's total equity as of June 1, 2018.

	Effects on Revaluation Reserves	Effects on Retained Earnings	Effects on Equity
Balance at May 31, 2018 under PAS 39	(P 31,806,994)	P 3,822,298,434	P 5,438,193,740
Impact of PFRS 9 [see Note 2.2(a)(ii)]			
Effect of reclassification and remeasurement of financial assets	34,724,836	(28,326,494)	6,398,342
Recognition of expected credit loss allowance on financial assets			
At FVOCI	-	(328,745)	(328,745)
At Amortized cost	-	(454,456)	(454,456)
Receivables	-	(4,304,237)	(4,304,237)
Subtotal	34,724,836	(33,413,932)	1,310,904
Tax effect	(3,472,484)	3,341,393	(131,091)
Total impact of PFRS 9	31,252,352	(30,072,539)	1,179,813
Balance at June 1, 2018 under PFRS 9	**(P 554,642)**	**P 3,792,225,895**	**P 5,439,373,553**

Management has determined the impact of PFRS 9 on the University's financial statements as indicated below.

a. *Financial Assets Reclassified from AFS Financial Assets to Financial Assets at FVOCI*

Certain debt securities amounting to P510.9 million which were previously classified as Available-for-Sale (AFS) Financial Assets were reclassified as Financial Assets at FVOCI. The investment objective of the business model for these securities is to hold and collect the contractual cash flows, and sell; thus, these securities are held for long-term strategic investment and are not expected to be traded in the short-to-medium term. Consequently, the University made an assessment on the impairment of these securities based on the ECL model developed by the University [see Note 2.2(a)(ii)(e)].

Furthermore, certain equity securities amounting to P138.0 million which were previously classified as AFS Financial Assets were designated as Financial Assets at FVOCI because the University irrevocably elected to hold these securities for long-term strategic investments and does not expect to obtain profit through short to medium-term trading other than dividends.

Also, except for debt securities, the related net unrealized fair value gains from the equity instruments are now presented as an item that will not be reclassified subsequently to profit or loss in 2019 (previously an item that will be reclassified subsequently to profit or loss in 2018 and 2017) in the statements of comprehensive income.

b. *Financial Assets Reclassified from AFS Financial Assets to Financial Assets at FVTPL*

With respect to investments in certain listed common shares and investment in Unit Investment Trust Fund (UITF) amounting to P1.0 billion (previously classified under AFS Financial Assets), the University has reclassified these as Financial Assets at FVTPL as these assets are held for short-term profit taking and are being actively traded by the University through its trustee-banks. This change in classification due to adoption of the new standard did not result in any change in measurement of these financial assets. However, it resulted in the transfer of the net unrealized fair value adjustments related to these securities amounting to P25.5 million from Revaluation Reserves to Retained Earnings as an adjustment in the opening balance of these equity accounts.

c. *Debt Instruments Reclassified from AFS Financial Assets to Investment Securities at Amortized Cost*

The University also holds corporate bonds, certain identified government securities, and other debt securities amounting to P450.0 million, which are held by the University to collect the contractual cash flows that pertain solely to payments of principal and interest (SPPI). These are reclassified from AFS Financial Assets to Investment Securities at Amortized Cost. Such reclassification resulted in the reversal of previously recorded net unrealized gains and losses amounting to P5.8 million to reflect the amortized cost of these debt securities and account for the unamortized premium and discounts as of the date of initial application. In addition, the University assessed that these financial assets are impaired based on the ECL model developed by management [see Note 2.2(a)(ii)(e)].

d. *Financial Instruments Reclassified from Loans and Receivables and Held-to-Maturity Investments to Investment Securities at Amortized Cost*

The University reclassified certain corporate bonds from held-to-maturity (HTM) Investments to Investment Securities at Amortized Cost amounting to P297.3 million since the University's management determined that the objective of the University is to hold the financial assets to collect the contractual cash flows pertaining solely to payments of principal and interest.

Financial assets classified as loans and receivables under PAS 39 are still and will continue to be measured by the University at amortized cost under PFRS 9 as the objective of the University is to likewise hold these assets to collect the contractual cash flows, wherein said cash flows pertain solely to payments of principal and interest.

In addition, the University determined that ECL on these debt securities at amortized cost amounting to P0.4 million and loans and receivables based on the ECL model developed by management [see Note 2.2(a)(ii)(e) and 2.2(a)(ii)(f)].

e. *Credit Losses on Financial Assets at FVOCI and Investment Securities at Amortized Cost*

All of the University's investments in debt securities are considered to have low credit risk, and the loss allowance recognized was therefore limited to 12-month ECL. Management considers 'low credit risk' for debt securities issued by listed companies and the government that has an investment grade credit rating with at least one reputable rating agency. Other instruments are considered to have low credit risk when they have a low probability of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The application of the ECL model resulted in the recognition of allowance for impairment on debt securities, net of tax, and was adjusted against the opening balance of Retained Earnings.

f. *Credit Losses on Loans and Receivables*

The University elected to use simplified model of recognizing lifetime ECL in its loans and receivables, which is comprised mostly of tuition fees and other receivables, as these assets do not have a significant financing component and the University does not expect to experience significant credit risk changes among its students. The application of the ECL model resulted in the additional allowance for credit losses on these investment securities at amortized cost with the adjustment charged against the opening balance of Retained Earnings.

The adoption of PFRS 9 has resulted in changes in the University's accounting policies, particularly on impairment of financial assets due to the application of the ECL methodology.

Further, the adoption of PFRS 9 has no impact on the classification and measurement of its financial liabilities on the University's financial statements. As of May 31, 2019, 2018 and 2017, the University's financial liabilities are classified and measured at amortized cost.

The table below and in the succeeding page summarizes the effects of the full adoption of PFRS 9 in the carrying amounts (CA) and presentation of the categories of the financial assets in the statement of financial position as of June 1, 2018.

Measurement Category	Notes	CA, PAS 39 May 31, 2018	Reclassification	Remeasurement	CA, PFRS 9 June 1, 2018
Financial assets at FVTPL		P -	P -	P -	P -
Reclassification from AFS securities	b	-	1,020,523,050	-	1,020,523,050
Financial Assets at FVTPL		**P -**	**P 1,020,523,050**	**P -**	**P 1,020,523,050**
Financial assets at FVOCI		P -	P -	P -	P -
Reclassification from AFS securities	a	-	648,900,622	-	648,900,622
Financial Assets at FVOCI		**P -**	**P 648,900,622**	**P -**	**P 648,900,622**
Investment securities at amortized cost		P -	P -	P -	P -
Reclassification from AFS securities	c	-	450,068,005	5,758,507	455,826,512
Reclassification from HTM investments	d	-	297,284,616	-	297,284,616
Remeasurement of allowance for credit losses	e	-	-	(454,456)	(454,456)
Investment securities at amortized cost		**P -**	**P 747,352,621**	**(P 5,304,051)**	**P 752,656,672**

Measurement Category	Notes	CA, PAS 39 May 31, 2018	Reclassification	Remeasurement	CA, PFRS 9 June 1, 2018
AFS securities		P 2,119,491,677	P -	P -	P 2,119,491,677
Reclassification to:					
Financial assets at FVOCI	a	-	(648,900,622)	-	(648,900,622)
Financial assets at FVTPL	b	-	(1,020,523,050)	-	(1,020,523,050)
Investment securities at amortized cost	c	-	(450,068,005)	-	(450,068,005)
AFS Financial Assets		**P 2,119,491,677**	**(P 2,119,491,677)**	**P -**	**P -**
Held-to-maturity Investments		P 297,284,616	P -	P -	P 297,284,616
Reclassification to investment securities at amortized cost	d	-	297,284,616	-	(297,284,616)
Held-to-maturity Investments		**P -**	**P 297,284,616**	**P -**	**P -**

(iii) PFRS 15, *Revenue from Contract with Customers,* together with the *Clarifications to PFRS 15*. This standard replaced PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and Standing Interpretations Committee 31, *Revenue – Barter Transactions Involving Advertising Services*. This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The University's significant sources of revenue pertain to tuition and other school fees, rental income from school buildings and food stalls, income from sale of books and other merchandise, investment income, dividend income from subsidiaries, and others. Except for tuition and other school fees, income from sale of books and other merchandise, and other school-related revenues, such portion of the University's revenues are out of scope of PFRS 15. However, recognition and measurement for such revenue streams within the scope of PFRS 15 did not vary from PAS 18. Hence, the application of this standard has no significant impact on the University's financial statements. Accordingly, no adjustments were made as at June 1, 2018.

(iv) IFRIC 22, *Foreign Currency Transactions and Advance Consideration*. The interpretation provides more detailed guidance on how to account for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary asset (arising from advance payment) or liability (arising from advance receipt). If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. Management has assessed that this interpretation has no material impact on the University's financial statements.

(v) Annual Improvements to PFRS 2014-2016 Cycle. Among the improvements, the following amendments shown in the succeeding page are relevant to the University but had no material impact on the University's financial statements as these amendments merely clarify existing requirements.

- PAS 28 (Amendments), *Investment in Associates and JVs – Measuring an Associate and JVs at Fair Value.* The amendments clarify that the option for venture capital organization, mutual funds and other similar entities to elect the fair value through profit or loss classification in measuring investments in associates and joint ventures shall be made at initial recognition, separately for each associate or joint venture.

- PFRS 1 (Amendments), *First-time Adoption of Philippine Financial Reporting Standards – Deletion of Short-term Exemptions.* These amendments merely remove short-term exemptions covering PFRS 7, *Financial Instruments: Disclosures*, PAS 19, *Employee Benefits*, and PFRS 10, *Consolidated Financial Statements*, because the reporting period to which the exemptions applied have already transpired.

(b) *Effective in Fiscal Year 2019 that are not Relevant to the University*

The following amendments and annual improvement to existing standards are mandatorily effective for annual periods beginning on or after January 1, 2018 but are not relevant to the University's financial statements:

PFRS 2 (Amendments)	:	Share-based Payment – Classification and Measurement of Share-based Payment Transactions
PFRS 3 (Amendments)*	:	Business Combinations – Definition of a Business
PFRS 4 (Amendments)	:	Insurance Contracts – Applying PFRS 9 With PFRS 4, *Insurance Contracts*
PFRS 17 (Amendments)*	:	Insurance Contracts

**As of May 31, 2019, these amendments to existing standards are still subject to BOA's approval.*

(c) *Effective Subsequent to Fiscal Year 2019 but not Adopted Early*

There are new PFRS, amendments, interpretations and annual improvements to existing standards effective for annual periods subsequent to fiscal year 2019, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the University's financial statements:

(i) PAS 19 (Amendments), *Employee Benefits – Plan Amendment, Curtailment or Settlement* (effective from January 1, 2019). The amendments require the use of updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

(ii) PAS 28 (Amendments), *Investment in Associates and Joint Ventures – Long-term Interest in Associates and Joint Venture* (effective from January 1, 2019). The amendments clarify that the scope exclusion in PFRS 9 applies only to ownership interests accounted for using the equity method. Thus, the amendments further clarify that long-term interests in an associate or joint venture – to which the equity method is not applied – must be accounted for under PFRS 9, which shall also include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture.

These amendments has no impact on the University's financial statements.

(iii) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation* (effective from January 1, 2019). The amendments clarify that prepayment features with negative compensation attached to financial instruments may still qualify under the SPPI test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at FVOCI.

(iv) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*, and its related interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease*. For lessees, it requires to account for leases "on-balance sheet" by recognizing a "right-of-use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the "right-of-use" asset is accounted for similarly to a purchased asset and depreciated or amortized. The lease liability is accounted for similarly to a financial liability using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

For lessors, lease accounting is similar to PAS 17's. In particular, the distinction between finance and operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same as PAS 17's. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

The management plans to adopt the modified retrospective application of PFRS 16 where the cumulative effect of initially applying the standard will be recognized as an adjustment to the opening balance of Retained Earnings account at the date of initial application. The University will elect to apply the standard to contracts that were previously identified as leases applying PAS 17 and IFRIC 4 at the date of initial application. Management is currently assessing the financial impact of this new standard on the University's financial statements.

(v) IFRIC 23, *Uncertainty over Income Tax Treatments* (effective from January 1, 2019). The interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the University to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the University has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above.

(vi) PAS 1 (Amendments), *Presentation of Financial Statements*, and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors* (effective January 1, 2020). The amendments refine the definition of 'material' in PAS 1 and align the definitions used across all PFRS and other pronouncements. These are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments. As of May 31, 2019, these amendments are still subject to BOA's approval.

(vii) Annual Improvements to PFRS 2015-2017 Cycle (effective from January 1, 2019). Among the improvements, the following amendments are relevant to the University but had no material impact on its financial statements as these amendments merely clarify existing requirements:

- PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends*. The amendments clarify that all income tax consequence of dividend payments should be recognized in profit or loss.

- PAS 23 (Amendments), *Borrowing Costs – Eligibility for Capitalization*. The amendments clarify that any specific borrowing which remains outstanding after the related qualifying asset is ready for its intended purpose, such borrowing will then form part of the entity's general borrowings when calculating the capitalization rate for capitalization purposes.

- PFRS 3 (Amendments), *Business Combinations*, and PFRS 11 (Amendments), *Joint Arrangements – Remeasurement of Previously Held Interests in a Joint Operation*. The amendments clarify that previously held interest in a joint operation shall be remeasured when the University obtains control of the business. On the other hand, previously held interests in a joint operation shall not be remeasured when the University obtains joint control of the business.

(xi) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations,* between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale or contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes.

In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

2.3 Separate Financial Statements and Investments in Subsidiaries and an Associate

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.

The University's investments in subsidiaries and an associate 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. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(a) *Classification and Measurement and Reclassification of Financial Assets in Accordance with PFRS 9 (Beginning June 1, 2019)*

The classification and measurement of financial assets is driven by the University's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described below and in the succeeding page.

(i) *Investment Securities at Amortized Cost*

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the University's business model whose objective is to hold financial assets in order to collect contractual cash flows ("held to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

All financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

Where the business model is to hold assets to collect contractual cash flows, the University assesses whether the financial instruments' cash flows represent SPPI. In making this assessment, the University considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement [see Note 3.1(e)]. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The University's investment securities at amortized cost are presented in the 2019 statement of financial position as Cash and Cash Equivalents, Short-term investments (under Prepayments and Other Assets), Receivables, Refundable Deposits (under Non-current Assets), and Investment Securities at Amortized Cost.

For purposes of reporting cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, cash in bank, and short-term deposits.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the investment securities except for those that are subsequently identified as credit-impaired. For credit-impaired investment securities, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of profit or loss as part of Interest income under Finance Income.

(ii) Financial Assets at FVOCI

The University accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell; and,
- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the University can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the University for trading or as mandatorily required to be classified as FVTPL. The University has designated certain equity instruments as at FVOCI upon initial application of PFRS 9.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component for non-monetary items, are recognized in OCI, net of any effects arising from income taxes, and are reported as part of Revaluation Reserves account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss but is reclassified directly to Retained Earnings, except for those debt securities classified as at FVOCI wherein fair value changes are recycled back to profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of profit or loss as part of Interest income under Finance Income.

Any dividends earned on holding these equity instruments are recognized in profit or loss as part of Other investment income under Finance Income account, when the University's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the University, and the amount of the dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

(iii) Financial Assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the University designates an equity investment that is not held for trading as at FVOCI at initial recognition. The University's financial assets at FVTPL include equity securities and investments in UITF which are held for trading purposes or designated as at FVTPL.

Financial assets at FVTPL are measured at fair value with gains or losses recognized in profit or loss as part of Other investment income under Finance income account in the statement of profit or loss. Related transaction costs are recognized directly as expense in profit or loss. The fair values of these financial assets are determined by reference to active market transactions or using valuation technique when no active market exists.

Interest earned on these investments is recognized as Interest income while dividend income is reported as part of Other investment income, both under Finance Income in the statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The University can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the University is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the University's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(b) Classification and Measurement of Financial Assets in Accordance with PAS 39 (Prior to June 1, 2018)

Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at FVTPL, loans and receivables, HTM investments and 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 categories of financial assets that are relevant to the University follows:

(i) 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 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 each 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 FVTPL 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 were classified as AFS Financial Assets, which were subsequently reclassified to HTM investments during the year ended May 31, 2017 (see Note 10.2). 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 (see Note 2.8). Thus, if derivative asset is recognized, it is presented as Financial Asset at FVTPL; otherwise, it is presented as Derivative Liability in the 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 up directly in profit or loss for the period [see Note 3.2(c)].

(ii) 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 those with maturities beyond 12 months after the end of each reporting period, which are classified as non-current assets.

The University's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Receivables (excluding advances to employees), as part of Prepayments and Other Current Assets (with respect to short-term investments) and Refundable Deposits in the statement of financial position. Cash and cash equivalents include 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.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any.

(iii) HTM Investments

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the University has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. If the University were to sell other than an insignificant amount of HTM investments, the whole category would be tainted and reclassified to AFS financial assets. The University currently holds corporate bonds designated into this category.

Subsequent to initial recognition, HTM investments are measured at amortized cost using the effective interest method, less impairment losses, if any.

(iv) 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 statement of financial position unless management intends to dispose of the investment within 12 months from the reporting period.

All financial assets within this category are subsequently measured at fair value, except for equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured which are measured at cost, less impairment loss, if any. Gains and losses from changes in fair value of AFS financial assets are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Revaluation Reserves account in equity. Interest and dividend income, impairment losses and foreign exchange differences on monetary assets are recognized in profit or loss.

When the financial asset is disposed of or is determined to be impaired, that is, when there is a significant or prolonged decline in the fair value of the security below its cost, 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 even though the financial asset has not been derecognized.

(c) Impairment of Financial Assets under PFRS 9 (Beginning June 1, 2018)

The University assesses its ECL on a forward-looking basis associated with its investment securities carried at amortized cost and debt instruments at FVOCI. No impairment loss is recognized on equity investments. Recognition of credit losses or impairment is no longer dependent on the University's identification of a credit loss event. Instead, the University considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The University applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all tuition and other school fee receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the University uses its historical experience, external indicators and forward-looking information (FLI) to calculate the ECL using a provision matrix. The University also assesses impairment of tuition and other school fee receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the number of semesters past due [see Note 4.2(b)].

For debt instruments measured at FVOCI and at amortized cost, the allowance for credit losses is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since the origination of the financial asset, in such case, a lifetime ECL for a purchased or originated credit impaired, the allowance for credit losses is based on the change in the ECL over the life of the asset. The University has recognized a loss allowance for such losses at each reporting date.

The University's definition of credit risk and information on how credit risk is mitigated by the University are disclosed in Note 4.2.

Measurement of ECL

The key elements used in the calculation of ECL are as follows:

- *Probability of Default (PD)* – it is an estimate of likelihood of a borrower defaulting on its financial obligation over a given time horizon, either over the next 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.

- *Loss Given Default (LGD)* – it is an estimate of loss arising in case where a default occurs at a given time (either over the next 12 months or 12-month LGD), or over the remaining lifetime (lifetime LGD). It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the University would expect to receive, including the realization of any collateral. It is presented as a percentage loss per unit of exposure at the time of default.

- *Exposure at Default (EAD)* – it represents the gross carrying amount of the financial instruments subject to impairment calculation; hence, this is the amount that the University expects to be owed at the time of default over the next 12 months (12-month EAD) or over the remaining lifetime (lifetime EAD). In case of a loan commitment, the University shall include the undrawn balance (up to the current contractual limit) at the time of default should it occur.

The measurement of the ECL reflects: (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (ii) the time value of money; and, (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(d) Impairment of Financial Assets under PAS 39 (Prior to June 1, 2018)

The University assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. The University recognizes impairment loss based on the category of financial assets as shown in the succeeding page.

(i) Carried at Amortized Cost – Loans and Receivables and HTM Investments

If there is objective evidence that an impairment loss on loans and receivables or HTM investments carried at cost has been incurred, the amount of the impairment loss is determined as the difference between the asset's 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 carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed. The amount of the reversal is recognized in profit or loss.

(ii) Carried at Fair Value – AFS Financial Assets

When a decline in the fair value of an AFS financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss – measured as the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is reclassified from Revaluation Reserves to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized.

Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss. Reversal of impairment losses is 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.

(e) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the University neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the University recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the University retains substantially all the risks and rewards of ownership of a transferred financial asset, the University continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.5 Prepayments and Other Assets

Prepayments and other current assets pertain to other resources controlled by the University as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the University and the asset has a cost or value that can be measured reliably.

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.

Prepayment and other current assets of the University include inventoriables such as books and merchandises. These are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The cost of these saleable inventories includes all costs directly attributable to acquisitions, such as the purchase price, import duties, if any, and other taxes that are not subsequently recoverable from taxing authorities.

Other recognized assets of similar nature, 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, are classified as non-current assets.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

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

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

Leasehold improvements are amortized over 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(j)].

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction, borrowing costs (see Note 2.16), if any, and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.14).

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

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

An item of property and equipment, including the related accumulated depreciation, amortization and impairment losses, if any, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.7 Investment Properties

Investment properties are measured initially at acquisition cost. Subsequently, investment properties, except land, are carried at cost less accumulated depreciation and impairment in value, if any. Depreciation of investment properties, which consist of building and improvements, is computed using the straight-line method over its estimated useful life of 20 years. Land is carried at cost less impairment in value, if any.

Investment properties include construction in progress which represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs (see Note 2.16) and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

Transfers are made to and from investment property when, and only when, there is a change in use, evidenced by the end or commencement of owner-managed, commencement of an operating lease to another party, by the end of construction or development, or commencement of development with a view to sell.

For the transfer from investment property to owner-occupied property, the cost of property for subsequent accounting is its carrying value at the date of change in use.

If an owner-occupied property becomes an investment property, the University accounts for such property in accordance with the policy stated under Property and Equipment up to the date of change in use (see Note 2.6).

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.14).

2.8 Financial Liabilities

Financial liabilities, which include interest-bearing loans, trade and other payables [except tax-related liabilities and National Service Training Program (NSTP) trust fund], advances from a related party, derivative liability and subscription payable, are recognized when the University becomes a party to the contractual terms of the instrument.

Trade and other payables account include deposits payable which represents funds collected from students or entities and are held by the University. The University has no control over its use and disburses the funds only upon instruction of the student or entity that made the deposit. This account also includes Trust funds which represent restricted funds of the University that are intended for student's NSTP and other specific educational purposes [see Note 2.11(a)]. The University administers the use of these funds based on the specific purpose such funds are identified with.

Interest-bearing loans are availed for capital expenditures and to provide general corporate funding requirements.

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

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the University.

Financial liabilities are 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 12 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 financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

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 arises mainly from: (i) educational and related activities such as tuition and other school fees, income from sale of books and other merchandise, rental income from school buildings and food stalls; and, (ii) investment-related transactions such as, investment income, dividend income from subsidiaries, interest income and others.

The management determined that the revenues arising from educational and other related activities are within the scope of PFRS 15, while rental income is covered by PAS 17 (see Note 2.12). Investment-related revenues, on the contrary, are subject to the provisions of PFRS 9 (see Note 2.4).

Starting June 1, 2018, to determine whether to recognize revenue, the University follows a five-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligation;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and,
5. Recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following five gating criteria must be present:

(a) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(b) each party's rights regarding the goods to be transferred or performed can be identified;
(c) the payment terms for the goods to be transferred or performed can be identified;
(d) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(e) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the University satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(a) the customer simultaneously receives and consumes the benefits provided by the University's performance as the University performs;
(b) the University's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(c) the University's performance does not create an asset with an alternative use to the University and the entity has an enforceable right to payment for performance completed to date.

The University enters into transactions involving tuition fees and other school fees, and other school-related activities such as sale of school merchandises and books. The significant judgments used in determining the transaction price and the amount allocated to the performance obligations are disclosed in Note 3.1(a). Developing the knowledge and enhancing the abilities of the students represent promises to transfer a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer; therefore, the services rendered represent one performance obligation that is satisfied over time. The transaction price of the single performance obligation is recognized as revenue as the performance obligation is satisfied, which is usually throughout the academic year or the semestral period, whichever is applicable. With respect to the sale of school merchandises and books, the obligation is satisfied when the goods, particularly the merchandises and books are delivered to the customers. Hence, revenue is recognized at a point in time.

In addition, the following specific recognition criteria must also be met before revenue is recognized:

(a) *Educational revenues* – Revenue is recognized in profit or loss over the corresponding school term. Tuition fee received in advance and applicable to a school term after the reporting period is not recognized in profit or loss until the next reporting period and is presented as part of Unearned Tuition Fees account in the consolidated statement of financial position. Payment for tuition fees is due upon enrollment, which is before the academic term starts, and can be made either in full payment or installment.

Revenues from NSTP trust fund (see Note 2.8) 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) *Income from sale of books and other educational-related merchandise* – Revenue is recognized at a point in time when the control of the goods has been transferred to the buyer. This is generally when the customer has acknowledged delivery of goods. Payment for the transaction price is due immediately at the point the customer purchases the goods.

(c) *Other fees* – This pertains to other fees such as transcript fees, certification fees, graduation fees and fees for diplomas and identification cards. Revenue is recognized at the point the transaction has occurred. Invoices for the services are due once request from students has been made.

Prior to June 1, 2018, 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. Revenue is recognized relatively in the same manner as discussed above.

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 2.16).

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 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 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.

Revenue from operating lease is recognized over the lease term using the straight-line method. This is presented as part of Other Operating Income in the statement of profit or loss.

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 profit or loss.

Changes in the fair value of monetary financial assets denominated in foreign currency classified as Financial Assets at FVOCI (previously 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.

2.14 Impairment of Non-financial Assets

The University's investments in subsidiaries and an associate, 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's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value reflecting market conditions less costs to sell, and value in use, based on an internal evaluation of discounted cash flows. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the University's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors. Impairment loss is charged pro-rata to the other assets in the cash-generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the 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 guarantee required by Republic Act (RA) 7641, *The Retirement Pay Law*, which is accounted for as a defined benefit plan, and various compensations mandated by law. Such application of the minimum guarantee prescribed by RA 7641 is based on the interpretations issued by the Philippine Interpretations Committee (PIC) in its Question and Answer on PAS 19 – *Accounting for Employee Benefits Under a Defined Benefit Contribution Plan Subject to the Requirements of* RA 7641.

(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 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 cost and 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 their present value.

(c) Bonuses

The University recognizes a liability and an expense for bonuses. The University recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(d) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. These are included in the Trade and Other Payables account in the statement of financial position at the undiscounted amount that the University expects to pay as a result of the unused entitlement.

2.16 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 earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.17 Income Taxes

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

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or current tax 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 deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the 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 deferred tax liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or deferred tax 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.

2.18 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the University and its related parties, regardless of whether 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.

2.19 Equity

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

Treasury stocks are stated at the cost of reacquiring such shares and are deducted from equity attributable to the University's equity holders until the shares are cancelled, reissued or disposed of.

Revaluation reserves comprise accumulated gains or losses arising from the revaluation of Financial Assets at FVOCI (previously AFS Financial Assets).

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

2.20 Earnings Per Share

Basic earnings per share 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 earnings per share 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 profit or loss.

2.21 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the University's chief operating decision-maker. However, in the University's separate financial statements, there are no operating segments that are organized and managed separately according to the nature of the services provided.

2.22 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 judgments, apart from those involving estimation. The following judgments have the most significant effect on the amounts recognized in the financial statements:

(a) Determination of Timing of Satisfaction of Performance Obligations (2019)

The management determines that its revenue from tuition fees shall be recognized over time. In making its judgment, the University considers the timing of receipt and consumption of benefits provided by the University to the students. This demonstrates that the customers simultaneously receive and consume the benefits as the University performs its obligation.

With respect to its revenues from sale of merchandise and books, and various school-related fees, the management deems that revenues shall be recognized at a point in time as control over the goods, particularly the merchandise, books and requested document, is transferred to the customers upon delivery.

(b) Determination of ECL on Tuition and Other Fee Receivables (2019)

The University uses a provision matrix to calculate ECL for tuition and other fee receivables. The loss rates are based on actual write-off of student accounts or those which are outstanding for two semesters and have not enrolled for the succeeding term [see Note 4.2(b)].

The University's management intends to calibrate on an annual basis the matrix to consider the historical credit loss experience with forward-looking information. Details about the ECL on the University's tuition fees and other receivables are disclosed in Notes 4.2 and 8.

(c) Application of ECL to Investment Securities at Amortized Cost and at FVOCI (2019)

The University uses a general approach to calculate ECL for all debt instruments at FVOCI and amortized cost. The allowance for credit loss is based on the ECLs associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since origination of the financial instrument, in such case, a lifetime ECL for the instrument is recognized.

The University has established a policy to perform an assessment, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

(d) Evaluation of Business Model Applied in Managing Financial Instruments (2019)

The University manages its financial assets based on business models that maintain adequate level of financial assets to match its expected cash outflows.

Upon adoption of PFRS 9, the University developed business models which reflect how it manages its portfolio of financial instruments. The University's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the University evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the University as those relate to the University's investment, trading strategies.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of investment securities carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the University considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a "held-to-collect" business model if the University can explain the reasons for those sales and why those sales do not reflect a change in the University's objective for the business model.

(e) Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model (2019)

In determining the classification of financial assets under PFRS 9, the University assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria.

In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the University assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the University considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

(f) Classification of Financial Assets as HTM Investments (2018 and 2017)

In classifying non-derivative financial assets with fixed or determinable payments and fixed maturity, such as bonds and HTM investments, the University evaluates its intention and ability to hold such investments up to maturity. Management has confirmed its intention and determined its ability to hold the investments up to maturity. If the University fails to keep these investments to maturity other than for specific circumstances as allowed under the standard, it will be required to reclassify the whole class as AFS financial assets. In such a case, the investments would, therefore, be measured at fair value, not at amortized cost.

(g) Impairment of AFS Financial Assets (2018 and 2017)

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the University evaluates, among other factors, the significant and prolonged decline in the fair value of an investment below 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. The management considers more than 20% decline in fair value as significant and continuous decline in value beyond nine months to be prolonged.

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 at May 31, 2018 and 2017.

(h) 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 impact on its profit or loss in the period such decision is made.

(i) Distinction between Investment Properties and Owner-managed Properties

The University determines whether a property qualifies as investment property. In making its judgment, the University considers whether the property generates cash flows largely independent of the other assets held by an entity.

Owner-managed properties generate cash flows that are attributable not only to the property but also to other assets used in the process of providing educational services. Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the supply of services or for administrative purposes. If a portion can be sold separately (or leased out separately 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.

(j) Distinction between 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.

(k) 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 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 the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Estimating Allowance for Impairment of Financial Instruments (2019)

The measurement of the allowance for ECL on financial assets at FVOCI and investment securities at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 4.2.

The University uses a provision matrix to calculate ECL for its trade receivables which are based on the University's historical observed default rates. The University's management intends to calibrate on an annual basis the matrix to consider the historical credit loss experience with forward-looking information.

(b) *Estimating Impairment of Receivables (2018 and 2017)*

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 payment behavior of students and related parties, 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.

(c) *Determining Fair Value Measurement of Financial Assets other than Loans and Receivables*

The University carries certain financial assets at fair value, which is subject to yearly assessment. In cases where active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The 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 or loss and equity.

The carrying values of the University's Financial Assets at FVTPL and at FVOCI (previously 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, the carrying value of the cross-currency swap is disclosed in Note 9 while fair value gains or losses on cross-currency swap agreements are presented as Fair value gain or loss on derivative liability under Finance Income or Finance Costs in the statement of profit or loss (see Note 19).

(d) *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 May 31, 2019, 2018 and 2017, there is no change in the estimated useful lives of the assets during those periods. Actual results, however, may vary due to changes in factors mentioned above.

(e) *Determining Fair Value of Investment Properties*

Investment property is measured using the cost model. The fair value disclosed in Note 13 is determined by the University based on the appraisal report prepared by independent appraisers using the relevant valuation methodology as discussed in Note 6.4.

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

A significant change in these elements may affect the prices and the value of the assets. As of May 31, 2019, 2018 and 2017, the University determined that there were no significant circumstances that may affect the fair value determination of investment properties.

(f) *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. Based on management assessment, no impairment loss is required to be recognized on the University's investment properties, property and equipment, and investments in subsidiaries and an associate as of May 31, 2019, 2018 and 2017.

(g) *Determining Recoverable Amount of Deferred Tax Assets*

The University reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management assessed that the deferred tax assets recognized as at May 31, 2019, 2018 and 2017 are fully recoverable because those 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 below and in the succeeding pages.

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 risk arise from certain cash and cash equivalents, financial assets at FVOCI and investment securities at amortized cost that are primarily denominated in United States (US) dollars.

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 US dollar deposit at a minimum level.

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

	2019	2018	2017
Short-term exposure – Financial assets	**P 555,813,599**	P 371,436,018	P 294,141,004
Long-term exposure – Financial assets	**P 126,324,751**	P 196,418,315	P 282,284,616

The following table illustrates the sensitivity of the University's profit or loss before tax with respect to changes in Philippine peso against US dollar exchange rates. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous periods (for the periods ended May 31, 2019, 2018 and 2017) at a 95% confidence level.

	May 31, 2019			May 31, 2018			May 31, 2017		
	Reasonably possible change in rate	**Effect in profit before tax**	**Effect in equity**	Reasonably possible change in rate	Effect in profit before tax	Effect in equity	Reasonably possible change in rate	Effect in loss before tax	Effect in equity
PhP - USD	**3.83%**	**P 26,125,899**	**P 23,513,309**	3.98%	P 22,600,602	P 20,340,542	26.27%	P 151,427,010	P 136,284,309

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

(b) Interest Rate Risk

The University's exposure to interest rate risk arises from the interest-bearing financial instruments as of end of each reporting period, which are subject to variable interest rates. All other financial assets and financial liabilities have fixed interest rates.

	Notes	**2019**	2018	2017
Cash and cash equivalents	7	**P 176,414,122**	P 237,222,553	P 319,600,228
Financial assets at FVOCI	10.2	**330,316,652**	-	-
Investment securities at amortized cost	10.3	**761,771,571**	-	-
HTM investments	10.3	**-**	297,284,616	336,566,334
AFS financial assets	10.2	**-**	960,958,390	1,015,595,234
Short-term investments	11	**11,489,009**	52,993,469	565,247
Interest-bearing loans	16	**(1,333,571,429)**	(1,702,142,857)	(1,830,000,000)
		(P 53,580,075)	(P 153,683,829)	(P 157,672,957)

The following table illustrates the sensitivity of profit or loss before tax 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 years ended May 31, 2019, 2018 and 2017, estimated at 95% level of confidence. The sensitivity analysis is based on the University's financial instruments held at May 31, 2019, 2018 and 2017.

	May 31, 2019		May 31, 2018		May 31, 2017	
	Reasonably possible change in rate	**Effect on profit before tax**	Reasonably possible change in rate	Effect on profit before tax	Reasonably possible change in rate	Effect on loss before tax
Cash and cash equivalents	**+/-0.75%**	**P 1,323,106**	+/-0.19%	P 450,723	+/-0.12%	P 383,520
Financial assets at FVOCI	**+/-4.26%**	**14,071,489**	-	-	-	-
Investment securities at amortized cost	**+/-4.26%**	**32,451,469**	-	-	-	-
HTM investments	**-**	**-**	+/-0.91%	2,705,290	+/-0.45%	1,514,549
AFS financial assets	**-**	**-**	+/-1.42%	13,645,609	+/-0.45%	4,570,179
Short-term investments	**+/-2.73%**	**313,650**	+/-1.42%	752,507	+/-0.45%	2,544
Interest-bearing loans	**+/-2.73%**	**(36,406,500)**	+/-0.56%	(9,532,000)	+/-0.58%	(10,614,000)
		P 11,753,214		P 8,022,129		(P 4,143,208)

(c) Other Price Risk

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

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

For equity securities listed in the Philippines, an average volatility have been observed for the years ended May 31, 2019, 2018 and 2017 which was shown on the table below.

	Change in Total Comprehensive Income					
	+/-%	**2019**	+/-%	2018	+/-%	2017
Financial assets at FVTPL	**13.26%**	**P 57,288,923**	-	P -	-	P -
Financial assets at FVTOCI	**15.58%**	**21,029,362**	-	-	-	-
AFS financial assets	**-**	**-**	10.57%	79,282,614	12.71%	102,993,885

No sensitivity analysis was provided for government and corporate bonds, and investments in UITF classified as Financial Assets at FVTPL as management deemed that the risk at the end of the period is not representative of a risk inherent in the University's financial instruments.

Certain investments are considered medium to long-term strategic investments. In accordance with the University's policies, no specific hedging activities are undertaken in relation to these investments, except as discussed in Notes 9 and 10 in connection with its investment in certain foreign currency denominated corporate debt instruments which are subject to a cross-currency swap agreement. The investments are continuously monitored to ensure that returns of these equity instruments are timely utilized or reinvested in the University's favor.

4.2 Credit Risk

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

The University is mainly exposed to credit risk relating to its tuition and other school fees receivables due primarily to the student's possible inability to pay and to fully settle his or her unpaid balance of tuition fees and other charges which are owed to the 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.

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

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

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

	Notes	**2019**	2018	2017
Cash and cash equivalents	7	**P 176,414,122**	P 237,222,553	P 319,600,228
Receivables	8	**649,840,987**	589,848,180	532,719,850
Financial assets at FVOCI*	10.2	**330,316,652**	960,958,390	1,015,595,234
Investment securities at amortized cost**	10.3	**762,247,744**	297,284,616	336,566,334
Short-term investments	11	**11,489,009**	52,993,469	565,247
Refundable deposits		**4,796,804**	4,880,271	5,377,630
		P 1,935,105,318	P 2,143,187,479	P 2,210,424,523

**Previously AFS financial assets*
***Previously HTM financial assets*

a. *Cash and Cash Equivalents and Short-term Placements*

The credit risk for cash and cash equivalents and short-term placements herein is considered negligible or the probability of default from these reputable banks is remote since there has been no history of default from these counterparties and because of their high quality external credit ratings.

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

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

As of May 31, 2019, 2018 and 2017, management assessed that the allowance for ECL on these financial instruments is not material.

b. *Receivables*

The University's receivables include tuition fees and other school receivables, receivables from related parties and others miscellaneous receivables.

The University writes off its receivables from students who have not enrolled for two semesters and are not expected by management to re-enroll in the near future.

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

The expected loss rates on these receivables are determined based on the history of credit-impaired student accounts. The University analyzes tuition and other school fees receivables based on the number of semesters the receivables have been outstanding. Student receivables that are outstanding for at least two semesters are assessed for credit impairment.

The historical loss rates, which are expressed as the relationship between the credit-impaired accounts and the related recognized tuition fees, are adjusted to reflect current and FLI on macroeconomic factors affecting the ability of the customers to settle the receivables. The University assessed that the expected loss rates for tuition fees and other receivables are a reasonable approximation of the loss rates for these financial assets. As at May 31, 2019 and June 1, 2018, weighted average loss rates, adjusted with FLI, used in the measurement of ECL is at 4.6% and 4.4%, respectively.

The University incorporates FLI into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The most relevant macro-economic variable used in the measurement of ECL as at May 31, 2019 and June 1, 2018 is consumer spending and inflation rate, based on the correlation of historical loss rates and FLI.

A reconciliation of the allowance for ECL as at May 31, 2019 to the opening loss allowance is presented in Note 8.

With respect to advances to related parties, the University deemed that the exposure at default is low as these counterparties have sufficient assets which can cover for the outstanding balance should default occur. Further, applying the lowest investment grade credit rating to such balances will only yield to an insignificant amount of ECL. Hence, the University did not provide an allowance for ECL on such foregoing balances.

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

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

The loss allowance provided as of May 31, 2019 is as follows:

Company Internal Credit Rating	External Credit Rating	ECL Rate	Estimated Gross Carrying Amount at Default	Allowance
Investment Securities at Amortized Cost				
Performing	A - AAA	0.00% - 0.06%	P 504,281,405	P 52,195
Underperforming	BB - BBB+	0.10% - 0.52%	257,934,691	423,978
Financial Assets at FVOCI				
Performing	AAA	0.0%	156,600,000	-
Underperforming	BBB+	0.00% - 0.11%	178,385,345	186,942
			P 1,097,201,441	**P 663,115**

In 2019, the University has recognized additional ECL for debt securities at amortized cost amounting to P0.05 million and reversal of ECL for debt securities at FVOCI amounting to P0.1 million, which are presented as Impairment losses on investments under Finance Costs and netted against unrealized fair value gains under other comprehensive income during the year, respectively (see Note 19.2).

d. Refundable Deposits

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

The tables below show the credit quality of the University's financial assets as of May 31, 2018 and 2017 having past due components under PAS 39.

	Notes	Neither past due nor impaired	Past due and impaired	Total
2018				
Cash and cash equivalents	7	P 237,222,553	P -	P 237,222,553
Receivables	8	536,841,848	26,503,166	563,345,014
AFS financial assets (debt securities)	10	960,958,390	-	960,958,390
HTM investments	10	297,284,616	-	297,284,616
Short-term investments	11	52,993,469	-	52,993,469
Refundable deposits		4,880,271	-	4,880,271
		P 2,090,181,147	P 26,503,166	P 2,116,684,313

	Notes	Neither past due nor impaired	Past due and impaired	Total
2017				
Cash and cash equivalents	7	P 319,600,228	P -	P 319,600,228
Receivables	8	467,480,892	32,619,479	500,100,371
AFS financial assets (debt securities)	10	1,015,595,234	-	1,015,595,234
HTM investments	10	336,566,334	-	336,566,334
Short-term investments	11	565,247	-	565,247
Refundable deposits		5,377,630	-	5,377,630
		P 2,145,185,565	P 32,619,479	P 2,177,805,044

The University has no past due but unimpaired financial assets as at May 31 2018, and 2017.

As of May 31, 2018 and 2017, the University's management considers that all of its 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, AFS financial assets, HTM investments and other short-term investments (presented as part of Prepayments and Other Current Assets) are coursed through reputable financial institutions duly approved by the BOT.

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 May 31, 2019, 2018 and 2017, the University's financial liabilities have contractual maturities (or are expected to be settled within these periods) which are presented below.

	Current		**Non-current**
	Within 6 Months	**6 to 12 Months**	**1 to 5 Years**
2019			
Trade and other payables	P 945,469,132	P -	P -
Interest-bearing loans	1,001,157,584	220,090,570	1,057,178,460
Advances from related parties	115,800,000	-	-
Derivative liability	36,720,866	-	-
	P 2,099,147,582	**P 220,090,570**	**P 1,057,178,460**
2018			
Trade and other payables	P 831,251,344	P -	P -
Interest-bearing loans	875,016,594	212,542,259	1,434,692,826
Advances from related parties	85,800,000	-	-
Derivative liability	38,255,313	-	-
Subscription payable	-	500,000	-
	P 1,830,323,251	P 213,042,259	P 1,434,692,826

	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
2017			
Trade and other payables	P 782,116,411	P -	P -
Interest-bearing loans	114,142,043	210,120,027	1,792,541,499
Derivative liability	33,365,459	-	-
Subscription payable	-	488,000,000	-
	P 929,623,913	P 698,120,027	P 1,792,541,499

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

		2019		2018		2017	
	Notes	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets:							
At FVOCI (2019)/AFS (2018 and 2017) financial assets:	10						
Debt securities		**P 330,316,652**	**P 330,316,652**	P 960,958,390	P 960,958,390	P 1,015,595,234	P 1,015,595,234
Equity securities		**135,009,428**	**135,009,428**	750,072,034	750,072,034	810,337,410	810,337,410
UITF		**-**	**-**	408,461,253	408,461,253	313,722,190	313,722,190
		465,326,080	**465,326,080**	2,119,491,677	2,119,491,677	2,139,654,834	2,139,654,834
At FVTPL							
Equity securities	10	**432,043,160**	**432,043,160**	-	-	-	-
UITF	10	**375,308,885**	**375,308,885**	-	-	-	-
		807,352,045	**807,352,045**	-	-	-	-
Amortized cost (2019)/ HTM (2018 and 2017) investments – debt securities	10	**761,771,571**	**761,760,745**	297,284,616	301,671,306	336,566,334	343,972,540
Refundable deposit		**4,796,804**	**4,796,804**	4,880,271	4,880,271	5,377,630	5,377,630
Receivables	8	**619,584,265**	**619,584,265**	563,345,014	563,345,014	500,100,371	500,100,371
		1,386,152,640	**1,386,141,814**	865,509,901	869,896,591	842,044,335	849,450,541
		P 2,658,830,765	**P 2,658,819,939**	P 2,985,001,578	P 2,989,388,268	P 2,981,699,169	P 2,989,105,375
Financial Liabilities:							
At amortized cost – Interest-bearing loans	16	**P 2,108,571,429**	**P 2,064,520,387**	P 2,367,142,858	P 2,280,240,097	P 1,880,000,000	P 1,757,704,848
At fair value – derivative liability	9	**36,720,866**	**36,720,866**	38,255,313	38,255,313	33,365,459	33,365,459
		P 2,145,292,295	**P 2,101,241,253**	P 2,405,398,171	P 2,318,495,410	P 1,913,365,459	P 1,791,070,307

Except for the financial assets and financial liabilities presented in the preceeding and above pages, the University has financial assets and/or financial liabilities that are not carried at fair value but are required to be disclosed at fair value as of May 31, 2019, 2018 and 2017 (see Note 6.3). Management determined that the carrying amounts of the other financial instruments that are carried at amortized costs are equal to or approximate their fair values; hence, no further comparison between the carrying amounts and fair values is presented.

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 amounts of University's cash in bank, which is presented as part of the Cash and Cash Equivalents account, and portion of Short-term investments under the Prepayments and Other Current Assets account in the statements of financial position (see Notes 7 and 11) are subject to offsetting, enforceable master netting arrangements and similar agreements as at May 31, 2019, 2018 and 2017, as presented below.

	Gross amounts recognized in the statements of financial position		Net amount presented in the statements of financial position	Related amounts that can potentially be set-off in the statements of financial position		
	Financial assets	Financial liabilities set-off		Financial instruments	Cash collateral received	Net amount
2019	**P 114,087,575**	**P -**	**P 114,074,905**	**(P2,108,571,429)**	**P -**	**(P 1,994,496,524)**
2018	P 174,320,621	P -	P 174,320,621	(P 2,367,142,858)	P -	(P 2,192,822,237)
2017	P 15,288,499	P -	P 15,288,499	(P 1,880,000,000)	P -	(P 1,864,711,501)

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

All other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (i.e., related parties) will have the option to settle all such amounts on a net basis through the approval by both parties' BOT or Board of Directors (BOD). 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, *Fair Value Measurement,* the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The levels of the fair value hierarchy are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurable date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the University uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

6.2 Financial Instruments Measurement at Fair Value

The tables presented below show the fair value hierarchy of the University's classes of financial assets and financial liabilities measured at fair value in the statements of financial position on a recurring basis as of the years ended May 31, 2019, 2018 and 2017.

	Level 1	Level 2	Level 3	Total
May 31, 2019				
Financial assets at FVOCI:				
Debt securities:				
Government	P 161,338,064	P -	P -	P 161,338,064
Corporate	168,978,588	-	-	168,978,588
Equity securities	135,009,428	-	-	135,009,428
Financial assets at FVTPL – Equity securities	422,943,294	384,408,751	-	807,352,045
Investment securities at amortized cost	761,760,745	-	-	761,760,745
	P 1,650,030,119	**P 384,408,751**	**P -**	**P2,034,438,870**
Derivative liability – Cross-currency swaps	**P -**	**(P 36,720,866)**	**P -**	**(P 36,720,866)**
May 31, 2018				
AFS financial assets:				
Debt securities:				
Government	P 240,339,612	P -	P -	P 240,339,612
Corporate	720,618,778	-	-	720,618,778
Equity securities	750,072,034	408,461,253	-	1,158,533,287
	P 1,711,030,424	P 408,461,253	P -	P 2,119,491,677
Derivative liability – Cross-currency swaps	P -	(P 38,255,313)	P -	(P 38,255,313)

	Level 1	Level 2	Level 3	Total
May 31, 2017				
AFS financial assets:				
Debt securities:				
Government	P 413,651,744	P -	P -	P 413,651,744
Corporate	601,943,490	-	-	601,943,490
Equity securities	810,337,410	313,722,190	-	1,124,059,600
	P 1,825,932,644	P 313,722,190	P -	P 2,139,654,834
Derivative liability – Cross-currency swaps	P -	(P 33,365,459)	P -	(P 33,365,459)

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

Following 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 May 31, 2019, 2018 and 2017, instruments included in Level 1 comprise of listed common and preferred shares which are classified as and designated at financial assets at FVTPL and FVOCI, respectively. The corporate shares were valued based on their market prices quoted in the PSE at the end of each reporting period. On the other hand, the fair value of investments in UITF are classified as Level 2, since fair values are generally measured based on the net asset value of the University's investment, computed and determined at the end of each reporting period based on the closing market and trade prices of the securities comprising the fund's portfolio. This valuation approach takes into the account the period end performance of the funds including all trades made within the funds and the related income and expenses arising therefrom.

b) Debt securities

The fair value of the University's debt securities which consist of government and corporate bonds is estimated by reference to quoted bid price in active market at the end of the reporting period and is categorized within Level 1.

c) Derivatives

Derivatives classified as financial liability at FVTPL are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

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

As of May 31, 2019, 2018 and 2017, the fair value of debt securities categorized as investment securities at amortized cost amounts to P761.8 million, P301.7 million and P344.0 million, respectively, which is Level 1 in the hierarchy of fair values (see Note 5.1).

Other than the HTM investments (2018 and 2017) and interest-bearing loans, management determined that due to the short-term duration of the other University's financial assets and financial liabilities measured at amortized cost, as described in Notes 2.4 and 2.8, their fair values as at May 31, 2019, 2018 and 2017 equal or approximate their carrying amounts. Accordingly, the University did not anymore present a comparison of their fair values with their carrying amounts and, correspondingly, their level in the hierarchy. Nevertheless, if presented in the hierarchy, only Cash and Cash Equivalents, Short-term investments (presented under Prepayments and Other Current Assets) and Refundable Deposits would fall under Level 1 and the rest would be under Level 3.

6.4 Fair Value Measurement for Non-financial Assets

The table below shows the fair value of non-financial assets (i.e., investment properties) measured at cost but fair value is determined on a recurring basis (which is at Level 3) as of May 31, 2019, 2018 and 2017 (see Note 13).

	2019	2018	2017
Land	**P 2,712,151,000**	P 2,335,840,000	P 1,437,440,000
Building and improvements	**382,545,000**	376,311,000	340,389,000
	P 3,094,696,000	P 2,712,151,000	P 1,777,829,000

The fair values of the University's investment properties are determined on the basis of the latest appraisals performed by an independent appraiser in August 2018 covering the years ended May 31, 2019 and 2018, and in July 2016 covering the year ended May 31, 2017, 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 with an average of 5% to 10% adjustment.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of:

	2019	2018	2017
Cash on hand and in banks	**P 176,414,122**	P 237,141,055	P 184,822,802
Short-term placements	**-**	81,498	134,777,426
	P 176,414,122	P 237,222,553	P 319,600,228

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

Effective annual interest earned from these short placements is as follows:

	2018	2017
Peso	0.8% to 0.9%	0.8% to 1.09%
Dollar	1.0%	1.0%

Interest income earned from cash and cash equivalents is presented as part of Finance Income in the statements of profit or loss (see Note 19.1). The related interest receivable from short-term placements as of May 31, 2019, 2018 and 2017 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	2019	2018	2017
Receivables from related parties	23	**P 341,878,705**	P 330,486,042	P 251,443,280
Tuition and other school fees receivables		**300,078,677**	242,380,288	268,964,472
Advances to employees		**7,308,584**	10,964,599	6,103,290
Accrued interest	7, 10, 11	**6,161,861**	5,329,704	10,696,702
Others		**1,721,744**	11,652,146	1,615,396
		657,149,571	600,812,779	538,823,140
Allowance for impairment on tuition and other school fees receivables		**(30,256,722)**	(26,503,166)	(32,619,479)
		P 626,892,849	P 574,309,613	P 506,203,661

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

A reconciliation of the allowance for impairment loss on receivables at the beginning and end of May 31, 2019, 2018 and 2017 is presented below.

	Notes	2019	2018	2017
Balance at beginning of year		**P 26,503,166**	P 32,619,479	P 40,282,176
Impact of adoption of PFRS 9	4.2	**4,304,237**	-	-
As restated		**30,807,403**	32,619,479	40,282,176
Impairment losses during the year	18	**5,660,750**	33,441,829	27,256,489
Receivables written-off during the year		**(6,211,431)**	(39,558,142)	(34,919,186)
Balance at end of year		**P 30,256,722**	P 26,503,166	P 32,619,479

All of the University's receivables had been reviewed for indicators of impairment. Starting 2019, the University applies the PFRS 9 simplified approach in measuring expected credit losses taking into consideration the expected loss rates determined through the assessment of credit impairment, which was observed for student receivables that are outstanding for at least two semesters and are unenrolled in the previous terms. In 2018 and 2017, 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.

No allowance for impairment loss on all other receivables is provided as of May 31, 2019, 2018 and 2017 since management believes that those are collectible in full. However, during the year ended May 31, 2017, management identified certain accrued interest amounting to P24.5 million that are no longer reasonable, hence, was written off. It was presented as Loss on write-off of receivable under Finance Costs in the 2017 statement of profit or loss (see Note 19.2). No similar transaction occurred in 2019 and 2018.

Others significantly include amounts due from brokers that are receivable by the University's trust funds.

9. CROSS-CURRENCY SWAPS

The University entered into cross-currency swaps to hedge its foreign currency exposure related to its foreign currency denominated investments in corporate bonds which were reclassified from AFS Financial Assets to HTM Investments in 2017 (see Note 10). As of May 31, 2019, 2018 and 2017, the fair value of these cross-currency swaps amounting to P36.7 million, P38.3 million and P33.4 million, respectively, is presented as Derivative Liability in the statements of financial position. The related fair value gain or loss is presented as Fair value gain (loss) on derivative liability under Finance Income (Finance Costs) in the statements of profit or loss (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 loss amounting to P1.6 million, P0.3 million and P0.7 million for the years ended May 31, 2019, 2018 and 2017, respectively, which is recognized as part of Foreign exchange gains (loss) on derivative liability under Finance Income (Finance Costs) in the statements of profit or loss (see Note 19).

10. FINANCIAL ASSETS

10.1 Financial Assets at FVTPL

As of May 31, 2019, the University holds listed equity securities amounting to P432,043,160, and UITF amounting to P375,308,885, which are classified under Financial Assets at FVTPL in the 2019 statement of financial position.

Financial assets at FVTPL are denominated in local and foreign currencies, which amounted to P422,943,294 and P384,408,751, respectively.

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

Balance at beginning of year	P -
Effect of adoption of PFRS 9	1,020,523,050
As restated	1,020,523,050
Additions	1,679,559,036
Disposals	(1,882,826,347)
Foreign currency losses – net	(2,373,943)
Fair value gains – net	(7,529,751)
Balance at end of year	**P 807,352,045**

Investment income from financial assets at FVTPL, which includes dividend income, gain or loss on disposal and realized fair value gains or losses, totaling P6.8 million for the period ended May 31, 2019, has been reinvested as part of additions to financial assets at FVTPL and is presented separately as Other investment income from financial assets at FVTPL under Finance Income in the 2019 statement of profit or loss (see Note 19.1).

The related outstanding interest is presented as part of Accrued interest under the Trade and Other Receivables account in the statements of financial position (see Note 8).

10.2 Financial Assets at FVOCI (Previously AFS Financial Assets)

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

	2019	2018	2017
Current	**P 184,742,421**	P 2,119,491,677	P 2,139,654,834
Non-current	**280,583,659**	-	-
	P 465,326,080	P 2,119,491,677	P 2,139,654,834

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

	2019	2018	2017
Debt securities:			
Government	**P 161,338,064**	P 240,339,612	P 413,651,744
Corporate	**168,978,588**	720,618,778	601,943,490
	330,316,652	960,958,390	1,015,595,234
Equity securities:			
Corporate shares	**135,009,428**	750,072,034	810,337,410
UITF	**-**	408,461,253	313,722,190
	135,009,428	1,158,533,287	1,124,059,600
	P 465,326,080	P 2,119,491,677	P 2,139,654,834

Government securities bear annual interest rates ranging from 3.38% to 12.13% in 2019, 2.13% to 12.13% in 2018, and 2.13% to 5.10% in 2017. Corporate bonds bear interest ranging from 3.27% to 7.02% in 2019, 3.20% to 6.88% in 2018, and 1.25% to 6.15% in 2017.

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 Financial Assets at FVOCI as to currency denomination is as follows:

	2019	2018	2017
Local	**P 465,326,080**	P 1,833,921,960	P 1,987,045,871
Foreign	**-**	285,569,717	152,608,963
	P 465,326,080	P 2,119,491,677	P 2,139,654,834

In 2017, the University reclassified certain AFS financial assets which pertains to foreign currency-denominated corporate bonds and are subject to cross-currency swap agreement as HTM investments (see Notes 9 and 10.3). In 2019, such HTM investments were reclassified as part of Investment Securities at Amortized Cost (see Note 10.3).

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

	2019	2018	2017
Balance at beginning of period	**P 2,119,491,677**	P 2,139,654,834	P 2,470,176,769
Effects of adoption of PFRS 9:			
Reclassification to financial assets at FVTPL	**(1,020,523,050)**	-	-
Reclassification to investment securities at amortized cost	**(450,068,005)**	-	-
As restated	**648,900,622**	2,139,654,834	2,470,176,769
Disposals	**(2,788,478,082)**	(2,558,270,287)	(2,695,618,050)
Additions	**2,620,522,884**	2,608,753,050	2,723,820,161
Fair value losses – net	**(16,391,446)**	(69,044,772)	(24,907,255)
Foreign currency gains losses – net	**(121,392)**	-	-
Amortization of discount (premium) – net	**893,494**	(1,601,148)	2,030,948
Reclassification to HTM investments (see Note 10.3)	**-**	-	(335,847,739)
	P 465,326,080	P 2,119,491,677	P 2,139,654,834

Investment income from financial assets at FVOCI, which includes dividend income, gain or loss on disposal and realized fair value gains or losses, totaling P26.2 million, P97.2 million and P81.7 million for the years ended May 31, 2019, 2018 and 2017, respectively, has been reinvested as part of additions to financial assets at FVOCI and is presented separately as Interest income from financial assets at FVOCI and as Other investment income from financial assets at FVOCI under Finance Income in the statements of profit or loss (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).

The total cumulative fair value losses amounted to P21.9 million for the year ended May 31, 2019, which are presented as an item that will not be reclassified subsequently to profit or, in the statements of comprehensive income. The total cumulative fair value gains or losses amounting to P14.8 million, P32.9 million and P10.0 million for the years ended May 31, 2019, 2018 and 2017, respectively, which are presented as an item that will be reclassified to profit or loss in the statements of comprehensive income.

In 2019, the University has recognized a reversal of ECL allowance of P0.1 million for its debt securities at FVOCI, which is netted against the unrealized fair value gains under other comprehensive income during the year.

10.3 Investment securities at Amortized Cost (Previously Held-to-maturity Investments)

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

	2019	2018	2017
Current	**P 263,808,437**	P -	P 95,148,019
Non-current	**497,963,134**	297,284,616	241,418,315
	P 761,771,571	P 297,284,616	P 336,566,334

In 2017, the University reclassified certain AFS financial assets with total fair value of P335.8 million as of date reclassification to amortized cost because it intends to hold these debt securities until maturity. A portion of these reclassified bonds are still held by the University with carrying values of P185.6 million and P190.5 million as of May 31, 2019 and 2018, respectively, and has fair values of P182.8 million and P251.5 million as of May 31, 2019 and 2018, respectively. No similar transaction was made during the years ended May 31, 2019 and 2018.

These accounts are composed of investment in government and corporate bonds denominated in Philippine pesos and US dollars which bear fixed interest rates ranging from 3.2% to 7.4% per annum. These debt securities have maturities ranging from one to 25 years.

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

	2019	2018	2017
Local	**P 465,288,447**	P 15,000,000	P 45,000,000
Foreign	**296,959,297**	282,284,616	291,566,334
	762,247,744	297,284,616	336,566,334
Expected credit losses	**(476,173)**	-	-
	P 761,771,571	P 297,284,616	P 336,566,334

As of May 31, 2019 and 2018, certain foreign currency-denominated investment securities at amortized cost amounting to P185.6 million and P190.5 million, respectively, are subject to cross-currency swap agreement with a term coinciding with that of the term of the said bonds (see Note 9).

An analysis of the movements in the carrying amount of the University's investment securities at amortized cost (previously HTM investments) for the years ended May 31, 2019, 2018 and 2017, is presented below.

	2019	2018	2017
Balance at beginning of year	**P 297,284,616**	P 336,566,334	P -
Effect of adoption of PFRS 9			
Reclassifications from HTM Investments	**(297,284,616)**	-	-
Reclassifications from AFS financial assets	**455,826,512**	-	-
Reclassifications to investment Securities at amortized cost	**297,284,616**	-	-
As restated	**753,111,128**	336,566,334	-
Additions	**109,369,204**	52,500,099	15,000,000
Maturities	**(94,483,206)**	(102,743,344)	(30,297,340)
Amortization of discount – net	**(3,313,681)**	(4,212,352)	(3,788,706)
Foreign currency gains losses – net	**(2,435,701)**	15,173,879	19,804,641
Reclassification from AFS financial assets (see Note 10.2)	**-**	-	335,847,739
	762,247,744	297,284,616	336,566,334
Expected credit losses	**(476,173)**	-	-
Balance at end of year	**P 761,771,571**	P 297,284,616	P 336,566,334

A reconciliation of the allowance for impairment loss on investment securities at amortized cost at the beginning and end of May 31, 2019 is presented below:

Balance at beginning of year	P -
Effect of adoption of PFRS 9	454,456
As restated	454,456
Impairment loss during the year	21,717
Balance at end of period	**P 476,173**

As of May 31, 2019 and 2018, the unamortized discount relating to financial assets at amortized cost amounts to P3.6 million and P6.9 million, respectively. Net amortization of discount during the years ended May 31, 2019 and 2018, amounting to P3.3 million and P3.8 million, respectively, is recorded as net of Other investment income from financial assets at FVOCI and FVTPL (see Note 19.1).

