

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

0287358686

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

October 19, 2024; 3:00 p.m.; To be conducted via a Hybrid Modality (simultaneous onsite and virtual environments); Onsite Venue - FEU Manila; Virtual Venue - Zoom Meeting. Reference: <https://www.feu.edu.ph/asm2024>

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

Sep 30, 2024

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	24,055,763

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.

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



Far Eastern University, Incorporated FEU

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

Date of Stockholders' Meeting	Oct 19, 2024
Type (Annual or Special)	Annual
Time	3:00 P.M.
Venue	To be conducted via a Hybrid Modality (simultaneous onsite and virtual environments); Onsite Venue - FEU Manila; Virtual Venue - Zoom Meeting. Reference: https://www.feu.edu.ph/asm2024
Record Date	Sep 30, 2024

Inclusive Dates of Closing of Stock Transfer Books

Start Date	Sep 30, 2024
End date	Oct 19, 2024

Other Relevant Information

Please see attached 20-IS (Definitive) Report.

Filed on behalf by:

Name	Anthony Raymond Goqingco
Designation	Corporate Secretary and Compliance Officer

COVER SHEET

P W 0 0 0 0 0 5 3 8

S.E.C. Registration Number

F A R E A S T E R N U N I V E R S I T Y ,
I N C O R P O R A T E D

(Company's Full Name)

N I C A N O R R E Y E S S T R E E T
S A M P A L O C , M A N I L A

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

Atty. Anthony Raymond A. Goqingco

Contact Person

8 735-8686

Company Telephone Number

0 5 3 1
Month Day
Calendar year

SEC Form 20- IS
Definitive Information Statement
FORM TYPE

1 0 1 9
Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended articles Number/Section

1,537
Total No. of Stockholders

Total Number of Barrowings

Domestic Foreign

To be accomplished by SEC Personel concerned

File Number

L C U

Document I. D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes



FAR EASTERN UNIVERSITY

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

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** will be conducted via a 'Hybrid Modality' (simultaneous onsite and virtual environments), on **19 October 2024**, Saturday, at 3:00 p.m.

Onsite Venue: Multi-purpose Room, 4th Floor Administration Building
FEU Main Campus, Nicanor Reyes Street, Sampaloc, Manila

Online Venue: Livestream access will be provided to registered participants.
Instructions will be posted at <https://www.feu.edu.ph/asm2024>

Nicanor Reyes Street
Sampaloc, Manila

P.O. Box 609 Philippines 1015

(+632) 87777-FEU (338)

(+632) 8849-4000

AGENDA

1. Call of meeting to order
2. Certification of notice of meeting and determination of quorum
3. Matters for Approval of Stockholders:
 - i. Approval of minutes of the Annual Meeting of Stockholders on 21 October 2023
 - ii. Academic Report of the President
 - iii. Annual Report and approval of Audited Financial Statements
 - iv. Ratification and confirmation of all acts and resolutions during the past year of the Board of Trustees, Board and Management Committees, and Management and other Officers
 - v. Election of Trustees, including Independent Trustees
 - vi. Appointment of External Auditor and fixing of its remuneration
4. Consideration of such other business as may properly come before the meeting
5. Adjournment

For the explanation of each agenda item, please refer to the attached explanation and rationale and the FEU 2024 Definitive Information Statement posted on the company's main investors' relations webpage <https://investors.feu.edu.ph/>. This will also be available in <https://www.feu.edu.ph/asm2024> beginning 30 September 2024.

For the purpose of this meeting, the Board of Trustees has fixed **30 September 2024** as the **record date** for the stockholders entitled to notice and to vote. The transfer book will be closed from 30 September 2024 to 19 October 2024, inclusive, in accordance with Section XXXI of the Amended By-Laws.

Stockholders who wish to participate, either onsite or virtually, should notify FEU by registering on the designated online registration portal <https://asmregister.feu.edu.ph/> on or before 14 October 2024, 5:00 p.m. The stockholder's registration shall serve as official notification of his/her participation and will be considered present at the meeting. Alternatively, stockholders may notify FEU of their participation and preferred modality by email.

All duly accomplished proxies should be submitted via email at least twenty-four (24) hours before the time set for the meeting as required by the By-Laws, or no later than 3:00 p.m. of 18 October 2024. The appointment of the Proxy shall not affect your right to vote in the event you choose to attend the meeting.

Registration procedures for participation in the meeting for voting will be included in the FEU 2024 Definitive Information Statement, to be posted on the company's website.

All email communications should be sent to asm2024@feu.edu.ph on or before the respective designated deadlines.

Registered stockholder must signify his/her mode of participation – Onsite or Virtual. Onsite participants will be limited to a maximum of (50) stockholders only. Adherence to the event's health protocol shall be strictly observed.

Sampaloc, Manila, 12 September 2024.


ATTY. ANTHONY RAYMOND A. GOQUINGCO
Corporate Secretary

EXPLANATION AND RATIONALE OF AGENDA ITEMS

1. Call of meeting to order

The Chairman of the Board of Trustees, Aurelio R. Montinola III will formally open the meeting at 3:00 p.m.

2. Proof of notice of meeting and determination of quorum

The Corporate Secretary will certify that written notice for the meeting, together with the Definitive Information Statement, was duly sent to stockholders of record by electronic transmission in accordance with the Company's By-Laws and applicable laws and regulations, and published in the business section of two (2) newspapers of general circulation in online and print format, and that a quorum exists for the transaction of business, in accordance with the prevailing rules. The holders of record of the majority of the outstanding capital stock of the Company, who are present by proxy, remote communication or voting in absentia, shall constitute a quorum.

Pursuant to Sections 23 and 57 of the Revised Corporation Code which allow voting in absentia by the stockholders, the Company has set up a designated online web portal which may be accessed by the stockholders to register and vote in absentia on the matters for resolution at the meeting. A stockholder participating by remote communication or voting in absentia shall be deemed present for purposes of quorum.

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. Matters for Approval of Stockholders:

i. Approval of minutes of the annual meeting of stockholders held on 21 October 2023

The minutes of the meeting held on 21 October 2023 are available at the Company website, (<https://investors.feu.edu.ph/reports%20new%20format/2023/10262023/2023%20Minutes%20of%20Annual%20SHs'%20Meeting%2021102023.pdf>). A soft copy of the minutes will also be distributed to the stockholders after their registration for the meeting.

A resolution approving the minutes will be presented to the stockholders and approved by the vote of the stockholders representing at least a majority of the outstanding capital stock present, voting in absentia, or voting through the Chairman of the meeting as proxy.

ii. Academic Report of the President

The President will deliver the "President's Report" which provides the significant operational and financial performance as well as the milestones and achievements of the Company for the year 2024. The report will also include significant events affecting the Company's performance for the year 2024.

Copies of the President's Report for School Year 2023-2024 will be made available to those who register for the online meeting.

iii. Approval of Annual Report and Audited Financial Statements

The Chairman will deliver the "Message From The Chairman", which provides the highlights of the performance of the Company for the year 2023-2024 and the outlook of the Company for the year 2025 and beyond.

The Company's annual report will contain the "Message From The Chairman" and the "President's Report." A copy of the Annual Report will be posted on the Company's website, <https://investors.feueu.ph/>.

The Chairman will present the Annual Report with the Audited Financial Statements, advance copies of which will be made available to those who register for the online meeting.

The Audited Financial Statements (AFS) as of 31 May 2024 will be presented to the stockholders for their approval. The AFS will be embodied in the Information Statement that may be accessed by the stockholders at the Company's website, <https://investors.feueu.ph/>, and will also be set forth in the Annual Report. The Audit Committee has recommended to the Board the approval of the AFS, and the Board has approved the AFS on 20 August 2024.

A resolution noting the report and approving the AFS will be presented to the stockholders for approval by the affirmative vote of the stockholders representing at least a majority of the outstanding capital stock present, voting in absentia, or voting through the Chairman of the meeting as proxy.

iv. Ratification and confirmation of all acts and resolutions during the past year of the Board of Trustees, Board and Management Committees, and Management and other Officers

The acts of the Board and its Committees were those adopted since the annual stockholders' meeting on 21 October 2023 until 19 October 2024. They include the approval of agreements, projects, investments, treasury-related matters and other matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange. The acts of the officers were those taken to implement the resolutions of the Board or its Committees or in the general conduct of business.

A resolution on this agenda item will be presented to the stockholders for approval by the vote of the stockholders representing at least a majority of the outstanding stock present, voting in absentia, or voting through the Chairman of the meeting as proxy.

v. Election of Trustees, including Independent Trustees

In accordance with the By-Laws, as amended, the Nomination Committee of the Board has evaluated and determined that the nine (9) nominees to the Board, including the nominees for independent trustees, have all the necessary qualifications to serve as directors and the expertise and competence, individually and collectively, to enable the Board to fulfill its roles and responsibilities and manage the Company to achieve its objectives.

As determined by the Nomination Committee, the following were nominated (please see the profiles of the nominees to the Board of Trustees):

Trustees	Dr. Lourdes R. Montinola
	Mr. Aurelio R. Montinola III
	Mr. Juan Miguel R. Montinola
	Dr. Michael M. Alba
	Dr. Paulino Y. Tan
	Ms. Sherisa P. Nuesa
Independent Trustees	Mr. Jose T. Sio
	Ms. Consuelo D. Garcia
	Ms. Rosario Palanca Blardony

The profiles of the candidates to the Board of Trustees will be provided in the Information Statement (Annex A).

vi. Appointment of External Auditor

The Audit Committee has recommended to the Board the election of an external auditor for the ensuing fiscal year and its proposed remuneration. The Audit Committee is currently evaluating proposals submitted and will name the recommended external auditor no later than 08 October 2024. The stockholders shall be immediately apprised of the recommendation before the ASM on 19 October 2024.

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

The Chairman will open the floor for comments and questions by the stockholders, and take up agenda items received from stockholders on or before 18 October 2024 in accordance with existing laws, rules and regulations of the Securities and Exchange Commission and the Company's internal guidelines.

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

5. Adjournment

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

SEC FORM 20-IS
Information Statement Pursuant to Section 20
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 : **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) 8 849-4000**

8. Date, time and place of meeting of security holders : **19 October 2024
3:00 p.m.
Onsite Venue:
Multi-purpose Room,
4th Floor Administration Building,
FEU Main Campus, Nicanor Reyes
Street, Sampaloc, Manila**

Online Venue:
Online via Zoom
<https://us06web.zoom.us/j/7064344996?>¹

9. Approximate date on which the Information Statement is first sent to the security holders: **30 September 2024**

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

Title of Each Class : **Common**

Authorized Capital Stock : **₱5,000,000,000.00**

Shares outstanding : **24,055,763**

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.

¹ Please refer to Item 20 of this Information Statement.

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 2024
Time: 3:00 P.M.
- Place: **Onsite Venue:**
Multi-purpose Room,
4th Floor Administration Building,
FEU Main Campus, Nicanor Reyes Street,
Sampaloc, Manila
- Online Venue:**
Online via Zoom
<https://us06web.zoom.us/j/7064344996>? ²
- 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 2024.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND A PROXY.

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 Revised Corporation 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, 2024 | 23,781,248 common shares (Local)
<u>274,515</u> common shares (Foreign)
24,055,763 common shares (Total)
Net of 37,331 Treasury Shares |
| Number of Votes Entitled: | one (1) vote per share |

² Please see Item 20 of this Information Statement

b. Record Date: All stockholders of record as of 30 September 2024 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 2024)

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 ³ Ayala Triangle Gardens Tower 2 Paseo de Roxas Cor. Makati Ave, Makati City Stockholder	Desrey, Inc.	Domestic corporation	1,924,956	8.00
Common	Seyrel Investment and Realty Corporation ⁴ Ayala Triangle Gardens Tower 2 Paseo de Roxas Cor. Makati Ave, Makati City Stockholder	Seyrel Investment and Realty Corporation	Domestic corporation	6,887,051	28.63
Common	Sysmart Corporation ⁵ 10 th Fl., L.V. Locsin Bldg. 6752 Ayala Cor. Makati Ave. Makati City Stockholder	Sysmart Corporation	Domestic corporation	5,275,601	21.93

³Dr. Lourdes R. Montinola as President is authorized to vote for the shares of the Corporation.

⁴Ibid.

⁵Ms. Teresita T. Sy, Chairman of the Board

e. Security Ownership of Trustees and Management (as of 31 August 2024)

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	11,627	D	0.04833
Common	Aurelio R. Montinola III Chairman, Board of Trustees	Filipino	458,165 10,075	D I	1.90460 0.04188
Common	Juan Miguel R. Montinola President and Trustee	Filipino	111,900	I	0.46517
Common	Michael M. Alba Trustee	Filipino	1	I	0.00001
Common	Sherisa P. Nuesa Trustee	Filipino	2,219 262	D I	0.00922 0.00109
Common	Paulino Y. Tan Trustee	Filipino	1	I	0.00001
Common	Consuelo D. Garcia Independent Trustee	Filipino	80	I	0.00033
Common	Jose T. Sio Independent Trustee	Filipino	14	D	0.00006
Common	Rosario Palanca Blardony Independent Trustee	Filipino	1	I	0.00001
Common	Rosanna E. Salcedo Chief Finance Officer and Treasurer	Filipino	734 9,985	D I	0.00305 0.04150
Common	Anthony Raymond A. Goqingco Corporate Secretary and Compliance Officer	Filipino	600	D	0.00249

Security Ownership of Trustees and Management as a Group

Total Shares - 605,664
 Percentage - 2.517750%

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
Mr. Juan Miguel R. Montinola
Dr. Michael M. Alba
Ms. Sherisa P. Nuesa
Dr. Paulino Y. Tan
Ms. Consuelo D. Garcia (Independent Trustee)
Mr. Jose T. Sio (Independent Trustee)
Ms. Rosario Palanca Blardony (Independent Trustee)

Brief Background of Trustees and Executive Officers:

1. Lourdes R. Montinola, 96, 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; Trustee, Nicanor Reyes Memorial Foundation and FEU-Dr. Nicanor Reyes Medical Foundation, Inc.; and Board Member, The English Speaking Union and MEMORARE-Manila 1945 Foundation, Inc. She is also a Member of the Oriental Ceramic Society and HABI: The Philippine Textile Council, Inc.

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

Dr. Montinola holds a Bachelor of Arts degree (*cum laude*) from Marymount College, New York, USA (1948) and an MA in Cultural History from the Asean Graduate Institute of Arts (1991). She completed the Management Development Program for College and University Administrators in the Institute for Educational Management, Graduate School of Education, Harvard University, USA (1985). She obtained her PhD in English: Creative Writing from the University of the Philippines (2001).

2. Aurelio R. Montinola III, 73, 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 Corp., East Asia Computer Center, Inc., Far Eastern College Silang, Inc. (FEU Cavite), Nicanor Reyes Educational Foundation, Inc., FEU High School, Inc., FEU Alabang, Inc., Roosevelt College, Inc. (FEU Roosevelt), and East Asia Educational Foundation, Inc.; Vice Chairman, Philippine Business for Education Foundation (PBED); Director, Good Samaritan Colleges; Independent Director, AIA Philippines Life and General Insurance Company, Inc.

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

He was President of BPI from 2005 to 2013 and was a former President of the Bankers Association of the Philippines and Management Association of the Philippines (MAP).

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 Asian Banker Leadership Award for the Philippines in 2005 and 2010 and the MAP Management Man of the Year Award in 2012.

3. Juan Miguel R. Montinola, 63, Filipino: Trustee (July 2023 to present), President (August 2023 to present), Chief Finance Officer (September 2010 to July 2023), and Chief Risk Officer (October 2018 to July 2023), Far Eastern University, Inc.

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

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

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

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

4. Michael M. Alba, 67, Filipino: Trustee (October 2012 to present); President (October 2012 to July 2023), Far Eastern University, Inc.

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

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.

5. Paulino Y. Tan, 78, 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., East Asia Educational Foundation, Inc., East Asia Computer Center, Inc., Lyceum of Batangas, Lyceum of Laguna, SM Foundation, Inc., Asia Pacific Technology Educational Foundation, Asia Pacific Computer Technology Center, Inc., FERN Realty Corporation, Far Eastern College Silang, Inc. (FEU Cavite), FEU High School, Inc., FEU Alabang, Inc., Roosevelt College, Inc. (FEU Roosevelt), and MFI Polytechnic Institute, Inc.

Dr. Tan obtained the Degree of Bachelor of Science in Chemical Engineering from De La Salle University. He obtained both his MS and PhD in Chemical Engineering from the University of Notre Dame, Indiana, USA.

Please see CHED certification (Annex D).

6. Sherisa P. Nuesa, 69, Filipino: Trustee (October 2021 to present), Independent Trustee (2010 to September 2021), Far Eastern University, Inc.

Other Corporate Affiliations: Independent Director, FERN Realty Corporation and the following publicly-listed corporations: Integrated Micro-Electronics, Inc., Manila Water Company, and AREIT Corporation. In May 2024, she was elected as Chairman of the Board of Metro Retail Stores Group, Inc., another publicly listed company where she had served as a Board Adviser. She also serves as Senior Board Adviser of Vical Development Corporation.

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

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

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

She graduated with the degree of Bachelor of Science in Commerce (*summa cum laude*) from Far Eastern University in 1974 and received her Master of Business Administration degree from the Ateneo - Regis Graduate School of Business in 2011. She also attended post-graduate management programs at Harvard Business School and Stanford University.

She received the ING-FINEX CFO of the Year award in 2008 and was one of the FEU Outstanding Alumni Awardees in the same year.

7. Jose T. Sio, 84, Filipino: Independent Trustee (April 2019 to Present), Far Eastern University, Inc.

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

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

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

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

8. Consuelo D. Garcia, 69, Filipino: Independent Trustee (October 2021 to present), Far Eastern University, Inc.

Other Corporate Affiliations: Independent Director of GT Capital Holdings Inc., and Lopez Holdings Corporation, both publicly-listed corporations. She also serves as Independent Director of Sunlife Investment Management and Trust Corporation, a BSP supervised non-bank financial institution and Director of Murrayhill Realty and Development Corporation, a family owned corporation.

Ms. Garcia is also an Independent Trustee of ING Foundation Philippines Inc.; Member of the Board of Trustees of FINEX Research and Development Foundation, Inc.; and a Liaison Director of the Capital Markets Committee of FINEX Academy. She is a Fellow of the Institute of Corporate Directors and a Member of the Filipina CEO Circle.

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

Ms. Garcia is a Certified Public Accountant and she graduated Bachelor of Science in Business Administration, major in Accounting (*magna cum laude*) from University of the East.

9. Rosario Palanca Blardony, 67, Filipino: Independent Trustee (October 2022 to present), Far Eastern University, Inc.

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

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

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

10. Maria Teresa Trinidad P. Tinio, 59, Filipino: Senior Vice President for Academic Affairs (June 2011 to present), Far Eastern University, Inc.

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

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

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

11. Rosanna Esguerra-Salcedo, 60, Filipino: Chief Finance Officer (August 2023 to present), Treasurer (September 2014 to present), Far Eastern University, Inc.

Other Corporate Affiliations: Trustee, East Asia Educational Foundation Inc, (EAEFI) and FEU Health, Welfare and Retirement Fund Plan; Chief Finance Officer and Treasurer, Roosevelt College, Inc. (FEU Roosevelt); Treasurer, Foundation for Information Technology Education (FIT-ED) and FEU High School, Inc.

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.

12. Anthony Raymond A. Goqingco, 49, Filipino: Corporate Secretary (April 2020 to present), Compliance Officer (February 2023 to present), Far Eastern University, Inc.

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

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

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

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

13. Pamela M. Hernandez, 47, Filipino: Chief Risk Officer (July 2023 to present), Controller (April 2023 to present), Chief Accountant and Budget Director (August 2019 to April 2023), Far Eastern University, Inc.

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

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

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

14. Ray Jan P. Roque, 51, Filipino: Chief Audit Executive (June 2021 to present), Far Eastern University, Inc.

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

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

15. Michael Q. Liggayu, 50, Filipino: Quality Management Representative (September 2013 to present), Data Protection Officer (July 2017 to present) and Chief Information Security Officer (October 2022 to present), Far Eastern University, Inc.

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

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

The Nomination Committee is chaired by Dr. Lourdes R. Montinola. The members are: Dr. Paulino Y. Tan, Atty. Gianna R. Montinola, and Ms. Rosario Palanca Blardony (Independent Trustee).

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

The following have been nominated members to the Board of Trustees for fiscal year 2024–2025:

<u>Name</u>	<u>Ages</u>	<u>Citizenship</u>	<u>Position</u>
Lourdes R. Montinola	96	Filipino	Chair Emeritus, Board of Trustees
Aurelio R. Montinola III	73	Filipino	Chairman, Board of Trustees
Juan Miguel R. Montinola	63	Filipino	President and Trustee
Michael M. Alba	67	Filipino	Trustee
Paulino Y. Tan	78	Filipino	Trustee
Sherisa P. Nuesa	69	Filipino	Trustee
Jose T. Sio	84	Filipino	Independent Trustee
Consuelo D. Garcia	69	Filipino	Independent Trustee
Rosario Palanca-Blardony	67	Filipino	Independent Trustee

The aforementioned nominees were submitted to the Nomination Committee of Far Eastern University. Mr. Jose T. Sio, Ms. Consuelo D. Garcia, and Ms. Rosario Palanca-Blardony 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.

The three nominated Independent Trustees, Mr. Jose T. Sio, Ms. Consuelo D. Garcia, and Ms. Rosario Palanca-Blardony are not 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. Section 22 of the Revised Corporation Code requires that the board of a corporation listed with an exchange shall have independent directors constituting at least twenty percent (20%) of such board, which in the case of the FarEastern University is two (2) directors.

Please see the latest certifications of the Independent Trustees (Annex C).

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 Mr. Juan Miguel R. Montinola, President and Member of the Board of Trustees.

d. Legal Proceedings

There are no pending legal court cases involving the company as of 13 September 2024.

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.

Related Party Transactions and Relationships

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

During the year, the Group, in its regular conduct of business, has entered into transactions with its related parties, as disclosed in Note 20 to the Consolidated Financial Statements, which is an integral part of this report.

There were no material related party transactions involving the University or any of its subsidiaries with any of its directors, executive officer, or stockholder which owns ten percent (10%) or more of the total outstanding shares and members of their immediate family.

Other than those disclosed in the Consolidated Financial Statements, no other material transactions, without proper disclosures, were undertaken by the Group.

Item 6: Compensation of Trustees and Executive Officers

Name and Principal Position	Year Ended	Salary	Bonus*	Other Annual Compensation	
Aurelio R. Montinola III <i>Chairman of the Board of Trustees and Chief Executive Officer</i>		-x-	-x-	-x-	
Michael M. Alba (until July 31, 2023) Juan Miguel R. Montinola (effective August 1, 2023) <i>President and Chief Operating Officer</i>		-x-	-x-	-x-	
Maria Teresa Trinidad P. Tinio <i>Senior Vice President for Academic Affairs</i>		-x-	N/A	-x-	
Juan Miguel R. Montinola (until July 31, 2023) Rosanna E. Salcedo (effective August 1, 2023) <i>Chief Finance Officer</i>		-x-	N/A	-x-	
Enrique M. Amigo <i>Chief Information Officer</i>		-x-	N/A	-x-	
Enrico G. Gilera <i>Chief Legal Counsel</i>		-x-	N/A	-x-	
Totals - Actual	2023	36,798,253	3,000,000	5,297,180	
	Actual	2024	32,216,549	3,395,834	5,533,753
	Projected	2025	37,516,378	4,000,000	5,699,766
All other Officers and Trustees as a group unnamed		-x-	-x-	-x-	
Totals - Actual	2023	34,332,602	13,000,000	5,805,460	
	Actual	2024	30,740,598	16,125,003	4,503,247
	Projected	2025	32,585,034	18,000,000	4,632,345

For the year 2023-2024, the members of the Board of Trustees received the following remuneration as Trustee:

Name and Principal Position	Board Committee Honorarium	Annual Directors Bonus	Total
Lourdes R. Montinola Chair Emeritus	- 0 -	₱ 1,791,667.00	₱ 1,791,667.00
Aurelio R. Montinola III Chairman, Board of Trustees	- 0 -	₱ 1,791,667.00	₱ 1,791,667.00
Juan Miguel R. Montinola President and Trustee (effective July 18, 2023)	-0-	₱ 1,604,167.00	₱ 1,604,167.00
Michael M. Alba Trustee	- 0 -	₱ 1,791,667.00	₱ 1,791,667.00
Antonio R. Montinola Trustee (until July 17, 2023)	- 0 -	₱ 187,500.00	₱ 187,500.00
Paulino Y. Tan Trustee	₱ 585,000.00	₱ 1,791,667.00	₱ 2,376,667.00
Sherisa P. Nuesa Trustee	₱ 425,000.00	₱ 1,791,667.00	₱ 2,216,667.00
Jose T. Sio Independent Trustee	₱ 205,000.00	₱ 1,791,667.00	₱ 1,996,667.00
Consuelo D. Garcia Independent Trustee	₱ 205,000.00	₱ 1,791,667.00	₱ 1,996,667.00
Rosario Palanca Blardony Independent Trustee	₱ 65,000.00	₱ 1,791,667.00	₱ 1,856,667.00
Totals	₱ 1,485,000.00	₱ 16,125,003.00	₱ 17,610,003.00

**Trustees' Annual Bonus*

The members of the Board of Trustees of the corporation are entitled to honorarium / per diem for attending Board Committee meetings. The members of the Board are also entitled to an annual Directors' bonus 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 and bonuses at the discretion of the Board.

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

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

Item 7: Independent Public Accountant

The external auditor, Punongbayan & Araullo, audited the Financial Statements of the corporation for fiscal year ended 31 May 2024. The Company is currently reviewing proposals from external auditor. A final recommendation on the firm to be appointed is expected to be made by Management before 08 October 2024.

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

	FY 2023-2024	FY 2022-2023	FY 2021-2022
Basic fee for the audit of annual financial statements	₱ 1,386,000	₱ 1,306,000	₱ 1,221,000
Out-of-pocket expenses	138,600	130,600	97,680
Total	₱ 1,524,600 <i>plus 12% VAT</i>	₱ 1,436,600 <i>plus 12% VAT</i>	₱ 1,318,680 <i>plus 12% VAT</i>

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. Consuelo D. Garcia, an Independent Trustee. The members are: Mr. Jose T. Sio (Independent Trustee), Ms. Sherisa P. Nuesa and Dr. Paulino Y. Tan (Alternate Member).

The Audit Committee's approval of Punongbayan & Araullo's audit plan and test procedures for the examination of the University's financial statements ending 31 May 2024 was covered by the minutes of the meeting of the Audit Committee held last January 11, 2024.

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 31 May 2024, 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 2024

- a. Approval of the minutes of the Annual Stockholders' Meeting held on 21 October 2023 that includes the following:
 1. Minutes of Annual Meeting held on 15 October 2022;
 2. Academic Report of the President for the Academic Year 2022 – 2023;
 3. Annual Report covering the operations for the Fiscal Year 2022 – 2023;
 4. Approval, ratification and confirmation of the acts and resolutions 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 15 October 2022 until 21 October 2023;
 5. Election of Trustees and Independent Trustees for the fiscal year 2023 – 2024:
 - Dr. Lourdes R. Montinola
 - Mr. Aurelio R. Montinola III
 - Mr. Juan Miguel R. Montinola

Dr. Michael M. Alba
Ms. Sherisa P. Nuesa
Dr. Paulino Y. Tan
Ms. Consuelo D. Garcia (Independent Trustee)
Mr. Jose T. Sio (Independent Trustee)
Ms. Rosario Palanca Bladony (Independent Trustee)

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 2023-2024;

Minutes of the 2023 Stockholders' Meeting are uploaded to the Company's website within seven (7) business days from the date of the meeting and may be accessed at <https://investors.feu.edu.ph/reports%20new%20format/2023/10262023/2023%20Minutes%20of%20Annual%20SHs'%20Meeting%201102023.pdf>

The Minutes contain:

1. A description of the voting procedures and vote tabulation procedures used in the previous meeting;
2. A description of the opportunity given to stockholders to ask questions and a record of the questions asked and answers given;
3. The matters discussed and the resolutions reached;
4. A record of the voting results for each agenda item; and
5. The list of trustees who attended the meeting.

For the period ended May 31, 2024, there were no self-dealings or related party transactions by any director which require disclosure.

There is likewise no material information on the current stockholders and their voting rights requiring disclosure.

- b. Reports on SEC Form 17 C for the fiscal year 2023-2024:

1. On 06 July 2023:

Appointment of Ms. Pamela M. Hernandez as Chief Risk Officer in addition to her current position as Controller of the Far Eastern University, Inc. effective 06 July 2023.

Email submission acknowledged by SEC on 07 July 2023.

2. On 18 July 2023:

Resignation of Mr. Antonio R. Montinola as Member of the Board of Trustees effective 17 July 2023 and Election of Mr. Juan Miguel R. Montinola as Member of the Board of Trustees effective 18 July 2023

Email submission acknowledged by SEC on 18 July 2023.

3. On 18 July 2023:

Appointment of Ms. Rosanna E. Salcedo as Chief Finance Officer of the Far Eastern University, Inc. effective 01 August 2023.

Email submission acknowledged by SEC on 18 July 2023.

4. On 08 August 2023:

Acquisition of 45,576 FEU shares of stock by FERN Realty Corporation (an FEU subsidiary), and lodged the same with PCD Nominee Corporation (Filipino).

Email submission acknowledged by SEC on 09 August 2023.

5. On 29 August 2023:

Notice of Annual Meeting of FEU Stockholders' Meeting, scheduled for 21 October 2023. Stockholders eligible to participate are as per record date 02 October 2023.

Email submission acknowledged by SEC on 29 August 2023.

6. On 19 September 2023:

Declaration of ₱16.00/share cash dividend to all stockholders of record as of 03 October 2023, payable on 18 October 2023, as approved during the Board of Trustees meeting held on 19 September 2023.

Email submission acknowledged by SEC on 20 September 2023.

7. On 04 October 2023:

Updating Far Eastern University's Policy on Whistle Blowing to reflect the change in the whistleblower email address to whistleblower@feu.edu.ph

Email submission acknowledged by SEC on 09 October 2023.

8. On 17 October 2023:

Investment of Far Eastern University, Inc. in Higher Academia, Inc.

Email submission acknowledged by SEC on 19 October 2023.

9. On 21 October 2023:

Matters approved during the Organizational Meeting of the Board of Trustees held on 21 October 2023:

Elected and appointed Corporate Officers and University Officials and Members of Board Committees for the term 2023-2024

Corporate Officers

Lourdes R. Montinola	Chair Emeritus
Aurelio R. Montinola III	Chairman of the Board of Trustees
Juan Miguel R. Montinola	President
Rosanna E. Salcedo	Chief Finance Officer & Treasurer
Anthony Raymond A. Goqingco	Corporate Secretary and Compliance Officer

University Officials

Maria Teresa Trinidad P. Tinio	Senior Vice-President for Academic Affairs
Pamela M. Hernandez	Controller and Chief Risk Officer
Michael Q. Liggayu	Quality Management Representative and Data Protection Officer
Ray Jan P. Roque	Chief Audit Executive

Board Committees

(a) Executive Committee

Aurelio R. Montinola III	Chairman
Juan Miguel R. Montinola	President
Paulino Y. Tan	Member
Sherisa P. Nuesa	Member
Rosanna E. Salcedo	Member

(b) Talent Management Committee

Aurelio R. Montinola III	Chairman
Juan Miguel R. Montinola	President
Paulino Y. Tan	Member
Sherisa P. Nuesa	Member
Rosanna E. Salcedo	Member

(c) Audit Committee

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

(d) Risk Management Committee

Jose T. Sio	Chairman
Consuelo D. Garcia	Member
Michael M. Alba	Member
Paulino Y. Tan	Alternate Member

(e) Related Party Transaction Committee

Jose T. Sio	Chairman
Consuelo D. Garcia	Member
Michael M. Alba	Member
Paulino Y. Tan	Alternate Member

(f) Corporate Governance Committee

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

(g) Nomination Committee

Lourdes R. Montinola	Chairman
Paulino Y. Tan	Member
Gianna R. Montinola	Member
Rosario P. Blardony	Member

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

Reappointment of all other incumbent Corporate Officers and University Officials of FEU to the current positions respectively held by them for the term 2022-2024, to serve as such until their respective successor is duly appointed and qualified.

Email submission acknowledged by SEC on 26 October 2023.

10. On 09 November 2023:

Acquisition of 36 FEU shares of stock by FERN Realty Corporation (an FEU subsidiary), and lodged the same with PCD Nominee Corporation (Filipino).

Email submission acknowledged by SEC on 10 November 2023.

11. On 20 February 2024:

Declaration of ₱16.00/share cash dividend to all stockholders of record as of 05 March 2024, payable on 20 March 2024, as approved during the Board of Trustees meeting held on 20 February 2024.

Email submission acknowledged by SEC on 20 February 2024.

12. On 21 May 2024:

Appropriations of retained earnings of Far Eastern University for the fiscal year 31 May 2024 be adjusted to Two Billion One Hundred Seventy Two Million Seven Hundred Thirty Three Thousand One Hundred Pesos (₱2,172,733,100.00) as follows:

Reserves for:	
Subsidiary Expansion Projects	₱ 517,000,000.00
Capital Expenditures	662,000,000.00
Strategic Growth Investments	900,000,000.00
Probable Contingency	90,000,000.00
Treasury Shares	<u>3,733,100.00</u>
TOTAL	₱ <u>2,172,733,100.00</u>
	=====

Email submission acknowledged by SEC on 21 May 2024.

c. Board Assessment

The Company conducts annual performance evaluations of the Board of Trustees, its individual members and Board Committees.

Each Board Member accomplished and submitted self-assessment of his/her performance in 2023.

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 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.

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

For this year's Annual Stockholders' Meeting, the Board of Trustees approved a resolution allowing stockholders to participate in the ASM via a hybrid modality (simultaneous onsite and virtual environment) and to exercise their right to vote in absentia or by proxy. Stockholder's as of Record Date who have successfully registered electronically their intention to participate in the annual meeting and to vote in absentia, duly verified and validated by the Corporation, shall be provided with unique log-in credentials to securely access the voting portal.

Stockholders and proxy holders can then cast their votes on specific matter for approval, including the election of directors. Votes will then be automatically tabulated and counted at the close of voting for each agenda item during the meeting.

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.

Pursuant to the Corporation's By-laws, duly accomplished proxy forms must be submitted to the Corporate Secretary at least twenty-four (24) hours before the day of the annual meeting. Electronic copies of the duly signed proxy forms shall therefore be submitted no later than 3:00 p.m. on 18 October 2024 (Friday) at the Office of the Corporate Secretary, Far Eastern University, Nicanor Reyes St., Sampaloc, Manila for validation. A sample format of the proxy form for individual and corporate stockholders are attached and are also available at <https://www.feu.edu.ph/asm2024>.

The Corporate Secretary will lead the validation of proxies in coordination with the Corporation's stock and transfer agent.

The detailed guidelines for participation and voting for this meeting are set forth in the "Guidelines for Participation via Remote Communication and Voting in Absentia", attached as Annex "B" to this Information Statement.

Item 20: Participation of Stockholders via a Hybrid Modality:

To comply with applicable regulations prohibiting mass gatherings and/or requiring social distancing to prevent the spread of Covid-19 (the "Regulations") and to ensure the safety and welfare of our stockholders, the Company will conduct the 2024 ASM via a hybrid modality (simultaneous onsite and virtual environments). A maximum of 50 stockholders only will be allowed to participate onsite, on a first to register, first served basis.

Virtual participants may access the meeting during its live webcast which shall be accessible through the following Zoom online web address: <https://us06web.zoom.us/j/7064344996?>. To enable the Company to identify the stockholders participating by remote communication and record their presence for purposes of quorum, stockholders shall register using the designated online portal, <https://www.feu.edu.ph/asm2024>, or by notifying the Company of their intention to participate by email at asm2024@feu.edu.ph. The link to participate by remote communication shall be emailed to all stockholders who have registered.

Stockholders may email questions or comments prior to or during the meeting at the following email address: asm2024@feu.edu.ph. The detailed instructions for participation through remote communication are set forth in Annex B.

**PART II
INFORMATION REQUIRED IN A PROXY FORM**

Items 1 and 2:

FAR EASTERN UNIVERSITY, INC.
2024 Annual Stockholders' Meeting
19 October 2024

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 2024 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 acts and resolutions during the past year of the Board of Trustees, Board and Management Committees, and Management and other Officers.
 Yes No Abstain
- 5. Appointment of _____
 Yes No Abstain
- 6. 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

4. Election of Trustees

Vote for all nominees listed below:

- Lourdes R. Montinola
- Aurelio R. Montinola III
- Juan Miguel R. Montinola
- Michael M. Alba
- Paulino Y. Tan
- Sherisa P. Nuesa
- Jose T. Sio (Independent Trustee)
- Consuelo D. Garcia (Independent Trustee)
- Rosario Palanca Blardony (Independent Trustee)

Withhold authority to vote for all nominees listed above.