11. PREPAYMENTS AND OTHER CURRENT ASSETS

The breakdown of this account is as follows:

	2019	2018	2017
Input VAT	**P 31,131,088**	P 20,341,354	P 17,768,995
Prepaid expenses	**21,051,396**	21,708,401	24,961,508
Inventories	**20,964,663**	4,738,541	13,314,029
Creditable withholding tax	**17,983,608**	16,596,527	13,943,793
Short-term investments	**11,489,009**	52,993,469	565,247
	102,619,764	116,378,292	70,553,572
Allowance for impairment of input VAT	**(10,980,897)**	(10,980,897)	(10,980,897)
	P 91,638,867	P 105,397,395	P 59,572,675

Prepaid expenses mainly consist of prepaid income taxes, rentals and supplies.

Short-term investments, which consist of special savings deposits and investment in special deposit accounts, earn interest ranging from 0.75% to 1.75%, from 1.0% to 3.55%, and from 0.64% to 1.80% for the years ended May 31, 2019, 2018 and 2017, respectively. These investments are maturing beyond three months but within one year from the end of each of the reporting period. Related accrued interest is presented as part of the Receivables account in the statements of financial position (see Note 8).

Inventories consist of merchandise inventory items relating to the University's book store. Inventories of the University are subject to impairment and are valued at the lower of cost and net realizable value. As of May 31, 2019, 2018 and 2017, all inventories are valued at cost.

12. INVESTMENTS IN SUBSIDIARIES AND AN ASSOCIATE

This account consists of the following as of May 31:

	Explanatory Notes	% Interest Held	2019	2018	2017
Investments in:					
Subsidiaries:					
Roosevelt College, Inc. (RCI)	12.1	97.43%	**P 1,012,418,769**	P 1,012,418,769	P 1,012,418,769
FEU Alabang, Inc. (FEUAI)	12.2	100%	**749,999,875**	749,999,875	749,999,875
East Asia Computer Center, Inc. (EACCI)		100%	**150,104,999**	150,104,999	150,104,999
Fern Realty Corporation (FRC)		37.52%	**64,419,300**	64,419,300	64,419,300
Far Eastern College – Silang, Inc. (FECSI)		100%	**51,000,000**	51,000,000	51,000,000
FEU High School, Inc. (FEU High)	12.3	100%	**9,999,500**	9,999,500	9,999,500
Associate – Juliana Management Company, Inc. (JMCI)	12.4	-	**-**	7,878,120	7,878,120
			P 2,037,942,443	P 2,045,820,563	P 2,045,820,563

Details of subscription payable as of May 31 are as pertain to the following investments:

	2019	2018	2017
FEU High	**P -**	P 500,000	P 500,000
FEUAI	**-**	-	487,500,000
	P -	P 500,000	P 488,000,000

Movement in the University's subscription payable is presented below.

	2019	2018	2017
Balance at beginning of year	**P 500,000**	P 488,000,000	P 94,250,000
Repayments	**(500,000)**	(487,500,000)	(256,250,000)
Additional subscription during the year	**-**	-	650,000,000
Balance at end of year	**P -**	P 500,000	P 488,000,000

Their place of incorporation which is similar to the place where they operate are summarized as follows:

RCI	-	J.P. Rizal Street, Lamuan, Marikina City
FEUAI	-	Lot 1, Corporate Woods cor. South Corporate Avenues, Woods District, Filinvest City, Alabang, Muntinlupa City
EACCI	-	P. Paredes Street, Sampaloc, Manila
FRC	-	Administration Building, FEU Compound, Nicanor Reyes, Sr. Street, Sampaloc, Manila
FECSI	-	Metrogate Silang Estates, Silang, Cavite
FEU High	-	Nicanor Reyes Street, Sampaloc, Manila

Similar to the University, RCI, FEUAI, EACCI and FECSI were established to operate as educational institutions offering general courses of study. FRC, on the other hand, operates as a real estate company leasing most of its investment properties to the University and other related parties.

FEUAI was conferred as a school by the Department of Education and Commission on Higher Education upon completion of its school building (see Note 13). FEUAI started its operations in August 2018.

On June 24, 2014, FEU High was established to offer and conduct enhanced basic education programs. In 2017, the subsidiary started its operation as Senior High School in response to the implementation of the K-12 program.

Although the University holds less than 50% of the voting shares of stock of FRC, it has control over FRC because it is exposed or has right to variable returns from its involvement with FRC and it has the ability to affect those returns through its power over FRC. It is able to do this primarily because the University has the power to cast the majority of votes at meetings of FRC's BOD and elect its officers. Accordingly, FRC is recognized as a subsidiary of the University.

The shares of stocks of the subsidiaries and associate are not listed in the PSE; hence, the fair value of the shares cannot be determined reliably. However, management believes that the carrying amounts of the investments as of May 31, 2019, 2018 and 2017 are fully recoverable.

During the years ended May 31, 2019, 2018 and 2017, the University earned dividends from FEU High, EACCI and FRC totaling P60.8 million and P62.5 million, respectively, as detailed below (see Notes 19.1 and 23.1).

	2019	2018	2017
FEU High	**P 29,998,500**	P 29,998,500	P -
EACCI	**25,839,867**	25,839,867	25,839,867
FRC	**5,006,000**	6,672,998	6,672,998
	P 60,844,367	P 62,511,365	P 32,512,865

12.1 Investment in RCI

On May 12, 2016, pursuant to the Share Purchase Agreement (SPA) entered into between FEU and the selling stockholders of RCI for the sale and purchase of 99.42% of RCI's issued and outstanding shares, the University acquired a total of 235,427 shares of stock of RCI. The acquired shares account for 79.72% of the total outstanding shares of RCI, thereby, making it a subsidiary of the University as of May 31, 2016.

During the year ended May 31, 2017, the University acquired additional 52,349 shares of stock of RCI from various selling stockholders of RCI. The additional shares are equivalent to 17.73% of the total outstanding shares of RCI. As of May 31, 2019, 2018 and 2017, the University owns 97.43% of RCI's total outstanding shares.

12.2 Investment in FEUAI

During the year ended May 31, 2017, the University fully paid its original subscription to 187,500 shares of stock of FEUAI amounting to P18.8 million. The University also subscribed and paid for the remaining 750,000 shares of FEUAI's authorized capital stock amounting to P75.0 million.

In February 2017, the SEC approved the increase in authorized capital stock of FEUAI. The University subscribed to the increase in authorized common stock of FEUAI totaling 6.5 million shares and of which P162.5 million have been paid as of May 31, 2017.

During the year ended May 31, 2018, the University fully paid the remaining balance from its additional subscription in 2017, which amounted to P487.5 million. No additional investment was made in 2019.

12.3 Investment in FEU High

For the year ended May 31, 2018, the University subscribed to 100,000 shares of FEU High, equivalent to P10.0 million, of which P9.5 million was paid in the same year. For the year ended May 31, 2019, the University fully paid the remaining balance from its additional subscription, which amounted to P0.5 million. No additional investments were made in 2019.

12.4 Investment in an Associate

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

	2018	2017	2016
Total assets	**P 15,121,734**	P 15,055,546	P 15,007,308
Total liabilities	**2,161,410**	1,714,370	1,521,370
Total equity	**15,121,734**	13,341,176	13,485,938
Net loss	**193,625**	144,762	143,072

JMCI was established to provide management and technical advice, assistance and services to commercial, manufacturing and other kinds of enterprises.

In 2019, the University sold its interest in JMCI to a certain third party for a total consideration of P147.0 million, which resulted in a gain amounting to P139.1 million. The gain on such transaction is presented by the University as part of Other Income (see Note 20 and 23.16).

As of May 31, 2018 and 2017, management believed that the recoverable amount of its investment in JMCI is higher than the carrying value.

13. INVESTMENT PROPERTIES

This account consists of the building being leased out to FECSI, and a land that will be leased out to FEUAI upon completion of the latter's construction of its school building in the said property.

The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of the years ended May 31, 2019, 2018 and 2017 are shown below.

	Land	**Building and Improvements**	**Total**
May 31, 2019			
Cost	P 1,076,829,849	P 428,436,741	P 1,505,266,590
Accumulated depreciation	-	(146,564,887)	(146,564,887)
Net carrying amount	**P 1,076,829,849**	**P 281,871,854**	**P 1,358,701,703**
May 31, 2018			
Cost	P 1,076,829,849	P 428,436,741	P 1,505,266,590
Accumulated depreciation	-	(125,143,950)	(125,143,950)
Net carrying amount	P 1,076,829,849	P 303,292,791	P 1,380,122,640
May 31, 2017			
Cost	P 1,076,829,849	P 428,436,741	P 1,505,266,590
Accumulated depreciation	-	(103,723,013)	(103,723,013)
Net carrying amount	P 1,076,829,849	P 324,713,728	P 1,401,543,577

A reconciliation of the carrying amounts of investment properties at the beginning and end of the years ended May 31, 2019, 2018 and 2017 is shown below.

	Land	Building and Improvements	Construction in Progress	Total
Balance at June 1, 2018, net of accumulated depreciation	P 1,076,829,849	P 303,292,791	P -	P 1,380,122,640
Depreciation charges for the year	-	(21,420,937)	-	(21,420,937)
Balance at May 31, 2019, net of accumulated depreciation	**P 1,076,829,849**	**P 281,871,854**	**P -**	**P 1,358,701,703**
Balance at June 1, 2017, net of accumulated depreciation	P 1,076,829,849	P 324,713,728	P -	P 1,401,543,577
Depreciation charges for the year	-	(21,420,937)	-	(21,420,937)
Balance at May 31, 2018, net of accumulated depreciation	P 1,076,829,849	P 303,292,791	P -	P 1,380,122,640
Balance at June 1, 2016, net of accumulated depreciation	P 1,076,829,849	P 345,543,783	P 10,879,908	P 1,433,253,540
Reclassifications	-	-	(10,879,908)	(10,879,908)
Additions	-	582,198	-	582,198
Depreciation charges for the year	-	(21,412,253)	-	(21,412,253)
Balance at May 31, 2017, net of accumulated depreciation	P 1,076,829,849	P 324,713,728	P -	P 1,401,543,577

The total rental income earned from investment properties is presented as Other Operating Income in the statement of profit or loss (see Notes 23.5, 23.6 and 23.9). The direct operating expenses, which include depreciation and amortization, insurance, and taxes and licenses incurred by the University relating to the investment properties, totaling P21.4 million in each for the year ended May 31, 2019, 2018 and 2017, are presented as part of Depreciation and amortization, Property insurance, and Taxes and licenses, respectively, under Operating Expenses in the statements of profit or loss (see Note 18).

For the year ended May 31, 2017, management allowed FEUAI to construct its own the campus. Accordingly, as agreed between the parties, all previously capitalized construction costs totaling P10.9 million, which were paid by the University, will be reimbursed by FEUAI. Hence, these were reclassified to Advances to FEUAI in the 2017 statement of financial position (see Note 23.2).

Based on the latest appraisal report obtained from an independent appraiser, management determined that the total fair value of investment properties amounts to P2,700.0 million as of May 31, 2018. Management deemed that such fair value continue to exceed the carrying amount of investment property as of May 31, 2019. Information about the fair value measurement and disclosures related to investment properties are presented in Note 6.4.

14. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization at the beginning and end of years ended May 31, 2019, 2018 and 2017 are shown below.

	Land	Building and Improvements	Furniture and Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction in Progress	Total
May 31, 2019							
Cost	P 389,229,440	P 1,608,401,168	P 560,182,007	P 888,683,959	P 187,594,083	P 350,499,280	P 3,984,589,937
Accumulated depreciation and amortization	-	(770,571,469)	(461,844,857)	(226,351,773)	(156,947,144)	-	(1,615,715,243)
Net carrying amount	**P 389,229,440**	**P 837,829,699**	**P 98,337,150**	**P 662,332,186**	**P 30,646,939**	**P 350,499,280**	**P 2,368,874,694**
May 31, 2018							
Cost	P 389,229,440	P 1,588,350,527	P 503,710,712	P 854,298,895	P 176,913,118	P 38,735,488	P 3,551,238,180
Accumulated depreciation and amortization	-	(692,549,957)	(410,863,785)	(183,949,503)	(147,033,646)	-	(1,434,396,891)
Net carrying amount	P 389,229,440	P 895,800,570	P 92,846,927	P 670,349,392	P 29,879,472	P 38,735,488	P 2,116,841,289
May 31, 2017							
Cost	P 312,398,552	P 1,581,152,444	P 450,901,325	P 769,822,117	P 167,535,886	P 12,046,536	P 3,293,856,860
Accumulated depreciation and amortization	-	(614,956,589)	(354,593,590)	(144,055,998)	(136,617,724)	-	(1,250,223,901)
Net carrying amount	P 312,398,552	P 966,195,855	P 96,307,735	P 625,766,119	P 30,918,162	P 12,046,536	P 2,043,632,959

A reconciliation of the carrying amounts of property and equipment at the beginning and end of periods ended May 31, 2019, 2018 and 2017 is shown below and in the succeeding page.

	Land	Building and Improvements	Furniture and Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction in Progress	Total
Balance at June 1, 2018, net of accumulated depreciation and amortization	P 389,229,440	P 895,800,570	P 92,846,927	P 670,349,392	P 29,879,472	P 38,735,488	P 2,116,841,289
Additions	-	20,050,641	56,471,295	34,385,064	10,680,965	311,763,792	433,351,757
Depreciation and amortization charges for the year	-	(78,021,512)	(50,981,072)	(42,402,270)	(9,913,498)	-	(181,318,352)
Balance at May 31, 2019, net of accumulated depreciation and amortization	**P 389,229,440**	**P 837,829,699**	**P 98,337,150**	**P 662,332,186**	**P 30,646,939**	**P 350,499,280**	**P 2,368,874,694**
Balance at June 1, 2017, net of accumulated depreciation and amortization	P 312,398,552	P 966,195,855	P 96,307,735	P 625,766,119	P 30,918,162	P 12,046,536	P 2,043,632,959
Additions	76,830,888	7,198,083	52,809,387	72,430,242	9,377,232	38,735,488	257,381,320
Reclassifications	-	-	-	12,046,536	-	(12,046,536)	-
Depreciation and amortization charges for the year	-	(77,593,368)	(56,270,195)	(39,893,505)	(10,415,922)	-	(184,172,990)
Balance at May 31, 2018, net of accumulated depreciation and amortization	P 389,229,440	P 895,800,570	P 92,846,927	P 670,349,392	P 29,879,472	P 38,735,488	P 2,116,841,289
Balance at June 1, 2016, net of accumulated depreciation and amortization	P 193,585,494	P 1,014,032,566	P 115,171,276	P 495,464,082	P 39,315,709	P -	P 1,857,569,127
Additions	118,813,058	29,320,005	37,578,116	164,285,867	5,242,554	12,046,536	367,286,136
Depreciation and amortization charges for the year	-	(77,156,716)	(56,441,657)	(33,983,830)	(13,640,101)	-	(181,222,304)
Balance at May 31, 2017, net of accumulated depreciation and amortization	P 312,398,552	P 966,195,855	P 96,307,735	P 625,766,119	P 30,918,162	P 12,046,536	P 2,043,632,959

In 2019, the University capitalized borrowing costs amounting to P33.7 million from the actual borrowing costs incurred on the loan obtained by the University to fund the construction of its new building located in Lerma St., Sampaloc, Manila. No similar transaction occurred in 2018 and 2017 (see Notes 16 and 19.2).

As of May 31, 2019, 2018 and 2017, certain fully depreciated and amortized assets with acquisition cost of P547.6 million, P450.4 million and P351.4 million, respectively, are still being used in the University's operations.

15. TRADE AND OTHER PAYABLES

As of May 31, this account consists of:

	Notes	2019	2018	2017
Dividends payable	24.2(b)	**P 212,205,101**	P 195,004,540	P 176,403,883
Accounts payable		**192,698,566**	126,863,149	106,391,762
Accrued expenses	16, 23.3, 23.4, 23.12	**111,735,492**	69,713,098	82,282,955
Accrued rent		**94,159,807**	72,592,890	54,646,890
Deposits payable		**79,701,664**	102,319,991	100,386,219
Accrued salaries and employee benefits		**48,470,538**	19,547,330	18,886,243
Withholding and other taxes payable		**45,090,718**	45,143,507	48,296,726
Retention payable		**42,233,834**	179,544,963	182,253,582
Payable to FEU retirement plan		**35,241,735**	35,259,257	25,065,653
Amounts due to students		**33,170,962**	27,978,450	33,371,761
Others		**36,371,890**	2,427,676	2,427,463
		P 931,080,307	P 876,394,851	P 830,413,137

Accounts payable mainly pertains to unpaid amounts for security services, utilities and other expenses already billed by the University's service providers and suppliers.

Accrued expenses include the University's accrual for utilities, trustees' bonuses and interest, among others.

Deposits payable are amounts collected on behalf of students and due to third parties mainly for laboratory use, school uniforms of students, thesis tutorial, advising and defense, educational tours and various socio-civic activities. During the years ended May 31, 2018 and 2017, certain deposits payable recognized in prior years amounting to P2.7 million and P0.2 million, respectively, were recognized as income because the purpose for which the collections were made have already been fulfilled. The related gains are presented as part of Reversal of deposits payable under Other Income in the statements of profit or loss (see Note 20). No similar transactions occurred during the year ended May 31, 2019.

Retention payable pertains to a portion of the consideration for the acquisition of RCI in 2016 that is retained by the University to ensure compliance by the selling shareholders of RCI to certain terms of the SPA. In 2019, the University paid P137.3 million of the retention payable in compliance with the agreement.

Payable to FEU retirement plan pertains to employee contributions that are yet to be remitted to the retirement fund. These amounts are subsequently remitted after the annual reporting dates.

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

The NSTP trust fund collected from students amounted to P28.3 million, P8.0 million and P13.6 million for the years ended May 31, 2019, 2018 and 2017. As of May 31, 2019, the outstanding balance of NSTP trust fund, presented as part of Trade and Other Payables in the statements of financial position, is P19.0 million, while nil as of May 31, 2018 and 2017.

16. INTEREST-BEARING LOANS

The University's interest-bearing loans as of May 31, 2019, 2018 and 2017 are as follows:

Outstanding Principal Balance (in Million Pesos)			**Explanatory Notes***	**Interest Rate**	**Security**	**Maturity date**
2019	2018	2017				
P 609.5	P 761.9	P 800.0	(a)	Base interest**	Unsecured	May 2023
421.0	550.5	680.0	(b)	plus 0.75% or	Unsecured	June 2022
123.8	161.9	200.0	(c)	prevailing rate	Unsecured	June 2022
114.3	142.8	150.0	(d)	on special	Unsecured	June 2022
65.0	85.0	-	(e)	deposit accounts	Unsecured	May 2023
50.0	50.0	50.0	(f)	3.75% per	Unsecured	June 2022
200.0	200.0	-	(g)	annum	Unsecured	June 2019
175.0	175.0	-	(h)	fixed up to	Unsecured	June 2019
				maturity	Unsecured	June 2019
80.0	80.0	-	(i)	4.00% per annum	Unsecured	June 2019
100.0	100.0	-	(j)	4.00% per annum	Unsecured	June 2019
100.0	-	-	(k)	4.00% per annum	Unsecured	June 2019
70.0	-	-	(l)	4.00% per annum	Unsecured	June 2019
-	60.0	-	(m)	4.00% per annum	Unsecured	January 2019
P 2,108.6	P 2,367.1	P 1,880.0				

* Loans discussed under explanatory notes (a) to (h) and (i) to (m) relate to loans with a local commercial bank that are subject to loan covenants effective for the years ended May 31, 2018 and 2019, respectively, which require the University to maintain a debt service coverage ratio of at least 1.2x and debt-to-equity ratio of not more than 2:1.

** Base interest rate is determined from the Philippine Dealing System Treasury Reference three-month bid yields for Philippine government securities.

(a) In May 2016, the University obtained a P800.0 million interest-bearing loan from a local commercial bank, which was used for the University's general capital expenditure requirements, including acquisitions of business and general corporate funding requirements. The principal amount is payable over 21 quarterly payments to start after a two-year grace period from loan availment date. Initial interest payment was made in August 2016. Related interest amounting to P37.2 million, P27.1 million and P21.1 million was recognized for the periods ended May 31, 2019, 2018 and 2017, respectively. Unpaid interest as of May 31, 2019, 2018 and 2017 amounted to P2.0 million, P1.4 million and P1.2 million, respectively.

(b) In June 2015, the University availed of a credit line facility with another local commercial bank amounting to P1.0 billion, which will be used to finance the construction of a campus, including acquisition of land (see Note 14). The University's initial loan drawdown amounted to P680.0 million and is payable within seven years, with the first principal payment made in June 2017. The loan has an average interest rate of 5.3%, 4.3%, and 3.2% for the periods ended May 31, 2019, 2018 and 2017, respectively. Effective June 1, 2016, the University ceased the capitalization of the related interest.

For the years ended May 31, 2019 and 2018, interest incurred amounted to P26.0 million and P23.8 million, respectively. Unpaid interest as of May 31, 2019, 2018 and 2017 amounted to P6.3 million, P5.6 million and P4.8 million, respectively.

(c) In April 2017, the University obtained a P200.0 million interest-bearing loan from a local commercial bank for general capital expenditure requirements, including funding of a business acquisition and general corporate funding requirements. The principal amount is payable over 21 quarterly payments, with the first principal payment made in June 2017, together with the initial interest payment. Interest incurred on this loan amounted to P7.6 million and P7.0 million in 2019 and 2018, respectively. Unpaid interest as of May 31, 2019 and 2018 amounted to P1.8 million and P1.6 million, respectively.

(d) In November 2016, the University obtained a P150.0 million interest-bearing loan from a local commercial bank for general capital expenditure requirements, including funding of a business acquisition and general corporate funding requirements. The principal amount is payable over 21 quarterly payments, with the first principal payment made in May 2018. Initial interest payments were made in February and May 2017. Related interest incurred amounted to P7.0 million and P5.1 million in 2019 and 2018, respectively. Unpaid interest as of May 31, 2019 and 2018 amounted to P0.3 million and P0.3 million, respectively.

(e) In June 2017, the University obtained a P100.0 million interest-bearing loan from a local commercial bank for general capital expenditure requirements, including funding of a business acquisition and general corporate funding requirements. The principal amount is payable over 20 quarterly payments, with the first principal payment made in September 2017. Initial interest payments were also made in the same month. Related interest amounting to P4.0 million and P3.6 million was recognized in 2019 and 2018, respectively. Unpaid interest as of May 31, 2019 and 2018 amounted to P1.0 million and P0.9 million, respectively

(f) In May 2017, the University obtained a P50.0 million interest-bearing loan from a local commercial bank for general capital expenditure requirements, including funding of a business acquisition and general corporate funding requirements. The principal amount is payable upon maturity in January 2018.

In January 2018, this loan was refinanced and was supposed to mature in April 2018, but was further extended until June 2019. Related interest amounting to P2.8 million and P1.8 million was recognized in 2019 and 2018, respectively. Unpaid interest as of May 31, 2019 and 2018 amounted to P0.1 million.

(g) In August 2017, the University obtained a P200.0 million interest-bearing loan from a local commercial bank to fund the University's certain strategic investments and for general corporate funding requirements. The principal amount is payable on maturity in January 2018, while interest payments are made monthly.

In January 2018, this loan was refinanced and was supposed to mature in April 2018, but was further extended until June 2019. Interest rate increased from 3.50% to 6.50% for the extension period. Related interest amounting to P11.2 million and P5.0 million was recognized in 2019 and 2018, respectively. Unpaid interest as of May 31, 2019 and 2018 amounted to P0.30 million and P0.06 million, respectively.

(h) In October 2017, the University obtained a P175.0 million interest-bearing loan from a local commercial bank to fund certain investments and for general working capital requirements. The principal amount is payable on maturity in January 2018, while interest payments are made monthly.

In January 2018, this loan was refinanced and was supposed to mature in April 2018, but was further extended until July 2018. Interest rate increased from 3.50% to 6.50% for the extension period. Related interest amounting to P9.8 million and P4.1 million was recognized in 2019 and 2018, respectively. Unpaid interest as of May 31, 2019 and 2018 amounted to P0.2 million and P0.1 million, respectively.

(i) In March 2018, the University obtained an P80.0 million interest-bearing loan from a local commercial bank for additional working capital. The principal amount is payable on maturity in June 2019, while interest payments are made monthly. The loan does not have any significant or restrictive covenants. Related interest amounting to P4.4 million and P0.6 million was recognized in 2019 and 2018, respectively. Unpaid interest as of May 31, 2019 and 2018 amounted to P0.2 million and P0.1 million, respectively.

(j) In April 2018, the University obtained a P100.0 million interest-bearing loan from a local commercial bank for additional working capital. The principal amount is payable on maturity in June 2019, while interest payments are made monthly. The loan does not have any significant or restrictive covenants. Related interest amounting to P5.9 million and P0.5 million was incurred in 2019 and 2018, respectively. Unpaid interest as of May 31, 2019 and 2018 amounted to P0.3 million and P0.1 million, respectively.

(k) In March 2019, the University obtained a P100.0 million short-term interest-bearing loan from a local commercial bank for additional working capital. The principal amount is payable on maturity in April 2019, while interest payments are made monthly. In April 2019, this loan was refinanced until June 2019. The loan does not have any significant or restrictive covenants. Related interest amounting to P1.7 million was incurred in 2019. Unpaid interest as of May 31, 2019 amounted to P0.5 million.

(l) In April 2019, the University obtained a P70.0 million interest-bearing loan from a local commercial bank for additional working capital. The principal amount is payable on maturity in April 2019, while interest payments are made monthly. In April 2019, this loan was refinanced until June 2019. The loan does not have any significant or restrictive covenants. Related interest amounting to P1.2 million was incurred in 2019. Unpaid interest as of May 31, 2019 amounted to P0.3 million.

(m) In December 2017, the University obtained a P60.0 million interest-bearing loan from a local commercial bank for additional working capital. The principal amount is payable on maturity in March 2018, while interest payments are made monthly. The loan does not have any significant or restrictive covenants. In March 2018, this loan was refinanced until March 2019. Interest rate increased from 3.75% to 4.00% for the extension period. Related interest amounting to P2.0 million and P1.1 million was recognized in 2019 and 2018, while the unpaid interest as of May 31, 2018 amounted to P0.2 million. Full repayment of the principal was made in January 2019.

The total interest incurred by the University on all of these loans, which are already exclusive of the capitalized borrowing costs on the property and equipment of the University, are presented as part of Interest expense under Finance Costs in the statements of profit or loss (see Notes 14 and 19.2), while any outstanding interest payable is recognized as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 15).

There are no assets used and/or required as collaterals as of May 31, 2019, 2018 and 2017 for the University's interest-bearing loans and borrowings.

As of May 31, 2019, 2018 and 2017, the University has complied with its loan covenants.

17. EDUCATIONAL REVENUES

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

	2019	2018	2017
Tuition fees	**P 1,724,189,817**	P 1,462,865,700	P 1,812,937,319
Less discounts:			
Scholarships	**83,762,153**	76,942,138	92,775,213
Cash	**8,283,410**	3,227,665	6,964,499
Family	**2,890,842**	8,871,802	6,915,741
	94,936,405	89,041,605	106,655,453
Tuition fees – net	**1,629,253,412**	1,373,824,095	1,706,281,866
Other school fees:			
Entrance fees	**15,167,629**	9,818,769	4,138,503
Transcript fees	**10,422,008**	9,193,844	7,194,043
Identification cards	**6,279,103**	4,994,414	5,854,911
Certification fee	**4,309,613**	4,125,136	3,547,894
Diplomas	**4,286,406**	5,232,683	2,948,640
Graduation and commencement fees	**4,006,402**	3,737,252	3,185,212
Registration fees	**1,917,099**	2,276,586	2,839,972
Miscellaneous	**5,647,602**	2,541,414	2,886,512
	52,035,862	41,920,098	32,595,687
	P 1,681,289,274	P 1,415,744,193	P 1,738,877,553

The University derives revenues from transactions involving tuition fees, other school fees and other school-related activities such as sale of school merchandises and books. Revenues from tuition fees are recognized over time. On the other hand, all other revenue sources, such as other school fees and sale of school merchandises and books (presented as part of Other Income), are recognized at a point in time.

For the year ended May 31, 2019, the University has collected advance tuition fee payments amounting to P106.0 million from students who enrolled for summer term and first semester of the following academic year. For the years ended May 31, 2018 and 2017, the University collected tuition fees from students for summer classes of the respective academic years, which started after the reporting period. Such collections amounted to P83.7 million and P8.8 million as of May 31, 2018 and 2017, respectively. These collections are presented as Unearned Tuition Fees in the statements of financial position. These will be recognized as revenue once the performance obligation of the University has been rendered and performed.

18. OPERATING EXPENSES

Costs and operating expenses consist of:

	Notes	**2019**	2018	2017
Instructional and Academic				
Salaries and allowances	21	**P 484,527,107**	P 477,612,087	P 489,244,392
Employees benefits	21	**166,748,172**	166,318,846	183,294,759
Athlete's meals and refreshments		**21,787,359**	19,727,092	20,607,030
Affiliation		**1,815,990**	2,464,668	2,814,342
Others		**74,185,375**	54,669,082	56,427,152
		749,064,003	720,791,775	752,387,675
Administrative				
Rental	23.3, 23.4 23.11, 23.12	**110,908,554**	117,815,260	120,556,562
Salaries and allowances	21	**97,077,675**	95,398,446	92,211,958
Employees benefits	21	**46,139,724**	45,087,551	54,033,071
BOT bonus		**12,625,000**	13,500,000	13,500,000
Others		**41,559,921**	32,799,345	29,471,367
		308,310,874	304,600,602	309,772,958
Maintenance and University Operations				
Utilities		**77,178,076**	57,453,095	66,015,660
Janitorial services		**22,326,142**	21,906,803	17,052,535
Salaries and allowances	21	**20,401,387**	19,158,459	18,769,878
Repairs and maintenance		**12,894,310**	10,574,447	10,092,675
Employee benefits	21	**9,978,896**	9,390,296	10,701,224
Property insurance	13	**2,619,261**	2,437,593	2,356,332
		145,398,072	120,920,693	124,988,304
General				
Depreciation and amortization	13, 14	**202,739,289**	205,593,927	202,634,557
Deficiency local business taxes		**189,945,948**	-	-
Professional fees		**58,949,350**	50,805,105	55,493,846
Security services		**20,867,400**	22,899,112	18,598,517
Taxes and licenses	13, 30(f)	**7,877,991**	8,046,408	6,499,205
Impairment losses on receivables from students	8	**5,660,750**	33,441,829	27,256,489
Publicity and promotions		**3,892,801**	5,898,902	4,132,086
Others		**4,255,414**	4,927,399	4,971,747
		494,188,943	331,612,682	319,586,447
		P 1,696,961,892	P 1,477,925,752	P 1,506,735,384

These expenses are presented in the statements of profit or loss as follows:

	2019	2018	2017
Cost of services:			
Instructional and academic	**P 749,064,003**	P 720,791,775	P 752,387,675
Maintenance and operations	**145,398,072**	120,920,693	124,988,304
Others	**292,226,906**	301,988,250	301,778,866
	1,186,688,981	1,143,700,718	1,179,154,845
Other operating expenses	**510,272,911**	334,225,034	327,580,539
	P 1,696,961,892	P 1,477,925,752	P 1,506,735,384

In 2019, the University recognized and paid deficiency local taxes amounting to P189.9 million which covers taxable years 2009 through 2013, as assessed by the local government of City of Manila (see Note 27.3).

Other instructional and academic expenses include related learning experience, office supplies publication, printing, binding, donations, membership fees and others. Other administrative expenses pertain mainly to expenses incurred for licenses, outsourced services, representation, expenses for seminars and conferences, insurance, various supplies, fuels, repairs and maintenance and others. Other general expenses pertain to trustees' 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	2019	2018	2017
Interest income from:				
Investment securities at amortized cost (2019)/HTM investments (2018 and 2017)	10.3	**P 47,690,430**	P 21,252,824	P 24,171,098
Financial assets at FVOCI (2019)/ AFS financial assets (2018 and 2017)	10.2	**18,700,445**	45,530,554	46,392,410
Short-term investments	11	**5,124,524**	1,074,194	7,774,953
Financial assets at FVTPL	10.1	**2,659,771**	-	
Cash and cash equivalents	7	**591,216**	802,362	4,621,838
Dividend income	10, 12, 23.1	**60,844,367**	62,511,365	32,512,865
Other investment income from:				
Financial assets at FVOCI	10.2	**7,495,946**	-	-
Financial assets at FVTPL	10.1	**6,776,334**	-	-
Balance carried forward		**P 149,883,033**	P 131,171,299	P 115,473,164

	Notes	2019	2018	2017
Balance forwarded		**P 149,883,033**	P 131,171,299	P 115,473,164
Reversal of impairment loss on financial assets at FVOCI	10.2	**105,907**	-	-
AFS financial assets and HTM investments – net	10	**-**	51,667,991	35,272,845
Fair value gain on derivative liability	9	**3,096,336**	-	-
Foreign exchange gains – net	10	**-**	31,703,084	29,360,659
		P 153,085,276	P 214,542,374	P 180,106,668

Other investment income from financial assets at FVOCI and FVTPL in 2019, and AFS financial assets and HTM investments prior to 2019 comprised collectively of dividend income, gain or loss on disposal, and realized fair value gains or losses of securities held by trustee banks, as well as net amortization of discount and premium on HTM investments.

19.2 Finance Costs

This is broken down into the following:

	Notes	2019	2018	2017
Interest expense on interest-bearing loans	16, 23.12	**P 91,678,350**	P 81,465,141	P 42,857,486
Foreign exchange loss on investments	10	**5,091,158**	-	-
Foreign exchange loss on derivative liability	10	**1,563,616**	-	-
Impairment loss on investment securities at amortized cost	10	**21,717**	-	-
Fair value loss on derivative liability	9	**-**	11,504,354	16,618,386
Loss on write-off of interest receivable	8	**-**	-	24,479,730
		P 98,354,841	P 92,969,495	P 83,955,602

In 2019, interest charges amounting to P33.7 million had been capitalized as part of construction in progress under property and equipment account, which arose solely from specific borrowings (see Note 14). No borrowing costs had been capitalized for the years ended May 31, 2018 and 2017, respectively.

20. OTHER INCOME

This consists of the following:

	Notes	2019	2018	2017
Gain on sale of investment in JMCI	12.4	**P 139,121,880**	P -	P -
Income from sale of books and other merchandise,net		**16,880,100**	10,293,910	14,455,765
Reversal of deposits payable	15	**-**	2,717,902	221,717
Others	23.7	**3,938,504**	17,502,732	12,827,726
		P 159,940,484	P 30,514,544	P 27,505,208

Others include reimbursement of expenses allocated to certain related parties, revenues from authentication fee of documents, photocopying, locker and royalty fees.

21. EMPLOYEES' HEALTH, WELFARE AND RETIREMENT FUND

21.1 Salaries and Employee Benefits Expense

Details of salaries and employee benefits are presented below (see Notes 18).

	2019	2018	2017
Short term employee benefits	**P 750,555,977**	P 739,573,317	P 767,896,096
Post-employment defined benefits	**74,316,984**	73,392,368	80,359,186
	P 824,872,961	P 812,965,685	P 848,255,282

21.2 Post-employment Defined Benefit

(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 profit or loss amounted to P74.3 million, P73.4 million, P80.4 million for the periods ended May 31, 2019, 2018 and 2017, 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.

On April 18, 2017 and March 10, 2016, management approved the offering of Enhanced Retirement Gratuity Program (ERGP), to be implemented and paid in multiple batches, which covers eligible regular full-time faculty members and non-teaching rank-and-file and supervisory personnel. This program can be availed by all qualified and interested employees.

(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 in this section are based on the actuarial valuation reports obtained from an independent actuary in 2019, 2018 and 2017.

In determining the amounts of post-employment obligation as of May 31 in accordance with PAS 19 (Revised), *Employee Benefits*, the following significant actuarial assumptions were used:

	2019	2018	2017
Discount rates	**5.63%**	6.54%	5.17%
Salary growth rates	**3.50%**	3.00%	3.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 14 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 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 does not materially differ from the fair value of the plan assets, management opted not to recognize further the over funding of the obligation, which is considered insignificant as shown in the analysis below.

An analysis of the University's defined benefit obligation as of May 31 following PIC Interpretation with respect to the defined benefit minimum guarantee under RA 7641 is presented below.

	2019	2018	2017
Fair value of plan assets	**P 709,195,312**	P 709,842,413	P 630,911,276
Present value of obligation	**(700,562,596)**	(697,738,212)	(624,983,652)
Over funding	**P 8,632,716**	P 12,104,201	P 5,927,624

The movements in the fair value of plan assets are presented below.

	2019	2018	2017
Balance at beginning of year	P 709,842,413	P 630,911,276	P 616,500,626
Actual contributions	74,669,720	74,512,972	101,579,459
Benefits paid	(47,980,553)	(52,030,869)	(140,283,362)
Interest income (expense)	(27,336,268)	56,449,034	53,114,553
Balance at end of year	P 709,195,312	P 709,842,413	P 630,911,276

The movements in the present value of the retirement benefit obligation recognized in the books are as follows:

	2019	2018	2017
Balance at beginning of year	P 697,738,212	P 624,983,652	P 619,046,290
Benefits paid	(47,980,553)	(52,030,869)	(140,283,362)
Interest expense	39,282,661	40,873,931	32,004,693
Current service cost	25,573,809	26,319,953	36,484,254
Actuarial loss (gain)	(14,051,533)	57,591,545	77,731,777
Balance at end of year	P 700,562,596	P 697,738,212	P 624,983,652

(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 Rate 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 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:

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	Increase/ (Decrease) in Assumption	Increase/ (Decrease) in Assumption
May 31, 2019			
Discount rate	**+/- 0.5%**	**(P 486,352)**	**P 646,334**
Salary growth rate	**+/- 1.0%**	**1,322,191**	**(861,361)**
May 31, 2018			
Discount rate	+/- 0.5%	(P 48,160)	P 56,881
Salary growth rate	+/- 1.0%	145,749	(82,791)
May 31, 2017			
Discount rate	+/- 0.5%	(P 143,413)	P 173,092
Salary growth rate	+/- 1.0%	392,986	(227,800)

The sensitivity analysis above is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis above, 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 statement 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 May 31, 2019, 2018 and 2017 consists of equities and debt securities, although the Fund also invests in cash equivalents. The majority of equity and debt instruments 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 14 years' time.

The University expects to make contribution of P72.2 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:

	2018	2017
Assets		
Cash and cash equivalents	**P 64,746,279**	P 29,628,252
Receivables - net	**50,056,975**	47,623,046
Investment in debt securities:		
Corporate bonds and other debt instruments	**297,941,782**	290,708,947
Government securities	**201,987,635**	117,339,580
Investment in equity securities:		
Equity securities	**267,831,112**	367,638,346
UITF	**55,709,024**	81,764,716
Mutual funds	**-**	12,731,282
Investment in long term certificate of deposits	**-**	-
Others	**173,746**	124,147
	938,446,553	947,558,316
Liabilities	**(24,577,883)**	(23,228,158)
Net Assets Available for Plan Benefits	**P 913,868,670**	P 924,330,158

Plan assets do not comprise any of the University's or its related parties' own financial instruments or any of its assets occupied and/or used in its operations.

Below is the breakdown of the employer's share in the Fund's net plan assets as to type of investments as of May 31.

	2019	2018	2017
Cash and cash equivalents	**P 37,546,004**	P 31,817,317	P 3,438,512
Domestic listed shares	**283,751,057**	275,433,328	226,279,606
Corporate bonds	**128,563,323**	118,586,342	131,744,950
Other securities and debt instruments	**84,173,329**	117,604,442	103,216,518
UITF	**10,692,764**	69,824,910	36,468,583
Government bonds	**136,093,180**	68,897,219	98,575,757
Fixed income loans	**4,669,573**	4,669,573	4,109,107
Others	**23,706,082**	23,009,282	27,078,243
	P 709,195,312	P 709,842,413	P 630,911,276

The Fund's financial assets are maintained in trust funds with credible trustee banks under control by the Fund through its Retirement Board.

The breakdown of the Fund's net plan assets 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 May 31, 2019, 2018 and 2017 (see Note 23.15).

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 statements of profit or loss are as shown below.

	2019	2018	2017
Current tax expense:			
Final tax at 20% and 15% (2019) and 7.5% (2018 and 2017)	**P 15,287,346**	P 13,713,079	P 14,593,396
Capital gains tax at 15%	**14,100,000**	-	-
Special rate at 10%	**3,131,596**	93,683	13,684,663
	32,518,942	13,806,762	28,278,059
Deferred tax expense (income) relating to origination and reversal of temporary differences	**(5,254,380)**	473,009	18,008,003
	P 27,264,562	P 14,279,771	P 46,286,062

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

	2019	2018	2017
Tax on pretax profit at 10%	**P 27,436,928**	P 16,024,205	P 41,622,312
Adjustments for income subjected to higher tax rates	**22,174,096**	6,856,538	7,296,698
Tax effects of:			
Non-taxable income	**(22,346,462)**	(8,600,972)	(5,080,921)
Non-deductible expenses	**-**	-	2,447,973
	P 27,264,562	P 14,279,771	P 46,286,062

The net deferred tax assets relate to the following:

	Statements of Financial Position			Statement of Profit or Loss		
	2019	2018	2017	**2019**	2018	2017
Deferred tax assets:						
Accrued rent expense	**P 8,284,622**	P 6,858,892	P 5,464,689	**(P 1,425,730)**	(P 1,394,203)	(P 2,613,166)
Unrealized fair value losses - net	**4,135,165**	3,825,531	3,336,546	**(309,634)**	(488,985)	(1,284,546)
Allowance for impairment on investments*	**47,616**	-	-	**(47,616)**	-	-
Allowance for impairment on tuition and other school fees receivables*	**3,025,674**	2,650,317	3,261,948	**100,511**	611,631	766,270
Unrealized foreign currency losses (gains)	**430,884**	(3,170,308)	(2,936,065)	**(3,601,192)**	234,243	2,066,314
Net operating loss carry-over	**-**	-	-	**-**	-	19,081,923
	15,923,961	10,164,432	9,127,118	**(5,283,661)**	(1,037,314)	18,016,795
Deferred tax liabilities:						
Prepaid expenses	**(1,539,604)**	(1,510,323)	-	**29,281**	1,510,323	-
Unrealized fair value gains	**-**	-	-	**-**	-	(8,792)
	(1,539,604)	(1,510,323)	-	**29,281**	1,510,323	(8,792)
Deferred tax assets – net	**P 14,384,357**	P 8,654,109	P 9,127,118			
Deferred tax expense (income) – net				**(P 5,254,380)**	P 473,009	P 18,008,003

**In relation to PFRS 9 adoption, deferred tax expense relating to allowance for impairment as at June 1,2018, was recognized and adjusted to the opening balance of Retained Earnings as of June 1, 2018 [see Note 2.1(b)].*

The University claimed itemized deductions for income tax purposes in all of the periods presented.

23. RELATED PARTY TRANSACTIONS

The University's related parties include its subsidiaries, the University's key management and others as described in Note 2.18. A summary of the University's transactions with its related parties is presented below (in thousands).

	Notes	May 31, 2019 Amount of Transaction	May 31, 2019 Outstanding Receivable (Payable)	May 31, 2018 Amount Transaction	May 31, 2018 Outstanding Receivable (Payable)	May 31, 2017 Amount of Transaction	May 31, 2017 Outstanding Receivable (Payable)
Subsidiaries							
Noninterest-bearing advances	23.2	**P 36,560**	**P 259,276**	P 91,495	P 222,716	P 151,596	P 181,221
Interest-bearing loan	23.12	**11,619**	**(97,419)**	(111,772)	(86,346)	-	-
Rental expense	23.3, 23.4, 23.10	**(105,959)**	**(82,846)**	(113,030)	(68,589)	(116,075)	(48,513)
Reimbursement of expenses – (Receivable)	23.7	**15,400**	**42,061**	20,846	26,661	12,569	7,825
Dividend income	23.1	**60,844**	**-**	62,511	29,999	32,513	25,840
Rental income	23.5, 23.6, 23.8, 23.9	**69,429**	**6,564**	68,927	24,710	52,061	22,536
Investment subscription (Payments) - net	2.1, 12	**(500)**	**-**	(487,500)	(500)	393,750	(488,000)
Stock dividends	23.17	**163,295**	**-**	-	-	-	-
Related parties under common management							
Reimbursement of expenses – (Receivable)	23.7	**7,089**	**29,383**	17,399	22,294	3,369	9,402
Rental expense	23.11	**(3,136)**	**(13,067)**	(3,136)	(9,931)	(3,136)	(6,795)
Rental income	23.9	**-**	**2,921**	-	2,921	2,813	3,194
Noninterest-bearing advances	23.2	**488**	**1,673**	755	1,185	430	430
Interest-bearing loan	23.12	**20,151**	**20,151**	-	-	-	-
Key management personnel compensation	23.14	**172,268**	**-**	165,877	-	154,244	-
Retirement Fund	23.15						
Retirement plan assets		**-**	**709,195**	-	709,842	-	630,911
Reimbursement of fund		**-**	**-**	-	-	996	996

Based on management's assessment, no allowance for impairment is required to be recognized on the University's receivables from its related parties.

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

23.1 Dividend Income

For the years ended May 31, 2019 and 2018, FEU High, EACCI and FRC declared cash dividends to all of their stockholders. Accordingly, the University recognized dividend income of P30.0 million, P25.8 million, P5.0 million from FEU High, EACCI and FRC for the year ended May 31, 2019; P30.0 million, P25.8 million, P6.7 million from FEU High, EACCI and FRC for the year ended May 31, 2018; while P25.8 million and P6.7 million from EACCI and FRC, respectively, for the year ended May 31, 2017, and is presented as Dividend income under Finance Income in the statements of profit or loss (see Note 19.1). Dividend receivable amounting to P30.0 million and P25.8 million as of May 31, 2018 and 2017 (nil in 2019), respectively, is presented as part of Receivables from related parties under the Receivables account in statements of financial position (see Note 8).

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 Receivables from related parties under the Receivables account in the statements of financial position, arising from these transactions (see Note 8).

	Beginning	Advances	Repayments	Ending
2019				
RCI	P 200,564,745	P 35,000,000	P -	P 235,564,735
FEUAI	22,151,401	1,559,494	-	23,710,895
FEU Public Policy Foundation, Inc.	1,185,000	488,060	-	1,673,060
	P 223,901,146	**P 37,047,554**	**P -**	**P 260,948,690**
2018				
RCI	P 160,564,735	P 90,000,000	(P 50,000,000)	P 200,564,735
FEUAI	20,655,933	1,495,468	-	22,151,401
FEU Public Policy Foundation, Inc.	430,000	755,000	-	1,185,000
	P 181,650,668	P 92,250,468	(P 50,000,000)	P 223,901,136
2017				
RCI	P 26,837,821	P 133,726,914	P -	P 160,564,735
FEUAI	2,786,704	17,869,229	-	20,655,933
FEU Public Policy Foundation, Inc.	-	430,000	-	430,000
	P 29,624,525	P 152,026,143	P -	P 181,650,668

During the year ended May 31, 2019, the University's management changed its ownership plan over the Alabang campus that is being constructed on the University's land. Consequently, the University reclassified all of its previously incurred construction costs amounting to P10.9 million from Construction in progress under the Investment Properties account to Receivables from related parties under Receivables account (see Note 8 and 13).

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 at an annual rate agreed yearly between the parties but at no rate lower than what was previously prevailing in the preceding year. Currently, the lease is effective from July 1, 2015 to June 30, 2025. The parties agreed to a rental rate of P9.4 million on the first year, subject to 5% escalation rate every year thereafter.

Total rental expense arising from these leases charged to operations amounting to P87.7 million, P94.9 million, and P95.9 million for the periods ended May 31, 2019, 2018 and 2017, respectively, is presented as part of Rental under Administrative Expenses (see Note 18). Accrued rental amounting to P54.8 million, P47.9 million, and P35.7 million as at May 31, 2019, 2018 and 2017, respectively, 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. The annual rental rate is P0.7 million, subject to 5% escalation rate on every year thereafter until the end of lease term.

Total rental expense charged to operations amounted to P17.7 million for the years ended May 31, 2019 and 2018, and P3.0 million for the year ended May 31, 2017, and is presented as part of Rental under Administrative Expenses in the statements of profit or loss (see Note 18). Accrued rental amounted to P28.1 million, P20.7 million, and P12.9 million as of May 31, 2019, 2018 and 2017, respectively, and is presented as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 15).

23.5 Lease of Certain Building Floor to FRC

The University leases to FRC the mezzanine floor of one of the University's buildings for a period of 10 years from September 1, 2007 to August 31, 2017, renewable upon mutual consent of both parties. The lease agreement was renewed for another one-year period from September 1, 2017 to August 31, 2018. Rent income from FRC amounted to P1.5 million, P1.6 million and P1.5 million for the periods ended May 31, 2019, 2018 and 2017, respectively, and is shown as part of Other Operating Income in the statements of profit or loss (see Notes 13 and 20). There are no outstanding receivables as of the end of each period 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 located. 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 P1.3 million or 10% of FECSI's annual gross revenue net of some adjustments, whichever is higher. The rental fee is equally allocated between the University and FRC.

Total rental income earned from this transaction amounting to P1.7 million for the year ended May 31, 2019 and P3.1 million for the year ended May 31, 2018 and 2017, is presented as part of Other Operating Income in the statements of profit or loss (see Notes 13 and 20). Related outstanding receivable arising from this transaction amounted to P0.7 million and P0.1 million for the year ended May 31, 2018 and 2017 (nil in 2019) respectively, which is presented as part of Receivables 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 Reimbursement of Expenses

During the year ended May 31, 2017 (nil in 2018 and 2019), the University billed EAEF for related services such as security and janitorial services, light and water and other utilities at cost. Accordingly, the outstanding receivable amounting to P4.9 million and P9.2 million as of May 31, 2018 and 2017 (nil in 2019), respectively, is presented as part of Receivables from related parties under the Receivables account in the statements of financial position (see Note 8).

During the year ended May 31, 2019 and 2018, the University billed FECSI for the salaries and other benefits of its duly appointed executive director at cost and various allocated expenses. Accordingly, the outstanding receivable amounting to P9.1 million and P6.5 million as of May 31, 2019 and 2018, respectively, is presented as part of Receivables from related parties under the Receivables account in the statement of financial position (see Note 8). No similar transaction occurred during the years ended May 31, 2017.

During the year ended May 31, 2019, 2018 and 2017, the University billed FEU High for light, water and other allocated expenses at cost. Accordingly, the outstanding receivable amounting to P12.6 million, P12.3 million and P2.3 million as of May 31, 2019, 2018 and 2017, respectively, is presented as part of Receivables from related parties under the Receivables account in the statements of financial position (see Note 8).

During the years ended May 31, 2019 and 2018, the University billed RCI for consultants' salaries, legal fees and other allocated expenses at cost. Accordingly, the outstanding receivable amounting to P13.0 million and P4.2 million as of May 31, 2019 and 2018, respectively, is presented as part of Receivables from related parties under the Receivables account in the statement of financial position (see Note 8).

During the years ended May 31, 2018 and 2017, the University billed FEU Public Policy Foundation, Inc. for the salaries of its executive director and staff, and other allocated expenses at cost. Accordingly, the outstanding receivable amounting P2.4 million and P0.2 million as of May 31, 2018 and 2017, respectively, is presented as part of Receivables from related parties under the Receivables account in the statements of financial position (see Note 8). No similar transaction occurred during the years ended May 31, 2019.

During the year ended May 31, 2019, 2018 and 2017, the University billed EACCI for light, water and other allocated expenses at cost. Accordingly, the outstanding receivable amounting to P7.2 million, P3.6 million and P0.8 million as of May 31, 2019, 2018 and 2017, respectively, is presented as part of Receivables from related parties under the Receivables account in the statements of financial position (see Note 8).

During the year ended May 31, 2019, 2018 and 2017, the University billed FRC for various allocated expenses and for which the outstanding receivable amounting to P0.1 million is presented as part of Receivables from related parties under the Receivables account in the 2018 statement of financial position (see Note 8).

During the years ended May 31, 2018, the University billed NREF for the salaries of its executive director, and other allocated expenses amounting to P15.0 million which outstanding receivable as of May 31, 2018 is presented as part of Receivables from related parties under the Receivables account in the statement of financial position (see Note 8).

23.8 Sub-lease of Buildings to FEU High

In June 2016, the University sub-leased its Nursing Building (being leased out from FRC) to FEU High for a period of one year until May 31, 2017. In June 2017, the University and FEU High entered into a new lease agreement for a period of one year until May 31, 2018, covering both the Nursing and the Accounts, Business and Finance Buildings. Total rental income from this transaction amounted to P41.8 million, P39.8 million and P21.8 million for the years ended May 31, 2019, 2018 and 2017, respectively, and is presented as part of Other Operating Income in the statements of profit or loss for the years ended May 31, 2018 and 2017. Outstanding receivable arising from this transaction amounting to P6.6 million, P22.0 million and P22.5 million as of May 31, 2019, 2018 and 2017, respectively, is presented as part of Receivables from related parties under the Receivables account in the statements of financial position (see Note 8).

23.9 Lease of Certain Buildings to EAEF and EACCI

The University leases out certain buildings to EAEF for a period of one to five years until March 31, 2015. However, upon expiration of the term of the contract, the University and EAEF had mutually agreed not to renew such lease agreement (see Note 13). Instead, as of May 31, 2016, only certain floors of the buildings were leased out to EAEF. Total rental income from EAEF, presented as part of Other Operating Income in the statements of profit or loss, amounted to P2.9 million for the period ended May 31, 2017. Related receivables arising from this transaction as of May 31, 2018 and 2017 amounting to P2.9 million and P3.2 million (nil in 2019), respectively, is presented as part of Receivables from related parties under the Receivables account in the statements of financial position (see Note 8).

Starting July 2016, upon take-over of EACCI of the EAEF's operations, the lease of the buildings was transferred to the custody of EACCI. A new lease contract for a period of ten years until June 30, 2026 was entered into by the University and EACCI. Monthly rental of P2.1 million (exclusive of VAT) from July 2016 to February 2017 and P2.0 million (inclusive of VAT) for March 2017 onwards, was billed to EACCI.

Total rental income from EACCI, presented as part of Other Operating Income in the statements of profit or loss, amounted to P24.5 million for the years ended May 31, 2019 and 2018. Outstanding receivables arising from this transaction amounting to P2.0 million as of May 31, 2018 (nil in 2019) is presented as part of Receivables from related parties under the Receivables account in the statement of financial position (see Note 8). No similar transaction occurred for the year ended May 31, 2017.

23.10 Lease of Facilities from EACCI

The University conducts certain Physical Education classes using EACCI's swimming facilities. Total rental expense charged to operations amounted to P0.6 million, P0.5 million and P2.5 million for the years ended May 31, 2019, 2018 and 2017, respectively, and is presented as part of Rental under Administrative Expenses (see Note 18). There was no outstanding balance from this transaction as of May 31, 2019, 2018 and 2017.

23.11 Lease of Facilities from Nicanor Reyes Educational Foundation, Inc. (NREF)

FEU leases from NREF certain sports facilities for use by the University's athletes. The lease agreement covers a period of ten years from April 1, 2014 to March 31, 2024. The annual rental rate is determined every year subject to conditions mutually agreed upon by both parties. Total rental expense charged to operations amounted to P3.1 million, for the periods ended May 31, 2019, 2018 and 2017, and is presented as part of Rental under Administrative Expenses (see Note 18). Outstanding payable arising from this transaction is presented as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 15).

23.12 Interest-bearing Loan from FEU High and FEU HWFRP

In November 2017, the University obtained a P75.8 million interest-bearing loan from FEU High. The loan bears interest based on a 91-day time deposit rate plus 0.10%. The loan has a term of 90 days. The agreement provides for a 3% late payment interest on any unpaid principal and interest, computed per annum from maturity date until full payment. The outstanding balance of this loan amounted to P15.8 million and P50.8 million as of May 31, 2019 and 2018, respectively, and is presented as part of Advances from a related party account in the statements of financial position. Related interest amounting to P1.5 million and P0.9 million was recognized in profit or loss as part of Finance Costs in the statements of profit or loss, respectively (see Note 19.2). Accrued interest payable amounting to P0.3 million and P0.5 million as of May 31, 2019 and 2018, respectively, are presented as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 15).

In May 2018, the University obtained another loan from FEU High amounting to P35.0 million. The loan bears an interest rate of 3% per annum. The loan will mature in July 2018 and the agreement provides for a 3% late payment interest on any unpaid principal and interest, computed per annum from maturity date until full payment. This loan has been renewed by University, therefore, having an interest rate of 6% per annum. Related interest amounting to P1.5 million and P3.7 million was recognized in profit or loss as part of Finance Costs in the statements of profit or loss, respectively (see Note 19.2). Accrued interest payable amounting to P0.8 million and P0.1 million as of May 31, 2019 and 2018, respectively, is presented as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 15).

In March 2019, University obtained additional loans from FEU High amounting to P15.0 million and P30.0 million. The loans bears interest rates of 5% per annum. The loans have terms of 30-60 days. The loans will mature on May 2019. Related interest amounting to P0.4 million was recognized in profit or loss as part of Finance Costs in the 2019 statement of profit or loss (see Note 19.2). Accrued interest payable amounting to P0.4 million as of May 31, 2019 is presented as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 15).

In March 2019 University obtained a loan from FEU HWRFP amounting to P20.0 million. The loan bears interest rates of 5% per annum. The loan has terms of 30-60 days. The loan will mature on July 2019. Related interest amounting to P0.2 million was recognized in profit or loss as part of Finance Costs in the 2019 statement of profit or loss (see Note 19.2). Accrued interest payable amounting to P0.2 million as of May 31, 2019 is presented as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 15).

23.13 Financial Guaranty for Subsidiaries' Loans

In March 2017 and January 2018, the BOT approved that for and in consideration of the loan or credit facilities obtained by any subsidiary of the University, in which the University owns at least 75% of the outstanding voting capital stock of such subsidiary, from a certain local commercial bank, the University gives its full consent and authority to act as surety up to P0.5 million for the subsidiary's obligations arising from any loan or availments from any credit facilities granted by the said local bank in favor of the subsidiary, as well as any renewals, increases, extensions of existing obligations obtained by or which may hereafter be obtained by the subsidiary from the local bank, whether direct or indirect, principal or secondary. As of May 31, 2019 and 2018 (nil as of 2017), RCI has availed a loan amounting to P150.0 million and P70.0 million from the said local bank (see Note 16).

23.14 Key Management Personnel Compensation

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

	2019	2018	2017
Salaries and short-term benefits	**P 148,182,742**	P 142,468,082	P 132,725,170
Post-employment benefits	**24,085,460**	23,408,439	21,518,544
	P 172,268,202	P 165,876,521	P 154,243,714

23.15 Retirement Fund

The University's retirement fund is in the form of trustee-banks managed accounts. The fair value of the University's retirement plan assets amounted to P709.2 million, P709.8 million and P630.9 million as of May 31, 2019, 2018 and 2017, respectively. Details of the retirement plan are presented in Note 21.2(d)(iii). The University has no transactions with the retirement plan other than contributions and benefit payments in all periods presented. During the periods ended May 31, 2018 and 2017, the University funded the retirement pay of certain employees who availed of the ERGP (see Note 21), which will be reimbursed by the Fund. The outstanding receivable from this transaction amounted to P1.0 million as of May 31, 2017 (nil as of May 31, 2018 and 2019), respectively, and is recorded as part of Receivables from related parties under the Receivables account in the statements of financial position (see Note 8).

None of the retirement plan assets are invested in or provided to the University and/or its related parties, except for loans granted to the University.

The retirement fund neither provides any guarantee nor surety for any obligation of the University.

23.16 Sale of Investment in an Associate

In the fiscal year 2019, the University sold its investment in an associate to a third party amounting to P147.0 million. The net book value of the investment in associate amounted to P7.8 million at the date of disposal (see Note 12). There was no similar transactions in 2018 and 2017, respectively.

23.17 Receipt of Stock Dividends

For the fiscal year ended May 31, 2019, FEU High and FRC declared stock dividends to all of their stockholders amounting to 300% and 50% of its paid up capital, respectively. Accordingly, the University received additional 99,995 and 100,120 additional shares from FEU High and FRC.

24. EQUITY

24.1 Capital Stock

As of May 31, 2019, 2018 and 2017, the University has 20,000,000 shares of authorized capital stock, of which 16,477,023 were issued and outstanding, with par value of P100 per share.

Also, the University's treasury stock acquired in prior years amounted to P3.7 million or 37,331 shares as of May 31, 2019, 2018 and 2017.

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 May 31, 2019, 2018 and 2017, there are 16,514,354 listed shares which include those held in treasury and shares held by the University's related parties. The University has a total of 10,839,387, 10,839,166 and 10,834,034 listed shares, which is equivalent to 66.78%, 65.78% and 65.75%, held by related parties as at May 31, 2019, 2018 and 2017, respectively, while there are 5,637,636, 5,637,857 and 5,642,989 listed shares owned by the public which is equivalent to 34.22%, 34.22% and 34.25% of the total outstanding shares as at May 31, 2019, 2018 and 2017, respectively.

As of May 31, 2019, there are 1,503 holders of the listed common shares owning at least one board lot of 100 shares.

All shares of common stock of the University are listed on the PSE. The closing price of the University's listed shares was P890 per share as of May 31, 2019 and P970 as of May 31, 2018 and 2017.

24.2 Retained Earnings

Significant transactions affecting Retained Earnings, which includes the amount equivalent to the cost of the University's treasury shares of P3.7 million, are as follows:

(a) Appropriation of Retained Earnings

As of May 31, 2019, 2018 and 2017, the University's Appropriated Retained Earnings consists of appropriations for:

	2019	2018	2017
Property and investment acquisition	**P 1,631,000,000**	P 2,000,000,000	P 2,250,000,000
Contingencies	**190,000,000**	240,000,000	10,000,000
Expansion of facilities	**164,000,000**	324,800,000	187,000,000
Purchase of equipment and improvements	**92,000,000**	135,200,000	33,000,000
General retirement	**90,000,000**	140,000,000	90,000,000
Treasury stock	**3,733,100**	3,733,100	3,733,100
	P 2,170,733,100	P 2,843,733,100	P 2,573,733,100

The changes in the appropriated retained earnings are shown below.

	2019	2018
Balance at beginning of year	**P2,843,733,100**	P2,573,733,100
Reversal of appropriations	**(673,000,000)**	(250,000,000)
Appropriations	**-**	520,000,000
Balance at end of year	**P 2,170,733,100**	P2,843,733,100

No changes were made in the appropriated retained earnings during the year ended May 31, 2017.

(b) Dividend Declaration

The BOT approved the following dividend declarations during the periods ended:

	Declaration	Date of Record	Payment/Issuance	Amount
May 31, 2019				
Cash dividend of P8 per share	September 18, 2018	October 2, 2018	October 18, 2018	P 131,816,184
Cash dividend of P8 per share	February 19, 2019	March 6, 2019	March 20, 2019	131,816,184
				P 263,632,368
May 31, 2018				
Cash dividend of P8 per share	September 19, 2017	October 4, 2017	October 18, 2017	P 131,816,184
Cash dividend of P8 per share	February 20, 2018	March 6, 2018	March 20, 2018	131,816,184
				P 263,632,368
May 31, 2017				
Cash dividend of P12 per share	June 21, 2016	July 5, 2016	July 19, 2016	P 197,724,276
Cash dividend of P10 per share	February 21, 2017	March 7, 2017	March 21, 2017	164,770,230
				P 362,494,506

Unclaimed checks related to dividends declared as of May 31, 2019, 2018 and 2017 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

EPS were computed as follows:

	2019	2018	2017
Net profit	**P 247,104,720**	P 145,962,283	P 369,937,059
Divided by number of outstanding shares, net of treasury stock of 37,331 shares	**16,477,023**	16,477,023	16,477,023
Basic and diluted earnings per share	**P 15.00**	P 8.86	P 22.45

The weighted average number of outstanding shares is the same as the actual number of outstanding shares as of May 31, 2019, 2018 and 2017.

The University has no dilutive potential common shares as of May 31, 2019, 2018 and 2017; hence, the diluted earnings per share is the same as the basic earnings per share in all the periods presented.

26. EVENTS AFTER THE END OF THE REPORTING PERIOD

26.1 Appropriations of Retained Earnings

On September 10, 2019, the University's BOT approved the following changes in the appropriation of retained earnings as of May 31, 2019:

	May 31, 2019	Reversal	September 10, 2019
Property and investment acquisition	P 1,631,000,000	(P 183,000,000)	P 1,448,000,000
Expansion of facilities	164,000,000	(53,000,000)	111,000,000
Contingencies	190,000,000	(10,000,000)	180,000,000
General retirement	90,000,000	(90,000,000)	-
Purchase of equipment and improvements	92,000,000	75,000,000	167,000,000
Treasury stock	3,733,100	-	3,733,100
	P 2,170,733,100	(P 261,000,000)	P 1,909,733,100

As of report date, details of appropriations for property and investment acquisitions as of May 31, 2019 include additional subscriptions in Edustria Incorporated shares, appropriations for the FEU Alabang Phase 2 project, and appropriations for construction of a school building situated in Lerma St., Sampaloc, Manila, amounting to P780.0 million, P364.0 million, and P304.0 million, respectively.

26.2 Dividend Declaration

On September 10, 2019, the BOT approved the declaration of a stock dividend of 46% on the University's outstanding capital stock, or a total stock dividend of up to 7,579,414 shares of common stock, payable out of unrestricted retained earnings as of May 31, 2019. The following declaration is still subject for approval of the stockholders at the annual stockholder's meeting to be held on October 19, 2019.

On September 10, 2019, a cash dividend of P10 per share was declared to all stockholders of record as of September 24, 2019, payable on October 9, 2019. Total cash dividend amounted to P164,770,230.

26.3 Approval of Increase in Authorized Capital Stock

On September 10, 2019, the BOT approved the increase in the University's authorized capital stock from P2.0 billion divided into 20.0 million shares of common stock, with a par value of P100.0 per share, to P5.0 billion divided into 50.0 million shares of common stock, with a par value of P100.0 per share.

26.4 Approval of Additional Subscription of Shares

On September 10, 2019, the BOT approved the additional subscription of 153.0 million Edustria Incorporated shares with a par value of P1 per share.

The foregoing post year-end events did not have any impact on its financial statements as of and for the year ended May 31, 2019.

27. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the University:

27.1 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 ten years from July 1, 2005 to June 30, 2015. In July 2015, the lease contract was renewed for another ten years, which will expire on June 30, 2025, subject to annual escalation rate of 5%.

The University also entered into other contracts of lease for the land where the building occupied by FEU Makati is located for a period of 30 years and for the lease of various sports facilities covering a gymnasium, football field and classrooms for a period of ten years, as discussed in Notes 23.4 and 23.3, respectively.

The future minimum rentals payable under these non-cancellable operating leases as of May 31, 2019, 2018 and 2017 are as follows:

	2019	2018	2017
Within one year	**P 98,191,664**	P 98,273,575	P 93,515,870
After one year but not more than five years	**548,535,457**	548,535,457	526,513,278
More than five years	**474,468,401**	474,468,401	594,682,244
	P 1,121,195,522	P 1,121,277,433	P 1,214,711,392

27.2 Operating Lease Commitments – University as Lessor

The University leases out certain buildings to EAEF, EACCI, FEU High and FECSI and the mezzanine floor to FRC for a period of one to ten years (see Notes 13, 23.5, 23.6, 23.8 and 23.9).

Future minimum rental receivables as of May 31, excluding contingent rental, under these operating leases are as follows:

	2019	2018	2017
Within one year	**P 22,816,026**	P 22,816,026	P 22,816,026
After one year but not more than five years	**92,457,505**	89,831,091	89,831,091
More than five years	**46,344,109**	45,537,027	89,352,573
	P 161,617,640	P 158,184,144	P 201,999,690

The University is also a lessor in various lease contracts with third party lessees. The terms of the lease vary but does not exceed one year. Total rentals earned from these operating leases amounted to P2.7 million, P1.4 million and P5.5 million for the years ended May 31, 2019, 2018 and 2017, respectively, which is presented as part of Other Operating Income in the statements of profit or loss.

27.3 Open Legal Cases

As of May 31, 2019, the University has a pending court case against the local government of City of Manila where it is contesting the imposition of local business tax on the tuition fees collected. The University's protest is grounded on the following premises: (i) the lack of specific provision in the Local Government Code and in the Local Tax Code of Manila authorizing the City of Manila to impose a business tax of 1% on tuition fees; (ii) prescription; and, (iii) violation of due process. The local business tax being contested covers taxable years 2009 to 2013.

In 2019, the University paid the deficiency local business taxes amounting to P189.9 million. The payment was made under protest and was not to be construed as a waiver of rights of the University to exercise legal remedies in connection with the aforementioned case and to claim for refund of the payment. Despite the payment made, the case is ongoing as the University is still protesting the assessment and payment before the Regional Trial Court.

Also, as of the same date, the University is a defendant in certain civil cases, which are pending before the National Labor Relations Commission, Court of Appeals and the Supreme Court.

As of May 31, 2019, no final decision has been rendered by the courts in the above-mentioned cases; hence, no provision for contingencies is recognized

27.4 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 appropriate portion of its retained earnings to cover for such contingencies (see Note 24.2).

28. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The University aims to provide returns on equity to shareholders while managing operational and strategic objectives. The University manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust capital structure, the University may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The University defines capital as paid-in capital stock and retained earnings, both appropriated and unappropriated. Other components of equity such as treasury stock and revaluation reserves are excluded from capital for purposes of capital management. The BOT has overall responsibility for monitoring of capital in proportion to risks. Profiles for capital ratios are set in the light of changes in the University's external environment and the risks underlying the University's business, operation and industry.

The University monitors capital on the basis of debt-to-equity ratio, which is calculated as total liabilities divided by total adjusted equity (comprised of capital stock and retained earnings). Capital for the reporting periods May 31, 2019, 2018 and 2017 and is summarized below.

	2019	2018	2017
Total liabilities	**P 3,298,133,548**	P 3,451,830,986	P 3,240,589,834
Total adjusted equity	**5,427,133,647**	5,473,733,834	5,591,403,919
Debt-to-equity ratio	**0.61 : 1.00**	0.63 : 1.00	0.58 : 1.00

The University's goal in capital management is to maintain a lower liability compared with its adjusted equity or debt-to-equity structure ratio of not more than 1.00:1.00. This is in line with the University's bank covenants related to its interest-bearing loans to a certain bank (see Note 16).

The University has complied with its covenant obligations, including maintaining the required debt-to-equity ratios and debt service credit reserve which are both based on the University's consolidated financial statements for all periods presented.

There was no significant change in the University's approach to capital management during the year.

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of liabilities arising various financing activities.

	Interest-bearing Loans (see Note 16)	**Advances from a Related Party** (see Note 23)	**Dividends Payable** (see Note 15)	**Accrued Interest**	**Total**
Balance at June 1, 2018	P 2,367,142,858	P 85,800,000	P 195,004,540	P 11,376,514	P 2,659,323,912
Cash flows from financing activities:					
Repayment of loans	(428,571,429)	(60,000,000)	-	-	(488,571,429)
Proceeds from additional loans	170,000,000	90,000,000	-	-	260,000,000
Dividends paid	-	-	(246,431,807)	-	(246,431,807)
Interest paid including capitalized borrowing cost	-	-	-	(126,867,306)	(126,867,306)
Non-cash financing activities:					
Dividend declaration	-	-	263,632,368	-	263,632,368
Accrual of interest	-	-	-	91,678,350	91,678,350
Capitalized borrowing cost	-	-	-	33,654,509	33,654,509
Balance at May 31, 2019	**P 2,108,571,429**	**P 115,800,000**	**P 212,205,101**	**P 9,842,067**	**P 2,446,418,597**
Balance at June 1, 2017	P 1,880,000,000	P -	P 176,403,883	P 540,308	P 2,056,944,191
Cash flows from financing activities:					
Proceeds from additional loans	715,000,000	110,800,000	-	-	825,800,000
Repayment of loans	(227,857,142)	(25,000,000)	-	-	(252,857,142)
Dividends paid	-	-	(245,031,711)	-	(245,031,711)
Interest paid	-	-	-	(70,628,935)	(70,628,935)
Non-cash financing activities:					
Dividend declaration	-	-	263,632,368	-	263,632,368
Accrual of interest	-	-	-	81,465,141	81,465,141
Balance at May 31, 2018	P 2,367,142,858	P 85,800,000	P 195,004,540	P 11,376,514	P 2,659,323,912

Accrued interest as of May 31, 2019, 2018 and 2017 is recognized as part of Accrued Expenses under Trade and Other Payables in the statement of financial position (see Notes 15 and 16).

30. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

The following supplementary information on taxes, duties and license fees paid or accrued during the taxable year required by the BIR under Revenue Regulation No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

(a) Output VAT

In fiscal year 2019, the University declared output VAT as follows:

	Tax Base	Output VAT
Rental	P 94,401,616	P 11,328,194
Sale of merchandise	39,654,124	4,758,495
Other gains and losses	8,526,424	1,023,171
	P 142,582,164	**P 17,109,860**

The outstanding output VAT payable amounting to P967,881 as of May 31, 2019 is presented as part of Withholding and other taxes payable under the Trade and Other Payables account in the 2019 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 amounting to P1,570,883,222 are VAT-exempt.

The tax base for rendering of services is based on the University's gross receipts for the year, hence, may not be the same with the amounts reported in the 2019 statement of profit or loss which is based on PFRS.

(b) Input VAT

Pursuant to Section 109, the University is not allowed any tax credit of input VAT on its purchases related to educational services.

The movements in Input VAT are summarized below:

Balance at beginning of year	P 20,341,354
Services lodged under cost of services	17,989,699
Applied against output VAT	(7,199,965)
Balance at end of year	**P 31,131,088**

(c) Taxes on Importation

The University did not have any importations in fiscal year 2019.

(d) Excise Tax

The University did not have any transactions in fiscal year 2019, which are subject to excise tax.

(e) Documentary Stamp Tax

In fiscal year 2019, the University paid and accrued documentary stamp tax (DST) for certain loan agreements amounting to P5,394,932.

(f) Taxes and Licenses

Details of taxes and licenses in fiscal year 2019 are as follows (see Note 18):

DST	P 5,394,932
Municipal licenses and permits	1,882,737
Real property tax	409,763
Community tax	10,500
Annual registration fee	3,500
Miscellaneous	176,559
	P 7,877,991

(g) Withholding Taxes

Details of total withholding taxes for the fiscal year ended May 31, 2019 are shown below.

Compensation	P 104,709,810
Expanded	23,893,894
Final	7,962,624
	P 136,566,328

(h) Deficiency Tax Assessments and Tax Cases

As of May 31, 2019, the University does not have any final deficiency tax assessments with the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

FAR EASTERN UNIVERSITY

Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1015
(+632) 7777-FEU (338)
(+632) 849-4000
www.feu.edu.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of ***Far Eastern University, Incorporated and Subsidiaries*** (the Group) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended May 31, 2019, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

Michael M. Alba

MICHAEL M. ALBA
President and Chief Operating Officer

GLENN Z. NAGAL
Comptroller

Signed this ________ day of September 2019.

SEP 12 2019

SUBSCRIBED AND SWORN to before me this ______ day of ________________, 2019, affiants exhibiting their Tax Identification Numbers (TIN) as follows:

Name	TIN	Place Issued
Aurelio R. Montinola, III	135-558-086	Philippines
Michael M. Alba	157-483-273	Philippines
Glenn Z. Nagal	130-358-924	Philippines

ATTY. JOAQUIN M. CHUA
NOTARY PUBLIC
UNTIL DECEMBER 31, 2019
BP NO. 1006109-11-22-17-19 ROLL NO. 2520
PTR NO. 6912309-11-24-17-19
MCLE COMPL. NO. 0024515-IV-11.29-17 TIN-135-914-57
887 P. PAREDES ST. SAMP. MLA. CP NO. 09705911

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An instinct for growth™

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

T +63 2 988 2288

Report of Independent Auditors

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

Opinion

We have audited the consolidated financial statements of The Far Eastern University, Incorporated (the University) and subsidiaries (together hereinafter referred to as the Group), which comprise the consolidated statements of financial position as at May 31, 2019, 2018 and 2017 and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and the notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at May 31, 2019, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

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

(a) Recognition of Tuition and Other School Fees

Description of the Matter

Tuition and other school fees amounted to P3.3 billion, which accounts for 99% of the total revenues of the Group, for the year ended May 31, 2019 as shown in the Group's consolidated statements of profit or loss and in Note 19 to the consolidated financial statements. It involves significant volume of transactions and the Group is dependent on its information technology infrastructure in processing such voluminous transactions. Relative to this, any potential misstatements on tuition and other school fees could be material to the consolidated financial statements. Growth in tuition and other school fees is also one of the key performance measures used to assess the Group's performance. We therefore identified the recognition of tuition and other school fees as a significant risk requiring special audit consideration.

Beginning June 1, 2018, the Group adopted PFRS 15, *Revenue from Contracts with Customers*. Such adoption did not materially impact the Group as its revenue recognition under the new standard for existing revenue streams did not significantly vary from the previous revenue standard. The impact of the adoption of PFRS 15 and the related changes in accounting policies and basis of judgement and estimates are disclosed in Notes 2 and 3 to the consolidated financial statements.

How the Matter was Addressed in the Audit

Our audit procedures included, among others, the following:

- obtaining an understanding of the tuition and other school fees revenue recognition policy of the Group and the related processes and controls, and evaluating the Group's compliance with the requirements of PFRS 15;

- assessing the appropriateness of the Group's application of PFRS 15 transitional requirements as of June 1, 2018 and evaluating the Group's compliance with the disclosure requirements of PFRS 15 in its consolidated financial statements;

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

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

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

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

(b) Adoption of PFRS 9, Financial Instruments

Description of the Matter

Effective June 1, 2018, the Group adopted PFRS 9, *Financial Instruments*, (PFRS 9) which replaced PAS 39, *Financial Instruments: Recognition and Measurement*. The adoption of this new standard, which primarily affected the Group's classification and measurement of their financial assets, and impairment of financial instruments using the expected credit losses, is considered significant due to the complexities of the accounting requirements and the significant judgement required in determining assumptions to be used in applying the standard. Further, the investments, which are particularly covered by the provisions of PFRS 9, amounts to P2.3 billion as of May 31, 2019 and is considered significant in amount relative to the Group's consolidated total assets.

The impact of the adoption of PFRS 9, and the related changes in accounting policies, basis of judgement and estimates, and risk management are disclosed in Notes 2, 3 and 4 to the consolidated financial statements.

How the Matter was Addressed in the Audit

Our audit procedures included, among others, the following:

(i) Classification and Measurement

- evaluating the appropriateness of the Group's business model for the classification and measurement of financial instruments based on the requirements of PFRS 9;

- reviewing the sufficiency and appropriateness of the business model assessment and contractual cash flows characteristics assessment ("solely payment of principal and interest" testing);

- reviewing the classification and measurement analysis done by the Group regarding the classification of financial assets at fair value through profit or loss, other comprehensive income and at amortized cost; and,

- evaluating the appropriateness of transition adjustments as a result of the adoption of PFRS 9 on classification and measurement of financial assets and determining the adequacy of related financial statement disclosures, including changes in accounting policies and basis of judgment and estimates.

(ii) Impairment

- understanding and assessing appropriateness of expected credit loss (ECL) models used, including reasonableness of overlays or forward looking information;

- evaluating the reasonableness of the inputs and assumptions used by the management in determining the ECL rates, such as the point where receivables are deemed credit-impaired, considered subsequent recoveries, and historical write-offs of receivables;

- evaluating appropriateness of the impairment adjustments resulting in the transition to PFRS 9, including completeness and reasonableness of related ECL disclosures.

(c) Assessment of Goodwill Impairment

Description of the Matter

As at May 31, 2019, the balance of goodwill amounts to P186.5 million, which arose from the acquisition of Roosevelt College, Inc. (RCI) in May 2016 as disclosed in Note 1 to the consolidated financial statements. Under PFRS, goodwill, having indefinite useful life, is not subject to amortization but is required to be tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may be impaired. We have identified assessment of goodwill impairment as a key audit matter in our audit because management's assessment process is highly subjective being based on significant assumptions, such as revenue growth rate and discount rate, to determine the recoverable amount of the cash generating units (CGUs) where goodwill is allocated to and the future cash flows of that particular CGUs which are affected by expected future market or economic conditions. The more significant management's assumptions include:

- RCI, the CGU on which the goodwill is allocated to, will continue as a going concern;

- RCI will have sufficient financial resources to finance its working capital requirements to achieve its projected forecast and to support the business needs; and,

- RCI's growth in student population and viability of its performance forecasts for the next five years.

The Group's accounting policy on impairment of goodwill is included in Note 2 to the consolidated financial statements and the related disclosures are included in Notes 1 and 3.

How the Matter was Addressed in the Audit

With the firm's valuation specialists, we independently checked the reasonableness of the assumptions and methodologies (i.e., discounted cash flows method) used by management, particularly those relating to the forecasted tuition fee rates and number of students assumed to project revenue growth and profit margins of RCI. In doing so, we have considered historical and environmental trends. In addition, based on the results of our audit of the financial statements of RCI as of and for the year ended May 31, 2019, we did not identify events or conditions that may cast significant doubt on RCI's ability to continue as a going concern.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement) and SEC Form 17-A (but does not include the consolidated financial statements and our auditors' report thereon) and Annual Report for the year ended May 31, 2019. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended May 31, 2019 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

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

PUNONGBAYAN & ARAULLO

By: **Mailene Sigue-Bisnar**
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 7333687, January 3, 2019, Makati City
SEC Group A Accreditation
Partner - No. 0396-AR-3 (until Oct. 1, 2021)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-20-2018 (until Jan. 25, 2021)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

September 10, 2019

P&A Grant Thornton

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Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

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

T +63 2 988 2288

The Board of Trustees 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 May 31, 2019, on which we have rendered our report dated September 10, 2019. 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, as amended, and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Mailene Sigue-Bisnar**
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 7333687, January 3, 2019, Makati City
SEC Group A Accreditation
Partner - No. 0396-AR-3 (until Oct. 1, 2021)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-20-2018 (until Jan. 25, 2021)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

September 10, 2019

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MAY 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2019	2018 [As Restated – See Note 2]	2017 [As Restated – See Note 2]
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	8	**P 1,520,192,490**	P 855,331,501	P 1,526,201,248
Trade and other receivables - net	9	**620,161,736**	540,342,199	450,070,055
Financial assets at fair value through profit or loss	11	**837,414,512**	-	-
Financial assets at fair value through other comprehensive income	11	**277,750,721**	-	-
Investment securities at amortized cost	11	**263,808,437**	-	-
Available-for-sale financial assets	11	**-**	2,119,491,677	2,139,654,834
Held-to-maturity investments	11	**-**	-	95,148,019
Real estate held-for-sale	12	**123,533,559**	123,533,559	141,547,959
Other current assets - net	16	**206,017,421**	1,110,841,759	274,752,543
Total Current Assets		**3,848,878,876**	4,749,540,695	4,627,374,658
NON-CURRENT ASSETS				
Trade and other receivables	9	**1,869,046**	2,939,451	1,701,014
Financial assets at fair value through other comprehensive income	11	**428,946,151**	-	-
Investment securities at amortized cost	11	**523,684,713**	-	-
Available-for-sale financial assets	11	**-**	176,523,803	138,991,746
Held-to-maturity investments	11	**-**	297,284,616	241,418,315
Investment in an associate - net	13	**-**	6,490,925	6,585,801
Property and equipment - net	14	**8,708,590,224**	7,205,631,433	6,056,297,863
Investment properties - net	15	**154,874,322**	150,919,929	185,847,743
Goodwill	1	**186,487,019**	186,487,019	186,487,019
Deferred tax assets - net	23	**25,673,121**	18,135,377	20,272,377
Other non-current assets	16	**200,954,362**	393,441,160	494,866,600
Total Non-current Assets		**10,231,078,958**	8,437,853,713	7,332,468,478
TOTAL ASSETS		**P 14,079,957,834**	P 13,187,394,408	P 11,959,843,136
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	17	**P 1,405,750,972**	P 1,305,696,027	P 961,758,143
Interest-bearing loans	18	**1,393,571,429**	1,183,571,429	332,857,143
Derivative liability	10	**36,720,866**	38,255,313	33,365,459
Deferred revenues	2, 19	**258,368,982**	176,907,478	75,199,534
Provisions	28	**48,765,588**	20,076,543	19,694,375
Income tax payable		**27,535,754**	17,953,833	22,006,031
Total Current Liabilities		**3,170,713,591**	2,742,460,623	1,444,880,685
NON-CURRENT LIABILITIES				
Interest-bearing loans	18	**965,000,000**	1,333,571,429	1,617,142,857
Post-employment benefit obligation	22	**47,313,579**	46,138,632	59,800,703
Deferred tax liabilities - net	23	**22,684,801**	19,489,685	10,697,213
Other non-current liabilities		**6,171,400**	4,336,911	4,696,331
Total Non-current Liabilities		**1,041,169,780**	1,403,536,657	1,692,337,104
Total Liabilities		**4,211,883,371**	4,145,997,280	3,137,217,789
EQUITY				
Equity attributable to owners of the parent company				
Capital stock	25	**1,651,435,400**	1,651,435,400	1,651,435,400
Treasury stock - at cost	25	**(65,159,830)**	(63,265,755)	(49,362,563)
Revaluation reserves	11, 22	**3,264,862**	(25,739,204)	39,707,565
Other reserves	2	**(57,785,452)**	(57,785,452)	(57,785,452)
Retained earnings	25	**5,719,598,066**	5,357,541,295	5,128,123,327
Total equity attributable to owners of parent company		**7,251,353,046**	6,862,186,284	6,712,118,277
Non-controlling interests	25	**2,616,721,417**	2,179,210,844	2,110,507,070
Total Equity		**9,868,074,463**	9,041,397,128	8,822,625,347
TOTAL LIABILITIES AND EQUITY		**P 14,079,957,834**	P 13,187,394,408	P 11,959,843,136

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED MAY 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2019	2018	2017
REVENUES				
Educational	19			
Tuition fees - net		**P 3,028,259,008**	P 2,429,326,661	P 2,710,248,681
Other school fees		**286,993,109**	190,854,536	106,582,390
		3,315,252,117	2,620,181,197	2,816,831,071
Rental	15	**43,782,587**	42,028,413	43,430,248
		3,359,034,704	2,662,209,610	2,860,261,319
COSTS AND OPERATING EXPENSES	2, 20	**(2,693,558,458)**	(2,182,296,116)	(2,095,567,965)
OTHER OPERATING INCOME		**2,720,649**	3,998,242	2,559,803
OPERATING INCOME		**668,196,895**	483,911,736	767,253,157
FINANCE INCOME	21	**152,094,620**	193,493,393	180,126,492
FINANCE COSTS	21	**(98,276,377)**	(95,374,284)	(88,837,546)
OTHER INCOME	2, 13, 17	**212,567,714**	58,204,886	69,263,938
OTHER CHARGES	13	**-**	(94,876)	(70,933)
PROFIT BEFORE TAX		**934,582,852**	640,140,855	927,735,108
TAX EXPENSE	23	**(126,111,125)**	(92,509,844)	(121,282,797)
NET PROFIT		**P 808,471,727**	P 547,631,011	P 806,452,311
Net Profit Attributable to:				
Owners of the parent company	26	**P 753,271,625**	P 492,229,280	P 749,519,197
Non-controlling interests		**55,200,102**	55,401,731	56,933,114
		P 808,471,727	P 547,631,011	P 806,452,311
Earnings Per Share				
Basic and Diluted	26	**P 45.86**	**P 29.96**	P 45.61

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MAY 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2019	2018	2017
NET PROFIT		**P 808,471,727**	P 547,631,011	P 806,452,311
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified subsequently to profit or loss				
Net fair value losses (gains) reclassified to profit or loss on debt securities classified as fair value through other comprehensive income	11	**14,833,998**	(47,306,106)	11,497,370
Net fair value gains (losses) during the year	11	**4,382,957**	(32,877,027)	(40,944,890)
Tax effect	23	**(1,921,696)**	8,018,313	2,944,752
		17,295,259	(72,164,820)	(26,502,768)
Item that will not be reclassified subsequently to profit or loss				
Net fair value lossses on equity securities classified as financial assets at fair value through other comprehensive income	11	**(15,525,963)**	-	-
Gains (losses) on remeasurement of post-employment benefit plan	22	**(8,557,937)**	8,183,762	6,980,564
Tax effect	23	**2,408,390**	(818,376)	(698,056)
		(21,675,510)	7,365,386	6,282,508
Other Comprehensive Loss		**(4,380,251)**	(64,799,434)	(20,220,260)
TOTAL COMPREHENSIVE INCOME		**P 804,091,476**	P 482,831,577	P 786,232,051
Total Comprehensive Income Attributable to:				
Owners of the parent company		**P 749,527,120**	P 426,782,511	P 726,604,065
Non-controlling interests		**54,564,356**	56,049,066	59,627,986
		P 804,091,476	P 482,831,577	P 786,232,051

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MAY 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

		Attributable to Owners of the Parent Company								
						Retained Earnings				
	Notes	Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Other Reserves	Appropriated	Unappropriated	Total	Non-controlling Interests	Total Equity
Balance at June 1, 2018										
As previously reported		P 1,651,435,400	(P 63,265,755)	(P 25,739,204)	(P 57,785,452)	P 2,843,733,100	P 2,513,808,195	P 5,357,541,295	P 2,179,210,844	P 9,041,397,128
Effect of adoption of PFRS 9		-	-	32,748,571	-	-	(45,174,410)	(45,174,410)	-	(12,425,839)
As restated		1,651,435,400	(63,265,755)	7,009,367	(57,785,452)	2,843,733,100	2,468,633,785	5,312,366,885	2,179,210,844	9,028,971,289
Transactions with owners										
Issuance of shares of stock	25	-	-	-	-	-	-	-	335,500,000	335,500,000
Acquisition of treasury stock	25	-	(1,894,075)	-	-	-	-	-	-	(1,894,075)
Cash dividends	25	-	-	-	-	-	(262,805,944)	(262,805,944)	(35,788,283)	(298,594,227)
Stock dividends	25	-	-	-	-	-	(83,234,500)	(83,234,500)	83,234,500	-
		-	(1,894,075)	-	-	-	(346,040,444)	(346,040,444)	382,946,217	35,011,698
Appropriations of retained earnings										
Reversal of appropriations during the year	25	-	-	-	-	(673,000,000)	673,000,000	-	-	-
Total comprehensive income (loss)										
Net profit for the year		-	-	-	-	-	753,271,625	753,271,625	55,200,102	808,471,727
Other comprehensive loss	11, 22	-	-	(3,744,505)	-	-	-	-	(635,746)	(4,380,251)
		-	-	(3,744,505)	-	-	753,271,625	753,271,625	54,564,356	804,091,476
Balance at May 31, 2019		**P 1,651,435,400**	**(P 65,159,830)**	**P 3,264,862**	**(P 57,785,452)**	**P 2,170,733,100**	**P 3,548,864,966**	**P 5,719,598,066**	**P 2,616,721,417**	**P 9,868,074,463**
Balance at June 1, 2017		P 1,651,435,400	(P 49,362,563)	P 39,707,565	(P 57,785,452)	P 2,573,733,100	P 2,554,390,227	P 5,128,123,327	P 2,110,507,070	P 8,822,625,347
Transactions with owners										
Issuance of shares of stock	25	-	-	-	-	-	-	-	50,000,000	50,000,000
Acquisition of treasury stock	25	-	(13,903,192)	-	-	-	-	-	-	(13,903,192)
Cash dividends	25	-	-	-	-	-	(262,811,312)	(262,811,312)	(37,345,292)	(300,156,604)
		-	(13,903,192)	-	-	-	(262,811,312)	(262,811,312)	12,654,708	(264,059,796)
Appropriations of retained earnings										
Reversal of appropriations during the year	25	-	-	-	-	(250,000,000)	250,000,000	-	-	-
Appropriations during the year	25	-	-	-	-	520,000,000	(520,000,000)	-	-	-
		-	-	-	-	270,000,000	(270,000,000)	-	-	-
Total comprehensive income (loss)										
Net profit for the year		-	-	-	-	-	492,229,280	492,229,280	55,401,731	547,631,011
Other comprehensive income (loss)	11, 22	-	-	(65,446,769)	-	-	-	-	647,335	(64,799,434)
		-	-	(65,446,769)	-	-	492,229,280	492,229,280	56,049,066	482,831,577
Balance at May 31, 2018		P 1,651,435,400	(P 63,265,755)	(P 25,739,204)	(P 57,785,452)	P 2,843,733,100	P 2,513,808,195	P 5,357,541,295	P 2,179,210,844	P 9,041,397,128

		Attributable to Owners of the Parent Company								
						Retained Earnings				
	Notes	Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Other Reserves	Appropriated	Unappropriated	Total	Non-controlling Interests	Total Equity
Balance at June 1, 2016		P 1,651,435,400	(P 38,655,641)	P 62,622,697	P -	P 2,573,733,100	P 2,166,611,076	P 4,740,344,176	P 1,792,833,887	P 8,208,580,519
Transactions with owners										
Issuance of shares of stock		-	-	-	-	-	-	-	416,500,000	416,500,000
Acquisition of treasury stock	25	-	(10,706,922)	-	-	-	-	-	-	(10,706,922)
Cash dividends	25	-	-	-	-	-	(361,740,046)	(361,740,046)	(36,095,292)	(397,835,338)
Reduction in non-controlling interest	2	-	-	-	(57,785,452)	-	-	-	(122,359,511)	(180,144,963)
		-	(10,706,922)	-	(57,785,452)	-	(361,740,046)	(361,740,046)	258,045,197	(172,187,223)
Total comprehensive income (loss)										
Net profit for the year		-	-	-	-	-	749,519,197	749,519,197	56,933,114	806,452,311
Other comprehensive income (loss)	11, 22	-	-	(22,915,132)	-	-	-	-	2,694,872	(20,220,260)
		-	-	(22,915,132)	-	-	749,519,197	749,519,197	59,627,986	786,232,051
Balance at May 31, 2017		P 1,651,435,400	(P 49,362,563)	P 39,707,565	(P 57,785,452)	P 2,573,733,100	P 2,554,390,227	P 5,128,123,327	P 2,110,507,070	P 8,822,625,347

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 934,582,852**	P 640,140,855	P 927,735,108
Adjustments for:				
Depreciation and amortization	20	**372,058,239**	306,332,605	302,109,262
Gain on sale of investment in an associate	13	**(140,509,075)**	-	-
Interest income	21	**(121,134,236)**	(100,670,612)	(105,320,467)
Interest expense	21	**61,418,472**	69,098,889	46,753,278
Fair value gains from financial assets at fair value through profit or loss (FVTPL)	11	**(38,473,202)**	-	-
Other investment income from financial assets at fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI) - net	21	**(27,864,048)**	-	-
Unrealized foreign exchange gains - net	21	**3,153,258**	(36,992,246)	(36,065,062)
Impairment losses on investments	21	**50,138**	-	-
Other investment income from available-for-sale (AFS) financial assets	21	**-**	(55,830,535)	(38,740,963)
Impairment losses on property and equipment	14	**-**	2,804,401	-
Share in net losses of an associate	13	**-**	94,876	70,933
Operating profit before working capital changes		**1,043,282,398**	824,978,233	1,096,542,089
Decrease (increase) in trade and other receivables		**(104,584,572)**	(5,779,683)	18,261,355
Decrease (increase) in other assets		**1,260,185,578**	(558,507,470)	(85,788,080)
Increase in real estate held-for-sale		**-**	(2,913,559)	(46,710,342)
Increase in trade and other payables		**50,556,559**	283,442,601	103,028,339
Increase (decrease) in deferred revenues		**81,461,504**	101,707,944	(41,059,209)
Increase (decrease) in provisions		**28,689,045**	382,168	(28,772,990)
Increase (decrease) in derivative liability		**(3,098,063)**	4,889,854	12,845,459
Increase (decrease) in post-employment benefit obligation		**1,174,947**	(13,662,071)	1,372,501
Increase (decrease) in other non-current liabilities		**1,834,489**	(359,420)	708,739
Cash generated from operations		**2,359,501,885**	634,178,597	1,030,427,861
Income taxes paid		**(120,871,832)**	(73,130,079)	(105,811,268)
Net Cash From Operating Activities		**2,238,630,053**	561,048,518	924,616,593
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of financial assets at FVOCI	11	**2,852,453,988**	-	-
Acquisitions of financial assets at FVOCI	11	**(2,741,291,123)**	-	-
Proceeds from disposal of financial assets at FVTPL	11	**1,935,011,835**	-	-
Acquisitions of property and equipment	14	**(1,803,401,265)**	(1,410,471,003)	(571,978,810)
Acquisitions of financial assets at FVTPL	11	**(1,690,108,239)**	-	-
Increase in advances to suppliers and developers	16	**(174,553,324)**	(186,413,356)	(404,924,056)
Proceeds from sale of investment in an associate	13	**147,000,000**	-	-
Acquisitions of investment securities at amortized cost	11	**(130,119,203)**	-	-
Interest received	11	**119,522,816**	155,617,427	75,493,688
Proceeds from maturities of investment securities at amortized cost	11	**102,167,384**	-	-
Additions to investment properties	15	**(30,236,767)**	(22,313,379)	(26,564,345)
Advances granted to related parties	24	**9,229,702**	(16,756,062)	(6,832,457)
Acquisition of new subsidiaries	1	**-**	-	(180,144,963)
Acquisitions of AFS financial assets	11	**-**	(2,664,941,069)	(2,762,841,360)
Acquisitions of HTM investments	11	**-**	(52,500,099)	(15,000,000)
Proceeds from disposal of AFS financial assets	11	**-**	2,578,601,829	2,792,596,182
Proceeds from maturities of HTM investments	11	**-**	102,743,344	30,297,340
Net Cash Used in Investing Activities		**(1,404,324,196)**	(1,516,432,368)	(1,069,898,781)
Balance carried forward		**P 834,305,857**	(P 955,383,850)	(P 145,282,188)

	Notes	2019	2018	2017
Balance brought forward		**P 834,305,857**	(P 955,383,850)	(P 145,282,188)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of interest-bearing loans	18, 30	**(428,571,429)**	(227,857,142)	(12,333,334)
Proceeds from issuance of preferred shares to a related party under common management	24	**335,500,000**	50,000,000	416,500,000
Proceeds from interest-bearing loans	18, 30	**270,000,000**	795,000,000	470,000,000
Dividends paid	25	**(249,095,841)**	(242,812,818)	(374,228,241)
Interest paid	14, 30	**(95,072,981)**	(80,647,392)	(32,540,909)
Acquisition of treasury shares	25	**(1,894,075)**	(13,903,192)	(10,706,922)
Net Cash From (Used in) Financing Activities		**(169,134,326)**	279,779,456	456,690,594
Effect of Exchange Rate Changes on Cash and Cash Equivalents		**(310,542)**	4,734,647	1,442,262
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**664,860,989**	(670,869,747)	312,850,668
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**855,331,501**	1,526,201,248	1,213,350,580
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**P 1,520,192,490**	P 855,331,501	P 1,526,201,248

Supplemental Information on Noncash Investing and Financing Activities:

1) Prior to 2017, the University acquired 17.73% equity interest in Roosevelt College, Inc. for P179.7 million. In 2017, the University acquired additional interest of 79.72%. The purchase of interest resulted in recognition of Retention payable (see Notes 1 and 17). No similar transaction occurred in 2019 and 2018.

2) In 2019 and 2018, the Group capitalized borrowing costs amounting to P33.7 million and P15.9 million as part of acquisitions of property and equipment (see Note 14).

3) In 2019, 2018 and 2017, certain assets amounting to P8.5 million, P4.1 million and P48.1 million, respectively, were reclassified from Investment Property to Property and Equipment, respectively, while cerain assets amounting to P28.1 million and P31.8 million,were reclassified from Real Estate Held for Sale to Investment Property in years 2018 and 2017, respectively. (see Notes 12, 14 and 15).

4) During the years ended May 31, 2019, 2018 and 2017 the University declared cash dividends totaling P263.6 million, P262.8 million and P361.7 million, respectively, of which, P17.2 million, P18.6 millionand P21.9 million, respectively, were not paid in the year of declaration (see Notes 17 and 25).

5) During the year ended May 31, 2017, the University reclassified investments from Available-for-sale Financial Assets amounting to P335.8 million to Held-to-maturity Investments (see Note 11).

See Notes to Consolidated Financial Statements.

THE FAR EASTERN UNIVERSITY, INCORPORATED
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2019, 2018 AND 2017
(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, incorporated in the Philippines and was registered 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. It became a listed corporation in the Philippine Stock Exchange (PSE) on July 11, 1986.

The University is a private, non-sectarian institution of learning comprising the following 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, Applied Mathematics, Biology, Accountancy, Business Administration, Tourism, Fine Arts, and Education, are accredited by the Philippine Association of Colleges and Universities Commission on Accreditation.

As at May 31, 2019, 2018 and 2017, the University holds interest in the following subsidiaries and associate which were all incorporated and are operating in the Philippines (see Notes 1.2 and 13):

	Percentage of Effective Ownership		
Company Name	**2019**	2018	2017
Subsidiaries:			
East Asia Computer Center, Inc. (EACCI)	**100%**	100%	100%
Far Eastern College – Silang, Inc. (FECSI)	**100%**	100%	100%
FEU Alabang, Inc. (FEUAI)	**100%**	100%	100%
FEU High School, Inc. (FEU High)	**100%**	100%	100%
Roosevelt College, Inc. (RCI)	**97.43%**	97.43%	97.43%
Roosevelt College Educational Enterprises (RCEE)*	**97.43%**	97.43%	97.43%
Fern Realty Corporation (FRC)	**37.52%**	37.52%	37.52%
Associate –			
Juliana Management Company, Inc. (JMCI)	**-**	49%	49%

** Indirectly through the University's ownership of RCI which owns 100% ownership interest in RCEE (see Note 1.2)*

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

Similar to the University, EACCI, FECSI, FEUAI and RCI were established to operate as educational institutions offering general courses of study. FRC, on the other hand, operates as a real estate company leasing most of its investment properties to the University and other related parties, while RCEE is presently engaged in selling educational school supplies and snacks in the campuses of RCI.

On June 24, 2014, FEU High was established to offer and conduct enhanced basic education programs. It is now offering various tracks for senior high school in response to the implementation of the K-12 program.

In August 2018, FEUAI started commercial operations, and will be conferred as a school by the Department of Education and Commission on Higher Education only after the construction of its school building (see Note 14).

1.2 Acquisition of a Subsidiary

On May 12, 2016, pursuant to the Share Purchase Agreement (SPA) entered into between FEU and the selling stockholders of RCI for the sale and purchase of 99.42% of RCI's issued and outstanding shares, the University acquired a total of 235,427 shares of stock of RCI. The acquired shares account for 79.72% of the total outstanding shares of RCI, thereby, making it a subsidiary of the University as of May 31, 2016.

During the year ended May 31, 2017, the University acquired additional 52,349 shares of stock of RCI from various selling stockholders of RCI. The additional shares are equivalent to 17.71% of the total outstanding shares of RCI. As of May 31, 2019, 2018 and 2017, the University already owns 97.43% of RCI's total outstanding shares.

As of May 31, 2019, 2018 and 2017, RCI owns 100% ownership interest in RCEE which was incorporated in 1992.

As at the acquisition date, the fair value of the University's share in RCI's net identifiable assets amounts to P621.8 million resulting in the recognition of goodwill amounting to P186.5 million. The goodwill arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the University and RCI. The goodwill recognized is subject to annual impairment testing [see Notes 2.4, 2.16 and 3.2(f)].

The table presented in the succeeding page summarizes the consideration paid for the equity interest of RCI's selling shareholders and the assets acquired and liabilities assumed, as well as the fair value at the acquisition date of the non-controlling interests (NCI) in RCI. For purposes of determining the goodwill, the University determined the fair value of the identified net assets as of May 12, 2017.

Consideration given:	
Cash	P 662,212,668
Retention payable	146,061,137
Assumed liabilities	24,000,000
	832,273,805
Identifiable assets acquired and liabilities assumed:	
Cash	28,115,587
Trade and other receivables – net	17,870,843
Property and equipment – net	1,019,114,171
Other assets	9,307,899
Trade and other payables	(92,940,769)
Deferred revenues	(62,093,638)
Due to related parties	(31,960,094)
Interest-bearing loans	(12,333,334)
Post-employment benefit obligation	(64,710,710)
Provisions	(48,467,365)
Net identifiable assets	761,902,590
NCI in RCI	(140,115,804)
	621,786,786
Goodwill	P 186,487,019

Pursuant to the SPA, portion of the cash consideration given is retained by the University to ensure compliance by the selling shareholders of RCI to certain terms of the SPA (see Note 17).

1.3 Other Corporate Information

The University also has a campus in Makati, which offers Law, Accountancy, Business and Information Technology education.

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

FEU and FEU High	-	Nicanor Reyes, Sr. Street, Sampaloc, Manila
EACCI	-	P. Paredes Street, Sampaloc, Manila
FECSI	-	Metrogate Silang Estates, Silang, Cavite
FEUAI	-	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
RCI	-	No. 54 J. P. Rizal Street, Lamuan, Marikina City
RCEE	-	Roosevelt College Compound, Sumulong Highway, Cainta, Rizal

1.4 Approval for Issuance of Consolidated Financial Statements

The consolidated financial statements of the Group as of and for the year ended May 31, 2019 (including the comparative consolidated financial statements as of and for the periods ended May 31, 2018 and 2017) were authorized for issue by the Group's Board of Trustees (BOT) on September 10, 2019.

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 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 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), and approved by the Philippine Board of Accountancy.

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

(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 the consolidated statements of comprehensive income separate from the consolidated statements of profit or loss.

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

In 2019, the Group adopted Philippine Interpretations Committee (PIC) Question and Answer (Q&A) No. 2018-15, *PAS 1 - Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current*, which clarifies that any advances to contractors shall be classified based on the nature of asset to which the advances relate to. Consequently, the Group reclassified its Advances to suppliers account amounting to P240.7 million and P404.9 million as of May 31, 2018 and 2017, respectively, which pertain to advances made by FEUAI to its suppliers for the construction of its campus, from Current Assets to Non-current Assets section.

(c) Functional Currency

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

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

2.2 Adoption of New and Amended PFRS

(a) Effective in Fiscal Year 2019 that are Relevant to the Group

The Group adopted the following PFRS, amendments and annual improvements to PFRS, which are mandatorily effective for the annual periods beginning on or after January 1, 2018:

PAS 40 (Amendments)	:	Investment Property – Transfers of Investment Property
PFRS 9	:	Financial Instruments
PFRS 15	:	Revenue from Contracts with Customers; Clarifications to PFRS 15
International Financial Reporting Interpretations Committee (IFRIC) 22	:	Foreign Currency Transactions and Advance Consideration
Annual Improvements to PFRS (2014-2016 Cycle)		
PAS 28 (Amendments)	:	Investment in Associates and Joint Ventures – Measuring an Associate and Joint Ventures at Fair Value
PFRS 1 (Amendments)	:	First-time Adoption of Philippine Financial Reporting Standards – Deletion of Short-term Exemptions

Discussed as follows are relevant information about these PFRS amendments and improvements.

(i) PAS 40 (Amendments), *Investment Property – Transfers of Investment Property*. The amendments state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The amendments provided a non-exhaustive list of examples constituting change in use. The application of these amendments had no impact on the Group's consolidated financial statements.

(ii) PFRS 9, *Financial Instruments* (issued in 2014). This new standard on financial instruments replaced PAS 39, *Financial Instruments: Recognition and Measurement*, and PFRS 9 issued in 2009, 2010 and 2013. This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments, i.e., financial assets at amortized costs, fair value through profit and loss (FVTPL), and fair value through other comprehensive income (FVOCI);

- an expected credit loss (ECL) model in determining impairment of all financial assets that are not measured at FVTPL, which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,

- a new 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.

On June 1, 2018, the Group adopted PFRS 9, *Financial Instruments*, which was applied using the transitional relief allowed by the standard. This allows the Group not to restate its prior periods' financial statements. Differences arising from the adoption of PFRS 9 in relation to classification and measurement and impairment of financial assets are recognized in the opening balance of Retained Earnings and Revaluation Reserves accounts in the current year.

The Group's new accounting policies relative to the adoption of PFRS 9 are fully disclosed in Notes 2.5 and 2.10.

The table in the below shows the impact of the adoption of PFRS 9 to the Group's total equity as of June 1, 2018.

	Effects on		
	Revaluation Reserves	**Retained Earnings**	**Total Equity**
Balance at May 31, 2018 under PAS 39	(P 25,739,204)	P 5,357,541,295	P 9,041,397,128
Impact of PFRS 9			
Effect of reclassification and remeasurement of financial assets	36,716,046	(29,839,456)	6,876,590
Recognition of expected credit loss allowance on financial assets			
At FVOCI	(328,745)	-	(328,745)
At Amortized cost	-	(454,456)	(454,456)
Receivables	-	(19,899,877)	(19,899,877)
	(328,745)	(20,354,333)	(20,683,078)
Subtotal	36,387,301	(50,193,789)	(13,806,488)
Tax effect	(3,638,730)	5,019,379	1,380,649
Net impact under PFRS 9	32,748,571	(45,174,410)	(12,425,839)
Balance at June 1, 2018 under PFRS 9	**P 7,009,367**	**P 5,312,366,885**	**P 9,028,971,289**

Management has determined the impact of PFRS 9 on the Group's consolidated financial statements as indicated in the succeeding page.

a. *Financial Assets Reclassified from AFS Financial Assets to Financial Assets at FVTPL*

With respect to investments in certain listed common shares and investment in Unit Investment Trust Fund (UITF) (previously classified under AFS Financial Assets) amounting to P1.0 billion, the Group has reclassified these as Financial Assets at FVTPL as these assets are held for short-term profit taking and are being actively traded by the Group through its trustee-banks. This change in classification due to the adoption of the new standard did not result in any change in measurement of these financial assets. However, it resulted in the transfer of the accumulated net unrealized fair value adjustments related to these securities amounting to P27.3 million from Revaluation Reserves to Retained Earnings as an adjustment in the opening balance of these equity accounts.

b. *Financial Assets Reclassified from AFS Financial Assets to Financial Assets at FVOCI*

Certain debt securities amounting to P659.8 million and which were previously classified as AFS financial assets were reclassified as financial assets at FVOCI. The investment objective of the business model for these securities is to hold and collect the contractual cash flows, and sell; thus, these securities are held for long-term strategic investment and are not expected to be traded in the short-to-medium term. Consequently, the Group assessed an impairment loss amounting to P0.3 million on these securities based on the ECL model developed by the Group [see Note 2.2(a)(ii)(e)].

Furthermore, certain equity securities amounting to P138.0 million, which were previously classified as AFS financial assets, and golf club shares amounting to P2.8 million, which were previously classified as part of Other equity investments under Other Non-current Assets, were designated as Financial Assets at FVOCI because the Group irrevocably elected to hold these securities for long-term strategic investments and does not expect to obtain profit through short to medium-term trading other than dividends.

Also, the related net unrealized fair value gains from the equity instruments are now presented as an item that will not be reclassified subsequently to profit or loss in 2019 (previously an item that will be reclassified subsequently to profit or loss in 2018 and 2017) in the statements of comprehensive income.

c. *Debt Instruments Reclassified from AFS Financial Assets to Investment Securities at Amortized Cost*

The Group also holds corporate bonds, certain identified government securities, and other debt securities amounting to P461.8 million, which are held by the Group to collect the contractual cash flows that pertain solely to payments of principal and interest (SPPI). These are reclassified from AFS Financial Assets to Investment Securities at Amortized Cost. Such reclassification resulted in the reversal of previously recorded net unrealized gains and losses amounting to P6.9 million to reflect the amortized cost of these debt securities and account for the unamortized premium and discounts as of the date of initial application. In addition, the Group assessed that an impairment loss amounting to P0.5 million on these financial assets should be recognized based on the ECL model developed by management [see Note 2.2(a)(ii)(e)].

d. *Financial Instruments Reclassified from Loans and Receivables and Held-to-Maturity Investments to Investment Securities at Amortized Cost*

The Group reclassified certain corporate bonds amounting to P297.3 million from held to maturity (HTM) Investments to Investment Securities at Amortized Cost since the Group's management determined that the objective of the Group is to hold the financial assets to collect the contractual cash flows pertaining solely to payments of principal and interest.

Financial assets classified as loans and receivables under PAS 39 are still and will continue to be measured by the Group at amortized cost under PFRS 9 as the objective of the Group is to likewise hold these assets to collect the contractual cash flows, wherein said cash flows pertain solely to payments of principal and interest.

In addition, the Group has assessed ECL amounting to P0.5 million on these debt securities at amortized cost and loans and receivables based on the ECL model developed by management [see Note 2.2(a)(ii)(e) and 2.2(a)(ii)(f)].

e. *Credit Losses on Financial Assets at FVOCI and Investment Securities at Amortized Cost*

All of the Group's investments in debt securities are considered to have low credit risk, and the loss allowance recognized was therefore limited to 12-month ECL. Management considers 'low credit risk' for debt securities issued by listed companies and the government that has an investment grade credit rating with at least one reputable rating agency. Other instruments are considered to have low credit risk when they have a low probability of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The application of the ECL model resulted in the recognition of allowance for impairment on debt securities, net of tax, and was adjusted against the opening balance of Retained Earnings.

f. *Credit Losses on Trade and Other Receivables*

The Group elected to use simplified model of recognizing lifetime ECL in its trade and other receivables, which is comprised mostly of tuition fees and other receivables, as these assets do not have a significant financing component and the Group does not expect to experience significant credit risk changes among its students. The application of the ECL model resulted in the additional allowance for ECL on tuition fees and other receivables with the adjustment charged against the opening balance of Retained Earnings.

The adoption of PFRS 9 has resulted in changes in the Group's accounting policies, particularly on impairment of financial assets due to the application of the ECL methodology.

Further, the adoption of PFRS 9 has no impact on the classification and measurement of its financial liabilities on the Group's consolidated financial statements. As of May 31, 2019, the Group's financial liabilities are classified and measured at amortized cost.

The table in the succeeding page summarizes the effects of the adoption of PFRS 9 in the carrying amounts (CA) and presentation of the categories of the financial assets in the statement of financial position as of June 1, 2018.

Measurement Category	Notes	CA, PAS 39 May 31, 2018	Reclassification	Remeasurement	CA, PFRS 9 June 1, 2018
Financial assets at FVTPL		P -	P -	P -	P -
Reclassification from AFS financial assets	a	-	1,036,396,859	-	1,036,396,859
Financial assets at FVTPL		**P -**	**P 1,036,396,859**	**P -**	**P 1,036,396,859**
Financial assets at FVOCI		P -	P -	P -	P -
Reclassification from AFS financial assets	b	-	797,837,386	-	797,837,386
Reclassification from other non-current assets	e		2,830,000	-	2,830,000
Financial assets at FVOCI		**P -**	**P 806,667,386**	**P -**	**P 806,667,386**
Investment securities at amortized cost		P -	P -	P -	P -
Reclassification from AFS financial assets	c	-	461,781,235	6,876,590	468,657,825
Reclassification from HTM investments	d	-	297,284,616	-	297,284,616
Remeasurement of allowance for credit losses	d	-	-	(454,456)	(454,456)
Financial assets at amortized cost		**P -**	**P 759,065,851**	**P 6,422,134**	**P 765,487,985**
AFS financial assets		P 2,296,015,480	P -	P -	P 2,296,015,480
Reclassification to:					
Financial assets at FVTPL	a	-	(1,036,396,859)	-	(1,036,396,859)
Financial assets at FVOCI	b	-	(797,837,386)	-	(797,837,386)
Investment securities at amortized cost	c	-	(461,781,235)	-	(461,781,235)
AFS financial assets		**P 2,296,015,480**	**(P 2,296,015,480)**	**P -**	**P -**
Held-to-maturity investments		P 297,284,616	P -	P -	P 297,284,616
Reclassification to investment securities at amortized cost	d	-	(297,284,616)	-	(297,284,616)
Held-to-maturity investments		**P 297,284,616**	**(P 297,284,616)**	**P -**	**P -**
Other non-current assets					
Reclassification to:					
Financial assets at FVOCI	e	**P -**	**(P 2,830,000)**	**P -**	**(P 2,830,000)**

(iii) PFRS 15, *Revenue from Contracts with Customers,* together with the *Clarifications to PFRS 15*. This standard replaced PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and Standing Interpretations Committee 31, *Revenue – Barter Transactions Involving Advertising Services*. This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group's significant sources of revenue, except for FRC, pertain to tuition and other school fees, rental income from school buildings and food stalls, income from sale of books and other merchandise, investment income and others. FRC's significant sources of revenue pertain to sale of real estate and rental income from school buildings. Revenues for tuition and other school fees, income from sale of books and other merchandise, and other school-related revenues are within the scope of PFRS 15. However, recognition and measurement for such revenue streams within the scope of PFRS 15 did not vary from PAS 18. Hence, the application of this standard has no significant impact on the Group's consolidated financial statements. Accordingly, no adjustments were made as at June 1, 2018.

With respect to sale of lots and completed townhouses of FRC, the Group recognizes revenue at the point the control over the properties are transferred to the customers. However, the Group has no contracts with customers involving real estate sales for the years ended May 31, 2019, 2018 and 2017. As for rentals, income is recognized in accordance with PAS 17, *Leases* (see Note 2.14).

(iv) IFRIC 22, *Foreign Currency Transactions and Advance Consideration.* The interpretation provides more detailed guidance on how to account for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary asset (arising from advance payment) or liability (arising from advance receipt). If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. Management has assessed that this interpretation has no material impact on the Group's consolidated financial statements.

(v) Annual Improvements to PFRS 2014-2016 Cycle. Among the improvements, the following amendments are relevant to the Group but had no material impact on the Group's consolidated financial statements as these amendments merely clarify existing requirements:

- PAS 28 (Amendments), *Investment in Associates and Joint Ventures – Measuring Associate and Joint Ventures at Fair Value.* The amendments clarify that the option for venture capital organization, mutual funds and other similar entities to elect the fair value through profit or loss classification in measuring investments in associates and joint ventures shall be made at initial recognition, separately for each associate or joint venture.

- PFRS 1 (Amendments), *First-time Adoption of Philippine Financial Reporting Standards – Deletion of Short-term Exemptions.* These amendments merely remove short-term exemptions covering PFRS 7, *Financial Instruments: Disclosures*, PAS 19, *Employee Benefits*, and PFRS 10, *Consolidated Financial Statements*, because the reporting period to which the exemptions applied have already transpired.

(b) *Effective in Fiscal Year 2019 that are not Relevant to the Group*

The amendments and annual improvement to existing standards shown below are mandatorily effective for annual periods beginning on or after January 1, 2018 but are not relevant to the Group's consolidated financial statements.

PFRS 2 (Amendments)	:	Share-based Payment – Classification and Measurement of Share-based Payment Transactions
PFRS 3 (Amendments)*	:	Business Combinations – Definition of a Business
PFRS 4 (Amendments)	:	Insurance Contracts – Applying PFRS 9 With PFRS 4, *Insurance Contracts*
PFRS 17 (Amendments)*	:	Insurance Contracts

* *As of May 31, 2019, these amendments to existing standards are still subject to BOA's approval.*

(c) *Effective Subsequent to Fiscal Year 2019 but not Adopted Early*

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to fiscal year 2019, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PAS 19 (Amendments), *Employee Benefits – Plan Amendment, Curtailment or Settlement* (effective January 1, 2019). The amendments require the use of updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

(ii) PAS 28 (Amendments), *Investment in Associates and Joint Ventures – Long-term Interest in Associates and Joint Venture* (effective from January 1, 2019). The amendments clarify that the scope exclusion in PFRS 9 applies only to ownership interests accounted for using the equity method. Thus, the amendments further clarify that long-term interests in an associate or joint venture – to which the equity method is not applied – must be accounted for under PFRS 9, which shall also include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture.

(iii) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation* (effective from January 1, 2019). The amendments clarify that prepayment features with negative compensation attached to financial instruments may still qualify under the SPPI test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at FVOCI.

(iv) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*, and its related interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease*. For lessees, it requires to account for leases "on-balance sheet" by recognizing a "right-of-use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the "right-of-use" asset is accounted for similar to a purchased asset subject to depreciation or amortization. The lease liability is accounted for similar to a financial liability which is amortized using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

For lessors, lease accounting is similar to PAS 17's. In particular, the distinction between finance and operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same as PAS 17's. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

The management plans to adopt the modified retrospective application of PFRS 16 where the cumulative effect of initially applying the standard will be recognized as an adjustment to the opening balance of Retained Earnings account at the date of initial application. The Group will elect to apply the standard to contracts that were previously identified as leases applying PAS 17 and IFRIC 4 at the date of initial application. Management is currently assessing the financial impact of this new standard on the Group's consolidated financial statements.

(v) IFRIC 23, *Uncertainty over Income Tax Treatments* (effective from January 1, 2019). The interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Group to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Group has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above.

(vi) PAS 1 (Amendments), *Presentation of Financial Statements*, and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors* (effective January 1, 2020). The amendments refine the definition of 'material' in PAS 1 and align the definitions used across all PFRS and other pronouncements. These are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments. As of May 31, 2019, these amendments are still subject to BOA's approval.

(vii) Annual Improvements to PFRS 2015-2017 Cycle (effective from January 1, 2019). Among the improvements, the following amendments are relevant to the Group but had no material impact on its consolidated financial statements as these amendments merely clarify existing requirements:

- PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends.* The amendments clarify that all income tax consequence of dividend payments should be recognized in profit or loss.

- PAS 23 (Amendments), *Borrowing Costs – Eligibility for Capitalization.* The amendments clarify that any specific borrowing which remains outstanding after the related qualifying asset is ready for its intended purpose, such borrowing will then form part of the entity's general borrowings when calculating the capitalization rate for capitalization purposes.

- PFRS 3 (Amendments), *Business Combinations,* and PFRS 11 (Amendments), *Joint Arrangements – Remeasurement of Previously Held Interests in a Joint Operation.* The amendments clarify that previously held interest in a joint operation shall be remeasured when the Group obtains control of the business. On the other hand, previously held interests in a joint operation shall not be remeasured when the Group obtains joint control of the business.

(viii) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations,* between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale or contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes.

In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

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 intercompany transactions. All intercompany balances and transactions with subsidiaries, including income, expenses and dividends, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. In addition, shares of stock of the parent company held by the subsidiaries are recognized as treasury stocks and are presented as deduction in the consolidated statement of changes in equity (see Note 2.21). Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The following subsidiaries prepare their financial statements for their respective reporting periods using consistent accounting principles as that of the University:

March 31	-	FEU High, FECSI and FRC
May 31	-	RCI and RCEE
June 30	-	FEUAI and EACCI

These subsidiaries follow their respective academic years (i.e., trimestral and semestral), hence, the use of different reporting dates (non-coterminous year-ends) as compared with that of the University.

The University accounts for its investments in subsidiaries, an associate and NCIs as follows:

(a) Investments in Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Group obtains control. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries (see Note 2.4).

(b) Investment in an Associate

An 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 Other Income or Other Charges, respectively, in the Group's consolidated statement of profit or loss 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 consolidated other comprehensive income or equity of the Group, as applicable. However, when the University'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 (e.g., dividends) are accounted for as a reduction of the carrying value of the investment.

In computing the University's share in net profit or loss of the associate, unrealized gains or losses on transactions between the University and its associate are eliminated to the extent of the University's interest in the associate. Where unrealized losses are eliminated, the underlying asset is also tested for impairment from a group perspective.

(c) *Transactions with NCIs*

The Group's transactions with NCIs that do not result in loss of control are accounted for as equity transactions – that is, as transaction with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments in NCIs result in gains and losses which the Group also recognizes in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in consolidated profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in consolidated comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in consolidated statement of other comprehensive income are reclassified to consolidated profit or loss.