Withhold authority to vote for the nominees listed below:

PRINTED NAME OF STOCKHOLDER

SIGNATURE OF STOCKHOLDER /
AUTHORIZED SIGNATORY

DATE

This proxy should be received by the Corporate Secretary on or before 3:00 p.m. of 18 October 2024, 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 21 October 2023;
- 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 2024;
- c. ratification and confirmation of the actions of the Board of Trustees, Board and Management Committees, and Management and Other Officers;
- d. election of Trustees/Independent Trustees;
- e. appointment of External Auditor;
- f. 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. Anthony Raymond A. Goquingco
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 16 September 2024.

ISSUER : FAR EASTERN UNIVERSITY, INC.

SIGNATURE AND TITLE : 
Atty. ANTHONY RAYMOND A. GOQUINGCO
Corporate Secretary



Nominees to the Board of Trustees 2024 Annual Stockholders' Meeting



LOURDES R. MONTINOLA

96, 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; Trustee, Nicanor Reyes Memorial Foundation and FEU-Dr. Nicanor Reyes Medical Foundation, Inc.; and Board Member, The English Speaking Union and MEMORARE-Manila 1945 Foundation, Inc. She is also a Member of the Oriental Ceramic Society and HABI: The Philippine Textile Council, Inc.

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

Dr. Montinola holds a Bachelor of Arts degree (*cum laude*) from Marymount College, New York, USA (1948) and an MA in Cultural History from the Asean Graduate Institute of Arts (1991). She completed the Management Development Program for College and University Administrators in the Institute for Educational Management, Graduate School of Education, Harvard University, USA (1985). She obtained her PhD in English: Creative Writing from the University of the Philippines (2001).



AURELIO R. MONTINOLA III

73, 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, Corp., East Asia Computer Center, Inc., Far Eastern College Silang, Inc. (FEU Cavite), Nicanor Reyes Educational Foundation, Inc., FEU High School, Inc., FEU Alabang, Inc., Roosevelt College, Inc. (FEU Roosevelt), and East Asia Educational Foundation, Inc.; Vice Chairman, Philippine Business for Education Foundation (PBED); Director, Good Samaritan Colleges; Independent Director, AIA Philippines Life and General Insurance Company, Inc.

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

He was President of BPI from 2005 to 2013 and was a former President of the Bankers Association of the Philippines and Management Association of the Philippines (MAP).

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 Asian Banker Leadership Award for the Philippines in 2005 and 2010 and the MAP Management Man of the Year Award in 2012.

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

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

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

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



JUAN MIGUEL R. MONTINOLA

63, Filipino: Trustee (July 2023 to present), President (August 2023 to present), Chief Finance Officer (September 2010 to July 2023), and Chief Risk Officer (October 2018 to July 2023), Far Eastern University, Inc.



MICHAEL M. ALBA

67, Filipino: Trustee (October 2012 to present), President (October 2012 to July 2023), Far Eastern University, Inc.

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

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.

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

Dr. Tan obtained the Degree of Bachelor of Science in Chemical Engineering from De La Salle University. He obtained both his MS and PhD in Chemical Engineering from the University of Notre Dame, Indiana, USA.



PAULINO Y. TAN

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



SHERISA P. NUESA

69, Filipino: Trustee (October 2021 to present), Independent Trustee (2010 to September 2021), Far Eastern University, Inc.

Other Corporate Affiliations: Independent Director, FERN Realty Corporation and the following publicly-listed corporations: Integrated Micro-Electronics, Inc., Manila Water Company, and AREIT Corporation. In May 2024, she was elected as Chairman of the Board of Metro Retail Stores Group, Inc., another publicly listed company where she had served as a Board Adviser. She also serves as Senior Board Adviser of Vicsal Development Corporation.

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

Her past directorships include Ayala Land, Inc. from April 2020 to April 2023, ACEN Corporation (formerly AC Energy, Inc.) from 2019 to April 2023; and the President of ALFM Mutual Funds Group for nine years until March 2021. She was also a

Trustee of the Institute of Corporate Directors (ICD) for nine years until June 2021, where she held the positions of Treasurer and then Vice Chair.

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

She graduated with the degree of Bachelor of Science in Commerce (*summa cum laude*) from Far Eastern University in 1974 and received her Master of Business Administration degree from the Ateneo - Regis Graduate School of Business in 2011. She also attended post-graduate management programs at Harvard Business School and Stanford University.

She received the ING-FINEX CFO of the Year award in 2008 and was one of the FEU Outstanding Alumni Awardees in the same year.

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

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

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

Mr. Sio is a Certified Public Accountant. He obtained his Bachelor of Science in Commerce Major in Accounting from the 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.



JOSE T. SIO

84, Filipino: Independent Trustee (April 2019 to Present), Far Eastern University, Inc.



CONSUELO D. GARCIA

69, Filipino: Independent Trustee (October 2021 to present), Far Eastern University, Inc.

Other Corporate Affiliations: Independent Director of GT Capital Holdings, Inc. and Lopez Holdings Corporation, both publicly-listed corporations. She also serves as Independent Director of Sunlife Investment Management and Trust Corporation, a BSP supervised non-bank financial institution and Director of Murrayhill Realty and Development Corporation, a family owned corporation.

Ms. Garcia is also an Independent Trustee of ING Foundation Philippines, Inc.; Member of the Board of Trustees of FINEX Research and Development Foundation, Inc.; and a Liaison Director of the Capital Markets Committee of FINEX Academy. She is a Fellow of the Institute of Corporate Directors and a Member of the Filipina CEO Circle.

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

Ms. Garcia is a Certified Public Accountant and she graduated Bachelor of Science in Business Administration, major in Accounting (*magna cum laude*) from the University of the East.

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

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

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



ROSARIO PALANCA BLARDONY

67, Filipino: Independent Trustee (October 2022 to present), Far Eastern University, Inc.

**FAR EASTERN UNIVERSITY, INCORPORATED
ANNUAL STOCKHOLDERS' MEETING 2024**

Guidelines for Participating via a Hybrid Modality and Voting in Absentia

The 2024 Annual Stockholders' Meeting (ASM) of Far Eastern University, Incorporated ("FEU" or the "Company") will be held on October 19, 2024 at 3:00 P.M. and the Board of Trustees of the Corporation has fixed the end of trading hours of the Philippine Stock Exchange, Inc. on **September 30, 2024 ("Record Date")** as the record date for the determination of stockholders entitled to the notice of, to attend, and to vote at such meeting and any adjournment thereof.

The Board of Trustees of the Company has approved and authorized stockholders to participate in the ASM via a hybrid modality (simultaneous onsite and virtual environment) and to exercise their right to vote in absentia or by proxy. This is in view of the community quarantine currently implemented in various areas of the country and in consideration of health and safety concerns of everyone involved.

REGISTRATION

The conduct of the meeting will be held in the following venues:

Onsite Venue: Multi-purpose Room, 4th Floor Administration Building,
FEU Main Campus, Nicanor Reyes Street, Sampaloc, Manila

Online Venue: Livestream access will be provided to registered participants.
Instructions will be posted at <https://www.feu.edu.ph/asm2024>

Stockholders are required to signify their mode of participation – Onsite or Virtual - by registering via asmregister.feu.edu.ph, beginning 01 October 2024, 8:00 AM until 14 October 2024, 5:00 PM.

Onsite participants will be limited to a maximum of (50) shareholders only, on a first to register, first served basis. Adherence to the event's health protocol shall be strictly observed.

Documentary Requirements:

The following are the documents required (subject to verification and validation) for a successful registration:

1. Individual Stockholders

1.1. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others in order to validate the registration of the stockholder (up to 2MB)

1.2. Stock certificate number

1.3. If appointing a proxy, copy of proxy form duly signed by stockholder (need not be notarized)

1.4. Active e-mail address/es of stockholder or proxy

1.5. Active contact number/s, with area and country codes, of stockholder or proxy

2. Multiple Stockholders or with joint accounts

2.1. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others in order to validate the registration of all registered stockholders (up to 2MB)

2.2. Stock certificate number/s

2.3 Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the name of multiple stockholders (need not be notarized)

2.4. Active e-mail addresses of authorized representative

2.5. Active contact numbers, with area and country codes, of authorized representative

3. Corporate Stockholders

3.1. Digital copy of the Secretary's Certificate (or equivalent for non-resident) attesting to the authority of the representative to vote for and on behalf of the corporation

3.2. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others to validate the registration of the authorized representative (no more than 2MB)

2.3. Stock certificate number/s

3.3. Active e-mail address/es of the authorized representative

3.4. Active contact number, with area and country codes, of authorized representative

4. PCD Participants/Brokers

4.1. Certification from broker as to the number of shares owned by stockholder

4.2. Valid government ID of stockholder

4.3. If appointing a proxy, copy of proxy form duly signed by stockholder (need not be notarized)

4.4. Active e-mail address/es of stockholder or proxy

4.5. Active contact number/s, with area and country codes, of stockholder or proxy

ONLINE VOTING

Stockholders who have successfully registered shall be notified via email of their unique login credentials for the voting portal. Stockholders can then cast their votes for specific items in the agenda, as follows:

1. Log-in to the voting portal by clicking the link, and using the log-in credentials sent via email, to the email address of the stockholder provided to the Company.
2. Upon accessing the portal, the stockholder can vote on each agenda item. A brief description of each item for stockholders' approval are appended to the Notice of Meeting.

2.1 A stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval.

2.2 With respect to the election of nine (9) trustees, each stockholder may:

- vote such number of shares for as many as nine persons he may choose to be elected from the list of nominees; or
 - cumulate said shares and give one candidate as many votes as the number of his shares multiplied by nine shall equal, or
 - 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.
3. Once the stockholder has finalized his vote, he can proceed to submit his vote by clicking the "Submit" button.
 4. The stockholder can still change and re-submit votes, provided, such new votes are submitted using the same log-in credentials. Previous votes will be automatically overridden and replaced by the system with the new votes cast.
 5. Stockholders with successful and validated registration may cast their votes at least twenty four (24) hours before the time set for the meeting as required by the By Laws, or no later than 3:00 p.m. of 18 October 2024. The appointment of the Proxy shall not affect your right to vote in the event you choose to attend the meeting.

ONSITE VOTING

Stockholders who have successfully registered and received email confirming onsite participation will have the option to vote onsite. This can be performed until the end of the meeting. Voting process will be done electronically with the assistance of a dedicated System Administrator (SA).

To facilitate the onsite voting, the stockholder must:

1. Approach the voting terminal setup in the onsite venue.
2. Present to the System Administrator (SA) the original ID submitted/uploaded in the ASM tool during the online registration process.

3. The SA will open the electronic voting portal for the stockholder using a system generated stockholder code. The stockholder may then begin to:
 - 3.1 Exercise his option to vote “Yes”, “No”, or “Abstain” on each agenda item for approval.
 - 3.2 With respect to the election of nine (9) trustees, each stockholder may:
 - vote such number of shares for as many as nine persons he may choose to be elected from the list of nominees; or
 - cumulate said shares and give one candidate as many votes as the number of his shares multiplied by nine shall equal, or
 - 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.
4. Once the stockholder has finalized his vote, he can proceed to submit his vote by clicking the “Submit” button.
5. The stockholder can change his votes until the end of the meeting.

ASM LIVESTREAM

The ASM will be broadcasted live and stockholders who have successfully registered will be provided access to participate via remote communication. Instructions on how to access the livestream will also be posted at <https://www.feu.edu.ph/asm2024/>.

Video recordings of the ASM will be adequately maintained by the Company and will be made available to participating stockholders upon request.

OPEN FORUM

During the virtual meeting, the Company will have an Open Forum, where representatives of the Company shall endeavor to answer as many of the questions and comments received from stockholders as time will allow.

Stockholders participating onsite may personally ask questions.

Alternatively, questions may be forwarded in advance by sending an email bearing the subject “ASM 2024 Open Forum” to asm2024@feu.edu.ph on or before 18 October 2024. The meeting’s moderator will read the questions on their behalf.

A section for stockholder comments/questions or a “chatbox” shall also be provided in the livestreaming platform.

Questions/comments received but not entertained during the Open Forum due to time constraints will be addressed separately by the Company’s Corporate Secretary.

For any concerns, please contact us via email at asm2024@feu.edu.ph.

For complete information on the annual meeting, please visit <https://www.feu.edu.ph/asm2024/>.



CERTIFICATION OF INDEPENDENT TRUSTEE

I, **CONSUELO D. GARCIA**, Filipino, of legal age and a resident of Paranaque City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a Nominee for Independent Trustee of **Far Eastern University, Incorporated** (the “Corporation”), and have been its independent trustee since October 2021. Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1015
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporation): (+632) 87777-FEU (338)
(+632) 8849-4000

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Lopez Holdings Corporation	Independent Director	June 2023 to date
GT Capital Holdings, Inc	Independent Director	May 2021 to date
Sun Life Investment Management and Trust Corporation	Independent Director	September 2020 to date
Murrayhill Realty and Development Corporation	Director	October 2020 to date
ING Foundation Philippines, Inc	Independent Trustee	February 2020 to date
FINEX Research and Development Foundation, Inc	Trustee	January 2024 to date
FINEX Academy	Trustee	January 2023 to date
Filipina CEO Circle	Member	2017 to date
Institute of Corporate Directors	Fellow	April 2020 to date

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Trustee of **Far Eastern University, Incorporated** as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any trustee/officer/substantial shareholder of **Far Eastern University, Incorporated**.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service/affiliated with a government agency of a Government Owned or Controlled Corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent trustee under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of **Far Eastern University, Incorporated** of any changes in the abovementioned information within five days from its occurrence.

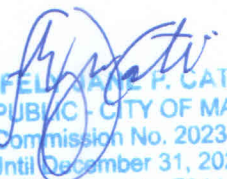
Done this ____ day of July 2024 at Manila.

JUL 30 2024


CONSUELO D. GARCIA
Affiant

SUBSCRIBED AND SWORN to before me this JUL 30 2024 day of 2024 at Manila, affiant personally appeared before me and exhibited to me her Tax Identification Number 127386452 issued in the Philippines.

Doc. No.: 368;
Page No.: 75;
Book No.: II;
Series of 2024.


ATTY. FELINA P. CATLA
NOTARY PUBLIC - CITY OF MANILA
Notarial Commission No. 2023-15
Valid Until December 31, 2024
Roll of Attorney's No. 70141
IBP Lifetime Member Roll No. 017715, 06.21.201.
PTR No. 1541470, 01.04.2024
MCLE Compliance No. VIII-0003078, 06.30.2024
TIN-340-171-697
Rm.310, FEU Administration Bldg.
Nicanor Reyes St., Sampaloc, Manila



CERTIFICATION OF INDEPENDENT TRUSTEE

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:

- I am a nominee for Independent Trustee of **Far Eastern University, Incorporated (the "Corporation")**, and have been its Independent Trustee since April 2019.
- I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

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

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
SM Investments Corporation	Chairman Emeritus of the Board	2023 - Present
Ortigas Land Corporation	Director	2014 - Present
Atlas Consolidated Mining and Development Corporation	Director	2011 - Present
NLEX Corporation	Director	2010 - Present
China Bank	Director	2007 - Present
Asia Pacific Technology Educational Foundation, Inc. (Asia Pacific College)	Trustee	2018 - Present
SM Foundation, Inc.	Chairman and President	2011 - Present
Banco De Oro	Board Advisor	2007 - Present

- I possess all the qualifications and none of the disqualifications to serve as an Independent Trustee of **Far Eastern University, Incorporated** as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
- I am related to the following trustee/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 TRUSTEE/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable (N/A)		

- 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		

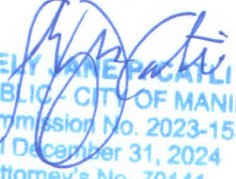
6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent trustee in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent trustee under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. 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 JUL day of 2024, at Manila.


JOSE T. SIOR
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2024 at Manila, affiant personally appeared before me and exhibited to me her Tax Identification Number 103-433-285 issued in the Philippines.

Doc. No. 367
Page No. 75
Book No. I
Series of 2024.


ATTY. FELTY M. PERALTA
NOTARY PUBLIC - CITY OF MANILA
Notarial Commission No. 2023-153
Valid Until December 31, 2024
Roll of Attorney's No. 70141
IBP Lifetime Member Roll No. 017715, 06.21.2017
PTR No. 1541470, 01.04.2024
MCLE Compliance No. VIII-0003078, 06.30.2023
TIN-340-171-697
Rm.310, FEU Administration Bldg.
Nicanor Reyes St., Sampaloc, Manila



FAR EASTERN UNIVERSITY



CERTIFICATION OF INDEPENDENT TRUSTEE

I, **ROSARIO P. BLARDONY**, 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 Trustee of **Far Eastern University, Incorporated** (the "**Corporation**"), and have been its Independent Trustee since October 2022.

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

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

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
University of Toronto	Diagnostic Services Coordinator, Oral Medicine and Oral Pathology Faculty of Dentistry	2016 to present
The Hospital for Sick Children Toronto, Canada	Administrative Coordinator	2009 to 2016
Far Eastern University	Program Head/Associate Professor	2008 to 2009

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Trustee of **Far Eastern University, Incorporated** 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 trustee/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 TRUSTEE/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
Not applicable (N/A)		

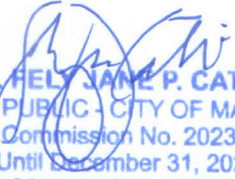
6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the (head of the agency/department) to be an independent trustee in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent trustee under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of **Far Eastern University, Incorporated** of any changes in the abovementioned information within five days from its occurrence.

Done, this ___ day of ~~APR 23 2024~~ 2024, at CITY OF MANILA


ROSARIO PALANCA BLARDON
Affiant

SUBSCRIBED AND SWORN to before me this APR 23 2024 day of _____ 2024, affiant exhibiting to me her respective Passport No. P4805800C issued at PCG Toronto valid until 25 July 2033.

Doc. No. 106
Page No. 43
Book No. II
Series of 2024.


ATTY. FELY JANE P. CATLI
NOTARY PUBLIC - CITY OF MANILA
Notarial Commission No. 2023-153
Valid Until December 31, 2024
Roll of Attorney's No. 70141
IBP Lifetime Member Roll No. 017715, 06.21.2017
PTR No. 1541470, 01.04.2024
MCLE Compliance No. VIII-0003078, 06.30.2023
TIN-340-171-697
Rm.310, FEU Administration Bldg.
Nicanor Reyes St., Sampaloc, Manila



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

August 8, 2024

Atty. Oliver O. Leonardo

Director

Markets and Securities Regulation Department

The SEC Headquarters, 7907 Makati Avenue Salcedo Village

Bel Air, Makati City

Dear **Atty. Leonardo**:

Please be informed that Dr. Paulino Y. Tan, who is a member of the Board of Trustees of Far Eastern University, was appointed as Chairperson of the Technical Panel for Information Technology Education of this Commission, effective January 1, 2017 to December 31, 2017, per CHED Special Order No. 08, series of 2017.

CHED Special Order No. 06, series of 2018 provides that *“the designation of the Chairpersons and Members of the Technical Panels (TPs) and Technical Committees (TCs) for the different clusters of disciplines per CSO No. 08, series of 2017 will be on holdover capacity until replaced”*.

This is in response to the request of Far Eastern University for the submission of its Annual Information Sheet/Annual Report required by the Securities and Exchange Commission.

Very truly yours,


ATTY. CINDERELLA FILIPINA BENITEZ-JARO

Executive Director IV

Contact us: executivedirector@ched.gov.ph / (+63) 998-592-1880

Give us Feedback: <https://bit.ly/OEDCCSS>

LOED NO. _____, series of 2024

OED-QMS-QFoM-12/20220103-Rev.00

CERTIFICATION

THIS IS TO CERTIFY that the following members of the Board of Trustees of The Far Eastern University, Incorporated, doing business under the name and style of Far Eastern University (FEU), namely:

Dr. Lourdes R. Montinola	Ms. Sherisa P. Nuesa
Mr. Aurelio R. Montinola III	Ms. Consuelo D. Garcia
Mr. Juan Miguel R. Montinola	Mr. Jose T. Sio
Dr. Michael M. Alba	Ms. Rosario Palanca Blardony

and officers of FEU, namely:

Dr. Lourdes R. Montinola	Chair Emeritus
Mr. Aurelio R. Montinola III	Chairman, Board of Trustees
Mr. Juan Miguel R. Montinola	President
Ms. Rosanna E. Salcedo	Chief Finance Officer and Treasurer
Ms. Pamela M. Hernandez	Chief Risk Officer and Controller
Atty. Anthony Raymond A. Goquingco	Corporate Secretary and Compliance Officer

do not work in Government.

This Certification is issued under oath for whatever purpose it may legally serve.

IN WITNESS WHEREOF, I have hereunto set my hand this ~~September~~ ^{SEP 16 2024} September 2024 at Sampaloc, City of Manila, Metro Manila, Philippines.

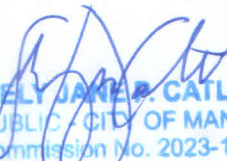

Atty. ANTHONY RAYMOND A. GOQUINGCO
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
MANILA CITY, METRO MANILA) S.S.

SEP 16 2024

SUBSCRIBED AND SWORN to before me this ____ September 2024 in the City of Manila, Metro Manila, the affiant, Atty. Anthony Raymond A. Goquingco, exhibiting to me his Driver's License No. N03-92-132131 issued by the Land Transportation Office as competent evidence of identity.

Doc No. 457
Page No. 93
Book No. 4
Series of 2024.


ATTY. FELY JANE R. CATLI
NOTARY PUBLIC, CITY OF MANILA
Notarial Commission No. 2023-153
Valid Until December 31, 2024
Roll of Attorney's No. 70141
IBP Lifetime Member Roll No. 017715, 06.21.2017
PTR No. 1541470, 01.04.2024
MCLE Compliance No. VIII-0003078, 06.30.2023
TIN-340-171-697
Rm.310, FEU Administration Bldg.
Nicanor Reyes St., Sampaloc, Manila

**REPORT OF THE AUDIT AND COMMITTEE TO THE BOARD OF TRUSTEES
For the Fiscal Year Ended May 31, 2024**

**The Board of Trustees
Far Eastern University, Inc.**

The Audit Committee's roles and responsibilities are defined in the Audit Committee Charter approved by the Board of Trustees. It assists the Board of Trustees in fulfilling its oversight responsibility 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 four (4) committee meetings, two (2) were joint meetings with the Risk Management Committee. All our meetings are covered by minutes of meetings approved by the members of the committee/s.

II. Internal and External Auditors and Internal Controls

1. We discussed and approved the overall scope and the respective audit plans of the University's internal auditors and external auditors, based on the key business risks identified by the University. We also discussed the results of their audits and their assessment of the University's internal controls and found that the system is adequate and operating effectively.
2. We have reviewed and approved all audit services provided to Far Eastern University, Inc. including the related audit fees. There were no other non-audit services provided by P&A.
3. We have reviewed the reports of internal auditors to ensure that Management is taking the appropriate actions on the audit recommendations in a timely manner.

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, 2024 for filing with the Securities and Exchange Commission and the Philippine Stock Exchange.



CONSUELO D. GARCIA
Chairperson
Independent Trustee



JOSE T. SIO
Member
Independent Trustee



SHERISA P. NUESA
Member
Trustee



PAULINO Y. TAN
Member
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 2024
- D. Management Discussion and Analysis or Plan of Operation
- E. Corporate Governance
- F. Audited Consolidated Financial Statements as of 31 May 2024, 31 May 2023, and 31 May 2022, with accompanying notes to Financial Statements

BUSINESS AND GENERAL INFORMATION

Business

Far Eastern University (FEU), as it is known today, was originally founded in 1928. Far Eastern University, Inc. — the corporate vehicle — was incorporated in 1933. It operates Far Eastern University, the higher education institution. FEU is also the majority shareholder of East Asia Computer Center, Inc. (EACCI); FEU Alabang, Inc.; Far Eastern College Silang, Inc.; FEU High School, Inc.; and Roosevelt College, Inc. (collectively, the “FEU Group of Schools”). It is also a major shareholder in Fern Realty Corporation, a real estate corporation with land holdings in commercial, residential, as well as educational properties. The subsidiaries of FEU in turn make use of “FEU” in their respective business names. EACCI does business under the names and styles of FEU Institute of Technology, FEU Tech, or FIT and FEU Diliman, while Far Eastern College Silang, Inc., does so as FEU Cavite.

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

FEU, Inc., also established partnerships. FEU owns 51% of Edustria, Inc., in a joint venture with the Technological Institute of the Philippines (T.I.P.), Inc. Edustria, Inc., operates a high school under the same name in the Lipa-Malvar area of Batangas province. FEU has also partnered with the Jerudong Park Medical Centre (JPMC) to establish the first private health science college in Brunei Darussalam, the JPMC College of Health Sciences of which it owns 40%. FEU has also invested in Good Samaritan Colleges, Inc. (GSC) an educational institution located in Cabanatuan City, Nueva Ecija with 34% holdings. This will allow both schools to partner together in expanding the educational offerings and operations of GSC in Cabanatuan. And finally, FEU is a 50% owner of Higher Academia, Inc., which has been established with Unilab Education to operate a basic education and tertiary facility in San Fernando, Pampanga.

A. Brief Discussion of the Business

Mother Company

1. FAR EASTERN UNIVERSITY

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

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

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

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

The International Finance Corporation (IFC) has found that FEU graduates enjoy an employability rate of 75%, which is higher than the global average of 70%, which attests to the university's commitment to provide meaningful career opportunities to its students.

The university's high standard of quality is substantiated by numerous recognitions from the Philippine Commission on Higher Education (CHED); accrediting bodies such as the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) and the Philippine Accrediting Association of Schools, Colleges, and Universities (PAASCU); the ASEAN University Network — Quality Assurance (AUN-QA) system; and the World's Universities with Real Impact (WURI). FEU is also Quacquarelli Symonds (QS) recognized. QS is the most widely respected and read quality ranking in educational institutions.

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

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

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

Customers: Students

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

Institute	Percent Share of Revenues
IHSN	39.3%
IABF	21.3%
IAS	20.3%
IARFA	8.9%
ITHM	7.9%
IL	0.7%
IE	1.6%

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

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

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

Subsidiaries and Other Related Parties

1. East Asia Computer Center, Inc.

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

a. FEU Institute of Technology

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

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

The institute's high standard of quality is substantiated by program accreditations from the ISO and PAASCU and recognition from the WURI. In its 2022 run, WURI ranked FEU Tech 77th overall and got several places in various categories. FEU Tech has also submitted its application for autonomous status with the CHED and, along with the rest of the education industry, awaits CHED's advice on the same.

FEU Tech is organized as two colleges. Its course offerings can be found in *Chart 1*. FEU Tech's graduates, as found by the IFC, also enjoy an employability rate of 75%, which is higher than global average of 70%.

b. FEU Diliman

FEU Diliman is a private, nonsectarian educational institution nestled in 9.5-hectare campus in Mapayapa Village, Quezon City. It offers the full spectrum of formal education from basic education (i.e., kindergarten, grade school, junior and senior high school) to college.

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

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

In 2024, FEU Diliman ranked 84th for Entrepreneurial Spirit in The World University Rankings for Innovation (WURI).

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

2. FEU Alabang, Inc.

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

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

3. Far Eastern College Silang, Inc.

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

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

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

4. FEU High School, Inc.

FEU High School (FEU HS), Inc., was established as a subsidiary of Far Eastern University, Inc., in 2013 in response to Republic Act 10533 (otherwise known as the Enhanced Basic Education Act of 2013), which extended the Philippine basic education program to 13 years, adding Grades 11 and 12 to the secondary education level. Situated inside the FEU Manila campus, FEU HS welcomed its pioneer class of senior high school students in 2016. Starting in SY 2021-2022, FEU High School admitted its first batch of junior high school students.

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

FEU High School's mission is to provide accessible quality education to students from Filipino working-class families, priming them to thrive both in the world of work and in life in the 21st century. Its curriculum is student-centered, values-oriented, and competency-laden, facilitated by technology-enabled methods, and supported by data analytics to enhance student success. Its project-based learning activities develop students to be socially responsible, skill empowered, and future-ready Filipino and global citizens.

FEU High School's vision is to be a top high school that envisions a world in which its graduates, guided by the core values of fortitude, excellence, and uprightness, actively contribute to the pursuit of a more progressive, equitable, and harmonious society.

5. Roosevelt College, Inc.

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

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

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

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

6. Fern Realty Corporation

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

FRC is also engaged in developing and acquiring real properties for sale or lease. With Ayala Land, Inc., it co-developed Ferndale Homes in Quezon City and with Moldex Realty Corporation, Fern Parc, a premium subdivision within MetroGate Silang Estate in Silang, Cavite. Its prime condominium units and residential houses in Makati City, Quezon City, and Taguig City are leased to local and foreign corporations and individuals. Two of its townhouses in Diliman, Quezon City are leased to FEU for its coaches and athletes.

The latest addition to the asset portfolio of FRC is a unit in Park Villas, a super high-end development located at Makati Avenue, Makati City. The condominium building consisting of 49 storeys will house 44 units with one unit in each floor, except for those reserved for parking.

Accreditation

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

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

CHART 1
FEU GROUP OF SCHOOLS
Chart of Courses as of SY 2023-2024

COURSES	Far Eastern University Manila	Far Eastern University Makati	Far Eastern University Cavite	FEU Institute of Technology Alabang	FEU Institute of Technology Manila	FEU Institute of Technology Diliman	FEU Roosevelt Cainta, Rizal	FEU Roosevelt Marikina	FEU Roosevelt Rodriguez, Rizal	FEU High School Manila	Edustria Joint Venture of FEU and TIP Lipa City, Batangas
BASIC EDUCATION											
Developmental Kindergarten							✓	✓	✓		
Kindergarten			✓			✓	✓	✓	✓		
Grade School			✓			✓	✓	✓	✓		
Junior High School			✓			✓	✓	✓	✓	✓	✓
SENIOR HIGH SCHOOL											
Accountancy, Business, and Management General Academic Strand			✓	✓		✓	✓	✓	✓	✓	✓
Humanities and Social Science			✓	✓		✓	✓	✓	✓	✓	✓
Science, Technology, Engineering, Mathematics (STEM)			✓	✓		✓	✓	✓	✓	✓	✓
Sports						✓					
Technical Vocational (Home Economics and Information and Communication)							✓	✓	✓		
Arts and Design Track (Performing Arts, Visual Arts)								✓			
TERTIARY EDUCATION											
Bachelor of Science in Accountancy	✓	✓	✓	✓		✓					

FEU GROUP OF SCHOOLS
Chart of Courses as of SY 2023-2024

COURSES	Far Eastern University <i>Manila</i>	Far Eastern University <i>Makati</i>	Far Eastern University <i>Cavite</i>	FEU Institute of Technology <i>Alabang</i>	FEU Institute of Technology <i>Manila</i>	FEU Institute of Technology <i>Diliman</i>	FEU Roosevelt <i>Cainta, Rizal</i>	FEU Roosevelt <i>Marikina</i>	FEU Roosevelt <i>Rodriguez, Rizal</i>	FEU High School <i>Manila</i>	Edustria Joint Venture of FEU and TIP <i>Lipa City, Batangas</i>
Bachelor of Arts in Political Science <i>(Phil. Politics & Foreign Relations)</i>	✓		✓								
Bachelor of Science in Applied Mathematics <i>(Data Science)</i>	✓										
Bachelor of Science in Applied Mathematics <i>(Information Technology)</i>	✓										
Bachelor of Science in Biology <i>(Microbiology)</i>	✓										
Bachelor of Science in Biology <i>(Systematic Biology)</i>	✓										
Bachelor of Science in Medical Technology	✓		✓								
Bachelor of Science in Psychology	✓		✓								
Bachelor of Elementary Education	✓		✓				✓				
Bachelor of Physical Education	✓										
Bachelor of Science in Exercise and Sports Science major in Fitness and Sports Management	✓										
Bachelor of Secondary Education major in English	✓		✓				✓				
Bachelor of Secondary Education major in Mathematics	✓						✓				
Bachelor of Secondary Education major in Science	✓						✓				

**FEU GROUP OF SCHOOLS
Chart of Courses as of SY 2023-2024**

COURSES	Far Eastern University <i>Manila</i>	Far Eastern University <i>Makati</i>	Far Eastern University <i>Cavite</i>	FEU Institute of Technology <i>Alabang</i>	FEU Institute of Technology <i>Manila</i>	FEU Institute of Technology <i>Diliman</i>	FEU Roosevelt <i>Cainta, Rizal</i>	FEU Roosevelt <i>Marikina</i>	FEU Roosevelt <i>Rodriguez, Rizal</i>	FEU High School <i>Manila</i>	Edustria Joint Venture of FEU and TIP <i>Lipa City, Batangas</i>
Bachelor of Secondary Education major in Values Education							✓				
Bachelor of Secondary Education major in Filipino							✓				
Bachelor of Secondary Education major in Social Studies							✓				
Bachelor of Early Childhood Education			✓				✓				
Bachelor of Special Needs Education	✓		✓								
Bachelor of Science in Nursing	✓		✓								
Bachelor of Science in Medical Technology	✓		✓								
Bachelor of Science in Hotel and Restaurant Management <i>(Culinary Management)</i>	✓		✓								
Bachelor of Science in Hotel and Restaurant Management <i>(Hotel Operations)</i>	✓		✓								
Bachelor of Science in Tourism Management <i>(Events Management)</i>	✓						✓				
Bachelor of Science in Tourism Management <i>(Travel & Tours Management)</i>	✓						✓				
Bachelor of Science in Hospitality Management							✓				
COLLEGE OF COMPUTER STUDIES and MULTIMEDIA ARTS											

FEU GROUP OF SCHOOLS
Chart of Courses as of SY 2023-2024

COURSES	Far Eastern University <i>Manila</i>	Far Eastern University <i>Makati</i>	Far Eastern University <i>Cavite</i>	FEU Institute of Technology <i>Alabang</i>	FEU Institute of Technology <i>Manila</i>	FEU Institute of Technology <i>Diliman</i>	FEU Roosevelt <i>Cainta, Rizal</i>	FEU Roosevelt <i>Marikina</i>	FEU Roosevelt <i>Rodriguez, Rizal</i>	FEU High School <i>Manila</i>	Edustria Joint Venture of FEU and TIP <i>Lipa City, Batangas</i>
Bachelor of Multimedia Arts				✓	✓						
Bachelor of Science in Computer Science with specialization in Data Science				✓	✓						
Bachelor of Science in Computer Science with specialization in Software Engineering				✓	✓						
Bachelor of Science in Information Technology with specialization in Animation and Game Development			✓	✓	✓	✓		✓			
Bachelor of Science in Information Technology with specialization in Digital Arts				✓							
Bachelor of Science in Information Technology with specialization in Business Analytics				✓	✓						
Bachelor of Science in Information Technology with specialization in Web and Mobile Applications			✓	✓	✓	✓		✓			
Bachelor of Science in Information Technology with specialization in Cybersecurity					✓						
Bachelor of Science in Information Technology with specialization in Innovation and Business											
COLLEGE OF ENGINEERING											

FEU GROUP OF SCHOOLS
Chart of Courses as of SY 2023-2024

COURSES	Far Eastern University <i>Manila</i>	Far Eastern University <i>Makati</i>	Far Eastern University <i>Cavite</i>	FEU Institute of Technology <i>Alabang</i>	FEU Institute of Technology <i>Manila</i>	FEU Institute of Technology <i>Diliman</i>	FEU Roosevelt <i>Cainta, Rizal</i>	FEU Roosevelt <i>Marikina</i>	FEU Roosevelt <i>Rodriguez, Rizal</i>	FEU High School <i>Manila</i>	Edustria <i>Joint Venture of FEU and TIP</i> <i>Lipa City, Batangas</i>
Doctor of Philosophy in Psychology major in Clinical Psychology	✓										
Doctor of Philosophy in Psychology major in Forensic Psychology	✓										
Doctor of Philosophy in Psychology major in Industrial Psychology	✓										
CERTIFICATE COURSES											
Teacher Certificate Program	✓		✓				✓				