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 consolidated profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the University recognizes any NCI in the acquiree, either at fair value or at the NCI's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. 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).

Gain on bargain purchase, which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost, is charged directly to income.

For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGU) or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose (see Note 2.16). 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.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the consolidated profit or loss or consolidated other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in consolidated profit or loss or as a charge to consolidated other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2.5 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation.* All other non-derivative financial instruments are treated as debt instruments.

(a) *Classification and Measurement and Reclassification of Financial Assets in Accordance with PFRS 9 (Beginning June 1, 2018)*

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described in the succeeding page.

(i) *Financial Assets at Amortized Cost*

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("held to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

All financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

Where the business model is to hold assets to collect contractual cash flows, the Group assesses whether the financial instruments' cash flows represent SPPI. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement [see Note 3.1(e)]. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

The Group's financial assets at amortized cost are presented in the 2019 consolidated statement of financial position as Cash and Cash Equivalents, Receivables, Short-term investments (Other Current Assets), Long-term investments and Refundable deposits (under Other Non-current Assets), and Investment Securities at Amortized Cost.

For purposes of reporting cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, cash in bank, and short-term deposits.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the consolidated statement of profit or loss as part of Interest income under Finance Income.

(ii) *Financial Assets at FVOCI*

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell; and,

- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as FVTPL. The Group has designated certain equity instruments as at FVOCI on initial application of PFRS 9.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in OCI, net of any effects arising from income taxes, and are reported as part of Revaluation Reserves account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss but is reclassified directly to Retained Earnings, except for those debt securities classified as FVOCI wherein fair value changes are recycled back to profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the consolidated statement of profit or loss as part of Interest income under Finance Income.

Any dividends earned on holding these equity instruments are recognized in profit or loss as part of Other investment income under Finance Income, when the Group's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

(iii) Financial Assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the Group designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Group's financial assets at FVTPL include equity securities which are held for trading purposes or designated as at FVTPL.

Financial assets at FVTPL are measured at fair value with gains or losses recognized in profit or loss as part of Finance Income in the statement of profit or loss. Related transaction costs are recognized directly as expense in profit or loss. The fair values of these financial assets are determined by reference to active market transactions or using valuation technique when no active market exists.

Interest income on these investments and dividend income earned on these investments is reported as part of Other investment income under Finance Income in the consolidated statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(b) Classification and Measurement of Financial Assets in Accordance with PAS 39 (Prior to June 1, 2018)

Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at FVTPL, loans and receivables, HTM investments and 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 categories of financial assets that are relevant to the Group follows:

(i) 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 each 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 FVTPL 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 were classified as AFS Financial Assets, which were subsequently reclassified to HTM investments during the year ended May 31, 2017 (see Note 11.2). 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 (see Note 2.10). Thus, if derivative asset is recognized, it is presented as Financial Asset at FVTPL; otherwise, it is presented as Derivative Liability in the consolidated 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 up directly in profit or loss for the period [see Note 3.2(c)].

(ii) 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 those with maturities beyond 12 months after the end of each reporting period, which are classified as non-current assets.

The Group's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Receivables (excluding advances to employees), as part of Other Current Assets with respect to short-term investments, and Refundable deposits as part of Other Noncurrent Assets in the statement of financial position. Cash and cash equivalents include 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.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any.

(iii) HTM Investments

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. If the Group were to sell other than an insignificant amount of HTM investments, the whole category would be tainted and reclassified to AFS financial assets. The Group currently holds corporate bonds designated into this category.

Subsequent to initial recognition, HTM investments are measured at amortized cost using the effective interest method, less impairment losses, if any.

(iv) 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 statement of financial position unless management intends to dispose of the investment within 12 months from the reporting period.

All financial assets within this category are subsequently measured at fair value, except for equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured which are measured at cost, less impairment loss, if any. Gains and losses from changes in fair value of AFS financial assets are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Revaluation Reserves account in equity. Interest and dividend income, impairment losses and foreign exchange differences on monetary assets are recognized in profit or loss.

When the financial asset is disposed of or is determined to be impaired, that is, when there is a significant or prolonged decline in the fair value of the security below its cost, 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 even though the financial asset has not been derecognized.

(c) Impairment of Financial Assets under PFRS 9 (Beginning June 1, 2018)

The Group assesses its ECL on a forward-looking basis associated with its investment securities carried at amortized cost and debt instruments at FVOCI. No impairment loss is recognized on equity investments. Recognition of credit losses or impairment is no longer dependent on the Group's identification of a credit loss event. Instead, the Group considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The University applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all tuition and other school fee receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the University uses its historical experience, external indicators and forward-looking information (FLI) to calculate the ECL using a provision matrix. The University also assesses impairment of tuition and other school fee receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the number of semesters past due [see Note 4.2(b)].

For debt instruments measured at FVOCI and at amortized cost, the allowance for credit losses is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since the origination of the financial asset, in such case, a lifetime ECL for a purchased or originated credit impaired, the allowance for credit losses is based on the change in the ECL over the life of the asset. The Group recognized a loss allowance for such losses at each reporting date.

The Group's definition of credit risk and information on how credit risk is mitigated by the Group are disclosed in Note 4.2.

Measurement of ECL

The key elements used in the calculation of ECL are as follows:

- *Probability of Default (PD)* – it is an estimate of likelihood of a borrower defaulting on its financial obligation over a given time horizon, either over the next 12 months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.

- *Loss Given Default (LGD)* – it is an estimate of loss arising in case where a default occurs at a given time (either over the next 12 months or 12-month LGD), or over the remaining lifetime (lifetime LGD). It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Group would expect to receive, including the realization of any collateral. It is presented as a percentage loss per unit of exposure at the time of default.

- *Exposure at Default (EAD)* – it represents the gross carrying amount of the financial instruments subject to impairment calculation; hence, this is the amount that the Group expects to be owed at the time of default over the next 12 months (12-month EAD) or over the remaining lifetime (lifetime EAD). In case of a loan commitment, the Group shall include the undrawn balance (up to the current contractual limit) at the time of default should it occur.

The measurement of the ECL reflects: (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; (ii) the time value of money; and, (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(d) Impairment of Financial Assets under PAS 39 (Prior to June 1, 2018)

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. The Group recognizes impairment loss based on the category of financial assets as follows:

(i) Carried at Amortized Cost – Loans and Receivables and HTM Investments

If there is objective evidence that an impairment loss on loans and receivables or HTM investments carried at cost has been incurred, the amount of the impairment loss is determined as the difference between the asset's 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 carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed. The amount of the reversal is recognized in profit or loss.

(ii) Carried at Fair Value – AFS Financial Assets

When a decline in the fair value of an AFS financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss – measured as the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is reclassified from Revaluation Reserves to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized.

Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss. Reversal of impairment losses is 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.

(e) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.6 Real Estate Held-for-Sale

Acquisition costs of raw land intended for sale, including other costs and expenses incurred to effect the transfer of title of the property as well as related property development costs, are accumulated in this account.

Real estate held-for-sale is carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and the estimated costs necessary to make the sale.

Real estate held-for-sale is expected to be sold within the normal operating cycle of FRC.

2.7 Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

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

Prepayment and other current assets of the Group include inventoriable items such as books and merchandises. These are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The cost of these saleable inventories includes all costs directly attributable to acquisitions, such as the purchase price, import duties, if any, and other taxes that are not subsequently recoverable from taxing authorities.

Other recognized assets of similar nature, 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, are classified as non-current assets.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

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, borrowing costs and other direct costs (see Note 2.18). The account is not depreciated until such time that the assets are completed and available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.16).

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

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

An item of property and equipment, including the related accumulated depreciation, amortization and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in consolidated profit or loss in the period the item is derecognized.

2.9 Investment Properties

Investment properties are measured initially at acquisition cost. Subsequently, investment properties, except land, are carried at cost less accumulated depreciation and impairment in value, if any. Depreciation of investment properties, which consist of building and improvements, is computed using the straight-line method over its estimated useful life of 20 years. Land is carried at cost less impairment in value, if any.

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

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent accounting is its carrying value at the date of change in use.

If an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under Property and Equipment up to the date of change in use (see Note 2.8).

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in consolidated profit or loss in the year of retirement or disposal.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.16).

2.10 Financial Liabilities

Financial liabilities, which include trade and other payables [except tax-related liabilities, Deposits payable and National Service Training Program (NSTP) trust fund], interest-bearing loans, derivative liability and refundable deposits (presented under Other Non-current Liabilities) are recognized when the Group becomes a party to the contractual terms of the instrument.

Trade and other payables account include deposits payable which represents funds collected from students or entities and are held by the Group. The Group has no control over its use and disburses the funds only upon instruction of the student or entity that made the deposit. This account also includes Trust funds which represent restricted funds of the University, FECSI and EACCI that are intended for student's NSTP and other specific educational purposes [see Note 2.13(a)]. The University, FECSI and EACCI administer the use of these NSTP trust funds based on the specific purpose for which such funds are identified with.

Interest-bearing loans are availed for capital expenditures and to provide general corporate funding requirements.

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

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Group's BOD or BOT.

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 12 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 financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

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 arises mainly from: (i) educational and related activities such as tuition and other school fees, income from sale of books and other merchandise, rental income from school buildings and food stalls; and, (ii) investment-related transactions such as, investment income, dividend income from subsidiaries, interest income and others.

The management determined that the revenues arising from educational and related activities are within the scope of PFRS 15, while rental income is covered by PAS 17 (see Note 2.14). Investment-related revenues, on the contrary, are subject to the provisions of PFRS 9 (see Note 2.5).

Starting June 1, 2018, to determine whether to recognize revenue, the Group follows a five-step process:

1. identifying the contract with a customer;
2. identifying the performance obligation;
3. determining the transaction price;
4. allocating the transaction price to the performance obligations; and,
5. recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following five gating criteria must be present:

(a) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(b) each party's rights regarding the goods to be transferred or performed can be identified;
(c) the payment terms for the goods to be transferred or performed can be identified;
(d) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(e) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(c) the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The Group enters into transactions involving the tuition fees and other school fees and other school-related activities such as sale of school merchandises and books, and sale of real estate. The significant judgments used in determining the transaction price and the amount allocated to the performance obligations are disclosed in Note 3.1(a). Developing the knowledge and enhancing the abilities of the students represent promises to transfer a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer; therefore, the services rendered represent one performance obligation that is satisfied over time. The transaction price of the single performance obligation is recognized as revenue as the performance obligation is satisfied, which is usually throughout the academic year or the semestral period, whichever is applicable. With respect to the sale of school merchandises and books, the obligation is satisfied when the goods, particularly the merchandises and books are delivered to the customers. Hence, revenue is recognized at a point in time. As for real estate sales, the obligation is satisfied at the point the control over the properties is transferred by the Company to the buyers.

In addition, the following specific recognition criteria must also be met before revenue is recognized:

(a) *Educational revenues* – Revenue is recognized in profit or loss over the corresponding school term. Tuition fee received in advance and applicable to a school term after the reporting period is not recognized in profit or loss until the next reporting period and is presented as part of Deferred Revenues account in the consolidated statement of financial position. Payment for tuition fees is due upon enrollment, which is before the academic term starts, and can be made either in full payment or installment.

Revenues from NSTP trust fund (see Note 2.10) 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 consolidated statement of financial position.

(b) *Income from sale of books and other educational-related merchandise* – Revenue is recognized at a point in time when the risks and rewards of ownership of the goods have been passed to the buyer. The sale of this merchandise is made for the Group's students. Payment for the transaction price is due immediately at the point the customer purchases the goods.

(c) *Other fees* – This pertains to other fees such as transcript fees, certification fees, graduation fees and fees for diplomas and identification cards. Revenue is recognized at the point the related Group document is made available to requestors. Invoices for the services are due once request from students has been made.

(d) *Real estate sales* – This pertains to sale of lots and completed townhouses of FRC. Revenue is recognized at the point the control to the property is passed to the customer, that is, when the property is transferred to the buyer. There were no sales of real estate properties in 2019, 2018 and 2017.

In obtaining customer contracts, the Company incurs incremental costs. As the expected amortization period of these costs, if capitalized, would be less than one year, the Company uses the practical expedient in PFRS 15 and expenses such costs as incurred. The Company also incurs costs in fulfilling contracts with customers. However, as those costs are within the scope of other financial reporting standards, the Company accounts for those costs in accordance with accounting

Prior to June 1, 2018, and prior periods, 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. Revenue is recognized relatively in the same manner as discussed above.

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).

2.14 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 the consolidated statement of profit or loss 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 the consolidated statement of profit or loss 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.

Revenue from operating lease is recognized over the lease term using the straight-line method. This is presented as Rental in the consolidated statement of profit or loss.

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 profit or loss.

Changes in the fair value of monetary financial assets denominated in foreign currency classified as financial assets at FVOCI and at FVTPL are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in consolidated profit or loss, and other changes in the carrying amount are recognized in consolidated other comprehensive income.

2.16 Impairment of Non-financial Assets

The Group's investment in an associate, property and equipment, investment properties, and certain other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill, as indicated in Note 2.4, is tested for impairment annually.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows CGU. As a result, some assets are tested individually for impairment and some are tested at CGU level.

An impairment loss is recognized in the consolidated profit or loss for the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal evaluation of discounted cash flows. In determining value in use, management estimates the expected future cash flows from each CGU and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements.

Discount factors are determined individually for each CGU and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors. Impairment loss is charged pro-rata to the other assets in the CGU.

All assets, except goodwill for which impairment loss is not reversed (see Note 2.4), are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or CGU's recoverable amount exceeds its carrying amount.

2.17 Employee Benefits

The Group, except RCI, provides post-employment benefits to employees through a defined contribution plan subject to compliance to a minimum guarantee required by Republic Act (RA) No. 7641, *The Retirement Pay Law*, which is accounted for as a defined benefit plan, and various compensations mandated by law. Such application of the minimum guarantee prescribed by RA No. 7641 is based on the interpretations issued by the Philippine Interpretations Committee (PIC) in its Question and Answer on PAS 19 – *Accounting for Employee Benefits Under a Defined Benefit Contribution Plan Subject to the Requirements of RA 7641*.

(a) Post-employment Benefits

The Group maintains defined contribution and defined benefit plans. Under the defined contribution plan, the Group (except RCI) pays fixed contributions based on the employees' monthly salaries.

RCI, which does not have a formal post-employment benefit plan, bases its determination of post-employment benefit obligation on RA No. 7641, which is considered a defined benefit plan. RA No. 7641 provides for a qualified employee 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 No. 7641. The legal obligation for any benefits from this kind of post-employment plan remains with the entity even if plan assets, if any, for funding the defined benefit plan have been acquired.

The whole Group, however, is covered by RA No. 7641. Accordingly, the Group, (except RCI), recognizes its post-employment benefit obligation based on the higher of the defined benefit obligation relating to the minimum guarantee required by RA No. 7641 and the obligation arising from the defined contribution plan. On the other hand, RCI accrues its post-employment benefit obligation solely based on minimum guarantee requirement of RA No. 7641.

For defined benefit minimum guarantee plan, the liability is determined based on the present value of the excess of the projected defined benefit obligation over the projected defined contribution obligation at the end of the reporting period. The defined benefit obligation is calculated annually by a qualified independent actuary using the projected unit credit method. The Group determines the net interest expense (income) on the defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

The defined contribution, on the other hand, is measured at the fair value of the defined contribution assets upon which the defined contribution benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the defined contribution benefits.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in consolidated profit or loss. The Group recognizes gains or losses on the settlement of a defined benefit plan when the settlement occurs.

(b) Termination Benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognizes termination benefits when it is demonstrably committed to either: (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or, (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(c) Bonuses

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(d) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. These are included in the Trade and Other Payables account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

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.

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.

2.19 Income Taxes

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

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and deferred tax 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 deferred tax liabilities are recognized as a component of tax expense in the consolidated profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in the consolidated other comprehensive income or directly in equity are recognized in the consolidated other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset only if the 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 taxation authority.

2.20 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) certain funded retirement plans administered by an organization, through its Retirement Board.

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

2.21 Equity

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

Treasury stocks are stated at the cost of reacquiring such shares and are deducted from equity attributable to the University's equity holders until the shares are cancelled, reissued or disposed of. This also includes shares of the parent company held by a certain subsidiary (see Note 2.3).

Revaluation reserves comprise accumulated gains or losses arising from the revaluation of Financial Assets at FVOCI (previously AFS Financial Assets) and remeasurements of post-employment defined benefit plan.

Other reserves refer to the amount attributable to the parent company arising from the changes in the ownership of the NCI in the Group.

Retained earnings, both restricted and available for dividend declaration, represent all current and prior period results of operations as reported in the consolidated statement of profit or loss. The appropriated portion represents the amount which is not available for distribution.

NCI represents the interests not held by the Group in FRC and RCI. It also includes the preferred shares of stock of EACCI and FEUAI issued to a stockholder outside of the Group but under the Group's common management (see Note 25.5).

2.22 Earnings Per Share

Basic earnings per share (EPS) is determined by dividing net profit or loss attributable to equity holders of the University by the weighted average number of shares subscribed and issued during the period after giving retroactive effect to stock dividend declared, stock split and reverse stock split during the current year, if any.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. The Group does not have dilutive potential shares outstanding that would require disclosure of diluted EPS in the consolidated statement of profit or loss.

2.23 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 intersegment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its consolidated financial statements.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.24 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

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. The following judgments have the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Determination of Timing of Satisfaction of Performance Obligations (2019)

The management determines that its revenue from tuition fees shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the students. This demonstrates that the customers simultaneously receive and consume the benefits as the Group performs its obligation. As for revenues from sale of merchandise and books, and various school-related fees, the management deems that revenues shall be recognized at a point in time as control over the goods, particularly the merchandise, books and requested documents is transferred to the customers upon delivery.

With respect to sale of lots and completed townhouses, the Group satisfies the performance obligation at the point in time when the property is transferred to the customer (i.e., upon acknowledgment of the customer).

(b) Determination of ECL on Tuition and Other Fee Receivables (2019)

The Group uses a provision matrix to calculate ECL for tuition and other fee receivables. The loss rates are based on actual credit-impaired student accounts or those which are outstanding for two semesters and have not enrolled for the succeeding term [see Note 4.2(b)].

The Group's management intends to calibrate on an annual basis the matrix to consider the historical credit loss experience with forward-looking information. Details about the ECL on the University's tuition fees and other receivables are disclosed in Notes 4.2 and 9.

(c) Application of ECL to Investment Securities at Amortized Cost and Financial Assets at FVOCI (2019)

The Group uses a general approach to calculate ECL for all debt instruments at FVOCI and amortized cost. The allowance for credit loss is based on the ECLs associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since origination of the financial instrument, in such case, a lifetime ECL for the instrument is recognized.

The Group has established a policy to perform an assessment, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

(d) Evaluation of Business Model Applied in Managing Financial Instruments (2019)

The Group manages its financial assets based on business models that maintain adequate level of financial assets to match its expected cash outflows.

Upon adoption of PFRS 9, the Group developed business models which reflect how it manages its portfolio of financial instruments. The Group's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Group as those relate to the Group's investment, trading strategies.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of investment securities carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a "held-to-collect" business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

(e) Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model (2019)

In determining the classification of financial assets under PFRS 9, the Group assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria.

In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Group assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Group considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

(f) Classification of Financial Assets as HTM Investments (2018 and 2017)

In classifying non-derivative financial assets with fixed or determinable payments and fixed maturity, such as bonds, as HTM investments, the Group evaluates its intention and ability to hold such investments up to maturity. Management has confirmed its intention and determined its ability to hold the investments up to maturity. If the Group fails to keep these investments to maturity other than for specific circumstances as allowed under the standard, it will be required to reclassify the whole class as AFS financial assets. In such a case, the investments would, therefore, be measured at fair value, not at amortized cost.

(g) Impairment of AFS Financial Assets (2018 and 2017)

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. The management considers more than 20% decline in fair value as significant and continuous decline in value beyond nine months to be prolonged.

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 at May 31, 2018 and 2017. Future changes in those information and circumstance might significantly affect the carrying amount of the assets.

(h) Determination of Control of Entities in which the University Holds Less than 50%

Management considers that the University has de facto control of FRC even though it holds less than 50% of the ordinary shares and voting rights in the latter. Although the University holds less than 50% of the voting shares of stock of FRC, it has control over FRC because it is exposed or has right to variable returns from its involvement with FRC and it has the ability to affect those returns through its power over FRC. It is able to do this primarily because the University has the power to cast the majority of votes at meetings of the BOD and elect officers of FRC. Accordingly, FRC is recognized as a subsidiary of the University (see Note 1.1).

On the other hand, in prior years, JMCI is not considered a subsidiary because the Group does not make financial or operational decisions for the benefit of JMCI. It only has significant influence over the entity.

In 2019, the Group sold its interest in JMCI to certain third party (see Note 13).

(i) Amortization of Leasehold Improvements

The Group's leasehold improvements, are amortized over 20 years, which is the estimated useful life of the asset (see Notes 2.8 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 impact on its consolidated profit or loss in the period such decision is made.

(j) Distinction between Investment Properties and Owner-managed Properties

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity.

Owner-managed properties generate cash flows that are attributable not only to the property but also to other assets used in the process of providing educational services.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the supply of services or for administrative purposes. If a portion can be sold separately (or leased out separately under finance lease), the Group accounts for such portion separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

(k) Distinction between Real Estate for Sale and Investment Properties

Real estate for sale comprise lots that are held for sale in the ordinary course of business (see Note 12). Meanwhile, investment properties (see Note 15) comprise of land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Group considers management's intention over these assets in making its judgement.

(l) Distinction between Operating and Finance Lease

The Group 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 Group's lease agreements are determined to be operating leases.

(m) 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 2.12 and relevant disclosures are presented in Note 28.

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) Estimation of Allowance for Impairment of Financial Instruments (2019)

The measurement of the allowance for ECL on financial assets at FVOCI and at investment securities at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 4.2.

The Group uses a provision matrix to calculate ECL for its trade receivables which are based on the Group's historical observed default rates. The Group's management intends to calibrate on an annual basis the matrix to consider the historical credit loss experience with forward-looking information.

(b) *Estimation of Impairment of Trade and Other Receivables (2018)*

The Group 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 Group constantly reviews the age and status of receivables and identifies accounts that should be provided with allowance. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Group to reduce any difference between loss estimates and actual loss experience. The carrying value of trade and other receivables and the analysis of allowance for impairment on such financial assets are shown in Note 9.

(c) *Determination of 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 Financial Assets at FVTPL and at FVOCI (previously 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, the carrying value of the cross-currency swap is disclosed in Note 10 while fair value gains or losses on cross-currency swap agreements are presented as Fair value gain or loss on derivative liability under Finance Income or Finance Costs in the consolidated statement of profit or loss (see Note 21).

(d) *Estimation of Useful Lives of Property and Equipment and Investment Properties*

The Group estimates the useful lives of property and equipment and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment and investment properties are presented in Notes 14 and 15, respectively. Based on management's assessment as at May 31, 2019, 2018 and 2017, there is no change in the estimated useful lives of the assets during those years. Actual results, however, may vary due to changes in factors mentioned above.

(e) *Determination of Fair Value of Investment Properties*

Investment properties are measured using the cost model. The fair value disclosed in Note 15 is determined by the Group based on the appraisal report prepared by independent appraisers using the relevant valuation methodology as discussed in Note 6.4.

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

For investment properties without appraisal report, the fair value disclosed in the consolidated financial statements is determined by the Group using the discounted cash flows valuation method since information on appraisal reports is not readily available. 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.

A significant change in these elements may affect the prices and the value of the assets. As of May 31, 2019, 2018 and 2017, the Group determined that there were no significant circumstances that may affect the fair value determination of investment properties.

(f) *Estimation of Impairment of Non-financial Assets*

The Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 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 Group's investment in an associate, investment properties, property and equipment, goodwill and certain other non-financial assets as for the years ended May 31, 2019 and 2017. In 2018, the Group impaired certain items of property and equipment of RCI due to the closure of its Cubao and San Mateo campuses (see Note 14). No other non-financial assets were impaired in 2018.

Prior to 2017, the Group recognized goodwill arising from the University's acquisition of the net assets of RCI from which the University had expected future economic benefits and synergies that will result from combining the operations of the acquired school with that of the University (see Note 1.2). Goodwill is subject to annual impairment testing and whenever there is an indication of impairment.

For purposes of assessing impairment, the Group based on the value in use of the CGU (that is, RCI) to which the carrying value of goodwill is compared. This methodology is in accordance with PAS 36, *Impairment of Assets*. The management considers that the benefits of acquisition accrue to the University as a whole and not to a specific business unit nor department only.

In determining the value in use, discounted cash flows method was used. Some of the key assumptions that have been considered which have significant impact on the results of the determination of the value in use are as follows:

- RCI will continue as a going concern entity and will have sufficient financial resources to finance its working capital requirements to achieve its projected forecast and to support its business needs;
- RCI's performance forecasts for the next five years from the end of each reporting period;
- in estimating the terminal value of the CGU, long-term growth rates at 1.2% (based on forecasted gross domestic product growth rate) as of May 31, 2019 and 2018 was used; and,
- in discounting the projected free cash flows, weighted average cost of capital of 6.79% and 5.43% was used in 2019 and 2018, respectively.

For the years ended May 31, 2019 and 2018, the Group has assessed that the recoverable amount of the goodwill of P1.6 billion and P1.9 billion, respectively, exceeds its carrying amount. Accordingly, no impairment loss is required to be recognized in 2019 and 2018.

(g) Determination of Recoverability of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Management assessed that the deferred tax assets as at May 31, 2019, 2018 and 2017 are fully recoverable and will be fully utilized within the prescribed periods, except for the related benefits of net operating loss carryover (NOLCO) and other temporary differences of certain subsidiaries which are not recognized, because it expects that the Group will generate sufficient taxable profits in the future against which the assets can be applied (see Note 23).

(h) Valuation of Post-employment Defined Benefit Obligation

The determination of the obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, expected rate of return on plan assets, salary rate increase, and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment defined benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 22(b).

(i) Business Combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management used the expertise of an independent appraiser (for property and equipment) and estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognized in consolidated profit or loss in the subsequent period. Details of acquired assets and liabilities assumed are given in Note 1.2.

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 overall responsibility for the establishment and oversight of the Group's risk management framework. It has a risk management committee headed by an independent trustee that is responsible for developing and monitoring the Group's policies, which address risk management areas.

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

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

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 risk arise from certain cash and cash equivalents, financial assets at FVOCI and investment securities at amortized cost that are primarily denominated in United States (US) dollars.

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

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

	2019	2018	2017
Short-term exposure – Financial assets	**P 561,752,399**	P 371,436,018	P 294,141,004
Long-term exposure – Financial assets	**P 228,040,069**	P 196,418,315	P 282,284,616

The following table illustrates the sensitivity of the Group's profit or loss before tax with respect to changes in Philippine peso against US dollar exchange rates. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous periods (for the periods ended May 31, 2019, 2018 and 2017) at a 95% confidence level.

	2019			2018			2017		
	Reasonably possible change in rate	**Effect in profit before tax**	**Effect in equity**	Reasonably possible change in rate	Effect in profit before tax	Effect in equity	Reasonably possible change in rate	Effect in loss before tax	Effect in equity
PhP - USD	**3.83%**	**P 30,249,052**	**P 27,224,146**	3.98%	P 22,600,602	P 20,340,542	26.27%	P 151,427,010	P 136,284,309

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

(b) Interest Rate Risk

The Group's exposure to interest rate risk arises from the interest-bearing financial instruments as of end of each reporting period, which are subject to variable interest rates. All other financial assets and financial liabilities have fixed interest rates.

	Notes	**2019**	2018	2017
Cash and cash equivalents	8	**P 1,520,192,490**	P 855,331,501	P 1,526,201,248
Financial assets at FVOCI	11	**537,594,985**	-	-
Investment securities at amortized cost	11	**787,493,150**	-	-
AFS financial assets	11	**-**	1,121,608,384	1,132,522,593
HTM investments	11	**-**	297,284,616	336,566,334
Short-term investments	16	**76,269,824**	917,501,695	140,435,812
Long-term investments	16	**16,425,700**	11,527,360	-
Interest-bearing loans	18	**(1,333,571,429)**	(1,667,142,857)	(1,830,000,000)
		P 1,604,404,720	P 1,536,110,699	P 1,305,725,987

The table shown below illustrates the sensitivity of profit or loss before tax for the periods with regard to the Group's interest-bearing financial instruments. These percentages have been determined based on the average market volatility rates, using standard deviation, in the periods ended May 31, 2019, 2018 and 2017, estimated at 95% level of confidence. The sensitivity analysis is based on the Group's financial instruments held at May 31, 2019, 2018 and 2017.

	2019		2018		2017	
	Reasonably possible change in rate	**Effect on profit before tax**	Reasonably possible change in rate	Effect on profit before tax	Reasonably possible change in rate	Effect on loss before tax
Cash and cash equivalents	**+/-0.75%**	**P 11,401,444**	+/-0.19%	P 1,625,130	+/-0.12%	P 1,831,441
Financial assets at FVOCI	**+/-4.26%**	**22,901,546**	-	-	-	-
Investment securities at amortized cost	**+/-4.26%**	**33,547,208**	-	-	-	-
AFS financial assets	**-**	**-**	+/-1.42%	16,081,821	+/-0.45%	5,096,352
HTM investments	**-**	**-**	+/-0.91%	2,705,290	+/-0.45%	1,514,549
Short-term investments	**+/-2.73%**	**2,082,166**	+/-1.42%	13,028,524	+/-0.45%	631,961
Long-term investments	**+/-4.84%**	**795,004**	+/-0.91%	104,899	-	
Interest-bearing loans	**+/-2.73%**	**(36,406,500)**	+/-0.56%	(9,336,000)	+/-0.58%	(10,614,000)
		P 34,320,868		P 24,209,664		(P 1,539,697)

(c) Other Price Risk

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

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

For equity securities listed in the Philippines, an average volatility have been observed for the years ended May 31, 2019, 2018 and 2017 which was shown on the table below.

	Effect on Total Comprehensive Income					
	+/-%	2019	+/-%	2018	+/-%	2017
Financial assets at FTVPL	**13.26%**	**P 67,619,740**	-	P -	-	P -
Financial assets at FVOCI	**15.58%**	**21,029,362**	-	-	-	-
AFS financial assets	**-**	**-**	10.57%	79,282,614	12.71%	102,993,885

No sensitivity analysis was provided for government and corporate bonds, and investments in UITF classified as Financial Assets at FVTPL as management deemed that the risk at the end of the period is not representative of a risk inherent in the Group's financial instruments.

Certain investments are considered medium to long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments, except as discussed in Notes 10 and 11 in connection with its investment in certain foreign currency denominated corporate debt instruments which are subject to a cross-currency swap agreement. The investments are continuously monitored to ensure that returns of these equity instruments are timely utilized or reinvested in the Group's favor.

4.2 Credit Risk

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

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

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

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

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

	Notes	**2019**	2018	2017
Cash and cash equivalents	8	**P 1,520,192,490**	P 855,331,501	P 1,526,201,248
Trade and other receivables	9	**687,572,419**	585,752,635	499,220,032
Financial assets at FVOCI*	11	**537,594,985**	1,121,608,384	1,132,522,593
Investment securities at amortized cost**	11	**787,493,150**	297,284,616	336,566,334
Short-term investments	16	**76,269,824**	917,501,695	140,435,812
Long-term investments	16	**16,425,700**	11,527,360	-
Refundable deposits	16	**9,975,338**	8,493,476	7,644,089
		P 3,635,523,906	P 3,797,499,667	P 3,642,590,108

**Previously AFS financial assets*
***Previously HTM financial assets*

a. *Cash and Cash Equivalents and Short-term Placements*

The credit risk for cash and cash equivalents and short-term placements herein is considered negligible or the probability of default from these reputable banks is remote since there has been no history of default from these counterparties and because of their high quality external credit ratings.

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

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

As of May 31, 2019, 2018 and 2017, management assessed that the allowance for ECL on these financial instruments is not material.

b. *Receivables*

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

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

The expected loss rates on these receivables are determined based on the history of credit-impaired student accounts. The Group analyzes tuition and other school fees receivables based on the number of semesters the receivables have been outstanding. Student receivables that are outstanding for at least two semesters are assessed for credit impairment.

The historical loss rates, which are expressed as the relationship between the credit-impaired accounts and the related recognized tuition fees, are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group assessed that the expected loss rates for tuition fees and other receivables are a reasonable approximation of the loss rates for these financial assets. As at May 31, 2019 and June 1, 2018, the weighted average loss rate, adjusted with FLI, used in the measurement of ECL is at 4.7% and 13.0%, respectively.

The Group incorporates FLI into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The most relevant macro-economic variable used in the measurement of ECL as at May 31, 2019 and June 1, 2018 is consumer spending and inflation rate, based on the correlation of historical loss rates and FLI.

The Group writes off its receivables from students who have not enrolled for two semesters and are not expected by management to re-enroll in the near future.

A reconciliation of the allowance for ECL as at May 31, 2019 to the opening loss allowance is presented in Note 9.

On the other hand, to calculate the ECL of rental receivables, these have been grouped based on shared credit risk characteristics and the days past due (age buckets). The rental receivables which relate to both third party and related party receivables have substantially the same risk characteristics. The Group has therefore concluded that the expected loss rates for all rental receivables, whether from third party or related party, are the same. The expected loss rates are based on the payment profiles of sales over a period of 36 months before May 31, 2019 or June 1, 2018, respectively, and the corresponding historical credit losses experienced within such period. The Group has identified the Philippine inflation rate to be the most relevant factor and has accordingly adjusted the historical loss rates based on expected changes in this factor.

On that basis, there is no loss allowance recognized based on management's assessment as at May 31, 2019 and June 1, 2018 (date of initial application of PFRS 9), as the expected credit losses for rental receivables are assessed to be insignificant to the Group's consolidated financial statements.

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

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

The loss allowance provided as of May 31, 2019 is as follows:

Company Internal Credit Rating	External Credit Rating	ECL Rate	Estimated Gross Carrying Amount at Default	Allowance
Investment Securities at Amortized Cost				
Performing	A - AAA	0.00% - 0.06%	P 530,063,053	P 80,616
Underperforming	BB - BBB+	0.10% - 0.52%	257,934,691	423,978
Financial Assets at FVOCI				
Performing	AAA	0.0%	156,600,000	-
Underperforming	BBB+	0.00% - 0.11%	178,385,345	186,942
			P 1,122,983,089	**P 691,536**

In 2019, the Group has recognized additional ECL for debt securities at amortized cost amounting to P0.05 million and a reversal of ECL for debt securities at FVOCI amounting to P0.1 million, which are presented as Impairment losses on investments under Finance Costs (see Note 21.2) and netted against Other investment income (see Note 21.1), respectively, with a corresponding offset in net unrealized fair value gains (losses) under other comprehensive income during the year.

d. *Refundable Deposits*

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

The tables below show the credit quality of the Group's financial assets as of May 31, 2018 and 2017 having past due components (under PAS 39)

	Notes	Neither past due nor impaired	Past due and impaired	Total
2018				
Cash and cash equivalents	8	P 855,331,501	P -	P 855,331,501
Trade and other receivables - net	9	470,897,639	57,427,498	528,325,137
AFS financial assets (debt securities)	11.2	1,121,608,384	-	1,121,608,384
HTM investments	11.3	297,284,616	-	297,284,616
Short-term investments	16	917,501,695	-	917,501,695
Long-term investments	16	11,527,360	-	11,527,360
Refundable deposits	16	8,493,476	-	8,493,476
		P 3,682,644,671	P 57,427,498	P 3,740,072,169
2017				
Cash and cash equivalents	8	P 1,526,201,248	P -	P 1,526,201,248
Trade and other receivables - net	9	386,182,850	56,518,591	442,701,441
AFS financial assets (debt securities)	11.2	1,132,522,593	-	1,132,522,593
HTM investments	11.3	336,566,334	-	336,566,334
Short-term investments	16	140,435,812	-	140,435,812
Refundable deposits	16	7,644,089	-	7,644,089
		P 3,529,552,926	P 56,518,591	P 3,586,071,517

The Group has no past due but unimpaired financial assets as at May 31, 2018 and 2017.

As of May 31, 2018 and 2017 the Group's management considers that all of its 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, AFS financial assets, HTM investments and other short-term investments (presented as part of Other Current 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 cash placements when excess cash is obtained from operations.

As at May 31, 2019, 2018 and 2017, the Group's financial liabilities have contractual maturities (or are expected to be settled within these periods) which are presented below.

	Current		Non-current
	Within 6 Months	6 to 12 Months	1 to 5 Years
2019			
Trade and other payables	P 837,651,708	P 568,099,264	P -
Interest-bearing loans	1,253,245,255	220,090,570	1,057,178,460
Derivative liability	36,720,866	-	-
Refundable deposits (presented under Other Non-current Liabilities)	-	-	4,796,804
	P 2,127,617,829	**P 788,189,834**	**P 1,061,975,264**
2018			
Trade and other payables	P 732,522,260	P 404,498,230	P -
Interest-bearing loans	1,026,516,594	212,542,259	1,434,692,826
Derivative liability	38,255,313	-	-
Refundable deposits (presented under Other Non-current Liabilities)	-	-	4,336,911
	P 1,797,294,167	P 617,040,489	P 1,439,029,737
2017			
Trade and other payables	P 725,675,709	P 58,596,139	P -
Interest-bearing loans	115,367,043	280,528,360	1,792,541,499
Derivative liability	33,365,459	-	-
Refundable deposits (presented under Other Non-current Liabilities)	-	-	3,987,592
	P 874,408,211	P 339,124,499	P 1,796,529,091

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

	Notes	2019 Carrying Values	2019 Fair Values	2018 Carrying Values	2018 Fair Values	2017 Carrying Values	2017 Fair Values
Financial Assets							
At FVOCI (2019) /AFS (2018 and 2017):							
Debt securities	11	**P 537,594,985**	**P 537,594,985**	P 1,121,608,384	P 1,121,608,384	P 1,132,522,593	P 1,132,522,593
Equity securities	11	**166,271,887**	**166,271,887**	1,174,407,096	1,174,407,096	1,146,123,987	1,146,123,987
Golf club shares	11	**2,830,000**	**2,830,000**	2,830,000	2,830,000	2,830,000	2,830,000
		706,696,872	**706,696,872**	2,298,945,480	2,298,945,480	2,281,476,580	2,281,476,580
At FVTPL							
UITF		**392,036,006**	**392,036,006**	-	-	-	-
Equity securities	11	**445,378,506**	**445,378,506**	-	-	-	-
		837,414,512	**837,414,512**	-	-	-	-
At Amortized Cost (2019)/ HTM (2018 and 2017) Investments –							
Debt securities	11	**787,997,744**	**787,986,918**	297,284,616	301,671,306	336,566,334	343,972,540
Refundable deposits		**9,975,338**	**9,975,338**	8,493,476	8,493,476	7,644,089	7,644,089
Receivables	9	**687,572,419**	**687,572,419**	585,752,635	585,752,635	499,220,032	499,220,032
		1,485,545,501	**1,485,534,675**	891,530,727	895,917,417	843,430,455	850,836,661
		P 3,029,656,885	**P 3,029,646,059**	P 3,190,476,207	P 3,194,862,897	P 3,124,907,035	P 3,132,313,241
Financial Liabilities							
At amortized cost – Interest-bearing loans	18	**P 2,358,571,429**	**P 2,326,214,523**	P 2,517,142,858	P 2,430,240,097	P 1,950,000,000	P 1,827,704,848
Derivative liability – Cross-currency swaps	10	**36,720,866**	**36,720,866**	38,255,313	38,255,313	33,365,459	33,365,459
		P 2,395,292,295	**P 2,362,935,389**	P 2,555,398,171	P 2,468,495,410	P 1,983,365,459	P 1,861,070,307

Except for the financial assets and financial liabilities presented above, cash and cash equivalents, short-term investments and long-term investments, the Group has no other financial assets and/or financial liabilities that are carried at fair value or that are not carried at fair value but are required to be disclosed at fair value (see Note 6.3).

Management determined that the carrying amounts of the other financial instruments are equal to or approximate their fair values; hence, no further comparison between their carrying amounts and fair values is presented.

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 the Cash and Cash Equivalents account, and portion of Short-term investments under the Other Current Assets account in the consolidated statements of financial position (see Notes 8 and 16) are subject to offsetting, enforceable master netting arrangements and similar agreements as at May 31, 2019, 2018 and 2017, such as loan agreements, as presented in the succeeding page.

	Gross amounts recognized in the consolidated statements of financial position		Net amount presented in the consolidated financial statements of position	Related amounts that can potentially be set-off in the consolidated statements of financial position		
	Financial assets	Financial liabilities set-off		Financial instruments	Cash collateral received	Net amount
May 31, 2019	**P 189,368,822**	**P -**	**P 189,368,822**	**(P2,395,292,295)**	**P -**	**(P2,205,923,473)**
May 31, 2018	P 207,031,419	P -	P 207,031,419	(P 2,555,398,171)	P -	(P 2,348,366,752)
May 31, 2017	P 61,309,685	P -	P 61,309,685	(P 1,950,000,000)	P -	(P 1,888,690,315)

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

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

6. FAIR VALUE MEASUREMENT AND DISCLOSURES

6.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy 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.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

6.2 Financial Instruments Measurement at Fair Value

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

	Level 1	Level 2	Level 3	Total
May 31, 2019				
Financial assets at FVOCI:				
Debt securities:				
Government	P 242,080,283	P -	P -	P 242,080,283
Corporate	295,514,702	-	-	295,514,702
Equity securities	166,271,887	-	-	166,271,887
Golf club shares	-	2,830,000	-	2,830,000
Financial assets at FVTPL – Equity securities	445,378,506	392,036,006	-	837,414,512
Investment securities at amortized cost	787,997,744	-	-	787,997,744
	P 1,937,243,122	**P 394,866,006**	**P -**	**P 2,332,109,128**
Derivative liability – Cross-currency swaps	**P -**	**(P 36,720,866)**	**P -**	**(P 36,720,866)**
May 31, 2018				
AFS financial assets:				
Debt securities:				
Government	P 303,794,340	P -	P -	P 303,794,340
Corporate	817,814,044	-	-	817,814,044
Equity securities	755,294,472	419,112,624	-	1,174,407,096
Other non-current asset – Investment in golf club shares	-	2,830,000	-	2,830,000
	P 1,876,902,856	P 421,942,624	P -	P 2,298,845,480
Derivative liability – Cross-currency swaps	P -	(P 38,255,313)	P -	(P 38,255,313)
May 31, 2017				
AFS financial assets:				
Debt securities:				
Government	P 479,989,235	P -	P -	P 479,989,235
Corporate	652,533,358	-	-	652,533,358
Equity securities	830,661,127	315,462,860	-	1,146,123,987
Other non-current asset – Investment in golf club shares	-	2,880,594	-	2,880,594
	P 1,963,183,720	P 318,343,454	P -	P 2,281,527,174
Derivative liability – Cross-currency swaps	P -	(P 33,365,459)	P -	(P 33,365,459)

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

Following are the information about how the fair values of the Group's classes of financial assets and financial liabilities are determined.

a) *Equity Securities*

As of May 31, 2019, 2018 and 2017, instruments included in Level 1 comprise of listed common and preferred shares which are classified as and designated at financial assets at FVTPL and FVOCI, respectively. The corporate shares were valued based on their market prices quoted in the PSE at the end of each reporting period. On the other hand, the fair value of investments in UITF are classified as Level 2, since fair values are generally measured based on the net asset value of the Group's investment, computed and determined at the end of each reporting period based on the closing market and trade prices of the securities comprising the fund's portfolio. This valuation approach takes into the account the period end performance of the funds including all trades made within the funds and the related income and expenses arising therefrom.

b) *Golf Club Shares*

The Group's golf club shares are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

c) *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.

d) *Derivatives*

Derivatives classified as financial liability at FVTPL are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period.

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

As of May 31, 2019, 2018 and 2017, the fair value of debt securities categorized as Investment Securities at Amortized Cost (2018 and 2017: HTM Investments) amounted to P788.0 million, P301.7 million and P344.0 million, respectively, which is Level 1 in the hierarchy of fair values (see Note 5.1).

On the other hand, the fair value of the Group's interest-bearing loans amounted to P2,326.2 million, P2,430.2 million and P1,827.7 million as of May 31, 2019, 2018 and 2017. For interest-bearing loans with more than one year of maturity, its estimated fair value represents the discounted amount of the future cash flows expected to be paid which are discounted at current market rates. The fair values of the Group's interest-bearing loans are classified under Level 3 of the fair value hierarchy.

Other than the investment securities at amortized cost and interest-bearing loans, management determined that due to the short-term duration of the other financial assets and financial liabilities measured at amortized costs of the Group, as described in Notes 2.5 and 2.10, their fair values as at May 31, 2019, 2018 and 2017 equal or approximate their carrying amounts. Accordingly, the Group did not anymore present a comparison of their fair values with their carrying amounts and correspondingly, their level in the fair value hierarchy. Nevertheless, if presented in the hierarchy, only cash and cash equivalents and short-term investments would fall under Level 1 and the rest would be under Level 3.

6.4 Fair Value Measurement for Non-financial Assets

(a) Determining Fair Value of Investment Properties

The following tables show the Levels within the hierarchy of non-financial assets measured at fair value (see Note 15.2).

	2019	2018	2017
Building and improvements	**P 151,549,095**	P 138,865,461	P 493,417,067
Land	**53,572,000**	35,412,000	107,247,410
	P 205,121,095	P 174,277,461	P 600,664,477

The fair value of the Group's investment properties, except for certain investment properties owned by FRC which were determined using the discounted cash flows technique since information on appraisal reports is not readily available, 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 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's 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 3 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, the observable recent prices of the reference properties were adjusted for differences in key attributes such as property size, zoning, and accessibility. 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.

There has been no change to the valuation techniques used by the Group during the year for its non-financial assets. Also, there were no transfers into or out of the different levels of the fair value hierarchy as of May 31, 2019, 2018 and 2017.

The carrying amount of investment properties included in Level 3 is presented in Note 15.

(b) Other Fair Value Information

There were no transfers into or out of Level 3 fair value hierarchy during the years ended May 31, 2019, 2018 and 2017.

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 based on the location of the campuses.

7.2 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash and cash equivalents, trade and other receivables, financial assets at FVTPL and FVOCI, investment securities at amortized cost, real estate held-for-sale, investment properties, and property and equipment.

Segment assets do not include investments in an associate, deferred tax assets and other assets which are not allocated to any segment's assets.

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

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 May 31, 2019, 2018 and 2017 (in thousands):

	Education			Real Estate – Rental Income			Real Estate – Sale of Properties			Investments			Total		
	2019	2018	2017	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017	**2019**	2018	2017
REVENUES															
From external customers	**P 3,315,252**	P2,620,181	P2,816,831	**P 43,783**	P 42,028	P 43,430	**P -**	P -	P -	**P 152,095**	P 193,493	P 180,126	**P 3,511,130**	P 2,855,702	P 3,040,387
Intersegment revenues	**-**	-	-	**186,547**	178,252	163,615	**-**	-	-	**-**	395	-	**186,547**	178,647	163,615
Total revenues	**3,315,252**	2,620,181	2,816,831	**230,330**	220,280	207,045	**-**	-	-	**152,095**	193,888	180,126	**3,697,677**	3,034,349	3,204,002
COSTS AND OTHER OPERATING EXPENSES															
Cost of sales and services excluding depreciation	**1,767,432**	1,292,720	1,292,720	**35,829**	34,204	-	**-**	-	-	**-**	-	-	**1,803,261**	1,326,824	1,292,720
Depreciation	**340,253**	275,246	272,097	**49,192**	31,087	30,012	**-**	-	-	**-**	-	-	**289,445**	306,333	302,109
Other expenses	**500,853**	523,861	461,288	**-**	-	-	**-**	-	-	**-**	15,262	10,754	**500,853**	539,123	472,042
	2,608,538	2,091,827	2,026,105	**85,021**	65,291	30,012	**-**	-	-	**-**	15,262	10,754	**2,693,559**	2,172,280	2,066,871
SEGMENT OPERATING INCOME (LOSS)	**P 706,714**	P 528,354	P 790,726	**P 145,309**	P 154,089	P 177,033	**P -**	P -	P -	**P 152,095**	P 178,626	P 169,372	**P 1,004,118**	P 862,069	P 1,137,131
TOTAL ASSETS AND LIABILITIES															
Segment assets	**P 10,562,338**	P 8,635,533	P 6,813,718	**P 2,362,362**	P 2,106,778	P 2,092,755	**P 178,501**	P 170,573	P 238,162	**P 3,422,057**	P 4,334,007	P 4,131,904	**P 16,525,258**	P 15,246,891	P 13,276,539
Segment liabilities	**P 4,969,175**	P 4,308,982	P 3,439,476	**P 52,628**	P 2,088	P 12,071	**P -**	P -	P -	**P 36,721**	P 339,387	P 51,126	**P 5,058,524**	P 4,650,457	P 3,502,673

The Group's geographical segment, which is based from location of all the Group's school campuses, for the years ended May 31, 2019, 2018 and 2017 follows (in thousands).

	Manila	Makati	Cavite	Quezon City, Marikina City, and Rizal	Muntinlupa City	Total
May 31, 2019						
Segment revenues						
From external customers	P 3,010,059	P 77,976	P 93,331	P 197,434	P 132,330	P 3,511,130
Intersegment revenues	186,547	-	-	-	-	186,547
Total revenues	3,196,606	77,976	93,331	197,434	132,330	3,697,677
Operating expenses	(2,260,489)	(22,334)	(84,950)	(195,921)	(129,865)	(2,693,559)
Segment operating profit	**P 936,117**	**P 55,642**	**P 8,381**	**P 1,513**	**P 2,465**	**P 1,004,118**
Total segment assets	**P 12,781,326**	**P 99,614**	**P 153,715**	**P 1,440,175**	**P 2,050,428**	**P 16,525,258**
Total segment liabilities	**P 3,542,209**	**P 59,667**	**P 37,749**	**P 801,291**	**P 617,608**	**P 5,058,524**
May 31, 2018						
Segment revenues						
From external customers	P 2,444,727	P 89,282	P 90,502	P 231,191	P -	P 2,855,702
Intersegment revenues	178,647	-	-	-	-	178,647
Total revenues	2,623,374	89,282	90,502	231,191	-	3,034,349
Operating expenses	(1,867,061)	22,334	72,918	(254,605)	-	(2,172,280)
Segment operating profit (loss)	P 756,313	P 111,586	P 17,584	(P 23,414)	P -	P 862,069
Total segment assets	P 13,717,653	P 99,104	P 143,555	P 1,286,669	P -	P 15,246,891
Total segment liabilities	P 3,924,819	P 64,010	P 27,583	P 634,045	P -	P 4,650,457
May 31, 2017						
Segment revenues						
From external customers	P 2,664,722	P 116,616	P 92,855	P 166,194	P -	P 3,040,387
Intersegment revenues	163,615	-	-	-	-	163,615
Total revenues	2,828,337	116,616	92,855	166,194	-	3,204,002
Operating expenses	(1,974,084)	(21,872)	(70,915)	(187,332)	-	(2,066,871)
Segment operating profit (loss)	P 854,253	P 94,774	P 21,940	(P 21,138)	P -	P 1,137,131
Total segment assets	P 11,873,823	P 98,374	P 130,063	P 1,174,279	P -	P 13,276,539
Total segment liabilities	P 2,911,840	P 65,664	P 21,574	P 503,595	P -	P 3,502,673

7.5 Reconciliation

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

	2019	2018	2017
Revenue			
Total segment revenues	**P 3,697,677**	P 3,034,349	P 3,204,002
Elimination of intersegment revenues	**(186,547)**	(178,647)	(163,615)
Finance income	**(152,095)**	(193,493)	(180,126)
Revenues as reported in consolidated profit or loss	**P 3,359,035**	P 2,662,209	P 2,860,261

	2019	2018	2017
Profit or loss			
Segment operating profit	**P 1,004,118**	P 862,069	P 1,137,131
Other income	**212,568**	58,205	69,264
Finance costs	**(101,778)**	(95,374)	(88,838)
Other charges	**-**	(95)	(71)
Other unallocated expense	**(180,325)**	(184,664)	(189,751)
Tax expense	**(126,111)**	(92,510)	(121,283)
Group net profit as reported in profit or loss	**P 808,472**	P 547,631	P 806,452
Assets			
Segment assets	**P 16,525,258**	P 15,246,891	P 13,280,234
Investment in an associate	**-**	6,491	6,586
Deferred tax assets – net	**25,673**	18,135	20,272
Goodwill	**186,487**	186,487	186,487
Elimination of intercompany accounts	**(2,657,460)**	(2,270,610)	(1,533,736)
Total Assets	**P 14,079,958**	P 13,187,394	P 11,959,843
Liabilities			
Segment liabilities	**P 5,058,524**	P 4,650,457	P 3,506,368
Deferred tax liabilities – net	**22,685**	19,490	10,697
Elimination of intercompany accounts	**(869,326)**	(523,950)	(379,847)
Total Liabilities	**P 4,211,883**	P 4,145,997	P 3,137,218

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2019	2018	2017
Cash on hand and in banks	**P 549,674,206**	P 640,127,921	P 670,741,445
Short-term placements	**970,518,284**	215,203,580	855,459,803
	P 1,520,192,490	P 855,331,501	P 1,526,201,248

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

These placements earn effective annual interest as follows:

	2019	2018	2017
Peso placements	**0.8% to 6.0%**	0.8% to 3.4%	0.8% to 2.4%
USD-denominated placements	**1.0%**	1.0%	1.0%

Interest income earned from cash and cash equivalents are presented as part of Finance Income in the consolidated statements of profit or loss (see Note 21.1). The related interest receivable from placements as of May 31, 2019, 2018 and 2017 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	2019	2018	2017
Current:				
Non-related parties:				
Tuition and other school fees		**P 559,088,165**	P 432,036,668	P 405,579,917
Rental receivables		**28,195,961**	14,910,402	-
		587,284,126	446,947,070	405,579,917
Related parties:				
Non-trade advances	24.4	**62,445,334**	55,224,689	36,650,669
Rental receivables	24.3	**10,643,063**	11,358,633	10,302,739
		73,088,397	66,583,322	46,953,408
Others:				
Advances to officers and employees		**11,937,862**	12,017,062	7,368,614
Accrued interest	8, 10, 11	**6,290,153**	5,329,704	12,423,404
Miscellaneous		**20,909,743**	66,892,539	34,263,303
		39,137,758	84,239,305	54,055,321
		699,510,281	597,769,697	506,588,646
Allowance for impairment on tuition and other school fees receivables		**(79,348,545)**	(57,427,498)	(56,518,591)
		P 620,161,736	P 540,342,199	P 450,070,055
Non-current –				
Loans to employees		**P 1,869,046**	P 2,939,451	P 1,701,014

Rental receivables relates to the FRC's receivables from its lease contracts with non-related parties.

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

Loans to employees pertain to the balance of cash advances granted to RCI's employees, including the related accrued interest receivable, which are secured and will be settled upon the employees' eventual retirement.

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

	Notes	2019	2018	2017
Balance at beginning of year		**P 57,427,498**	P 56,518,591	P 56,648,644
Impact of adoption of PFRS 9	2.2	**19,899,877**	-	-
As restated		**77,327,375**	56,518,591	56,648,644
Impairment losses during the year	20	**27,028,023**	56,919,308	54,733,116
Receivables written-off during the year		**(25,006,853)**	(56,010,401)	(54,863,169)
Balance at end of year		**P 79,348,545**	P 57,427,498	P 56,518,591

All of the Group's receivables had been reviewed for indicators of impairment. Starting 2019, the Group applies the PFRS 9 simplified approach in measuring expected credit losses taking into consideration the expected loss rates determined through the assessment of credit impairment was observed for student receivables that are outstanding for at least two semesters and are unenrolled in the previous term. In 2018 and 2017, 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.

During the years ended May 31, 2019, 2018 and 2017, tuition and other school fees receivables were assessed for impairment and corresponding impairment loss is recognized as part of General expenses under Cost and Operating Expenses in the consolidated statements of profit or loss (see Note 20). The allowance for impairment loss on receivables from students as of May 31, 2018 and 2017 pertains to amounts which have been outstanding for more than one semester and are specifically identified to be impaired.

No allowance for impairment loss on all other receivables is provided as of May 31, 2019, 2018 and 2017 since management believes that those are collectible in full. However, during the year ended May 31, 2017, management identified certain accrued interest amounting to P24.5 million that are no longer reasonable, hence, was written-off. It was presented as Loss on write-off of receivable under Finance Costs in the 2017 consolidated statement of profit or loss (see Note 21.2).

Miscellaneous receivables significantly pertain to due from brokers that is receivable by the Group's trust funds and receivables from tenants for utilities.

10. CROSS-CURRENCY SWAPS

The Group has existing cross-currency swap contracts to hedge its foreign currency exposure related to its foreign currency-denominated investment in bonds which were reclassified from AFS Financial Assets to HTM Investments in fiscal year 2017 (see Note 11). As of May 31, 2019, 2018 and 2017, the fair value of these cross-currency swaps amounting to P36.7 million, P38.3 million and P33.4 million, is presented as Derivative Liability in the consolidated statements of financial position. The related fair value gain or losses is presented as part of Foreign exchange loss under Finance Costs in the consolidated statements of profit or loss (see Note 21.2).

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 loss amounting to P1.6 million, P0.3 million and P0.7 million for the periods ended May 31, 2019, 2018 and 2017, respectively, which is recognized as part of Foreign exchange gains (loss) on derivative liability under Finance Costs in the consolidated statements of profit or loss (see Note 21.2).

11. FINANCIAL ASSETS

11.1 Financial Assets at FVTPL

As of May 31, 2019, the Group holds listed equity securities amounting to P445,378,506, and investments in UITF amounting to P392,036,006, which are classified under Financial Assets at FVTPL in the 2019 consolidated statement of financial position.

Financial assets at FVTPL are denominated in local and foreign currencies, which amounted to P447,066,961 and P390,347,551, respectively.

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

Balance at beginning of year	P -
Effect of adoption of PFRS 9	1,036,396,859
As restated	1,036,396,859
Disposals	(1,925,191,984)
Additions	1,690,108,239
Fair value gains – net	38,473,202
Foreign currency losses – net	(2,371,804)
Balance at end of year	**P 837,414,512**

Investment income from FVTPL financial assets, which includes dividend income, gain or loss on disposal and realized fair value gains or losses, totaling P13.6 million for the year ended May 31, 2019, has been reinvested as part of additions to FVTPL financial assets and is presented separately as Other investment income from FVOCI and FVTPL financial assets under Finance Income in the consolidated statements of profit or loss (see Note 21.1).

The related outstanding interest is presented as part of Accrued interest under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9).

11.2 Financial Assets at FVOCI (2018 and 2017: AFS Financial Assets)

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

	2019	2018	2017
Current	**P 277,750,721**	P 2,119,491,677	P 2,139,654,834
Non-current	**428,946,151**	176,523,803	138,991,746
	P 706,696,872	P 2,296,015,480	P 2,278,646,580

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

	2019	2018	2017
Debt securities:			
Government	**P 242,080,283**	P 303,794,340	P 479,989,235
Corporate	**295,514,702**	817,814,044	652,533,358
	537,594,985	1,121,608,384	1,132,522,593
Equity securities:			
Corporate shares	**166,271,887**	755,294,472	830,661,127
Golf club shares	**2,830,000**	-	-
UITF	**-**	419,112,624	315,462,860
	169,101,887	1,174,407,096	1,146,123,987
	P 706,696,872	P 2,296,015,480	P 2,278,646,580

Government securities bear annual interest rates ranging from 3.4% to 12.1% in 2019, 2.1% to 12.1% in 2018 and 2.1% to 5.1% in 2017. Corporate bonds bear interest rates ranging from 3.3% to 7.0% in 2019, 3.2% to 6.9% in 2018, and 1.3% to 6.2% in 2017. These securities were not used as collaterals for any borrowings of the Group.

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 financial assets at FVOCI as to currency denomination is as follows:

	2019	2018	2017
Local	**P 593,416,086**	P 1,978,558,725	P 2,089,601,391
Foreign	**113,280,786**	317,456,755	189,045,189
	P 706,696,872	P 2,296,015,480	P 2,278,646,580

In 2017, the Group reclassified certain AFS financial assets which pertain to foreign currency-denominated corporate bonds and are subject to cross-currency swap agreement as HTM investments (see Notes 10 and 11.3). In 2019, such HTM investments were reclassified as part of Investment Securities at Amortized Cost (see Note 11.3).

Analyses of the movements in the carrying amounts of the Group's investments held by trustee banks are presented below.

	2019	2018	2017
Balance at beginning of year	**P 2,296,015,480**	P 2,278,646,580	P 2,615,080,586
Effects of adoption of PFRS 9:			
Reclassification from other non-current assets	**2,830,000**	-	-
Reclassification to financial assets at FVTPL	**(1,036,396,859)**	-	-
Reclassification to investment securities at amortized cost	**(461,781,235)**	-	-
As restated	**800,667,386**	2,278,646,580	2,615,080,586
Disposals	**(2,842,111,934)**	(2,577,439,726)	(2,739,752,106)
Additions	**2,741,291,123**	2,664,941,069	2,762,841,360
Fair value gains (losses) – net	**3,957,638**	(72,164,820)	(26,502,768)
Unrealized foreign exchange gains - net	**2,892,659**	2,032,377	2,827,247
Reclassification to HTM investments (see Note 11.3)	**-**	-	(335,847,739)
Balance at end of year	**P 706,696,872**	P 2,296,015,480	P 2,278,646,580

Investment income from Financial assets at FVOCI, which includes dividend income, gain or loss on disposal, and realized fair value gains or losses, totaling P35.1 million, P102.4 million, and P87.5 million for the years ended May 31, 2019, 2018 and 2017, 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 consolidated statements of profit or loss (see Note 21.1). The related outstanding interest is presented as part of Accrued interest under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9).

The total fair value losses from equity securities amounted to P15.5 million for the year ended May 31, 2019, which are presented as an item that will not be reclassified subsequently to profit or loss, in the 2019 consolidated statements of comprehensive income. The total fair value gains amounting to P5.1 million in 2019, and total fair value losses amounting to P32.9 million and P40.9 million in 2018, and 2017, respectively, from debt securities are presented as an item that will be reclassified to profit or loss in the consolidated statements of comprehensive income.

In 2019, the Group has recognized an ECL allowance of P0.1 million for its debt securities at FVOCI, which is netted against the unrealized fair value gains under other comprehensive income during the year.

11.3 Financial Assets at Amortized Cost (2018 and 2017: HTM Investments)

As of May 31, 2019, 2018 and 2017, the Group's investment securities at amortized cost are classified in the consolidated statements of financial position as follows:

	2019	2018	2017
Current	**P 263,808,437**	P -	P 95,148,019
Non-current	**523,684,713**	297,284,616	241,418,315
	P 787,493,150	P 297,284,616	P 336,566,334

These investments are composed of investment in government and corporate bonds denominated in Philippine pesos and US dollars which bear fixed interest rates ranging from 3.2% to 7.4% per annum. These debt securities have maturities ranging from one to 25 years.

In 2017, the Group reclassified portion of its AFS financial assets with total fair value of P335.8 million as of date of reclassification to HTM investments because it intends to hold these debt securities until maturity. A portion of these reclassified bonds are still held by the Group with carrying values of P185.6 million and P190.5 million as of May 31, 2019 and 2018, respectively, and has fair values of P182.8 million and P251.5 million as of May 31, 2018 and 2017, respectively. There was no reclassification made during the period ended May 31, 2019.

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

	2019	2018	2017
Local	**P 491,159,855**	P 15,000,000	P 45,000,000
Foreign	**296,837,889**	282,284,616	291,566,334
	787,997,744	297,284,616	336,566,334
Allowance for ECL	**(504,594)**	-	-
	P 787,493,150	P 297,284,616	P 336,566,334

As of May 31, 2019 and 2018, certain foreign currency denominated investment securities at amortized cost amounting to P185.6 million and P190.5 million, respectively, are subject to cross-currency swap agreement with a term coinciding with that of the term of the said bonds (see Note 10).

An analysis of the movements in the carrying amount of the Group's investment securities at amortized cost for the years ended May 31, 2019, 2018, and 2017 is presented below.

	2019	2018	2017
Balance at beginning of year	**P 297,284,616**	P 336,566,334	P -
Effect of adoption of PFRS 9			
Reclassifications to investment securities at amortized cost	**(297,284,616)**	-	-
Reclassifications from AFS financial assets	**468,657,825**	-	-
Reclassifications from HTM investments	**297,284,616**	-	-
As restated	**765,942,441**	336,566,334	-
Additions	**130,119,203**	52,500,099	15,000,000
Maturities	**(102,167,384)**	(102,743,344)	(30,297,340)
Amortization of discount – net	**(3,460,815)**	(4,212,352)	(3,788,706)
Unrealized foreign currency gains (losses) – net	**(2,435,701)**	15,173,879	19,804,641
Reclassification from AFS financial assets (see Note 11.2)	**-**	-	335,847,739
	787,997,744	297,284,616	336,566,334
Expected credit losses	**(504,594)**	-	-
Balance at end of year	**P 787,493,150**	P 297,284,616	P 336,566,334

A reconciliation of the allowance for impairment loss on investment securities at amortized cost at the beginning and end of May 31, 2019 is presented below:

Balance at beginning of year	P -
Effect of adoption of PFRS 9	454,456
As restated	454,456
Impairment loss during the year	50,138
Balance at end of year	**P 504,594**

As of May 31, 2019 and 2018, the unamortized discount relating to financial assets at amortized cost (that were previously reclassified from AFS financial assets) amounts to P3.6 million and P9.8 million, respectively. Net amortization of discount during the years ended May 31, 2019 and 2018, amounting to P3.3 million and P4.2 million, respectively, is presented as net of Other investment income from financial assets at FVOCI and FVTPL (see Note 21.1).

12. REAL ESTATE HELD-FOR-SALE

Real estate held-for-sale represents inventory of lots located in Silang, Cavite, which amounted to P123.5 million, P123.5 million and P141.5 million as of May 31, 2019, 2018 and 2017, respectively.

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 for the years ended May 31, 2019, 2018 and 2017.

13. INVESTMENT IN AN ASSOCIATE

This account consists of the following:

	2019	2018	2017
Acquisition cost	**P -**	P 7,878,121	P 7,878,121
Accumulated equity in net losses:			
Balance at beginning of period	**(1,387,196)**	(1,292,320)	(1,221,387)
Disposal	**1,387,196**		
Share in net losses	**-**	(94,876)	(70,933)
Balance at end of period	**-**	(1,387,196)	(1,292,320)
	P -	P 6,490,925	P 6,585,801

The Group's share in the net losses of the JMCI is presented as Other Charges in the 2018 and 2017 consolidated statements of profit and loss.

Presented below is JMCI's summary of financial information in its most recent audited financial statements as of and for the years ended December 31:

	2018	2017
Total assets	P 15,121,734	P 15,055,546
Total liabilities	2,161,410	1,714,370
Total equity	12,860,324	13,141,176
Net loss	193,625	144,762

** JMCI has no available audited financial information as of May 31, 2018 and 2017 but management believes that it will not materially differ from the preceding.*

JMCI was established to provide management and technical advice, assistance and services for commercial, manufacturing and other kinds of enterprises.

As of May 31, 2018 and 2017, management believed that the recoverable amount of its investment in JMCI is higher than the carrying value.

In 2019, the Group sold its interest in JMCI to a certain third party which resulted in a gain amounting to P140.5 million. The gain on such transaction is presented as part of Other Income in the 2019 consolidated statement of profit or loss (see Note 21).

14. PROPERTY AND EQUIPMENT

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

	Land	Building and Improvements	Furniture and Equipment	Miscellaneous Equipment	Construction in Progress	Total
May 31, 2019						
Cost	P 2,946,706,267	P 4,887,285,315	P 817,197,709	P 313,829,168	P 1,811,445,855	P10,776,464,314
Accumulated impairment loss	-	(2,804,401)	-	-	-	(2,804,401)
Accumulated depreciation and amortization	-	(1,229,478,205)	(596,987,928)	(238,603,556)	-	(2,065,069,689)
Net carrying value	**P 2,946,706,267**	**P 3,655,002,709**	**P 220,209,781**	**P 75,225,612**	**P 1,811,455,855**	**P 8,708,590,224**
May 31, 2018						
Cost	P 2,942,991,320	P 3,830,649,516	P 657,057,538	P 271,731,888	P 1,229,203,637	P 8,931,633,899
Accumulated impairment loss	-	(2,804,401)	-	-	-	(2,804,401)
Accumulated depreciation and amortization	-	(999,001,670)	(509,328,897)	(214,867,498)	-	(1,723,198,065)
Net carrying value	P 2,942,991,320	P 2,828,843,445	P 147,728,641	P 56,864,390	P 1,229,203,637	P 7,205,631,433
May 31, 2017						
Cost	P 2,808,790,543	P 3,764,979,988	P 560,572,169	P 256,711,718	P 111,327,723	P 7,502,382,141
Accumulated depreciation and amortization	-	(819,005,876)	(432,174,633)	(194,903,769)	-	(1,446,084,278)
Net carrying value	P 2,808,790,543	P 2,945,974,112	P 128,397,536	P 61,807,949	P 111,327,723	P 6,056,297,863

A reconciliation of the carrying amounts of property and equipment at the beginning and end of each of the reporting period is shown below.

	Land	Building and Improvements	Furniture and Equipment	Miscellaneous Equipment	Construction in Progress	Total
Balance at June 1, 2018 net of accumulated depreciation and amortization	P 2,942,991,320	P 2,828,843,445	P 147,728,641	P 56,864,390	P 1,229,203,637	P 7,205,631,433
Additions	-	146,901,055	160,167,006	42,768,034	1,487,219,679	1,837,055,774
Disposals	-	-	(26,835)	(670,754)	-	(697,589)
Reclassifications from (to) - net	3,714,947	909,734,744	-	-	(904,977,461)	8,472,230
Depreciation and amortization charges for the year	-	(230,476,535)	(87,659,031)	(23,736,058)	-	(341,871,624)
Balance at May 31, 2019, net of accumulated depreciation and amortization	**P 2,946,706,267**	**P 3,655,002,709**	**P 220,209,781**	**P 75,225,612**	**P 1,811,455,855**	**P 8,708,590,224**
Balance at June 1, 2017 net of accumulated depreciation and amortization	P 2,808,790,543	P 2,945,974,112	P 128,397,536	P 61,807,949	P 111,327,723	P 6,056,297,863
Additions	76,830,888	108,544,022	78,660,551	13,893,630	1,147,241,912	1,425,171,003
Reclassifications from (to) - net	57,369,889	(42,874,494)	17,824,818	1,126,540	(29,365,998)	4,080,755
Impairment loss	-	(2,804,401)	-	-	-	(2,804,401)
Depreciation and Amortization charges for the year	-	(179,995,794)	(77,154,264)	(19,963,729)	-	(277,113,787)
Balance at May 31, 2018, net of accumulated depreciation and amortization	P 2,942,991,320	P 2,828,843,445	P 147,728,641	P 56,864,390	P 1,229,203,637	P 7,205,631,433
Balance at June 1, 2016, net of accumulated depreciation and amortization	P 2,625,235,982	P 2,861,506,836	P 168,327,529	P 44,178,149	P 11,073,064	P 5,710,321,560
Additions	118,813,058	245,061,455	74,617,515	9,028,678	124,458,104	571,978,810
Disposal	-	-	-	(49,001)	-	(49,001)
Reclassifications from (to) - net	64,741,503	7,534,385	(32,038,560)	32,038,560	(24,203,445)	48,072,443
Depreciation and amortization charges for the year	-	(168,128,564)	(82,508,948)	(23,388,437)	-	(274,025,949)
Balance at May 31, 2017 net of accumulated depreciation and amortization	P 2,808,790,543	P 2,945,974,112	P 128,397,536	P 61,807,949	P 111,327,723	P 6,056,297,863

Construction in progress pertains to the costs incurred for the on-going constructions of the school building of FEUAI in Alabang and the new building of the University located at Lerma St., Sampaloc, Manila, which are both substantially complete as of May 31, 2019.

In 2019, borrowing costs amounting to P33.7 million were capitalized, using the average effective rate of 6.60%, incurred on the loan obtained by the Group to fund the construction of the new building in Lerma. No borrowing costs was capitalized for the construction of the school building of EACCI and FEUAI as these properties are already substantially complete.

For the year ended May 31, 2018, borrowing costs amounting to P15.9 million (nil in 2017) were capitalized, using the effective rate of 8.53%, on the said property following the transfer of ownership of the school building from the Parent Company to FEUAI in 2017.

As of May 31, 2019, 2018 and 2017, certain fully depreciated assets with acquisition cost of P723.8 million, P628.4 million and P351.4 million, respectively, are still being used in the Group's operations.

In 2018, the Group recognized impairment on certain building and improvements of RCI due to the closure of its Cubao and San Mateo campuses amounting to P2.8 million, and is presented as part of Impairment losses under Cost and Operating Expenses in the 2018 consolidated statement of profit or loss (see Note 20). There was no similar transaction for the year ended May 31, 2019.

15. INVESTMENT PROPERTIES

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

	Land	Land Improvements	Building and Improvements	Construction in Progress	Total
May 31, 2019					
Cost	P 6,810,000	P 10,821,740	P 460,004,458	P 15,423,919	P 493,060,117
Accumulated depreciation and amortization	-	(4,892,787)	(333,293,008)	-	(338,185,795)
Net carrying amount	**P 6,810,000**	**P 5,928,953**	**P 126,711,450**	**P 15,423,919**	**P 154,874,322**
May 31, 2018					
Cost	P 10,524,947	P 5,680,641	P 434,712,133	P 8,001,388	P 458,919,109
Accumulated depreciation and amortization	-	(4,151,118)	(303,848,062)	-	(307,999,180)
Net carrying amount	P 10,524,947	P 1,529,523	P 130,864,071	P 8,001,388	P 150,919,929
May 31, 2017					
Cost	P 42,505,907	P 5,133,856	P 410,366,371	P 6,621,971	P 464,628,105
Accumulated depreciation and amortization	-	(3,636,630)	(275,143,732)	-	(278,780,362)
Net carrying amount	P 42,505,907	P 1,497,226	P 135,222,639	P 6,621,971	P 185,847,743

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

	Land	Land Improvements	Building and Improvements	Construction in Progress	Total
Balance at June 1, 2018, net of accumulated depreciation and amortization	P 10,524,947	P 1,529,523	P 130,864,071	P 8,001,388	P 150,919,929
Additions		3,655,721	4,531,264	22,049,782	30,236,767
Reclassifications - net	(3,714,947)	1,485,378	20,761,061	(14,627,251)	3,904,241
Depreciation and amortization charges for the period	-	(741,669)	(29,444,946)	-	(30,186,615)
Balance at May 31, 2019, net of accumulated depreciation and amortization	**P 6,810,000**	**P 5,928,953**	**P 126,711,450**	**P 15,423,919**	**P 154,874,322**

	Land	Land Improvements	Building and Improvements	Construction in Progress	Total
Balance at June 1, 2017 net of accumulated depreciation and amortization	P 42,505,907	P 1,497,226	P 135,222,639	P 6,621,971	P 185,847,743
Additions	-	546,785	306,826	21,459,769	22,313,380
Reclassifications - net	(31,980,960)	-	24,038,936	(20,080,352)	(28,022,376)
Depreciation and amortization charges for the period	-	(514,488)	(28,704,330)	-	(29,218,818)
Balance at May 31, 2018, net of accumulated depreciation and amortization	P 10,524,947	P 1,529,523	P 130,864,071	P 8,001,388	P 150,919,929
Balance at June 1, 2016, net of accumulated depreciation and amortization	P 102,102,410	P 1,492,447	P 95,516,700	P 4,571,163	P 203,682,720
Additions	-	428,638	16,672,893	9,462,814	26,564,345
Reclassifications - net	(59,596,503)	-	50,692,500	(7,412,006)	(16,316,009)
Depreciation and amortization charges for the period	-	(423,859)	(27,659,454)	-	(28,083,313)
Balance at May 31, 2017 net of accumulated depreciation and amortization	P 42,505,907	P 1,497,226	P 135,222,639	P 6,621,971	P 185,847,743

15.1 Related Income and Direct Expenses

The total rental income earned by the Group from its investment properties amounting to P43.8 million, P42.0 million and P43.4 million for the periods ended May 31, 2019, 2018 and 2017, respectively, are presented as Rentals in the revenues section of the consolidated statements of profit or loss. The direct operating expenses, which include depreciation and amortization, insurance, and real property taxes incurred by the Group relating to investment properties, are presented as part of Depreciation and amortization, Property insurance, and Taxes and licenses, under Costs and Operating Expenses in the consolidated statements of profit or loss (see Note 20).

15.2 Fair Values of Investment Properties

Based on the latest appraisal report of an independent appraiser, the total fair value of investment properties amounted to P205.1 million, P174.3 million and P600.7 million as of May 31,2019, 2018 and 2017, respectively. Information about the fair value measurement and disclosures related to investment properties are presented in Note 6.4.

16. OTHER ASSETS

The breakdown of this account is as follows:

		2019		2018 [As Restated – see Note 2.1(b)]		2017 [As Restated – see Note 2.1(b)]
Current:						
Short-term investments	**P**	**76,269,824**	P	917,501,695	P	140,435,812
Prepaid expenses		**68,142,305**		51,082,868		33,350,675
Input VAT		**38,935,032**		129,709,053		90,562,226
Others		**33,651,157**		23,529,040		21,384,727
		216,998,318		1,121,822,656		285,733,440
Allowance for impairment of input VAT		**(10,980,897)**		(10,980,897)		(10,980,897)
	P	**206,017,421**	P	1,110,841,759	P	274,752,543
Non-current:						
Advances to suppliers and developers	**P**	**174,553,314**	P	370,590,324	P	484,341,917
Long-term investments		**16,425,700**		11,527,360		-
Refundable deposits		**9,975,338**		8,493,476		7,644,089
Other equity investments		**-**		2,830,000		2,880,594
	P	**200,954,352**	P	393,441,160	P	494,866,600

Short-term investments, which consist of special savings deposits and investment in special deposit accounts, earn interest ranging from 0.80% to 2.50%, from 1.00% to 3.55% and from 0.64% to 2.5% for the years ended May 31, 2019, 2018 and 2017, respectively (see Note 21.1). These investments are maturing beyond three months but within one year from the end of each reporting period. Related accrued interest is presented as part of the Trade and other Receivables account in the consolidated statements of financial position (see Note 9).

Advances to developers represent the amount paid for FRC's condominium units purchased at pre-selling stage that are not yet ready for occupancy or fully constructed at the end of the reporting periods. Advances to suppliers pertain to advances made by FEUAI to its suppliers for the construction of its campus, which will be applied as payment for progress billings of the contractors within 12 months from the end of the reporting periods.

Long-term investments consist of investment in time deposit accounts, which earn interest based on effective rate of 6.63% for the years ended May 31, 2019 and 2018. These investments are maturing beyond one year from the end of each reporting period.

On June 1, 2018, the Group reclassified other equity investments amounting to P2.8 million to Financial Assets at FVOCI [see Notes 2.2(a)(ii)(b) and 11.2].

Other current assets include merchandise inventory items relating to the Group's books store and the current portion of the refundable deposits. Inventories consist of merchandise inventory items relating to the Group's book store. Inventories of the Group are subject to impairment and are valued at the lower of cost and net realizable value. As of May 31, 2019, 2018 and 2017, all inventories are valued at cost.

17. TRADE AND OTHER PAYABLES

This account consists of:

	Notes	2019	2018	2017
Non-related parties:				
Trade payables		**P 307,494,724**	P 400,324,241	P 152,546,489
Accrued expenses	18	**289,320,583**	165,004,291	152,741,451
Dividends payable	25.3(b)	**215,371,368**	201,661,265	181,662,771
Retention payable	1.2	**208,812,713**	265,708,916	195,900,883
Deposits payable		**150,324,252**	120,688,679	120,107,633
Amounts due to students		**37,446,294**	33,201,125	35,247,610
NSTP trust fund		**15,827,246**	512,508	6,510,753
		1,224,597,180	1,187,101,025	844,717,590
Related parties:				
Payable to FEU retirement plan	24.4	**35,241,735**	35,259,257	25,065,653
Advances from related parties	24.2(b)	**24,389,415**	6,343,848	4,324,760
Others	24.9	**-**	1,452,500	1,562,514
		59,631,150	43,055,605	30,952,927
Others:				
Withholding taxes and other payables		**56,135,814**	47,474,350	50,867,909
Accrued salaries and employee benefits		**48,470,538**	19,547,330	18,886,243
Miscellaneous		**16,916,290**	8,517,717	16,333,474
		121,522,642	75,539,397	86,087,626
		P 1,405,750,972	P 1,305,696,027	P 961,758,143

As of May 31, 2019, 2018 and 2017, retention payable includes portion of the consideration given for the acquisition of RCI which is retained by the University to ensure compliance by the selling shareholders of RCI to certain terms of the SPA. This amounts to P42.2 million, P179.5 million and P182.3 million as of May 31, 2019, 2018 and 2017, respectively, and is currently maintained in an escrow account with a local bank. In 2019, the University paid P137.3 million of the retention payable in compliance with the agreement. On the other hand, the remaining portion of retention payable pertains to the amounts owed to the Group's contractors of its ongoing construction projects (see Note 14).

Accrued expenses include the Group's accrual for salaries, professional's fees, interest, utilities, rentals and directors' bonuses, among others.

Deposits payable are amounts collected on behalf of students and due to third parties mainly for laboratory use, school uniforms of students, thesis tutorial, advising and defense, educational tours and various socio-civic activities. During the years ended May 31, 2019 and 2018, certain deposits payable recognized in prior years amounting to P2.4 million and P2.7 million, respectively, were recognized as income because the purpose for which the collections were made have already been fulfilled. The related gains are presented as part of Other Income in the consolidated statements of profit or loss. No similar transactions occurred during the year ended May 31, 2019.

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

The NSTP trust funds collected from students by the University, FECSI and EACCI amounted to P28.3 million, P8.5 million and P20.1 million for the periods ended May 31, 2019, 2018 and 2017, respectively. As of May 31, 2019, 2018 and 2017, remaining balance of P3.3 million, P0.5 million and P6.5 million, respectively, is set aside as a contingency fund and is presented as NSTP trust fund.

Payable to FEU retirement plan are employee contributions that are yet to be remitted to the retirement fund. These amounts are subsequently remitted after the annual reporting dates.

18. INTEREST-BEARING LOANS

The composition of the Group's outstanding loans are shown below.

	2019	2018	2017
Current	**P 1,393,571,429**	P 1,183,571,429	P 332,857,143
Non-current	**965,000,000**	1,333,571,429	1,617,142,857
	P 2,358,571,429	P 2,517,142,858	P 1,950,000,000

The outstanding principal balance and other relevant details of the Group's outstanding loans, including explanatory notes are shown are as follows:

Outstanding Principal Balance (in Million Pesos)			Explanatory Notes*	Interest Rate	Security	Maturity date
2019	2018	2017				
P 609.5	P 761.9	P 800.0	(a)	Base interest**	Unsecured	May 2023
421.0	550.5	680.0	(b)	plus 0.75% or	Unsecured	June 2022
123.8	161.9	200.0	(c)	prevailing rate	Unsecured	June 2022
114.3	142.8	150.0	(d)	on special	Unsecured	June 2022
65.0	85.0	-	(e)	deposit accounts	Unsecured	May 2023
50.0	50.0	50.0	(f)	3.75% per annum	Unsecured	June 2022
200.0	200.0	-	(g)	fixed up to	Unsecured	June 2019
175.0	175.0	-	(h)	maturity	Unsecured	June 2019
-	60.0	-	(i)	4.00% per annum	Unsecured	June 2018
80.0	80.0	-	(j)	4.00% per annum	Unsecured	June 2019
100.0	100.0	-	(k)	4.00% per annum	Unsecured	June 2019
100.0	-	-	(l)	4.00% per annum	Unsecured	June 2019
70.0	-	-	(m)	4.00% per annum	Unsecured	June 2019
80.0	80.0	-	(n)	4.00% per annum	Unsecured	August 2019
70.0	70.0	70.0	(o)	4.00% per annum	Unsecured	August 2019
100.0	-	-	(p)	4.00% per annum	Unsecured	August 2019
P 2,358.6	P 2,517.1	P 1,950.0				

* Loans discussed under explanatory notes (a) to (i) relate to loans with a local commercial bank that are subject to loan covenants starting this current fiscal year, which require the University to maintain a debt service coverage ratio of at least 1.2x and debt-to-equity ratio of not more than 2:1 (see Note 29).

** Base interest rate is determined from the Philippine Dealing System Treasury Reference three-month bid yields for Philippine government securities.

(a) In May 2016, the University obtained a P800.0 million interest-bearing loan from a local commercial bank, which was used for the University's general capital expenditure requirements, including acquisitions of business and general corporate funding requirements. The principal amount is payable over 21 quarterly payments to start after a two-year grace period from loan availment date. Initial interest payment was made in August 2016. Related interest amounting to P37.2 million, P27.1 million and P21.1 million was recognized for the periods ended May 31, 2019, 2018 and 2017, respectively. Unpaid interest as of May 31, 2019, 2018 and 2017 amounted to P2.0 million, P1.4 million and P1.2 million, respectively.

(b) In June 2015, the University availed of a credit line facility with another local commercial bank amounting to P1.0 billion, which will be used to finance the construction of a campus, including acquisition of land (see Note 14). The University's initial loan drawdown amounted to P680.0 million and is payable within seven years, with the first principal payment made in June 2017. The loan has an average interest rate of 5.3%, 4.3%, and 3.2% for the periods ended May 31, 2019, 2018 and 2017, respectively. Effective June 1, 2016, the University ceased the capitalization of the related interest.

For the years ended May 31, 2019 and 2018, interest incurred amounted to P26.0 million and P23.8 million, respectively. Unpaid interest as of May 31, 2019, 2018 and 2017 amounted to P6.3 million, P5.6 million and P4.8 million, respectively.

(c) In April 2017, the University obtained a P200.0 million interest-bearing loan from a local commercial bank for general capital expenditure requirements, including funding of a business acquisition and general corporate funding requirements. The principal amount is payable over 21 quarterly payments, with the first principal payment made in June 2017, together with the initial interest payment. Interest incurred on this loan amounted to P7.6 million and P7.0 million in 2019 and 2018, respectively. Unpaid interest as of May 31, 2019 and 2018 amounted to P1.8 million and P1.6 million, respectively.

(d) In November 2016, the University obtained a P150.0 million interest-bearing loan from a local commercial bank for general capital expenditure requirements, including funding of a business acquisition and general corporate funding requirements. The principal amount is payable over 21 quarterly payments, with the first principal payment made in May 2018. Initial interest payments were made in February and May 2017. Related interest incurred amounted to P7.0 million and P5.1 million in 2019 and 2018, respectively. Unpaid interest as of May 31, 2019 and 2018 amounted to P0.3 million and P0.3 million, respectively.

(e) In June 2017, the University obtained a P100.0 million interest-bearing loan from a local commercial bank for general capital expenditure requirements, including funding of a business acquisition and general corporate funding requirements. The principal amount is payable over 21 quarterly payments, with the first principal payment made in September 2018. Initial interest payments were also made in the same month. Related interest amounting to P4.0 million and P3.6 million was recognized in 2019 and 2018, respectively. Unpaid interest as of May 31, 2019 and 2018 amounted to P1.0 million and P0.9 million.

(f) In May 2017, the University obtained a P50.0 million interest-bearing loan from a local commercial bank for general capital expenditure requirements, including funding of a business acquisition and general corporate funding requirements. The principal amount is payable upon maturity in January 2018.

In January 2018, this loan was refinanced and was supposed to mature in April 2018, but was further extended until July 2018. Related interest amounting to P2.8 million, P1.8 million, and P0.1 million was recognized in 2019, 2018 and 2017, respectively. Unpaid interest as of May 31, 2019, 2018 and 2017, amounted to P0.1 million, P0.2 million, and P0.9 million, respectively.

(g) In August 2017, the University obtained a P200.0 million interest-bearing loan from a local commercial bank to fund the University's certain strategic investments and for general corporate funding requirements. The principal amount is payable on maturity in January 2018, while interest payments are made monthly.

In January 2018, this loan was refinanced and was supposed to mature in April 2018, but was further extended until July 2018. Interest rate increased from 3.50% to 6.50% for the extension period. Related interest amounting to P11.2 million and P5.0 million was recognized in 2019 and 2018, respectively. Unpaid interest as of May 31, 2019 and 2018 amounted to P0.30 million and P0.06 million, respectively.

(h) In October 2017, the University obtained a P175.0 million interest-bearing loan from a local commercial bank to fund certain investments and for general working capital requirements. The principal amount is payable on maturity in January 2018, while interest payments are made monthly.

In January 2018, this loan was refinanced and was supposed to mature in April 2018, but was further extended until July 2018. Interest rate increased from 3.50% to 6.50% for the extension period. Related interest amounting to P9.8 million and P4.1 million was recognized in 2019 and 2018, respectively. Unpaid interest as of May 31, 2019 and 2018 amounted to P0.2 million and P0.1 million, respectively.

(i) In December 2017, the University obtained a P60.0 million interest-bearing loan from a local commercial bank for additional working capital. The principal amount is payable on maturity in March 2018, while interest payments are made monthly. The loan does not have any significant or restrictive covenants.

In March 2018, the local commercial bank and the University agreed on the extension of the term of the loan with its new maturity on June 2018. Interest rate is increased from 3.75% to 4.0% for the extension period. Related interest amounting to P4.4 million and P0.6 million was recognized in 2019 and 2018, respectively. Unpaid interest as of May 31, 2019 and 2018 amounted to P0.2 million and P0.1 million, respectively.

(j) In March 2018, the University obtained an P80.0 million interest-bearing loan from a local commercial bank for additional working capital. The principal amount is payable on maturity in June 2019, while interest payments are made monthly. The loan does not have any significant or restrictive covenants. Related interest amounting to P4.4 million and P0.6 million was recognized in 2019 and 2018, respectively. Unpaid interest as of May 31, 2019 and 2018 amounted to P0.2 million and P0.1 million, respectively.

(k) In April 2018, the University obtained a P100.0 million interest-bearing loan from a local commercial bank for additional working capital. The principal amount is payable on maturity in June 2019, while interest payments are made monthly. The loan does not have any significant or restrictive covenants. Related interest amounting to P5.9 million and P0.5 million was incurred in 2019 and 2018, respectively. Unpaid interest as of May 31, 2019 and 2018 amounted to P0.3 million and P0.1 million, respectively.

(l) In March 2019, the University obtained a P100.0 million short-term interest-bearing loan from a local commercial bank for additional working capital. The principal amount is payable on maturity in April 2019, while interest payments are made monthly. In April 2019, this loan was refinanced until June 2019. The loan does not have any significant or restrictive covenants. Related interest amounting to P1.7 million was incurred in 2019. Unpaid interest as of May 31, 2019 amounted to P0.5 million.

(m) In April 2019, the University obtained a P70.0 million interest-bearing loan from a local commercial bank for additional working capital. The principal amount is payable on maturity in April 2019, while interest payments are made monthly. In April 2019, this loan was refinanced until June 2019. The loan does not have any significant or restrictive covenants. Related interest amounting to P1.2 million was incurred in 2019. Unpaid interest as of May 31, 2019 amounted to P0.3 million.

(n) In May 2018, RCI obtained and P80.0 million interest-bearing loan from a local commercial bank due on August 28, 2018 with an interest rate of 4.0% per annum. This loan has been renewed with a maturity date of August 22, 2019.

(o) In April 2018, RCI signed a promissory note with a local commercial bank in which RCI availed a P70.0 million unsecured term loan due on July 12, 2018 with an interest rate of 4.0% per annum. This loan was availed as a drawdown from FEU's existing credit line [See Note 18(b)]. This loan has also been renewed with a maturity date of August 22, 2019.

(p) RCI, using the credit facility of FEU, signed a promissory note with a local commercial bank to avail of a P100.0 million unsecured, short-term loan due on August 22, 2019 with an interest rate of 7.0% per annum.

The total interest incurred by the Group on all of these loans, which are already exclusive of the capitalized borrowing costs on the property and equipment of the Group, are presented as part of Interest expense under Finance Costs in the consolidated statements of profit or loss (see Notes 14 and 21.2), while any outstanding interest payable is recognized as part of Accrued expenses under Trade and Other Payables in the consolidated statements of financial position (see Note 17).

The portion of finance costs for 2019, 2018 and 2017 that were capitalized is included as part of additions to Construction in progress under Property and Equipment account in the consolidated statements of financial position (see Note 14).

There are no assets used and/or required as collaterals as of May 31, 2019, 2018 and 2017 for the Group's interest-bearing loans and borrowings.

As of May 31, 2019, 2018 and 2017, the Group has complied with its loan covenants.

19. EDUCATIONAL REVENUES

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

	2019	2018	2017
Tuition fees	**P 3,243,801,630**	P 2,582,521,522	P 2,885,610,876
Less discounts:			
Scholarship	**176,166,019**	122,714,158	148,599,507
Cash	**19,767,376**	17,819,823	14,841,127
Family	**19,609,227**	12,660,880	11,921,561
	215,542,622	153,194,861	175,362,195
	3,028,259,008	2,429,326,661	2,710,248,681
Other school fees:			
Senior high school miscellaneous fees	**87,115,575**	65,646,275	30,316,200
Developmental fees	**54,299,978**	33,571,200	5,868,000
Entrance fees	**16,840,529**	10,757,103	6,210,812
Other registration fees	**16,472,695**	2,276,586	2,839,972
Transcript fees	**10,884,526**	9,720,984	7,466,389
Graduation and commencement fees	**8,675,865**	11,171,702	7,307,179
Identification cards	**6,883,409**	7,520,149	6,581,011
Certification fees	**4,770,475**	5,298,399	4,081,263
Diplomas	**4,286,406**	5,336,548	2,948,640
Miscellaneous	**76,763,651**	39,555,590	32,962,924
	286,993,109	190,854,536	106,582,390
	P 3,315,252,117	P 2,620,181,197	P 2,816,831,071

The Group derives revenues from transactions involving tuition fees, other school fees and other school-related activities such as sale of school merchandises and books. Revenues from tuition fees are recognized over time. On the other hand, all other revenue sources, such as other school fees and sale of school merchandises and books (presented as part of Other Income), are recognized at a point in time.

For the years ended May 31, 2018 and 2017, the Group, except FRC, collected tuition fees from students for summer classes of the respective academic years which started after the reporting period. Such collections amounted to P84.2 million and P75.2 million as of May 31, 2018 and 2017, respectively. For the year ended May 31, 2019, the Group, expect FRC, has collected advance tuition fee payments from students who enrolled for the next academic year which amounted to P258.4 million. These collections are presented as Deferred Revenues in the consolidated statements of financial position. These will be recognized as revenue once the performance obligation of the Group has been rendered and performed.

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

In relation to the adoption of PFRS 15 in 2019, the Group presents below the disaggregation of its revenue based on school units. The Group recognizes revenues over time in the following education levels:

Nature	Tertiary Education	Secondary Education	Basic Education	Total
Tuition fees - net	P 2,542,498,599	P 397,271,065	P 88,489,344	P 3,028,259,008
Other tuition fees	131,380,427	151,508,144	4,104,538	286,993,109
Total	**P 2,673,879,026**	**P 548,779,209**	**P 92,593,882**	**P 3,315,252,117**

20. COSTS AND OPERATING EXPENSES

Costs and operating expenses consist of:

	Notes	**2019**	2018	2017
Instructional and Academic				
Salaries and allowances	24.5	**P 775,655,348**	P 785,462,987	P 739,542,234
Employee benefits	22, 24.5	**191,510,397**	194,065,408	215,222,046
Related learning experience		**27,140,187**	12,142,702	3,948,261
Affiliation		**1,815,990**	2,464,668	2,814,342
Others		**111,663,307**	134,055,151	114,350,193
		1,107,785,229	1,128,190,916	1,075,877,076
Administrative				
Salaries and allowances	24.5	**201,706,609**	141,478,879	138,077,125
Employee benefits	22, 24.5	**75,208,422**	55,877,881	66,449,238
Rental		**14,556,299**	12,309,895	5,687,596
BOT bonus		**13,125,000**	14,000,000	14,000,000
Others		**70,823,151**	46,929,642	42,122,020
		375,419,481	270,596,297	266,335,979
Maintenance and University Operations				
Utilities		**177,052,070**	114,058,792	121,191,367
Janitorial services		**51,493,756**	43,435,352	36,654,197
Repairs and maintenance		**29,345,602**	30,418,369	31,183,572
Salaries and allowances		**20,401,387**	19,158,459	18,769,878
Employee benefits	22	**9,978,896**	9,390,296	10,701,224
Property insurance	15.1	**4,637,657**	6,420,929	4,398,964
		292,909,368	222,882,197	222,899,202
Balance carried forward:		**P 1,776,114,078**	P 1,621,669,410	P 1,565,112,257

	Notes	2019	2018	2017
Balance forwarded:		**P 1,776,114,078**	P 1,621,669,410	P 1,565,112,257
General				
Depreciation and amortization	14, 15.1	**372,061,429**	306,332,605	302,109,262
Deficiency local business taxes		**255,899,643**	-	-
Professional fees		**103,608,222**	74,961,282	75,582,060
Security services		**44,538,178**	40,958,196	37,869,221
Taxes and licenses	15.1	**30,601,126**	20,560,591	20,589,814
Impairment losses	9, 14	**27,028,023**	59,723,709	54,733,116
Publicity and promotions		**20,117,994**	18,250,831	13,746,941
Others		**63,589,765**	39,839,492	25,825,294
		917,444,380	560,626,706	530,455,708
		P 2,693,558,458	P 2,182,296,116	P 2,095,567,965

These expenses are presented in the consolidated statements of profit or loss as follows:

	2019	2018	2017
Cost of services:			
Instructional and academic	**P 1,107,785,229**	P 1,128,190,916	P 1,075,877,076
Maintenance and operations	**292,909,368**	222,882,197	222,899,202
Others	**356,431,115**	289,423,682	278,713,545
	1,757,125,712	1,640,496,795	1,577,489,823
Other operating expenses	**936,432,747**	541,799,321	518,078,142
	P 2,693,558,459	P 2,182,296,116	P 2,095,567,965

In 2019, the University and EACCI recognized and paid deficiency local taxes amounting to P189.9 million which covers taxable years 2009 through 2013 and P35.4 million for years 2013 to 2017, respectively, as assessed by the local government of City of Manila (see Note 28.3).

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 trustees' and officers' liability insurance, books and other subscriptions, software and transportation costs.

21. FINANCE INCOME AND FINANCE COSTS

21.1 Finance Income

This consists of the following:

	Notes		2019		2018		2017
Interest income from:							
Investment securities at amortized cost (2019)/ HTM investments (2018 and 2017)	11.3	**P**	**48,563,514**	P	21,252,824	P	24,171,098
Short-term investments	16		**41,234,815**		13,142,560		11,274,953
Financial assets at FVOCI (2019)/AFS financial Assets (2018 and 2017)	11.2		**20,924,170**		46,570,284		48,792,410
Cash and cash equivalents	8		**7,751,966**		19,704,944		20,424,063
Financial assets at FVTPL	11.1		**2,659,771**		-		-
Others			**-**		-		657,943
Other investment income from:							
Financial assets at FVOCI	11.2		**14,299,692**		-		-
Financial assets at FVTPL	11.1		**13,564,356**		-		-
AFS financial assets and HTM investments	11.2, 11.3		**-**		55,830,535		38,740,963
Fair value gain on derivative liability	10		**3,096,336**		-		-
Foreign exchange gains-net	11		**-**		36,992,246		36,065,062
		P	**152,094,620**	P	193,493,393	P	180,126,492

21.2 Finance Costs

This account is broken down into the following:

	Notes		2019		2018		2017
Interest expense from interest-bearing loans	18	**P**	**95,072,981**	P	83,798,889	P	46,753,278
Foreign exchange loss-net	10, 11		**3,153,258**		-		-
Impairment loss on investment securities at amortized cost	11.3		**50,138**		-		-
Fair value loss on financial asset at FVTPL	11.1		**-**		11,504,354		16,618,386
Loss on write-off of interest receivables	9		**-**		-		24,479,730
Others			**-**		71,041		986,152
		P	**98,276,377**	P	95,374,284	P	88,837,546

In 2019 and 2018, an interest expense amounting to P33.4 million and P7.4 million, respectively, have been capitalized as part of construction in progress under property and equipment account, which arose solely from specific borrowings (see Note 14). No borrowing costs had been capitalized for the years ended May 31, 2017.

22. EMPLOYEES' HEALTH, WELFARE AND RETIREMENT FUND

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

(i) The University, FECSI and EACCI

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

The retirement funds are under the administration of organizations, the FEU Health, Welfare and Retirement Fund, the FEU Cavite Health, Welfare and Retirement and Private Education Retirement Annuity Association (the Funds), through their respective Board of Governors.

Contributions to these funds are in accordance with the defined contribution established by the Retirement Board, which is the sum of the employees' and the University, FECSI and EACCI's contributions. Retirement expense presented as part of Employee benefits under Costs and Operating Expenses in the consolidated statements of profit or loss amounted to P71.6 million, P82.0 million and P80.7 million for the years ended May 31, 2019, 2018 and 2017, respectively (see Note 20).

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

(ii) RCI

RCI has not yet established a formal post-employment plan. However, it accrues the estimated cost of post-employment benefits, actuarially determined, required by the provisions of RA No. 7641, which is an unfunded and non-contributory post-employment defined benefit plan covering all regular full-time employees. Under RA No. 7641, RCI is required to provide minimum post-employment benefits to qualified employees. RA No. 7641, does not, however, require it to be funded.

(b) Explanation of Amounts Disclosed in the Consolidated Financial Statements

Actuarial valuations are obtained: (i) to determine the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan (for FEU, FECSI and EACCI); and, (ii) to update the retirement benefit costs and the amount of contributions (for RCI). All amounts presented below are based on the actuarial valuation reports obtained from an independent actuary for the years ended May 31, 2019, 2018 and 2017 (for FEU, FECSI and RCI), May 31, 2018 and 2017 (for EACCI) and May 31, 2016 (for RCI).

The post-employment benefit obligation amounting to P47.3 million and P46.1 million and P59.8 million as of May 31, 2019, 2018 and 2017, respectively, pertains to RCI and EACCI's defined benefit liability, which is presented under non-current liabilities in the consolidated statements of financial position.

Movements in the present value of the post-employment benefit obligation recognized in the books are as follows:

	2019	2018	2017
Balance at beginning of year	**P 46,138,632**	P 59,800,703	P 64,710,710
Gain on curtailment	**-**	(12,259,787)	-
Current service cost	**1,773,812**	3,629,981	2,740,215
Interest expense	**3,182,786**	3,151,497	3,080,230
Benefits paid	**(12,339,588)**	-	(3,749,888)
Remeasurements – actuarial gain arising from:			
Experience adjustments	**4,562,562**	(5,808,052)	(4,655,453)
Changes in financial assumptions	**3,995,375**	(2,375,710)	(2,325,111)
Balance at end of year	**P 47,313,579**	P 46,138,632	P 59,800,703

The components of amounts recognized in profit or loss (as part of Employee benefits under Cost and Operating Expenses) and in other comprehensive income in respect of the post-employment defined benefit plan is shown below:

	2019	2018	2017
Reported in profit or loss:			
Interest expense	**P 3,182,786**	P 3,151,497	P 3,080,230
Current service cost	**1,773,812**	3,629,981	2,740,215
Gain on curtailment	**-**	(12,259,787)	-
	P 4,956,598	(P 5,478,309)	P 5,820,445
Reported in other comprehensive income:			
Actuarial gains (losses) from:			
Experience adjustments	**(P 4,562,562)**	P 5,808,052	P 4,655,453
Changes in financial assumptions	**(3,995,375)**	2,375,710	2,325,111
	(P 8,557,937)	P 8,183,762	P 6,980,564

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

	2019	2018	2017
FEU, FECSI and EACCI			
Discount rates	**5.63% - 7.27%**	6.54% - 7.27%	5.03% - 5.17%
Salary growth rate	**2.00% - 3.50%**	2.00% - 3.00%	2.00% - 5.00%
RCI			
Discount rates	**5.71%**	6.99%	5.27%
Salary growth rate	**5.00%**	5.00%	4.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the following ages are as follows:

FEU (at age 60)	-	14 years for males and 14 years for females
FECSI (at age 60)	-	21 years for males and 21 years for females
EACCI (at age 60)	-	38 years for males and 38 years for females
RCI (at age 60)	-	14 years for males and 18 years for females

These assumptions were developed by management with the assistance of an independent actuary. Discount factor is determined close to the end of the reporting period by reference to the interest rates of a zero coupon government bond with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

As discussed in Note 2.17, the defined contribution plans of FEU, FECSI and EACCI are also 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 defined benefit obligation of FEU, FECSI and EACCI following PIC Interpretation with respect to the defined benefit minimum guarantee under RA No. 7641 is presented below.

	2019	2018	2017
Fair value of plan assets	**P 756,932,798**	P 756,979,018	P 632,111,250
Present value of obligation	**(755,712,233)**	(751,398,293)	(626,911,736)
Over- (under-) funding	**P 1,220,565**	P 5,580,725	(P 5,199,514)

The movements in the present value of the retirement benefit obligation are as follows:

	2019	2018	2017
Balance at beginning of year	**P 751,398,293**	P 626,911,736	P 620,644,200
Current service cost	**26,025,489**	67,749,774	36,896,546
Interest expense	**39,438,177**	43,357,419	32,088,264
Benefits paid	**(47,980,553)**	(52,101,693)	(140,289,762)
Actuarial loss	**(13,169,173)**	65,481,057	77,572,488
Balance at end of year	**P 755,712,233**	P 751,398,293	P 626,911,736

The movements in the fair value of plan assets are presented below.

	2019	2018	2017
Balance at beginning of year	**P 756,979,018**	P 632,111,250	P 617,372,417
Interest income (expense)	**(27,185,137)**	56,528,153	53,167,745
Actual contributions	**75,278,883**	120,654,579	101,869,972
Benefits paid	**(47,980,553)**	(52,314,964)	(140,298,884)
Expected return	**(159,413)**	-	-
Balance at end of year	**P 756,932,798**	P 756,979,018	P 632,111,250

(c) *Risks Associated with the Retirement Plan*

The plan exposes the University, FECSI and EACCI to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk, while RCI is exposed to interest rate, longevity and salary risks.

(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 Group's long-term strategy to manage the plan efficiently.

Currently, the University's plan is significantly composed of equity securities and debt securities. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the University's long-term strategy to manage the plans efficiently. FECSI, on the other hand, has investments in cash and cash equivalents and loans.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the asset-liability matching strategy of the University, FECSI and EACCI, 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:

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	Increase/ (Decrease) in Assumption	Increase/ (Decrease) in Assumption
May 31, 2019			
RCI:			
Discount rate	+/-0.5%	(P 1,767,052)	P 1,645,369
Salary growth rate	+/-1.0%	3,460,562	(3,041,321)
University:			
Discount rate	+/-0.5%	(P 486,352)	P 646,334
Salary growth rate	+/-1.0%	1,322,191	(861,361)
FECSI:			
Discount rate	+/-1.0%	(P 367,333)	P 442,623
Salary growth rate	+/-1.0%	456,168	(383,387)
May 31, 2018			
RCI:			
Discount rate	+/-0.5%	(P 1,514,042)	P 1,418,705
Salary growth rate	+/-1.0%	2,959,682	(2,647,790)
University:			
Discount rate	+/-0.5%	(P 48,160)	P 56,881
Salary growth rate	+/-1.0%	145,749	(82,791)
FECSI:			
Discount rate	+/-1.0%	(P 203,026)	P 241,685
Salary growth rate	+/-1.0%	228,849	(194,952)
May 31, 2018			
EACCI:			
Discount rate	+/-0.5%	(P 64,777)	P 78,989
Salary growth rate	+/- 7.0%	167,764	(1,948,882)
May 31, 2017			
RCI:			
Discount rate	+/-0.5%	(P 2,128,573)	P 2,277,923
Salary growth rate	+/-1.0%	4,442,029	(3,957,515)

The sensitivity analysis shown above is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the University through its Retirement Board, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government or corporate bonds) with maturities that match the benefit payments as they fall due and in the appropriate currency. The University actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

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

Currently, EACCI and FECSI have no specific matching strategy between the plan assets and the plan liabilities.

(iii) Funding Arrangements and Expected Contributions

While there is no minimum funding requirement in the country for defined benefit plans, the size of the fund, bearing that it is significantly under a defined contribution regime, is also sufficient to cover the vested benefits of the higher between the RA No. 7641 or the Group's retirement plan itself, when a significant number of employees are expected to retire in 13 to 20 years' time.

The University and EACCI expect to make contribution of P72.2 million and P2.5 million, respectively, to their plans during the next reporting period; FECSI does not expect to make contributions to its plan during the next reporting period; while, RCI's management is yet to determine when it shall establish a formal plan to fund its post-employment benefit obligation.

The maturity profile of RCI's undiscounted expected benefit payments from the plan as of May 31 is as follows:

	2019	2018	2017
Within one year	**P 9,896,529**	P 12,374,536	P 12,795,781
More than one year to five years	**17,648,623**	15,843,602	19,806,814
More than five years to 10 years	**29,547,720**	37,605,296	45,933,146
More than 10 years to 15 years	**34,686,504**	26,393,563	35,039,845
More than 15 years to 20 years	**35,173,132**	32,395,065	39,432,879
More than 20 years	**164,732,922**	164,604,710	132,776,132
	P 291,685,430	P 289,216,772	P 285,784,597

The weighted average duration of RCI's defined benefit obligation at the end of the reporting period is 15 years.

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

		2018		2017
Assets				
Cash and cash equivalents	**P**	**64,746,279**	P	29,628,252
Receivables - net		**50,056,975**		47,623,046
Investment in debt securities:				
Corporate bonds and other debt instruments		**297,941,782**		290,708,947
Government securities		**201,987,635**		117,339,580
Investment in equity securities:				
Equity securities		**267,831,112**		367,638,346
UITF		**55,709,024**		81,764,716
Mutual funds		**-**		12,731,282
Investment in long term certificate of deposits		**-**		-
Others		**173,746**		124,147
		938,446,553		947,558,316
Liabilities		**(24,577,883)**		(23,228,158)
Net Assets Available for Plan Benefits	**P**	**913,868,670**	P	924,330,158

Below is the breakdown of the employer's share in the University's Fund's net plan assets as to type of investments as of May 31, 2019, 2018 and 2017. These financial assets are maintained in trust funds under credible trustee-banks under control by the Fund through its Board of Governors.

		2019		2018		2017
Cash and cash equivalents	**P**	**37,546,004**	P	31,817,317	P	3,438,512
Domestic listed shares		**283,751,057**		275,433,328		226,279,606
Corporate bonds		**128,563,323**		118,586,342		131,744,950
Other securities and debt instruments		**84,173,329**		117,604,442		103,216,518
UITF		**10,692,764**		69,824,910		36,468,583
Government bonds		**136,093,180**		68,897,219		98,575,757
Fixed income loans		**4,669,573**		4,669,573		4,109,107
Others		**23,706,082**		23,009,282		27,078,243
	P	**709,195,312**	P	709,842,413	P	630,911,276

The breakdown of the Fund's net plan assets, as shown above, 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 May 31, 2019, 2018 and 2017.

23. INCOME TAXES

Under Philippine laws, the taxable income from operations related to school activities and passive investment income of private and proprietary (stock) educational institutions is subject to a tax of 10%. However, if 50% or more of the institution's total gross income is from unrelated business activities, the regular corporate income tax (RCIT) of 30% will apply to the entire taxable income instead of the 10% preferential rate. The University, FECSI, EACCI, FEU High and RCI are qualified to avail of the 10% preferential rate given their revenue profiles. In addition, they are not covered by the minimum corporate income tax (MCIT) provision of the 1997 Tax Code.

The major components of tax expense (income) reported in the consolidated statements of profit or loss are as follows:

	2019	2018	2017
Current tax expense:			
Special rate at 10%	**P 61,477,258**	P 43,116,509	P 56,257,962
Final tax at 20%, 15% and 7.5%	**42,408,929**	20,766,238	19,210,908
RCIT at 30%	**23,066,223**	20,153,746	22,481,125
MCIT	**1,776**	-	-
	126,954,186	84,036,493	97,949,995
Deferred tax expense (income) arising from the origination and reversal of temporary differences	**(843,061)**	8,473,351	23,332,802
	P 126,111,125	P 92,509,844	P 121,282,797

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

	2019	2018	2017
Tax on pretax profit	**P 93,458,285**	P 64,014,086	P 92,773,511
Adjustments for income subjected to:			
RCIT	**23,066,223**	27,066,613	22,684,666
Final tax	**33,630,167**	8,498,906	9,224,126
	150,154,675	99,579,605	124,682,303
Tax effects of:			
Non-taxable income	**(20,366,046)**	-	-
Excess of optional standard deduction (OSD) over itemized deductions	**(5,705,993)**	(5,640,511)	(5,847,240)
Unrecognized NOLCO	**1,304,555**	7,103,922	4,697,698
Unrecognized deferred tax asset (DTA) on allowance for impairment	**516,142**	130,948	706,100
Non-deductible expenses	**111,971**	-	199,993
Unrecognized MCIT	**1,776**	10,143	-
Recognition of previously unrecognized DTA	**-**	-	(190,024)
Others	**94,045**	(8,674,263)	(2,966,033)
	P 126,111,125	P 92,509,844	P 121,282,797

The net deferred tax assets and net deferred tax liabilities of the Group, as of May 31, 2019, 2018 and 2017, relates to the following:

	Consolidated Statements of					
	Financial Position			Profit or Loss		
	2019	2018	2017	**2019**	2018	2017
Deferred tax assets:						
Accrued rent expense	**P 7,074,962**	P 7,236,133	P 5,857,984	**(P 1,378,431)**	(P 1,378,150)	(P 2,626,873)
Post-employment benefit	**6,480,407**	6,531,592	6,471,071	**51,187**	495,283	90,107
Allowance for impairment losses on trade and other receivables – net	**5,760,356**	4,129,024	4,255,737	**557,209**	126,714	672,269
Unrealized fair value gains (losses)	**4,135,165**	3,825,531	3,336,546	**(309,634)**	(488,985)	(1,293,338)
Prepaid rent expense	**920,622**	(3,170,308)	-	**-**	1,291,686	-
Allowance for impairment of investment	**504,691**	(1,510,323)	-	**-**	(1,510,328)	-
Unrealized foreign currency gains (losses)	**430,884**	(4,680,631)	(2,936,215)	**(3,601,192)**	1,744,416	2,066,464
Accrued income	**360,506**	360,506	360,506	**-**	234,093	-
NOLCO	**5,528**	-	-	**5,528**	-	19,081,923
Unearned rental income	**-**	733,222	2,926,748	**-**	-	(2,097,579)
Deferred tax assets – net	**P 25,673,121**	P 18,135,377	P 20,272,377			
Deferred tax liabilities:						
Accrued rent receivable	**(P 21,716,091)**	(P 17,285,426)	(P 11,914,569)	**4,430,665**	5,370,857	8,755,066
Revaluation surplus on land	**(6,471,071)**	-	-	-	-	-
Post-employment benefit	**4,722,024**	(1,917,728)	(491,001)	**687,112**	608,328	(207,055)
Unearned rental income	**813,874**	626,474	3,621,164	**(187,400)**	(2,994,690)	(2,945,989)
Unrealized foreign currency gains (losses)	**(450,380)**	(913,005)	-	**(462,625)**	(999,802)	-
Accrual of expenses	**416,843**	-	-	**(416,843)**	-	-
Unrealized fair value gains on AFS financial assets	**-**	-	(1,912,807)	**-**	-	1,837,807
Deferred tax liabilities – net	**(P 22,684,801)**	(P 19,489,685)	(P 10,697,213)			
Deferred tax expense (income) – net				**(P 843,061)**	P 8,473,351	P 23,332,802

**In relation to PFRS 9 adoption, deferred tax expense relating to allowance for impairment as at June 1,2018, was recognized and adjusted to the opening balance of Retained Earnings as of June 1, 2018 [see Note 2.1(b)].*

RCI's deferred tax expense amounting to P0.9 million and P0.6 million relates to the remeasurement of post-employment benefit plan during the years ended May 31, 2019 and 2018, respectively, and is recognized as a component of tax expense reported in the consolidated statement of comprehensive income. No similar transaction occurred during the period ended May 31, 2016 since RCI was acquired only in May 2016.

The net deferred tax assets of the University are not allowed to be offset against net deferred tax liabilities of other subsidiaries, or vice versa, for purposes of consolidation.

Presented below are the details of the Group's NOLCO.

Period Incurred	Original Amount	Expired Balance in 2019	NOLCO Applied in Prior Years	Remaining Balance	Valid Until
May 31, 2019	P 11,354,332	P -	P -	P 11,354,332	2022
May 31, 2018	40,777,757	-	-	40,777,757	2021
May 31, 2017	25,468,716	-	6,286,963	19,181,753	2020
May 31, 2016	213,054,710	22,235,483	190,819,227	-	2019
	P 290,655,515	**P 22,235,483**	**P 197,106,190**	**P 71,313,842**	

The companies within the Group that were not entitled to avail of the preferential rate of 10% is subject to MCIT, which is computed at 2% of gross income as defined under the tax regulations, or RCIT, whichever is higher.

	2019		2018		2017	
	Tax Base	**Tax Effect**	Tax Base	Tax Effect	Tax Base	Tax Effect
FEUAI –						
NOLCO	**P 23,238,638**	**P 2,323,864**	P 26,213,495	P 7,864,049	P11,458,755	P 3,437,627
MCIT	**519,080**	**519,080**	507,161	507,161	-	-
RCI:						
NOLCO	**P 48,019,928**	**P 4,801,993**	P 63,725,065	P 6,372,507	P36,950,065	P 3,695,007
Allowance for impairment	**5,161,420**	**516,142**	15,270,692	1,527,069	13,961,213	1,396,121
FECSI:						
NOLCO	**P 55,276**	**P 5,528**	P -	P -	P -	P -
Allowance for impairment	**5,528**	**5,528**	-	-	901,070	901,070

No deferred tax assets were recognized by certain subsidiaries since management of the respective subsidiaries believes that no sufficient taxable profit will be realized against which deferred tax assets can be applied within the prescriptive period.

24. RELATED PARTY TRANSACTIONS

The Group's related parties include related parties under common management, key management personnel and others as described in Note 2.20. The following are the Group's transactions with such related parties:

	Notes	**2019** Amount of Transaction	**2019** Outstanding Receivable	2018 Amount of Transaction	2018 Outstanding Receivable	2017 Amount of Transaction	2017 Outstanding Receivable	Terms	Conditions
Related Parties Under Common Management:									
Subscription of preferred stocks	24.1	**P 112,500,000**	**P529,000,000**	P -	P -	P416,500,000	P -	nonredeemable; non-controlling	not applicable
Advances to related parties	24.2(a), 24.2(b), 24.2(c)	**(9,229,702)**	**38,840,013**	16,756,062	48,069,715	6,832,457	31,313,653	due and demandable; noninterest-bearing	unsecured
Reimbursement of expenses	24.8	**-**	**4,892,015**	(4,302,990)	4,892,015	1,300,891	9,195,005	due and demandable;	unsecured
Rental income	24.3	**19,951,790**	**10,643,063**	20,823,538	11,358,633	21,817,203	10,302,738	payable within 30 days; noninterest-bearing	unsecured
Advances from related party	24.2(b)	**(6,343,848)**	**-**	2,019,088	(6,343,848)	7,558,327	(4,324,760)	due and demandable; noninterest-bearing	unsecured
Others	24.9	**(9,000)**	**(1,443,500)**	110,014	(1,452,500)	(95,264)	(1,562,514)	due and demandable; noninterest-bearing	unsecured

Forward

	Note	**2019** Amount of Transaction	**2019** Outstanding Receivable	2018 Amount of Transaction	2018 Outstanding Receivable	2017 Amount of Transaction	2017 Outstanding Receivable	Terms	Conditions
Retirement Funds:	24.4								
Retirement plan assets		**P -**	**P 756,932,798**	P -	P 756,979,018	P -	P632,111,250	not applicable	not applicable
Reimbursement of fund		**-**	**-**	-	-	-	995,779	due and demandable; noninterest-bearing	unsecured; not-impaired
Others –									
Key management personnel compensation	24.5	**233,375,330**	**-**	235,796,087	-	213,277,760	-	not applicable	not applicable
Advances from previous BOT of RCI	24.6	**-**	**-**	-	-	16,508,793	-	due and demandable; interest-bearing	unsecured; not impaired

In 2019, 2018 and 2017, the Group reviewed its receivables from related parties and were accordingly assessed for impairment. Based on the management's assessment, no impairment loss was necessary to be recognized in all years presented.

24.1 Subscription of Preferred Shares of Stock of EACCI

In 2015, EAEF, a related party under common management, entered into a subscription agreement for the purchase of 240,000 preferred shares of EACCI [see Note 25.5(b)]. The total consideration paid by EAEF amounted to P240.0 million. There was no outstanding receivable arising from the transaction as the amount was fully paid by EAEF in the year of subscription.

During the years ended May 31, 2019 and 2017, EAEF also entered into a subscription agreement for the purchase of 112,500 and 416,500 preferred shares with total consideration of P112.5 million and P416.5 million. There was no outstanding receivable arising from the transaction as the amount was fully paid by EAEF in the year of subscription. No similar transaction occurred during the year ended May 31, 2018.

24.2 Noninterest-bearing Advances

(a) Advances of the University to a Related Party

The University grants unsecured and noninterest-bearing advances, which are due and demandable to FEU Public Policy Foundation, Inc., related party under common management of the Group for working capital purposes.

Summarized below are the outstanding receivables from these advances as of May 31, 2019, 2018 and 2017 recorded as part of Non-trade advances from related parties under Trade and Other Receivables account in the consolidated statements of financial position (see Note 9):

		2019		2018		2017
Balance at beginning of year	**P**	**3,584,102**	P	1,636,729	P	1,199,289
Additional advances during the year		**1,142,330**		3,146,663		437,440
Repayments during the year		**-**	(	1,199,290)		-
Balance at end of year	**P**	**4,726,432**	P	3,584,102	P	1,636,729

As of May 31, 2019, 2018 and 2017, management believes that these outstanding balances are collectible in full in all the years presented; thus, no allowance for impairment on these receivables are recognized.

(b) Advances between EACCI and EAEF

During the years ended May 31, 2019, 2018 and 2017, EACCI granted to and obtained from EAEF cash advances for working capital requirements and other purposes. These advances are noninterest-bearing, unsecured and payable in cash upon demand. As of May 31, 2019, 2018 and 2017, outstanding advances to EAEF amounting to P34.1 million, P42.5 million and P26.7 million, respectively, are presented as part of Non-trade advances to related parties under the Trade and Other Receivables account, while the outstanding advances from EAEF amounting to P6.3 million and P4.3 million (nil as of May 31, 2019), respectively, are presented as Advances from related parties under the Trade and Other Payables account in the consolidated statements of financial position (see Notes 9 and 17). No impairment loss is recognized by the Group on the receivables arising from advances.

(c) Advances of RCI to its Related Party

RCI grants noninterest-bearing and unsecured advances to RC Educational Enterprises Corporation, Roosevelt College Scholarship Foundation and Roosevelt College Center for Teacher Education, related parties under common management, for working capital purposes. These advances are generally collectible in cash and are due upon demand or through offsetting arrangement. The outstanding balance from these transactions amounts to P2.0 million and P3.0 million as of May 31, 2018 and 2017 (nil as of 2019), respectively, are presented as part of Non-trade advances to related parties under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9).

24.3 Leases

(a) Lease of Buildings to EAEF

The University leased out certain buildings to EAEF for a period of one to five years until May 31, 2015. Upon expiration of the term of the contract, the University and EAEF had mutually agreed not to renew such lease agreement. Instead, as of May 31, 2019, 2018 and 2017, only certain floors of the buildings were leased out to EAEF.