CHART 2
FEU GROUP OF SCHOOLS
Chart of Courses as of SY 2023-2024

SCHOOLS	Local Accreditation	International Assessment	International Memberships	
Far Eastern University (Manila and Makati)	Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA)	ASEAN University Network- Quality Assurance (AUN-QA)	Member, Association of Universities of Asia and the Pacific (AUAP) Member, Association of Southeast Asian Institutions of Higher Learning (ASAIHL) Member, Southeast and South Asia and Taiwan Universities (SATU) Member, Association to Advance Collegiate Schools of Business (AACSB) Associate Member, ASEAN University Network – Quality Assurance (AUN-QA) Associate Status, International Centre of Excellence in Tourism and Hospitality Education (THE-ICE) Center for Excellence, Asia Pacific Institute for Events Management Int'l (APIEM)	
	<i>A. Undergraduate:</i> Level IV 1st Re-accredited - BS Accountancy - BS Applied Mathematics with Information Technology - BS Biology - BS Business Administration - BA Communication - B Elementary Education - BS Psychology - B Secondary Education Level III Re-accredited - BA International Studies - BS Hotel and Restaurant Management - BS Tourism Management Level III Re-accreditation - BA Language and Literature	Level II 1st Re- Accredited - BS Medical Technology Level II - BS Architecture - B Fine Arts major in Visual Communication / Studio Arts Level I Formal Accreditation - BA Interdisciplinary Studies Candidate Status - B Physical Education <i>B. Graduate Studies:</i> Level III Re-accredited - Doctor of Education - MA Psychology - MA Education Level I Accredited - MS Biology - MA Communication		- BA Political Science - BA Communication - B Secondary Education - B Elementary Education - BS Architecture - B Fine Arts major in Visual Communication - BA International Studies - BS Applied Mathematics - BS Accountancy - BS Business Administration - BS Psychology - BS Nursing - BS Biology - BA Language and Literature Studies - BS Medical Technology Hotel and Restaurant - BS Tourism - MA Psychology
	Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU)			
	<i>A. Undergraduate:</i> Level III Re-accredited - BS Nursing	<i>B. Graduate Studies:</i> Level I Formal Accreditation - MA Nursing		
FEU Institute of Technology (Manila)	Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU)	World Universities with Real Impact (WURI)		
	Level III Re-Accredited Status: - BS Information Technology - BS Computer Science - BS Civil Engineering - BS Computer Engineering	- Ranked 72nd, Global Top 300 Innovative Universities - Ranked 5th, Funding - Ranked 20th, Generative AI Application - Ranked 22nd, Support for Global Resilience		
	PCS Information and Computing Accreditation Board (PICAB)			
	- BS Computer Science - BS Information Technology			
	International Organization for Standardization ISO 9001:2015 - ISO 9001:2015 Certified (Zero Major and Minor Non-Conformity)			

FEU GROUP OF SCHOOLS
Chart of Courses as of SY 2023-2024

SCHOOLS	Local Accreditation	International Assessment	International Memberships	
FEU Diliman	Private Education Assistance Committee (PEAC)	World Universities with Real Impact (WURI)		
	BED (Junior High School and Senior High School) - SY 2023-2024 Continued school participation with 50 slots allocated for incoming Grade 7 students	- Ranked 84th, Entrepreneurial Spirit		
	International Organization for Standardization ISO 9001:2015 - February 6-7, 2024, 2nd Surveillance Audit Visit with Zero Major and Minor Non-Conformity			
FEU Cavite	Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU)			
	Candidate Status - Basic Education Scheduled for Level 1 accreditation status on March 27-28, 2025			
FEU Roosevelt	Philippine Accrediting Association of Schools, Colleges and Universities (PAASCU)			
	Applicant Status for Marikina and Cainta Campus Level 2 Reaccredited for Rodriguez Campus			
	Private Educational Assistance Committee (PEAC)			
	PEAC Certified for all campuses			

Employees

The number of employees as of May 31, 2024 are as follows:

University Officials	-	18
Academic and Non-Academic Managers	-	70
Non-Academic:		
Supervisor	-	50
Rank-and-File	-	249
Probationary	-	15
Project Based	-	11
Academic:		
Lecturer (Full-time equivalent)	-	736 (LFT=451;LPT=285)
Regular	-	301

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

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

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

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

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

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 2023 to August 2024:

Month	High	Low	Close
2023			
June	₱ 587.50	₱ 533.00	₱ 575.00
July	650.00	540.50	570.00
Aug	630.00	552.00	560.00
Sep	629.50	550.00	629.50
Oct	649.00	540.00	565.00
Nov	648.50	571.00	572.00
Dec	599.00	566.00	590.00
2024			
Jan	597.50	561.50	570.00
Feb	600.00	550.00	598.00
Mar	600.00	552.00	600.00
Apr	650.00	554.00	650.00
May	700.00	562.00	699.50
June	720.00	631.50	710.00
July	720.00	652.00	720.00
Aug	720.00	665.50	718.00
Sep	740.00	710.00	710.00

* As of September 24, 2024

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

a. June 01, 2024 - August 31, 2024

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
First Quarter	₱ 720.00	₱ 649.67	₱ 716.00

b. June 01, 2023 - May 31, 2024

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
First Quarter	₱ 622.50	₱ 541.83	₱ 568.33
Second “	642.33	553.67	588.83
Third “	598.83	559.17	586.00
Fourth “	650.00	556.00	649.83

c. June 01, 2022 - May 31, 2023

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
First Quarter	₱ 582.83	₱ 530.16	₱ 537.00
Second “	592.00	530.00	573.16
Third “	564.00	530.50	546.33
Fourth “	591.00	534.33	553.50

Dividends:

Cash Dividend:

June 1, 2023 – May 31, 2024

<u>Payment Date</u>	<u>Outstanding Shares</u>	<u>Cash Dividend Rate</u>	<u>Amount</u>
October 18, 2023	24,055,763	₱16.00/share	₱384,892,208.00
March 20, 2024	24,055,763	16.00/share	<u>384,892,208.00</u>
			₱769,784,416.00
			=====

June 1, 2022 – May 31, 2023

<u>Payment Date</u>	<u>Outstanding Shares</u>	<u>Cash Dividend Rate</u>	<u>Amount</u>
October 14, 2022	24,055,763	₱14.00/share	₱336,780,682.00
March 21, 2023	24,055,763	14.00/share	<u>336,780,682.00</u>
			₱673,561,364.00
			=====

Stock Dividend:

No stock dividend for the period June 1, 2023 to May 31, 2024 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. Top 20 Stockholders

There are 1,537 common stockholders holding a total of 24,055,763 outstanding shares as of 31 August 2024.

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	6,887,051 – D	Filipino	28.63
2. Common	Sysmart Corporation	5,275,601 – D	Filipino	21.93
3. Common	PCD Nominee Corporation (Filipino)	2,181,476 – D	Filipino	9.07
4. Common	Desrey, Incorporated	1,924,956 – D	Filipino	8.00
5. Common	Enrico Palanca Jose	776,534 – D	Filipino	3.23
6. Common	ICM Sisters Phil. Mission Board, Inc.	527,352 – D	Filipino	2.19
7. Common	Aurelio Montinola III	458,165 – D	Filipino	1.90
8. Common	Marco P. Gutang	306,797 – D	Filipino	1.28
9. Common	Gonzaga-Lopez Enterprises, Inc	294,668 – D	Filipino	1.22
10. Common	Amon Trading Corporation	279,975 – D	Filipino	1.16
11. Common	Jomibel Agricultural Development Corporation	261,170 – D	Filipino	1.09
12. Common	Syntrix Holdings, Inc.	219,377 – D	Filipino	0.91
13. Common	FERN Realty Corporation	150,745 – D	Filipino	0.63
14. Common	ZARE, Inc.	121,707 – D	Filipino	0.51
15. Common	Rosario P. Melchor	117,292 – D	Filipino	0.49
16. Common	Rosario Panganiban Melchor	107,385 – D	Filipino	0.45
17. Common	Gianna R. Montinola	106,033 – D	Filipino	0.44
18. Common	Antonio R. Montinola	105,721 – D	Filipino	0.44
19. Common	Conсорcia P. Reyes	96,484 – D	Filipino	0.40
20. Common	The Caridad I. Santos Gifting Trust	81,678 – D	Filipino	0.34
	Total	20,280,167		84.30

D. Management's Discussion and Analysis

A. Financial and Operating Highlights

Analysis of Consolidated Financial Position

The financial position of FEU and its subsidiaries (the Group) remains strong, stable and well-positioned for further growth opportunities. The Group maintains adequate resources to ensure that FEU can achieve its corporate vision and sustain its deep-rooted mission of providing quality education. For the past three years, the Group has seen continuous asset growth and well-managed liabilities, ensuring a consistent build-up of stockholders' equity.

The Group's sound financial position highlights its readiness to meet its obligations and commitments, whether maturing currently or due within a longer time horizon.

As of May 31, 2024 and May 31, 2023

<i>(Amounts in millions)</i>	2024	2023	Increase/ (Decrease)	YoY Change (%)
Total Assets	18,520.8	17,264.6	1,256.2	7%
Total Liabilities	3,839.5	3,740.3	99.2	3%
Equity	14,681.3	13,524.3	1,157.0	9%

Consolidated Total Assets

The Group's consolidated total assets as of May 31, 2024 stood at ₱18,520.8 million, increasing by 7% from ₱17,264.6 million as of May 31, 2023. This growth is on account of another year of strong operations, with significant increases in investments and capital expenditures.

Trade and other receivables likewise grew as the number of students served continued to increase, and the required allowance for impairment of such receivables declined.

Investments in financial assets grew by 14% to ₱5,216.8 million as of May 31, 2023 mainly due to additional investments, favorable foreign exchange and fair value movements.

The increase in the balance of the Investment in Associates and Joint Venture account reflects the investment made in a new joint venture entity, Higher Academica, Inc. (HAI).

Property and equipment and investment properties increased to ₱9,274.5 million from ₱9,110.0 million in the previous year primarily due to acquisitions of land as part of the Group's expansion initiative, additional purchases of furniture and equipment, net of depreciation, and on-going building improvements and constructions.

Consolidated Total Liabilities

The Group's consolidated total liabilities were recorded at ₱3,839.5 million, up 3% from ₱3,740.3 million in the previous year. Current liabilities increased while the long-term liabilities declined.

Trade and other payables increased by 29% to ₱2,248.0 million mainly due to payables to contractors and other supplies related to ongoing projects, and increase in various activity-related fund balances.

Income tax payable increased as a result of the return to normal higher income tax rate beginning July 2023.

Non-current liabilities continue to decline as a result of repayments of interest-bearing loans.

Consolidated Total Equity

Consolidated total equity sustained its continuous growth trajectory due to another sterling operational performance during the current year. The increase in Retained earnings represents the higher net income for the year, partially offset by dividends declared during the period.

As of May 31, 2023 and May 31, 2022

<i>(Amounts in millions)</i>	2023	2022	Increase/ (Decrease)	YoY Change (%)
Total Assets	17,264.6	16,274.6	990.0	6%
Total Liabilities	3,740.3	3,990.8	(250.5)	-6%
Equity	13,524.3	12,283.8	1,240.5	10%

Consolidated Total Assets

The Group's consolidated total assets increased to ₱17,264.6 million, improving by 6% due to the excellent result of operations during the year.

Cash and cash equivalents grew by 6% to ₱1,698.3 million with positive cash inflows from operating activities.

Trade and other receivables likewise increased with the higher student intake during the year.

Total investments in financial assets went up by 9% to ₱4,580.4 million as a result of additional investments and favorable fair value movements. Property and equipment increased due to fixed asset acquisitions and upgrades.

The balance of Investment in associate account (nil in 2022) pertains to the investments made in GSC and JCHS.

Consolidated Total Liabilities

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

Consolidated Total Equity

Consolidated total equity registered a continuous upward movement primarily driven by higher earnings during the period.

Analysis of Consolidated Results of Operations

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

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

For the Years Ended May 31, 2024 and May 31, 2023

<i>(Amounts in millions)</i>	2024	2023	Increase/ (Decrease)	YoY Change (%)
Revenues	₱ 5,527.7	₱ 4,976.2	₱ 551.5	11%
Operating expenses	3,681.4	3,319.9	361.5	11%
Operating income	1,846.3	1,656.3	190.0	11%
Other income	387.2	290.9	96.3	33%
Income before tax	2,233.5	1,947.2	286.3	15%
Net income	2,010.3	1,887.1	123.2	7%

Operating Income

The Group's operating income for the year ended May 31, 2024 grew by 11% to ₱1,846.4 million from last year's ₱1,656.3 million.

Educational revenues steered the result from core operations as it registered an 11% growth mainly on account of a higher number of student population and a modest tuition rate increase for new students. A one-time sale of real property by a subsidiary also contributed to the overall increase in gross revenues.

Operating expenses likewise grew by 11% to ₱3,681.4 million from last year's ₱3,319.9 million. Such increase is mainly attributable to core operational expenditures that support the day-to-day academic operations of the schools, particularly salaries and employee benefits, professional fees, outside services, software licenses and subscriptions, supplies and materials and depreciation.

Non-operating Income

Non-core income likewise contributed to the current year's results, as Finance income grew by 106%, outweighing the 25% increase in finance costs attributable to the high benchmark rates on bank loans.

The growth in investment income mainly came from interest earned on various investments, positive movements in fair value, and foreign currency exchange gains as the US Dollar strengthened against the local currency.

Net Income

Profit before tax reached ₱2,233.5 million, 15% higher than last year's ₱1,947.2 million. Income tax expense surged to ₱223.2 million, a 271% hike from last year's ₱60.1 million as the income tax rates reverted to 10%. The tax relief of a lower tax rate of 1% granted to educational institutions under the CREATE Law was effective from July 2021 to June 2023.

For the year ended May 31, 2024, the Group posted a 7% growth in its bottom line as it registered a breakthrough net income after tax amounting to ₱2,010.3 million.

For the Years ended May 31, 2023 and May 31, 2022

<i>(Amounts in millions)</i>	2023	2022	Increase/ (Decrease)	YoY Change (%)
Revenues	P 4,976.2	P 4,140.7	P 835.5	20%
Operating expenses	3,319.9	2,749.7	570.2	21%
Operating income	1,656.3	1,391.0	265.3	19%
Other income	290.9	217.1	73.8	34%
Income before tax	1,947.2	1,608.1	339.1	21%
Net income	1,887.1	1,537.8	349.3	23%

Operating Income

For the year ended May 31, 2023, the Group's operating income improved by 19% to ₱1,656.3 million from last year's ₱1,391.0 million.

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

Operating expenses amounted to ₱3,319.9 million, up by 21% from last year's ₱2,749.7 million. Salaries and employee benefits, utilities and communication, training costs, maintenance services, supplies and materials and licenses and subscriptions account for the significant portion of such hike due to the increase in the student base being served, and the transition to in-campus classes and onsite work during the year.

Non-operating Income

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

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

Net Income

Profit before tax amounted to ₱1,947.2 million, and tax expense was at ₱60.1 million. Income tax expense declined on account of deferred tax adjustments on temporary tax differences.

B. Key Performance Indicators (KPIs)

Financial Indicators

Shown below are the top financial used to measure the operating performance of the Group:

Indicators	Formula	2024	2023	2022
PROFITABILITY RATIOS				
Return on assets	Net Income / Average Total Assets	11%	11%	10%
Return on equity	Net Income / Average Total Equity	14%	15%	13%
Earnings per share	Net Income / Average Outstanding Shares	₱ 81.13	₱ 77.92	₱ 62.74
LIQUIDITY RATIOS				
Current ratio or Working capital ratio	Total Current Assets / Total Current Liabilities	1.88 : 1	2.25 : 1	2.52 : 1
Acid test ratio or Quick ratio	Cash and cash equivalents + Trade and Other Receivables + Investments in Financial Assets (Current) / Total Current Liabilities	1.79 : 1	2.14 : 1	2.40 : 1
SOLVENCY/FINANCIAL LEVERAGE RATIOS				
Debt-to-asset ratio	Total Liabilities / Total Assets	21%	22%	25%
Equity-to-asset ratio	Total Stockholders' Equity / Total Assets	79%	78%	75%
Debt-to-equity ratio	Total Liabilities / Total Stockholders' Equity	26%	28%	32%
Asset-to-equity ratio	Total Assets / Total Stockholders' Equity	126%	128%	132%
Interest coverage ratio	Earnings Before Interest and Taxes (EBIT) / Interest Charges	21.04	23.22	32.55

Profitability

For the year ended May 31, 2024, the Group posted a net income of ₱2,010.3 million, a 7% increase from the previous year. This income performance resulted in a ROA of 11% consistent with the previous year, while earnings per share increased to ₱81.13.

Liquidity

Current year liquidity was adequate at 1.88 : 1, though lower than the 2.25 : 1 at the end of May 2023 as current liabilities increased.

Solvency/Financial Leverage

The Group maintains reasonable creditor-provided financing to achieve a balanced leverage, with Equity-to-Asset and Debt-to-Asset ratios of 79% and 21%, respectively. Debt-to-Equity ratio was satisfactory at 26%.

Non-Financial Indicators

The Group also looks at certain non-financial KPIs to measure its performance:

Service Standards

In terms of quality assurance, the FEU Group of Schools continues to focus on academic excellence. It consistently works toward ensuring that program offerings are competitive and industry-responsive by obtaining the relevant program accreditations from the government-regulator, and both private local and international accreditation bodies.

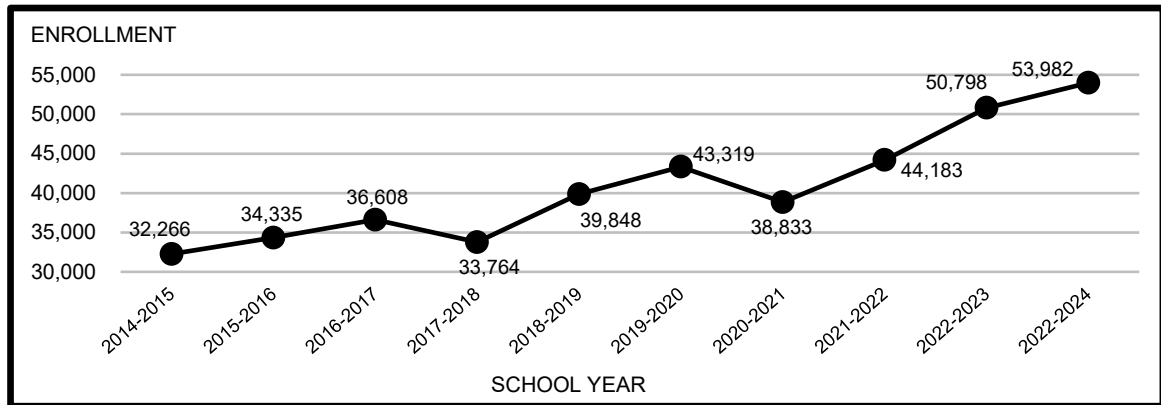
Moreover, though the Group's main thrust is to provide access to quality education, FEU also puts a premium on faculty research outputs as these validates the dept of understanding and range of interests of the teaching staff, which in turn, is disseminated to students.

Service standard is measured by the number of program accreditations and research publications. Specific details of current year program accreditations and other academic recognitions and affiliations are presented in *Part I – Business and General Information* portion of this report. Shown below is the comparison of the number of program accreditations and research publications during each period:

Indicators	2024	2023	2022
Major local accreditations			
CHED University Status	Awaiting CHED results	Autonomous	Autonomous
No. of programs cited as CHED COE and COD	2	2	2
No. of programs accredited by the PACUCOA	23	23	21
No. of programs accredited by the PAASCU	8	8	8
Major international accreditations			
No. of programs assessed by the AUN - QA	18	14	12
Research publications			
No. of published research submissions	156	160	145
International ranking			
Quacquarelli Symonds (QS) Asia University ranking	701 st – 750 th	-	-
World University rankings for innovation (World Universities with Real Impact or WURI) – <i>FEU Institute of Technology</i>	72 nd	77 th	98 th

Market Acceptability

The Group looks at market acceptability in terms of enrollment growth. The graph below shows the Group's first semester enrollment for the last 10 years. The FEU Group of Schools remains to be a preferred choice of its target market evident in the growth through the years, punctuated only by the effects of K-12 and the recent pandemic.



C. A Look at What Lies Ahead

The school year 2023-2024 was a banner year for the Group, particularly in terms of enrollment and results of operations. While the Group endeavors to sustain such feat in the coming school year, it remains consistent in prioritizing the continuous strengthening of the FEU brand of quality education in various aspects – local and international quality recognitions, research, up-to-date and industry-responsive curriculum, delivery of instruction – in-campus or digitized, and excellent overall support services to students and their parents, among others.

Commensurate with the focus on academic excellence, the Group also aims to focus on sustainability, heritage preservation and environmental stewardship as its share in national development.

In academics, the Group expands its healthcare program offerings in school year 2024-2025 with two new programs in FEU Manila – Nutrition and Dietetics, and Pharmacy, aimed at addressing the growing demand for healthcare professionals around the world which was highlighted by the recent pandemic. Moreover, in relation with the Group’s international venture through the JPMC College of Health Sciences in Brunei, FEU became the first Philippine university to receive a transnational permit for nursing from CHED, further solidifying the global presence of the Philippine healthcare education.

Recently, the Group has successfully forged another partnership with the incorporation of a joint venture entity – Higher Academia, Inc. (HAI). With HAI’s acquisition of a secondary and tertiary school in San Fernando, Pampanga, the Group looks at serving this geographical market, particularly in terms of access to quality education offerings. FEU is steadfast to fulfilling its share of responsibilities to set in motion and strengthen this collaboration, to achieve a mutually beneficial partnership.

Operationally, the Group anticipates overall enrollment to be modest, with growth greater in basic education versus tertiary due to demographic dynamics.

With the uncertain, complex and fast-changing mix of economic, political, geopolitical and other relevant factors, the Group’s outlook on the financial market and the overall economic condition remains conservative. With the current level of inflation, the Group is optimistic on sustaining favorable operations, yet it remains cautious of potential headwinds that might curb economic growth in general, and its specific business and market conditions in particular.

Academic excellence and core student service initiatives will remain prioritized, guided by the norm of efficient and effective cost monitoring and control measures ingrained in the operations.

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

D. Other Items

1. 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.
2. There are no known events that would result in any default or acceleration of an obligation.
3. Other than those disclosed in the financial statements, there are no other known events that will trigger direct or contingent financial obligation that may be material to the Group.
4. There are no other material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.
5. The Group does not foresee any cash flow or liquidity problem in the next 12 months immediately following the report date. The Group and each of the component entities can easily meet all its commitments with its present reserves and expected earnings.
6. There are no significant elements of income or loss from continuing operations.
7. There are no sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction.
8. Seasonal aspects that have material effect on the financial statements:

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

The first semester has the highest number of students enrolled. For the second semester, the enrollment is approximately 90% of the first semester's enrollment, while the midyear term is the lowest at an approximate of 33%.

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

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

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 teleconferencing 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 21 October 2023 (a Saturday) Annual Meeting of FEU Stockholders were posted on the FEU website on 26 October 2023, five 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.

F. **Audited Consolidated Financial Statements as of 31 May 2024, 31 May 2023 and 31 May 2022, with accompanying notes to Financial Statements**



FAR EASTERN UNIVERSITY

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Far Eastern University, Incorporated and Subsidiaries (the Group)** is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended May 31, 2024, 2023 and 2022 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

✓ Ucccc

JUAN MIGUEL R. MONTINOLA
President and Chief Operating Officer

Rosanna! Meedo

ROSANNA E. SALCEDO
Chief Finance Officer and Treasurer

Signed this 20th day of August, 2024.

AUG 28 2024

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2024, affiants exhibiting their Tax Identification Numbers (TIN) as follows:

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

Doc. No. 430
Page No. 88
Book No. II
Series of 2024.

[Signature]
ATTY. FELIX J. CATLI
NOTARY PUBLIC - CITY OF MANILA
Notarial Commission No. 2023-15
Valid Until December 31, 2024
Roll of Attorney's No. 70141
IBP Lifetime Member Roll No. 017715, 06.21.2017
PTR No. 1541470, 01.04.2024
MCLE Compliance No. VIII-0003078, 06.30.2023
TIN-340-171-697
Rm.310, FEU Administration Bldg.
Nicanor Reyes St., Sampaloc, Manila



FOR SEC FILING

Consolidated Financial Statements and
Independent Auditors' Report

**Far Eastern University, Incorporated
and Subsidiaries**

May 31, 2024, 2023 and 2022

Report of Independent Auditors

**The Board of Trustees and the Stockholders
Far Eastern University, Incorporated and Subsidiaries**

Nicanor Reyes Street
Sampaloc, Manila

Opinion

We have audited the consolidated financial statements of Far Eastern University, Incorporated (the University) and subsidiaries (together hereinafter referred to as the Group), which comprise the consolidated statements of financial position as at May 31, 2024, 2023 and 2022 and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended May 31, 2024, and the notes to consolidated financial statements, including material accounting policy information.

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, 2024, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended May 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

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

Recognition of Tuition and Other School Fees

Description of the Matter

Tuition and other school fees amounted to P5.4 billion, which accounts for 99% of the total revenues of the Group for the year ended May 31, 2024, as shown in the Group's consolidated statements of profit or loss and in Note 16 to the consolidated financial statements. It involves significant volume of transactions and the Group is dependent on its information technology infrastructure in processing such voluminous transactions. Relative to this, any potential misstatements on tuition and other school fees could be material to the consolidated financial statements. Growth in tuition and other school fees is also one of the key measures used to assess the Group's performance. We, therefore, identified the recognition of tuition and other school fees as a significant risk requiring special audit consideration.

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

How the Matter was Addressed in the Audit

Our audit procedures included, among others, the following:

- Obtaining an understanding of the tuition and other school fees revenue recognition policy of the Group and the related processes and controls, and evaluating the Group's compliance with the requirements of PFRS 15, *Revenue from Contracts with Customers*;
- Testing of design and operating effectiveness of internal controls, including information technology general controls (i.e., security administration, program maintenance and program execution) and application controls, related to the Group's recognition and measurement of tuition and other school fees, including the related scholarship merits and tuition fee discounts, and payments from students;
- Examining students' enrollment transactions (i.e., through examination of tuition bills) and grant of scholarships merits and tuition fee discounts on a sampling basis during the school year;

- Performing revenue cut-off test procedures including, among others, examining tuition bill transactions near period end, and analyzing and reviewing revenue adjustments subsequent to period end to determine whether tuition and other school fees are appropriately recognized in the proper period; and,
- Performing substantive analytical review procedures over tuition and other school fees such as, but not limited to, current year's components of tuition and other school fees (e.g., by student population and by institute or college) as a percentage of total revenues, and yearly and monthly analyses of enrolment transactions based on our expectations, which include corroborating evidence from other audit procedures, and verifying the underlying data used in the analyses are valid and complete.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement) and SEC Form 17-A (but does not include the consolidated financial statements and our auditors' report thereon) and Annual Report for the year ended May 31, 2024. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended May 31, 2024 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 2024 audit resulting in this independent auditors' report is Jerald M. Sanchez.

PUNONGBAYAN & ARAULLO



By: Jerald M. Sanchez
Partner

CPA Reg. No. 0121830
TIN 307-367-174
PTR No. 10076154, January 3, 2024, Makati City
SEC Group A Accreditation
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-041-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

August 20, 2024

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MAY 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2024	2023	2022
<u>A S S E T S</u>				
CURRENT ASSETS				
Cash and cash equivalents	5	P 1,713,413,164	P 1,698,352,823	P 1,600,121,325
Trade and other receivables - net	6	1,139,275,967	1,034,276,359	897,783,648
Financial assets at fair value through profit or loss	7	1,644,447,140	1,834,217,950	1,830,571,990
Financial assets at fair value through other comprehensive income	7	358,572,543	173,575,124	547,401,071
Investment securities at amortized cost	7	75,487,826	86,521,531	106,110,590
Other current assets - net	10	<u>346,272,889</u>	<u>264,031,592</u>	<u>279,764,767</u>
Total Current Assets		<u>5,277,469,529</u>	<u>5,090,975,379</u>	<u>5,261,753,391</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income	7	2,736,452,925	2,016,976,191	1,198,965,979
Investment securities at amortized cost	7	401,796,531	469,112,054	536,853,247
Investment in associates and joint venture	8	442,722,520	160,010,728	-
Property and equipment - net	11	9,029,081,852	8,906,955,473	8,605,591,276
Investment properties - net	9	245,492,935	203,091,499	220,098,346
Goodwill	27	186,487,019	186,487,019	186,487,019
Deferred tax assets - net	21	15,195,132	2,266,468	3,921,618
Other non-current assets	10	<u>186,113,733</u>	<u>228,700,393</u>	<u>260,913,615</u>
Total Non-current Assets		<u>13,243,342,647</u>	<u>12,173,599,825</u>	<u>11,012,831,100</u>
TOTAL ASSETS		<u>P 18,520,812,176</u>	<u>P 17,264,575,204</u>	<u>P 16,274,584,491</u>

	Notes	2024	2023	2022
<u>LIABILITIES AND EQUITY</u>				
CURRENT LIABILITIES				
Trade and other payables	13	P 2,248,014,804	P 1,742,085,805	P 1,517,457,628
Interest-bearing loans	14	426,258,503	426,258,503	473,163,265
Deferred revenues	16	45,424,382	72,544,582	73,185,176
Provisions	28	18,647,254	18,647,254	18,647,254
Income tax payable		70,942,883	5,909,839	4,608,544
Total Current Liabilities		2,809,287,826	2,265,445,983	2,087,061,867
NON-CURRENT LIABILITIES				
Lease liabilities	12	-	846,769	13,084,637
Interest-bearing loans	14	959,081,633	1,385,340,137	1,811,598,640
Post-employment benefit obligation	19	49,625,573	63,116,118	49,808,248
Deferred tax liabilities - net	21	12,047,871	19,170,165	20,314,780
Other non-current liabilities		9,412,310	6,392,428	8,869,958
Total Non-current Liabilities		1,030,167,387	1,474,865,617	1,903,676,263
Total Liabilities		3,839,455,213	3,740,311,600	3,990,738,130
EQUITY				
Equity attributable to owners of the parent company				
Capital stock	23	2,406,799,300	2,406,799,300	2,406,799,300
Treasury stock - at cost	23	(111,711,721)	(78,632,436)	(76,660,836)
Revaluation reserves	23	5,228,665	(9,225,689)	(5,358,290)
Other reserves	23	(57,785,452)	(57,785,452)	(57,785,452)
Retained earnings	23			
Appropriated		2,172,733,100	1,463,733,100	1,184,853,389
Unappropriated		7,300,650,896	6,834,406,722	5,917,341,539
Total equity attributable to owners of parent company		11,715,914,788	10,559,295,545	9,369,189,650
Non-controlling interests		2,965,442,175	2,964,968,059	2,914,656,711
Total Equity		14,681,356,963	13,524,263,604	12,283,846,361
TOTAL LIABILITIES AND EQUITY		P 18,520,812,176	P 17,264,575,204	P 16,274,584,491

See Notes to Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED MAY 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2024	2023	2022
REVENUES				
Educational	16			
Tuition fees - net		P 5,147,767,755	P 4,692,506,459	P 3,910,844,007
Other school fees		<u>254,593,488</u>	<u>226,778,126</u>	<u>179,221,819</u>
		5,402,361,243	4,919,284,585	4,090,065,826
Rental	9	<u>27,497,503</u>	<u>21,055,337</u>	<u>43,242,605</u>
		5,429,858,746	4,940,339,922	4,133,308,431
IMPAIRMENT LOSS				
ON FINANCIAL ASSETS	6	(36,406,764)	(55,629,679)	(58,908,684)
OPERATING EXPENSES				
	17	(3,644,943,551)	(3,264,251,021)	(2,690,747,051)
OTHER OPERATING INCOME				
	18	<u>97,852,595</u>	<u>35,855,920</u>	<u>7,403,327</u>
OPERATING INCOME				
		1,846,361,026	1,656,315,142	1,391,056,023
FINANCE INCOME				
	18	376,479,466	182,725,715	134,066,448
FINANCE COSTS				
	18	(127,704,912)	(101,803,329)	(63,603,488)
OTHER INCOME				
	8, 13, 20	<u>138,433,510</u>	<u>209,990,123</u>	<u>146,629,063</u>
INCOME BEFORE TAX				
		2,233,569,090	1,947,227,651	1,608,148,046
TAX EXPENSE				
	21	(<u>223,242,919</u>)	(<u>60,162,102</u>)	(<u>70,319,366</u>)
NET INCOME				
		<u>P 2,010,326,171</u>	<u>P 1,887,065,549</u>	<u>P 1,537,828,680</u>
Net Income Attributable to:				
Owners of the parent company	24	P 1,940,338,894	P 1,866,741,062	P 1,503,734,824
Non-controlling interests		<u>69,987,277</u>	<u>20,324,487</u>	<u>34,093,856</u>
		<u>P 2,010,326,171</u>	<u>P 1,887,065,549</u>	<u>P 1,537,828,680</u>
Earnings Per Share				
Basic and Diluted	24	<u>P 81.13</u>	<u>P 77.92</u>	<u>P 62.74</u>

See Notes to Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MAY 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2024	2023	2022
NET INCOME		P 2,010,326,171	P 1,887,065,549	P 1,537,828,680
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified subsequently to profit or loss				
Net fair value losses (gains) reclassified to profit or loss on debt securities classified as financial assets at fair value through other comprehensive income	7	(1,672,178)	1,816,727	742,189
Net fair value gains (losses) during the year	7	16,513,840	25,313,000	(25,192,316)
Tax effect		(148,417)	(271,297)	244,501
		14,693,246	26,858,430	(24,205,626)
Item that will not be reclassified subsequently to profit or loss				
Net fair value gains (losses) on equity securities classified as financial assets at fair value through other comprehensive income	7	581,083	(26,377,156)	(28,114,783)
Gains (losses) on remeasurement of post-employment benefit plan	19	5,357,746	(5,537,030)	4,745,233
Tax effect		(59,388)	319,142	233,695
		5,879,441	(31,595,044)	(23,135,854)
Other Comprehensive Income (Loss) - net of tax		20,572,687	(4,736,614)	(47,341,480)
TOTAL COMPREHENSIVE INCOME		P 2,030,898,858	P 1,882,328,935	P 1,490,487,200
Total Comprehensive Income Attributable to:				
Owners of the parent company		P 1,954,793,248	P 1,862,873,663	P 1,455,388,177
Non-controlling interests		76,105,610	19,455,272	35,099,023
		P 2,030,898,858	P 1,882,328,935	P 1,490,487,200

See Notes to Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MAY 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

Notes	Attributable to Owners of the Parent Company										Non-controlling Interests	Total Equity
	Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Other Reserves	Retained Earnings			Total	Total			
					Appropriated	Unappropriated	Total					
Balance at June 1, 2023	P 2,406,799,300	(P 78,632,436)	(P 9,225,689)	(P 57,785,452)	P 1,463,733,100	P 6,834,406,722	P 8,298,139,822	P 10,559,295,545	P 2,964,968,059	P 13,524,263,604		
Transactions with owners												
Acquisition of treasury stock	23	-	(33,079,285)	-	-	-	-	(33,079,285)	-	(33,079,285)		
Cash dividends	23	-	-	-	-	(765,094,720)	(765,094,720)	(765,094,720)	(75,631,494)	(840,726,214)		
		-	(33,079,285)	-	-	(765,094,720)	(765,094,720)	(798,174,005)	(75,631,494)	(873,805,499)		
Appropriations of retained earnings												
Appropriation during the year	23	-	-	-	850,000,000	(850,000,000)	-	-	-	-		
Reversal of appropriations during the year	23	-	-	-	(141,000,000)	141,000,000	-	-	-	-		
		-	-	-	709,000,000	(709,000,000)	-	-	-	-		
Total comprehensive income												
Net income for the year		-	-	-	-	1,940,338,894	1,940,338,894	1,940,338,894	69,987,277	2,010,326,171		
Other comprehensive income	7, 19	-	14,454,354	14,454,354	-	-	-	14,454,354	6,118,333	20,572,687		
		-	14,454,354	14,454,354	-	1,940,338,894	1,940,338,894	1,954,793,248	76,105,610	2,030,898,858		
Balance at May 31, 2024		P 2,406,799,300	(P 111,711,721)	P 5,228,665	(P 57,785,452)	P 2,172,733,100	P 7,300,650,896	P 9,473,383,996	P 11,715,914,788	P 2,965,442,175	P 14,681,356,963	
Balance at June 1, 2022	P 2,406,799,300	(P 76,660,836)	(P 5,358,290)	(P 57,785,452)	P 1,184,853,389	P 5,917,341,539	P 7,102,194,928	P 9,369,189,650	P 2,914,656,711	P 12,283,846,361		
Transactions with owners												
Acquisition of treasury stock	23	-	(1,971,600)	-	-	-	-	(1,971,600)	-	(1,971,600)		
Additional investment	23	-	-	-	-	-	-	-	73,500,000	73,500,000		
Cash dividends	23	-	-	-	-	(670,796,168)	(670,796,168)	(670,796,168)	(42,643,924)	(713,440,092)		
		-	(1,971,600)	-	-	(670,796,168)	(670,796,168)	(672,767,768)	30,856,076	(641,911,692)		
Appropriations of retained earnings												
Appropriation during the year	23	-	-	-	360,379,711	(360,379,711)	-	-	-	-		
Reversal of appropriations during the year	23	-	-	-	(81,500,000)	81,500,000	-	-	-	-		
		-	-	-	278,879,711	(278,879,711)	-	-	-	-		
Total comprehensive income (loss)												
Net income for the year		-	-	-	-	1,866,741,062	1,866,741,062	1,866,741,062	20,324,487	1,887,065,549		
Other comprehensive loss	7, 19	-	(3,867,399)	3,867,399	-	-	-	(3,867,399)	(869,215)	(4,736,614)		
		-	(3,867,399)	3,867,399	-	1,866,741,062	1,866,741,062	1,862,873,663	19,455,272	1,882,328,935		
Balance at May 31, 2023	P 2,406,799,300	(P 78,632,436)	(P 9,225,689)	(P 57,785,452)	P 1,463,733,100	P 6,834,406,722	P 8,298,139,822	P 10,559,295,545	P 2,964,968,059	P 13,524,263,604		