Total rental income earned by the University and EACCI from EAEF, presented as part of Rental under Revenues in the consolidated statements of profit or loss, amounted to P2.8 million for the periods ended May 31, 2018 and 2017 (nil as of May 31, 2019). Outstanding receivable arising from the transaction amounted to P2.9 million as of May 31, 2019 and 2018 and P3.3 million as of May 31, 2017, and is presented as part of Rental receivable under Trade and Other Receivables account in the consolidated statement of financial position (see Note 9). There was no similar transaction in 2019 and 2018 as EAEF has already transferred its students to EACCI through a memorandum of agreement in 2017.

(b) Lease of Buildings to FERN College

FRC leased out certain buildings to FERN College effective from June 1, 2007 to May 31, 2017 for an annual rental of P14.0 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 P12.0 million or 10% of FERN College's annual gross income, whichever is higher.

Total rental income of FRC from FERN College amounted to P18.7 million, P19.4 million and P18.0 million for the years ended May 31, 2019, 2018 and 2017, respectively, which is recorded as part of Rental under Revenues in the consolidated statements of profit or loss. Outstanding receivables from this transaction amount to P7.7 million, P8.4 million and P7.0 million as of May 31, 2019, 2018 and 2017, respectively, are presented as part of 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 Transportation Vehicle to FERN College

In 2012, FRC entered into a contract with FERN College for the lease of a bus to the latter for a fixed monthly rental of P0.1 million covering a term of five years.

The rental income earned from this transaction amounted to P1.3 million and P1.4 million for the years ended May 31, 2019 and 2018 and is presented as part of Rental under Revenues in the consolidated statements of profit or loss. No similar income was earned during the two months ended May 31, 2017. The Group recognized unearned rental income in accordance with PAS 17 from FERN College amounting to P0.1 million as of May 31, 2017 (nil in 2019 and 2018) and is presented as part of the Deferred Revenues account in the 2017 consolidated statements of financial position.

24.4 Retirement Funds

The University, FECSI and EACCI's retirement funds are in the form of trustee-banks managed accounts. The fair value of the University's retirement plan assets amounted to P757.0 million as of May 31, 2019 and 2018 and P632.1 million as of May 31, 2017, respectively [(see Note 22(b)]. The University, FECSI and EACCI have no transactions with the retirement plans other than contributions and benefit payments in all periods presented.

During the years ended May 31, 2017, the University funded the retirement pay of certain employees who availed of the ERGP [see Note 22(a)(i)], which will be reimbursed by the Fund. The outstanding receivable from this transaction amounted to P1.0 million as of May 31, 2017 (nil as of May 31, 2019 and 2018), and is recorded as part of Non-trade advances from related parties under Trade and Other Receivables account in the consolidated statements of financial position (see Note 9). No similar transaction occurred for the year ended May 31, 2018.

None of the retirement plan assets are invested in or provided to the University or FECSI, their related parties, and to their officers in the form of advances or loans.

The retirement funds neither provide any guarantee nor surety for any obligation of the University and FECSI.

24.5 Key Management Personnel Compensation

Total remunerations of the Group's key management personnel for the years ended May 31, 2019, 2018 and 2017, which are presented as part of Instructional and academic and Administrative expenses under Costs and Operating Expenses in the consolidated statement of profit or loss (see Note 20), are as follows:

	2019	2018	2017
Short-term benefits	**P 206,160,383**	P 208,947,101	P 188,323,195
Post-employment benefits	**27,214,947**	26,848,986	24,954,565
	P 233,375,330	P 235,796,087	P 213,277,760

24.6 Financial Guaranty for Subsidiaries' Loans

RCI obtains unsecured, interest-bearing cash advances from the current members of its BOT, with an interest rate ranging from 8% to 12% per annum, for working capital purposes. These advances are generally collectible in cash and are due upon demand. The outstanding balance from this transaction amounted to P16.5 million as of May 31, 2016, and is presented as part of Other payables under the Trade and Other Payables account in the consolidated statement of financial position. The outstanding payable was settled in 2017.

24.7 Financial Guaranty for Subsidiaries' Loans

In March 2017, the BOT approved that for and in consideration of the loan or credit facilities obtained by any subsidiary of the University, in which the University owns at least 75% of the outstanding voting capital stock of such subsidiary, from a local commercial bank, the University gives its full consent and authority to act as surety for the subsidiary's obligations arising from any loan or availments from any credit facilities granted by the said local bank in favor of the subsidiary, as well as any renewals, increases, extensions of existing obligations obtained by or which may hereafter be obtained by the subsidiary from the local bank, whether direct or indirect, principal or secondary. In August 2019 and April 2018, RCI availed an unsecured term loan as a drawdown from the University's credit facility with the local bank (see Note 18). In case of any breaches of RCI with the loan covenants, the University will shoulder any relating liability to such breach.

24.8 Reimbursement of Expenses

During the years ended May 31, 2019, 2018 and 2017, the University billed EAEF for related services such as security and janitorial services, light and water and other utilities at cost. Accordingly, the outstanding receivable amounting to P4.9 million as of May 31, 2019 and 2018 and P9.2 million as of May 31, 2017, is presented as part of Non-trade advances to related parties under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 9).

24.9 Others

Others include amounts due to non-controlling interest for the unclaimed payments arising from the fractional shares, treated as treasury stocks in 2007 and 2015 by FRC. Outstanding payable to non-controlling interest amounted to P1.5 million as of May 31, 2019, 2018 and 2017, and is presented as part of Other payables to related parties under the Trade and Other Payables account in the consolidated statements of financial position (see Note 17).

25. EQUITY

25.1 Capital Stock

As of May 31, 2019, 2018 and 2017, the University has 20,000,000 shares of authorized capital stock, of which 16,477,023 were issued and outstanding, with par value of P100 per share.

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 May 31, 2019, 2018 and 2017, there are 16,514,354 listed shares which include those held in treasury and shares held by the University's related parties. The University has a total of 10,970,623, 10,839,166 and 10,834,034 listed shares, which is equivalent to 66.58%, 65.8% and 65.75%, held by related parties as at May 31, 2019, 2018 and 2017, respectively, while there are 5,506,400, 5,637,857 and 5,642,989 listed shares owned by the public which is equivalent to 33.42%, 34.22% and 34.25% of the total outstanding shares as at May 31, 2019, 2018 and 2017, respectively.

The closing price of the University's listed shares was P890 per share as of May 31, 2019 and P970 as of May 31, 2018 and 2017.

25.2 Treasury Stock

This account includes the University's common shares held and acquired by FRC in various dates during the periods ended May 31, 2019, 2018 and 2017, amounting to P52.7 million, P47.0 million and P45.7 million, respectively. The changes in market values of these shares, recognized as fair value gains or losses by FRC, were reclassified to treasury stocks, as presented in the consolidated statements of changes in equity. Accordingly, the Group's treasury stocks amounted to P65.2 million as at May 31, 2019, which consists of 89,967 shares, P63.3 million as at May 31, 2018, which consist of 88,967 shares, and P49.4 million as at May 31, 2017, which consist of 83,195 shares.

A portion of the University's retained earnings is restricted from dividend declaration up to the cost of treasury stocks, excluding the amount acquired and held by FRC as this is considered as a cross-holding as of the end of the reporting period.

25.3 Revaluation Reserves

The components and reconciliation of items of other comprehensive income (loss) presented in the consolidated statements of changes in equity at their aggregate amount under Revaluation Reserves account, are shown below and in the succeeding page.

	Financial Assets at FVOCI	Retirement Benefit Obligation	Total
Balance as of June 1, 2018	(P 34,068,042)	P 8,328,838	(P 25,739,204)
Effect of adoption of PFRS 9	32,748,571	-	32,748,571
As restated	(1,319,471)	8,328,838	7,009,367
Remeasurements of retirement benefit obligation	-	(8,557,937)	(8,557,937)
Fair value gains on financial assets at FVOCI	4,397,376	-	4,397,376
Tax effect	(439,737)	855,793	416,056
Other comprehensive income	3,957,639	(7,702,144)	(3,744,505)
Balance as of May 31, 2019	**P 2,638,168**	**P 626,694**	**P 3,264,862**

	AFS Financial Assets	Retirement Benefit Obligation	Total
Balance as of June 1, 2017	P 38,744,112	P 963,453	P 39,707,565
Remeasurements of retirement benefit obligation	-	8,183,762	8,183,762
Fair value gains on AFS financial assets	(80,902,393)	-	(80,902,394)
Tax effect	8,090,239	(818,376)	7,271,863
Other comprehensive income (loss)	(72,812,154)	7,365,386	(65,446,769)
Balance as of May 31, 2018	(P 34,068,042)	P 8,328,838	(P 25,739,204)

25.4 *Retained Earnings*

Significant transactions affecting Retained Earnings, which, as indicated in Note 25.2, is also legally restricted at an amount equivalent to the cost of the University's treasury stock of P3.7 million, are as follows:

(a) Appropriation of Retained Earnings

As of May 31, 2019, 2018 and 2017, the University's Appropriated Retained Earnings consists of appropriations for:

	2019	2018	2017
Property and investment acquisition	**P 1,631,000,000**	P 2,000,000,000	P 2,250,000,000
Contingencies	**190,000,000**	240,000,000	10,000,000
Expansion of facilities	**164,000,000**	324,800,000	187,000,000
Purchase of equipment and improvements	**92,000,000**	135,200,000	33,000,000
General retirement	**90,000,000**	140,000,000	90,000,000
Treasury stock	**3,733,100**	3,733,100	3,733,100
	P 2,170,733,100	P 2,843,733,100	P 2,573,733,100

The changes in the appropriated retained earnings during the year ended May 31, 2019 are shown below.

	2019	2018
Balance at beginning of year	**P2,843,733,100**	P2,573,733,100
Reversal of appropriations	**(673,000,000)**	(250,000,000)
Appropriations	**-**	520,000,000
Balance at end of year	**P 2,170,733,100**	P2,843,733,100

No changes were made in the appropriated retained earnings during the period ended May 31, 2017.

(b) Dividend Declaration

The University's BOT approved the following dividend declarations during the periods ended:

	Date of Declaration	Date of Record	Date of Payment/Issuance	Amount
May 31, 2019				
Cash dividend of P8 per share	September 18, 2018	October 2, 2018	October 18, 2018	P 131,405,532
Cash dividend of P8 per share	February 19, 2019	March 6, 2019	March 20, 2019	131,400,412
				P 262,805,944
May 31, 2018				
Cash dividend of P8 per share	September 19, 2017	October 4, 2017	October 18, 2017	P 131,408,216
Cash dividend of P8 per share	February 20, 2018	March 6, 2018	March 20, 2018	131,403,096
				P 262,811,312
May 31, 2017				
Cash dividend of P12 per share	June 21, 2016	July 5, 2016	July 19, 2016	P 197,328,456
Cash dividend of P12 per share	February 21, 2017	March 7, 2017	March 21, 2017	164,411,590
				P 361,740,046

Unclaimed checks related to dividends declared as of May 31, 2019, 2018 and 2017 are presented as Dividends payable under the Trade and Other Payables account in the consolidated statements of financial position (see Note 17). No dividends were declared for the two months ended May 31, 2017.

On September 6, 2018, the FEU High's BOD also approved to declare a total of P30,000,000 stock dividend or 300% of the P100 par value per share outstanding as of September 24, 2018 and issue on October 8, 2018. The dividends were issued within their respective year of declaration and approval.

On February 27, 2019, FRC's BOD approved the declaration of stock dividends totaling to P133.3 million, which is equivalent to 50% of its paid up capital from the unissued portion of the authorized capital stock.

25.5 Subsidiaries with Material Non-controlling Interest

(a) FRC

The University holds 37.52% interest in FRC as of May 31, 2019, 2018 and 2017. Management considers that the University has de facto control over FRC even though it holds less than 50% of the voting shares of stock of FRC, because it is exposed or has right to variable returns through its power over FRC [(see Notes 1.1 and 3.1(h)]. The accumulated NCI of FRC amounted to P2.6 billion, P2.2 billion and P2.1 billion as of May 31, 2019, 2018 and 2017, respectively.

A summary of financial information of FRC as of and for the years ended May 31, 2019, 2018 and 2017 before intragroup eliminations are shown below.

	2019	2018	2017
Total assets	**P 1,380,630,628**	P 1,294,102,242	P 1,244,093,284
Total liabilities	**52,627,751**	38,380,399	44,278,494
Total equity	**1,328,002,877**	1,255,721,843	1,199,814,790
Total revenue	**151,811,691**	149,955,554	148,274,464
Net profit for the year	**88,596,837**	87,625,316	92,137,346
Net cash from operating activities	**P 93,631,571**	P 91,921,687	P 32,883,776
Net cash used in investing activities	**(72,201,069)**	(117,912,552)	(45,975,679)
Net cash used in financing activities	**(13,502,726)**	(23,584,107)	(16,262,759)
	P 7,927,776	(P 49,574,972)	P 29,354,662

(b) EACCI and FEUAI

Prior to 2017, EACCI issued its newly authorized preferred shares to EAEF, a related party under common management. In 2019, EACCI issued additional authorized preferred shares to NREF, a related party under common management (see Note 24.1). Total cost of preferred shares issued and outstanding amounts to P1.8 billion, P1.1 billion and P1.0 billion as of May 31, 2019, 2018 and 2017, respectively.

In 2019 and 2018, FEUAI also issued its newly authorized preferred shares to EAEF (see Note 24.1). Total cost of preferred shares issued and outstanding amounts to P529.0 million and P416.5 million as of May 31, 2019 and 2018, respectively.

Both non-controlling interests in EACCI and FEUAI relate to non-voting shares.

EACCI and FEUAI's preferred shares have the following features:

(a) Holders of the preferred stock have no pre-emptive right to subscribe to any or all issues or other disposition of shares of common stock or preferred stock of EACCI or FEUAI, including treasury stock, if any;

(b) Subject to availability of retained earnings and sufficient cash as may be determined by EACCI's BOT or FEUAI's BOD, holders of the preferred stock are entitled to receive, out of unrestricted retained earnings of the EACCI or FEUAI, non-cumulative dividends at the rate of 3% per annum based on the issue value of each share, payable annually on such date as may be determined by the EACCI's BOT or FEUAI's BOD from time to time;

(c) Preferred stock shall be non-voting (except in instances specifically provided by law) and non-participating as to the payment of dividends;

(d) Preferred stock may be redeemed at the option of the issuer regardless of existence of unrestricted retained earnings at an issue price equal to the issue value and under terms and conditions as determined by the EACCI's BOT or FEUAI's BOD; and,

(e) In the event of any voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of EACCI or FEUAI's operations, the holders of preferred stock shall have preference and p riority as to the net assets of EACCI or FEUAI or proceeds thereof over the holders of common stock.

During the years ended May 31, 2019 and 2018, the BOT of EACCI declared cash dividend to all of their stockholders. Accordingly, EAEF received P25.0 million, P26.3 million and P25.0 million from each of the said declarations in 2019, 2018 and 2017, respectively.

A summary of financial information of FEUAI and EACCI as of and for the years ended May 31, 2019, 2018 and 2017, before intragroup eliminations are shown below (in thousands).

	EACCI	FEUAI
May 31, 2019		
Total assets	P 2,685,323	P 2,021,468
Total liabilities	221,628	586,932
Total equity	2,463,696	1,434,536
Total revenue	908,437	131,916
Net profit (loss) for the year	391,544	(4,287)
Net cash from operating activities	986,937	24,676
Net cash used in investing activities	(268,335)	(101,077)
Net cash from (used in) financing activities	(3,340)	473,000
	P 715,262	**P 396,599**
May 31, 2018		
Total assets	P 2,238,101	P 1,398,381
Total liabilities	146,187	301,132
Total equity	2,091,914	1,097,249
Total revenue	646,492	507
Net profit (loss) for the year	285,684	(11,454)
Net cash from (used in) operating activities	(509,754)	193,597
Net cash used in investing activities	(71,779)	(689,608)
Net cash from (used in) financing activities	(2,090)	602,500
	(P 583,623)	P 106,489
May 31, 2017		
Total assets	P 1,931,907	P 557,328
Total liabilities	119,973	51,126
Total equity	1,811,934	506,202
Total revenue	717,159	-
Net profit (loss) for the year	328,834	(9,130)
Net cash from operating activities	331,788	36,727
Net cash used in investing activities	(21,386)	(488,326)
Net cash from (used in) financing activities	(50,840)	510,250
	P 259,562	P 58,651

26. EARNINGS PER SHARE

EPS amounts were computed as follows:

	2019	2018	2017
Net profit attributable to owners of the parent company	**P 753,271,625**	P 492,229,280	P 749,519,197
Divided by weighted average number of shares outstanding, net of treasury stock of 89,967, 88,967 and 83,195 as of May 31, 2019, 2018 and 2017, respectively	**16,425,220**	16,430,700	16,434,790
Basic and diluted EPS	**P 45.86**	P 29.96	P 45.61

The weighted number of shares as of May 31, 2019, 2018 and 2017 are computed as follows:

	Number of Shares	Months Outstanding	Weighted Number of Shares
May 31, 2019			
Balance at beginning of year	16,425,387	12	197,104,644
Purchase of treasury stock during the period – April 2019	(1,000)	2	(2,000)
Balance at end of period	16,424,387		197,102,644
Divided by total months during the year			12
Weighted average number of shares outstanding as of May 31, 2019			**16,425,220**
May 31, 2018			
Balance at beginning of year	16,431,159	12	197,173,908
Purchase of treasury stock during the period:			
July 2017	(132)	11	(1,452)
September 2017	(5,000)	9	(45,000)
January 2018	(61)	5	(305)
February 2018	(579)	4	(2,316)
Balance at end of period	16,425,387		197,124,835
Divided by total months during the year			12
Weighted average number of shares outstanding as of May 31, 2018			16,427,070

	Number of Shares	Months Outstanding	Weighted Number of Shares
May 31, 2017			
Balance at beginning of year	16,444,038	12	197,328,456
Purchase of treasury stock during the period:			
August 2016	(209)	10	(2,090)
September 2016	(100)	9	(900)
September 2016	(10,000)	9	(90,000)
November 2016	(2,570)	7	(17,990)
Balance at end of period	16,431,159		197,217,476
Divided by total months during the year			12
Weighted average number of shares outstanding as of May 31, 2017			16,434,790

The University has no dilutive potential common shares as of May 31, 2019, 2018 and 2017; hence, the diluted earnings per share is the same as the basic earnings per share in all the periods presented.

27. EVENTS AFTER THE END OF THE REPORTING PERIOD

As of reporting date, there were no significant events that have any impact on the Group's consolidated financial statements for the year ended May 31, 2019.

27.1 Appropriations of Retained Earnings

On September 10, 2019, the University's BOT approved the following changes in the appropriation of retained earnings as of May 31, 2019:

	May 31, 2019	Reversal	September 10, 2019
Property and investment acquisition	P 1,631,000,000	(P 183,000,000)	P 1,448,000,000
Expansion of facilities	164,000,000	(53,000,000)	111,000,000
Contingencies	190,000,000	(10,000,000)	180,000,000
General retirement	90,000,000	(90,000,000)	-
Purchase of equipment and improvements	92,000,000	75,000,000	167,000,000
Treasury stock	3,733,100	-	3,733,100
	P 2,170,733,100	(P 261,000,000)	P 1,909,733,100

27.2 Dividend Declaration

On September 10, 2019, the BOT approved the declaration of a stock dividend of 46% on the University's outstanding capital stock, or a total stock dividend of up to 7,579,414 shares of common stock, payable out of unrestricted retained earnings as of May 31, 2019.

On September 10, 2019, a cash dividend of P10 per share was declared to all stockholders of record as of September 24, 2019, payable on October 9, 2019. Total cash dividend amounted to P164,770,230.

27.3 Approval of Increase in Authorized Capital Stock

On September 10, 2019, the BOT approved the increase in the University's authorized capital stock from P2.0 billion divided into 20.0 million shares of common stock, with a par value of P100.0 per share.

27.4 Approval of Additional Subscription of Shares

On September 10, 2019, the BOT approved the additional subscription of 153.0 million Edustria Incorporated shares with a par value of P1 per share.

The foregoing post year-end events did not have any impact on its financial statements as of and for the year ended May 31, 2019.

28. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

28.1 Capital Commitments – Related to Condominium Units Acquired

As of May 31, 2019, 2018 and 2017, FRC has commitments of about P116.6 million, P143.4 million and P61.3 million, respectively, for the condominium units acquired at pre-selling stage that are currently under construction.

28.2 Operating Lease Commitments

(a) Group as Lessor

As discussed in Note 24.3, FRC lease out certain buildings to EAEF and NREF for varying periods. 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 are shown below.

	2019	2018	2017
Within one year	**P 23,123,123**	P 12,000,000	P 20,430,890
After one year but not more than five years	**42,890,129**	48,000,000	80,164,518
More than five years	**7,568,490**	8,000,000	61,790
	P 73,581,742	P 68,000,000	P 100,657,198

(b) Group as Lessee

The Group is a lessee under operating lease agreements covering rentals of event venues, transportation vehicles and small items of equipment used for various students' and employees' activities. Total rentals for the years ended May 31, 2019, 2018 and 2017 amounted to P14.2 million, P12.3 million and P5.7 million, respectively (see Note 20). There are no expected future minimum rental payments beyond one year as these contracts cover short periods only.

28.3 Open Legal Cases

As of May 31, 2019, the University and EACCI both have a pending court case against the local government of City of Manila where it is contesting the imposition of local business tax on the tuition fees collected. The University and EACCI's protest is grounded on the following premises: (i) the lack of specific provision in the Local Government Code and in the Local Tax Code of Manila authorizing the City of Manila to impose a business tax of 1% on tuition fees; (ii) prescription; and, (iii) violation of due process. The local business tax being contested covers taxable years 2009 to 2013 and 2013 to 2017 for the University and EACCI, respectively.

In 2019, the University and EACCI paid under protest the aforementioned deficiency local business taxes amounting to P189.9 million and P35.4 million, respectively. The payment was made under protest and was not to be construed as a waiver of rights of the University to exercise legal remedies in connection with the aforementioned case and to claim for refund of the payment. Despite the payment made, the case is ongoing as the University and EACCI are still protesting the assessment and payment before the Regional Trial Court.

Also, as of the same date, the University is a defendant in certain civil cases, which are pending before the National Labor Relations Commission, Court of Appeals and the Supreme Court.

As of May 31, 2019, no final decision has been rendered by the courts in the above-mentioned cases; hence, no provision for contingencies is recognized.

28.4 Provisions and Other Contingencies

There are recognized provisions in the consolidated statements of financial position that arise in the normal course of certain subsidiary's operations. Also, 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 provisions, 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 25.3).

29. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group aims to provide returns on equity to shareholders while managing operational and strategic objectives. The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or obtain debt financing.

The Group defines capital as paid-in capital stock and retained earnings, both appropriated and unappropriated. Other components of equity such as treasury stock and revaluation reserves are excluded from capital for purposes of capital management. The BOT has overall responsibility for monitoring of capital in proportion to risks. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business, operation and industry.

The University monitors capital on the basis of debt-to-equity ratio, which is calculated as total liabilities divided by total adjusted equity (comprised of capital stock and retained earnings) attributable to owners of the parent company. Capital for the reporting periods under review is summarized below.

	2019	2018	2017
Total liabilities	**P 4,211,883,371**	P 4,145,997,280	P 3,137,217,789
Total adjusted equity attributable to owners of the parent company	**7,371,033,466**	7,008,976,695	6,779,558,727
Debt-to-equity ratio	**0.57 : 1.00**	0.59 : 1.00	0.46 : 1.00

The Group's goal in capital management is to maintain a lower liability compared with its adjusted equity or a debt-to-equity structure ratio of not more than 1.00 : 1.00. This is in line with the University's bank covenants related to its borrowings, which requires the University to maintain a debt-to-equity structure ratio of not more than 2.00 : 1.00 and debt service coverage ratio of at least 1.2x.

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.

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of liabilities arising from various financing activities in fiscal year 2019.

	Interest-bearing Loans (Note 18)	**Dividends Payable** (Note 17)	**Accrued Interest**	**Total**
Balance at June 1, 2018	P2,517,142,858	P 201,661,265	P 3,691,805	P2,722,495,928
Cash flows from financing activities:				
Repayments of loans	(428,571,429)	-	-	(428,571,429)
Proceeds from additional loans	270,000,000	-	-	270,000,000
Dividends paid	-	(249,095,841)	-	(249,095,841)
Interest paid including borrowing cost	-	-	(95,072,981)	(95,072,981)
Non-cash financing activities:				
Dividend declarations	-	262,805,944	-	262,805,944
Accrual of interest	-	-	62,418,472	62,418472
Capitalized borrowing cost	-	-	33,654,509	33,654,509
Balance at May 31, 2019	**P2,358,571,429**	**P 215,371,368**	**P 4,691,805**	**P2,578,634,602**

	Interest-bearing Loans (Note 18)	Dividends Payable (Note 17)	Accrued Interest	Total
Balance at June 1, 2017	P1,950,000,000	P 181,662,771	P 540,308	P2,132,203,079
Cash flows from financing activities:				
Proceeds from additional loans	795,000,000	-	-	795,000,000
Dividends paid	-	(242,812,818)	-	(242,812,818)
Repayments of loans	(227,857,142)	-	-	(227,857,142)
Interest paid	-	-	(80,647,392)	(80,647,392)
Non-cash financing activities:				
Dividend declarations	-	262,811,312	-	262,811,312
Capitalized borrowing cost	-	-	14,700,000	14,700,000
Accrual of interest	-	-	69,098,889	69,098,889
Balance at May 31, 2018	P2,517,142,858	P 201,661,265	P 3,691,805	P2,722,495,928

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INDEX TO SUPPLEMENTAL SCHEDULES
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Statement of Management's Responsibility for the Consolidated Financial Statements

Independent Auditor's Report on the SEC Supplementary Schedules Filed Separately from the Basic Financial Statements

Supplementary Schedules to Consolidated Financial Statements (Form 17-A, Item 7)

Other Required Information

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities (Current Marketable Securities and Other Short-term Cash Investments)
May 31, 2019

Name of Issuing Entity and Association of Each Issue	*Number of Shares or Principal Amount of Bonds and Notes*	*Amounts Shown on the Statements of Financial Position*	*Income Received and Accrued*
Bank of the Philippine Islands (BPI) Trust Account:			
Government Securities			
FXTN 2017MR	P 4,500,000	P 5,323,056	
FXT1060MR	1,544,188	1,414,922	
FXT2511MR	3,438,971	2,947,580	
RTB3-12	3,000,000	3,078,550	
FXT2023	14,700,000	16,535,982	
FXT1064	4,700,000	5,093,304	
Corporate Bonds			
SMCGPDBDM	P 15,000,000	P 14,328,722	
AC BOND	15,000,000	15,199,044	
AC BOND	34,500,000	34,632,136	
APC-BONDM	2,000,000	1,832,818	
FLI BOND	20,000,000	19,998,477	
GTCAP BOND	30,000,000	29,734,515	
SMPH-BOND	20,000,000	19,476,876	
SMIC-BNDM	9,200,000	9,009,668	
ALI BOND	5,000,000	4,566,318	
CPI-BOND	7,900,000	7,456,513	
MCC-DSPN	13,000,000	12,743,502	
Equity Securities			
Common Shares			
BDO	52,603	P 7,259,214	
BPI	138,470	11,188,376	
MBT	86,973	6,240,313	
SECB	37,300	6,527,500	
AP	101,400	3,701,100	
MER	2,180	839,300	
JFC	14,090	4,057,920	
URC	32,770	5,472,590	
AC	13,595	12,493,805	
AEV	148,860	8,321,274	
AGI	134,460	2,097,576	
DMC	222,750	2,356,695	
GTCAP	4,994	4,309,822	
JGS	115,130	7,207,138	
MPI	1,140,390	5,131,755	
SM	13,677	12,883,734	
ALI	240,726	11,915,937	
MEG	217,160	1,281,244	
RLC	154,116	4,007,016	
SMPH	330,580	13,157,084	
TEL	5,275	7,121,250	
PGOLD	34,570	1,541,822	
RRHI	32,900	2,401,700	
SCC	118,640	2,610,080	
Preferred Shares			
FGENG	50,000	P 5,200,000	
ACPB1	100,000	47,500,000	
ACPB2	50,000	24,500,000	
DMPA1	50,000	26,601,599	
Mutual Funds			
PIMINIA	6,264	P 4,913,757	
Unit Investment Trust Fund (UITF)			
STF UITF	41,934	P 6,327,421	
BPI USSTF	3,794	60,340,174	
GOVT.ETF	5,747	7,688,934	
PDBIF	1,075	12,719,933	

Forward

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities (Current Marketable Securities and Other Short-term Cash Investments)
May 31, 2019

Name of Issuing Entity and Association of Each Issue	*Number of Shares or Principal Amount of Bonds and Notes*	*Amounts Shown on the Statements of Financial Position*	*Income Received and Accrued*
Bank of the Philippine Islands (BPI) Trust Account (continuation):			
Other Trust Assets and Liabilities			
Interest and other receivables	-	-	
Net accounts and other trust payables	-	-	
Totals for BPI Trust Account (FEU)		**P 543,288,045**	
Totals for BPI Trust Account (EACCI)		**P 102,392,850**	
Banco De Oro (BDO) Trust Account:			
Government Securities			
FXTN 10-59 (IMA-TX)	P 1,237,933	P 1,169,025	
FXTN 20-16 (TX) IMA	2,530,000	3,089,297	
FTXN 20-11 (TX) IMA	1,600,000	2,063,324	
FXTN 5-73 (TX) IMA	14,215,000	13,924,287	
FXTN 10-55 (IMA-TX)	2,000,000	2,009,933	
FXTN 10-54 (TX) IMA	3,700,000	3,759,991	
RETAIL TREASURY BOND 25-1 (TX-IMA)	7,400,000	7,647,535	
FXTN 5-74 (IMA-TX)	25,160,000	24,395,886	
FXTN 5-75 (IMA-TX)	5,000,000	5,005,904	
RETAIL TREAS BOND (R5-11) IMA	12,000,000	11,728,074	
FXTN 7-62 (IMA-TX)	26,861,000	27,776,271	
RETAIL TREASURY BOND (R5-12) IMA	19,000,000	19,498,444	
FXTN 10-64 (IMA-TX)	4,500,000	4,876,699	
FXTN 7-57 (TX) IMA	62,209,000	62,356,148	
TREASURY BILLS (IMA-TX)-HTC	6,000,000	5,997,796	
Corporate Bonds			
San Miguel Brewery Bond 10Yrs	9,000,000	8,996,805	
Rockwell Land Corp. Bond (TX) I	5,500,000	5,501,921	
Aboitiz Equity Ventures 7-Yr	20,200,000	20,164,246	
PLDT Fixed Rate Corp Bond - 7Yr	41,000,000	40,977,395	
Filinvest Land Inc Bond - 7Yrs	5,730,000	5,712,242	
JG Summit - 5Yr & 6Mos Bond (TX-IMA)	46,000,000	45,983,670	
Energy Dev't Corp. Bond 7 Yrs	6,000,000	5,997,870	
Globe Telecom Bond 7 Years (TX)	10,000,000	9,989,630	
Ayala Land Inc. Corporate Bond	16,230,000	16,224,238	
Ayala Multiple Put Bonds (IMA)	9,100,000	9,083,893	
ABS-CBN Bond - 7Yrs (TX) IMA	5,000,000	4,979,240	
JG Summit Holdings - 7Yr Bond (TX)	1,000,000	998,467	
Filinvest Dev Corp Bond - 10Yrs	3,000,000	3,002,124	
Ayala Land Inc. Corporate Bond	1,000,000	989,170	
RCBC Unsec. Sub. Notes (TX-VTA)	8,500,000	8,478,430	
Aboitiz Power Corp Bonds (Tax)	29,700,000	29,689,457	
Robinsons Land Corp. Fixed Rate	17,500,000	17,481,677	
Ayala Corporation Bond (TX-IMA)	2,000,000	2,157,451	
Aboitiz Equity Ventures 7 Year	5,000,000	4,991,150	
Megaworld Corp Bond (IMA-TX)	31,470,000	31,458,828	
Ayala Land Inc. Corporate Bond	8,000,000	7,997,160	
Petron Corp. 5Yr Bonds (IMA)	5,000,000	4,991,150	
BPI Fixed Rate Bonds (IMA-TX)	3,900,000	3,895,484	
UBP Fixed Rate Bonds (IMA-TX)	1,100,000	1,099,199	
BDO Fixed Rate Bonds (IMA-TX)	27,600,000	27,568,039	
RCBC Unsec. Sub. Notes (IMA-TX))	12,720,000	12,698,681	
Reversal of Expected Credit Losses (ECL)		353,399	
Long Term Negotiable Certificate of Deposit (LTNCD)			
SECURITY BANK CORP. LTNCD (IMA	33,000,000	32,982,675	
BPI LTNCD (IMA-TX) HTM	17,500,000	17,490,813	

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FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities (Current Marketable Securities and Other Short-term Cash Investments)
May 31, 2019

Name of Issuing Entity and Association of Each Issue	*Number of Shares or Principal Amount of Bonds and Notes*		*Amounts Shown on the Statements of Financial Position*	*Income Received and Accrued*
Banco De Oro (BDO) Trust Account (continuation):				
Equity Securities				
Common Shares				
MEG	866,160	P	5,110,344	
GLO	1,702		3,693,340	
TEL	4,122		5,564,700	
URC	20,330		3,395,110	
RLC	231,230		6,011,980	
PCOR	666,500		4,078,980	
ALI	363,520		17,994,240	
JGS	111,310		6,968,006	
ICT	49,450		6,725,200	
JFC	19,395		5,585,760	
MBT	135,872		9,748,816	
BPI	63,897		5,162,878	
AC	15,594		14,330,886	
MPI	1,257,070		5,656,815	
SMPH	328,188		13,061,882	
AEV	20,080		1,122,472	
MER	1,880		723,800	
DMC	48,530		513,447	
BDO	84,560		11,669,280	
SM	25,428		23,953,176	
AP	92,360		3,371,140	
PGOLD	41,690		1,859,374	
GTCAP	2,492		2,150,596	
SCC	145,510		3,201,220	
RRHI	91,460		6,676,580	
DNL	388,360		3,937,970	
MWIDE	123,580		2,496,316	
WLCON	261,440		4,439,251	
Preferred Shares				
DD	49,000		4,802,000	
FGENF	145,000	P	15,080,000	
FPHP	56,000		26,588,800	
GLOBE PREF	96,240		46,772,640	
GT Captial Holdings Inc. Series	4,500		4,045,500	
UITF				
BDO-TRUST & INV	101,734	P	12,056,012	
Totals for BDO Trust Account (FEU)		**P**	**865,781,628**	
Total for BDO Trust Account (EACCI)		**P**	**67,325,090**	
HSBC Account:				
UITF				
SEI GBL MSTR FD PLC - GBL FX INC FD USD	21,605	P	19,091,875	
SEI GBL MSTR FD PLC - US CORE FX INC	37,405		38,447,916	
SEI GBL MSTR FD PLC - EMRG MKTS DBT FD USD	10,607		15,581,004	
SEI GBL MSTR FD PLC - GBL OPP FX INC USD	19,189		19,143,009	
SEI GBL MSTR FD PLC - HGH YLD FX INC USD	4,654		10,741,863	
SEI GBL MSTR FD PLC - EMRG MKTS EQTY USD	5,668		8,982,890	
SEI GBL MSTR FD PLC - GBL EQTY USD	80,998		51,808,554	
SEI GBL MSTR FD PLC - GBL MGD VOL FD USD H	29,151		18,249,684	
SEI GBL MSTR FD PLC - PAN EURO SML CAP USD	5,023		3,724,659	
SEI GBL MSTR FD PLC - US SML COMPNS FD USD	1,398		6,351,287	
VINTAGE 2018 CARLYLE LP A USD	500,000		2,606,579	
HSBC DIVERSIFIED LOAN SCSP RAIF A USD	500,000		26,118,681	
Others	-		364,927	
Totals for Hong Kong and Shanghai Banking Corporation Account		**P**	**221,212,928**	

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FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities (Current Marketable Securities and Other Short-term Cash Investments)
May 31, 2019

Name of Issuing Entity and Association of Each Issue		*Number of Shares or Principal Amount of Bonds and Notes*		*Amounts Shown on the Statements of Financial Position*		*Income Received and Accrued*
Other Investments (Other BPI Accounts)						
Total Other Investments of FRC			P	101,715,321		
Equity Securities						
Commons Shares						
CEU		2,148,407		15,898,212		
TECB2		281,000		14,684,217		
Preferred Shares						
GTPPA		7,940	P	7,138,060		
Total			P	37,720,489		
UITF						
BPI SHORT TERM UITF		26,722	P	4,032,055		
BPI US DOLLAR SHORT TERM FUND		254		4,052,034		
BGF EURO SPL SITS FN NON DIS A2 USD HDGE		20,134		17,665,472		
BGF EURO SPL SITS FN NON DIS A2 USD HDGE		13,157		11,543,886		
BGF CONTINENTAL FN NON DIS A2 USD HDGE		2,300		1,542,052		
BGF EURO SPL SITS FN NON DIS A2 USD HDGE		913		801,062		
BGF CONTINENTAL FN NON DIS A2 USD HDGE		945		1,354,078		
BGF ASN GRWTH LDERS FN NON DIS A2		3,131		2,817,479		
BGF GLO EQTY IN FN NON DIS A2		4,398		3,831,204		
BGF EUROPN SPCL SITS FN NON DIS A2 USD		278		703,564		
BGF GLO MULTI ASSET IN FN DIS A6 USD		5,765		2,798,560		
BGF EMERGING EUROPE FN NON DIS A2		628		3,822,036		
Total			P	54,963,482		
Corporate Bonds with Cross Currency Swaps (CCS)						
MQGAU CCS 7.75% 2/13, 8/13	$	500,000	P	26,448,971		
FCD CCS 4.55% 10/2, 4/2		500,000		26,109,716		
MQGAU CCS 6.25% 7/14, 1/14		500,000		26,972,103		
First Pac CCS 6.2% 12/28, 6/28		400,000		21,219,861		
FDC CCS 4.45% 10/2, 4/2		500,000		26,100,658		
ICT CCS 7.6% 9/17, 3/17		600,000		32,995,466		
FDC CCS 4.45% 10/2, 4/2		500,000		25,787,773		
Total			P	185,634,546		
Corporate Bonds						
PETRON CORPORATION (3.2%, 10/27/2021)	P	15,000,000	P	15,000,000		
ABOITIZ VENTURES (TXI)		1,000,000		998,230		
AYALA CORP. FXD RATE BNDS (TX-		1,400,000		1,397,522		
AYALA LAND CORP BND TRNCHE2 (I		3,900,000		3,898,616		
AYALA LAND INC. CORP BOND (IMA		5,000,000		4,998,225		
AYALA LAND INC. CORP. BOND (IM		1,000,000		999,645		
BDO FIXED RATE BONDS (IMA-TX)		3,100,000		3,094,569		
MEGAWORLD CORP. BOND (IMA-TX)-		4,030,000		4,028,569		
NLEX CORP 7YR (IMA-TX)-HTC		1,620,000		1,615,678		
PETRON CORP. 5 YR BONDS (IMA -		1,000,000		998,230		
RCBC FIXED RATE BONDS (IMA-TX)		1,700,000		1,695,799		
SECURITY BANK BONDS (IMA-TX) H		2,000,000		1,996,496		
BRASKEM FINANCE LTD PERPETUAL (remaining)	$	70,667		3,320,371		
SECURITY BANK CORP		150,000		7,894,237		
VLL INTERNATIONAL INC		400,000		21,028,440		
AYC FINANCE LIMITED (1)		500,000		26,589,543		
AYC FINANCE LIMITED (2)		500,000		26,016,740		
ICBCIL FINANCE CO LTD		300,000		15,649,684		
AC ENERGY FIN INTL LTD		200,000		10,349,563		
Total			P	151,570,156		
Grand Totals			**P**	**2,331,604,534**	**P**	**100,011,503**

Note:

The financial assets in this schedule is presented in the 2018 consolidated statement of financial position as follows.

Financial assets at fair value through profit or loss	*P*	*837,414,512*
Financial assets at fair value through other comprehensive income		*706,696,872*
Financial assets at amortized cost		*787,493,150*
	P	*2,331,604,534*

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)
May 31, 2019

Name and Designation of Debtor	*Balance at Beginning of Period*	*Additions*	*Deductions*		*Current*	*Non-Current*	*Balance at End of Period*
			Amounts Collected	*Amounts Written-Off*			
ABAD, DIEGO JOSE	P 1,244	-	-	P -	P 1,244	P -	P 1,244
Abala, Genelin	155	-	-	-	155	-	155
ABALOS, JOHN CARLO	-	-	(200)	-	(200)	-	(200)
ABANTAO, BANILINE	-	-	(1,790)	-	(1,790)	-	(1,790)
Abanto, Flordeliz L.	(18,280)	-	(725)	-	(19,005)	-	(19,005)
Abarrientos, Johnny	4,150	-	(7,263)	-	(3,113)	-	(3,113)
ABAYON, DARWIN	-	-	(282)	-	(282)	-	(282)
ABBAS, JAMAL	(681)	-	-	-	(681)	-	(681)
ABEJERO, ANGELO	-	-	(2,499)	-	(2,499)	-	(2,499)
ABELARDO, LUZVIMINDA	7,440	-	-	-	7,440	-	7,440
Abella, Maria Corazon	59,045	-	(59,045)	-	-	-	-
Abello, Susan	10,062	-	-	-	10,062	-	10,062
Abenoja, Hazel	(709)	-	-	-	(709)	-	(709)
Abitria, Rommel	(972)	-	(1,036)	-	(2,008)	-	(2,008)
Abrenica, Vergenee Marree	(1,654)	-	(563)	-	(2,218)	-	(2,218)
ABRIGO, ALDREN	(518)	-	(483)	-	(1,001)	-	(1,001)
Acero, Francis	(177)	-	-	-	(177)	-	(177)
ACHACOSO, MARC DAVID	(500)	-	-	-	(500)	-	(500)
ACOL, ARCADIO	-	-	(572)	-	(572)	-	(572)
ACOMULAR JR., MELQUIADES A	224,000	-	(112,000)	-	112,000	-	112,000
ACOMULAR, MICHELLE S	-	-	(1,660)	-	(1,660)	-	(1,660)
Ador, Lauro	529	-	-	-	529	-	529
Adriano, Jose Arsenio	-	-	(280)	-	(280)	-	(280)
Advincula, Helen	13,939	-	(13,939)	-	-	-	-
AFUNDAR, CHRISTIAN LEMUEL	56,000	-	(56,000)	-	-	-	-
AGAR, ANNE GERALDINE	-	-	(681)	-	(681)	-	(681)
Agnes, Reynold D.	13,400	-	(9,225)	-	4,175	-	4,175
AGPAOA, VERLE	(1,009)	-	-	-	(1,009)	-	(1,009)
Agub, Christian	(881)	-	-	-	(881)	-	(881)
Aguila, Eirene Jhone	(345)	-	(745)	-	(1,090)	-	(1,090)
Aguila, Fitzgerald	9,105	-	-	-	9,105	-	9,105
AGUILAR MAESTRO, MELROSE	-	-	(1,063)	-	(1,063)	-	(1,063)
AGUSTIN, ALLIE	(691)	-	(1,441)	-	(2,132)	-	(2,132)
Agustin, Maria Theresa A.	10,145	3,360	(4,865)	-	8,640	-	8,640
AHMAD, INOCENCIA	(663)	-	-	-	(663)	-	(663)
AHMADZADEH, TERESITA	6,220	-	-	-	6,220	-	6,220
AKBAR, MARIA CHRISTINA	(1,072)	-	-	-	(1,072)	-	(1,072)
Alabarca, Wilma	842	-	-	-	842	-	842
Alava, Karla Jane D.	8,300	-	-	-	8,300	-	8,300
Alba, Michael	182,562	(199,696)	(73,903)	-	(91,037)	-	(91,037)
Albano, Allan Rey	4,150	-	(7,263)	-	(3,113)	-	(3,113)
Alberto, Julianne S	1,772	-	-	-	1,772	-	1,772
ALCANO, ERNESTO	(500)	-	(1,363)	-	(1,862)	-	(1,862)
ALCANTARA, APRIL DE GUZMAN	-	-	(1,363)	-	(1,363)	-	(1,363)
ALCARTADO, LEONORA B	5,061	-	(5,061)	-	-	-	-
ALDEA, MARY GRACE	(1,608)	-	-	-	(1,608)	-	(1,608)
Alejandro, Grecebio Jonathan	(400)	-	0	-	(400)	-	(400)
Alejandro, Ma. Michelle	2,229	-	-	-	2,229	-	2,229
Alejo, Cinderella	(491)	-	-	-	(491)	-	(491)
Alentajan, Carlo Bonifacio	(606)	-	(927)	-	(1,533)	-	(1,533)
ALER, DIOSDADO	-	-	(1,290)	-	(1,290)	-	(1,290)
ALFONSO, HANNAH JOYCE	-	15,000	(15,681)	-	(681)	-	(681)
ALFORTE, JUVY IRENE	119	-	-	-	119	-	119
Allam, Marion	(254)	-	(745)	-	(999)	-	(999)
ALMA, GERMAINE LOUISE	-	-	(500)	-	(500)	-	(500)
ALOG, JACKYLENE C.	-	35,967	(35,967)	-	-	-	-
ALVAREZ JR., ABEL	900	-	(900)	-	-	-	-
Alvendia, Balani	537	-	(7)	-	530	-	530
ALVERO, EDWARDO	-	23,320	(6,225)	-	17,095	-	17,095
ALVERO, MARK	1,974	-	(1,974)	-	-	-	-
ALVIOR, ELIZABETH	-	-	(1,363)	-	(1,363)	-	(1,363)
Amacan, Normita	5,778	-	-	-	5,778	-	5,778
Amarante, Nora	(35,756)	-	-	-	(35,756)	-	(35,756)
AMION, ERICKSON	-	-	(1,172)	-	(1,172)	-	(1,172)
Amlog, Jocelyn A.	45,000	-	-	-	45,000	-	45,000
Amoncio, Lilia	(600)	-	-	-	(600)	-	(600)
Amoroso, Dranyl	(77)	-	-	-	(77)	-	(77)
Ampatin, Estrella V.	82,536	-	-	-	82,536	-	82,536
ANCHO, INERO	(504)	-	-	-	(504)	-	(504)
Andal, Elvira	(663)	-	-	-	(663)	-	(663)
Andal Jr., Sergio	(2,358)	-	(591)	-	(2,948)	-	(2,948)
ANDAYA, EDWARD	5,326	-	(5,000)	-	326	-	326
Andaya, Marie Jina	4,418	-	(4,418)	-	-	-	-
ANDAYA, MARK	-	-	(326)	-	(326)	-	(326)
Andrada, Gayleen H.	200	-	-	-	200	-	200
Andrade, Ru-gie Ann	1,400	-	-	-	1,400	-	1,400
ANES, JOHANNA	-	-	(681)	-	(681)	-	(681)
Ang-Angco Jr., Alfredo	2,017	-	-	-	2,017	-	2,017
ANGAT, BERNADETTE G	13,671	-	-	-	13,671	-	13,671
ANGELES JR., GEORGE	-	15,000	(15,000)	-	-	-	-

Forward

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions: Amounts Collected	Deductions: Amounts Written-Off	Current	Non-Current	Balance at End of Period
Angeles, Jocelyn Angelita	P 1,384	P 12,300	-	P -	P 13,684	P -	P 13,684
ANICETE, ROMMEL	15,717	-	(15,717)	-	-	-	-
Anido, Cecilia I.	79,257	-	-	-	79,257	-	79,257
Anot Jr., Juanito	(794)	-	-	-	(794)	-	(794)
Ansano, Bela R.	11,590	-	-	-	11,590	-	11,590
ANTIG, LUIS DOMINICK	-	-	(1,363)	-	(1,363)	-	(1,363)
ANTONIO, JONADAB B.	-	30,000	(30,000)	-	-	-	-
Apilado, Kathleen	1,300	-	-	-	1,300	-	1,300
APOLONIO, ROCEL	308,000	84,000	(84,000)	-	308,000	-	308,000
AQUINO, ABNER	-	-	(672)	-	(672)	-	(672)
Aquino, Anna Esperanza	(1,326)	-	681	-	(645)	-	(645)
Aquino, David Robert	1,254	-	-	-	1,254	-	1,254
Aquino, Jefferson	-	2,880	-	-	2,880	-	2,880
Aquino, Riza Manaois	1,985	-	(1,985)	-	-	-	-
Aquino, Tetchie	(427)	-	-	-	(427)	-	(427)
Aquino, Timoteo	(899)	-	(927)	-	(1,825)	-	(1,825)
Aragones, Mary Ann F.	422	-	-	-	422	-	422
Araneta-Alana, Ma Nina	(899)	-	-	-	(899)	-	(899)
ARANZAMENDEZ, ROSALINA	-	-	(511)	-	(511)	-	(511)
Arboleda, Allen Dave	(436)	-	-	-	(436)	-	(436)
ARCEO, ALELI	(282)	-	(143)	-	(424)	-	(424)
Areola, Vina	7,700	-	-	-	7,700	-	7,700
Arizabal, Axel	-	-	(563)	-	(563)	-	(563)
Armingol, Kevin	(505)	40,000	(168)	-	39,326	-	39,326
AROJADO, LAWRENCE	-	16,600	(6,225)	-	10,375	-	10,375
ARPON, APRIL ROSE	-	-	(336)	-	(336)	-	(336)
Arreca, Emma	1,237	-	-	-	1,237	-	1,237
ARREDO, Ma. Kathern.	-	48,750		-	48,750	-	48,750
Arroyo, Emil R.	(980)	-	-	-	(980)	-	(980)
Arshed, Muhammad	-	-	(354)	-	(354)	-	(354)
Artus, Glaiza	4,150	-	(7,263)	-	(3,113)	-	(3,113)
ARZADON, SYCHEM	-	15,000	(15,681)	-	(681)	-	(681)
ASIA, JOSEPHUS	-	-	(745)	-	(745)	-	(745)
Asiatico, Ma. Dinah	1,908	-	-	-	1,908	-	1,908
Asis, Josephus Joannes	(709)	-	-	-	(709)	-	(709)
ASISTIO, EUNICE	-	-	(681)	-	(681)	-	(681)
ASPA, ROBERT	-	-	(818)	-	(818)	-	(818)
Astrologo, John Gervin	-	-	(3,113)	-	(3,113)	-	(3,113)
ASUNCION, ERIC JAYSON V	196,000	-	(185,000)	-	11,000	-	11,000
Asuncion, Janin Azeq Laxau R.	270	-	-	-	270	-	270
Asuncion, Miguel	753	-	-	-	753	-	753
Asuncion, Ruben	-	-	663	-	663	-	663
Atanacio, Fe A.	975	-	-	-	975	-	975
Atanacio, Heidi	29,476	84,000	(1,476)	-	112,000	-	112,000
ATON, PEDRITO	-	-	(1,136)	-	(1,136)	-	(1,136)
Avila, Virgilio	654	-	-	-	654	-	654
Awi, Eric	1,254	-	-	-	1,254	-	1,254
AYAP, SEAN JUSTIN	-	16,600	(6,225)	-	10,375	-	10,375
Ayson, Arcelli R.	131	41,600	(131)	-	41,600	-	41,600
Ayson, Rosalino	1,763	-	(1,763)	-	-	-	-
AZARCON, JOCELYN	-	-	(1,363)	-	(1,363)	-	(1,363)
BABARAN, RIZA GONZALES	1,772	-	-	-	1,772	-	1,772
Baccay, Yolanda	5,376	-	(5,376)	-	-	-	-
BACONG, JEANIE ROSE.	-	-	(1,666)	-	(1,666)	-	(1,666)
Badilla, Nelson S.	69	-	-	-	69	-	69
Baddiri, Edilwasif	2,725	-	(818)	-	1,908	-	1,908
BAGTAS, ELENA	-	-	(318)	-	(318)	-	(318)
BAGUISI, ALAIN	(409)	-	-	-	(409)	-	(409)
Baja, Lauro L.	996	-	-	-	996	-	996
Balasa, Mark	-	-	(1,844)	-	(1,844)	-	(1,844)
Balbastro, Maria Theresa R.	2,007	-	-	-	2,007	-	2,007
Balbuena, Prikem	200	-	-	-	200	-	200
BALDO, CERLINDA	-	14,400	(14,400)	-	-	-	-
BALDOVINO, CARMELO JR	(1,281)	-	-	-	(1,281)	-	(1,281)
BALLARES, LEA D	8,575	-	(8,575)	-	-	-	-
BALOG, PERSIEUS	-	-	(681)	-	(681)	-	(681)
BANA III, NORBERTO	(1,363)	-	(609)	-	(1,971)	-	(1,971)
BANAL, RUSTON JR.	(572)	-	-	-	(572)	-	(572)
BANGAN, RALPH JERVIS	-	15,000	(15,000)	-	-	-	-
Bantayan, Maria Emilia R.	5,710	-	-	-	5,710	-	5,710
BARILE, MONIQUE	(2,044)	-	-	-	(2,044)	-	(2,044)
BARO, GERALD DICK.	-	-	(2,944)	-	(2,944)	-	(2,944)
Baroque Jr, Teodoro	200	-	(1,390)	-	(1,190)	-	(1,190)
BARREDO, MA. KATHRYN	(781)	-	(50,794)	-	(51,575)	-	(51,575)
Barrios, Jonathan	2,344	-	-	-	2,344	-	2,344
Barro, Liana	36,092	-	(36,092)	-	-	-	-
BARROGA, ALMA	2,180	-	(2,180)	-	-	-	-
BARTOLOME, MA. SOCORRO	-	-	(900)	-	(900)	-	(900)
BARTOLOME, REODERICK	-	-	500	-	500	-	500
BARTONICO, RENZ	(781)	-	-	-	(781)	-	(781)

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Name and Designation of Debtor	*Balance at Beginning of Period*	*Additions*	*Deductions*		*Current*	*Non-Current*	*Balance at End of Period*
			Amounts Collected	*Amounts Written-Off*			
Basinilio, Catherine	(P 844)	P -	-	P -	(P 844)	P -	(P 844)
BATALLA, VERONICA	4,093	-	-	-	4,093	-	4,093
Batiller Jr., Gregorio	(177)	-	-	-	(177)	-	(177)
Batin, Judith J.	975	-	-	-	975	-	975
Bautista, Aimee Dresa	(1,363)	-	-	-	(1,363)	-	(1,363)
Bautista, Clinton Kingsley	-	-	(3,113)	-	(3,113)	-	(3,113)
Bautista, Danilo	655	-	-	-	655	-	655
BAUTISTA, JEROME CHARLES	-	-	(282)	-	(282)	-	(282)
Bautista, Juan Andres	11,214	-	-	-	11,214	-	11,214
Bautista, Meinard	353	-	-	-	353	-	353
Bautista, Michelle	24,900	33,200	(37,350)	-	20,750	-	20,750
BAUTISTA, REINER CHAN	-	-	(1,581)	-	(1,581)	-	(1,581)
Bautista, Teresita	(1,128)	-	-	-	(1,128)	-	(1,128)
Belardo, Amy	31,825	16,600	(38,050)	-	10,375	-	10,375
BELARMINO, JIM	5,455	-	(5,455)	-	-	-	-
BELLEN, MARIANGELA	-	-	(252)	-	(252)	-	(252)
Belleza, Asuncion L.	826	16,600	(6,225)	-	11,201	-	11,201
Bello, Maria Eliza	(906)	-	-	-	(906)	-	(906)
Beltran, Loysabel	41,600	-	-	-	41,600	-	41,600
Benico, Ericson	14,500	-	-	-	14,500	-	14,500
Benicta, Eugeene	(681)	-	-	-	(681)	-	(681)
Bermachea, Ann Daryl	529	-	-	-	529	-	529
BERMUDEZ, ROSEMARIE	-	15,000	(16,363)	-	(1,363)	-	(1,363)
Bernaldez, Isachar	1,336	-	518	-	1,854	-	1,854
BERNALES - LUNA, GRECEL		32,000	(32,000)	-	-	-	-
Bernardo, Emily	889	-	-	-	889	-	889
Bernardo, Rodrigo	28,411	-	-	-	28,411	-	28,411
BESA, GRACE F.	-	65,023	(5,663)	-	59,360	-	59,360
Betia, Jem Ryn	980	-	(3,113)	-	(2,133)	-	(2,133)
Betita, Eva	(980)	-	-	-	(980)	-	(980)
Bilan, Jeanette L.	1,326	-	-	-	1,326	-	1,326
Billoso, Manuel	4,214	-	(4,214)	-	-	-	-
BINARAO ,ROMAEL	-	-	(781)	-	(781)	-	(781)
Bingculado, Roger	24,300	-	-	-	24,300	-	24,300
BINUYA, MARIA VERONICA	(609)	-	-	-	(609)	-	(609)
BISCOCHO, GLYZA VANETH	(636)	-	-	-	(636)	-	(636)
Bitagcul, Virgilio	12,831	-	(12,831)	-	-	-	-
Blas, Maria Theresa	-	-	(345)	-	(345)	-	(345)
Blas, Nikki	2,344	-	(681)	-	1,663	-	1,663
BO, MA. MELISSA	(691)	-	-	-	(691)	-	(691)
BOBADILLA, THANIA	-	13,234	-	-	13,234	-	13,234
BOBON, MARIE ANTONNETE	(1,990)	-	(482)	-	(2,471)	-	(2,471)
BOLO JR., BENJAMIN ARCANGEL	(681)	-	-	-	(681)	-	(681)
BONCAN, MARINIZA	-	-	(29,695)	-	(29,695)	-	(29,695)
BONGOLAN, JENNY SHIEL S.	-	-	(725)	-	(725)	-	(725)
BORDA, MA ADRIENNA LIEZL	-	15,000	(15,000)	-	-	-	-
BONTUYAN, PETER ALLAN	(1,281)	-	-	-	(1,281)	-	(1,281)
Borines, Marissa	(391)	-	-	-	(391)	-	(391)
BORJA, CATHERINE	-	-	(1,499)	-	(1,499)	-	(1,499)
BORJA, GENESIS	-	-	(663)	-	(663)	-	(663)
Borja, Sofriano	8,300	16,600	(14,525)	-	10,375	-	10,375
Borja, Victoria Ana	1,675	-	(1,675)	-	-	-	-
Botaslac, Benjamin	8,300	16,600	(14,525)	-	10,375	-	10,375
Bragas,Bernard	-	-	(681)	-	(681)	-	(681)
Bravo, Arnel	-	-	(725)	-	(725)	-	(725)
BREVA, ANNE GRETCHEN	-	32,000	(32,000)	-	-	-	-
Briones, Domingo	11,376	-	-	-	11,376	-	11,376
Briones, Iren	-	32,000	(32,000)	-	-	-	-
Briones, Ritchelle	(3,758)	-	-	-	(3,758)	-	(3,758)
BRIOSO, JOHN OLIVER	0	497		-	497	-	497
Brito, Razel	225	-	-	-	225	-	225
BRODBECK, ANNA MARIE G.	22,520	-	-	-	22,520	-	22,520
Bronce, Roentgen	(1,163)	-	-	-	(1,163)	-	(1,163)
BRUGADA, KRISTOFFER	(361)	-	-	-	(361)	-	(361)
BUEN, RONALD	-	-	(169)	-	(169)	-	(169)
Buenafe, Maria Belinda	43,553	37,269	-	-	80,822	-	80,822
BUENAVENTURA, DINA	-	15,000	(15,681)	-	(681)	-	(681)
BUENAVENTURA, ERNESTO M.	166,719	-	(254)	-	166,465	-	166,465
BUENCAMINO, FELIPE	(1,108)	-	-	-	(1,108)	-	(1,108)
BUENCONSEJO, ROSEMARIE	224,000	-	-	-	224,000	-	224,000
Bueno, Harold	(2,900)	-	-	-	(2,900)	-	(2,900)
Bueno, Marivie	10,371	-	-	-	10,371	-	10,371
Bunuan, Edita	-	4,500		-	4,500	-	4,500
Buquid, Apolonio A.	11,487	-	-	-	11,487	-	11,487
Bustamante, Maria Christine	499	-	-	-	499	-	499
Buzon, Nancy	2,175	-	-	-	2,175	-	2,175
Caagbay, Elpidio Z.	15,903	33,200	(26,858)	-	22,245	-	22,245
CAAWAY, JOSE JAMIR	10,000	-	-	-	10,000	-	10,000
CabaCaba, Mart Clever	-	-	(427)	-	(427)	-	(427)
Caballero, Dominador	(318)	-	-	-	(318)	-	(318)

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Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions: Amounts Collected	Deductions: Amounts Written-Off	Current	Non-Current	Balance at End of Period
Caballes, Bernadette	P 1,142	P -	P -	P -	P 1,142	P -	P 1,142
Cabaltica, Leilani A.	9,849	-	(7,719)	-	2,130	-	2,130
CABANZA III, LEO GUARIN	2,044	-	-	-	2,044	-	2,044
Cabasada, Albert R. III	(38,248)	-	-	-	(38,248)	-	(38,248)
Cabasal, Herwin	(776)	-	-	-	(776)	-	(776)
CABEBE, LOLITA	3,907	-	(3,907)	-	-	-	-
Cabral, Raymond Nonnatus	82	-	-	-	82	-	82
Cabrera, Roberlyn	3,318	-	-	-	3,318	-	3,318
Cabuhayan, Erlyn	(931)	-	-	-	(931)	-	(931)
Cachero, Jason Decena	869	-	-	-	869	-	869
Cadorna, Rosemarie S.	656	-	-	-	656	-	656
CAHILIG, CHARLES JASON	-	15,000	(15,681)	-	(681)	-	(681)
Cajuday, Noel	2,550	33,200	(4,100)	-	31,650	-	31,650
CALAHI, NOEMI C.	-	32,000	(32,000)	-	-	-	-
Calaque, Precy Mae	881	-	-	-	881	-	881
CALIMPAS, JOAN	-	-	(23,857)	-	(23,857)	-	(23,857)
CaLINGASAN, Recto	613	-	-	-	613	-	613
Calisin, Kevin	5,928	-	(5,928)	-	-	-	-
CALUNSAG, JEDIDIAH	(2,044)	-	-	-	(2,044)	-	(2,044)
CALUPAZ, MA. LUTGARDA	-	-	(100)	-	(100)	-	(100)
Camacho, Paolo Francisco B	1,384	-	(563)	-	820	-	820
Camaclang, Merlita J.	3,068	-	-	-	3,068	-	3,068
CAMANA, LOVE	-	-	(375)	-	(375)	-	(375)
CAMARAO, MARY CRYSTAL	-	-	(282)	-	(282)	-	(282)
CAMARISTA, RENAND	-	-	(681)	-	(681)	-	(681)
Cambe, Dhonna	568	5,760	(568)	-	5,760	-	5,760
Campos, Maria Paz	753	-	-	-	753	-	753
CAMUS, RAFAEL LAO	-	-	(640)	-	(640)	-	(640)
Canares, Jonathan	30,075	-	(6,325)	-	23,750	-	23,750
CANDOLETA, JEMN	13,568	-	(13,568)	-	-	-	-
Cañero, Marvin	(1,825)	-	(563)	-	(2,389)	-	(2,389)
CANETE, GERALDINE	-	-	(681)	-	(681)	-	(681)
CANITA, MARS VICTOR	10,000	-	(10,000)	-	-	-	-
Canoza, Geraldine	25,402	-	(30,002)	-	(4,600)	-	(4,600)
Cao, Marilou F.	15,637	115,779	-	-	131,416	-	131,416
CAOAGDAN, MARIA ALMA	-	-	(1,363)	-	(1,363)	-	(1,363)
Caparas, Maria Vida	(781)	-	-	-	(781)	-	(781)
Caramanza, Edward M.	6,300	-	-	-	6,300	-	6,300
Caranguian, Rey	1,011	-	(2,537)	-	(1,526)	-	(1,526)
Carbonera, Jay Eulogio	2,344	-	-	-	2,344	-	2,344
CARDENAS, REINALYN	(1,363)	-	-	-	(1,363)	-	(1,363)
CARILLO, MARIA VERNICA	-	-	(681)	-	(681)	-	(681)
CARILLO, RENZ ROE	(2,044)	-	681	-	(1,363)	-	(1,363)
CARINO -Mendoza. Rachel	582	-	-	-	582	-	582
CARIT, LALY I	-	41,600	(41,600)	-	-	-	-
Carpio, Miguel M.	(67,585)	-	-	-	(67,585)	-	(67,585)
CARPIO, NIMROD	(854)	-	-	-	(854)	-	(854)
Carpio, Rustica	1,413	-	-	-	1,413	-	1,413
Casaclang, Editha	(1,285)	-	-	-	(1,285)	-	(1,285)
Casado, Eric	7,408	-	(7,408)	-	-	-	-
Casas, Criselda	15,949	-	(15,949)	-	-	-	-
CASERA, JEFEL SONY FRANCES	-	15,000	(15,000)	-	-	-	-
Casis, Ferdinand	(1,336)	-	(60)	-	(1,396)	-	(1,396)
CASTILLO, CAROLINA	1,170	-	-	-	1,170	-	1,170
CASTILLO, DIANAFE	-	-	(681)	-	(681)	-	(681)
Castillo, Flordeliza	223	-	503	-	725	-	725
Castillo, Jan	2,456	-	-	-	2,456	-	2,456
CASTILLO, JEFFREY	-	-	(963)	-	(963)	-	(963)
CASTILLO, LAWRENCE	-	-	(681)	-	(681)	-	(681)
Castillo, Perlita C.	5,000	-	-	-	5,000	-	5,000
Castro, Joeven	-	150,217	(239,404)	-	(89,187)	-	(89,187)
Castro, Lawrence Christopher	896	-	-	-	896	-	896
CATAMORA, CATHERINE	-	497		-	497	-	497
Catchillar, Ulysses	(1,119)	-	-	-	(1,119)	-	(1,119)
CAYETANO, LOVELLA M.	-	28,800	(28,800)	-	-	-	-
Cebu, Teodora Arlene	25,025	-	-	-	25,025	-	25,025
Ceniza, Sergio	(382)	-	(1,036)	-	(1,417)	-	(1,417)
Cersa, Roger Don	-	-	(777)	-	(777)	-	(777)
Cervantes-Poco, Maria Patricia	(177)	-	-	-	(177)	-	(177)
Chan, Gerard	800	-	-	-	800	-	800
Chanco, Christine R.	975	-	-	-	975	-	975
Chastein, Cherry P.	10,000	-	-	-	10,000	-	10,000
CHAVEZ, JAYSON	(79,265)	-	-	-	(79,265)	-	(79,265)
Chavez, Joel	(13,515)	-	-	-	(13,515)	-	(13,515)
CHAVEZ, MYCAH AMELITA	-	10,080	(10,080)	-	-	-	-
CHENG, ARNOLD	(890)	-	-	-	(890)	-	(890)
CHUA, ALEXIS	-	-	(192)	-	(192)	-	(192)
Chua, Wilson	3,720	-	-	-	3,720	-	3,720
CLARAVALL, MAYRAH ROSE	(636)	-	-	-	(636)	-	(636)
Clemente, Jellyn	1,254	-	-	-	1,254	-	1,254

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Name and Designation of Debtor	*Balance at Beginning of Period*	*Additions*	*Deductions*		*Current*	*Non-Current*	*Balance at End of Period*
			Amounts Collected	*Amounts Written-Off*			
CLERIGO, BERNARD	P 3,325	-	(P 3,325)	P -	-	P -	-
CO, JESSICA ANNE	(282)	-	(845)	-	(1,127)	-	(1,127)
CO, LEAH REBECCA C.	2,072	-	-	-	2,072	-	2,072
Cobarrubias, Normita	-	-	(5,778)	-	(5,778)	-	(5,778)
Coladilla, Marilyn	(681)	-	(681)	-	(1,363)	-	(1,363)
CONCHA, JHONALYN	5,507	-	(5,507)	-	-	-	-
Conde, Alita	(288)	-	-	-	(288)	-	(288)
Conde Jr., Francisco	1,581	-	-	-	1,581	-	1,581
Constantino, Michelle Anne	8,300	16,600	(14,525)	-	10,375	-	10,375
CORDOBA, ENRICO	(1,090)	-	(572)	-	(1,663)	-	(1,663)
Cordova, Maria Fleur	5,907	-	-	-	5,907	-	5,907
Coronejo, Rosemarie	14,402	-	(14,402)	-	-	-	-
CORNELL, DARYL ACE	-	-	(854)	-	(854)	-	(854)
CORPUS, DAVID	-	-	(681)	-	(681)	-	(681)
Corpuz, Christina	1,748	-	-	-	1,748	-	1,748
Corpuz, Donn Christian	2,344	-	-	-	2,344	-	2,344
CORTES, LURHEN	-	-	(681)	-	(681)	-	(681)
Cortez, Myrna	16,289	-	-	-	16,289	-	16,289
CORTEZ, SALVE REGINA	(845)	-	(899)	-	(1,744)	-	(1,744)
COTORNO, LORINE	1,361	-	(1,361)	-	-	-	-
CRUZ, ARIES	1,318	-	-	-	1,318	-	1,318
Cruz, Benjamin F.	2,000	-	-	-	2,000	-	2,000
CRUZ, CHESTER ANTHONY	-	15,000	(15,681)	-	(681)	-	(681)
CRUZ, DREXEL HEINZ	-	-	(482)	-	(482)	-	(482)
Cruz, Eloisa G.	3,363	-	-	-	3,363	-	3,363
Cruz, Elvin	753	-	-	-	753	-	753
Cruz, Jayson	5,758	-	(4,758)	-	1,000	-	1,000
CRUZ, JOYCE VERNADETH	-	-	681	-	681	-	681
CRUZ, KIMMY	-	-	(681)	-	(681)	-	(681)
Cruz, Maria Ruth M.	(37,500)	-	-	-	(37,500)	-	(37,500)
CRUZ, NATHANIEL	-	-	(1,254)	-	(1,254)	-	(1,254)
CRUZ, NESTLY ANNE	2,044	-	-	-	2,044	-	2,044
CRUZ, RICARDO	(318)	-	-	-	(318)	-	(318)
Cruz, Sandra Lyn	44,781	-	-	-	44,781	-	44,781
Cruz, Teresita	1,054	-	-	-	1,054	-	1,054
CUADRA, KURT	(1,363)	-	(591)	-	(1,953)	-	(1,953)
Cuario, Rishirl	(844)	-	681	-	(163)	-	(163)
Cuason, Willy	(636)	-	(1,581)	-	(2,217)	-	(2,217)
CUCIO, MARIA RITA	(776)	-	-	-	(776)	-	(776)
CUDOG, VENMAR	-	-	(681)	-	(681)	-	(681)
CUEVAS, CAROLYN	-	-	(391)	-	(391)	-	(391)
Cuevas, George	836	-	-	-	836	-	836
Cuibillas, Jorge	(8,400)	-	-	-	(8,400)	-	(8,400)
Culala, Harold John O. with cr from old	(3,246)	-	-	-	(3,246)	-	(3,246)
Cunanan, Fernando M.	1,025	-	-	-	1,025	-	1,025
CUSTODIO, ,MARIE FRANCES	(536)	-	-	-	(536)	-	(536)
DACAYANAN, MARITES	17,622	-	(17,622)	-	-	-	-
DADUFALZA, GRACE	-	-	(1,363)	-	(1,363)	-	(1,363)
Dagal, Keneth Adrian	(931)	-	-	-	(931)	-	(931)
Dagalangit, Rahabansa	1,908	-	-	-	1,908	-	1,908
DAGOHOY, FRANCISCO	-	-	681	-	681	-	681
Dalao, Joseph	(336)	-	(663)	-	(999)	-	(999)
Dalit, Alexandre	1,563	-	-	-	1,563	-	1,563
Dalton, Juanita	618	-	-	-	618	-	618
DANGARAN, SHARMAINE	2,044	-	645	-	2,689	-	2,689
DATU, ERLIN	-	-	(1,663)	-	(1,663)	-	(1,663)
DAVID, JOSE ANGELO	(1,408)	-	-	-	(1,408)	-	(1,408)
Dayag, Kate Ashlyn	(1,525)	-	(173)	-	(1,698)	-	(1,698)
DAYEGO, VICTORINO	-	16,600	(6,225)	-	10,375	-	10,375
De Castro, Deo Lorenzo	(745)		-	-	(745)	-	(745)
DE CHAVEZ, AVELINO	(513)	-	-	-	(513)	-	(513)
De Guzman, Danielle	(1,130)	681		-	(449)	-	(449)
De Guzman, Guillerma	9,913	16,600	(15,642)	-	10,872	-	10,872
De Guzman, Jericho D.	8,460	-	-	-	8,460	-	8,460
De Guzman, Jonathan	-	-	(3,113)	-	(3,113)	-	(3,113)
De Jesus, Edilberto	9,368	-	-	-	9,368	-	9,368
DE JESUS, EUGENE	229	-	(860)	-	(631)	-	(631)
De Leon, Angelito	8,300	31,000	(28,925)	-	10,375	-	10,375
De Leon, Dino Robert	(1,899)	-	-	-	(1,899)	-	(1,899)
DE LEON, EDWARD	-	-	(681)	-	(681)	-	(681)
De Leon, Emma Rose H.	5,940	-	-	-	5,940	-	5,940
De Leon, Jocelyn	166,013	83,007	-	-	249,020	-	249,020
De Leon, John Angelo	47	-	(10,214)	-	(10,167)	-	(10,167)
DE LEON, JONATHAN	-	-	(1,363)	-	(1,363)	-	(1,363)
De Leon, Lemuel	8,300	19,960	(17,885)	-	10,375	-	10,375
DE LEON, MARVIN	(1,317)	-	-	-	(1,317)	-	(1,317)
DE LEON, WENDY	-	-	(681)	-	(681)	-	(681)
DE ROXAS, DIANNE	-	-	(318)	-	(318)	-	(318)
De Torres, Ana Maria Josefina	1,563	-	-	-	1,563	-	1,563
DE VEGA, NORIEGA	(2,044)	-	-	-	(2,044)	-	(2,044)

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Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions: Amounts Collected	Deductions: Amounts Written-Off	Current	Non-Current	Balance at End of Period
De Vera, Antonio	-	P 2,492	P	P -	P 2,492	P -	P 2,492
De Vera, Jose Rizalito	32,285	-	(32,285)	-	-	-	-
De Vera, Liorinda	12,361	-	(12,361)	-	-	-	-
DE VERA, MELVIN	491	-	-	-	491	-	491
De Vera, Michael	61,305	-	(3,217)	-	58,088	-	58,088
DE VERA, NIKHOLE	-	-	(338)	-	(338)	-	(338)
De Viana, Lorelei	35,941	-	(7,309)	-	28,633	-	28,633
DEL ROSARIO, ELAINE	-	-	(2,458)	-	(2,458)	-	(2,458)
DEL ROSARIO, FRANCES MARIE	-	15,000	(47,500)	-	(32,500)	-	(32,500)
DEL ROSARIO, JHOMEL	-	-	(681)	-	(681)	-	(681)
Del Rosario, Julius	4,807	-	(7,263)	-	(2,456)	-	(2,456)
Del Rosario, Maria Theresa	8,382	-	(6,924)	-	1,458	-	1,458
Dela Cerna, Lyle	691	-	-	-	691	-	691
DELA CRUZ, ALEXIS IAN	-	-	(597)	-	(597)	-	(597)
DELA CRUZ, ALMA EMERITA V	68,477	68,614	-	-	137,091	-	137,091
Dela Cruz, Bryan	1,500	-	-	-	1,500	-	1,500
DELA CRUZ, MARICAR	(1,363)	-	-	-	(1,363)	-	(1,363)
Dela Cruz, Marites J.	8,552	-	-	-	8,552	-	8,552
DELA CRUZ, NOEL	-	-	6,455	-	6,455	-	6,455
Dela Cruz, Rebecca S.	16,195	-	-	-	16,195	-	16,195
Dela Paz, Ellen	2,403	-	-	-	2,403	-	2,403
Dela Paz, Emily C.	6,459	-	-	-	6,459	-	6,459
Dela Paz, Erica Silk	-	-	681	-	681	-	681
Dela PAZ, JONALYN	(1,363)	-	-	-	(1,363)	-	(1,363)
Dela Paz, Rosalinda Z. - OLD	10,336	-	-	-	10,336	-	10,336
DELAS ALAS, ARIEL	-	-	(681)	-	(681)	-	(681)
DELOS REYES, HERBERT	8,722	-	-	-	8,722	-	8,722
DELOS SANTOS, ANALYN	(809)	-	(399)	-	(1,208)	-	(1,208)
DELOS Santos, Cesael	3,113	-	-	-	3,113	-	3,113
DELOS SANTOS, MARY GRACE	(2,044)	-	(482)	-	(2,525)	-	(2,525)
Defensor, Marshal	979	-	-	-	979	-	979
Delgado, Emy	2,927	-	(5,855)	-	(2,928)	-	(2,928)
Delumen, Wilkie	(781)	-	-	-	(781)	-	(781)
DENOSTA, MARVIC	-	-	(561)	-	(561)	-	(561)
DESPUIG, ARVIN JAMES	1,608	-	(318)	-	1,290	-	1,290
Destura, Blanca	15,668	-	(14,768)	-	900	-	900
Deveraturda, Joana Paula	(1,499)	-	(600)	-	(2,099)	-	(2,099)
DEVIO, LEA FLOR	-	30,000	(30,681)	-	(681)	-	(681)
Diaz, Fideliz	(177)	-	(563)	-	(740)	-	(740)
Diaz Jr., Reynaldo	23,302	-	(7,263)	-	16,040	-	16,040
DILLO, JIMMY JR	(1,108)	-	-	-	(1,108)	-	(1,108)
Dimalibot, Ma. Martina Geraldine combine old	2,127	-	-	-	2,127	-	2,127
DIMAYUGA, MARK ARNIE	-	-	(781)	-	(781)	-	(781)
Dimzon, Marnelli	4,150	-	(7,263)	-	(3,113)	-	(3,113)
DINO-APARICIO, CHENEE	-	-	(766)	-	(766)	-	(766)
Dionisio, Maricar	196,000	308,000	(196,000)	-	308,000	-	308,000
DISIMULACION, MARIA ARLENE	17,060	-	(17,060)	-	-	-	-
Dizon, Kenneth Earl I.	200	-	-	-	200	-	200
DIZON, RICARDO	(681)	-	-	-	(681)	-	(681)
DOBLE, FRANCISCO C	0	-	-	-	0	-	0
Doble, Jon Derek	130,800	-	-	-	130,800	-	130,800
DOCE, BRIAN	(171)	-	663	-	493	-	493
DOCOT, RUDOLPH	-	-	(21,557)	-	(21,557)	-	(21,557)
Doctor, Marites	1,381	-	-	-	1,381	-	1,381
Doctolero, Priscila	8,284	-	-	-	8,284	-	8,284
Dominado, Liezl	957	-	(957)	-	-	-	-
Domingo, Efren	(681)	-	-	-	(681)	-	(681)
Domingo, Jonas	1,254	-	-	-	1,254	-	1,254
DONESA, LYNN	196,000	168,000	(252,000)	-	112,000	-	112,000
Dorega, John John J	(938)	-	-	-	(938)	-	(938)
DUBLIN, MARIETTA	1,997	-	(1,997)	-	-	-	-
Ducut, Mirela	56,764	-	(56,764)	-	0	-	0
Dulay, Greg	76,157	-	-	-	76,157	-	76,157
Dulay, Sofronio	(580,425)	112,000	(9,315)	-	(477,740)	-	(477,740)
Dumbrique, Marcelo	21,165	-	-	-	21,165	-	21,165
Dy, Alexander	1,090	-	(2,113)	-	(1,023)	-	(1,023)
Eboy, Shariff	1,254	-	-	-	1,254	-	1,254
Echauz, Lydia	16,320	-	-	-	16,320	-	16,320
ECO, KRISTAN KEITH	179	-	-	-	179	-	179
Edillon, Marcial	(1)	-	-	-	(1)	-	(1)
ELEPANO, MARK ANDREW	(1,363)	-	-	-	(1,363)	-	(1,363)
ELLIEVERA, BORG	-	15,000	(15,000)	-	-	-	-
Elman, Mario B.	8,537	-	7,399	-	15,936	-	15,936
ELPUSAN, NEIL EVERETT	(500)	-	-	-	(500)	-	(500)
Embalsado Jr., Florencio	(806)	-	-	-	(806)	-	(806)
ENRIQUEZ, HELENDINA	848	-	-	-	848	-	848
Enriquez, Judee Anne	1,563	-	-	-	1,563	-	1,563
ENSOMO, ANNE CHRISTINE	-	2,044		-	2,044	-	2,044
ERMINO, ALVIN	-	-	(7,688)	-	(7,688)	-	(7,688)
ESCARAMAN, ELAINE R	2,458	-	-	-	2,458	-	2,458

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Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions: Amounts Collected	Deductions: Amounts Written-Off	Current	Non-Current	Balance at End of Period
Escobar, Rosaline O.	P -	P 3,360	(P 3,360)	P -	P -	P -	P -
ESCOBIA, IRMA	(20,777)	-	-	-	(20,777)	-	(20,777)
ESCOBIA, JAIME	1,305	-	-	-	1,305	-	1,305
Eser, Myline S.	33,036	-	-	-	33,036	-	33,036
ESGUERRA, DONDIE	-	-	(300)	-	(300)	-	(300)
ESPESO, LORNA	-	-	(408)	-	(408)	-	(408)
Espino, Marcon	-	5,500	-	-	5,500	-	5,500
Espinosa, Aldrine Jay	2,756	-	-	-	2,756	-	2,756
Espinosa, William V.	3,325	-	-	-	3,325	-	3,325
ESPIRITU, IMEE	-	120	(120)	-	-	-	-
Esquibel, Brian	4,596	-	-	-	4,596	-	4,596
Esquibel, Elizabeth	5,000	-	-	-	5,000	-	5,000
Esquibel, Melissa	-	-	(6,225)	-	(6,225)	-	(6,225)
ESTEBAN, FRANCIZ/s	(819)	-	-	-	(819)	-	(819)
Estrada, Gemee	1,500	-	-	-	1,500	-	1,500
ESTRADA,ROMA	-	-	(1,294)	-	(1,294)	-	(1,294)
Estrada, Ron Ed	4,150	1,038	(5,188)	-	-	-	-
Estrella, Gloria R.	1,460	-	-	-	1,460	-	1,460
Estrella, Luisito	15,134	16,600	(21,359)	-	10,375	-	10,375
Estrope, Basilisa	(10,289)	10,000	(11,397)	-	(11,685)	-	(11,685)
Evangelista, Erika	17,375	-	-	-	17,375	-	17,375
EVANGELISTA, MICHELLE	-	-	(681)	-	(681)	-	(681)
EVIZA, ALYSSA FAYE R	2,320	-	(2,320)	-	-	-	-
FABELLON, SAMANTHA MAE	-	15,000	(15,681)	-	(681)	-	(681)
Fabi, Kate	-	-	(1,363)	-	(1,363)	-	(1,363)
FABIAN, JOSEPH MARI	-	-	681	-	681	-	681
FABRICANTE, OLIVER.	-	-	(900)	-	(900)	-	(900)
Fabros, Marietta	5,296	-	-	-	5,296	-	5,296
FAJARDO, RENATO	-	-	(2,044)	-	(2,044)	-	(2,044)
Falcis III, Jesus	1,272	-	-	-	1,272	-	1,272
Farolan, Mikhail E.	1,275	-	-	-	1,275	-	1,275
Faundo, Aurora L.	3,971	-	-	-	3,971	-	3,971
FELICILDA, JOSHUA	(1,363)	-	-	-	(1,363)	-	(1,363)
FELIPE, PATRICK JULIUS	18,272	49,800	(68,072)	-	-	-	-
FELISMINO, SIMON PAUL	-	-	(20,007)	-	(20,007)	-	(20,007)
FENNIS, ROGELYN	-	725		-	725	-	725
FERNANDEZ, VICKY	-	-	(3,716)	-	(3,716)	-	(3,716)
FERRANCO, ACHILLES ALFRED	-	15,000	(15,000)	-	-	-	-
FERRER, ETHELDREDA.	-	-	(725)	-	(725)	-	(725)
Ferreras, Alejandro	1,118	-	-	-	1,118	-	1,118
Fesalbon, Hermond F.	7,729	-	-	-	7,729	-	7,729
Fiesta, Erlinda	994	-	-	-	994	-	994
Figer, Reggy C.	24,300	-	-	-	24,300	-	24,300
FILOTEO, JOYCELYN	10,875	-	(10,875)	-	-	-	-
FLORENDO, JOSEFINA	(269,176)	-	-	-	(269,176)	-	(269,176)
FLORENTINO, NESTLE M	7,309	-	(7,309)	-	-	-	-
FLORES, CHRISDIE	-	681		-	681	-	681
Flores, Eunice	2,232	-	-	-	2,232	-	2,232
Flores, Miguela	2,802	-	-	-	2,802	-	2,802
Flores, Roberto	4,150	20,000	(7,263)	-	16,888	-	16,888
FLORES, RODANTE	-	-	(681)	-	(681)	-	(681)
FLORIDA, JENNIFER	35,091	-	-	-	35,091	-	35,091
FORTEM, JASON.	-	23,166		-	23,166	-	23,166
Francisco, Edgar	1,958	-	-	-	1,958	-	1,958
FRANCISCO, MAHA IVANNA	-	15,000	(15,000)	-	-	-	-
Francisco, Virlyn	1,581	-	-	-	1,581	-	1,581
Fulgar III, Ildefonso	4,474	-	(4,590)	-	(116)	-	(116)
FULGUERAS, MARJORIE	-	-	(3,361)	-	(3,361)	-	(3,361)
GABELO, NERISSA.	-	-	(3,207)	-	(3,207)	-	(3,207)
Gabriel, Karen Joyce	-	-	681	-	681	-	681
Galang Jr., Romeo	(540)	-	-	-	(540)	-	(540)
GALAPIA, ANGIE R.	-	5,670	(5,670)	-	-	-	-
Galicia, Reynaldo	4,000	-	-	-	4,000	-	4,000
Galiza, Miguela S.	45,000	-	-	-	45,000	-	45,000
Gallardo, Armenio	1,199	-	-	-	1,199	-	1,199
Gallardo, John	13,000	-	-	-	13,000	-	13,000
GAMBOA, RON OLIVER	-	-	(1,009)	-	(1,009)	-	(1,009)
Gan, Louwie	(681)	-	-	-	(681)	-	(681)
Ganchoon, Fretti	(845)	-	(600)	-	(1,445)	-	(1,445)
GANIBE, JUCELE	(600)	-	-	-	(600)	-	(600)
Ganzon, John Julius	2,419	-	-	-	2,419	-	2,419
Garcia, Arvin	(337,420)	-	-	-	(337,420)	-	(337,420)
GARCIA, CHANELL	-	15,000	(15,681)	-	(681)	-	(681)
GARCIA, CHOLSON	-	-	(672)	-	(672)	-	(672)
Garcia, Dolores	50,000	-	-	-	50,000	-	50,000
Garcia, Earl Jimson R.	6,000	-	-	-	6,000	-	6,000
GARCIA, ERWINA	-	-	(354)	-	(354)	-	(354)
GARCIA, GINO RAY	(627)	-	-	-	(627)	-	(627)
Garcia, Leonardo	-	-	(47)	-	(47)	-	(47)
GARCIA, MERRIE CAROLYNE M.	6,958	-	(6,958)	-	-	-	-

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Name and Designation of Debtor	*Balance at Beginning of Period*	*Additions*	*Deductions*		*Current*	*Non-Current*	*Balance at End of Period*
			Amounts Collected	*Amounts Written-Off*			
GARCIA, MIGUEL	(P 1,063)	P -	(P 1,038)	P -	(P 2,100)	P -	(P 2,100)
Garcia, Muriel	4,150	-	(6,225)	-	(2,075)	-	(2,075)
Garcia, Mylene	(531)	345		-	(186)	-	(186)
Garcia, Jr., Santiago L	(21,059)	-	-	-	(21,059)	-	(21,059)
Garcia, Severino M.	320	-	-	-	320	-	320
GARCIA-DANDAN, MARIA ARA	(1,499)	-	-	-	(1,499)	-	(1,499)
GARDOSE, LOVE	-	15,000	(15,681)	-	(681)	-	(681)
Gariguez, Mariflor N.	10,591	-	-	-	10,591	-	10,591
GARMA, PAUL FROILAN	-	-	(645)	-	(645)	-	(645)
Garmsen, David Joash	(536)	-	-	-	(536)	-	(536)
GASCON, MELVIN	-	-	(3,407)	-	(3,407)	-	(3,407)
GASCON, RONDELL	-	-	(2,044)	-	(2,044)	-	(2,044)
Gaspillo, Rudy	5,613	-	-	-	5,613	-	5,613
Gatcho, Manuel	491	-	-	-	491	-	491
Gavieta, Rommel	(838)	-	(1,231)	-	(2,069)	-	(2,069)
GAZO, SHENLY	-	-	(681)	-	(681)	-	(681)
GELLA, FREDERICK S	236	-	(236)	-	-	-	-
GENESE, JOHN ALLENBER	-	15,000	(15,681)	-	(681)	-	(681)
GENILO, JOSE EDUARDO	(736)	-	(563)	-	(1,299)	-	(1,299)
GENTALIAN, XAVIER DWIGHT	-	15,000	(15,681)	-	(681)	-	(681)
Geocaniga, Rommel	291	-	(745)	-	(454)	-	(454)
Gilera, Enrico	159,204	512,761	(569,100)	-	102,866	-	102,866
GOMEZ, RAYMUND	(1,863)	-	(1,518)	-	(3,380)	-	(3,380)
Gongora, Marian	-	681		-	681	-	681
GONZALEZ, Aurelle Marie	(906)	41,600	-	-	40,694	-	40,694
Gonzales Jr., Benedicto	200	-	(1,816)	-	(1,616)	-	(1,616)
Gonzales, Brian Benedict	(536)	-	-	-	(536)	-	(536)
GONZALES, EMMANUEL	26,235	-	(26,235)	-	-	-	-
Gonzales, Jayson	4,150	-	(6,225)	-	(2,075)	-	(2,075)
Gonzales, Julieta	(473)	-	-	-	(473)	-	(473)
Gonzales Jr., Manolito	4,150	-	(7,263)	-	(3,113)	-	(3,113)
GONZALEZ, NOEL A	-	-	(3,113)	-	(3,113)	-	(3,113)
GOQUINGCO, ANTHONY RAYMOND	-	-	116,620	-	116,620	-	116,620
Gorospe, Rene	1,163	-	(3,407)	-	(2,244)	-	(2,244)
GREGORIO, JOEL EMERSON	(91)	-	-	-	(91)	-	(91)
Gregorio, Karen	2,344	-	-	-	2,344	-	2,344
Guariño, Rebecca	(213,298)	-	-	-	(213,298)	-	(213,298)
Gudani, Vicente C	(2,300)	-	-	-	(2,300)	-	(2,300)
GUEVARRA, MICHELLE	-	-	(282)	-	(282)	-	(282)
Guevarra, Remedios	956	-	-	-	956	-	956
GUIA, CLARISSA	-	536		-	536	-	536
Guillermo, Nemesio	5,512	-		-	5,512	-	5,512
GUILLERMO, NERISSA	-	536		-	536	-	536
Guillermo, Odranreb	(337)	-	-	-	(337)	-	(337)
Gumanay, Lyka Marie	(400)	-	-	-	(400)	-	(400)
Gutierez, Jan Patrick	(531)	-	-	-	(531)	-	(531)
Gutierrez-POLIDO, Maria Myrel P.	3,844	-	-	-	3,844	-	3,844
GUTIERREZ, MARK ALFRED.	-	-	(297)	-	(297)	-	(297)
Gutierrez, Mary Victory	148,629	280,000	(176,629)	-	252,000	-	252,000
GUTIERREZ, RONALDO	(1,499)	-	-	-	(1,499)	-	(1,499)
Haciñas, Elizabeth	44,290	-	(44,290)	-	-	-	-
HAGOSOJOS, BERNARDINO	2,044	-	-	-	2,044	-	2,044
Halcon, Frederick	(3,000)	-	-	-	(3,000)	-	(3,000)
Halili, Mercyden	(400)	-	-	-	(400)	-	(400)
Hamero, Roselyn	4,150	-	(7,263)	-	(3,113)	-	(3,113)
HAW, ALBERT	-	-	(672)	-	(672)	-	(672)
Hebron, Daniel Eufracio	681	-	-	-	681	-	681
HEJE, MARTIN	-	-	(10,706)	-	(10,706)	-	(10,706)
HERNAL, NARY JOUYCE	-	-	681	-	681	-	681
HERNANDEZ, CARLOS ROMELLE	-	-	(674)	-	(674)	-	(674)
Hernandez, Jan Joseph S.	25,061	-	(4,150)	-	20,911	-	20,911
HERNANDEZ, JEAN PAOLO	-	681		-	681	-	681
HERNANDEZ, MARK RYAN	-	-	(591)	-	(591)	-	(591)
Hernandez, Paul	(869)	-	-	-	(869)	-	(869)
Herrera, Michael	(3,053)	-	-	-	(3,053)	-	(3,053)
Hilario, Jacqueline E.	1,124	-	-	-	1,124	-	1,124
Hiso, Christopher John B	391	-	(1,983)	-	(1,592)	-	(1,592)
HONTIVEROS, RYAN	(663)	-	(1,363)	-	(2,026)	-	(2,026)
Hsu, Hao Wei	(6,500)	-	-	-	(6,500)	-	(6,500)
HYATT, JANETH	2,044	-	-	-	2,044	-	2,044
Ibarra, Jose Vener	(77)	-	-	-	(77)	-	(77)
Ignacio, Louie Benedict	(400)	-	-	-	(400)	-	(400)
Ignacio, Lourdes D.	(132)	-	-	-	(132)	-	(132)
IGNACIO, MICHAEL JORGE	-	-	(373)	-	(373)	-	(373)
Ignalaga Jr., Francisco	1,090	-	-	-	1,090	-	1,090
IMPORTADO, FERDINAND	-	-	(278)	-	(278)	-	(278)
Inciong, Cherry Wyne	14,492	-	(10,302)	-	4,190	-	4,190
Ingles, Ignatius Michael	(3,126)	-	-	-	(3,126)	-	(3,126)
Inocencio, Ma. Fe R.	803	-	(803)	-	-	-	-
INTERNO, MARJIE	-	-	(681)	-	(681)	-	(681)

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FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
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Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions: Amounts Collected	Deductions: Amounts Written-Off	Current	Non-Current	Balance at End of Period
ISON, MARY ROSE	P 15,172	P 16,600	(P 21,397)	P -	P 10,375	P -	P 10,375
Israel, Dr. Marietta	-	-	(19,762)	-	(19,762)	-	(19,762)
JABEGUERO, HILARIO	2,715	-	(2,715)	-	-	-	-
JABOLA, JEDDAHLYN	2,396	-	-	-	2,396	-	2,396
Jacinto, Archie	-	-	(2,044)	-	(2,044)	-	(2,044)
Janagap, Fe Q.	5,131	-	-	-	5,131	-	5,131
Javier, Nancy Joan	5,296	-	-	-	5,296	-	5,296
JOCSON, JOHN HENRY	-	15,000	(15,000)	-	-	-	-
JONSON, ANNA PAMELA	4,069	-	(4,069)	-	-	-	-
Jorda, Erwin	2,038	-	-	-	2,038	-	2,038
Joromal, Richmond	2,250	-	-	-	2,250	-	2,250
Jose, Angelina	48,362	67,229	(231,323)	-	(115,732)	-	(115,732)
JUBAC JR., ANECITO.	-	-	(900)	-	(900)	-	(900)
JULIAN, RAFAEL	-	-	(681)	-	(681)	-	(681)
Jumamil, Ana Nelia	(531)	-	-	-	(531)	-	(531)
Jumrani, Aliakhbar	(1,363)	-	-	-	(1,363)	-	(1,363)
Junio, Jobeth	(16,002)	-	-	-	(16,002)	-	(16,002)
Junio, Nenitha	1,198	-	(958)	-	240	-	240
JUNTADO, DOMINIQUE	-	-	(681)	-	(681)	-	(681)
KAW, EUGENE	-	-	(1,499)	-	(1,499)	-	(1,499)
Kenny, Isabel	64,000	-	-	-	64,000	-	64,000
KILAKIGA, EDWARD	45,297	49,800	(63,950)	-	31,147	-	31,147
Kim, Chul Su	(96)	-	-	-	(96)	-	(96)
Kliatchko, John Manuel	(781)	-	-	-	(781)	-	(781)
Kuan, Robert	(31,596)	188,896		-	157,300	-	157,300
KUAN, YVONNE Y.	-	(157,289)	-	-	(157,289)	-	(157,289)
LA VIñA, ANTONIO GABRIEL	-	-	(1,954)	-	(1,954)	-	(1,954)
LABAJO, PAOLA	(282)	-	(1,145)	-	(1,427)	-	(1,427)
Lacaden, Raffy	279,119	84,000	-	-	363,119	-	363,119
Lacanilao, Gary	375	-	-	-	375	-	375
LACERNA, ANTOINETE	-	-	(427)	-	(427)	-	(427)
LACSON, ANNELYN	-	-	(1,363)	-	(1,363)	-	(1,363)
Ladera, Renville	20,023	-	-	-	20,023	-	20,023
LADORES, IVAN	-	-	(1,590)	-	(1,590)	-	(1,590)
LAGMAY, MA. LUISA	-	-	(1,363)	-	(1,363)	-	(1,363)
Lago, Vanessa	-	-	(894)	-	(894)	-	(894)
LAJA, KRISELLE JOY R	16,217	-	(17,278)	-	(1,060)	-	(1,060)
Lajara, Galilea R.	3,600	-	-	-	3,600	-	3,600
LAMEYRA, ERICSON	(1,880)	-	(282)	-	(2,162)	-	(2,162)
Lamorena, Juditha M.	1,136	-	-	-	1,136	-	1,136
LANAS, JOCELYN	-	7,200	(7,200)	-	-	-	-
Landicho, Michel	-	-	(391)	-	(391)	-	(391)
LANDINGIN, JOHN GIL	(545)	-	-	-	(545)	-	(545)
Lansang Jr., Nicolas	(97)	-	-	-	(97)	-	(97)
Lantican, Mark Lixcel	56,000	-	-	-	56,000	-	56,000
Lapastora, Milagros	3,610	-	(1,041)	-	2,569	-	2,569
LAQUI, MARITA	-	-	(2,130)	-	(2,130)	-	(2,130)
LARDA, EDMUNDO	1,294	-	-	-	1,294	-	1,294
Lascota, Karen	300	-	-	-	300	-	300
Las Pinas, Mary Grace	91,457	82,986	-	-	174,443	-	174,443
Lauro, Jocelyn	22,585	-	(22,585)	-	-	-	-
Lauzon, Nicolas	(548)	-	-	-	(548)	-	(548)
LAVILLA, ROMANO	-	-	(2,044)	-	(2,044)	-	(2,044)
Laxamana, Rachel	18,710	-	(18,710)	-	-	-	-
Laza, Benilda	548	3,208		-	3,755	-	3,755
LAZARO, THOMAS	-	463		-	463	-	463
LAZO, REYMARK	1,281	-	-	-	1,281	-	1,281
LECAROZ JR, F - Laurent	58,124	-	(20,622)	-	37,502	-	37,502
LEDESMA, GIAN CARLO	-	-	(681)	-	(681)	-	(681)
LEDESMA, RODOLFO	-	-	(536)	-	(536)	-	(536)
Lee, Chang Woo	8,300	-	-	-	8,300	-	8,300
LEE, JASMIN	-	-	(1,254)	-	(1,254)	-	(1,254)
LEE, NESTOR	(136,975)	-	-	-	(136,975)	-	(136,975)
LEGASPI, RONEL	-	-	(318)	-	(318)	-	(318)
LEGASPINA, HALIVIER	-	-	(1,363)	-	(1,363)	-	(1,363)
LENGSON, MARIA OLIVIA	(681)	-	-	-	(681)	-	(681)
Leonardo, Raul	3,738	-	-	-	3,738	-	3,738
Libante, Karl Nikko	(645)	-	-	-	(645)	-	(645)
Liberato, Amante	1,272	-	-	-	1,272	-	1,272
Licayan, Kebart	-	-	(2,725)	-	(2,725)	-	(2,725)
LICOP, ANNA PAULINE	21,445	-	(21,445)	-	-	-	-
Liggayu, Michael	20,239	-	(20,239)	-	-	-	-
LIM, IVY	-	-	(1,979)	-	(1,979)	-	(1,979)
Lim, Mary Rocelyn	(2,314)	-	-	-	(2,314)	-	(2,314)
Lim, Nathaniel	149	-	-	-	149	-	149
Lim, Rene Rose	49,115	-	-	-	49,115	-	49,115
Lim, Richmond	(906)	-	-	-	(906)	-	(906)
Limjap, Auxencia	(4,217)	-	-	-	(4,217)	-	(4,217)
Limkian, Mary Ann	2,419	-	-	-	2,419	-	2,419
Lindo, Alicia	1,209	-	-	-	1,209	-	1,209

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Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non-Current	Balance at End of Period
			Amounts Collected	Amounts Written-Off			
LINTAG, GRACIEL	P 143,643	P 28,800	(P 172,443)	P -	-	P -	-
Lipardo, Fernando	-	-	(2,507)	-	(2,507)	-	(2,507)
LIRIO, CHRISTOPHER	(278)	-	-	-	(278)	-	(278)
Lirio, Mary Rose	2,344	-	-	-	2,344	-	2,344
Lizada, Hannah	1,581	-	-	-	1,581	-	1,581
Llacuna, john Lemuel	1,272	-	-	-	1,272	-	1,272
LLAVE, WARREN SYDNEY.	-	-	(92)	-	(92)	-	(92)
Lluz, Samarlita	5,192	-	-	-	5,192	-	5,192
Loanzon, Victoria	981	-	-	-	981	-	981
LONTOC, DON JONSON	(327)	-	-	-	(327)	-	(327)
Lopena, Cleo	362	-	-	-	362	-	362
LOPEZ, CRISTINA	-	-	(419)	-	(419)	-	(419)
LOPEZ, JOMELYN	10,000	83,000	(39,413)	-	53,587	-	53,587
Lopez, Martin Z.	60,958	-	-	-	60,958	-	60,958
Lopez Jr., Renato	423	-	(1,145)	-	(722)	-	(722)
Lopez, Ricardo	262	-	-	-	262	-	262
Loresco, Julie Ann	1,853	-	-	-	1,853	-	1,853
Lozano, Jennete J	2,289	-	-	-	2,289	-	2,289
Lumacad, Jonathan	2,344	-	-	-	2,344	-	2,344
LUNA, GINA	10,771	-	(10,771)	-	-	-	-
MAALA, ALEXCEE	(2,044)	-	-	-	(2,044)	-	(2,044)
Macadangdang Jr. Romulo	-	-	(1,363)	-	(1,363)	-	(1,363)
Macapagal, Arnualdo	40,198	-	(40,378)	-	(180)	-	(180)
Macapinlac, Joven	(806)	-	-	-	(806)	-	(806)
Macaraeg, Paul - OLD	6,436	-	-	-	6,436	-	6,436
Macaraig, Melinda	4,849	-	-	-	4,849	-	4,849
MACARAYAN, ANTHONY.	-	-	(620)	-	(620)	-	(620)
Macasaet, Grace Minerva	12,729	-	(12,729)	-	-	-	-
Macaspac, John Aries	1,054	-	-	-	1,054	-	1,054
MACATUNO, JERRY	-	-	(681)	-	(681)	-	(681)
Madeja, Samuel M.	1,685	-	(1,685)	-	-	-	-
Madrazo, Arnel	(400)	-	-	-	(400)	-	(400)
Madriaga, Joventina	8,276	-	(9,001)	-	(725)	-	(725)
Madrid, Lady DIANNE	-	-	(681)	-	(681)	-	(681)
MAGALONA, HENRY	(1,254)	-	-	-	(1,254)	-	(1,254)
Magat, Wendell	2,900	-	(2,900)	-	-	-	-
Magbujos, Mary Rose	(197)	-	-	-	(197)	-	(197)
Magdalaga, Luffe V.	4,150	-	(7,263)	-	(3,113)	-	(3,113)
MAGKASI, MA. ELIZA MARGARITA	40,233	-	-	-	40,233	-	40,233
Magpantay, Lorna	2,238	-	-	-	2,238	-	2,238
MAGSALIN, CAMILLE	-	-	(681)	-	(681)	-	(681)
MAGSINO, RIZA	(1,281)	-	(512)	-	(1,793)	-	(1,793)
Magumun, Van Angelo	1,908	-	-	-	1,908	-	1,908
Malabanan, Laila	(518)	-	-	-	(518)	-	(518)
MALABI, NADIA	(1,363)	681		-	(681)	-	(681)
Malagar, Marlo	(1,690)	-	-	-	(1,690)	-	(1,690)
Maliwat, Herminia	14,373	-	-	-	14,373	-	14,373
MALLARI, MARIE JUNEAU	-	-	(681)	-	(681)	-	(681)
Mallari, Mary Anne	2,235	-	-	-	2,235	-	2,235
Mallari, Neil	-	-	(5,524)	-	(5,524)	-	(5,524)
Mallari, Roel	1,375	-	(1,375)	-	-	-	-
Malonzo, Ella Margarita	2,104	-	-	-	2,104	-	2,104
Malonzo, John	-	409		-	409	-	409
Mamaradlo, Leo	(582)	-	-	-	(582)	-	(582)
MANAHAN, ANTONINO.	-	-	(100)	-	(100)	-	(100)
MAñALAC, ELISA	251,618	37,776	(108,422)	-	180,971	-	180,971
Manalansan, Efren	-	-	(482)	-	(482)	-	(482)
Manalastas, Ma Barbara C	391	-	(1,105)	-	(715)	-	(715)
MANALO, ADREAN	-	-	(1,363)	-	(1,363)	-	(1,363)
MANANSALA, LORRAINE CHARMAYNE	1,063	-	(500)	-	563	-	563
MANAOIS, FELY ROSE.	-	-	(300)	-	(300)	-	(300)
MANAOIS, MARIO	3,636	-	-	-	3,636	-	3,636
MANAPSAL, JENNYLIN	(5,144)	-	-	-	(5,144)	-	(5,144)
Manarpiiz, Candido	-	-	(226,347)	-	(226,347)	-	(226,347)
Mance, Marilyn	78	-	-	-	78	-	78
Mandapat, Raymond	1,908	-	-	-	1,908	-	1,908
MANGARAN, MON KARLO	1,717	-	-	-	1,717	-	1,717
Mangente, Myra	(830)	-	-	-	(830)	-	(830)
MANGILA, GENE BETTINA	-	-	(2,044)	-	(2,044)	-	(2,044)
MANIGAN, ALMA	-	49,800	(18,675)	-	31,125	-	31,125
MANILA, ANTONIO	-	-	(1,145)	-	(1,145)	-	(1,145)
Manlapaz, Divine Grace - OLD	5,000	-	-	-	5,000	-	5,000
Manongsong, Marie Joyce	909	-	(1,518)	-	(609)	-	(609)
Manrique, Elenita - OLD	17,000	-	-	-	17,000	-	17,000
MANSON, DON	-	-	(36,004)	-	(36,004)	-	(36,004)
Mansueto, christian Michael	654	-	-	-	654	-	654
Manzano, Ronald	10,447	-	-	-	10,447	-	10,447
MARANAN, CAROLINE	-	-	(225)	-	(225)	-	(225)
MARASIGAN, LOUIE	-	-	(1,263)	-	(1,263)	-	(1,263)
Marcelo, Teresita	138	-	(138)	-	-	-	-

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Name and Designation of Debtor	*Balance at Beginning of Period*	*Additions*	*Deductions*		*Current*	*Non-Current*	*Balance at End of Period*
			Amounts Collected	*Amounts Written-Off*			
Marcial, Johnny	P 390	P -	-	P -	P 390	P -	P 390
MARCIAL, MARIDEL	1,086	-	-	-	1,086	-	1,086
MARIANO, ANNALISA	(681)	-	-	-	(681)	-	(681)
Mariano, Maria Lourdes	63,233	-	(60,000)	-	3,233	-	3,233
Mariñas, Luzviminda	2,900	-	-	-	2,900	-	2,900
Mariscotes, Maria Norlinda	1,866	-	(1,866)	-	-	-	-
MAROLLANO, CARMELO	(1,363)	-	(681)	-	(2,044)	-	(2,044)
MARQUESES, JERWIN	-	-	(954)	-	(954)	-	(954)
Marquez, Maria Gwendolyn	(830)	-	-	-	(830)	-	(830)
Martillo, Pocholo	-	-	645	-	645	-	645
Martin, Grace	116	-	-	-	116	-	116
Martin, Romeo	1,799	-	-	-	1,799	-	1,799
Martinez, Jocelyn	959	-	(959)	-	-	-	-
Martinez, Maria Teresa	1,506	-	-	-	1,506	-	1,506
Martinez, Oliver	-	-	(1,363)	-	(1,363)	-	(1,363)
MASANGYA, RAYMART	(1,363)	-	-	-	(1,363)	-	(1,363)
MATANDAG, MARIVEL	-	-	1,084	-	1,084	-	1,084
Medina, Buenaventura Jr. S.	1,050	-	-	-	1,050	-	1,050
Medina, Joy	3,462	-	-	-	3,462	-	3,462
MEDINA, RANNIE	2,671	-	-	-	2,671	-	2,671
MELANO, REYNO	75,014	-	(60,000)	-	15,014	-	15,014
MELENDRES, DIAMOND	-	15,000	(15,000)	-	-	-	-
Membrebe Jr., Zosimo	(509)	-	-	-	(509)	-	(509)
MENDENILLA, DONRICK	-	-	(427)	-	(427)	-	(427)
Mendez, Frances Nicola	(1,561)	-	-	-	(1,561)	-	(1,561)
MENDILLO, BENJAMIN	-	-	(2,044)	-	(2,044)	-	(2,044)
Mendoza, Catherine	10,080	-	-	-	10,080	-	10,080
Mendoza, Ferdinand	(315)	-	-	-	(315)	-	(315)
MENDOZA, FRANCIS ROBERT	-	33,200	(4,150)	-	29,050	-	29,050
Mendoza, Gloria	6,218	-	(6,218)	-	-	-	-
Mendoza, Jobert	10,000	-	-	-	10,000	-	10,000
Mendoza, Malaya S.	7,650	-	-	-	7,650	-	7,650
Mendoza, Norberto	13,387	-	(13,387)	-	-	-	-
MENESES, BENITA	-	-	(1,363)	-	(1,363)	-	(1,363)
Menez, Karren	1,605	-	(1,605)	-	-	-	-
Menorca, Joderick	(2,181)	-	-	-	(2,181)	-	(2,181)
MERCADO, JOY	(591)	-	-	-	(591)	-	(591)
MERCADO, MARK JOSEPH	-	-	(681)	-	(681)	-	(681)
Mercado, Ryan Christian	140,000	-	(140,270)	-	(270)	-	(270)
Mesina, Karen	(4,000)	-	-	-	(4,000)	-	(4,000)
Miano, Mary Jane P.	6,225	-	-	-	6,225	-	6,225
Miguel, Emmanuel - OLD	6,620	-	-	-	6,620	-	6,620
Milagrosa, Alexander	4,150	-	(6,225)	-	(2,075)	-	(2,075)
MILANO, AMEERAH	(1,181)	-	(645)	-	(1,826)	-	(1,826)
Miñas, Geraldine C.	4,031	-	-	-	4,031	-	4,031
Miñas, Sherwin	4,288	-	(4,288)	-	-	-	-
MIRANDA, CARLS JAY-R	-	-	(636)	-	(636)	-	(636)
Miranda, Jack Andrew	(885)	-	(745)	-	(1,630)	-	(1,630)
MITRA, JORDAN	-	-	(445)	-	(445)	-	(445)
MOJICA, MICHAELA JAN	-	15,000	(15,681)	-	(681)	-	(681)
Molate, Marie Locelle M.	(923)	-	-	-	(923)	-	(923)
Molina, Mark Oliver	270,077	16,600	(14,525)	-	272,152	-	272,152
MONDOY, MELISA	-	-	(1,553)	-	(1,553)	-	(1,553)
Moneza, Bethlehem	(1,363)	-	-	-	(1,363)	-	(1,363)
Monfero, Rowena	4,956	-	-	-	4,956	-	4,956
Monong, Cora - OLD	6,000	-	-	-	6,000	-	6,000
Monsod, Katrina Diane	3,435	-	(1,666)	-	1,769	-	1,769
Montano, Moses M.	942	-	-	-	942	-	942
MONTEMAYOR, LAARNI	2,044	-	(681)	-	1,363	-	1,363
Montinola, Antonio	15,680	-	-	-	15,680	-	15,680
Montinola, Aurelio	126,793	22,404	(76,574)	-	72,624	-	72,624
Montinola, Gianna	236,331	38,925	(56,588)	-	218,667	-	218,667
Montinola, Juan Miguel R.	321,632	1,256,377	(1,031,763)	-	546,245	-	546,245
MORADA, NOREENA	(1,363)	-	-	-	(1,363)	-	(1,363)
MORAGA, MELVIN	(750)	-	(1,254)	-	(2,003)	-	(2,003)
Morales, Miren	-	-	(32,643)	-	(32,643)	-	(32,643)
MORAN, ZACARIAS	(427)	-	-	-	(427)	-	(427)
Morante, Kathleen	(318)	-	-	-	(318)	-	(318)
MORTOS, ANGELINA	(200)	-	-	-	(200)	-	(200)
MUNOZ, KYRIE ELEISON	-	-	(681)	-	(681)	-	(681)
Munson, Don	2,567	8,016		-	10,582	-	10,582
Muria, Ramel	(1,119)	-	(2,904)	-	(4,022)	-	(4,022)
Nagal, Glenn Z.	(14,556)	16,600	(14,773)	-	(12,729)	-	(12,729)
NALUS, BENIGNO	-	-	(409)	-	(409)	-	(409)
Napoles, Myra	1,690	-	-	-	1,690	-	1,690
Narciso, Wilfreda - OLD	5,296	-	-	-	5,296	-	5,296
Narval, Antonio G.	5,900	16,600	(14,525)	-	7,975	-	7,975
Natera, Malvin - OLD	4,122	-	-	-	4,122	-	4,122
NATIVIDAD, JESSA MARIE	-	-	(681)	-	(681)	-	(681)
NATIVIDAD, REUBEN RAMIRO	2,902	-	(2,902)	-	-	-	-

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			Amounts Collected	*Amounts Written-Off*			
Navarro, Donnie Arth P.	P 4,900	P -	-	P -	P 4,900	P -	P 4,900
Nebril, Jonathan	4,907	-	-	-	4,907	-	4,907
Neo, Helen Azor cr from old	1,717	-	-	-	1,717	-	1,717
NERIDA, CLARISSE MAE	40,000	54,170	-	-	94,170	-	94,170
NERY, LEO ANGELO	(19,986)	-	-	-	(19,986)	-	(19,986)
NG, JEDRECK.	-	-	(1,666)	-	(1,666)	-	(1,666)
Nicdao, Lazaro	1,200	-	-	-	1,200	-	1,200
Nicer, Joselito C.	320	-	-	-	320	-	320
NICOLAS, JHON PATRIC	-	30,000	(30,681)	-	(681)	-	(681)
Nicolas, Lloyd Mark	68,675	-	(60,000)	-	8,675	-	8,675
Nierras Jr., Julius Felicisimo	-	-	(3,113)	-	(3,113)	-	(3,113)
Nietes, Reymon - OLD	16,689	-	-	-	16,689	-	16,689
NIVALES, MAURIE LIZA	10,405	-	-	-	10,405	-	10,405
Nisperos, Dulce Marie	3,687	-	(2,437)	-	1,250	-	1,250
Noble, Gina	1,254	-	-	-	1,254	-	1,254
Nocellado, James	894	-	-	-	894	-	894
NOCOM, HANS CHESTER	(223)	-	-	-	(223)	-	(223)
Nocon, Christopher Rey	7,263	-	-	-	7,263	-	7,263
Nolido, Reginald	692	-	-	-	692	-	692
Nora, Jon Paolo	16,600	33,200	(29,050)	-	20,750	-	20,750
NUCUM, JONALYN	-	-	(681)	-	(681)	-	(681)
Nuqui, Romeo	(5,150)	-	(13,178)	-	(18,327)	-	(18,327)
Nuestro, Mc Naicol Anthony	719	-	-	-	719	-	719
Nuestro, Sarah Joyce	11,032	-	-	-	11,032	-	11,032
NUNEZ, KRYZTL BOPEEP	-	-	(681)	-	(681)	-	(681)
Nuqui, Romeo	15,000	-	-	-	15,000	-	15,000
OBERAS, SALVADOR	(261)	-	-	-	(261)	-	(261)
OBMERGA, FRANCISCO	70,000	-	(70,000)	-	-	-	-
OCAMPO, RAMIL	(872)	-	-	-	(872)	-	(872)
OCAMPO, RYAN JASON	(400)	-	(100)	-	(500)	-	(500)
Ocampo, Walther	181	-	-	-	181	-	181
Ocampo, Wilfredo - OLD	1,150	-	-	-	1,150	-	1,150
OCTA, KENNEDY P	7,309	-	(7,309)	-	-	-	-
ODCHIMAR, DIEGO	-	-	(1,363)	-	(1,363)	-	(1,363)
Ogot, Maria Kristina	166	32,000	(32,681)	-	(515)	-	(515)
Ojimba, Edmund	14,678	-	(14,678)	-	-	-	-
OLAZO, FRISHAN	-	-	(112)	-	(112)	-	(112)
Olipany, Ruby	19,347	-	(19,347)	-	-	-	-
Olipas, Lorina - OLD	200	-	-	-	200	-	200
Oliver, Michael	8,300	-	-	-	8,300	-	8,300
Olivo, Shirley	(869)	-	-	-	(869)	-	(869)
ONDEVILLA, MIEL KRISTIAN	47,086	-	-	-	47,086	-	47,086
Ong, Johnson	2,300	-	-	-	2,300	-	2,300
Ong, Paul	(2,300)	-	-	-	(2,300)	-	(2,300)
Origen, Glaiza	(9,074)	-	-	-	(9,074)	-	(9,074)
Orillos, Emely B	1,781	-	-	-	1,781	-	1,781
ORMILON JR., ROGELIO C	59,283	41,371	(25,183)	-	75,470	-	75,470
ORMITA, LUZELLE	3,600	-	(1,800)	-	1,800	-	1,800
Orolfo, Teodora	988	-	-	-	988	-	988
Orozco, Glorina	13,553	-	-	-	13,553	-	13,553
Orozco, Jayson	1,908	-	-	-	1,908	-	1,908
Pabiton, Jose Marlon	(2,332)	-	(2,944)	-	(5,276)	-	(5,276)
Pacquing, Elizabeth	2,015	-	(3,146)	-	(1,131)	-	(1,131)
PADILLA, DAREN	(1,363)	-	-	-	(1,363)	-	(1,363)
Padilla, Maria Eleonor	1,431	-	-	-	1,431	-	1,431
Padual, Jennifer	13,168	-	(13,168)	-	-	-	-
Paguio, Carolina	11,583	-	-	-	11,583	-	11,583
Paguio, Floyd	111	-	-	-	111	-	111
Pahutan, Ludivinia	9,978	6,240	(17,474)	-	(1,256)	-	(1,256)
Pajuyo, Driselle	16,600	33,200	(29,050)	-	20,750	-	20,750
Palenzuela, Rowena	-	8,160	-	-	8,160	-	8,160
PALIS, FERNANDO	9,006	-	(9,006)	-	-	-	-
PALMERO, HAJJI	-	-	(1,036)	-	(1,036)	-	(1,036)
Pamilar, Ernesto F.	4,596	-	-	-	4,596	-	4,596
PAMITTAN JR., GENEROSO	86,531	-	-	-	86,531	-	86,531
Pancho, Fiachra Gil	618	-	-	-	618	-	618
PANELA, KAREN LEE V.	42,281	-	(41,600)	-	681	-	681
Panesa, Isabelita	-	-	(3,308)	-	(3,308)	-	(3,308)
Pangan, Nielson	(3,126)	-	(2,560)	-	(5,686)	-	(5,686)
Panganiban, Carolina A.	8,340	-	-	-	8,340	-	8,340
PANGANIBAN, VICENTE	1,608	-	-	-	1,608	-	1,608
Pangilinan, Daisy	(844)	-	-	-	(844)	-	(844)
PANO, DIANA ABIGAIL	2,035	-	(1,145)	-	890	-	890
Pantas, Felix	3,771	-	(3,771)	-	-	-	-
Panzo, Salome U.	725	-	-	-	725	-	725
Papa, Adriano Jr.	5,500	-	-	-	5,500	-	5,500
Paraiso, Lourdes Oliva- OLD	86,869	-	(2,022)	-	84,848	-	84,848
Paras, Eugene	(927)	-	(672)	-	(1,599)	-	(1,599)
PARAS, PERCIVAL	(681)	-	-	-	(681)	-	(681)
Paras, Renato - OLD	50,000	-	-	-	50,000	-	50,000