Notes	Attributable to Owners of the Parent Company										Non-controlling Interests	Total Equity
	Capital Stock	Treasury Stock - at Cost	Revaluation Reserves	Other Reserves	Retained Earnings			Total	Total			
					Appropriated	Unappropriated	Total					
Balance at June 1, 2021	P 2,406,799,300	(P 67,194,836)	P 42,988,357	(P 57,785,452)	P 844,233,100	P 5,186,533,818	P 6,030,766,918	P 8,355,574,287	P 2,909,558,602	P 11,265,132,889		
Transactions with owners												
Acquisition of treasury stock	23 -	(9,466,000)	-	-	-	-	-	(9,466,000)	-	(9,466,000)		
Cash dividends	23 -	-	-	-	-	(432,306,814)	(432,306,814)	(432,306,814)	(30,000,914)	(462,307,728)		
		(9,466,000)	-	-	-	(432,306,814)	(432,306,814)	(441,772,814)	(30,000,914)	(471,773,728)		
Appropriation during the year	23 -	-	-	-	340,620,289	(340,620,289)	-	-	-	-		
Total comprehensive income (loss)												
Net income for the year	-	-	-	-	-	1,503,734,824	1,503,734,824	1,503,734,824	34,093,856	1,537,828,680		
Other comprehensive income (loss)	7, 19 -	-	(48,346,647)	-	-	-	-	(48,346,647)	1,005,167	(47,341,480)		
		-	(48,346,647)	-	-	1,503,734,824	1,503,734,824	1,455,388,177	35,099,023	1,490,487,200		
Balance at May 31, 2022	P 2,406,799,300	(P 76,660,836)	(P 5,358,290)	(P 57,785,452)	P 1,184,853,389	P 5,917,341,539	P 7,102,194,928	P 9,369,189,650	P 2,914,656,711	P 12,283,846,361		

See Notes to Consolidated Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax		P 2,233,569,090	P 1,947,227,651	P 1,608,148,046
Adjustments for:				
Depreciation and amortization	17	586,000,800	558,676,028	558,923,063
Interest income	18	(195,026,435)	(111,795,653)	(44,785,235)
Interest expense	18	111,430,392	87,634,134	50,971,138
Gain on sale of investment property	9, 18	(84,832,396)	-	-
Other investment income from financial assets at fair value through profit or loss (FVTPL) and other comprehensive income (FVOCI) - net	7, 18	(81,978,784)	(54,849,138)	(92,237,733)
Unrealized foreign exchange gains - net	18	(57,364,609)	(43,486,176)	(59,676,673)
Fair value loss (gain) from financial assets at FVTPL	7, 18	(42,109,638)	27,703,458	62,633,193
Impairment loss on receivables	6	36,406,764	55,629,679	58,908,684
Share in net loss (income) of associates and joint venture	8	(3,609,227)	659,066	-
Reversal of impairment loss on investments	7, 18	-	(298,206)	-
Impairment loss on investments	7	-	-	151,944
Operating income before working capital changes		2,502,485,957	2,467,100,843	2,143,036,427
Increase in trade and other receivables		(133,273,167)	(200,851,227)	(143,570,054)
Decrease (increase) in other assets		(144,544,245)	20,171,118	(1,469,129)
Increase (decrease) in trade and other payables		417,599,447	163,436,971	(93,157,079)
Increase (decrease) in deferred revenues		(27,120,200)	(640,594)	39,512,722
Increase (decrease) in post-employment benefit obligation		(8,186,376)	7,826,210	7,495,841
Decrease in provisions		-	-	(50,800)
Increase (decrease) in other non-current liabilities		3,019,882	(2,477,530)	(8,125,934)
Cash generated from operations		2,609,981,298	2,454,565,791	1,943,671,994
Income taxes paid		(124,551,101)	(62,049,934)	(55,312,201)
Net Cash From Operating Activities		2,485,430,197	2,392,515,857	1,888,359,793
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposals and maturities of investment securities:				
Financial assets at FVTPL	7	2,807,353,515	2,902,772,889	3,021,056,480
Financial assets at FVOCI	7	1,108,119,295	1,925,183,300	558,331,837
Investment securities at amortized cost	7	168,336,647	233,476,198	106,504,132
Acquisition of investment securities:				
Financial assets at FVTPL	7	(2,550,373,868)	(2,900,985,287)	(3,260,044,391)
Financial assets at FVOCI	7	(1,974,439,274)	(2,363,887,208)	(951,288,741)
Investment securities at amortized cost	7	(82,952,764)	(140,781,864)	(150,840,182)
Acquisition of property and equipment	11	(677,507,425)	(817,113,812)	(207,442,131)
Investment in associates and joint venture	8	(280,000,000)	(160,669,794)	-
Interest received	7	277,005,219	166,942,997	137,022,968
Proceeds from disposal of investment property	9	121,751,787	11,666,493	1,014,867
Acquisition of investment properties	9	(109,940,581)	(37,544,781)	(14,122,745)
Decrease (increase) in advances to suppliers and developers	10	43,492,636	31,433,663	(70,481,121)
Decrease (increase) in advances to related parties	20	(8,002,803)	7,963,598	(11,364,248)
Dividend received from an associate	8	897,435	-	-
Net Cash Used in Investing Activities		(1,156,260,181)	(1,141,543,608)	(841,653,275)
<i>Balance carried forward</i>		P 1,329,170,016	P 1,250,972,249	P 1,046,706,518

	Notes	2024	2023	2022
<i>Balance brought forward</i>		P 1,329,170,016	P 1,250,972,249	P 1,046,706,518
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	23, 22	(732,675,417)	(665,749,569)	(386,362,549)
Repayments of interest-bearing loans	14, 22	(426,258,504)	(473,163,265)	(187,619,048)
Interest paid	14, 18, 22	(112,888,660)	(75,205,044)	(45,549,028)
Acquisition of treasury shares	23	(33,079,285)	(1,971,600)	(9,466,000)
Repayment of lease liability	12, 22	(11,422,506)	(11,166,275)	(9,478,932)
Additional investment of non-controlling interest in a subsidiary	23	-	73,500,000	-
Net Cash Used in Financing Activities		(<u>1,316,324,372</u>)	(<u>1,153,755,753</u>)	(<u>638,475,557</u>)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		<u>2,214,697</u>	<u>1,015,002</u>	<u>744,179</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		15,060,341	98,231,498	408,975,140
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>1,698,352,823</u>	<u>1,600,121,325</u>	<u>1,191,146,185</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>P 1,713,413,164</u>	<u>P 1,698,352,823</u>	<u>P 1,600,121,325</u>

Supplementary Information on Non-cash Investing and Financing Activities:

1. The Group declared cash dividends totaling P840.7 million in 2024, P713.4 million in 2023 and P462.3 million in 2022, of which P406.9 million, P298.8 million and P251.1 million, respectively, were not paid in the year of declaration (see Notes 13 and 23).

2. In 2022, the Group capitalized borrowing costs as part of property and equipment amounting to P6.8 million (see Note 11).

See Notes to Consolidated Financial Statements.

**FAR EASTERN UNIVERSITY, INCORPORATED
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)**

1. CORPORATE INFORMATION

1.1 Background of the University

Far Eastern University, Incorporated (the University or FEU or Parent Company) is a 96-year-old Philippine-based proprietary educational institution founded in June 1928 and registered with the Securities and Exchange Commission (SEC) on October 27, 1933 and became a publicly-listed corporation with the Philippine Stock Exchange (PSE) on July 11, 1986.

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

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

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

On top of existing highly accredited programs of local accreditors, such as the Philippine Association of Colleges and Universities Commission on Accreditation and the Philippine Accrediting Association of Schools, Colleges and Universities, parallel international certifications by the ASEAN University Network – Quality Assurance were also granted for 16 programs of FEU.

As at May 31, 2024, 2023 and 2022, the University holds interest in subsidiaries, associates and a joint venture presented below:

Company Name	Percentage of Effective Ownership		
	2024	2023	2022
Subsidiaries:			
East Asia Computer Center, Inc. (EACCI)	100.0%	100.0%	100.0%
Far Eastern College – Silang, Inc. (FECSI)	100.0%	100.0%	100.0%
FEU Alabang, Inc. (FEUAI)	100.0%	100.0%	100.0%
FEU High School, Inc. (FEU High)	100.0%	100.0%	100.0%
Roosevelt College, Inc. (RCI)	97.7%	97.4%	97.4%
Roosevelt College Educational Enterprises (RCEE)*	97.7%	97.4%	97.4%
Edustria, Inc. (Edustria)	51.0%	51.0%	51.0%
Fern Realty Corporation (FRC)	38.2%	38.2%	38.2%
Associates:			
JPMC College of Health Sciences SDN BHD (JCHS)	40.0%	40.0%	-
Good Samaritan Colleges, Inc. (GSC)	34.0%	34.0%	-
Joint Venture –			
Higher Academia, Inc. (HAI)	50.0%	-	-

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

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

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

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

1.2 Other Corporate Information

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

FEU, FRC and FEU High	-	Nicanor Reyes Street, Sampaloc, Manila
EACCI	-	P. Paredes Street, Sampaloc, Manila
FEUAI	-	Lot 1, Corporate Woods cor. South Corporate Avenues, Woods District, Filinvest City, Alabang, Muntinlupa City
FECSI	-	Metrogate Silang Estates, Silang, Cavite
RCI	-	J. P. Rizal Street, Malanday, Marikina City
RCEE	-	Roosevelt College Compound, Sumulong Highway, Cainta, Rizal

Edustria	-	Block R & T, Lima Technology Center, Brgy. Bugtong ng Pulo, Lipa City, Batangas
JCHS	-	Block 2C East Wing, Ong Sum Ping Condominium Jalan Ong Sum Ping, Bandar Seri Begawan BA1311, Brunei Darussalam
GSC	-	Burgos Avenue, Cabanatuan City, Nueva Ecija
HAI	-	McArthur Highway, San Isidro City of San Fernando, Pampanga

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

2.1 Statement of Compliance with Philippine Financial Reporting Standards

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

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

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

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments and improvements to existing standards effective in fiscal year 2024 that are relevant to the Group. The Group has not adopted early any standards, interpretation or amendment that has been issued but is not yet effective.

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

3.1 Effective in Fiscal Year 2024 that are Relevant to the Group

The Group adopted the following amendments and improvements to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statement 2 (Amendments):	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	: Definition of Accounting Estimates
PAS 12 (Amendments)	: Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below are the relevant information about these pronouncements.

- (i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial; that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and, if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Group's consolidated financial statements under Notes 26 and 27.

- (ii) PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that is subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

- (iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception under PAS 12, such that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

3.2 Effective Subsequent to Fiscal Year 2024 that is not Relevant to the Group

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendment to PAS 12, *International Tax Reform – Pillar Two Model Rules*, is not relevant to the Group's consolidated financial statements.

3.3 Effective Subsequent to Fiscal Year 2024 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to fiscal year 2024, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions.

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)
- (iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)
- (iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)
- (v) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

None of these are expected to have a significant impact on the Group's consolidated financial statements.

4. SEGMENT INFORMATION

4.1 *Business Segments*

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

- (a) *FEU Main* – principally refers to the academic operations of the Parent Company, being the largest semestral entity;
- (b) *Trimestral Schools* – subsidiary schools that primarily offer engineering and information technology programs, and which operates on a trimestral academic calendar. This includes EACCI and FEUAI; and,
- (c) *Other Schools* – subsidiary schools with significant operations in senior high school and basic education programs, which is composed of FECSI, FEU High, RCI and Edustria.

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

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

4.2 *Segment Assets and Liabilities*

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

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

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

4.3 *Intersegment Transactions*

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

4.4 *Analysis of Segment Information*

The Group's business segments, analyzed based on operational significance and timing of academic operations, for the years ended May 31, 2024, 2023 and 2022 are presented in the succeeding pages (in thousands).

	<u>FEU Main</u>	<u>Trimestral Schools</u>	<u>Other Schools</u>	<u>Total</u>
<u>May 31, 2024</u>				
Segment revenues				
From external customers	P 2,836,725	P 1,712,856	P 871,437	P 5,421,018
Intersegment revenues	<u>43,500</u>	<u>-</u>	<u>-</u>	<u>43,500</u>
Total revenues	2,880,225	1,712,856	871,437	5,464,518
Operating expenses excluding depreciation and amortization and impairment loss	(<u>1,732,945</u>)	(<u>734,599</u>)	(<u>553,626</u>)	(<u>3,021,170</u>)
	1,147,280	978,257	317,811	2,443,348
Depreciation and amortization	(319,426)	(250,930)	(151,076)	(721,432)
Impairment loss	(6,846)	(16,217)	(13,344)	(36,407)
Finance income	422,556	158,158	9,663	590,377
Finance cost	(219,558)	(21,117)	(33,561)	(274,236)
Other income	<u>98,681</u>	<u>76,264</u>	<u>21,989</u>	<u>196,934</u>
Income before tax	1,122,687	924,415	151,482	2,198,584
Tax expense	(<u>84,664</u>)	(<u>86,793</u>)	(<u>20,234</u>)	(<u>191,691</u>)
Segment net income	<u>P 1,038,023</u>	<u>P 837,622</u>	<u>P 131,248</u>	<u>P 2,006,893</u>
Segment assets	<u>P 10,620,084</u>	<u>P 6,991,679</u>	<u>P 4,350,530</u>	<u>P 21,962,293</u>
Segment liabilities	<u>P 3,427,305</u>	<u>P 713,514</u>	<u>P 1,497,716</u>	<u>P 5,638,535</u>
<u>May 31, 2023</u>				
Segment revenues				
From external customers	P 2,824,088	P 1,379,888	P 729,581	P 4,933,557
Intersegment revenues	<u>41,799</u>	<u>-</u>	<u>-</u>	<u>41,799</u>
Total revenues	2,865,887	1,379,888	729,581	4,975,356
Operating expenses excluding depreciation and amortization and impairment loss	(<u>1,588,889</u>)	(<u>605,135</u>)	(<u>481,012</u>)	(<u>2,675,036</u>)
	1,276,998	774,753	248,569	2,300,320
Depreciation and amortization	(303,418)	(253,218)	(141,473)	(698,109)
Impairment loss	(5,139)	(30,628)	(14,612)	(50,379)
Finance income	296,571	95,229	8,370	400,170
Finance cost	(192,067)	(25,507)	(31,411)	(248,985)
Other income	<u>144,738</u>	<u>129,187</u>	<u>24,477</u>	<u>298,402</u>
Income before tax	1,217,683	689,816	93,920	2,001,419
Tax expense	(<u>29,037</u>)	(<u>12,264</u>)	(<u>2,009</u>)	(<u>43,310</u>)
Segment net income	<u>P 1,188,646</u>	<u>P 677,552</u>	<u>P 91,911</u>	<u>P 1,958,109</u>
Segment assets	<u>P 10,598,100</u>	<u>P 6,011,224</u>	<u>P 3,826,685</u>	<u>P 20,436,009</u>
Segment liabilities	<u>P 3,665,249</u>	<u>P 628,968</u>	<u>P 1,585,465</u>	<u>P 5,879,682</u>

	<u>FEU Main</u>	<u>Trimestral Schools</u>	<u>Other Schools</u>	<u>Total</u>
<u>May 31, 2022</u>				
Segment revenues				
From external customers	P 2,378,231	P 1,184,745	P 527,784	P 4,090,760
Intersegment revenues	<u>87,242</u>	<u>-</u>	<u>-</u>	<u>87,242</u>
Total revenues	2,465,473	1,184,745	527,784	4,178,002
Operating expenses excluding depreciation and amortization and impairment loss	(1,275,019)	(485,092)	(349,442)	(2,109,553)
	1,190,454	699,653	178,342	2,068,449
Depreciation and amortization	(302,257)	(267,133)	(138,857)	(708,247)
Impairment loss	(7,852)	(36,383)	(14,673)	(58,908)
Finance income	299,094	27,900	1,646	328,640
Finance cost	(160,528)	(19,975)	(21,504)	(202,007)
Other income – net	<u>68,499</u>	<u>143,391</u>	<u>27,410</u>	<u>239,300</u>
Income before tax	1,087,410	547,453	32,364	1,667,227
Tax expense	(34,439)	(7,571)	(1,034)	(43,044)
Segment net income	<u>P 1,052,971</u>	<u>P 539,882</u>	<u>P 31,330</u>	<u>P 1,624,183</u>
Segment assets	<u>P 10,379,020</u>	<u>P 5,524,359</u>	<u>P 3,584,296</u>	<u>P 19,487,675</u>
Segment liabilities	<u>P 3,988,897</u>	<u>P 607,870</u>	<u>P 1,553,612</u>	<u>P 6,150,379</u>

The Group's geographical segment, which is based on the location of all the Group's school campuses for the years ended May 31, 2024, 2023 and 2022 follows (in thousands):

	<u>NCR</u>	<u>Outside NCR</u>	<u>Total</u>
<u>May 31, 2024</u>			
Segment revenues			
From external customers	P 4,792,475	P 628,543	P 5,421,018
Intersegment revenues	<u>43,500</u>	<u>-</u>	<u>43,500</u>
Total revenues	4,835,975	628,543	5,464,518
Operating expenses excluding depreciation and amortization and impairment loss	(2,602,082)	(419,088)	(3,021,170)
	2,233,893	209,455	2,443,348
Depreciation and amortization	(623,179)	(98,253)	(721,432)
Impairment loss	(26,799)	(9,608)	(36,407)
Finance income	589,538	839	590,377
Finance cost	(244,914)	(29,322)	(274,236)
Other income – net	<u>176,813</u>	<u>20,121</u>	<u>196,934</u>
Income before tax	2,105,352	93,232	2,198,584
Tax expense	(177,181)	(14,510)	(191,691)
Segment net income	<u>P 1,928,171</u>	<u>P 78,722</u>	<u>P 2,006,893</u>
Segment assets	<u>P 18,026,626</u>	<u>P 3,935,667</u>	<u>P 21,962,293</u>
Segment liabilities	<u>P 4,349,704</u>	<u>P 1,288,831</u>	<u>P 5,638,535</u>

	<u>NCR</u>	<u>Outside NCR</u>	<u>Total</u>
<u>May 31, 2023</u>			
Segment revenues			
From external customers	P 4,433,144	P 500,413	P 4,933,557
Intersegment revenues	<u>41,799</u>	<u>-</u>	<u>41,799</u>
Total revenues	4,474,943	500,413	4,975,356
Operating expenses excluding depreciation and amortization and impairment loss	(<u>2,320,304</u>)	(<u>354,732</u>)	(<u>2,675,036</u>)
	2,154,639	145,681	2,300,320
Depreciation and amortization	(608,709)	(89,400)	(698,109)
Impairment loss	(42,545)	(7,834)	(50,379)
Finance income	395,399	4,771	400,170
Finance cost	(224,554)	(24,431)	(248,985)
Other income – net	<u>293,862</u>	<u>4,540</u>	<u>298,402</u>
Income before tax	1,968,092	33,327	2,001,419
Tax expense	(<u>41,656</u>)	(<u>1,654</u>)	(<u>43,310</u>)
Segment net income	<u>P 1,926,436</u>	<u>P 31,673</u>	<u>P 1,958,109</u>
Segment assets	<u>P 17,000,935</u>	<u>P 3,435,074</u>	<u>P 20,436,009</u>
Segment liabilities	<u>P 4,461,600</u>	<u>P 1,418,082</u>	<u>P 5,879,682</u>
<u>May 31, 2022</u>			
Segment revenues			
From external customers	P 3,750,232	P 340,528	P 4,090,760
Intersegment revenues	<u>87,242</u>	<u>-</u>	<u>87,242</u>
Total revenues	3,837,474	340,528	4,178,002
Operating expenses excluding depreciation and amortization and impairment loss	(<u>1,842,939</u>)	(<u>266,614</u>)	(<u>2,109,553</u>)
	1,994,535	73,914	2,068,449
Depreciation and amortization	(622,353)	(85,894)	(708,247)
Impairment loss	(50,113)	(8,795)	(58,908)
Finance income	327,987	653	328,640
Finance cost	(187,159)	(14,848)	(202,007)
Other income – net	<u>233,398</u>	<u>5,902</u>	<u>239,300</u>
Income (loss) before tax	1,696,295	(29,068)	1,667,227
Tax expense	(<u>42,960</u>)	(<u>84</u>)	(<u>43,044</u>)
Segment net income (loss)	<u>P 1,653,335</u>	<u>(P 29,152)</u>	<u>P 1,624,183</u>
Segment assets	<u>P 16,235,823</u>	<u>P 3,251,852</u>	<u>P 19,487,675</u>
Segment liabilities	<u>P 4,732,915</u>	<u>P 1,417,464</u>	<u>P 6,150,379</u>

4.5 Reconciliation

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues			
Total segment revenues	P 5,464,518	P 4,975,356	P 4,178,002
Elimination of intersegment revenues	(43,500)	(41,799)	(87,242)
Unallocated corporate revenues	<u>8,841</u>	<u>6,783</u>	<u>42,548</u>
Revenues as reported in consolidated profit or loss	<u>P 5,429,859</u>	<u>P 4,940,340</u>	<u>P 4,133,308</u>
Profit or loss			
Segment net income	P 2,006,893	P 1,958,109	P 1,624,183
Elimination of intersegment transactions	(145,823)	(146,804)	(166,684)
Unallocated corporate net income	<u>149,256</u>	<u>75,761</u>	<u>80,330</u>
Group net profit as reported in consolidated profit or loss	<u>P 2,010,326</u>	<u>P 1,887,066</u>	<u>P 1,537,829</u>
Assets			
Segment assets	P 21,962,293	P 20,436,009	P 19,487,675
Elimination of intercompany accounts	(5,387,108)	(4,973,264)	(4,979,307)
Unallocated corporate assets	1,759,140	1,615,343	1,579,729
Goodwill	<u>186,487</u>	<u>186,487</u>	<u>186,487</u>
Total Assets	<u>P 18,520,812</u>	<u>P 17,264,575</u>	<u>P 16,274,584</u>
Liabilities			
Segment liabilities	P 5,638,535	P 5,879,682	P 6,150,379
Elimination of intercompany accounts	(1,944,366)	(2,220,205)	(2,238,240)
Unallocated corporate accounts	<u>145,286</u>	<u>80,835</u>	<u>78,599</u>
Total Liabilities	<u>P 3,839,455</u>	<u>P 3,740,312</u>	<u>P 3,990,738</u>

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash on hand and in banks	P 571,373,159	P 926,931,899	P 1,188,907,845
Short-term placements	<u>1,142,040,005</u>	<u>771,420,924</u>	<u>411,213,480</u>
	<u>P 1,713,413,164</u>	<u>P 1,698,352,823</u>	<u>P 1,600,121,325</u>

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:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Peso placements	5.4% to 6.4%	1.4% to 6.3%	0.5% to 3.4%
US Dollar placements	4.5%	-	-

Interest income earned from cash and cash equivalents are presented as part of Finance Income in the consolidated statements of profit or loss (see Note 18.1). The related interest receivable from placements as of May 31, 2024, 2023 and 2022 is presented as part of Accrued interest under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	<u>Notes</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Non-related parties:				
Tuition and other school fees		P 1,010,723,897	P 960,862,285	P 823,231,300
Rental receivables		<u>78,542,116</u>	<u>109,768,148</u>	<u>118,701,035</u>
		<u>1,089,266,013</u>	<u>1,070,630,433</u>	<u>941,932,335</u>
Receivable from related parties	20.1, 20.2	<u>67,482,466</u>	<u>43,568,614</u>	<u>45,619,856</u>
Others:				
Accrued interest	5, 7, 10	47,688,755	12,801,858	9,387,210
Advances to officers and employees		34,226,733	56,339,748	19,233,358
Miscellaneous	20.4	<u>106,741,178</u>	<u>79,901,182</u>	<u>83,417,183</u>
		<u>188,656,666</u>	<u>149,042,788</u>	<u>112,037,751</u>
Allowance for impairment		<u>(206,129,178)</u>	<u>(228,965,476)</u>	<u>(201,806,294)</u>
		<u>P 1,139,275,967</u>	<u>P 1,034,276,359</u>	<u>P 897,783,648</u>

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

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

A significant portion of Miscellaneous receivables pertain to amounts due from brokers related to the Group's trust funds as well as various receivables from non-related parties.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 228,965,476	P 201,806,294	P 188,982,413
Receivables written-off during the year	(59,243,062)	(30,015,106)	(46,084,803)
Impairment losses during the year	36,406,764	55,629,679	58,908,684
Recovery of previously written-off receivables	<u>-</u>	<u>1,544,609</u>	<u>-</u>
Balance at end of year	<u>P 206,129,178</u>	<u>P 228,965,476</u>	<u>P 201,806,294</u>

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

During the years ended May 31, 2024, 2023 and 2022, tuition and other school fees receivables were assessed for impairment and corresponding impairment losses were recognized as Impairment Loss on Financial Assets in the consolidated statements of profit or loss.

7. FINANCIAL ASSETS

7.1 *Financial Assets at FVTPL*

The types of investments classified under financial assets at FVTPL as of May 31 are shown below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Quoted equity securities	P 829,910,608	P 881,728,143	P 966,775,994
Unit Investment Trust Fund (UITF)	814,536,532	952,489,807	836,453,837
Quoted debt securities	<u>-</u>	<u>-</u>	<u>27,342,159</u>
	<u>P 1,644,447,140</u>	<u>P 1,834,217,950</u>	<u>P 1,830,571,990</u>

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Local	P 879,759,630	P 1,072,378,532	P 1,147,790,285
Foreign	<u>764,687,510</u>	<u>761,839,418</u>	<u>682,781,705</u>
	<u>P 1,644,447,140</u>	<u>P 1,834,217,950</u>	<u>P 1,830,571,990</u>

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 1,834,217,950	P 1,830,571,990	P 1,605,507,781
Disposals	(2,807,353,515)	(2,902,772,889)	(3,021,056,480)
Additions	2,550,373,868	2,900,985,287	3,260,044,391
Foreign currency gains – net	25,099,199	33,137,020	48,709,491
Fair value gains (losses) – net	<u>42,109,638</u>	<u>(27,703,458)</u>	<u>(62,633,193)</u>
Balance at end of year	<u>P 1,644,447,140</u>	<u>P 1,834,217,950</u>	<u>P 1,830,571,990</u>

Investment income or losses from FVTPL financial assets, which include dividend income and gain or loss on disposal have been reinvested as part of additions to financial assets at FVTPL. In 2024, 2023 and 2022, the total investment income, including changes in fair values amounted to P130.0 million, P14.8 million and P16.2 million, respectively, and is presented separately as Other investment income from financial assets at FVTPL under Finance Income in the consolidated statements of profit or loss (see Note 18.1).

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

7.2 Financial Assets at FVOCI

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current	P 358,572,543	P 173,575,124	P 547,401,071
Non-current	<u>2,736,452,925</u>	<u>2,016,976,191</u>	<u>1,198,965,979</u>
	<u>P 3,095,025,468</u>	<u>P 2,190,551,315</u>	<u>P 1,746,367,050</u>

The types of investments classified under financial assets at FVOCI as of May 31 are shown below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Quoted debt securities:			
Government	P 2,226,338,163	P 1,843,281,939	P 1,506,168,875
Corporate	<u>789,547,559</u>	<u>275,760,324</u>	<u>142,314,907</u>
	<u>3,015,885,722</u>	<u>2,119,042,263</u>	<u>1,648,483,782</u>
Equity securities:			
Quoted corporate shares	75,939,746	69,059,052	94,783,268
Golf club shares	<u>3,200,000</u>	<u>2,450,000</u>	<u>3,100,000</u>
	<u>79,139,746</u>	<u>71,509,052</u>	<u>97,883,268</u>
	<u>P 3,095,025,468</u>	<u>P 2,190,551,315</u>	<u>P 1,746,367,050</u>

Government securities bear annual interest rates ranging from 2.0% to 12.1% in 2024 and 2023, and 2.4% to 12.1% in 2022. Corporate bonds bear interest rates ranging from 2.0% to 6.4% in 2024, 2.1% to 7.8% in 2023, and 3.8% to 4.9% in 2022. These securities were not used as collaterals for any borrowings of the Group.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Local	P 2,252,278,830	P 1,706,858,809	P 1,648,546,539
Foreign	<u>842,746,638</u>	<u>483,692,506</u>	<u>97,820,511</u>
	<u>P 3,095,025,468</u>	<u>P 2,190,551,315</u>	<u>P 1,746,367,050</u>

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 2,190,551,315	P 1,746,367,050	P 1,411,629,953
Additions	1,974,439,274	2,363,887,208	951,288,741
Disposals	(1,108,119,295)	(1,925,183,300)	(558,331,837)
Unrealized foreign exchange gains – net	22,885,656	4,735,311	4,049,643
Fair value gains (losses) – net	<u>15,268,518</u>	<u>745,046</u>	<u>(62,269,450)</u>
Balance at end of year	<u>P 3,095,025,468</u>	<u>P 2,190,551,315</u>	<u>P 1,746,367,050</u>

The total investment income from financial assets at FVOCI, which includes interest income, dividend income, gain or loss on disposal, and realized fair value gains or losses totaling P110.5 million, P58.7 million, and P33.6 million for the years ended May 31, 2024, 2023 and 2022, 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 consolidated statements of profit or loss (see Note 18.1). The related outstanding interest is presented as part of Accrued interest under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

The total fair value changes from equity securities resulted in a gain amounting to P0.6 million for the year ended May 31, 2024, and losses amounting to P26.4 million and P28.1 million for the years ended May 31, 2023 and 2022, respectively, and are presented as an item that will not be reclassified subsequently to profit or loss in the consolidated statements of comprehensive income. The total fair value changes from debt securities resulted in a loss amounting to P1.7 million in 2024, and gains amounting to P1.8 million and P0.7 million in 2023 and 2022, respectively, and are presented as an item that will be reclassified to profit or loss in the consolidated statements of comprehensive income.

7.3 Investment Securities at Amortized Cost

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

	<u>2024</u>		<u>2023</u>		<u>2022</u>
Current	P 75,487,826	P	86,521,531	P	106,110,590
Non-current	401,796,531		<u>469,112,054</u>		<u>536,853,247</u>
	<u>P 477,284,357</u>	P	<u>555,633,585</u>	P	<u>642,963,837</u>

These consist of investments in corporate bonds denominated in Philippine pesos and US dollars which bear fixed interest rates ranging 2.1% to 7.8% per annum in 2024 and 2023, and from 3.0% to 7.8% per annum in 2022. These debt securities have maturities ranging from one to 10 years.

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

	<u>2024</u>		<u>2023</u>		<u>2022</u>
Local	P 336,896,128	P	438,854,071	P	476,698,120
Foreign	141,264,359		<u>117,474,824</u>		<u>166,563,923</u>
	478,160,487		556,328,895		643,262,043
Allowance for expected credit losses (ECL)	(876,130)	(	<u>695,310</u>	(	<u>298,206</u>
	<u>P 477,284,357</u>	P	<u>555,633,585</u>	P	<u>642,963,837</u>

An analysis of the movements in the carrying amount of the Group's investment securities at amortized cost for the years ended May 31, 2024, 2023, and 2022 is presented below:

	<u>2024</u>		<u>2023</u>		<u>2022</u>
Balance at beginning of year	P 555,633,585	P	643,262,043	P	584,912,970
Maturities	(168,336,647)	(	233,476,198)	(	106,504,132)
Additions	82,952,764		140,781,864		150,840,182
Unrealized foreign currency gains – net	7,165,057		4,598,843		14,957,323
Amortization of premium (discount) – net	(130,402)		<u>467,033</u>		<u>(944,300)</u>
	477,284,357		555,633,585		643,262,043
Allowance for expected credit losses	-		-		<u>(298,206)</u>
Balance at end of year	<u>P 477,284,357</u>	P	<u>555,633,585</u>	P	<u>642,963,837</u>

A reconciliation of the allowance for impairment loss on investment securities at amortized cost at the beginning and end of each reporting period is presented below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P -	P 298,206	P 146,262
Reversal of allowance	-	(298,206)	-
Impairment loss during the year	-	-	151,944
Balance at end of year	<u>P -</u>	<u>P -</u>	<u>P 298,206</u>

Net amortization of premium amounting to P0.1 million for the year ended May 31, 2024, and discounts amounting to P0.5 million and P0.9 million for the years ended May 31, 2023 and 2022, respectively, are offset against Interest income from investment securities at amortized cost (see Note 18.1).

7.4 Financial Instruments Measurement at Fair Value

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>May 31, 2024</u>				
Financial assets at FVOCI:				
Debt securities:				
Government	P 2,226,338,163	P -	P -	P 2,226,338,163
Corporate	789,547,559	-	-	789,547,559
Equity securities	75,939,746	-	-	75,939,746
Golf club shares	-	3,200,000	-	3,200,000
Financial assets at FVTPL:				
Equity securities	829,910,608	-	-	829,910,608
UITF	-	814,536,532	-	814,536,532
Investment securities at amortized cost	<u>474,520,710</u>	<u>-</u>	<u>-</u>	<u>474,520,710</u>
	<u>P 4,396,256,786</u>	<u>P 817,736,532</u>	<u>P -</u>	<u>P 5,213,993,318</u>
<u>May 31, 2023</u>				
Financial assets at FVOCI:				
Debt securities:				
Government	P 1,843,281,939	P -	P -	P 1,843,281,939
Corporate	275,760,324	-	-	275,760,324
Equity securities	69,059,052	-	-	69,059,052
Golf club shares	-	2,450,000	-	2,450,000
Financial assets at FVTPL:				
Equity securities	881,728,143	-	-	881,728,143
UITF	-	952,489,807	-	952,489,807
Investment securities at amortized cost	<u>552,843,346</u>	<u>-</u>	<u>-</u>	<u>552,843,346</u>
	<u>P 3,622,672,804</u>	<u>P 954,939,807</u>	<u>P -</u>	<u>P 4,577,612,611</u>

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

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

7.5 Carrying Amounts and Fair Value by Category

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

Notes	2024		2023		2022	
	Carrying Values	Fair Values	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets						
At FVOCI: 7.2						
Debt securities	P 3,015,885,722	P 3,015,885,722	P 2,119,042,263	P 2,119,042,263	P 1,648,483,782	P 1,648,483,782
Equity securities	75,939,746	75,939,746	69,059,052	69,059,052	94,783,268	94,783,268
Golf club shares	3,200,000	3,200,000	2,450,000	2,450,000	3,100,000	3,100,000
	<u>3,095,025,468</u>	<u>3,095,025,468</u>	<u>2,190,551,315</u>	<u>2,190,551,315</u>	<u>1,746,367,050</u>	<u>1,746,367,050</u>
At FVTPL: 7.1						
Equity securities	829,910,608	829,910,608	952,489,807	952,489,807	966,775,994	966,775,994
UITF	814,536,532	814,536,532	881,728,143	881,728,143	836,453,837	836,453,837
Debt	-	-	-	-	27,342,159	27,342,159
	<u>1,644,447,140</u>	<u>1,644,447,140</u>	<u>1,834,217,950</u>	<u>1,834,217,950</u>	<u>1,830,571,990</u>	<u>1,830,571,990</u>
At Amortized Cost:						
Investments –						
Debt securities 7.3	<u>477,284,357</u>	<u>474,520,710</u>	<u>555,633,585</u>	<u>552,843,346</u>	<u>642,963,837</u>	<u>642,292,373</u>
	<u>P 5,216,756,965</u>	<u>P 5,213,993,318</u>	<u>P 4,580,402,850</u>	<u>P 4,577,612,611</u>	<u>P 4,219,902,877</u>	<u>P 4,219,231,413</u>
Financial Liabilities						
At amortized cost –						
Interest-bearing loans 14	<u>P 1,385,340,136</u>	<u>P 1,127,376,045</u>	<u>P 1,811,598,640</u>	<u>P 1,455,329,950</u>	<u>P 2,284,761,905</u>	<u>P 2,192,364,566</u>

Except for the financial assets and financial liabilities presented above, the Group has other financial assets or financial liabilities that are not carried at fair value but are required to be disclosed at fair value as of May 31, 2024, 2023 and 2022. Management determined that the carrying amounts of the other financial instruments that are carried at amortized costs are equal to or approximate their fair values.