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Park, Bobae	P 4,150	P -	(P 7,263)	P -	(P 3,113)	P -	(P 3,113)
Parrilla, Krizzia Mae	(409)	-	-	-	(409)	-	(409)
Parungao, Edwardo	-	-	(336)	-	(336)	-	(336)
Pascua, Esperanza	1,908	-	-	-	1,908	-	1,908
Pascua, George	9,050	-	(7,263)	-	1,788	-	1,788
Pascua, Jennifer - OLD	45,828	-	(200)	-	45,628	-	45,628
Pascual, Danilo	9,175	-	-	-	9,175	-	9,175
PATACSIL ,JERWIN	-	-	(300)	-	(300)	-	(300)
Patadlas, Marie Grace	(1,119)	-	-	-	(1,119)	-	(1,119)
Patdu, Ivy	(415)	-	-	-	(415)	-	(415)
PATRIMONIO, MARY JEANNIE	39,303	-	-	-	39,303	-	39,303
PAUAL, MELBA	155	-	(155)	-	-	-	-
Paulo, Lorie May G.	(409)	32,000	(32,000)	-	(409)	-	(409)
PAVON, OLIVE	-	-	(282)	-	(282)	-	(282)
PE, MURPHY	-	-	(1,363)	-	(1,363)	-	(1,363)
Pe Benito, Galahad Richard	(200)	-	(600)	-	(799)	-	(799)
Pearson, Lou Dominic	57,664	-	-	-	57,664	-	57,664
PEDREGOSA, GLAIZA O	10,574	-	-	-	10,574	-	10,574
PEDRON, DIVINA	(2,317)	-	-	-	(2,317)	-	(2,317)
Pelias, Christopher	33,755	-	(33,755)	-	0	-	0
Pelino, Jolly	4,150	-	(4,150)	-	-	-	-
PENA, GIDEON	(1,539)	-	(563)	-	(2,102)	-	(2,102)
Penarubia, Christopher	(5,660)	-	-	-	(5,660)	-	(5,660)
PERALTA, EDITHA	(409)	-	-	-	(409)	-	(409)
PEREDA, JACQUELINE	(1,880)	-	-	-	(1,880)	-	(1,880)
Perez, Angelito Rene	3,602	-	-	-	3,602	-	3,602
Perez, Hector	19,615	-	-	-	19,615	-	19,615
PEREZ, LORRE WEDDAN	-	15,000	(15,000)	-	-	-	-
PEREZ, LOPIE ADRIAN	-	-	(954)	-	(954)	-	(954)
Permalino, Albert Emmanuel S.	7,061	-	-	-	7,061	-	7,061
PICADIZO, RAMON	938	-	-	-	938	-	938
Pidlaoan Jr., Antonio	10,803	-	(10,803)	-	-	-	-
PILAR, DULCE AMOR.	-	-	(1,965)	-	(1,965)	-	(1,965)
Pineda, Matilde	-	-	9,663	-	9,663	-	9,663
PINEDA, ROBERT	7,239	-	(7,239)	-	-	-	-
PINEDA, RODOLFO	974	-	-	-	974	-	974
PINZON, ROSARIO	-	-	(627)	-	(627)	-	(627)
PIZARO, ARTHUR P.	50,000	-	(50,000)	-	-	-	-
PLA, ANTHONY	-	-	(1,363)	-	(1,363)	-	(1,363)
PLECERDA, KURT FRANCIS	-	-	(709)	-	(709)	-	(709)
POBLACION, SAMANTHA	(830)	-	(1,145)	-	(1,975)	-	(1,975)
POBLETE, RONALDO	-	-	(1,971)	-	(1,971)	-	(1,971)
Policarpio, Ma. Lourdes	5,958	-	(6,958)	-	(1,000)	-	(1,000)
Polido, Jelyca	24,900	49,800	(43,575)	-	31,125	-	31,125
PONES, RAYMOND	-	-	(1,281)	-	(1,281)	-	(1,281)
PONSARAN, LEVY	-	-	690	-	690	-	690
Poquiz, Salvador	836	-	-	-	836	-	836
PORTEM, JAYSON	-	-	(24,719)	-	(24,719)	-	(24,719)
PORTUGUEZ, MARY ANNE	-	-	(1,181)	-	(1,181)	-	(1,181)
Prudencio, Philip	8,438	-	(8,438)	-	-	-	-
Publico, Hilario - OLD	5,377	-	-	-	5,377	-	5,377
Pulido, Dennis	2,344	-	-	-	2,344	-	2,344
PUNZALAN, JEDDA	-	-	(2,044)	-	(2,044)	-	(2,044)
Punzalan, Noel Oliver	(830)	-	-	-	(830)	-	(830)
Quan, Ryan Jeremiah	(999)	-	-	-	(999)	-	(999)
Querijero, Glen Hilario - OLD	5,000	-	-	-	5,000	-	5,000
QUERO, MEYNARD	-	-	(194)	-	(194)	-	(194)
Quesada, Suzette	2,344	-	-	-	2,344	-	2,344
Quijencio Jr., Wilfredo	(100)	-	-	-	(100)	-	(100)
Quilantang, Rae Francis	-	-	-	-	-	-	-
Quines, Dante	1,898	17,270		-	19,168	-	19,168
Quintanar, Janeth - OLD	5,367	-	-	-	5,367	-	5,367
Quinto, Myrna	725,808	1,273,797	(1,835,968)	-	163,637	-	163,637
QUINTOS, MARK ANTHONY	-	-	(681)	-	(681)	-	(681)
QUITIONG, MAUREEN C.	-	41,600	(41,600)	-	-	-	-
RABANG, RISA JENICA	1,140	-	-	-	1,140	-	1,140
Racela, Raoul Cesar.	-	-	(3,113)	-	(3,113)	-	(3,113)
RAMILO, RYAN	1,500	-	-	-	1,500	-	1,500
RAMIREZ, JONATHAN	-	-	(681)	-	(681)	-	(681)
RAMIREZ, NEOFIDEL	(769)	-	513	-	(256)	-	(256)
Ramirez, Percival	1,066	-	(1,578)	-	(513)	-	(513)
RAMO, PATRICIA LIANA	-	-	(2,044)	-	(2,044)	-	(2,044)
Ramos, Bernadette	3,626	-	(3,626)	-	-	-	-
RAMOS, DIOSDADO	-	-	(572)	-	(572)	-	(572)
Ramos, Eduardo Teodoro	(750)	-	-	-	(750)	-	(750)
RAMOS, ERVIN	7,769	-	(7,769)	-	-	-	-
Ramos, Jona Anne	1,490	-	-	-	1,490	-	1,490
RAMOS, MARK ANTHONY	-	-	(681)	-	(681)	-	(681)
Ramos, Raymond Kenneth	(844)	-	-	-	(844)	-	(844)
Ramos, Rosemarie	28,269	33,200	(39,259)	-	22,210	-	22,210

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RAMOS, TEODORICA	P 5,404	-	(P 5,404)	P -	P 0	P -	P 0
RAñESES, MARLON	-	-	(909)	-	(909)	-	(909)
Rañola, Yves	6,141	-	-	-	6,141	-	6,141
Rapirap, Raquel	30,000	-	-	-	30,000	-	30,000
Razon, Benedict E.	1,626	-	(651)	-	975	-	975
Rebosa, Antonio	(318)	-	-	-	(318)	-	(318)
REFUERSO, CARA JAMILA	-	-	(591)	-	(591)	-	(591)
Refugia Jr., Manolo	-	-	(3,113)	-	(3,113)	-	(3,113)
Regidor, Marilou A.	4,150	-	(7,263)	-	(3,113)	-	(3,113)
Regudo, Heidi K.	1,875	-	-	-	1,875	-	1,875
REGUNAY, CATHERINE	-	-	(1,036)	-	(1,036)	-	(1,036)
Relente, Miguelito	(7,850)	-	-	-	(7,850)	-	(7,850)
Relucio, Stephanie	1,908	-	(354)	-	1,554	-	1,554
REMIENDO, NORA LIZA	2,281	-	(2,281)	-	-	-	-
REQUIDAN, JEROME	56,000	56,000	-	-	112,000	-	112,000
Reoperez, Marie Grace	45,448	-	-	-	45,448	-	45,448
Retoriano, Kerfelcel	580	-	-	-	580	-	580
Retuerma, Vanessa	750	-	-	-	750	-	750
Rey, Noel Dennis Antonio	(536)	-	-	-	(536)	-	(536)
Reyes, Cecil	(270)	-	-	-	(270)	-	(270)
REYES, JASON	2,044	645		-	2,689	-	2,689
REYES, KEVIN ANGELO	-	-	(391)	-	(391)	-	(391)
Reyes, Ma. Editha	37,832	16,600	(14,236)	-	40,196	-	40,196
Reyes, Marlen	31,469	-	-	-	31,469	-	31,469
Reyes, Maria Fleur de liz	(5,907)	-	-	-	(5,907)	-	(5,907)
Reyes, Maria Veronica	-	16,600	(6,225)	-	10,375	-	10,375
REYES, MARVIN	(513)	-	-	-	(513)	-	(513)
Reyes, Melodia S.	11,970	26,680	(25,029)	-	13,621	-	13,621
Reyes, Mercedes	13,067	-	-	-	13,067	-	13,067
Reyes, Oliver Xavier	(454)	-	-	-	(454)	-	(454)
REYES, PIERRE	-	-	(1,145)	-	(1,145)	-	(1,145)
Reyes, Richard Glenn	(5,481)	18,520	(15,361)	-	(2,322)	-	(2,322)
Reyes, Robert	2,344	-	-	-	2,344	-	2,344
Reyes, Rowena	30,527	16,600	(13,534)	-	33,594	-	33,594
REYNOSO, LESLIE	-	-	(681)	-	(681)	-	(681)
REYNOSO, LINO	(553)	-	-	-	(553)	-	(553)
RICAFORT, LINA MARIE	-	-	(681)	-	(681)	-	(681)
RICAFRENTE, MARK IVAN	(1,363)	-	(681)	-	(2,044)	-	(2,044)
Riego, James bRyan	12,230	-	-	-	12,230	-	12,230
Riguera, Manuel	(2,235)	-	(818)	-	(3,053)	-	(3,053)
Rimano, Joy	3,850	-	-	-	3,850	-	3,850
Rio, Rommel Marvin	(591)	681		-	91	-	91
Rito, Estrellita S.	-	-	(75,479)	-	(75,479)	-	(75,479)
Ritualo III, Servillano	1,663	-	-	-	1,663	-	1,663
RIVERA, MA. THERESA M	-	72,176		-	72,176	-	72,176
Rivera, Marla	-	-	(4,913)	-	(4,913)	-	(4,913)
ROJO, JANE CATHERINE	-	-	(1,950)	-	(1,950)	-	(1,950)
Roma, Dominic	1,581	-	-	-	1,581	-	1,581
Romero, Paul	-	-	(3,113)	-	(3,113)	-	(3,113)
Rondaris, Mary Ann	1,363	-	-	-	1,363	-	1,363
Rosal, Josefina	4,713	-	(3,713)	-	1,000	-	1,000
Rosales, Alvin	-	-	(681)	-	(681)	-	(681)
Rubio, Marisa	26,944	-	(26,944)	-	-	-	-
RUIZ, CAESAR FRANZ	(1,363)	-	-	-	(1,363)	-	(1,363)
Rufo, Rowena	28,959	-	(30,423)	-	(1,464)	-	(1,464)
SABADO, ELMER	4,246	-	(4,246)	-	-	-	-
SABORNAY, RICKY	-	-	(899)	-	(899)	-	(899)
SACLAYAN, SAM KEVIN	(318)	-	-	-	(318)	-	(318)
SACUEZA, APRIL GRACE M.	56,000	28,000	(84,000)	-	-	-	-
Sagun, Jose Arnold C.	1,063	-	-	-	1,063	-	1,063
SALAMAT, JAYVIE PAULO M.	-	1,920	(1,920)	-	-	-	-
Salcedo, Rosanna	6	19,958	(9,750)	-	10,214	-	10,214
Salcedo, Vera Shayne	(427)	-	(745)	-	(1,172)	-	(1,172)
SALDANA, JOSELITO	11,972	-	(11,972)	-	-	-	-
SALGADO, MAJAH	-	-	(927)	-	(927)	-	(927)
Salgado, Ronnie Leon	1,930	-	-	-	1,930	-	1,930
SALIENTE, GLESA MAY	-	15,000	(15,000)	-	-	-	-
SALIK, SITTIE	(1,009)	-	-	-	(1,009)	-	(1,009)
Salise, Percival	1,613	-	-	-	1,613	-	1,613
Salles, Karen	2,344	-	-	-	2,344	-	2,344
SALLOMAN, PHILIP	82	-	-	-	82	-	82
Saloma, Hershe Fe	(681)	-	-	-	(681)	-	(681)
SALONGA, REDENTOR	-	-	(1,663)	-	(1,663)	-	(1,663)
SALUD, JOSE	-	-	(3,471)	-	(3,471)	-	(3,471)
Salunga, Loida - OLD	14,961	-	-	-	14,961	-	14,961
Salustiano, Rosalinda	981	-	-	-	981	-	981
Salvado, Rowena- OLD	22,160	-	-	-	22,160	-	22,160
SALVADOR, ALLAN	-	-	(1,163)	-	(1,163)	-	(1,163)
SALVADOR, HAZEL	-	-	(594)	-	(594)	-	(594)
SANA, MARCO	-	-	(1,499)	-	(1,499)	-	(1,499)

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			Amounts Collected	Amounts Written-Off			
SANALILA, CHRISTOPHER	-	P -	(P 1,363)	P -	(P 1,363)	P -	(P 1,363)
Sampan, Melodia	96	-	(96)	-	-	-	-
Samson, Jaypee	(981)	-	-	-	(981)	-	(981)
Samson, Leylani	167,990	224,000	(308,000)	-	83,990	-	83,990
Samson, Ronald	(454)	-	-	-	(454)	-	(454)
SAN DIEGO, CYNTHIA	-	16,600	(6,225)	-	10,375	-	10,375
SAN DIEGO, Immanuel	(43,690)	-	-	-	(43,690)	-	(43,690)
San Gregorio, Randell	(5,150)	-	(7,263)	-	(12,413)	-	(12,413)
SAN JUAN, SARA MAE	-	-	(681)	-	(681)	-	(681)
SAN JUAN-TORRES, MARIA JOSEFINA	-	-	(1,890)	-	(1,890)	-	(1,890)
San Mateo, Andres Ignacio	(100)	-	(200)	-	(300)	-	(300)
SANALILA, CHRISTOPHER	(781)	-	-	-	(781)	-	(781)
SANAPO, MARGARET	-	-	(681)	-	(681)	-	(681)
Sanchez, Annlyn	(681)	-	-	-	(681)	-	(681)
Sanchez, Jennifer	200	-	-	-	200	-	200
Sanchez, Timothy	(400)	-	(1,363)	-	(1,763)	-	(1,763)
Sandoval, KhRistina	32,000	-	-	-	32,000	-	32,000
SANGCAP, REYJOHN MARK	-	15,000	(15,681)	-	(681)	-	(681)
Sangel, Marites	13,820	-	(13,820)	-	-	-	-
SANTANDER, JHUREN VICSON	-	-	(681)	-	(681)	-	(681)
Santiago, Marvin	1,581	-	-	-	1,581	-	1,581
Santiago, Rey Paolo	(553)	-	(1,145)	-	(1,699)	-	(1,699)
Santos, Buenvenida	(228,551)	-	-	-	(228,551)	-	(228,551)
SANTOS, CRISTINA C	419	-	-	-	419	-	419
Santos, Florentino	(2,221)	-	-	-	(2,221)	-	(2,221)
Santos, Joey andrew	(15,323)	-	-	-	(15,323)	-	(15,323)
Santos, Joseph Vincent	490	-	(3,113)	-	(2,623)	-	(2,623)
SANTOS, LEO	-	-	(1,363)	-	(1,363)	-	(1,363)
SAPINOSO, FRANCESCA MARIE	-	16,600	(6,225)	-	10,375	-	10,375
Sapitula, Preciosa - OLD 1,586.57	1,587	-	-	-	1,587	-	1,587
Saplala, Mariano	11,775	16,600	(16,600)	-	11,775	-	11,775
SAQUING, PURAMARYVER	7,501	-	-	-	7,501	-	7,501
Saret, Angelyn R.	7,582	33,200	(21,011)	-	19,771	-	19,771
Sarmiento, Ma. Victoria	(1,484)	-	-	-	(1,484)	-	(1,484)
Sarmiento, Randy	(856)	-	-	-	(856)	-	(856)
SAYAT, CARMELO	16,877	-	(16,077)	-	800	-	800
SAYAT, RUBY	(800)	49,800	(17,175)	-	31,825	-	31,825
Seducon, Glen Mark	1,581	-	-	-	1,581	-	1,581
SEGOVIA, JULIUS ANTHONY	(672)	-	-	-	(672)	-	(672)
SELGA, JOHN LESTER	-	-	(600)	-	(600)	-	(600)
Sembrano, Edgar Allan Manzano	3,761	-	(1,880)	-	1,880	-	1,880
SEMBRANO, GILBERT	(1,880)	-	(1,219)	-	(3,100)	-	(3,100)
Senanin, Ferdinand	(1,745)	-	-	-	(1,745)	-	(1,745)
SERAPIO, Renato	60,776	16,600	(14,525)	-	62,851	-	62,851
Sergio, Joan Liezel	1,100	-	-	-	1,100	-	1,100
Serra, Christine Albuquerque	2,500	-	-	-	2,500	-	2,500
Sibal, Regina	88,831	85,831	(1,942)	-	172,721	-	172,721
Simo, Rickson Jay P.	200	-	-	-	200	-	200
Siongco, Josephine	11,827	-	(13,108)	-	(1,281)	-	(1,281)
Sioson, Yolanda - OLD	57,480	-	-	-	57,480	-	57,480
SIRUG, WINSTON	-	-	(3,407)	-	(3,407)	-	(3,407)
Sison, Erlinda G.	4,658	-	-	-	4,658	-	4,658
Sison, Walterdrudes M.	961	-	-	-	961	-	961
SOBERANO, ISRAEL	(2,044)	-	-	-	(2,044)	-	(2,044)
Sobretodo, Redel	(672)	-	-	-	(672)	-	(672)
Solis, Ma. Geraldine	2,218	-	-	-	2,218	-	2,218
SOLIMAN, ELMER	-	-	(1,363)	-	(1,363)	-	(1,363)
Soliman, Rian Ceasar	(906)	-	-	-	(906)	-	(906)
Solitario, Rachelle	(318)	-	-	-	(318)	-	(318)
SOLIVEN, MONICA	(709)	-	681	-	(27)	-	(27)
Solivio, Rosalie	(128,910)	-	-	-	(128,910)	-	(128,910)
Solomon, Byron Jones	8,321	-	(8,321)	-	-	-	-
Solomon, Rommel	581	-	(581)	-	-	-	-
SOMERA, AURELIO	-	1,600		-	1,600	-	1,600
SORIANO, DOMINIQUE	(800)	-	-	-	(800)	-	(800)
SORIANO, ROWENA	-	-	(2,065)	-	(2,065)	-	(2,065)
Sta. Maria, Hipolito	28,222	16,600	(34,447)	-	10,375	-	10,375
Sta. Maria, Melencio	360,904	227,504	(258,610)	-	329,798	-	329,798
Sta. Mina, Joel	4,150	-	(7,263)	-	(3,113)	-	(3,113)
Sualog, Cyrus Victor	(890)	-	(600)	-	(1,490)	-	(1,490)
SUANGCO, IDA MAE O.	-	2,400	(2,400)	-	-	-	-
SUAREZ, GINA	(1,217)	-	-	-	(1,217)	-	(1,217)
SUATENGCO, ROSARITO	12,450	16,600	(18,675)	-	10,375	-	10,375
Suba, Gerald Manalo	279	-	(1,581)	-	(1,302)	-	(1,302)
Suba, Sally	(218,134)	-	-	-	(218,134)	-	(218,134)
Subijano, Reiner	1,581	-	-	-	1,581	-	1,581
SUELO, LYOMARI	-	-	(1,363)	-	(1,363)	-	(1,363)
SUGAY, JUDITH	-	-	(681)	-	(681)	-	(681)
SULIT, KRISTINE	-	-	(636)	-	(636)	-	(636)
SUNGA, JANINE	8,807	-	-	-	8,807	-	8,807

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Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions: Amounts Collected	Deductions: Amounts Written-Off	Current	Non-Current	Balance at End of Period
SUNGA-Tagal, Johana	(P 2,208)	P 25,000	-	P -	P 22,792	P -	P 22,792
Sy, Dexter	(781)	-	-	-	(781)	-	(781)
SY, RICHARD	-	-	(1,010)	-	(1,010)	-	(1,010)
TABA, PATRICIA	(636)	-	(554)	-	(1,190)	-	(1,190)
TABAR, EUREZE	-	-	(67)	-	(67)	-	(67)
TABOTABO, RAQUEL	11,718	-	(11,718)	-	-	-	-
TABUENA, RICHARD	1,823	-	(1,823)	-	-	-	-
Tabuzo, Victor	22,718	-	(12,718)	-	10,000	-	10,000
TACUBOY, SHERYL	(806)	-	(681)	-	(1,488)	-	(1,488)
TAGAAN, TITUS ROLAND	-	-	(258)	-	(258)	-	(258)
Tajonera, Joan Patrick	12,089	-	-	-	12,089	-	12,089
TAKAI, ICHIRO	-	7,500	(7,500)	-	-	-	-
TAMARGO JR., FRANKLIN	(1,063)	-	-	-	(1,063)	-	(1,063)
Tan, Alvin O.	621	-	-	-	621	-	621
TAN, ANDREW	(1,390)	-	-	-	(1,390)	-	(1,390)
Tan, Ma Floran	(931)	168,000	(56,000)	-	111,069	-	111,069
Tan, Rowena Nieves	200	-	(2,113)	-	(1,913)	-	(1,913)
TAN, RENANTE	2,933	-	(2,933)	-	-	-	-
Tana, Kenneth Bryan	(2,544)	-	-	-	(2,544)	-	(2,544)
TANAWAN, CHARISH	-	-	(681)	-	(681)	-	(681)
TANG, RAELENE JOYCE CHUNG	-	7,500	(7,500)	-	-	-	-
Tapalgo, Elyn	28,892	29,834	(40,559)	-	18,166	-	18,166
Tapia, Maria Carolina M.	103	-	-	-	103	-	103
TARECTECAN, RICO	(1,363)	-	-	-	(1,363)	-	(1,363)
Taton, Maria Thelma	9,858	16,600	(16,083)	-	10,375	-	10,375
TAYAMORA. MICHI REY	2,044	-	-	-	2,044	-	2,044
TECSON, MA. CHRISTINA	(300)	-	-	-	(300)	-	(300)
TEH, LADIE KRISTINE	-	-	(1,954)	-	(1,954)	-	(1,954)
TEM, JOSELITO	15,917	-	(15,917)	-	-	-	-
Temprosa, Francis Tom	(146)	-	-	-	(146)	-	(146)
Tenoso, Isidro	1,563	-	-	-	1,563	-	1,563
Ticman Jr., Modesto	3,707	-	(2,944)	-	763	-	763
Tinaya, Galilee	4,900	-	-	-	4,900	-	4,900
Tinio, Maria Teresa	342,544	173,650	(403,333)	-	112,861	-	112,861
Tiotangco, angelina	(22,082)	-	-	-	(22,082)	-	(22,082)
Tirao, Jerrifer	2,235	-	-	-	2,235	-	2,235
Tirazona, Renato	18,770	-	(18,770)	-	-	-	-
TIU, ANDREA CRISZLE	(681)	373		-	(309)	-	(309)
TIU, MICHAEL	-	-	(3,280)	-	(3,280)	-	(3,280)
Tobias, Ana Patricia	753	-	(1,145)	-	(392)	-	(392)
Toledo, John Patrick	(763)	-	-	-	(763)	-	(763)
Toledo, Marilyn	5,209	-	(5,209)	-	-	-	-
Tolentino, Edna	873	-	-	-	873	-	873
Tolentino, Rosula	12,224	-	-	-	12,224	-	12,224
Tongol, Jan Frederick	(881)	-	-	-	(881)	-	(881)
TORIO, KARLO	(854)	-	-	-	(854)	-	(854)
Torres, Melinda	64,978	-	-	-	64,978	-	64,978
Torres, Teem	563	-	(563)	-	-	-	-
TRAJANO, ALEXANDER CHAN	(1,608)	-	-	-	(1,608)	-	(1,608)
Trajeco, Ma. Shirley	6,249	-	-	-	6,249	-	6,249
Trinidad, Bryan	2,300	-	-	-	2,300	-	2,300
Trinidad, Josefina	(439)	-	-	-	(439)	-	(439)
TUASON, JOHN LESTER	(800)	-	-	-	(800)	-	(800)
Tuble, Marnel	-	-	(500)	-	(500)	-	(500)
Tugade, Luzviminda O	674	-	-	-	674	-	674
TULUD, RENZ CHRISTIAN	7,005	-	(7,350)	-	(345)	-	(345)
TUNGPALAN JR., ROGER	-	15,000	(15,000)	-	-	-	-
TUPAZ, ANTHONY EDSEL	(1,445)	-	(1,219)	-	(2,664)	-	(2,664)
TY, CARL	(427)	-	-	-	(427)	-	(427)
Ugaddan, Karla	270	-	-	-	270	-	270
ULANDAY, GIANNE	(1,181)	-	-	-	(1,181)	-	(1,181)
Ulep, Michael Lawrence	1,363	-	-	-	1,363	-	1,363
Umpad, Mara	24,000	-	(1,800)	-	22,200	-	22,200
Urian, Joselito	4,150	-	(7,263)	-	(3,113)	-	(3,113)
Usita, Laarni D.	15,161	-	(2,950)	-	12,211	-	12,211
Uy, Moira	146,851	280,000	(156,851)	-	270,000	-	270,000
Uyson, Leslie Marie C.	9,258	-	-	-	9,258	-	9,258
Valderama, Marvin Gilbert C.	4,150	-	(7,263)	-	(3,113)	-	(3,113)
Valderrama, RUth	571	-	(571)	-	-	-	-
VALDEZ, MARCELINO	(194)	-	-	-	(194)	-	(194)
Valdez Jr., Marcos	8,300	16,600	(14,525)	-	10,375	-	10,375
VALENCIA, ALMA	-	-	(916)	-	(916)	-	(916)
Valencia, Joy G.	1,986	-	(1,986)	-	-	-	-
VALERA, STEPHEN	-	-	(1,145)	-	(1,145)	-	(1,145)
Valerio, Francis	21,288	-	(4,688)	-	16,600	-	16,600
VANZUELA, JEZEL F	1,450	-	(725)	-	725	-	725
VARGAS, MA. CRISTINA.	-	-	(2,044)	-	(2,044)	-	(2,044)
Varilla, Edglyn - OLD	5,141	-	-	-	5,141	-	5,141
VELASCO, MARK ANTHONY	2,044	681		-	2,725	-	2,725
Velasquez III, Damian	341	-	-	-	341	-	341

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Velasquez, Ma. Charisma B.	P 3,160	-	-	P -	P 3,160	P -	P 3,160
VELASQUEZ, ROCHELLE	-	-	(681)	-	(681)	-	(681)
Veneracion, Victor Emmanuel	-	-	(3,113)	-	(3,113)	-	(3,113)
Vera, Roderick	(1,181)	-	(2,235)	-	(3,416)	-	(3,416)
Verano, Aldrick	(781)	-	-	-	(781)	-	(781)
Verano, Jacqueline Christine	2,903	-	-	-	2,903	-	2,903
VERANO, JAY NEIL	509	-	(663)	-	(154)	-	(154)
Verdote, Christopher or Annabelle	1,872	-	(1,872)	-	-	-	-
Vicente, Gudani	2,300	-	-	-	2,300	-	2,300
VICENTE, MARIGLO		-	(2,044)	-	(2,044)	-	(2,044)
VICTOR, RAMON	(2,044)	-	(1,581)	-	(3,625)	-	(3,625)
VICTORIA, JANUARY		-	(427)	-	(427)	-	(427)
VICTORIA, MICHAEL	11,119	16,600	(15,361)	-	12,358	-	12,358
Victoria, Wendelliza	37,165	-	(27,165)	-	10,000	-	10,000
Vilchez, Maria Gladys	(2,447)	-	-	-	(2,447)	-	(2,447)
Villacorta, Enrico	(1,181)	-	(300)	-	(1,481)	-	(1,481)
VILLALBA, MABEL LYN	-	-	(681)	-	(681)	-	(681)
Villaluz, Gerardo	(177)	-	(927)	-	(1,103)	-	(1,103)
Villamin, Jojo	(1,331)	-	-	-	(1,331)	-	(1,331)
VILLANUEVA, ANTONIO JR	(1,145)	-	-	-	(1,145)	-	(1,145)
VILLANUEVA, ARHIMEDES	(282)	-	-	-	(282)	-	(282)
VILLANUEVA, GABRIEL	-	-	(2,065)	-	(2,065)	-	(2,065)
Villanueva, Ma. Concepcion L.	22,311	-	-	-	22,311	-	22,311
Villanueva, Romulo	(673)	-	-	-	(673)	-	(673)
VILLANUEVA, SARAH CAPARAS	1,545	-	-	-	1,545	-	1,545
Villar, Gerald	139,148	16,600	(15,891)	-	139,858	-	139,858
Villareal III, Benito	-	182			182		182
VILLARINO, JOHN KEBYN	-	-	(318)		(318)		(318)
Villasis, Christian	25	-	-		25		25
VILLAVICENCIO, PETER PAUL	-	15,000	(15,681)		(681)		(681)
VILLAVIZA, GREGORIO	-	-	(2,188)		(2,188)		(2,188)
VILLEGAS JR,M AMADO	4,456	-	(4,456)		-		-
Villegas, Ronchette Lee I	4,150	-	(7,263)		(3,113)		(3,113)
Villena, Jean Marie	(436)	-	(563)		(999)		(999)
VILORIA, BENITA	-	-	(536)		(536)		(536)
Vinas, Ana Marie	1,908	-	-		1,908		1,908
Vinluan, Lourdes	0	-	-		0		0
Vinluan, Renato *	4,875	-	-		4,875		4,875
VIRAY, RICHMOND	-	-	(536)		(536)		(536)
Vitug, Marianne Claire	(2,544)	-	-		(2,544)		(2,544)
VITUG, SOLITA	-	-	(681)		(681)		(681)
Vizcayno, Wilfredo	4,900	-	-		4,900		4,900
WANG, EVA MARIE	2,044	-	(41,313)		(39,269)		(39,269)
Yan, Edwin	400	-	-		400		400
Yap, Avelina	9,405	-	-		9,405		9,405
YAP, MARGAUX	-	-	(781)		(781)		(781)
YAP, ROSALIE	(1,772)	-	-		(1,772)		(1,772)
YAP, SANDRA	5,298	-	(5,298)		-		-
Ycasas, Ma. Neila S	-	-	(3,113)		(3,113)		(3,113)
YCONG, MA CECILIA	-	-	681		681		681
YLAGAN, ANGELA	-	-	(2,680)		(2,680)		(2,680)
Yu, Antonio O.	100	-	-		100		100
Yudelmo,Walter	(1,363)	-	-		(1,363)		(1,363)
Zafra, Reynele Bren G.	346	-	-		346		346
Zaldivar, Felicia P.	43,830	-	-		43,830		43,830
Zamora, Elizar	7,546	-	(7,546)		-		-
Zamudio, Rowena B.	(5,100)	-	-		(5,100)		(5,100)
Zerna, Cromwell Matheau	(969)	-	-		(969)		(969)
ACOMULAR, MICHELLE S	47,518	743,288	(742,088)		48,719		48,719
Abarrientos, Johnny	-	8,300	-		8,300		8,300
Agnes, Reynold D.	13,000	-	(13,000)		-		-
Alba, Michael	44,930	3,318	-		48,248		48,248
Albano, Allan Rey	-	8,300	-		8,300		8,300
ALVAREZ JR., ABEL	-	82,773	(75,773)		7,000		7,000
Ampatin, Estrella V.	(33,860)	-	-		(33,860)		(33,860)
Andaya, Marie Jina	3,356	-	-		3,356		3,356
Andrade, Alexander	550	-	-		550		550
Anot Jr., Juanito	-	16,340	(16,340)		-		-
Artus, Glaiza	-	8,300	-		8,300		8,300
Astrologo, John Gervin	-	8,300	-		8,300		8,300
BALDO, CERLINDA	-	58,000	(58,000)		-		-
Baldres, Ramil	9,613	-	-		9,613		9,613
BALLARES, LEA D	-	264,853	(264,853)		-		-
Basilio, Rosalinda	-	411,543	(411,543)		-		-
Bautista, Clinton Kingsley	-	8,300	-		8,300		8,300
Bautista, Michelle	-	49,985	(49,985)		-		-
BEJO, NOEL	-	36,327	(36,327)		-		-
BELTRAN, EDNA	-	7,018	(7,018)		-		-
Beltran, Loysabel	2,980	-	-		2,980		2,980
Benicta, Eugeene	(7,706)	-	-		(7,706)		(7,706)
Betia, Jem Ryn	P -	P 8,300	-	-	P 8,300	P -	P 8,300
Bingculado, Roger	(35,172)	21,726	(21,726)	-	(35,172)	-	(35,172)
Blardony, Rosario	17,449	-	-	-	17,449	-	17,449
Blas, Maria Theresa	1,451	-	-	-	1,451	-	1,451
Borgona, Earl Joseph	(1,535)	-	-	-	(1,535)	-	(1,535)
Borja, Sofriano	-	20,844	(20,844)		-		-
Borja, Victoria Ana	-	9,843	(9,843)		-		-
Bravo, Arnel	-	20,660	(8,660)		12,000		12,000
Brillon, Cherish Aileen	-	11,396	(11,396)		-		-
BRIOSO, JOHN OLIVER	-	40,065	-		40,065		40,065
Bueno, Harold	(0)	-	-		(0)		(0)
BULANHAGUI, NIDA	1,116,744	628,873	(1,741,383)		4,234		4,234
Bunuan, Edita	-	4,500	(4,500)		-		-
Bustamante- Bunzalan, Maria Christine	-	14,000	(14,000)		-		-
CAAWAY, JOSE JAMIR	(10,000)	9,933	(9,933)		(10,000)		(10,000)
Caagbay, Elpidio Z.	-	103,178	(103,178)		-		-
Cabaltica, Leilani A.	-	100,000	(100,000)		-		-
Cabasada, Albert R. III	(39,409)	-	-		(39,409)		(39,409)
CAMANA, LOVE	-	15,961	(15,961)		-		-
CANDOLETA, JEMN	-	54,000	(54,000)		-		-
Canoza, Geraldine	-	2,750	(2,750)		-		-
CANTIMBUHAN, JED R	-	92,798	(92,798)		-		-
Cao, Marilou F.	19,527	123,850	(239,871)		(96,493)		(96,493)
Carillo - Rivera , Kristine Bernadette	(5,935)	23,978	(23,978)		(5,935)		(5,935)
Castillo, Flordeliza	-	41,581	(26,000)		15,581		15,581

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Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)
May 31, 2019

Name and Designation of Debtor	*Balance at Beginning of Period*	*Additions*	*Deductions*		*Current*	*Non-Current*	*Balance at End of Period*
			Amounts Collected	*Amounts*			
Castro, Joeven	29,424	-	-		29,424		29,424
Catamora, Catherine	(72)	39,065	-		38,993		38,993
Chavez, Joel	(28,182)	-	-		(28,182)		(28,182)
CHUA, RICK JOHN B	(3,356)	-	-		(3,356)		(3,356)
CO, STEPHEN JAY	(8,904)	190,939	(109,746)		72,289		72,289
CONCHA, JHONALYN	(10)	42,345	(39,345)		2,990		2,990
CORCUERA, LOVELY	-	1,541	(1,541)		-		-
Cruz, Benjamin F.	(2,000)	-	-		(2,000)		(2,000)
Cruz, Jayson	-	75,988	(75,988)		-		-
Cuibillas, Jorge	2,585	-	-		2,585		2,585
Culala, Harold John O.	-	25,000	(25,000)		-		-
DAVID, PHILIP	(34,247)	-	-		(34,247)		(34,247)
De Guzman, Jonathan	-	8,300	-		8,300		8,300
De Leon, Jocelyn	(142,268)	164,740	(257,490)		(235,018)		(235,018)
De Vera, Michael	(116,706)	-	-		(116,706)		(116,706)
Vera, Michael	58,088	-	-		58,088		58,088
De Viana, Lorelei	11,793	-	-		11,793		11,793
DEL ROSARIO, JOHNCENT M	-	356,976	(356,891)		85		85
Del Rosario, Julius	-	8,300	-		8,300		8,300
Del Rosario, Maria Theresa	(2,831)	-	-		(2,831)		(2,831)
Rosario, Maria Theresa	1,255	-	-		1,255		1,255
DELA CRUZ, ALMA EMERITA V	(30,531)	-	-		(30,531)		(30,531)
DELA CRUZ, ESTHER	-	24,000	(24,000)		-		-
Dela Paz, Rosalinda Z.	18,000	-	-		18,000		18,000
Dela Paz, Emily C.	8,561	-	-		8,561		8,561
DELOS SANTOS, MARIE LENORE N	(5,296)	131,504	(198,270)		(72,062)		(72,062)
Diaz Jr., Reynaldo	(19,152)	28,351	(20,051)		(10,852)		(10,852)
DIJAN, ANANSA	-	11,440	(5,200)		6,240		6,240
Dimzon, Marnelli	18,000	15,427	(25,127)		8,300		8,300
DISIMULACION, MARIA ARLENE	-	3,000	(2,500)		500		500
Ducut, Mirela	-	32,799	(32,799)		-		-
DUKA, JHELMAR	279	107,764	(107,980)		63		63
DUMILAG, RICHARD V	69,750	88,700	(158,450)		-		-
Echauz, Lydia	(5,606)	-	-		(5,606)		(5,606)
Elman, Mario	-	11,500	(11,500)		-		-
ENDAYA, ALYANA CAMILLE L	-	10,223	(10,223)		(0)		(0)
ERUM, FILJU	33,000	38,500	(38,500)		33,000		33,000
ESTEBAN, FRANCIS M	-	14,263	(2,463)		11,800		11,800
EVIZA, ALYSSA FAYE R	(3,314)	185,215	(180,215)		1,686		1,686
FENNIS, ROGELYN	2,932	131,720	(162,239)		(27,588)		(27,588)
FERNANDEZ, MAGDALAINE	-	43,641	(40,041)		3,600		3,600
FEU High School, Inc.	500	-	-		500		500
Flores, Roberto	6,321	8,300	(26,121)		(11,500)		(11,500)
Fulgar III, Ildefonso	116	-	-		116		116
Galang Jr., Romeo	540	-	-		540		540
GARCIA, MERRIE CAROLYNE	(492)	-	-		(492)		(492)
Garcia, Muriel	-	8,300	-		8,300		8,300
GELLA, FREDERICK	-	12,364	(12,364)		-		-
GONZALEZ, Aurelle Marie	-	24,000	(24,000)		-		-
Gonzales, Emmanuel	-	9,930	(9,930)		-		-
Gonzales, Jayson	(3,328)	8,300	-		4,972		4,972
Gonzales Jr., Manolito	-	8,300	-		8,300		8,300
GONZALEZ, NOEL A	-	8,300	-		8,300		8,300
GOQUINGCO, ANTHONY RAYMOND	-	315,074	(432,754)		(117,680)		(117,680)
Grasparil, James Andrew	-	53,315	(64,586)		(11,271)		(11,271)
GUERRERO JR, CRESCENCIO	P -	P 6,000	(P 6,000)	-	-	P -	P -
Gutierrez, Mary Victory	-	58,800	(58,800)	-	-	-	-
Hamero, Roselyn	-	8,300	-	-	8,300	-	8,300
Inciong, Cherry Wyne	14,000	5,000	(5,000)	-	14,000	-	14,000
Inocencio, Ma. Fe R.	-	5,064	(5,064)	-	-	-	-
JONSON, KISSARNE ALLYSA L	(55)	503,058	(501,160)		1,843		1,843
Jumamil, Ana Nelia	-	2,674	(2,674)		-		-
Junio, Jobeth	12,700	-	-		12,700		12,700
Junio, Nenitha	(23,531)	133,061	(133,061)		(23,531)		(23,531)
Kim, Chul Su	96	-	-		96		96
Lacaden, Raffy	(28,000)	-	-		(28,000)		(28,000)
Landicho, Jerrold	(44,808)	420,381	(421,597)		(46,024)		(46,024)
Lao, Gilbert	-	8,300	-		8,300		8,300
Las Pinas, Mary Grace	(90,767)	-	(55,000)		(145,767)		(145,767)
Laza, Benilda	-	19,768	(27,143)		(7,375)		(7,375)
Licudine, Mary Grace	-	18,511	(18,511)		-		-
Liggayu, Michael	-	6,050	(6,050)		-		-
Lim, Richmond	-	40,065	-		40,065		40,065
Limjap, Auxencia	38,747	-	-		38,747		38,747
LIPATA, URIEL PATRICK	-	32,246	(32,246)		-		-
Liwanag, Marichu	-	75,199	(39,199)		36,000		36,000
LOPEZ, JOMELYN	-	3,305	(3,305)		-		-
Lopez, Martin Z.	230,451	502,045	(428,795)		303,701		303,701
LUNA, GINA	-	69,198	(69,198)		-		-
MACLANG, EDWIN	(22,945)	30,500	(7,555)		-		-
Maclang, Ian Margarette	7,330	39,740	(47,070)		-		-
Madriaga, Joventina	11,287	-	-		11,287		11,287
Magdalaga, Luffe V.	-	8,300	-		8,300		8,300
MAGKASI, MA. ELIZA MARGARITA	3,051	-	-		3,051		3,051
MAMAAT, JOSE EDWARDO	23,585	-	-		23,585		23,585
MAñALAC, ELISA	(3,240)	-	-		(3,240)		(3,240)
MANUEL, MA. ROWENA	-	27,210	(27,210)		-		-
MARANAN, JOAN CLARISSE D	520	-	(520)		-		-
Mariscotes, Maria Norlinda	4,450	87,114	(91,563)		-		-
MASANGKAY,FREDERICK R	(1,654)	210,747	(128,609)		80,484		80,484
Menez, Karren	-	2,400	(2,400)		-		-
Milagrosa, Alexander	-	8,300	-		8,300		8,300
MILANEZ, GIOVANNI	-	206,312	(206,312)		-		-

Forward

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)
May 31, 2019

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non-Current	Balance at End of Period
			Amounts Collected	Amounts			
Mintu, Cynthia	(780)	-	-		(780)		(780)
Molina, Mark Oliver	(172,223)	824,011	(924,011)		(272,223)		(272,223)
Montinola, Antonio	86,840	-	-		86,840		86,840
Montinola, Juan Miguel R.	(33,439)	-	-		(33,439)		(33,439)
Narval, Antonio G.	5,282	18,234	(18,234)		5,282		5,282
NATIVIDAD, REUBEN RAMIRO	-	115,813	(115,754)		59		59
Neo, Helen Azor	3,262	15,370	(15,370)		3,262		3,262
NERIDA, CLARISSE MAE T	19,313	334,282	(315,982)		37,613		37,613
Nierras Jr., Julius Felicisimo	-	8,300	-		8,300		8,300
Nisperos, Dulce Marie	(1,250)	-	-		(1,250)		(1,250)
NOVIO, EDREA DANIELLE C	(4,124)	-	-		(4,124)		(4,124)
OCAMPO, WILFREDO	-	13,200	(13,200)		-		-
OCTA, KENNEDY P	1,000	11,900	(12,900)		-		-
Ogasawara, Musashi	17,194	-	-		17,194		17,194
Olivo, Shirley	6,765	576,943	(576,944)		6,765		6,765
ORDIZ, LADY MAY P	-	2,100	(2,100)		-		-
ORMITA, LUZELLE ANNE	(31,400)	1,017,192	(989,467)		(3,675)		(3,675)
PAGUIRIGAN, VIVIANA	(12,822)	-	-		(12,822)		(12,822)
Pajuyo, Driselle	215,319	3,480	(170,104)		48,695		48,695
PAMITTAN JR., GENEROSO	(30,531)	-	-		(30,531)		(30,531)
PANDAPATAN, RAIHANA	-	59,068	(59,068)		-		-
PANELA, KAREN LEE V	1,200	-	(1,200)		-		-
Panesa, Isabelita	-	37,338	(37,338)		-		-
Park, Bobae	-	8,300	-		8,300		8,300
Pascua, George	-	8,300	-		8,300		8,300
Pedregosa, Jeremy Floyd	-	80,180	(68,307)		11,873		11,873
Penarubia, Christopher	(1,600)	-	-		(1,600)		(1,600)
PERANTE, KARLA MARIELLE	-	236,025	(236,025)		-		-
Peren, Anelyn	(0)	-	-		(0)		(0)
Polido, Jelyca	15,025	402,500	(123,526)		293,999		293,999
Quinto, Myrna	(27,291)	109,289	-		81,998		81,998
Racela, Raoul Cesar.	-	8,300	-		8,300		8,300
Ramos, Rosemarie	(21)	67,929	(67,929)		(21)		(21)
Rapirap, Raquel	(85,180)	-	-		(85,180)		(85,180)
Refugia Jr., Manolo	-	8,300	-		8,300		8,300
Regidor, Marilou A.	-	8,300	-		8,300		8,300
Relente, Miguelito	(6,437)	5,000	(5,400)		(6,837)		(6,837)
Requidan, Jerome	-	-	(56,000)		(56,000)		(56,000)
RETARDO, VICTOR	-	66,630	(65,695)		935		935
Rito, Estrellita S.	9,798	-	-		9,798		9,798
RIVERA, MA. THERESA M	-	98,100	(98,100)		-		-
Rivera, Marla	-	8,300	-		8,300		8,300
Romero, Paul	P -	P 8,300	-	-	P 8,300	P -	P 8,300
Rosal, Josefina	-	15,000	(15,000)	-	-	-	-
Saguinsin, James Owen	500	-	-	-	500	-	500
Sagut, Jeysie S.	-	2,617	(2,617)	-	-	-	-
Salaysay, Analiza	-	25,892	(25,892)	-	(0)	-	(0)
Salcedo, Rosanna	11,782	-	-		11,782		11,782
Saldivar, Adelaida	(20)	-	-		(20)		(20)
SALIN, RYAN OLIVER	-	1,575,786	(1,575,786)		-		-
San Gregorio, Randell	-	8,300	-		8,300		8,300
SAN JUAN, CECILE A	-	21,535	(21,535)		-		-
SANTOS, JANSEN	-	11,592	(11,592)		-		-
Santos, Joseph Vincent	-	8,300	-		8,300		8,300
Santos, Marie Lenore	3,536	-	-		3,536		3,536
SANTOS, MELANNIE C	-	7,917	(7,777)		140		140
SAPINOSO, FRANCESCA MARIE	-	16,310	(16,310)		-		-
SAYSON, ERWIN	(3,350)	-	-		(3,350)		(3,350)
Sido, Ma. Victoria	-	19,451	-		19,451		19,451
Siongco, Josephine	-	18,900	(18,900)		-		-
Sison, Roger Amadeo	4,650	-	-		4,650		4,650
SORIA, EULEGIO	19,077	75,095	(94,172)		-		-
Sta. Maria, Melencio	(109,432)	-	-		(109,432)		(109,432)
Sta. Mina, Joel	-	31,000	(22,700)		8,300		8,300
TABUENA, RICHARD	-	21,086	(5,000)		16,086		16,086
Tabuzo, Victor	(11,751)	89,909	(89,909)		(11,751)		(11,751)
Talampas, Maria Cristina	340,000	-	-		340,000		340,000
Talusan, Danilo B.	9,962	15,119	(15,119)		9,962		9,962
Tem, Joselito	10,118	-	-		10,118		10,118
TENORIO, MARY JANE	(210)	-	-		(210)		(210)
THOMAS JR., REY C	-	83,659	(83,659)		-		-
Tinio, Maria Teresa	(36,998)	-	-		(36,998)		(36,998)
Tolentino, Rosula	6,965	-	-		6,965		6,965
Tongol, Jan Frederick	-	19,395	(19,395)		-		-
TUASON, JOHN LESTER	-	227,280	(188,680)		38,600		38,600
Urian, Joselito	-	8,300	-		8,300		8,300
Valderama, Marvin Gilbert C.	-	8,300	-		8,300		8,300
Valdez Jr., Marcos	117	1,800	(1,800)		117		117
Valencia, Jean Pauline	13,943	699,880	(698,789)		15,034		15,034
Veneracion, Victor Emmanuel	-	8,300	-		8,300		8,300
Villanueva, Romulo	673	-	-		673		673
VILLAROSA, DEAN T	-	-	(65)		(65)		(65)
Villegas, Ronchette Lee I	-	8,300	-		8,300		8,300
Visda, Eric John	-	168,310	(168,311)		(1)		(1)
Yago, Rowena	-	39,916	(39,916)		-		-
Yap, Avelina	-	-	(30,385)		(30,385)		(30,385)
YAP, SANDRA	10,630	289,781	(270,026)		30,385		30,385
Ycasas, Ma. Neila S	-	8,300	-		8,300		8,300
YSLA, MARK SALVADOR	-	22,982	(148)		22,834		22,834
Zamudio, Rowena B.	60	204,013	(202,800)		1,273		1,273
Various Employees with minimal individual amounts	32,178		-		32,178		32,178
TOTAL	**P 10,648,570**	**P 24,443,014**	**(P 28,099,039)**	**P -**	**P 6,882,387**	**-**	**P 6,882,387**

Note:
The total amount is included as part of Advances to Officers and Employees under the Trade and Other Receivables account in the 2019 consolidated statement of financial position .

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule C - Amounts Receivable from Related Parties Which are Eliminated During the Consolidation of Financial Statements
May 31, 2019

Name and Designation of Debtor	*Balance at Beginning of Period*	*Additions*	*Deductions*		*Current*	*Non-Current*	*Balance at End of Period*
			Amounts Collected	*Amounts Written-Off*			
FRC							
Unearned rental income from FEU	P 2,088,246	P -	(P 2,088,246)	P -	P -	P -	P -
Rental and various expneses receivable from FEU	54,648,293	106,461,903	(91,686,883)	-	69,423,313	-	69,423,313
Rental receivable from FECSI	606,925	6,063,750	(5,997,657)	-	673,018	-	673,018
Rental and various receivable from EACCI	455,438	2,880,700	(2,880,700)	-	455,438	-	455,438
	P 57,798,902	**P 115,406,353**	**(P 102,653,486)**	**P -**	**P 70,551,769**	**P -**	**P 70,551,769**
FECSI							
Various expneses receivable from FEU	P 397,240	P 156,470	P -	P -	P 553,710	P -	P 553,710
Rental and various expenses payable to FEU	(3,567,846)	(4,537,529)	2,360,125	-	(5,745,250)	-	(5,745,250)
Rental and various expenses payable to FRC	(606,925)	(3,226,385)	2,360,125	-	(1,473,185)	-	(1,473,185)
	(P 3,777,531)	**(P 7,607,444)**	**P 4,720,250**	**P -**	**(P 6,664,725)**	**P -**	**(P 6,664,725)**
EACCI							
Rental and various expenses payable to FEU	(P 4,372,895)	(P 36,825,794)	P 34,009,892	P -	(P 7,188,797)	P -	(P 7,188,797)
Dividend payable to FEU	(25,839,867)	(25,839,867)	25,839,867	-	(25,839,867)	-	(25,839,867)
Noninterest-bearing advances receivable from FEU Alabang	2,707,277	65,708	-	-	65,708	-	65,708
Interest-bearing advances to FEU Alabang	-	-	-	-	-	-	-
Various expenses receivable from FEU Alabang	-	18,378,682	-	-	18,378,682	-	18,378,682
Rental and various expenses payable to FRC	(4,700,656)	(20,389,944)	25,090,600	-	-	-	-
	(P 32,206,141)	**(P 64,611,215)**	**P 84,940,359**	**P -**	**(P 14,584,274)**	**P -**	**(P 14,584,274)**
FEU - Alabang, Inc.							
Noninterest-bearing advances payable to FEU	(P 22,151,401)	P 1,559,494	P -	P -	(P 23,710,895)	P -	(P 23,710,895)
Noninterest-bearing advances payable to EACCI	(2,707,277)	(65,708)	-	-	2,772,985	-	2,772,985
Various expneses payable to EACCI	-	18,378,682	-	-	18,378,682	-	18,378,682
	(P 24,858,678)	**P 19,872,468**	**P -**	**P -**	**(P 2,559,228)**	**P -**	**(P 2,559,228)**
FEU High School, Inc.							
Rental and various expenses payable to FEU	(P 34,271,139)	(P 61,858,706)	P 76,925,343	P -	(P 19,204,502)	P -	(P 19,204,502)
Loan and interest receivable from FEU	86,346,329	46,623,574	(35,151,759)	-	97,818,144	-	97,818,144
	P 52,075,190	**(P 15,235,132)**	**P 41,773,584**	**P -**	**P 78,613,642**	**P -**	**P 78,613,642**
Roosevelt College, Inc.							
Various expenses payable to FEU	(P 4,194,172)	(P 9,662,846)	P 227,952	P -	(P 13,629,066)	P -	(P 13,629,066)
Noninterest-bearing advances payable to FEU	(200,564,735)	(35,000,000)	471,129,470	-	235,564,735	-	235,564,735
	(P 204,758,907)	**(P 44,662,846)**	**P 471,357,422**	**P -**	**P 221,935,669**	**P -**	**P 221,935,669**

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule F - Other Assets
May 31, 2019

Description	*Balance at Beginning of Period*	*Additions (Disposals or Deductions) at Cost*	*Deductions*		*Other Changes*	*Balance at End of Period*
			Charged to Cost and Expenses	*Charged to Other Accounts*	*Additions (Deductions)*	
Current:						
Short-term investments	P 917,501,695	(P 841,231,871)	P -	P -	P -	P 76,269,824
Input value-added tax (VAT) - net	118,728,156	(79,793,124)	-	-	-	38,935,032
Prepaid expenses	51,082,868	17,059,437	-	-	-	68,142,305
Others	23,529,040	10,122,117	-	-	-	33,651,157
	P 1,110,841,759	**(P 893,843,441)**	**P -**	**P -**	**P -**	**P 216,998,318**
Non-current:						
Advances to developers and suppliers	P 370,590,324	(P 196,037,010)	P -	P -	P -	P 174,553,314
Long-term investments	11,527,360	4,898,340	-	-	-	16,425,700
Refundable deposits	8,493,476	1,481,862	-	-	-	9,975,338
Other equity investments	2,830,000	(2,830,000)	-	-	(2,830,000)	-
	P 393,441,160	**(P 192,486,808)**	**P -**	**P -**	**(P 2,830,000)**	**P 200,954,352**

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule G - Long Term Debt
May 31, 2019

Title of Issue and Type of Obligation	*Amount Authorized by Indenture*	*Amount Shown Under Caption "Current Portion of Long Term Debt" in Related Balance Sheet*	*Amount Shown Under Caption "Long Term Debt" in Related Balance Sheet*	
Interest-bearing loan	P 800,000,000	P 152,380,952	P 457,142,857	*a*
Interest-bearing loan	680,000,000	129,523,810	291,428,571	*b*
Interest-bearing loan	200,000,000	38,095,238	85,714,286	*c*
Interest-bearing loan	150,000,000	28,571,429	85,714,286	*d*
Interest-bearing loan	100,000,000	20,000,000	45,000,000	*e*
Interest-bearing loan	50,000,000	50,000,000	-	*f*
Interest-bearing loan	200,000,000	200,000,000	-	*g*
Interest-bearing loan	175,000,000	175,000,000	-	*h*
Interest-bearing loan	80,000,000	80,000,000	-	*i*
Interest-bearing loan	100,000,000	100,000,000	-	*j*
Interest-bearing loan	100,000,000	100,000,000	-	*k*
Interest-bearing loan	70,000,000	70,000,000	-	*l*
Interest-bearing loan	70,000,000	70,000,000	-	*m*
Interest-bearing loan	80,000,000	80,000,000	-	*n*
Interest-bearing loan	100,000,000	100,000,000	-	*o*
TOTAL		**P 1,393,571,429**	**P 965,000,000**	

a *Unsecured loan obtained by the University in May 2016. The principal amount is payable over 21 quarterly payments until May 2023; initial principal repayment was made in May 2018.*

b *Unsecured loan obtained by the University in June 2015. The principal amount is payable in seven years until June 2022; intial principal repayment made in June 2017.*

c *Unsecured loan obtained by the University in April 2017. The principal amount is payable over 21 quarterly payments until June 2022; first principal repayment was made in June 2017.*

d *Unsecured loan obtained by the University in November 2016. The principal amount is payable over 21 quarterly payments until May 2023; first principal repayment was made in May 2018.*

e *Unsecured loan obtained by the University in June 2017. The principal amount is payable in 21 quarterly payments until June 2022; first principal repayment was made in September 2018.*

For items (a) to (e) above, the loan agreement stipulates a floating interest rate which is the higher between the loan interest rate determined from the Philippine Dealing System Treasury Reference three-month bid yields for Philippine Government securities plus a fixed spread of 0.75%, and the prevailing interest rate on special deposit account.

f *Unsecured loan obtained by the University in May 2017. The loan bears an interest of 3.75% per annum. The loan was refinanced in July 2018, and further in September 2018, January 2019, February 2019, March 2019, April 2019, and May 2019, to mature on June 2019. The entire principal amount is due on maturity date.*

g *Unsecured loan obtained by the University in August 2017. The loan bears an interest of 3.75% per annum. The loan was refinanced in July 2018, and further in September 2018, December 2018, March 2019, April 2019, and May 2019, to mature on June 2019. The entire principal amount is due on maturity date.*

h *Unsecured loan obtained by the University in October 2017. The loan bears an interest of 3.75% per annum. The loan was refinanced in July 2018, and further in September 2018, January 2019, February 2019, March 2019, April 2019, and May 2019, to mature on June 2019. The entire principal amount is due on maturity date.*

i *Unsecured loan obtained by the University in March 2018. The loan bears an interest of 4% per annum. The loan was refinanced in June 2018, and further in September 2018, December 2018, and March 2019, to mature in June 2019. The principal amount is payable on maturity date.*

j *Unsecured loan obtained by the University in April 2018. The loan bears an interest of 4% per annum. The loan was refinanced in July 2018, and further in October 2018, January 2019, April 2019, and May 2019, to mature in June 2019. The principal amount is payable on maturity date.*

k *Unsecured loan obtained by the University in March 2019. The loan bears an interest of 4% per annum. The loan was refinanced in April 2019, and further in May 2019, to mature on June 2019. The principal amount is due on maturity date.*

l *Unsecured loan obtained by the University in April 2019. The loan bears an interest of 4% per annum. The loan was refinanced in May 2019, to mature on June 2019. The principal amount is due on maturity date.*

m *Unsecured loan obtained by the RCI in April 2018. The loan bears an interest of 4% per annum. The loan was renewed in July 2018, to mature in June 2019. The principal amount is payable on maturity date.*

n *Unsecured loan obtained by the RCI in May 2018. The loan bears an interest of 4% per annum. The loan was renewed in August 2018, to mature in August 2019. The principal amount is payable on maturity date.*

o *Unsecured loan obtained by the RCI in May 2019. The loan bears an interest of 4% per annum. The principal amount is payable on maturity date in August 2019.*

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule J - Capital Stock
May 31, 2019

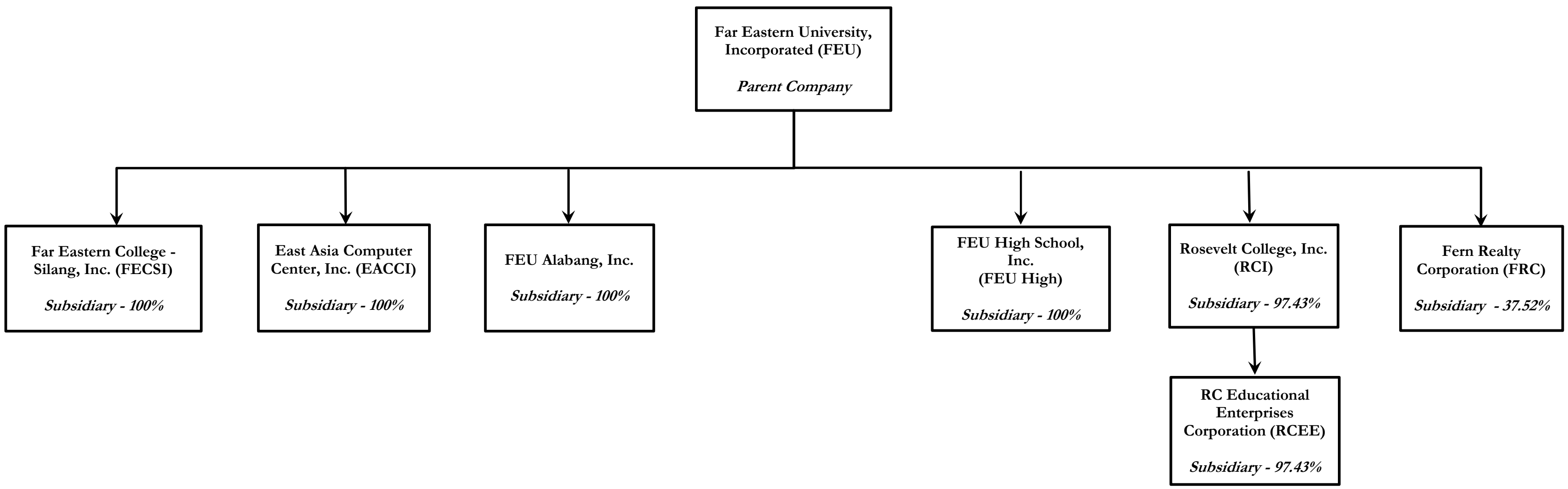
Title of Issue	*Number of Shares Authorized*	*Number of Shares Issued and Outstanding as Shown Under Related Balance Sheet Caption*	*Number of Shares Reserved for Options, Warrants, Conversion and Other Rights*	*Number of Shares Held by Related Parties*	*Directors, Officers and Employees*	*Others*
Common shares - P100 par value	20,000,000	16,477,023	-	9,883,287	1,095,208	-

THE FAR EASTERN UNIVERSITY, INCORPORATED
Nicanor Reyes Sr. Street, Sampaloc, Manila

Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended May 31, 2019

Unappropriated Retained Earnings at Beginning of Year		
As previously reported		P 978,565,334
Effect of adoption of PFRS 9, net of tax		(30,072,539)
As restated		948,492,795
Prior Years' Outstanding Reconciling Items, net of tax		
Deferred tax income		(8,654,109)
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted		939,838,686
Net Profit Realized during the Year		
Net profit per audited financial statements		247,104,720
Non-actual/unrealized income, net of tax		
Unrealized foreign exchange loss	6,654,774	
Deferred tax income	(5,254,380)	1,400,394
		248,505,114
Other Transactions During the Year		
Reversal of appropriations during the year	673,000,000	
Dividends declared	(263,632,368)	409,367,632
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year		**P 1,597,711,432**

THE FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Map Showing the Relationships Between and Among the University and Its Related Parties
May 31, 2019



Note:
Percentages indicated pertain to FEU's effective ownership over the respective related parties, which are also disclosed in the consolidated financial statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Financial Soundness Indicators
May 31, 2019, 2018 and 2017

	2019	2018	2017
Current / liquidity ratio	**1.21**	**1.73**	**3.20**
Quick ratio	**1.13**	**1.62**	**3.01**
Debt-to-equity ratio	**0.43**	**0.46**	**0.36**
Debt-to-asset ratio	**0.30**	**0.31**	**0.26**
Equity-to-asset ratio	**0.70**	**0.69**	**0.74**
Interest coverage ratio	**10.8**	**8.6**	**20.8**
Return on assets	**6%**	**4%**	**7%**
Return on equity	**8%**	**6%**	**9%**
Earnings per share	**P 45.86**	**P 29.96**	**P 45.61**

LIQUIDITY RATIOS measures the Group's ability to pay its short-term liabilities as these fall due.

Current ratio - current assets divided by current liabilities

Quick ratio - quick assets (cash and cash equivalents, marketable securities and accounts receivables) divided by current liabilities

SOLVENCY RATIOS measures the Group's ability to pay all its liabilities, both current and non-current, over a longer time horizon.

Debt-to-equity ratio - total libilities divided by total stockholders' equity

Debt-to-asset ratio - total libilities divided by total assets

Equity-to-asset ratio - total stockholders' equity divided by total assets

Interest coverage - earnings before interest and taxes (EBIT) divided by interest charges

TEST OF PROFITABILITY refers to the Group's earning capacity. This includes the Group's ability to earn reasonable amount of income in relation to total investment.

Return on assets - net income divided by total assets

Return on equity - net income divided by total stockholders' equity

Earnings per share - net income divided by average oustanding common shares