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

8. INVESTMENT IN ASSOCIATES AND JOINT VENTURE

This account consists of the following:

	<u>2024</u>	<u>2023</u>
Associates:		
Investment in JCHS	P 84,457,558	P 85,066,802
Investment in GSC	81,914,398	74,943,926
Joint venture –		
Investment in HAI	<u>276,350,564</u>	<u>-</u>
	<u>P 442,722,520</u>	<u>P 160,010,728</u>

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

	<u>JCHS</u>	<u>GSC</u>	<u>HAI</u>	<u>Total</u>
Balance at June 1, 2023	P 85,066,802	P 74,943,926	P -	P 160,010,728
Acquisition cost	-	-	280,000,000	280,000,000
Share in net income (loss) for the year	(609,244)	7,867,907	(3,649,436)	3,609,227
Dividend declaration	<u>-</u>	<u>(897,435)</u>	<u>-</u>	<u>(897,435)</u>
Balance at May 31, 2024	<u>P 84,457,558</u>	<u>P 81,914,398</u>	<u>P 276,350,564</u>	<u>P 442,722,520</u>
Acquisition cost	P 90,669,794	P 70,000,000	P -	P 160,669,794
Share in net income (loss) for the year	<u>(5,602,992)</u>	<u>4,943,926</u>	<u>-</u>	<u>(659,066)</u>
Balance at May 31, 2023	<u>P 85,066,802</u>	<u>P 74,943,926</u>	<u>P -</u>	<u>P 160,010,728</u>

The share in the net income of investments in associates and joint venture are included as part of Other Income in the consolidated statement of profit or loss.

A reconciliation of the summarized financial information to the carrying amount of the investments in associates and joint venture as of May 31, 2024 and 2023 is shown below and in the succeeding page:

	<u>JCHS</u>	<u>GSC</u>	<u>HAI</u>
2024:			
Net assets	P 212,746,950	P 213,728,309	P 552,701,128
Proportion of ownership interest	<u>40%</u>	<u>34%</u>	<u>50%</u>
Ownership share in net assets	85,098,780	72,667,625	276,350,564
Nominal goodwill	-	9,246,773	-
Valuation adjustment	<u>(641,222)</u>	<u>-</u>	<u>-</u>
	<u>P 84,457,558</u>	<u>P 81,914,398</u>	<u>P 276,350,564</u>

	<u>JCHS</u>	<u>GSC</u>
2023:		
Net assets	P 214,270,061	P 193,226,920
Proportion of ownership interest	<u>40%</u>	<u>34%</u>
Ownership shares in net assets	85,708,024	65,697,153
Nominal goodwill	-	9,246,773
Valuation adjustment	<u>(641,222)</u>	<u>-</u>
	<u>P 85,066,802</u>	<u>P 74,943,926</u>

Both the associates and the joint venture are private companies. No quoted prices are available for their shares of stock.

8.1 Investment in JCHS

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

8.2 Investment in GSC

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

8.3 Investment in HAI

In October 2023, the University and MGHI Holdings, Inc. (MGHI) entered into a Shareholders' Agreement to invest a total of P600.0 million in HAI, with the University and MGHI both investing P300.0 million for an equal equity ownership, or 50% each. Accordingly, HAI was incorporated with its primary purpose to establish, maintain, operate and administer an educational institution.

In the same month, the University made its initial investment in HAI amounting to P280.0 million. Except for the remaining investment commitment amounting to P20.0 million, which represents half of the unsubscribed capital of P40.0 million, the Group does not have any commitments made to HAI as at May 31, 2024.

8.4 Financial Information of Associates and Joint Venture

Presented below are the Associates' and Joint Venture's summary of financial information based on the most recent unaudited financial statements as of and for the years ended May 31, 2024 and 2023.

	<u>JCHS</u>		<u>GSC</u>		<u>HAI</u>	
2024:						
Total current assets	P	238,291,265	P	94,944,179	P	19,679,588*
Total non-current assets		408,814,663		188,328,839		533,539,276
Total current liabilities		47,601,265		44,233,102		517,736*
Total non-current liabilities		386,757,713		25,311,607		-
Revenues		14,601,121		145,516,805		-
Net income (loss)	(	16,198,811)		27,391,792	(	7,298,872)
2023:						
Total current assets	P	210,588,194	P	113,457,353		
Total non-current assets		3,904,251		117,545,204		
Total current liabilities		222,384		31,360,100		
Total non-current liabilities		-		6,415,537		
Revenues		17,004,183		108,908,127		
Net income (loss)	(	14,007,481)		27,811,440		
Other comprehensive income		-		561,979		

*HAI's total current assets relate only to cash. Also, the joint venture does not have any other financial liabilities as of May 31, 2024 except for accrued expenses which are payable in cash.

As of May 31, 2024 and 2023, management believes that the carrying amounts of the investment in associates are fully recoverable.

9. INVESTMENT PROPERTIES

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

	<u>Land</u>	<u>Land Improvements</u>	<u>Building and Improvements</u>	<u>Construction in Progress</u>	<u>Total</u>
May 31, 2024					
Cost	P 83,103,532	P 24,956,710	P 543,257,580	P -	P 651,317,822
Accumulated depreciation and amortization	-	(16,558,735)	(389,266,152)	-	(405,824,887)
Net carrying amount	<u>P 83,103,532</u>	<u>P 8,397,975</u>	<u>P 153,991,428</u>	<u>P -</u>	<u>P 245,492,935</u>
May 31, 2023					
Cost	P 83,103,532	P 25,179,014	P 456,712,639	P -	P 564,995,185
Accumulated depreciation and amortization	-	(12,904,958)	(348,998,728)	-	(361,903,686)
Net carrying amount	<u>P 83,103,532</u>	<u>P 12,274,056</u>	<u>P 107,713,911</u>	<u>P -</u>	<u>P 203,091,499</u>
May 31, 2022					
Cost	P 83,103,532	P 16,269,959	P 442,037,773	P 894,574	P 542,305,838
Accumulated depreciation and amortization	-	(9,829,596)	(312,377,896)	-	(322,207,492)
Net carrying amount	<u>P 83,103,532</u>	<u>P 6,440,363</u>	<u>P 129,659,877</u>	<u>P 894,574</u>	<u>P 220,098,346</u>

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

	<u>Land</u>	<u>Land Improvements</u>	<u>Building and Improvements</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at June 1, 2023, net of accumulated depreciation and amortization	P 83,103,532	P 12,274,056	P 107,713,911	P -	P 203,091,499
Additions	-	277,696	109,662,885	-	109,940,581
Disposals	-	(500,000)	(36,419,391)	-	(36,919,391)
Reclassifications	-	-	13,301,447	-	13,301,447
Depreciation and amortization charges for the year	<u>-</u>	<u>(3,653,777)</u>	<u>(40,267,424)</u>	<u>-</u>	<u>(43,921,201)</u>
Balance at May 31, 2024, net of accumulated depreciation and amortization	<u>P 83,103,532</u>	<u>P 8,397,975</u>	<u>P 153,991,428</u>	<u>P -</u>	<u>P 245,492,935</u>
Balance at June 1, 2022, net of accumulated depreciation and amortization	P 83,103,532	P 6,440,363	P 129,659,877	P 894,574	P 220,098,346
Additions	-	7,921,524	29,530,300	92,957	37,544,781
Disposals	-	-	(11,666,493)	-	(11,666,493)
Reclassifications	-	987,531	(3,188,941)	(987,531)	(3,188,941)
Depreciation and amortization charges for the year	<u>-</u>	<u>(3,075,362)</u>	<u>(36,620,832)</u>	<u>-</u>	<u>(39,696,194)</u>
Balance at May 31, 2023, net of accumulated depreciation and amortization	<u>P 83,103,532</u>	<u>P 12,274,056</u>	<u>P 107,713,911</u>	<u>P -</u>	<u>P 203,091,499</u>
Balance at June 1, 2021, net of accumulated depreciation and amortization	P 66,244,078	P 6,421,917	P 129,659,877	P 74,745,037	P 277,070,909
Additions	-	1,929,598	12,193,147	-	14,122,745
Reclassifications	16,859,454	-	22,052,195	(73,850,463)	(34,938,814)
Depreciation and amortization charges for the year	<u>-</u>	<u>(1,911,152)</u>	<u>(34,245,342)</u>	<u>-</u>	<u>(36,156,494)</u>
Balance at May 31, 2022, net of accumulated depreciation and amortization	<u>P 83,103,532</u>	<u>P 6,440,363</u>	<u>P 129,659,877</u>	<u>P 894,574</u>	<u>P 220,098,346</u>

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

In 2024, the Group recognized gain on sale from the disposal of investment property amounting to P84.8 million presented as part of Other Operating Income in the 2024 consolidated statement of profit or loss (see Note 18.3). The total proceeds from such sale amounted to P121.8 million. There was no similar transaction in the previous years.

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

9.1 Related Income and Direct Expenses

The total rental income earned by the Group from its investment properties amounting to P27.5 million, P21.1 million and P43.2 million for the years ended May 31, 2024, 2023 and 2022, respectively, are presented as Rentals in the Revenues section of the consolidated statements of profit or loss. The direct operating expenses, which include property insurance, depreciation and amortization, and real property taxes incurred by the Group relating to investment properties, are presented as part of Insurance, Depreciation and amortization and Taxes and licenses under Operating Expenses in the consolidated statements of profit or loss (see Note 17).

9.2 Fair Values of Investment Properties

The fair values (which at Level 3) of the Group's investment properties presented below are determined on the basis of the latest appraisals performed by an independent appraiser in November 2023 covering the years ended May 31, 2024 and in February 2022 covering the year ended May 31, 2023 and 2022.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Land	P 606,684,771	P 553,262,103	P 553,262,103
Building and improvements	<u>162,389,403</u>	<u>210,689,650</u>	<u>211,905,728</u>
At appraised values	<u>P 769,074,174</u>	<u>P 763,951,753</u>	<u>P 765,167,831</u>

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

10. OTHER ASSETS

The breakdown of this account is as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current:			
Real estate held-for-sale	P 118,782,542	P 118,782,542	P 120,944,753
Short-term investments	86,138,456	22,897,882	22,768,890
Prepaid expenses	82,879,809	73,231,110	90,492,610
Inventories	37,447,650	23,820,136	22,231,267
Input value-added tax (VAT)	36,817,583	47,048,387	37,038,181
Others	<u>19,071,715</u>	<u>13,116,401</u>	<u>21,153,932</u>
	381,137,755	298,896,458	314,629,633
Allowance for impairment of input VAT	(<u>34,864,866</u>)	(<u>34,864,866</u>)	(<u>34,864,866</u>)
	<u>P 346,272,889</u>	<u>P 264,031,592</u>	<u>P 279,764,767</u>
Non-current:			
Advances to suppliers and developers	P 165,398,381	P 208,891,017	P 240,324,680
Refundable deposits	18,541,875	17,635,899	8,023,458
Long-term investments	3,694,963	3,694,963	14,086,963
Others	<u>2,173,477</u>	<u>2,173,477</u>	<u>2,173,477</u>
	189,808,696	232,395,356	264,608,578
Allowance for impairment of long-term investments	(<u>3,694,963</u>)	(<u>3,694,963</u>)	(<u>3,694,963</u>)
	<u>P 186,113,733</u>	<u>P 228,700,393</u>	<u>P 260,913,615</u>

Real estate held-for-sale represents the inventory of the Group's lots and townhouse units for sale located in Silang, Cavite and Ferndale Villas in Quezon City. The Group recognized a gain on sale of certain real estate property amounting to P16.3 million in 2023 and P5.6 million in 2022 (nil in 2024), which is presented as part of Other Operating Income in the consolidated statements of comprehensive income (see Note 18.3).

Management assessed that the carrying values of these assets are lower than their net realizable values considering present market values; hence, no impairment loss is recognized in fiscal years 2024, 2023 and 2022.

Short-term investments consist of time deposit or special savings deposit accounts. These investments, which earn interest ranging from 1.1% to 6.4% for 2024, 1.1% to 5.0% for 2023, and 0.4% to 0.5% for 2022, have maturities beyond three months but within one year from the end of each reporting period. The related accrued interest is presented as part of the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

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

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

Long-term investments in 2022 (nil in 2024 and 2023) include investments in redeemable preference shares that earn effective interest rates ranging from 6.1% to 6.6% and are maturing beyond one year from the date of placement as of the end of each lease reporting period.

11. PROPERTY AND EQUIPMENT

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

	<u>Land</u>	<u>Building and Improvements</u>	<u>Furniture and Equipment</u>	<u>Miscellaneous Equipment</u>	<u>Construction in Progress</u>	<u>Right-of-use Assets</u>	<u>Total</u>
May 31, 2024							
Cost	P 3,225,836,774	P 7,938,581,599	P 1,380,855,486	P 527,034,290	P 521,942,119	P 48,169,853	P13,642,420,121
Accumulated impairment loss	-	(2,804,402)	-	-	-	-	(2,804,402)
Accumulated depreciation and amortization	-	(3,052,753,809)	(1,065,585,732)	(444,024,473)	-	(48,169,853)	(4,610,533,867)
Net carrying amount	<u>P 3,225,836,774</u>	<u>P 4,883,023,388</u>	<u>P 315,269,754</u>	<u>P 83,009,817</u>	<u>P 521,942,119</u>	<u>P -</u>	<u>P 9,029,081,852</u>
May 31, 2023							
Cost	P 3,212,523,179	P 7,907,614,322	P 1,237,268,662	P 455,493,790	P 117,144,337	P 48,169,853	P12,978,214,143
Accumulated impairment loss	-	(2,804,402)	-	-	-	-	(2,804,402)
Accumulated depreciation and amortization	-	(2,663,611,071)	(959,342,768)	(407,506,997)	-	(37,993,432)	(4,068,454,268)
Net carrying amount	<u>P 3,212,523,179</u>	<u>P 5,241,198,849</u>	<u>P 277,925,894</u>	<u>P 47,986,793</u>	<u>P 117,144,337</u>	<u>P 10,176,421</u>	<u>P 8,906,955,473</u>
May 31, 2022							
Cost	P 2,870,412,735	P 7,677,119,768	P 1,055,320,809	P 430,088,567	P 76,799,658	P 48,128,575	P12,157,870,112
Accumulated impairment loss	-	(2,804,402)	-	-	-	-	(2,804,402)
Accumulated depreciation and amortization	-	(2,280,743,120)	(870,637,715)	(370,783,985)	-	(27,309,614)	(3,549,474,434)
Net carrying amount	<u>P 2,870,412,735</u>	<u>P 5,393,572,246</u>	<u>P 184,683,094</u>	<u>P 59,304,582</u>	<u>P 76,799,658</u>	<u>P 20,818,961</u>	<u>P 8,605,591,276</u>

A reconciliation of the carrying amounts of property and equipment at the beginning and end of periods ended May 31, 2024, 2023 and 2022 is shown below and in the succeeding page.

	<u>Land</u>	<u>Building and Improvements</u>	<u>Furniture and Equipment</u>	<u>Miscellaneous Equipment</u>	<u>Construction in Progress</u>	<u>Right-of-use Assets</u>	<u>Total</u>
Balance at June 1, 2023 net of accumulated depreciation and amortization	P 3,212,523,179	P 5,241,198,849	P 277,925,894	P 47,986,793	P 117,144,337	P 10,176,421	P 8,906,955,473
Additions	13,313,595	44,268,724	143,586,824	71,540,500	404,797,782	-	677,507,425
Reclassifications from (to) - net	-	(13,301,447)	-	-	-	-	(13,301,447)
Depreciation and amortization charges for the year	<u>-</u>	<u>(389,142,738)</u>	<u>(106,242,964)</u>	<u>(36,517,476)</u>	<u>-</u>	<u>(10,176,421)</u>	<u>(542,079,599)</u>
Balance at May 31, 2024 net of accumulated depreciation and amortization	<u>P 3,225,836,774</u>	<u>P 4,883,023,388</u>	<u>P 315,269,754</u>	<u>P 83,009,817</u>	<u>P 521,942,119</u>	<u>P -</u>	<u>P 9,029,081,852</u>
Balance at June 1, 2022 net of accumulated depreciation and amortization	P 2,870,412,735	P 5,393,572,246	P 184,683,094	P 59,304,582	P 76,799,658	P 20,818,961	P 8,605,591,276
Additions	342,110,444	210,629,533	181,947,853	25,405,223	57,020,759	-	817,113,812
Reclassifications from (to) - net	-	19,865,021	-	-	(16,676,080)	41,278	3,230,219
Depreciation and amortization charges for the year	<u>-</u>	<u>(382,867,951)</u>	<u>(88,705,053)</u>	<u>(36,723,012)</u>	<u>-</u>	<u>(10,683,818)</u>	<u>(518,979,834)</u>
Balance at May 31, 2023 net of accumulated depreciation and amortization	<u>P 3,212,523,179</u>	<u>P 5,241,198,849</u>	<u>P 277,925,894</u>	<u>P 47,986,793</u>	<u>P 117,144,337</u>	<u>P 10,176,421</u>	<u>P 8,906,955,473</u>

	<u>Land</u>	<u>Building and Improvements</u>	<u>Furniture and Equipment</u>	<u>Miscellaneous Equipment</u>	<u>Construction in Progress</u>	<u>Right-of-use Assets</u>	<u>Total</u>
Balance at June 1, 2021 net of accumulated depreciation and amortization	P 2,887,272,189	P 5,667,740,698	P 189,453,557	P 79,565,842	P 31,554,746	P 31,502,780	P 8,887,089,812
Additions	-	47,683,021	69,503,625	30,118,890	60,136,595	-	207,442,131
Disposals	-	(121,126)	(15,969)	(877,772)	-	-	(1,014,867)
Reclassifications from (to) - net	(16,859,454)	65,602,183	11,533,990	(10,502,990)	(14,891,683)	(41,277)	34,840,769
Depreciation and amortization charges for the year	-	(387,332,530)	(85,792,109)	(38,999,388)	-	(10,642,542)	(522,766,569)
Balance at May 31, 2022 net of accumulated depreciation and amortization	<u>P 2,870,412,735</u>	<u>P 5,393,572,246</u>	<u>P 184,683,094</u>	<u>P 59,304,582</u>	<u>P 76,799,658</u>	<u>P 20,818,961</u>	<u>P 8,605,591,276</u>

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

RCI capitalized borrowing costs amounting to P6.8 million in 2022 (nil in 2024 and 2023), representing the actual borrowing costs incurred on loans obtained to fund the construction project (see Note 18.2). Capitalization rates used in determining the amount of interest charges qualified for capitalization is 0.4% in 2022.

As of May 31, 2024, 2023 and 2022, certain fully depreciated assets with acquisition cost of P1,910.9 million, P1,828.9 million, and P1,615.5 million, respectively, are still being used in the Group's operations.

As at May 31, 2024, 2023 and 2022, none of the Group's property and equipment are used as collateral for any of the Group's interest-bearing loans and borrowings.

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

	<u>Number of right-of-use assets leased</u>	<u>Range of remaining term</u>	<u>Average remaining lease term</u>	<u>Number of leases with extension options</u>	<u>Number of leases with termination options</u>
2024					
Building and lot	2	-	-	2	2
2023					
Building and lot	2	1-3 years	1 year	2	2
2022					
Building and lot	2	3-4 years	2 years	2	2

As at May 31, 2024, 2023 and 2022, none of the Group's right-of-use assets are used as collateral for any of the Group's interest-bearing loans and borrowings.

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

12. LEASES

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

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

12.1 Lease Liabilities

Lease liabilities are presented in the consolidated statements of financial position as at May 31, 2024, 2023 and 2022 as follows:

	Note	2024	2023	2022
Current	13	P 2,443,276	P 13,019,013	P 11,947,420
Non-current		-	846,769	13,084,637
		<u>P 2,443,276</u>	<u>P 13,865,782</u>	<u>P 25,032,057</u>

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at May 31, 2024, 2023 and 2022 is as follows:

	Within 1 year	1 to 2 years	2 to 3 years	Total
2024				
Lease payments	P 2,909,147	P -	P -	P 2,909,147
Finance charges	(465,871)	-	-	(465,871)
Net present value	<u>P 2,443,276</u>	<u>P -</u>	<u>P -</u>	<u>P 2,443,276</u>
2023				
Lease payments	P 13,542,981	P 852,080	P -	P 14,395,061
Finance charges	(523,968)	(5,311)	-	(529,279)
Net present value	<u>P 13,019,013</u>	<u>P 846,769</u>	<u>P -</u>	<u>P 13,865,782</u>
2022				
Lease payments	P 13,303,095	P 12,761,835	P 849,226	P 26,914,156
Finance charges	(1,355,675)	(523,967)	(2,457)	(1,882,099)
Net present value	<u>P 11,947,420</u>	<u>P 12,237,868</u>	<u>P 846,769</u>	<u>P 25,032,057</u>

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

12.2 Lease Payments Not Recognized as Liabilities

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

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

12.3 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P11.9 million, P12.5 million and P11.6 million in 2024, 2023 and 2022, respectively. Interest expense in relation to lease liabilities amounted to P0.5 million, P1.4 million and P2.1 million for the years ended May 31, 2024, 2023 and 2022, respectively, and is presented as part of Interest expense under Finance Costs in the consolidated statements of profit or loss (see Note 18.2).

13. TRADE AND OTHER PAYABLES

This account consists of:

	<u>Notes</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Non-related parties:				
Accrued expenses	14	P 811,808,701	P 574,259,565	P 526,544,842
Dividends payable	22, 23.4(b)	406,890,377	298,839,580	251,149,057
Deposits payable		315,574,022	321,938,695	221,965,807
Trade payables		296,559,045	205,877,520	198,121,242
National Service Training Program (NSTP) and other funds		179,843,491	120,586,909	55,419,816
Amounts due to students		139,946,110	82,457,770	93,667,819
Retention payable		12,263,576	31,108,278	33,178,359
Lease liabilities	12.1	2,443,276	13,019,013	11,947,420
		2,165,328,598	1,648,087,330	1,391,994,362
Related parties –				
Due to related parties	20.8	24,387,586	26,156,878	27,119,392
Others:				
Withholding and other taxes payable		44,890,641	31,573,439	35,294,916
Miscellaneous		13,407,979	36,268,158	63,048,958
		58,298,620	67,841,597	98,343,874
		P 2,248,014,804	P 1,742,085,805	P 1,517,457,628

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

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

In 2024, 2023 and 2022, certain deposit payables, accruals, funds and other liabilities amounting to P71.5 million, P94.7 million, and P49.0 million, respectively, were reversed and recognized as income because the purpose for which the amounts were held or accrued have already been fulfilled. The related gains are presented as part of Other Income in the consolidated statements of profit or loss.

As of May 31, 2024, 2023 and 2022, retention payable includes the portion of the consideration given for the acquisition of RCI which is retained by the University to ensure compliance by the selling shareholders of RCI to certain terms of the share purchase agreement. This amounts to P5.4 million as of May 31, 2024 and P22.9 million as of May 31, 2023 and 2022, and is currently set aside for the eventual settlement. On the other hand, the remaining portion of retention payable pertains to the amounts owed to the Group's contractors of its ongoing construction projects (see Note 11).

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

The NSTP trust funds collected from students amounted to P42.3 million, P58.7 million and P40.4 million for the years ended May 31, 2024, 2023 and 2022, respectively. As of May 31, 2024, 2023 and 2022, the remaining balance is presented as part of NSTP and other funds in the consolidated statements of financial position.

14. INTEREST-BEARING LOANS

The Group's interest-bearing loans as of May 31, 2024, 2023 and 2022 are as follows:

Original Principal Amount	Outstanding Principal Balance (in Million Pesos)			Interest Charges (in Million Pesos)			Accrued Interest (in Million Pesos)			Current Interest Rate	Security	Maturity Date	Principal Repayment
	2024	2023	2022	2024	2023	2022	2024	2023	2022				
P 542.9	P 336.1	P 439.5	P 542.9	P 26.8	P 20.1	P 10.8	P 2.7	P 3.2	P 1.3	6.39%	Unsecured	July 2027	Quarterly
500.0	309.5	404.8	500.0	24.6	18.5	9.9	2.4	2.9	1.2	6.39%	Unsecured	July 2027	Quarterly
425.0	263.1	344.0	425.0	20.9	15.7	8.4	2.1	2.5	1.0	6.39%	Unsecured	July 2027	Quarterly
300.0	185.7	242.9	300.0	15.2	13.1	13.3	1.5	1.4	0.7	6.39%	Unsecured	July 2027	Quarterly
150.0	92.8	121.4	150.0	7.4	5.6	3.0	0.7	0.9	0.3	6.39%	Unsecured	July 2027	Quarterly
120.0	74.3	97.1	120.0	5.9	4.4	2.4	0.6	0.7	0.3	6.39%	Unsecured	July 2027	Quarterly
100.0	62.0	81.0	100.0	5.1	4.4	4.5	0.5	0.5	0.3	6.39%	Unsecured	July 2027	Quarterly
50.0	30.9	40.5	50.0	2.5	2.2	0.6	0.2	0.2	0.1	6.39%	Unsecured	July 2027	Quarterly
50.0	30.9	40.5	50.0	2.5	2.2	0.3	0.2	0.2	0.1	6.39%	Unsecured	July 2027	Quarterly
680.0	-	-	32.4	-	0.01	1.7	-	-	0.1	1.95%	Unsecured	June 2022	Quarterly
200.0	-	-	9.5	-	0.004	0.5	-	-	0.01	1.95%	Unsecured	June 2022	Quarterly
100.0	-	-	5.0	-	0.002	0.3	-	-	0.01	1.95%	Unsecured	June 2022	Quarterly
<u>P 1,385.3</u>	<u>P 1,811.7</u>	<u>P 2,284.8</u>	<u>P 110.9</u>	<u>P 86.2</u>	<u>P 55.7</u>	<u>P 10.9</u>	<u>P 12.5</u>	<u>P 5.4</u>					

Interest-bearing loans are presented in the consolidated statements of financial position as at May 31, 2024, 2023 and 2022 as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current	P 426,258,503	P 426,258,503	P 473,163,265
Non-current	<u>959,081,633</u>	<u>1,385,340,137</u>	<u>1,811,598,640</u>
	<u>P1,385,340,136</u>	<u>P1,811,598,640</u>	<u>P2,284,761,905</u>

All of the Group's interest-bearing loans and borrowings are clean loans; no assets are used and/or required as collaterals as of May 31, 2024, 2023 and 2022.

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

Loans obtained with a local commercial bank are subject to loan covenants effective for the years ended May 31, 2024, 2023 and 2022, respectively, which require the Group to maintain a debt service coverage ratio of at least 1.2x and debt-to-equity ratio of not more than 2:1. As of May 31, 2024, 2023 and 2022, the Group has complied with its loan covenants.

15. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

15.1 Market Risk

(a) Foreign Currency Risk

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

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Short-term exposure –			
Financial assets	<u>P 1,692,814,352</u>	<u>P 1,328,172,974</u>	<u>P 703,367,408</u>
Long-term exposure –			
Financial assets	<u>P 141,005,521</u>	<u>P 117,328,002</u>	<u>P 166,563,923</u>

The following table illustrates the sensitivity of the Group’s profit or loss before tax with respect to changes in Philippine peso against US dollar exchange rates. The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous periods (for the years ended May 31, 2024, 2023 and 2022) at a 95% confidence level.

		<u>2024</u>			<u>2023</u>			<u>2022</u>		
		Reasonably possible change in rate	Effect in profit before tax	Effect in equity	Reasonably possible change in rate	Effect in profit before tax	Effect in equity	Reasonably possible change in rate	Effect in loss before tax	Effect in equity
PhP – US Dollar	9.50%	<u>P 174,252,437</u>	<u>P 156,827,193</u>	12.29%	<u>P 177,692,731</u>	<u>P 159,923,458</u>	8.58%	<u>P 74,608,444</u>	<u>P 67,147,599</u>	

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

(b) *Interest Rate Risk*

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

	<u>Notes</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	5	<u>P 1,713,413,164</u>	<u>P 1,698,352,823</u>	<u>P 1,600,121,325</u>
Financial assets at FVPTL	7.1	-	-	<u>27,342,159</u>
Financial assets at FVOCI	7.2	<u>3,015,885,722</u>	<u>2,119,042,263</u>	<u>1,648,483,782</u>
Investment securities at amortized cost	7.3	<u>477,284,357</u>	<u>555,633,585</u>	<u>642,963,837</u>
Short-term investments	10	<u>86,138,456</u>	<u>22,897,882</u>	<u>22,768,890</u>
Long-term investments - net	10	-	-	<u>10,392,000</u>
Interest-bearing loans	14	<u>(1,385,340,136)</u>	<u>(1,811,598,640)</u>	<u>(2,284,761,905)</u>
		<u>P 3,907,381,563</u>	<u>P 2,584,327,913</u>	<u>P 1,667,310,088</u>

The table shown in the succeeding page illustrates the sensitivity of profit or loss before tax for the periods with regard to the Group’s interest-bearing financial instruments. These percentages have been determined based on the average market volatility rates, using standard deviation, in the periods ended May 31, 2024, 2023 and 2022, estimated at 95% level of confidence. The sensitivity analysis is based on the Group’s financial instruments held at May 31, 2024, 2023 and 2022.

	2024		2023		2022	
	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	+/-0.64%	P 10,888,940	+/-0.45%	P 7,686,732	+/-0.27%	P 3,125,142
Financial assets at FVOCI	+/-0.66%	19,834,775	+/-0.42%	8,927,387	+/-0.49%	6,966,622
Investment securities at amortized cost	+/-0.66%	3,138,988	+/-0.42%	2,340,848	+/-0.49%	2,885,918
Short-term investments	+/-1.02%	879,070	+/-0.48%	110,689	+/-0.72%	162,803
Long-term investments	+/-0.66%	-	+/-0.42%	-	+/-0.54%	56,100
Interest-bearing loans	+/-0.66%	(9,111,058)	+/-0.42%	(7,632,147)	+/-0.49%	(8,808,088)
		<u>P 25,630,715</u>		<u>P 11,433,509</u>		<u>P 4,388,497</u>

(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 has been observed for the years ended May 31, 2024, 2023 and 2022 which are shown on the table below.

	Effect on Total Comprehensive Income					
	+/-%	2024	+/-%	2023	+/-%	2022
Financial assets at FVTPL	4.99%	P 41,379,613	5.40%	P 47,648,022	5.32%	P 51,432,483
Financial assets at FVOCI	4.99%	3,786,380	5.40%	3,731,907	4.91%	4,653,858

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

15.2 Credit Risk

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

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

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

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

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

	<u>Notes</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	5	P 1,713,413,164	P 1,698,352,823	P 1,600,121,325
Trade and other receivables - net	6	1,105,049,234	977,936,611	878,550,290
Financial assets at FVOCI	7.2	3,015,885,722	2,119,042,263	1,648,483,782
Investment securities at amortized cost	7.3	477,284,357	555,633,585	642,963,837
Short-term investments	10	86,138,456	22,897,882	22,768,890
Long term investments - net	10	-	-	10,392,000
Refundable deposits	10	18,541,875	17,635,899	8,023,458
		<u>P 6,416,312,808</u>	<u>P 5,391,499,063</u>	<u>P 4,811,303,582</u>

a. Cash and Cash Equivalents and Short-term Placements

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

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

For cash and cash equivalents and financial assets of similar nature, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments.

It is the Group's policy to measure ECL on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on lifetime ECL.

As at May 31, 2024, 2023 and 2022, management assessed that the allowance for ECL on these financial instruments is not material.

b. Trade and Other Receivables

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

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

The Group incorporates forward-looking information (FLI) into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The most relevant macro-economic variable used in the measurement of ECL is consumer spending as at May 31, 2024, 2023 and 2022 based on the correlation of historical loss rates and FLI.

For the years ended May 31, 2024, 2023 and 2022, the Group recognized total impairment losses amounting to P36.4 million, P55.6 million, and P58.9 million, respectively. A reconciliation of the allowance for ECL as at May 31, 2023, 2022 and 2021 to the opening loss allowance is presented in Note 6.

As at May 31, 2024, 2023 and 2022, the weighted average loss rate, adjusted with FLI, used in the measurement of ECL is at 15.3%, 18.1%, and 18.4%, respectively.

On the other hand, to calculate the ECL of rental receivables, these have been grouped based on shared credit risk characteristics and the days past due (age buckets). The rental receivables which relate to both third party and related party receivables have substantially the same risk characteristics. The Group has therefore concluded that the expected loss rates for all rental receivables, whether from third party or related party, are the same. The expected loss rates are based on the payment profiles of sales over a period of 36 months before May 31, 2024, 2023 and 2022, respectively, and the corresponding historical credit losses experienced within such period. The Group has identified the Philippine inflation rate to be the most relevant factor and has accordingly adjusted the historical loss rates based on expected changes in this factor. There are no past due rental receivables for the years ended May 31, 2024, 2023 and 2022.

On that basis, there is no additional loss allowance recognized based on management's assessment as of May 31, 2024, 2023 and 2022, as the expected credit losses are assessed to be insignificant to the Group's consolidated financial statements.

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

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

In assessing the ECL, management used external benchmark information like probability of default (PD) rates as published by external credit rating agencies. Applicable loss rate per debt instrument depends on the credit rating by letter grade as assessed by the external rating agencies. For issuers of securities that were not rated by external rating agencies, credit rating based on country or location are used as benchmark.

The loss allowance is as follows:

<u>Company Internal Credit Rating</u>	<u>External Credit Rating</u>	<u>ECL Rate</u>	<u>Estimated Gross Carrying Amount at Default</u>	<u>Allowance</u>
<u>2024</u>				
<i>Investment Securities at Amortized Cost</i>				
Performing	A – AAA	0.00%	P 18,786,927	P -
Underperforming	BB – BBB+	0.00% - 0.21%	-	-
<i>Financial Assets at FVOCI</i>				
Performing	A – AAA	0.00%	30,000,000	-
Underperforming	BBB+	0.00% - 0.09%	<u>1,024,993,604</u>	<u>876,130</u>
			<u>P 1,073,780,531</u>	<u>P 876,130</u>
<u>2023</u>				
<i>Investment Securities at Amortized Cost</i>				
Performing	A – AAA	0.00%	P 228,154,723	P -
Underperforming	BB – BBB+	0.00% - 0.21%	101,226,068	-
<i>Financial Assets at FVOCI</i>				
Performing	A – AAA	0.00%	154,396,504	-
Underperforming	BBB+	0.00% - 0.09%	<u>1,849,006,723</u>	<u>667,349</u>
			<u>P 2,332,784,018</u>	<u>P 667,349</u>
<u>2022</u>				
<i>Investment Securities at Amortized Cost</i>				
Performing	A – AAA	0.00% - 0.03%	P 281,809,026	P -
Underperforming	BB – BBB+	0.00% - 0.23%	63,667,877	-
<i>Financial Assets at FVOCI</i>				
Performing	AAA	0.00%	135,021,962	-
Underperforming	BBB+	0.00% - 0.09%	<u>1,530,649,775</u>	<u>1,303,845</u>
			<u>P 2,011,148,640</u>	<u>P 1,303,845</u>

d. *Refundable Deposits*

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

15.3 Liquidity Risk

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

As at May 31, 2024, 2023 and 2022, the Group's financial liabilities (excluding lease liabilities – see Note 12) have contractual maturities which are presented below:

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Total
2024				
Trade and other payables	P 2,178,736,577	P 24,387,586	P -	P 2,203,124,163
Interest-bearing loans	255,692,496	248,882,377	1,035,695,469	1,540,270,342
Refundable deposits (presented under Other Non-current Liabilities)	-	-	18,541,875	18,541,875
	<u>P 2,434,429,073</u>	<u>P 273,269,963</u>	<u>P 1,054,237,344</u>	<u>P 3,761,936,380</u>
2023				
Trade and other payables	P 1,549,787,052	P 27,119,392	P -	P 1,576,906,444
Interest-bearing loans	260,165,093	254,463,779	1,515,045,029	2,029,673,901
Refundable deposits (presented under Other Non-current Liabilities)	-	-	17,635,899	17,635,899
	<u>P 1,809,952,145</u>	<u>P 281,583,171</u>	<u>P 1,532,680,928</u>	<u>P 3,624,216,244</u>
2022				
Trade and other payables	P 1,416,933,538	P 32,764,626	P -	P 1,449,698,164
Interest-bearing loans	276,467,532	227,672,220	1,868,108,458	2,372,248,210
Refundable deposits (presented under Other Non-current Liabilities)	-	-	8,023,458	8,023,458
	<u>P 1,693,401,070</u>	<u>P 260,436,846</u>	<u>P 1,876,131,916</u>	<u>P 3,829,969,832</u>

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

15.4 Offsetting of Financial Assets and Financial Liabilities

The Group's cash in bank, which is presented as part of the Cash and Cash Equivalents account, and portion of Short-term investments under the Other Current Assets – net account in the consolidated statements of financial position (see Notes 5 and 10) are subject to offsetting, enforceable master netting arrangements and similar agreements as at May 31, 2024, 2023 and 2022, such as loan agreements, as presented below.

	Gross Amounts Recognized in the Consolidated Statements of <u>Financial Position</u>		Net Amount Presented in the Consolidated Financial Statements of <u>Position</u>	Related Amounts not Set-off in the Consolidated Statements of <u>Financial Position</u>		
	<u>Financial liabilities</u>	<u>Financial assets instruments</u>		<u>Financial Instruments</u>	<u>Cash Collateral Received</u>	<u>Net Amount</u>
<u>May 31, 2024</u>						
Interest-bearing loans	<u>P 1,385,340,136</u>	<u>P -</u>	<u>P 1,385,340,136</u>	<u>(P 847,213,004)</u>	<u>P -</u>	<u>P 538,127,132</u>
<u>May 31, 2023</u>						
Interest-bearing loans	<u>P 1,811,598,640</u>	<u>P -</u>	<u>P 1,811,598,640</u>	<u>(P 223,115,007)</u>	<u>P -</u>	<u>P 1,588,483,633</u>
<u>May 31, 2022</u>						
Interest-bearing loans	<u>P 2,284,761,905</u>	<u>P -</u>	<u>P 2,284,761,905</u>	<u>(P 102,738,316)</u>	<u>P -</u>	<u>P 2,182,023,589</u>

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

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

16. EDUCATIONAL REVENUES

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Tuition fees	<u>P 5,540,124,722</u>	<u>P 5,071,732,840</u>	<u>P 4,287,175,127</u>
Less discounts:			
Scholarship	333,792,271	324,861,543	337,851,906
Cash	47,972,213	43,283,316	29,811,339
Family	<u>10,592,483</u>	<u>11,081,522</u>	<u>8,667,875</u>
	<u>392,356,967</u>	<u>379,226,381</u>	<u>376,331,120</u>
	<u>5,147,767,755</u>	<u>4,692,506,459</u>	<u>3,910,844,007</u>
Other school fees:			
Senior high school miscellaneous fees	78,885,869	80,799,192	51,046,332
Various registration fees	40,457,871	21,042,464	28,245,478
Graduation and commencement fees	31,658,877	14,287,225	13,897,792
Identification cards	20,767,359	14,257,486	11,094,596
Entrance fees	16,806,786	19,613,169	16,111,595
Transcript fees	15,589,787	14,237,313	10,867,577
Diplomas	12,971,175	19,088,864	16,256,166
Certification fees	12,138,686	10,548,996	5,854,994
Developmental fees	6,210,500	5,414,500	280,000
Miscellaneous	<u>19,106,578</u>	<u>27,488,917</u>	<u>25,567,289</u>
	<u>254,593,488</u>	<u>226,778,126</u>	<u>179,221,819</u>
	<u>P 5,402,361,243</u>	<u>P 4,919,284,585</u>	<u>P 4,090,065,826</u>

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

16.1 Core Revenue Stream

The Group presents below the disaggregation of its core revenue for each reportable segment for the years ended May 31, 2024, 2023 and 2022. The Group recognizes revenues over time for tuition fees and point in time for other fees as follows:

Year	Nature	Business Segments			Total
		FEU Main	Trimestral Schools	Other Schools	
2024	Tuition fees – net	P 2,763,852,230	P 1,660,047,373	P 723,868,152	P 5,147,767,755
	Other school fees	<u>63,408,359</u>	<u>45,955,078</u>	<u>145,230,051</u>	<u>254,593,488</u>
	Total	<u>P 2,827,260,589</u>	<u>P 1,706,002,451</u>	<u>P 869,098,203</u>	<u>P 5,402,361,243</u>
2023	Tuition fees – net	P 2,748,719,663	P 1,329,376,399	P 614,410,397	P 4,692,506,459
	Other school fees	<u>68,358,214</u>	<u>45,844,565</u>	<u>112,575,347</u>	<u>226,778,126</u>
	Total	<u>P 2,817,077,877</u>	<u>P 1,375,220,964</u>	<u>P 726,985,744</u>	<u>P 4,919,284,585</u>
2022	Tuition fees – net	P 2,318,574,073	P 1,139,080,359	P 453,189,575	P 3,910,844,007
	Other school fees	<u>60,142,211</u>	<u>45,544,165</u>	<u>73,535,443</u>	<u>179,221,819</u>
	Total	<u>P 2,378,716,284</u>	<u>P 1,184,624,524</u>	<u>P 526,725,018</u>	<u>P 4,090,065,826</u>

16.2 Unearned Tuition Fees

For the years ended May 31, 2024, 2023 and 2022, the Group, except FRC, has collected advance tuition fee payments from students who enrolled for the next school term which amounted to P45.4 million, P72.5 million, and P73.2 million, respectively. These collections are presented as Deferred Revenues in the consolidated statements of financial position. These will be recognized as revenue once the performance obligation of the schools within the Group has been rendered, which is usually within 12 months of receipt.

17. OPERATING EXPENSES

Operating expenses consist of:

	<u>Notes</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Salaries and employee benefits	19, 20.6	P 1,841,326,394	P 1,656,022,524	P 1,419,887,789
Depreciation and amortization	9, 11, 20.3	586,000,800	558,676,028	558,923,063
Outside services		209,132,399	161,702,349	101,403,111
Professional fees		178,934,232	129,524,845	108,599,262
Utilities		174,837,959	168,934,160	79,648,616
Licenses and subscriptions		156,372,756	121,428,023	88,907,862
Supplies and materials		146,979,745	121,417,239	74,822,821
Repairs and maintenance		107,101,854	101,011,717	87,961,308
Trainings and seminars		60,037,464	55,943,326	27,991,280
Taxes and licenses		51,112,642	43,027,049	36,690,127
Transportation and travel		38,294,594	28,622,839	12,645,569
Public relations and promotions		23,005,191	22,634,294	19,360,527
Directors' bonus		19,291,713	14,000,000	14,000,000
Insurance		13,142,943	22,647,895	13,138,559
Rental	12.2	8,633,930	13,909,517	4,192,360
Research		1,095,089	3,695,273	4,332,809
Others		29,643,846	41,053,943	38,241,988
		<u>P 3,644,943,551</u>	<u>P 3,264,251,021</u>	<u>P 2,690,747,051</u>

18. OTHER OPERATING INCOME, FINANCE INCOME AND FINANCE COSTS

18.1 Finance Income

This consists of the following:

	Notes	2024	2023	2022
Interest income from:				
Financial assets at FVOCI	7.2	P 116,490,862	P 46,319,696	P 20,203,135
Short-term investments	10	43,183,019	25,908,862	9,875,836
Cash and cash equivalents	5	20,036,249	17,393,250	1,147,302
Investment securities at amortized cost	7.3	15,316,305	21,074,042	13,558,962
Installment sales		-	1,099,803	-
Other investment income (loss) from:				
Financial assets at FVTPL	7.1	130,033,624	14,753,802	16,199,049
Financial assets at FVOCI	7.2	(5,945,202)	12,391,878	13,405,491
Foreign exchange gain – net		57,364,609	43,486,176	59,676,673
Reversal of impairment loss	7.3	-	298,206	-
		P 376,479,466	P 182,725,715	P 134,066,448

18.2 Finance Costs

This account is broken down into the following:

	Notes	2024	2023	2022
Interest expense from:				
Interest-bearing loans	14	P 110,906,425	P 86,281,311	P 48,886,532
Lease liabilities	12.3	523,967	1,352,823	2,084,606
Others		16,274,520	14,169,195	12,632,350
		P 127,704,912	P 101,803,329	P 63,603,488

An interest expense amounting to P6.8 million in 2022 (nil in 2024 and 2023) have been capitalized as part of construction in progress under property and equipment account, which arose solely from specific borrowings (see Note 11).

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

18.3 Other Operating Income

This account is broken down into the following:

	Notes	2024		2023		2022
Gain on sale of investment and real properties	9, 10	P 84,832,396	P	16,307,952	P	5,588,380
Miscellaneous		<u>13,020,199</u>		<u>19,547,968</u>		<u>1,814,947</u>
		<u>P 97,852,595</u>	P	<u>35,855,920</u>	P	<u>7,403,327</u>

Gain on sale of investment and real properties relate to revenues recognized by FRC from its sale of lots and completed townhouses classified as investment properties and real estate held for sale.

Miscellaneous income relates to incidental non-school related revenue streams of the Group.

19. EMPLOYEES' HEALTH, WELFARE AND RETIREMENT FUND

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

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

The University, FECSI, EACCI, FEUAI, FEU High and RCI maintain tax-qualified, funded and contributory retirement plans, which fall under a defined contribution type of retirement plan, covering regular teaching and non-teaching personnel members. The University, FECSI, EACCI, FEUAI, FEU High and RCI's retirement plans were maintained since 1967, 2013, 2017, 2018, 2019 and 2024, respectively.

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

- FEU - FEU Health Welfare and Retirement Fund
- FECSI - FEU Cavite Health Welfare and Retirement Fund (FEUHWRFP)
- EACCI and FEUAI - Private Education Retirement Annuity Association (PERAA)
- FEU High and RCI - Comprehensive Benefits Plan policy issued by Insular Life Assurance Co. Ltd. (Benefits Policy)

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

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

(ii) *RCI and FRC*

FRC 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. It has the discretion when to fund the minimum post-employment benefits calculated; however, upon retirement of qualified employees, funds must be readily available for payment of employees' retirement benefits.

Retirement expense presented as part of Salaries and employee benefits under Operating Expenses in the consolidated statements of profit or loss amounted to P115.6 million, P111.9 million and P98.6 million for the years ended May 31, 2024, 2023 and 2022, respectively (see Note 17).

(b) *Explanation of Amounts Disclosed in the Consolidated Financial Statements*

Actuarial valuations are obtained: (i) to determine the higher of the defined benefit obligation relating to the minimum guarantee and the obligation arising from the defined contribution plan (for FECSI, FEU High and RCI); and, (ii) to update the retirement benefit costs for the others. For the University, EACCI and FEUAI, significant contributions to its fund, which consist of employees' contribution of 5% of basic salary, and the counterpart employers' contribution which is equivalent to 20% for the University and 12% for EACCI and FEUAI, both based on basic salary, are determined to be sufficient to meet the estimated cost of post-employment benefits as required by the provisions of RA No. 7641.

All amounts presented below and in the succeeding pages are based on the actuarial valuation reports obtained from an independent actuary for the years ended May 31, 2024, 2023 and 2022 (for FECSI, FEU High, and RCI).

The post-employment benefit obligation amounting to P49.6 million, P63.1 million, and P49.8 million as of May 31, 2024, 2023 and 2022, respectively, pertains to FECSI, EACCI, FRC, and RCI's defined benefit liability, which is presented under non-current liabilities in the consolidated statements of financial position.

The movements in the present value of the post-employment benefit obligation recognized in the books are as follows:

	<u>2024</u>		<u>2023</u>		<u>2022</u>
Balance at beginning of year	P 63,116,118	P	49,808,248	P	47,010,188
Benefits paid and/or contributions made	(18,591,461)	(	4,496,936)	(	5,031,578)
Current service cost and/or accruals made	10,172,745		9,982,359		10,595,349
Interest expense	285,917		2,285,417		1,979,522
Remeasurements – actuarial losses (gain) arising from:					
Changes in financial assumptions	(4,011,847)	(	737,500)	(	4,742,084)
Experience adjustments	(1,345,899)	(	6,274,530)	(	3,149)
Balance at end of year	<u>P 49,625,573</u>	P	<u>63,116,118</u>	P	<u>49,808,248</u>

The components of amounts recognized in profit or loss (as part of Employee benefits under Other Operating Expenses) and in other comprehensive income in respect of the post-employment defined benefit plan are shown below:

	<u>2024</u>		<u>2023</u>		<u>2022</u>
<i>Reported in profit or loss:</i>					
Current service cost	P 10,172,745	P	9,982,359	P	10,595,349
Interest expense	285,917		2,285,417		1,979,522
	<u>P 10,458,662</u>	P	<u>12,267,776</u>	P	<u>12,574,871</u>
<i>Reported in other comprehensive income –</i>					
Actuarial gains (losses) from:					
Changes in financial assumptions	P 4,011,847	P	737,500	P	4,742,084
Experience adjustments	1,345,899	(	6,274,530)	(	3,149
	<u>P 5,357,746</u>	(P	<u>5,537,030)</u>	P	<u>4,745,233</u>

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

	<u>2024</u>		<u>2023</u>		<u>2022</u>
<u>RCI, EACCI, FECSI</u>					
<u>and FEUAI (2023 and 2022);</u>					
<u>RCI, FECSI and FEU High</u>					
<u>(2024)</u>					
Discount rates	6.78% - 6.96%		5.87% - 6.18%		6.61% - 6.69%
Salary growth rate	3.00% - 4.00%		3.50% - 5.00%		3.00% - 5.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 are as follows:

RCI	-	17 years both for males and females
FECSI	-	25 years for males and 21 years for females
FEU High	-	28 years for both males and females

These assumptions were developed by management with the assistance of an independent actuary. Discount factor is determined close to the end of the reporting period by reference to the interest rates of a zero-coupon government bond with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

The defined contribution plans of FEU, FECSI, EACCI, FEUAI, FEU High and RCI are also accounted for as a defined benefit plan with minimum guarantee in accordance with the Philippine Interpretations Committee (PIC) Interpretation on PAS 19 (Revised). Considering that the present value of the obligation approximates the fair value of the plan assets, management opted not to recognize further the overfunding of the obligation for the years ended May 31, 2024, 2023 and 2022.

For the other entities with existing retirement plan, their respective unfunded retirement benefit obligation is insignificant to the consolidated balances in all years presented, hence, not reported herein, but are fully disclosed in their respective separate financial statements.

An analysis of the defined benefit obligation of the entities following PIC Interpretation with respect to the defined benefit minimum guarantee under RA No. 7641 is presented below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>RCI, EACCI, FECSI</u>			
<u>and FEUAI (2023 and 2022);</u>			
<u>RCI, FECSI and FEU High</u>			
<u>(2024)</u>			
Fair value of plan assets	P 28,296,487	P 9,667,058	P 4,468,267
Present value of obligation	(39,314,155)	(1,318,035)	(1,732,595)
Excess (deficiency) of plan assets over retirement obligation	(P 11,017,668)	P 8,349,023	P 2,735,672

Excluded in the analysis of the minimum guaranteed defined benefit obligation under RA No. 7641 above, is the University starting in 2023 and EACCI and FEUAI in 2024, since it is determined that the University, EACCI and FEUAI's monthly contributions to its fund is significantly sufficient to cover the actuarially determined post-employment benefit obligation, which is evident in the continuous overfunding of its fund in the immediately preceding years. As of May 31, 2024, the fair value of the University, EACCI and FEUAI's plan assets amounted to P971.4 million, P155.6 million and P19.0 million, respectively.

The movements in the fair value of plan assets are presented below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 113,082,687	P 947,790,030	P 865,525,239
Exclusion of FEU, EACCI and FEUAI plan assets	(103,415,629)	(851,227,623)	-
Actual contributions	17,431,312	19,379,417	94,246,697
Remeasurement gain	751,449	(3,294,298)	-
Interest income	593,432	3,928,745	48,339,548
Benefits paid	(146,764)	(3,493,584)	(60,321,454)
Balance at end of year	<u>P 28,296,487</u>	<u>P 113,082,687</u>	<u>P 947,790,030</u>

The movements in the present value of the retirement benefit obligation are as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 98,744,640	P 920,733,478	P 840,196,295
Exclusion of FEU, EACCI and FEUAI's retirement benefit obligation	(100,062,675)	(820,642,088)	-
Current service cost	42,733,269	7,439,715	52,454,167
Actuarial loss (gain)	(4,165,228)	(11,161,080)	54,639,559
Interest expense	2,634,482	6,291,178	33,764,911
Benefits paid	(570,333)	(3,916,563)	(60,321,454)
Balance at end of year	<u>P 39,314,155</u>	<u>P 98,744,640</u>	<u>P 920,733,478</u>

(c) *Risks Associated with the Retirement Plan*

The plan exposes the University, RCI, FECSI, EACCI, FEUAI and FEU High to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents, equity securities and debt securities.

Currently, the University's plan is significantly composed of equity securities and debt securities. Due to the long-term nature of the plan obligation, a level of continuing equity investments is an appropriate element of the University's long-term strategy to manage the plans efficiently. FECSI, on the other hand, has investments in cash and cash equivalents and loans.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the asset-liability matching strategy of the University, FECSI, EACCI, FEUAI and FEU High and the timing and uncertainty of future cash flows related to the retirement plan are described below and in the succeeding pages.

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of respective report dates:

	<u>Impact on Post-employment Benefit Obligation</u>		
	<u>Change in Assumption</u>	<u>Increase/ (Decrease) in Assumption</u>	<u>Increase/ (Decrease) in Assumption</u>
<u>May 31, 2024</u>			
<i>RCI:</i>			
Discount rate	+/-1.0%	(P 124,527)	P 59,593
Salary growth rate	+/-1.0%	149,131	(285,664)
<i>FECSI:</i>			
Discount rate	+/-1.0%	(P 146,735)	P 168,159
Salary growth rate	+/-1.0%	173,086	(153,229)
<i>FEU High:</i>			
Discount rate	+/-1.0%	(P 356,827)	P 428,749
Salary growth rate	+/-1.0%	438,066	(372,271)
<u>May 31, 2023</u>			
<i>RCI:</i>			
Discount rate	+/-1.0%	(P 124,527)	P 83,916
Salary growth rate	+/-1.0%	149,131	(283,700)
<i>FECSI:</i>			
Discount rate	+/-1.0%	(P 224,937)	P 260,280
Salary growth rate	+/-1.0%	265,413	(232,926)
<i>EACCI:</i>			
Discount rate	+/-0.5%	(P 144,075)	P 215,457
Salary growth rate	+4.0%/-7.0%	505,972	(6,590,998)
<i>FEUAI:</i>			
Discount rate	+/-0.5%	(P 36,151)	P 47,088
Salary growth rate	+4.0%/-7.0%	115,601	(1,513,546)
<i>FEU High:</i>			
Discount rate	+/-1.0%	(P 302,823)	P 391,739
Salary growth rate	+/-1.0%	399,894	(312,953)

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	Increase/ (Decrease) in Assumption	Increase/ (Decrease) in Assumption
<u>May 31, 2022</u>			
<i>University:</i>			
Discount rate	+/-0.5%	(P 139,834)	P 183,480
Salary growth rate	+/-1.0%	425,313	(236,625)
<i>RCI:</i>			
Discount rate	+/-0.5%	(P 1,168,053)	P 1,262,849
Salary growth rate	+/-1.0%	2,489,490	(2,167,995)
<i>FECSI:</i>			
Discount rate	+/- 1.0%	(P 326,264)	P 277,967
Salary growth rate	+/- 1.0%	335,160	(289,546)
<i>EACCI:</i>			
Discount rate	+/- 0.5%	(P 93,662)	P 112,606
Salary growth rate	+4%/- 7.0%	241,928	(2,958,080)
<i>FEUAI:</i>			
Discount rate	+/- 0.5%	(P 26,798)	P 28,327
Salary growth rate	+4%/- 7.0%	56,566	(863,661)

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 match the expected cash outflows arising from the retirement obligations.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

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

Currently, FECSI, EACCI, FEUAI, FEU High and RCI have no specific matching strategy between the plan assets and the plan liabilities.

(iii) Funding Arrangements and Expected Contributions

While there is no minimum funding requirement in the country for defined benefit plans, the size of the fund, bearing that it is significantly under a defined contribution regime, is also sufficient to cover the vested benefits of the higher between the RA No. 7641 or the Group's retirement plan itself, when a significant number of employees are expected to retire in 13 to 20 years' time.

The University, FECSI, EACCI, FEUAI, FEU High and RCI expects to make contributions to its plan in accordance with the defined contribution established by the Retirement Board of its respective Funds during the next reporting period.

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:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets			
Cash and cash equivalents	P 121,638,678	P 108,583,575	P 87,106,029
Receivables – net	65,432,324	46,516,917	53,749,357
Investment in debt securities:			
Government securities	488,188,039	416,474,205	365,734,297
Corporate bonds and other debt instruments	94,654,887	105,676,905	138,238,329
Investment in equity securities:			
Corporate shares	316,363,279	319,880,997	354,114,730
UITF	119,623,105	127,717,207	129,886,446
Others	177,456	35,038	65,321
	1,206,077,768	1,124,884,844	1,128,894,509
Liabilities	(53,023,059)	(50,474,498)	(44,705,185)
Net Assets Available for Plan Benefits	<u>P 1,153,054,709</u>	<u>P 1,074,410,346</u>	<u>P 1,084,189,324</u>

The University's Funds' plan assets are invested in various types of financial assets that are maintained in trust funds under credible trustee-banks under control by the Fund through its Board of Governors.

The subsidiaries' plan assets that are lodged with the FEUCHWRFP, PERAA and Benefits Policy have a fair value of P202.8 million, P107.8 million, and P96.6 million as of May 31, 2024, 2023 and 2022, respectively.

20. RELATED PARTY TRANSACTIONS

The Group's related parties include related parties under common management, key management personnel and others. The following are the Group's transactions with such related parties:

	Notes	2024		2023		2022		Terms	Conditions
		Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)		
Related Parties Under Common Management:									
Advances to related parties	20.1	P 18,963,016	P 37,019,990	(P 6,848,785)	P 19,171,787	(P 19,492,540)	P 26,020,572	Due and demandable; noninterest-bearing	Unsecured; not-impaired
Reimbursement of expenses	20.2	3,673,885	25,785,942	3,902,819	20,997,244	377,396	17,094,425	Due and demandable; noninterest-bearing	Unsecured; not-impaired
Lease liabilities	20.3	(1,739,873)	(1,599,360)	(2,669,815)	(3,339,233)	(2,267,753)	(6,009,048)	Interest bearing	Not applicable
Right-of-use asset	20.3	(2,330,598)	-	(2,796,718)	2,330,598	(2,796,718)	5,127,316	Not applicable	Not applicable
Management fee	20.4	42,671,147	14,600,000	50,821,753	3,639,788	45,539,170	12,179,019	Due and demandable; noninterest-bearing	Unsecured; not-impaired
Due to related parties	20.8	(1,769,292)	(24,387,586)	(962,514)	(26,156,878)	(255,569)	(27,119,392)	Due and demandable; noninterest-bearing	Unsecured
Retirement Funds:									
Retirement plan assets	20.5	-	1,174,264,663	-	981,315,933	-	947,790,030	Not applicable	Not applicable
Reimbursement of expenses	20.2	1,276,951	4,676,534	894,724	3,399,583	(2,557,199)	2,504,859	Due and demandable; noninterest-bearing	Unsecured; not-impaired
Others –									
Key management personnel compensation	20.6	190,311,680	-	168,748,443	-	187,551,358	-	Not applicable	Not applicable

In 2024, 2023 and 2022, the Group reviewed its receivables from related parties and, accordingly, assessed for impairment. Except for those receivables provided with corresponding allowance [see Note 20.1(a) and (d)], no impairment loss was deemed necessary to be recognized for all other receivables in all years presented.

The Related Party Transactions (RPT) Committee, which meet regularly and as necessary, review proposed RPT within the materiality threshold to determine whether or not the transaction is on terms no less favorable to the Group than terms available to any unconnected third party under the same or similar circumstances. On favorable review, the RPT Committee endorse transactions to the BOT for approval.

All material related party transactions shall be approved by at least two-thirds vote of the BOT, with at least a majority of the independent directors voting to approve the material related party transactions. In case a majority of the independent directors' is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. Transactions amounting to 10% or more of the consolidated total resources based on the latest audited consolidated financial statements entered into with related parties are considered material.

20.1 Noninterest-bearing Advances

(a) Advances of the University to a Related Party

The University grants unsecured and noninterest-bearing advances, which are due and demandable to FEU Public Policy Center Foundation, Inc. (FEUPPCFI), a related party under common management of the Group in furtherance of certain research-related advocacy, for working capital purposes.

Summarized below are the outstanding receivables from these advances as of May 31, 2024, 2023 and 2022 recorded as part of Receivables from related parties (see Note 6) under Trade and Other Receivables account in the consolidated statements of financial position (see Note 6):

	<u>2024</u>		<u>2023</u>		<u>2022</u>
Balance at beginning of year	P 9,501,803	P	6,875,803	P	4,838,503
Additional advances during the year	<u>3,083,160</u>		<u>2,626,000</u>		<u>2,037,300</u>
Balance at end of year	<u>P 12,584,963</u>	P	<u>9,501,803</u>	P	<u>6,875,803</u>

On a year-on-year basis, management assessed the near-term recoverability of advances in relation to viability of projects undertaken by FEUPPCFI, as of May 31, 2024, 2023 and 2022 the entire amount of receivable is doubtful of immediate collection, therefore, full allowance for impairment on these receivables were recognized as part of Impairment Loss on Financial Assets in the consolidated statements of profit or loss.

(b) *Advances between EACCI and East Asia Educational Foundation, Inc. (EAEFI)*

EACCI granted EAEFI 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, 2024, the outstanding advances to EAEFI amounting to P0.1 million, which are presented as part of Receivables from related parties under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

(c) *Advances between EACCI and Nicanor Reyes Educational Foundation, Inc. (NREFI)*

During the years ended May 31, 2024, 2023 and 2022, certain tuition and other school fees for the respective accounts of EACCI or NREFI were interchangeably digitally remitted by students. Subsequently, these collections were appropriately transmitted to the entities to which the related receivables are due. The receivable and payable accounts are unsecured, noninterest-bearing and payable in cash immediately upon demand. The outstanding receivable amounting to P20.4 million, P4.8 million, and P13.5 million as of May 31, 2024, 2023 and 2022, respectively, is presented as part of Receivables from related parties under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

(d) *Advances of RCI to its Related Party*

RCI grants noninterest-bearing and unsecured advances to RCEE, Roosevelt College Scholarship Foundation and Roosevelt College Center for Teacher Education, related parties under common management, for working capital purposes. These advances are generally collectible in cash and are due upon demand or through offsetting arrangement. The outstanding balance from these transactions amounting to P3.9 million, P3.8 million, P5.7 million as of May 31, 2024, 2023 and 2022, respectively, are presented as part of Receivables from related parties under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

20.2 Reimbursement of Expenses

During the year ended May 31, 2024, 2023 and 2022, the University billed its related entities for the reimbursement of amounts it initially advanced to third party suppliers and service providers for certain expenses and various allocated expenses, at cost. These expenses pertain to those incurred in the normal course of operations of the University and its related entities, which include legal fees, various supplies, use of facilities, and salaries and benefits of seconded employees, among others.

Moreover, the University made initial payments to its retired employees which is then billed to its retirement fund and recorded as part of Receivables from related parties under Trade and Other Receivables in the consolidated statements of financial position (see Note 6).

	<u>2024</u>		<u>2023</u>		<u>2022</u>
Related Parties under					
Common Management:					
FEU Public Policy Center Foundation, Inc.	P 24,760,166	P	19,882,431	P	17,028,695
GSC	670,596		822,620		-
JCHS	316,527		292,193		-
NREFI	<u>38,653</u>		<u>-</u>		<u>65,730</u>
	<u>P 25,785,942</u>	P	<u>20,997,244</u>	P	<u>17,094,425</u>
Retirement Funds:					
FEUHWRF	P 4,676,534	P	3,399,585	P	2,504,859

20.3 Lease of Building from NREFI

The University has lease agreement with NREFI for its lease of facilities. The lease agreements are long-term and renewable.

Upon adoption of PFRS 16, the Group, as a lessee, recognized right-of-use asset and lease liabilities. Amortization of the right-of-use asset arising from these transactions amounting to P2.3 million in 2024 and P2.8 million in 2023 and 2022, is presented as part of Depreciation and amortization under Other Operating Expenses in the consolidated statements of profit or loss (see Note 17). Total interest expense on lease liabilities amounting to P0.1 million, P0.2 million, and P0.3 million for the years ended May 31, 2024, 2023 and 2022, respectively, is presented as part of Interest expense on lease liabilities under Finance Costs in the consolidated statements of profit or loss (see Note 18.2). The outstanding balances arising from these transactions as at May 31, 2024, 2023 and 2022, are presented as part of right-of-use asset under Property and Equipment, and Lease Liabilities (current portion under Trade and Other Payables) in the consolidated statements of financial position.

20.4 Management Fees

In 2022, EACCI entered into an agreement with NREFI, a related party under common management, to manage and handle the offering of its Bachelor of Science in Business Administration program and shoulder all expenses related to managing the program. NREFI has agreed to pay EACCI management fees equivalent to 90% of the net tuition earned from the program. Total fees earned in 2024, 2023 and 2022 amounted to P42.7 million, P50.8 million and P43.5 million, respectively. Management fees are presented as part of Other Income in the consolidated statements of profit or loss. Outstanding receivables amounting to P14.6 million, P3.6 million and P12.2 million as of May 31, 2024, 2023 and 2022, respectively, is presented as part of Miscellaneous receivables under Trade and Other Receivables in the consolidated statements of financial position (see Note 6).

20.5 Retirement Funds

The University, FECSI, EACCI, FEUAI, FEU High and RCI's retirement funds are under the administration of their respective funds, through their respective Board of Governors [see Note 19(a)]. The fair value of the Group's retirement plan assets amounted to P1,174.3 million in 2024, P981.3 million in 2023, and P947.8 million in 2022 [see Note 19(b)]. The University, FECSI, EACCI, FEUAI, FEU High and RCI have no transactions with the retirement plans other than contributions and benefit payments in all periods presented.

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

The retirement funds neither provide any guarantee nor surety for any obligation of the University, FECSI, EACCI, FEUAI, FEU High and RCI.

20.6 Key Management Personnel Compensation

Total remunerations of the Group's key management personnel for the years ended May 31, 2024, 2023 and 2022, which are presented as part of Salaries and Employee benefits under Other Operating Expenses in the consolidated statements of profit or loss (see Notes 17 and 19), are as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Short-term benefits	P 168,984,196	P 150,904,250	P 169,965,953
Post-employment benefits	<u>21,327,484</u>	<u>17,844,193</u>	<u>17,585,405</u>
	<u>P 190,311,680</u>	<u>P 168,748,443</u>	<u>P 187,551,358</u>

20.7 Financial Guaranty for Subsidiaries' Loans

In March 2017 and January 2018, the BOT approved that for and in consideration of the loan or credit facilities obtained by any subsidiary of the University, in which the University owns at least 75% of the outstanding voting capital stock of such subsidiary, from a certain local commercial bank, the University gives its full consent and authority to act as surety up to P500.0 million for the subsidiary's obligations arising from any loan or availments from any credit facilities granted by the said local bank in favor of the subsidiary, as well as any renewals, increases, extensions of existing obligations obtained by or which may hereafter be obtained by the subsidiary from the local bank, whether direct or indirect, principal or secondary.

The outstanding balance of RCI's loans from the said local bank amounted to P309.5 million as of May 31, 2024, P404.8 million as of May 31, 2023 and P400.0 million as of May 31, 2022 (see Note 14).

20.8 Others

In July 2014, FRC's declaration of stock dividend resulted in 291 fractional shares amounting to P0.3 million, which FRC opted to treat as treasury shares.

In 2019, FRC's BOD approved the proposal to increase its par value from P1,000 to P10,000, resulting to fractional shares for stockholders owning less than ten shares. The unsecured, non-interest bearing outstanding liability amounting to P24.4 million as of May 31, 2024, P26.2 million as of May 31, 2023 and P27.1 million as of May 31, 2022 are presented as part of Due to related parties under Trade and Other Payables account in the consolidated statements of financial position (see Note 13).

21. INCOME TAXES

Under Philippine laws, the taxable income from operations related to school activities and passive investment income of private and proprietary (stock) educational institutions is subject to a tax of 10%. However, if 50% or more of the institution's total gross income is from unrelated business activities, the regular corporate income tax (RCIT) of 30% or 25% will apply respectively effective before and after July 2021 to the entire taxable income instead of the 10% preferential rate. Except FRC, which is subject to RCIT, all the schools within the group qualified to continue to avail of the 10% preferential rate given their respective revenue profile. In addition, they are also not covered by the minimum corporate income tax provision of the new tax code.

In March 2021, RA No. 11534 or the *Corporate Recovery and Tax Incentives for Enterprises Act* (CREATE) has been passed into law which provides for a reduced tax rate of proprietary schools to 1% from the previous 10%, effective July 2021 until June 2023.

Also in December 2021, RA No. 11635, *An Act Clarifying the Income Taxation of Proprietary Educational Institutions, Amending for the Purpose Section 27 (B) of the NIRC of 1997, As Amended*, was enacted such that proprietary schools were clarified to apply 1% reduced tax rate as originally intended by CREATE.

The schools within the Group used the reduced 1% income tax rate for the fiscal years ended May 31, 2023 and 2022.

In June 2023, BIR issued Revenue Memorandum Circular No. 69-2023, *Reversion of Rates of Percentage Tax, Minimum Corporate Income Tax, and Regular Corporate Income Tax on Proprietary Educational Institutions and Not for Profit Hospitals, Pursuant to RA No. 11534*, which reverted the income tax rate of the schools within the Group to 10% effective July 1, 2023. Consequently and in accordance with the requirements of PAS 12, *Income Taxes*, the schools within the group measured their deferred tax assets and liabilities at 10% as of May 31, 2024.

The major components of tax expense reported in the consolidated statements of profit or loss are as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current tax expense:			
Special rate at 9.3% in 2024			
1.0% in 2023			
1.8% in 2022	P 172,771,902	P 18,365,351	P 17,564,037
RCIT at 25%	32,829,825	20,816,314	17,036,398
Final tax at 20% and 15%	<u>25,879,367</u>	<u>20,245,367</u>	<u>9,686,213</u>
	231,481,094	59,427,032	44,286,648
Deferred tax expense (income)			
arising from the origination			
and reversal of temporary			
differences	<u>(8,238,175)</u>	<u>735,070</u>	<u>26,032,718</u>
	P 223,242,919	P 60,162,102	P 70,319,366

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Tax on pretax income at 10 % and 1%	P 263,424,549	P 19,472,276	P 28,142,591
Adjustments for income subjected to:			
Final tax	11,164,798	17,321,617	7,956,845
Tax effects of:			
Non-taxable income	(47,028,966)	(4,136,053)	-
Effect of change in deferred tax rate	(10,149,364)	8,748,352	60,950
Non-deductible expenses	15,910,102	3,639,409	21,786,318
Excess of optional standard deduction over itemized deductions	(10,095,764)	(1,649,606)	(3,441,366)
Unrecognized Net Operating Loss Carry Over (NOLCO)	135,403		(84,707)
Unrecognized deferred tax asset on allowance for impairment	4,826,406		83,259
Others	(4,944,245)	16,766,107	15,815,476
	<u>P 223,242,919</u>	<u>P 60,162,102</u>	<u>P 70,319,366</u>

The net deferred tax assets and net deferred tax liabilities of the Group, as of May 31, 2024, 2023 and 2022, relate to the following:

	Consolidated Statements of					
	Financial Position			Profit or Loss		
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Deferred tax assets:						
Accrued rent expense	P 10,025,165	P -	P 895,300	(P 10,025,165)	P -	(P 168,355)
NOLCO	7,114,772	1,630,212	1,264,462	(5,612,698)	(171,772)	511,975
Allowance for impairment losses on trade and other receivables – net	9,899,619	576,920	1,360,257	(4,595,262)	(5,913)	3,001,325
Unrealized foreign currency gains (losses)	(3,688,156)	-	449,579	3,688,156	-	(207,728)
Unrealized fair value gains (losses)	(3,616,305)	-	(234,311)	3,616,305	-	(1,039,465)
Post-employment benefit	931,299	59,336	59,336	-	-	(20,241)
Prepaid expenses	(5,471,262)	-	(341,627)	-	-	115,081
Change in tax rate	-	-	-	-	-	18,642,111
Deferred tax assets – net	<u>P 15,195,132</u>	<u>P 2,266,468</u>	<u>P 3,921,618</u>	<u>(12,928,664)</u>	<u>(177,685)</u>	<u>20,834,703</u>
Deferred tax expense (income)						
Deferred tax liabilities:						
Accrued rent receivable	(13,588,805)	(22,240,561)	(24,092,429)	2,685,818	(1,851,868)	2,575,192
Post-employment benefit	6,443,831	5,684,256	4,850,359	759,575	(833,897)	(138,162)
Prepaid expenses	(5,471,262)	(2,571,797)	-	(2,899,465)	(844,471)	-
Unearned rental income	1,407,984	332,292	153,343	1,075,692	(178,949)	205,346
Unrealized foreign currency gains (losses)	(839,619)	(3,565,220)	(1,226,053)	(1,016,555)	6,834,960	2,555,639
Accrual of expenses	-	11,060,838	-	(1,035,673)	(2,107,838)	-
Allowance for impairment losses on trade and other receivables – net	-	7,823,887	-	(3,408,773)	374,148	-
Unrealized fair value losses	-	2,822,438	-	(6,438,742)	(479,330)	-
D'ITL resulting from reversal of temporary decrease in tax rates	-	(18,516,298)	-	18,516,298	-	-
Deferred tax liabilities – net	<u>(P 12,047,871)</u>	<u>(P 19,170,165)</u>	<u>(P 20,314,780)</u>	<u>8,238,175</u>	<u>912,755</u>	<u>5,198,015</u>
Deferred tax expense (income) – net				<u>(P 8,238,175)</u>	<u>P 735,070</u>	<u>P 26,032,718</u>

RCI's deferred tax expense amounting to P3.5 million, P3.5 million and P0.1 million relates to the remeasurement of post-employment benefit plan during the years ended May 31, 2024, 2023 and 2022, respectively, and is recognized as a component of tax expense reported in the consolidated statements of comprehensive income.

The net deferred tax assets of the University are not allowed to be offset against net deferred tax liabilities of other subsidiaries, or vice versa, for purposes of consolidation.

Presented below are the details of NOLCO of FECSI and Edustria:

<u>Period Incurred</u>	<u>Original Amount</u>	<u>Expired Balance</u>	<u>Applied Amount</u>	<u>Remaining Balance</u>	<u>Valid Until</u>
May 31, 2024	P 57,227,156	P -	P -	P 57,227,156	2027
May 31, 2023	58,032,853	-	-	58,032,853	2026
May 31, 2022	52,335,822	-	-	52,335,822	2025
May 31, 2021	<u>60,922,423</u>	<u>-</u>	<u>-</u>	<u>60,922,423</u>	2026
	<u>P 228,518,254</u>	<u>P -</u>	<u>P -</u>	<u>P 228,518,254</u>	

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.

	<u>2024</u>		<u>2023</u>		<u>2022</u>	
	<u>Tax Base</u>	<u>Tax Effect</u>	<u>Tax Base</u>	<u>Tax Effect</u>	<u>Tax Base</u>	<u>Tax Effect</u>
FEUAI – MCIT	P -	P -	P -	P -	P -	P -
RCI:						
NOLCO	P -	P -	P -	P -	P -	P -
Allowance for impairment	-	-	-	-	8,325,950	83,259
FECSI:						
NOLCO	P 7,114,772	P 711,477	P 8,343,562	P 834,356	P 65,974,380	P 656,744
Allowance for impairment	208,492	20,849	283,404	28,240	2,242,771	22,428
Edustria – NOLCO	P -	P -	P -	P -	P 79,869,549	P 798,696

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.

22. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of liabilities arising from various financing activities in fiscal years 2024, 2023 and 2022:

	Interest-bearing Loans (see Note 14)	Lease Liabilities (see Note 12)	Dividends Payable (see Note 13)	Accrued Interest (see Note 14)	Total
Balance at June 1, 2023	P 1,811,598,640	P 13,865,782	P 298,839,580	P 12,429,090	P 2,136,733,092
Cash flows from financing activities:					
Repayment of loans	(426,258,504)	-	-	-	(426,258,504)
Repayment of lease liabilities	-	(11,422,506)	-	-	(11,422,506)
Dividends paid	-	-	(732,675,417)	-	(732,675,417)
Interest paid	-	(523,967)	-	(112,364,693)	(112,888,660)
Non-cash financing activities:					
Interest amortization in lease liabilities	-	523,967	-	-	523,967
Dividend declaration	-	-	840,726,214	-	840,726,214
Accrual of interest	-	-	-	110,906,425	110,906,425
Balance at May 31, 2024	<u>P 1,385,340,136</u>	<u>P 2,443,276</u>	<u>P 406,890,377</u>	<u>P 10,970,822</u>	<u>P 1,805,644,611</u>
Balance at June 1, 2022	P 2,284,761,905	P 25,032,057	P 251,149,057	P 5,422,110	P 2,566,365,129
Cash flows from financing activities:					
Repayment of loans	(473,163,265)	-	-	-	(473,163,265)
Repayment of lease liabilities	-	(11,166,275)	-	-	(11,166,275)
Dividends paid	-	-	(665,749,569)	-	(665,749,569)
Interest paid	-	(1,352,823)	-	(73,852,221)	(75,205,044)
Non-cash financing activities:					
Interest amortization in lease liabilities	-	1,352,823	-	-	1,352,823
Dividend declaration	-	-	713,440,092	-	713,440,092
Accrual of interest	-	-	-	80,859,201	80,859,201
Balance at May 31, 2023	<u>P 1,811,598,640</u>	<u>P 13,865,782</u>	<u>P 298,839,580</u>	<u>P 12,429,090</u>	<u>P 2,136,733,092</u>
Balance at June 1, 2021	P 2,472,380,953	P 34,510,986	P 175,203,878	P 6,581,881	P 2,688,677,698
Cash flows from financing activities:					
Repayment of loans	(187,619,048)	-	-	-	(187,619,048)
Repayment of lease liabilities	-	(9,478,932)	-	-	(9,478,932)
Dividends paid	-	-	(386,362,549)	-	(386,362,549)
Interest paid	-	(2,084,606)	-	(43,464,422)	(45,549,028)
Non-cash financing activities:					
Interest amortization in lease liabilities	-	2,084,609	-	-	2,084,609
Dividend declaration	-	-	462,307,728	-	462,307,728
Accrual of interest	-	-	-	35,531,951	35,531,951
Capitalized borrowing cost	-	-	-	6,772,700	6,772,700
Balance at May 31, 2022	<u>P 2,284,761,905</u>	<u>P 25,032,057</u>	<u>P 251,149,057</u>	<u>P 5,422,110</u>	<u>P 2,566,365,129</u>

23. EQUITY

23.1 Capital Stock

As of May 31, 2024, 2023 and 2022, the University's authorized capital stock consists of 50,000,000 shares with par value of P100 per share, of which 24,055,763 shares were issued and outstanding, net of 37,331 treasury shares.

Below is the ownership structure of the University's outstanding shares as of May 31, 2024, 2023 and 2022.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Number of shares held by related parties	15,084,775	15,103,494	15,213,820
Number of shares held by the public	<u>8,824,417</u>	<u>8,852,870</u>	<u>8,743,828</u>
Total shares issued and Outstanding*	<u>23,909,192</u>	<u>23,956,364</u>	<u>23,957,648</u>

*Net of those held as Treasury Stock (see Note 23.2)

As at May 31, 2024, 2023 and 2022, the public owns 36.91%, 36.95% and 36.50%, respectively, of the University's listed shares.

As at May 31, 2024, there are 1,445 holders of the listed common shares owning at least one board lot.

All shares of the University are listed on the PSE, there had been no follow-on listing since the initial listing in 1986 at an offer price of P100. The closing price of the University's listed shares was P699.5, P533.0 and P540.0 per share as at May 31, 2024, 2023 and 2022, respectively.

23.2 Treasury Stock

This account includes the University's common shares held and acquired by FRC on various dates during the respective reporting periods. The changes in market values of these shares, recognized as fair value gains or losses by FRC, were reclassified to treasury stocks, as presented in the consolidated statements of changes in equity. It consists of 183,902 shares as of May 31, 2024, 136,730 shares as at May 31, 2023, and 135,446 shares as at May 31, 2022.

A portion of the University's retained earnings is restricted from dividend declaration up to the cost of treasury stocks, excluding the amount acquired and held by FRC as this is considered as a cross-holding as of the end of the reporting period.

23.3 Revaluation Reserves and Other 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 <small>(see Note 7.2)</small>	Retirement Benefit Obligation <small>(see Note 19)</small>	<u>Total</u>
Balance as of June 1, 2023	(P 6,020,176)	(P 3,205,513)	(P 9,225,689)
Remeasurements of retirement benefit obligation	-	(1,866,036)	(1,866,036)
Fair value gain on financial assets at FVOCI	16,177,277	-	16,177,277
Tax effect	<u>161,773</u>	<u>(18,660)</u>	<u>143,113</u>
Other comprehensive income (loss)	<u>16,339,050</u>	<u>(1,884,696)</u>	<u>14,454,354</u>
Balance as of May 31, 2024	<u>P 10,318,874</u>	<u>(P 5,090,209)</u>	<u>P 5,228,665</u>
Balance as of June 1, 2022	(P 7,493,558)	P 2,135,268	(P 5,358,290)
Remeasurements of retirement benefit obligation	-	(5,287,902)	(5,287,902)
Fair value gain on financial assets at FVOCI	1,458,794	-	1,458,794
Tax effect	<u>14,588</u>	<u>(52,879)</u>	<u>38,291</u>
Other comprehensive income (loss)	<u>1,473,382</u>	<u>(5,340,781)</u>	<u>3,867,399</u>
Balance as of May 31, 2023	<u>(P 6,020,176)</u>	<u>(P 3,205,513)</u>	<u>(P 9,225,689)</u>

	Financial Assets at FVOCI <u>(see Note 7.2)</u>	Retirement Benefit Obligation <u>(see Note 19)</u>	<u>Total</u>
Balance as of June 1, 2021	P 45,430,137	(P 2,441,780)	P 42,988,357
Remeasurements of retirement benefit obligation	-	4,531,731	4,531,731
Fair value loss on financial assets at FVOCI	(52,399,698)	-	(52,399,698)
Tax effect	(523,997)	45,317	(478,680)
Other comprehensive income (loss)	(52,923,695)	4,577,048	(48,346,647)
Balance as of May 31, 2022	<u>(P 7,493,558)</u>	<u>P 2,135,268</u>	<u>(P 5,358,290)</u>

Other reserves refer to the amount attributable to the parent company arising from change in the ownership of NCI in RCI in 2017.

23.4 Retained Earnings

Significant transactions affecting Retained Earnings are shown below:

(a) Appropriation of Retained Earnings

As of May 31, 2024, 2023 and 2022, the University's Appropriated Retained Earnings consists of appropriations for:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Property and investment acquisition	P 1,417,000,000	P 567,000,000	P 648,500,000
Purchase of equipment and improvements	662,000,000	803,000,000	442,620,289
Contingencies	90,000,000	90,000,000	90,000,000
Treasury stock	<u>3,733,100</u>	<u>3,733,100</u>	<u>3,733,100</u>
	<u>P 2,172,733,100</u>	<u>P 1,463,733,100</u>	<u>P 1,184,853,389</u>

As projects and capital expenditures are annually revisited and would involve several projects, timeline with level of exactness is not defined, instead are recalibrated year on year.

The changes in Appropriated Retained Earnings are shown below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 1,463,733,100	P 1,184,853,389	P 844,233,100
Appropriations	850,000,000	360,379,711	340,620,289
Reversal of appropriations	<u>(141,000,000)</u>	<u>(81,500,000)</u>	<u>-</u>
Balance at end of year	<u>P 2,172,733,100</u>	<u>P 1,463,733,100</u>	<u>P 1,184,853,389</u>

(b) *Dividend Declaration*

The University's BOT approved the following dividend declarations during the years ended:

	Declaration	Date of Record	Payment/Issuance	Amount
<u>May 31, 2024</u>				
Cash dividend of P16 per share	September 19, 2023	October 3, 2023	October 13, 2023	P 382,547,360
Cash dividend of P16 per share	February 20, 2024	March 5, 2024	March 20, 2024	382,547,360
				P 765,094,720
<u>May 31, 2023</u>				
Cash dividend of P14 per share	September 20, 2022	October 4, 2022	October 14, 2022	P 335,398,084
Cash dividend of P14 per share	February 21, 2023	March 7, 2023	March 21, 2023	335,398,084
				P 670,796,168
<u>May 31, 2022</u>				
Cash dividend of P8 per share	September 21, 2021	October 5, 2021	October 20, 2021	P 192,136,362
Cash dividend of P10 per share	February 15, 2022	March 2, 2022	March 17, 2022	240,170,452
				P 432,306,814

Unclaimed checks related to dividends declared as of May 31, 2024, 2023 and 2022 are presented as Dividends payable under the Trade and Other Payables account in the consolidated statements of financial position (see Note 13).

23.5 *Subsidiaries with Material Non-controlling Interest (NCI)*

In prior years, the University acquired controlling interest over a number of entities which are consolidated by the Group. The ownership stake of the minority interest are presented as Non-controlling Interest (NCI) in the consolidated statements of financial position and consolidated statements of changes in equity. The NCI is measured at P2,965.4 million, P2,965.0 million and P2,914.7 million as of May 31, 2024, 2023 and 2022, respectively.

These controlled entities declared dividends, of which the share of the minority interest amounted to P75.6 million in 2024, P42.6 million in 2023 and P30.0 million in 2022.

(a) *FRC*

As of May 31, 2024, 2023 and 2022, the University holds ownership interest of 38.18% in FRC. Management considers that the University has de facto control over FRC even though it holds less than 50% of the voting shares of stock of FRC, because it is exposed or has right to variable returns through its power over FRC [see Notes 1.1 and 27.1(g)]. The accumulated NCI of FRC amounted to P1,140.8 million, P1,087.14 million and P1,036.4 million as of May 31, 2024, 2023 and 2022, respectively.

A summary of financial information of FRC as of and for the years ended May 31, 2024, 2023 and 2022 before intragroup eliminations are shown below.

	<u>2024</u>		<u>2023</u>		<u>2022</u>
Current assets	P 328,158,045	P	430,787,516	P	455,485,612
Non-current assets	1,430,982,137		1,184,555,717		1,124,243,369
Current liabilities	107,858,900		46,990,974		40,369,320
Non-current liabilities	37,427,315		33,844,347		38,229,308
Total equity	1,613,853,967		1,534,507,912		1,501,130,353
Total revenue	231,709,412		154,995,259		142,818,325
Net profit for the year	138,349,913		57,168,147		80,330,356
Other comprehensive income (loss) for the year	4,832,827	(	2,603,166)	(	2,244,350)
Total comprehensive income for the year	143,182,740		54,564,981		78,086,006
Net profit allocated to NCI	85,527,916		35,329,915		49,644,160
Net cash from operating activities	P 96,328,413	P	82,647,408	P	74,880,863
Net cash used in investing activities	(78,184,077)	(	43,893,097)	(	42,694,870)
Net cash used in financing activities	(20,350,627)	(	19,421,033)	(	1,527,813)
Net increase (decrease) in cash and cash equivalents	(P 2,206,291)	P	19,333,278	(P	30,658,180)

(b) *EACCI and FEUAI*

Prior to 2017, EACCI issued its newly authorized preferred shares to EAEFI, a related party under common management. In 2020 and 2019, EACCI also issued additional authorized preferred shares to NREFI, a related party under common management. Total cost of preferred shares issued and outstanding amounts to P1.2 billion as of May 31, 2024, 2023 and 2022.

In 2021, 2020 and 2019, FEUAI issued its newly authorized preferred shares to EAEF. Total cost of preferred shares issued and outstanding amounts to P750.0 million as of May 31, 2024, 2023 and 2022.

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 the existence of unrestricted retained earnings at an issue price equal to the issue value and under terms and conditions as determined by the EACCI's BOT or FEUAI's BOD; and,
- (e) In the event of any voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of EACCI or FEUAI's operations, the holders of preferred stock shall have preference and priority as to the net assets of EACCI or FEUAI or proceeds thereof over the holders of common stock.

During the years ended May 31, 2024, 2023 and 2022, the BOT of EACCI declared cash dividends to all of their stockholders. Accordingly, the holders of its preferred stocks received P30.0 million from each of the said declarations in 2024, 2023 and 2022.

A summary of financial information of FEUAI and EACCI as of and for the years ended May 31, 2024, 2023 and 2022, before intragroup eliminations are shown below and in the succeeding page (in thousands).

	<u>EACCI</u>	<u>FEUAI</u>
<u>May 31, 2024</u>		
Current assets	P 2,291,364	P 617,051
Non-current assets	2,573,664	1,509,600
Current liabilities	323,376	167,621
Non-current liabilities	222,516	-
Total equity	4,319,136	1,959,030
Total revenue	1,284,468	428,389
Net income for the year	727,257	110,366
Other comprehensive income for the year	21,632	-
Total comprehensive income for the year	748,889	110,366
Net cash from operating activities	P 633,663	P 262,625
Net cash used in investing activities	(387,521)	(18,852)
Net cash used in financing activities	(224,526)	187,082
Net increase in cash and cash equivalents	<u>P 21,616</u>	<u>P 430,855</u>

	<u>EACCI</u>	<u>FEUAI</u>
<u>May 31, 2023</u>		
Current assets	P 1,579,166	P 155,078
Non-current assets	2,668,331	1,608,649
Current liabilities	252,371	111,431
Non-current liabilities	264,834	331
Total equity	3,730,292	1,651,965
Total revenue	1,041,998	337,890
Net income for the year	616,109	61,445
Other comprehensive loss for the year	(489)	-
Total comprehensive income for the year	615,620	61,445
Net cash from operating activities	P 705,167	P 225,497
Net cash used in investing activities	(94,162)	(12,721)
Net cash used in financing activities	(<u>264,151</u>)	(<u>147,928</u>)
Net increase in cash and cash equivalents	<u>P 346,854</u>	<u>P 64,848</u>
<u>May 31, 2022</u>		
Current assets	P 1,330,875	P 96,048
Non-current assets	2,389,600	1,707,836
Current liabilities	217,772	69,033
Non-current liabilities	176,735	144,331
Total equity	3,325,968	1,590,520
Total revenue	920,057	264,687
Net income for the year	513,841	26,041
Other comprehensive loss for the year	(27,218)	-
Total comprehensive income for the year	486,623	26,041
Net cash from operating activities	P 743,706	P 77,804
Net cash used in investing activities	(486,028)	(8,531)
Net cash used in financing activities	(<u>258,163</u>)	(<u>68,741</u>)
Net increase (decrease) in cash and cash equivalents	<u>(P 485)</u>	<u>P 532</u>

(c) *Edustria*

Upon incorporation of Edustria, the Parent Company subscribed to 255.0 million shares at P1.0 par value, representing 51% of the 500.0 million total issued and outstanding shares of Edustria, of which 70% was settled. In 2023, the remaining 30% of the total subscribed shares of Edustria amounting to P150.0 million was paid by the Parent Company and NCI according to their respective percentage shares.

The NCI of Edustria, amounting to P166.7 million as of May 31, 2024 and P167.5 million as of May 31, 2023, and P127.5 million as of 2022, is presented as part of Non-controlling Interest in the consolidated statements of financial position.

A summary of financial information of Edustria as of and for the years ended May 31, 2024, 2023 and 2022, before intragroup eliminations are shown below:

	<u>2024</u>		<u>2023</u>		<u>2022</u>
Current assets	P 28,467,843	P	60,482,005	P	231,892,902
Non-current assets	319,437,498		336,497,421		58,645,971
Current liabilities	3,353,139		12,081,846		10,480,165
Non-current liabilities			846,769		10,529,404
Total equity	334,552,202		384,050,811		269,529,304
Total revenue	4,135,992		3,284,037		3,237,220
Net loss and total comprehensive loss for the year	(38,492,470)	(	35,478,493)	(	32,912,465)
Net loss allocated to NCI	(18,861,310)	(	17,384,462)	(	16,127,108)
Net cash used in operating activities	(P 18,135,924)	(P	12,914,412)	(P	12,556,972)
Net cash used in investing activities	(4,050,603)	(	298,263,882)	(	2,365,125)
Net cash from (used in) financing activities	(10,148,505)		139,854,183		(8,762,607)
Net decrease in cash and cash equivalents	(P 32,335,032)	(P	171,324,111)	(P	23,684,704)

24. EARNINGS PER SHARE

Earnings per share (EPS) amounts were computed as follows:

	<u>2024</u>		<u>2023</u>		<u>2022</u>
Net profit attributable to owners of the parent company	P 1,940,338,894	P	1,866,741,062	P	1,503,734,824
Divided by weighted average number of shares outstanding, net of treasury stock of 183,902 as of May 31, 2024, 136,730 as of May 31, 2023, and 135,446 as of May 31, 2022	23,916,803		23,956,863		23,965,898
Basic and diluted EPS	P 81.13	P	77.92	P	62.74

The weighted average number of shares outstanding as of May 31, 2024, 2023 and 2022 is computed below:

	<u>Number of Shares</u>	<u>Months Outstanding</u>	<u>Weighted Number of Shares</u>
Balance at June 1, 2023	23,956,364	12	287,476,368
Purchase of treasury stock during the period –			
June 2023	(1,560)	12	(18,720)
August 2023	(45,576)	10	(455,760)
November 2023	(36)	7	(252)
Balance at May 31, 2024	<u>23,909,192</u>		287,001,636
Divided by total months during the year			<u>12</u>
Weighted average number of shares outstanding as of May 31, 2024			<u>23,916,803</u>
Balance at June 1, 2022	23,957,648	12	287,491,776
Purchase of treasury stock during the period –			
October 2022	(1,000)	8	(8,000)
January 2023	(284)	5	(1,420)
Balance at May 31, 2023	<u>23,956,364</u>		287,482,356
Divided by total months during the year			<u>12</u>
Weighted average number of shares outstanding as of May 31, 2023			<u>23,956,863</u>
Balance at June 1, 2021	23,975,948	12	287,711,376
Adjustment	(7,300)	12	(87,600)
Purchase of treasury stock during the period –			
March 2022	(11,000)	3	(33,000)
Balance at May 31, 2022	<u>23,957,648</u>		287,590,776
Divided by total months during the year			<u>12</u>
Weighted average number of shares outstanding as of May 31, 2022			<u>23,965,898</u>

The University has no potential dilutive common shares as of May 31, 2024, 2023 and 2022; accordingly, the diluted EPS is the same as the basic EPS in all the years presented.

25. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group aims to provide returns on equity to shareholders while managing operational and strategic objectives. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or obtain debt financing.

The Group defines capital as paid-in capital stock and retained earnings, both appropriated and unappropriated. Other components of equity such as treasury stock and revaluation reserves are excluded from capital for purposes of capital management. The BOT has overall responsibility for monitoring of capital in proportion to risks. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business, operation and industry.

The University monitors capital on the basis of debt-to-equity ratio, which is calculated as total liabilities excluding deferred revenues divided by total adjusted equity (comprised of capital stock and retained earnings) attributable to owners of the parent company. Capital for the reporting periods under review is summarized below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total adjusted liabilities	P 3,794,030,831	P 3,667,767,018	P 3,917,552,954
Total adjusted equity attributable to owners of the parent company	<u>11,880,183,296</u>	<u>10,704,939,122</u>	<u>9,508,994,228</u>
Debt-to-equity ratio	<u>0.32 : 1.00</u>	<u>0.34 : 1.00</u>	<u>0.41 : 1.00</u>

The Group's goal in capital management is to maintain a lower liability compared with its adjusted equity or debt-to-equity structure ratio of not more than 1.00 : 1.00. This is in line with the Group's bank covenants related to its borrowings, which requires the Group to maintain debt-to-equity ratio of not more than 2.00 : 1.00 and debt service coverage ratio of at least 1.2x (see Note 14).

The Group has complied with its covenant obligations, including maintaining the required debt-to-equity ratio and debt service coverage ratio for all the years presented.

There was no significant change in the Group's approach to capital management during the year.

26. MATERIAL ACCOUNTING POLICY INFORMATION

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

26.1 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the University and its subsidiaries as enumerated in Note 1.1, after the elimination of intercompany transactions.

The following subsidiaries prepare their financial statements for their respective reporting periods using consistent accounting principles as that of the University:

<u>Subsidiaries:</u>	<u>Reporting Period*</u>
FRC	March 31, 2024
RCEE	March 31, 2024
FECSI	May 31, 2024
FEU High	May 31, 2024
RCI	May 31, 2024
Edustria	May 31, 2024
EACCI	June 30, 2024*
FEUAI	June 30, 2024*

**included in the Group's May 31, 2024 consolidated balances*

These subsidiaries follow their respective school years (i.e., trimestral and semestral), hence, the use of different reporting dates (non-coterminous year-ends) as compared with that of the University.

The University accounts for its investments in subsidiaries and NCIs as follows:

(a) *Investments in Subsidiaries*

Subsidiaries are entities over which the University has control. The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries (see Note 26.2).

(b) *Investment in Associates and a Joint Venture*

Investments in associates and joint venture are initially recognized at cost and subsequently accounted for using the equity method from the date on which the entity becomes an associate or when the joint venture entity is established.

(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 transactions 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 in 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.

26.2 Business Combinations

Business acquisitions are accounted for using the acquisition method of accounting.

The University recognized goodwill arising from the acquisition of RCI in May 2016. 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, except for lease liabilities which are measured based on the present value of the remaining lease payments as if the acquired lease were a new lease at acquisition date and right-of-use assets which are measured at an amount equal to the recognized lease liability, adjusted to reflect favorable or unfavorable lease terms compared with market terms. For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

26.3 Segment Reporting

In identifying its operating segments, management generally follows the Group's service lines as disclosed in Note 4, which represents the main services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

26.4 Financial Instruments

(a) Financial Assets

(i) Classification, Measurement and Reclassification of Financial Assets

The Group's financial assets include financial assets at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss.

Financial Assets at Amortized Cost

Where the business model is to hold assets to collect contractual cash flows, the Group assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (SPPI). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement [see Note 27.1(e)]. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Financial Assets at FVOCI

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

Financial Assets at FVTPL

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.

(ii) *Impairment of Financial Assets*

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all tuition and other school fee receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets.

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 (POCI) asset is recognized, and the allowance for credit losses is based on the change in the ECL over the life of the asset. The Group recognized a loss allowance for such losses at each reporting date.

The Group's definition of credit risk and information on how credit risk is mitigated by the Group are disclosed in Note 15.2.

(b) *Financial Liabilities*

Financial liabilities, which includes interest-bearing loans, trade and other payables (except tax-related liabilities, Deposits payable and NSTP trust fund), and Refundable deposits (presented under Other Non-current Liabilities) are recognized when the Group becomes a party to the contractual terms of the instrument.

26.5 Real Estate Held-for-Sale

Acquisition costs of raw land intended for sale, including other costs and expenses incurred to effect the transfer of title of the property as well as related property development costs, are accumulated in this account.

Real estate held-for-sale is carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and the estimated costs necessary to make the sale.

26.6 Property and Equipment

Property and equipment, except land, are carried at acquisition cost or construction cost less subsequent depreciation and any impairment losses. Land held for use in administration is stated at cost less any impairment losses.

Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	20 years
Furniture and equipment	3 to 6 years
Miscellaneous equipment	5 years

Leasehold improvements are amortized over the estimated useful lives of 20 years or the remaining term of the lease, whichever is shorter.

26.7 Investment Properties

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 and other direct costs.

26.8 Revenue and Expense Recognition

Revenue arises mainly from: (i) educational and related activities such as tuition and other school fees, income from sale of books and other merchandise, rental income from real estate and school campus' food concessionaires; and (ii) investment-related transactions such as investment income, dividend income from Financial Assets at FVTPL and at FVOCI, interest income and others.

The management determined that the revenues arising from educational and related activities are within the scope of PFRS 15, while rental income is covered by PFRS 16 (see Note 26.9). Investment-related revenues are subject to the provisions of PFRS 9 (see Note 26.4).

The Group enters into transactions involving the tuition fees and other school fees and other school-related activities such as sale of school merchandise and books, and sale of real estate. There are no significant judgments used in determining the transaction price and the amount allocated to the performance obligations. Developing the knowledge and enhancing the abilities of the students represent promises to transfer a series of distinct service that are substantially the same and that have the same pattern of transfer to the customer; therefore, the services rendered represent one performance obligation that is satisfied over time. The transaction price of the single performance obligation is recognized as revenue as the performance obligation is satisfied, which is usually throughout the school year or the semestral/trimestral period, whichever is applicable. With respect to the sale of school merchandise and books, the obligation is satisfied when the goods, particularly the merchandise and books are delivered to the customers. Hence, revenue is recognized at a point in time. As for real estate sales, the obligation is satisfied at the point the control over the properties is transferred by the FRC to the buyers.

In addition, the following specific recognition criteria must also be met before revenue is recognized [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 27.1(b)]:

- (a) *Educational revenues* – Revenue is recognized in profit or loss over the corresponding school term. Tuition fee received in advance and applicable to a school term after the reporting period is not recognized in profit or loss until the next reporting period and is presented as part of Deferred Revenues account in the consolidated statement of financial position. Payment for tuition fees is due upon enrollment, which is before the school year starts, and can be made either in full payment or installment.

Revenues from NSTP trust fund are recognized upon fulfillment of conditions attached to the fund and/or extent that the related expenses have been incurred. Restricted funds for which restrictions and conditions have not yet been met are classified as NSTP and other funds (liability) recorded as part of the Trade and Other Payables account in the consolidated statement of financial position.

- (b) *Sale of books and other educational-related merchandise* – Revenue is recognized at a point in time when the control of the goods have been passed to the buyer. This is generally when the customer has acknowledged delivery of goods. The sale of this merchandise is made for the Group's students. Payment for the transaction price is due immediately at the point of purchases and recorded as part of Other income – net presented in the consolidated statements of profit or loss.
- (c) *Other fees* – This pertains to but not limited to transcripts, certification and graduation fees and fees for diplomas and identification cards. Revenue is recognized at the point in time when the related academic document is made available to requestors. Official receipts for the services are issued once request from students have been fulfilled.
- (d) *Real estate sales* – This pertains to sale of lots and completed townhouses of FRC. Revenue is recognized at the point the control to the property is passed to the customer, that is, when the property is transferred to the buyer as part of Other operating income in the consolidated statements of profit or loss.

In obtaining customer contracts, the Group incurs incremental costs. As the expected amortization period of these costs, if capitalized, would be less than one year, the Group uses the practical expedient in PFRS 15 and expenses such costs as incurred. The Group also incurs costs in fulfilling contracts with customers. However, as those costs are within the scope of other financial reporting standards, the Group accounts for those costs in accordance with accounting.

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date such cost and expenses are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset.

26.9 Leases

The Group accounts for its leases as follows:

(a) *Group as Lessee*

Subsequent to initial recognition, the Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

(b) *Group as Lessor*

The University applies judgment in determining whether a lease contract is a finance or operating lease.

26.10 Impairment of Non-financial Assets

The Group's property and equipment, investment properties, investments in associates and a joint venture and certain other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is tested for impairment annually.

27. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

27.1 Critical Management Judgements in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation. Presented below and in the succeeding pages are the judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

(a) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For leases of buildings, the factors that are normally the most relevant are (a) if there are significant penalties should the Group pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Group did not include the renewal period as part of the lease term for leases of university buildings because the terms are renewable upon the mutual agreement of the parties.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(b) Determination of Timing of Satisfaction of Performance Obligations

The management determines that its revenue from tuition fees shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the students. This demonstrates that the customers simultaneously receive and consume the benefits as the Group performs its obligation.

With respect to revenues from sale of merchandise and books and various other school-related fees, the management deems that revenues shall be recognized at a point in time as control over the goods, particularly the merchandise, books and requested documents is transferred to the customers upon delivery.

With respect to sale of lots and completed townhouses, the Group satisfies the performance obligation at the point in time when the property is transferred to the customer (i.e., upon acknowledgment of the customer).

(c) *Determination of ECL on Tuition and Other Fee Receivables*

The Group uses a provision matrix to calculate ECL for tuition and other fee receivables. The loss rates are based on actual credit-impaired student accounts or those which are outstanding for two semesters and have not enrolled for the succeeding term [see Note 15.2(b)].

The Group's management intends to calibrate on an annual basis the matrix to consider the historical credit loss experience with forward-looking information. Details about the ECL on the Group's tuition fees and other receivables are disclosed in Notes 15.2(b) and 6.

(d) *Application of ECL to Investment Securities at Amortized Cost and Financial Assets at FVOCI*

The Group uses a general approach to calculate ECL for all debt instruments at FVOCI and amortized cost. The allowance for credit loss is based on the ECLs associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since origination of the financial instrument, in such case, a lifetime ECL for the instrument is recognized.

The Group has established a policy to perform an assessment, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

(e) *Evaluation of Business Model Applied in Managing Financial Instruments*

The Group manages its financial assets based on business models that maintain an adequate level of financial assets to match its expected cash outflows.

In determining the classification of a financial instrument under PFRS 9, the Group developed business models which reflect how it manages its portfolio of financial instruments. The Group's business models need not be assessed at entity level or as a whole but shall be applied at the level of a portfolio of financial instruments and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Group evaluates in which business model a financial instrument or a portfolio of financial instruments belong to, taking into consideration the objectives of each business model established by the Group as those relate to the Group's investment, or trading strategies.

(f) *Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model*

In determining the classification of financial assets under PFRS 9, the Group assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria.

In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Group assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Group considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reasons for those sales and why those sales do not reflect a change in the Group's objective for the business model.

(g) *Determination of Control of Entities in which the University Holds Less than 50%*

Management considers that the University has de facto control of FRC even though it holds less than 50% of the ordinary shares and voting rights in the latter. Although the University holds less than 50% of the voting shares of stock of FRC, it has control over FRC because it is exposed or has right to variable returns from its involvement with FRC and it has the ability to affect those returns through its power over FRC. It is able to do this primarily because the University has the power to cast the majority of votes at meetings of the BOD and elect officers of FRC. Accordingly, FRC is recognized as a subsidiary of the University (see Note 1.1).

(h) *Distinction between Investment Properties and Owner-managed Properties*

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity.

Owner-managed properties generate cash flows that are attributable not only to the property but also to other assets used in the process of providing educational services. Some properties comprise a portion that is held to earn rental or for capital appreciation, and another portion that is held for use in the supply of services or for administrative purposes. If a portion can be sold separately (or leased out separately under finance lease), the Group accounts for such portion separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

(i) *Distinction between Real Estate Held for Sale and Investment Properties*

Real estate held for sale comprise of lots that are held for sale in the ordinary course of business (see Note 10). Meanwhile, investment properties (see Note 9) comprised of land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Group considers management's intention over these assets in making its judgement.

(j) *Recognition of Provisions and Contingencies*

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.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 28.

27.2 Key Sources of Estimation Uncertainty

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 are presented below and in the succeeding pages.

(a) *Determination of Appropriate Discount Rate in Measuring Lease Liabilities*

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments are discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) *Estimation of Allowance for Impairment of Financial Instruments*

The measurement of the allowance for ECL on financial assets at FVOCI and at investment securities at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses).

Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 15.2.

The Group uses a provision matrix to calculate ECL for its trade receivables which are based on the Group's historical observed default rates. The Group's management intends to calibrate on an annual basis the matrix to consider the historical credit loss experience with forward-looking information.

(c) *Determination of Fair Value Measurement for Financial Instruments*

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Group's Financial Assets at FVTPL and at FVOCI and the amounts of fair value changes recognized during the years on those assets are disclosed in Note 7.

(d) *Estimation of Useful Lives of Investment Properties and Property and Equipment*

The Group estimates the useful lives of investment properties and property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of investment properties, and property and equipment are presented in Notes 9 and 11, respectively. Based on management's assessment as at May 31, 2024, 2023 and 2022, there is no change in the estimated useful lives of the assets during those years. Actual results, however, may vary due to changes in factors mentioned above.

(e) *Determination of Fair Value of Investment Properties*

Investment properties are measured using the cost model. The fair value disclosed in Note 9 is determined by the Group based on the appraisal report prepared by independent appraisers using the relevant valuation methodology as discussed in Note 9.

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

The principal assumptions underlying management's estimation of fair value are those related to the receipt of contractual rentals, expected future market rentals and appropriate discount rates. These valuations are regularly compared to actual to market yield data, and actual transactions by the Group and those reported by the market.

A significant change in these elements may affect the prices and the value of the assets. As of May 31, 2024, 2023 and 2022, the Group determined that there were no significant circumstances that may affect the fair value determination of investment properties.

(f) *Estimation of Impairment of Non-financial Assets*

The Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 26.10. Though management believes that the assumptions used in the estimation of recoverable amounts are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Based on management's assessment, no impairment loss is required to be recognized on the Group's investment properties, property and equipment, goodwill and certain other non-financial assets as for the years ended May 31, 2024, 2023 and 2022.

As at the acquisition date of RCI on May 12, 2017, the fair value of the University's share in RCI's net identifiable assets amounted to P621.8 million resulting in the recognition of goodwill amounting to P186.5 million. The goodwill arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the University and RCI. The goodwill recognized is subject to annual impairment testing (see Notes 26.2 and 26.10).

For purposes of assessing impairment, the Group determined the value in use of the CGU (that is, RCI) to which the carrying value of goodwill is compared. This methodology is in accordance with PAS 36, *Impairment of Assets*. The management considers that the benefits of acquisition accrue to the University as a whole and not to a specific business unit nor department only.

In determining the value in use, discounted cash flows method was used. Some of the key assumptions that have been considered which have significant impact on the results of the determination of the value in use are as follows:

- RCI will continue as a going concern entity and will have sufficient financial resources to finance its working capital requirements to achieve its projected forecast and to support its business needs;
- RCI's performance forecasts for the next five years from the end of each reporting period;

- In estimating the terminal value of the CGU, long-term growth rate of 0.8% as of May 31, 2024 and 2023 and 2.0% as of May 31, 2022 was used; and,
- In discounting the projected free cash flows, the weighted average cost of capital of 6.95%, 7.19% and 6.04% was used in 2024, 2023 and 2022, respectively.

For the years ended May 31, 2024, 2023 and 2022, the Group has assessed that the recoverable amount of the goodwill of P5.8 billion, P5.2 billion and P3.9 billion, respectively, exceeds its carrying amount. Accordingly, no impairment loss is required to be recognized in 2024, 2023 and 2022.

(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, 2024, 2023 and 2022 are fully recoverable and will be fully utilized within the prescribed periods, except for the related benefits of NOLCO and other temporary differences of certain subsidiaries which are not recognized, because it expects that the Group will generate sufficient taxable profits in the future against which the assets can be applied (see Note 21).

(h) Valuation of Post-employment Defined Benefit Obligation

The determination of the obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, expected rate of return on plan assets, salary rate increase and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment defined benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 19(b).

28. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

28.1 Capital Commitments

As of May 31, 2024, 2023 and 2022, FRC has commitments of about P3.8 million, P36.3 million and P51.6 million, respectively, for the condominium units acquired at pre-selling stage that are currently under construction.

28.2 Operating Lease Commitments

(a) Group as Lessor

FRC is a lessor under various operating lease agreements with several non-related parties for a period of one to 30 years. FRC also receives customer and security deposits relevant to its leasing activities as a lessor which is recognized under Other Non-current Liabilities in the consolidated statements of financial position.

Future minimum rental receivables which are collectible within one year, excluding contingent rental, under these operating leases amounts to P8.8 million, P6.8 million, and P11.7 million as of May 31, 2024, 2023 and 2022, respectively.

(b) Group as Lessee

The Group is a lessee under operating lease agreements covering rentals of event venues, transportation vehicles and small items of equipment used for various students' and employees' activities. The terms of the lease vary but do not exceed one year.

28.3 Construction Commitments

The Group enters into commitments for its ongoing construction of certain school buildings and other facilities. As of May 31, 2024, 2023 and 2022, the unfulfilled portion of these commitments amounted to P178.2 million, P63.5 million and P127.6 million, respectively.

28.4 Others

As of May 31, 2024, the Group has no record of any litigation not being contested or any that the Group has accepted any liability in relation to labor cases and other civil cases.

There are other contingencies that arise in the normal course of business that are not recognized in the Group's consolidated financial statements. Though Management believes that losses, if any, arising from these commitments and contingencies will not materially affect its financial statements, the University opted to appropriate portion of its retained earnings to cover for such contingencies [see Note 23.4(a)].

The Group has entered into transactions which resulted to obligations that will probably result to an outflow of economic resources. Accordingly, the management has recognized the probable losses as Provisions in its consolidated statements of financial position. However, as allowed by relevant accounting standards, the Group did not disclose the nature and details of its provisions because it may prejudice the interest and position currently being taken by the Group.

29. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Group as of and for the year ended May 31, 2024 (including the comparative consolidated financial statements as of and for the years ended May 31, 2023 and 2022) were authorized for issue by the University's BOT on August 20, 2024.

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

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We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Far Eastern University, Incorporated and subsidiaries (the Group) for the year ended May 31, 2024, on which we have rendered our report dated August 20, 2024. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68, and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO



By: **Jerard M. Sanchez**
Partner

CPA Reg. No. 0121830
TIN 307-367-174
PTR No. 10076154, January 3, 2024, Makati City
SEC Group A Accreditation
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-041-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

August 20, 2024

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
INDEX TO SUPPLEMENTAL SCHEDULES
MAY 31, 2024

Statement of Management’s Responsibility for the Consolidated Financial Statements

**Independent Auditor’s Report on the SEC Supplementary Schedules Filed Separately
from the Basic Financial Statements**

Supplementary Schedules to Consolidated Financial Statements (Form 17-A, Item 7)

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FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities
May 31, 2024

<i>Name of Issuing Entity and Association of Each Issue</i>	<i>Number of Shares or Principal Amount of Bonds and Notes</i>	<i>Amounts Shown on the Statements of Financial Position</i>	<i>Income Received and Accrued</i>
<i>Bank of the Philippine Islands (BPI) Trust Account:</i>			
Government Securities			
FXT10-72	P 33,000,000	P 32,052,125	
FXT1069	29,000,000	29,139,905	
FXT2023	23,400,000	23,367,375	
FXT2014	20,000,000	21,077,953	
FXT25-8	19,900,000	21,700,425	
FXT2025	17,000,000	19,081,736	
FXT1068	14,400,000	14,827,641	
FXT17-67	12,000,000	11,987,182	
FXT25-6	8,700,000	10,049,743	
RTB5-18	10,000,000	9,919,859	
FXT10-71	10,000,000	9,905,714	
FXT5-78	10,000,000	9,877,778	
RTB5-16	10,000,000	9,826,874	
FXT7-65	10,000,000	9,189,055	
FXT17-71	7,000,000	6,865,473	
FXT1067	6,590,000	6,001,774	
FXT15-1	5,000,000	5,106,861	
RTB5-14	5,000,000	4,806,390	
FXT5-77	5,000,000	4,793,438	
FXT17-62	2,000,000	1,998,953	
FXT2511MR	2,438,971	1,993,390	
FXT1060MR	1,544,188	1,503,672	
FXT1064	1,000,000	1,013,546	
RTB5-15	1,000,000	970,195	
FXT25-7	350,000	378,421	
BPI-NOTES	200,000	11,664,028	
UBP - BOND	200,000	11,237,736	
RDB-BOND	200,000	11,950,039	
US-TNOTEB	569,300	33,015,505	
Corporate Bonds			
SMPH-BOND	P 6,000,000	P 5,889,103	
ALI BOND	6,000,000	5,837,092	
AC BOND	4,900,000	4,829,081	
AP-BOND	5,000,000	4,822,232	
CNVRG-BOND	3,800,000	3,707,777	
APC-BONDM	2,000,000	1,936,136	
RLC-BOND	1,300,000	1,275,056	
SMIC-BOND	1,300,000	1,248,709	
FLI-BOND	1,000,000	992,474	
Equity Securities			
<i>Common Shares</i>			
SM	25,887	P 22,521,690	
BDO	137,862	17,922,060	
BPI	134,310	16,144,062	
SMPH	544,980	14,687,211	
ALI	537,216	14,101,920	
ICT	40,270	13,756,232	
TEL	7,960	11,780,800	
AC	18,335	10,909,325	
JFC	38,560	8,344,384	
JGS	219,612	6,807,972	
GLO	3,383	6,664,510	
MBT	89,862	5,575,937	
AEV	146,010	5,117,651	
URC	53,310	5,704,170	
GTCAP	9,394	5,655,188	
MER	11,090	4,072,248	
PGOLD	111,200	2,802,240	
CNPF	25,500	956,250	
ACEN	7,635	36,648	

Forward

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May 31, 2024

<i>Name of Issuing Entity and Association of Each Issue</i>	<i>Number of Shares or Principal Amount of Bonds and Notes</i>	<i>Amounts Shown on the Statements of Financial Position</i>	<i>Income Received and Accrued</i>
<i>Preferred Shares</i>			
APB2R	35,800	P	17,542,000
ACPAR	6,000		14,940,000
Unit Investment Trust Fund (UITF)			
GOVT.ETF	17,124	P	22,453,139
IWDA.ETF	3,367		19,377,227
STF UITF	101,468		17,195,105
WTJAPETF	1,344		8,737,404
QQQ.ETF	278		7,331,148
BPI USSTF	156		3,043,231
Totals for BPI Trust Account (FEU)		P	650,020,198
<i>Bank of the Philippine Islands (BPI) Trust Account:</i>			
Government Securities			
RTB5-18	P	106,500,000	P
RTB5-16		56,000,000	106,056,977
RTB5-13		50,000,000	55,193,363
FXT25-8		37,900,000	48,451,306
FXT1068		35,300,000	41,508,768
FXT2025		30,000,000	36,464,766
FXT2014		23,300,000	33,631,699
FXT1069		23,000,000	24,520,380
FXT13-01		20,000,000	23,246,185
FXT17-67		17,000,000	19,355,701
FXT25-6		13,100,000	17,039,895
FXT10-71		12,200,000	15,213,856
RDB-BOND		9,943,182	12,220,188
FXT5-78		10,000,000	10,470,606
FXT1067		8,180,000	9,919,920
FXT15-1		5,000,000	7,487,983
FXT17-65		5,000,000	5,092,581
FXT2023		2,300,000	4,613,755
FXT25-7		350,000	2,300,213
ROP		16,758,242	380,424
ROP		15,384,615	17,887,674
ROP		15,384,615	16,472,673
ROP			15,573,689
Corporate Bonds			
BPI BOND	P	110,950,000	P
BDO-BOND		65,455,951	110,669,797
SMPH-BOND		50,900,000	132,215,887
FLI-BND		51,000,000	58,895,420
ALI BOND 2.69%		31,200,000	51,269,477
BPL-NOTES		4,655,493	31,200,000
AEV BOND		21,800,000	29,157,155
MBT-NOTE		17,582,933	21,620,602
ACEN-BOND		13,800,000	17,610,610
RCBC BOND		11,363,636	13,581,454
TFS-NOTE		2,250,000	11,610,644
FDC-BOND		8,800,000	9,000,000
EDC -BOND		3,240,000	8,760,970
ALI BOND 5.095%		5,000,000	6,480,000
ALI BOND 3.09%		5,000,000	5,011,738
AP-BOND		5,000,000	4,878,351
CNVRG-BND		3,800,000	4,828,636
ALI -BOND		3,400,000	3,717,836
RLC BOND 2027		2,200,000	3,400,523
RLC BOND 2025		2,100,000	2,161,262
SMCGP-BND		1,900,000	2,080,881
AC-BOND		1,400,000	1,702,075
SMIC-BOND 3.81704%		1,300,000	1,368,115
			1,252,559

Forward

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities
May 31, 2024

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Equity Securities				
<i>Common Shares</i>				
SM	28,305	P	23,507,303	
BPI	187,232		22,299,331	
BDO	142,866		18,315,421	
ICT	48,860		17,091,228	
SMPH	593,900		16,807,370	
ALI	583,000		16,615,500	
AC	20,370		11,855,340	
TEL	8,145		11,704,365	
JFC	49,890		11,275,140	
AEV	255,320		9,906,416	
JGS	341,228		8,888,989	
URC	59,320		6,596,384	
MBT	97,630		6,594,907	
GTCAP	10,240		6,348,800	
MER	17,070		6,247,620	
WLCON	278,100		4,977,990	
GLO	2,029		4,260,900	
FGEN	227,600		4,087,696	
MWC	106,400		2,904,720	
PGOLD	116,700		2,824,140	
CNPF	27,700		890,555	
MEG	268,000		469,000	
ACEN	10,060		50,300	
 <i>Bank of the Philippine Islands (BPI) Trust Account:</i>				
<i>Preferred Shares</i>				
ACPAR	8,000	P	19,920,000	
APB2R	8,000		3,920,000	
ACENB	3,000		3,240,000	
<i>Mutual Funds</i>				
AGGG.ETF	95,182	P	23,806,755	
IWDA.ETF	3,252		19,446,895	
WIJAPETF	1,234		8,159,679	
QQQ.ETF	175		4,914,113	
<i>Unit Investment Trust Fund (UITF)</i>				
STF UITF	186,142	P	31,426,349	
BPI USSTF	137		2,686,141	
US-TBILL			58,087,330	
BPIP-STDT			19,986,015	
Totals for BPI Trust Account (EACCI)			P	1,465,689,286

Forward

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
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<i>Name of Issuing Entity and Association of Each Issue</i>	<i>Number of Shares or Principal Amount of Bonds and Notes</i>	<i>Amounts Shown on the Statements of Financial Position</i>	<i>Income Received and Accrued</i>
<i>Banco De Oro (BDO) Trust Account:</i>			
Government Securities			
RETAIL TREASURY BOND (R5-16) IMA	P 65,000,000	P 63,872,405	
RETAIL TREASURY BOND (R5-15) IMA	64,100,000	62,183,973	
FXTN 7-62 (IMA-TX)	50,300,000	50,273,536	
RETAIL TREASURY BOND (R5-18) IMA	50,000,000	49,599,000	
RETAIN TREASURY BOND R5-14 (IMA-TX)	51,000,000	49,020,001	
RETAIL TREASURY BOND (R5-17) IMA	46,000,000	45,617,740	
FXTN 7-68 (IMA-TX)	32,900,000	33,417,676	
FXTN 3-29 (TX) IMA	29,700,000	29,650,779	
FXTN 03-01 (IMA-TX)	23,000,000	22,743,769	
FXTN 10-64 (IMA-TX)	21,800,000	22,095,774	
FXTN 10-63 (TX) IMA	15,000,000	14,937,522	
FXTN 07-71 IMA-TX	10,000,000	9,807,549	
FXTN 10-72 IMA-TX	10,000,000	9,712,560	
FXTN 20-14	8,000,000	8,432,182	
FXTN 10-69 IMA-TX	8,000,000	8,038,664	
FXTN 10-71 (TX) IMA	8,000,000	7,924,502	
FXTN 7-67 (IMA-TX)	7,000,000	6,992,547	
FXTN 7-70 (IMA-TX)	6,000,000	5,950,121	
FXTN 05-77 IMA TX	5,100,000	4,888,398	
FXTN 07-69 (TX) IMA	5,000,000	4,884,135	
RETAIL TREASURY BOND 15-1 (TX-VTA)	5,500,000	5,489,060	
FXTN 20-14 (TX-IMA)	2,000,000	2,108,046	
FTXN 20-11 (TX) IMA	1,600,000	1,699,528	
RETAIL TREASURY BOND 10-05 (TX-IMA)	1,000,000	951,289	
ROP 28N (USD)	1,135,000	65,169,094	
ROP 33 (USD)	1,090,000	62,468,368	
ROP 32 (USD)	425,000	19,782,316	
Corporate Bonds			
Converge ICT Solutions FRB (IMA-TX)	P 4,900,000	P 4,893,586	
AEV Fixed Rate Bonds (IMA-TX)	4,000,000	3,998,704	
ALI Fixed Rate Bonds (IMA-TX)	3,000,000	2,998,281	
Robinsons Land Corp FRB (IMA-TX)	2,400,000	2,398,625	
Robinsons Land Corp FRB (IMA-TX)	1,300,000	1,299,255	
AEV Fixed Rate Bonds (IMA-TX)	1,200,000	1,199,611	
Aboitiz Equity AEV25TXIMHTC	1,000,000	999,676	
Aboitiz Power Corp Bonds (IMA-TX)	1,000,000	999,189	
<i>Banco De Oro (BDO) Trust Account (continuation):</i>			
Equity Securities			
Common Shares			
SM	31,738	P 27,612,060	
SMPH	605,148	16,308,739	
BDO	93,094	12,102,220	
ALI	659,920	17,322,900	
AC	25,464	15,151,080	
ICT	36,180	12,359,088	
BPI	87,196	10,480,959	
AP	236,660	8,070,106	
URC	68,860	7,368,020	
MBT	111,103	6,893,941	
GLO	3,300	6,501,000	
TEL	4,362	6,455,760	
RLC	350,940	5,706,284	
MER	15,330	5,629,176	
GTCAP	7,689	4,628,778	
JFC	19,505	4,220,882	
RRHI	102,650	4,008,483	
AEV	99,210	3,477,311	
MEG	1,357,660	2,443,788	
AREIT	83,120	2,759,584	
MREIT	125,700	1,578,792	
PGOLD	52,690	1,327,788	
RCR	198,500	992,500	
FILRT	175,500	496,665	
ACEN	72,792	349,402	

Forward

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule A - Marketable Securities
May 31, 2024

<i>Name of Issuing Entity and Association of Each Issue</i>	<i>Number of Shares or Principal Amount of Bonds and Notes</i>	<i>Amounts Shown on the Statements of Financial Position</i>	<i>Income Received and Accrued</i>
Preferred Shares			
DD	49,000	P	4,603,550
UITF			
BDO-TRUST & INV	335,883	P	45,009,294
BDO Global Equity Index Feeder Fund (BDO GEIFF)	2,626		26,098,149
BDO DOLLAR MONEY MARKET FUND	490		4,402,669
BDO US Equity Index Feeder Fund (BDO USEIFF)	231		1,906,376
Totals for BDO Trust Account (FEU)		P	952,762,805
<i>Banco De Oro (BDO) Trust Account:</i>			
Government Securities			
RETAIL TREAS BOND (R5-16) TX IMA	P	75,000,000	P
FXTN 7-62 (IMA-TX)		68,800,000	73,917,251
RETAIL TREAS BOND (R5-17) TXIVOCI		65,000,000	68,771,196
RETAIL TREAS BOND (R5-15) TX IMA		56,200,000	64,700,317
RETAIL TREAS BOND (R5-18) TXIVOCI		50,000,000	54,638,724
FXTN 7-68 (IMA-TX)		42,500,000	49,791,981
RETAIL TREAS BOND (R5-14) TX IMA		35,000,000	43,382,498
FXTN 10-64 (IMA-TX)		18,700,000	33,732,667
FXTN 10-63 (IMA-TX)		18,000,000	18,988,692
FXTN 10-69 (IMA-TX)		15,000,000	17,945,927
FXTN 3-01 (IMA-TX)		14,000,000	15,160,608
FXTN 5-77 (IMA-TX)		12,000,000	13,828,000
FXTN 20-17		10,000,000	11,533,634
FXTN 10-72 (IMA-TX)		10,000,000	10,703,840
FXTN 7-71 (IMA-TX)		10,000,000	9,800,127
FXTN 10-71 (IMA-TX)		8,000,000	9,772,456
FXTN 7-69 (IMA-TX)		5,000,000	8,013,230
FXTN 20-14 (IMA-TX)		7,500,000	5,000,000
FXTN 20-14		6,400,000	4,903,668
FXTN 3-29 (IMA-TX)		5,000,000	7,893,760
FXTN 7-67 (IMA-TX)		3,000,000	6,736,008
RETAIL TREASURY BOND 15-1 (TX-IMA)		2,540,000	4,998,009
ROP 33		1,260,000	3,007,058
ROP 28N		1,261,000	2,540,669
ROP 32		400,000	72,991,956
US T-BILLS		14,000	72,837,773
			18,814,279
			817,914
Corporate Bonds			
Aboitiz Power Corp Bonds (TX-I)	P	95,300,000	P
Aboitiz Equity Ventures (IXI)		4,000,000	95,222,712
Ayala Corp. Fixed Rate Bond (TX)		10,960,000	18,793,909
Converge ICT Solutions FRB		5,900,000	10,941,720
SMC Series J Bonds		4,400,000	9,540,303
SMC FRB PUT		4,300,000	5,892,277
Ayala Land Corp Bond Trnche2 (I)		3,900,000	4,380,895
Robinsons Land (RLC0626TXITC)		2,100,000	4,281,329
SMC Bonds (TX-IMA)-HTC		1,000,000	3,897,765
NLEX Corp 7yr (IMA-TX)- HTC		1,620,000	2,098,797
			1,986,489
			1,617,434
Equity Securities			
Common Shares			
SMI	21,510	P	17,864,055
INT	38,675		13,528,515
AYA L	383,920		10,941,720
SMPH	383,420		10,850,786
BDO	81,973		10,367,919
AYA C	16,865		9,815,430
MBT	139,774		9,441,734
FILINVEST REIT	2,953,400		8,771,598
BPI	72,308		8,611,883
PLD	4,115		5,913,255
URC	45,934		5,107,861
GLO	2,415		5,071,500
APC	108,700		3,684,930
JFC	13,160		2,974,160
RL COM	98,300		516,075
AC EC	48,195		240,975

Forward

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Schedule A - Marketable Securities
May 31, 2024

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<i>Banco De Oro (BDO) Trust Account:</i>			
MEC	8,983	P	3,287,778
ROB L	184,524		2,749,408
AEV	59,640		2,314,032
ROB R	62,460		2,189,223
CITI	780,000		2,176,200
MREIT	123,400		1,579,520
MEG	758,160		1,326,780
AREIT	26,620		918,390
PGOLD	32,640		789,888
GTCAP	769		476,780
SECB	2,950		185,555
<i>Preferred Shares</i>			
SMC GL POWERS SENIOR	7,650	P	44,355,104
UITF			
BDO-TRUST & INV	6,390	P	11,331,996
BDO-TRUST & INV (USD)	2,115		20,857,612
Totals for BDO Trust Account (EACCI)		P	1,066,174,814
<i>HSBC Account:</i>			
UITF			
SEI GBL MSTR FD PLC - GBL EQTY USD	67,691	P	89,321,046
SEI GBL MSTR FD PLC - US CORE FX INC	43,696		50,818,894
VINTAGE 2018 CARLYLE LP A USD	500,000		34,762,246
PIMCO INCOME E USD MCSH	53,476		29,623,476
SEI GBL MSTR FD PLC - GBL OPP FX INC USD	22,404		25,859,833
SEI GBL MSTR FD PLC - GBL FX INC FD USD	25,670		25,506,423
HSBC DIVERSIFIED LOAN SCSP RAIF A USD	500,000		25,399,929
SEI GBL MSTR FD PLC - PAN EURO SML CAP USD	19,088		19,324,167
SEI GBL MSTR FD PLC - US SML COMPNS FD USD	2,174		18,044,275
SCHRODER ISF GLOBAL CREDIT INCOME A USD MCS	2,901		14,585,987
SEI GBL MSTR FD PLC - HIGH YLD FX INC USD	4,489		14,018,428
SEI GBL MSTR FD PLC - EMRG MKTS DBT FD USD	7,902		13,831,870
SEI GBL MSTR FD PLC - EMRG MKTS EQTY USD	5,917		13,409,038
AB SICAV I LOW VOLATILITY EQ AD	8,576		12,035,701
Totals for HSBC Account (FEU)		P	386,541,313

Forward

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Other Investment Accounts				
Equity Securities (BPI Securities)				
Commons Shares				
CEU	2,273,007		P 25,003,077	
FILRT	685,000		1,938,550	
IPO	2,800		16,464	
PHN	1,000		23,000	
Total			P 26,981,091	
UITF (BPI)				
BGF GLO DYN EQUITY FN NON DIS A2	17,720	P	34,392,893	
AB SICAV I-LOW VOL EQ-AD USD	22,460		31,519,528	
JAN HND BAL A USD IN	38,910		29,560,518	
BGF GLOBAL ALLOCATION FN NON DIS A2	6,700		29,935,710	
AB FCP I AMER INC AT USD	59,938		22,311,141	
IGF US Equity (SSHARES GLOBAL INFRASTRUCTURE)	5,400		15,960,350	
FIRST STATE ASIAN EQUITY PLUS I ACC USD	2,950		14,399,314	
IXG US Equity (SSHARES GLOBAL)	3,100		15,958,172	
MORGAN STANLEY INVESTMENT FUNDS	700		8,457,928	
BPI US DOLLAR SHORT TERM FUND	58		1,133,549	
BPI SHORT TERM UITF (owned by FRC)			1,150,122	
BPI SHORT TERM UITF	1,122		188,764	
BPI US DOLLAR SHORT TERM FUND (owned by FRC)			1,171,897	
Total			P 206,139,886	
Corporate Bonds (BPI)				
BDO-BOND (owned by FRC)	1,210,000	P	64,260,977	
BPI US Tbill (owned by FRC)	1,120,000		61,356,066	
BPI US TNote (owned by FRC)	700,000		39,356,100	
US-TBILL USD (owned by FRC)	1,131,500		60,936,771	
AYC Finance Limited (owned by FRC)	500,000		23,273,511	
PNB (owned by FRC)	250,000		13,863,046	
US-TNOTE (owned by FRC)	353,000		19,846,719	
PNBPM	300,000		17,555,056	
ACPM	200,000		11,724,000	
BPI Notes(owned by FRC)	200,000		11,245,162	
JFC-BOND (owned by FRC)	200,000		10,750,512	
RTB5-18 (owned by FRC)	5,000,000		5,008,550	
Total			P 339,176,470	
Chinabank				
Century 4.8467% Bond	100,000,000	P	100,000,000	
Total			P 100,000,000	
Others				
\$TD 4.13% Mat 4/11/2024			20,071,102	
Club Share - Anvaya Cove Beach and Nature Club	1		2,500,000	
Club Share - Tagaytay Highlands The Country Club	1		700,000	
Total			P 23,271,102	
Grand Totals			P 5,216,756,965	P 255,895,589

Note:

The financial assets in this schedule is presented in the 2024 consolidated statement of financial position as follows

Financial assets at fair value through profit or loss	P 1,644,447,140
Financial assets at fair value through other comprehensive income	3,095,025,468
Investment securities at amortized cost	477,284,357
	P 5,216,756,965

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, 2024

<i>Name and Designation of Debtor</i>	<i>Balance at Beginning of Period</i>	<i>Additions</i>	<i>Deductions</i>		<i>Current</i>	<i>Non-Current</i>	<i>Balance at End of Period</i>
			<i>Amounts Collected</i>	<i>Amounts Written-Off</i>			
Administrative managers and supervisors	p 25,288,318.00	p 22,867,825.00	p (38,071,177.00)	P -	P 10,084,966.00	P -	p 10,084,966.00
Administrative Rank and file	3,003,870.00	407,187.00	(3,299,681.00)	-	111,376.00	-	111,376.00
Teaching personnel	722,990	5,564,143	(3,253,227)	-	3,033,906	-	3,033,906
	P 29,015,178	P 28,839,155	(P 44,624,085)	p -	P 13,230,248	p -	P 13,230,248
Other advances to officers and employees, (including balances of subsidiaries)							20,996,485
TOTAL							P 34,226,733

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule C - Amounts Receivable from Related Parties Which are Eliminated During the Consolidation of Financial Statements
 May 31, 2024

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non-Current	Balance at End of Period
			Amounts Collected	Amounts Written-Off			
FEU							
Reimbursement of expenses	P 131,544,374	P 34,218,616	P -	P -	P 165,934,614	P -	P 165,934,614
Noninterest-bearing advances	235,564,735	-	(235,564,735)	-	-	-	-
Rental receivable	6,444,561	46,472,923	(50,229,734)	-	2,687,750	-	2,687,750
Dividend receivables	-	225,074,822	(175,074,822)	-	50,000,000	-	50,000,000
	<u>P 373,553,670</u>	<u>P 305,766,361</u>	<u>(P 460,869,291)</u>	<u>P -</u>	<u>P 218,622,364</u>	<u>P -</u>	<u>P 218,622,364</u>
FRC							
Rental receivable	<u>P 12,827,032</u>	<u>P 135,922,397</u>	<u>(P 133,669,380)</u>	<u>P -</u>	<u>P 15,080,049</u>	<u>P -</u>	<u>P 15,080,049</u>
FECSI							
Transfer of fixed asset	P 23,170,854	P -	(P 23,170,854)	P -	P -	P -	P -
Reimbursement of expenses	3,676,427	-	(983,491)	-	2,692,936	-	2,692,936
	<u>P 26,847,281</u>	<u>P -</u>	<u>(P 24,154,345)</u>	<u>P -</u>	<u>P 2,692,936</u>	<u>P -</u>	<u>P 2,692,936</u>
EACCI							
Reimbursement of expenses	<u>P 2,765,215</u>	<u>P -</u>	<u>(P 438,286)</u>	<u>P -</u>	<u>P 2,326,929</u>	<u>P -</u>	<u>P 2,326,929</u>
FEU High							
Collections from students	<u>P 961,698</u>	<u>P -</u>	<u>(P 961,698)</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>
FEUAI							
Reimbursement of expenses	<u>P 1,355,884</u>	<u>P -</u>	<u>(P 1,169,654)</u>	<u>P -</u>	<u>P 186,230</u>	<u>P -</u>	<u>P 186,230</u>

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule D - Intangible Assets / Other Assets
May 31, 2024

Description	Balance at Beginning of Period	Additions (Disposals or Deductions) at Cost	Deductions		Other Changes	Balance at End of Period
			Charged to Cost and Expenses	Charged to Other Accounts	Additions (Deductions)	
Intangible Asset						
Goodwill	<u>P 186,487,019</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 186,487,019</u>
Other Current Assets						
Real estate held-for-sale	P 118,782,542	P -	p -	P -	P -	P 118,782,542
Short-term investments	22,897,882	63,240,574	-	-	-	86,138,456
Prepaid expenses	73,231,110	9,648,699	-	-	-	82,879,809
Inventories	23,820,136	13,627,514	-	-	-	37,447,650
Input value-added tax (VAT) - net	12,183,521	-	-	(10,230,804)	-	1,952,717
Others	<u>13,116,401</u>	<u>5,955,314</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,071,715</u>
	<u>P 264,031,592</u>	<u>P 92,472,101</u>	<u>P -</u>	<u>(P 10,230,804)</u>	<u>P -</u>	<u>P 346,272,889</u>
Other Non-current Assets						
Advances to developers and suppliers	P 208,891,017	P -	p -	(P 43,492,636)	P -	P 165,398,381
Refundable deposits	17,635,899	905,976	-	-	-	18,541,875
Others	<u>2,173,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,173,477</u>
	<u>P 228,700,393</u>	<u>P 905,976</u>	<u>P -</u>	<u>(P 43,492,636)</u>	<u>P -</u>	<u>P 186,113,733</u>

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule E - Long Term Debt
May 31, 2024

<i>Title of Issue and Type of Obligation</i>	<i>Amount Authorized by Indenture</i>	<i>Amount Shown Under Caption "Current Portion of Long Term Debt" in Related Balance Sheet</i>	<i>Amount Shown Under Caption "Long Term Debt" in Related Balance Sheet</i>
PN 800050201994 (Interest-bearing loan)	P 542,857,143	P 103,401,361	P 232,653,060
PN 800050203813 (Interest-bearing loan)	500,000,000	95,238,095	214,285,715
PN 800050196305 (Interest-bearing loan)	425,000,000	80,952,381	182,142,857
PN 800050196532 (Interest-bearing loan)	300,000,000	57,142,858	128,571,428
PN 800050197641 (Interest-bearing loan)	150,000,000	28,571,428	64,285,715
PN 800050199879 (Interest-bearing loan)	120,000,000	22,857,143	51,428,571
PN 800050197816 (Interest-bearing loan)	100,000,000	19,047,619	42,857,143
PN 800050203487 (Interest-bearing loan)	50,000,000	9,523,809	21,428,572
PN 800050203756 (Interest-bearing loan)	50,000,000	9,523,809	21,428,572
TOTAL		P 426,258,503	P 959,081,633

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule F - Indebtedness to Related Parties
May 31, 2024

<i>Name of Related Party</i>	<i>Balance at Beginning of Year</i>	<i>Balance at End of Year</i>
------------------------------	-----------------------------------------	-----------------------------------

-- Nothing to report --

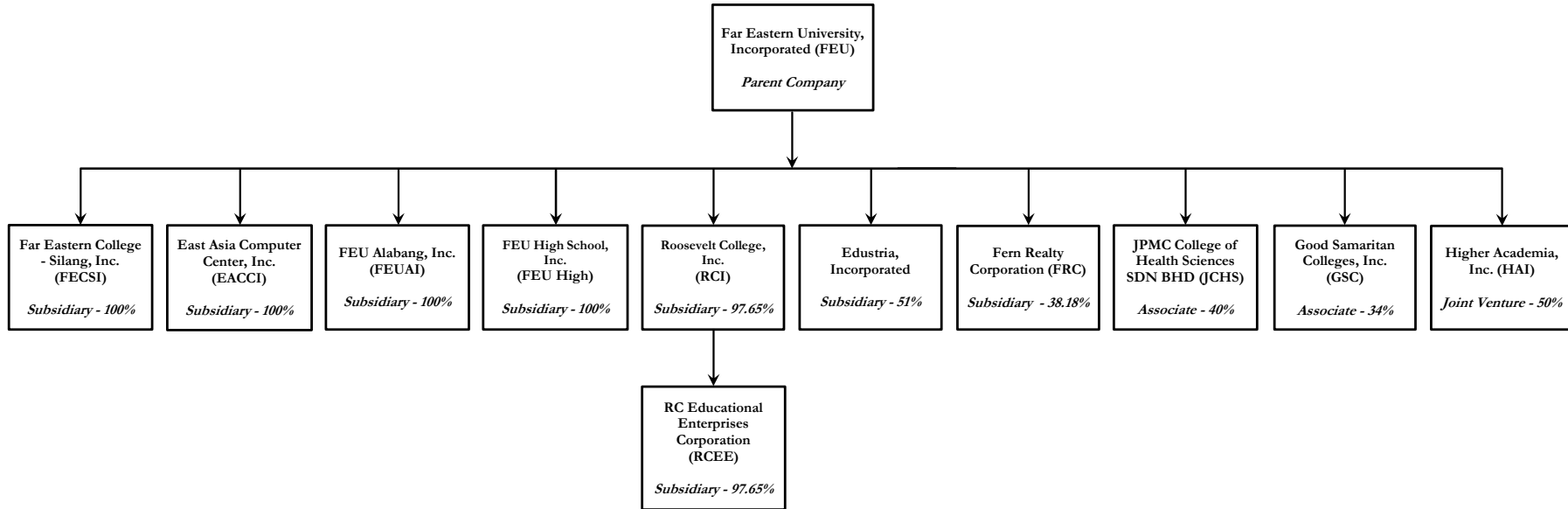
FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Schedule H - Capital Stock
May 31, 2024

<i>Title of Issue</i>	<i>Number of Shares Authorized</i>	<i>Number of Shares Issued and Outstanding as Shown Under Related Balance Sheet Caption</i>	<i>Number of Shares Reserved for Options, Warrants, Conversion and Other Rights</i>	<i>Number of Shares Held by Related Parties</i>	<i>Directors, Officers and Employees</i>	<i>Others</i>
Common shares - P100 par value	50,000,000	23,909,192	-	14,479,493	605,282	8,824,417

FAR EASTERN UNIVERSITY, INCORPORATED
Nicanor Reyest St., Sampaloc, Manila
Reconciliation of Retained Earnings Available for Dividend Declaration
May 31, 2024

Unappropriated Retained Earnings at Beginning of Year		P 3,072,428,694
Add: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earning Appropriation/s		141,000,000
Less: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	(769,784,416)	
Retained Earnings appropriated during the reporting period	(850,000,000)	(1,619,784,416)
Unappropriated Retained Earnings at Beginning of Year, as adjusted		1,593,644,278
Add/Less: Net Income (Loss) for the Current Year		1,050,213,745
Less: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	32,432,681	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	32,546,741	
Sub-total		64,979,422
Add: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents		47,174,733
Add: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded fair value adjustment (mark-to-market loss) of financial instrument at FVTPL	(28,224,376)	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	(6,155,775)	
Sub-total		(34,380,151)
Adjusted Net Income/Loss		<u>2,591,673,183</u>
Add: Non-actual lossess recognized in profit or loss during the reporting period (net of tax)		-
Add/ Less: Adjustments related to relief granted by the SEC and BSP		-
Add/ Less: Other items that should be excluded from the determination of the amount of available for dividends distribution		
categories		(5,762,962)
Unappropriated Retained Earnings Available for Dividend Distribution at End of Year		<u>P 2,585,910,221</u>

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
 Map Showing the Relationships Between and Among the University and Its Related Parties
 May 31, 2024



Note:

Percentages indicated pertain to FEU's effective ownership over the respective related parties, which are also disclosed in the consolidated financial statements.

Report of Independent Auditors on Components of Financial Soundness Indicators

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

T +63 2 8988 2288

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

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Far Eastern University, Incorporated and subsidiaries (the Group) for the years ended May 31, 2024, 2023 and 2022, on which we have rendered our report dated August 20, 2024. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at May 31, 2024, 2023 and 2022 and for each of the three years in the period ended May 31, 2024 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO



By: **Jerald M. Sanchez**
Partner

CPA Reg. No. 0121830
TIN 307-367-174
PTR No. 10076154, January 3, 2024, Makati City
SEC Group A Accreditation
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-041-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

August 20, 2024

FAR EASTERN UNIVERSITY, INCORPORATED AND SUBSIDIARIES
Supplemental Schedule of Financial Soundness Indicators
May 31, 2024, 2023 and 2022

Indicators	Formula	Ratios / Percentages/ Amounts		
		2024	2023	2022
Current ratio	$\frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$	1.88	2.25	2.52
Acid test ratio	$\frac{\text{Cash and cash equivalents} + \text{Trade and other receivables} - \text{net} + \text{Investments}}{\text{Total Current Liabilities}}$	1.79	2.14	2.40
Debt-to-asset ratio	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$	0.21	0.22	0.25
Equity-to-asset ratio	$\frac{\text{Total Equity}}{\text{Total Assets}}$	0.79	0.78	0.75
Debt-to-equity ratio	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$	0.26	0.28	0.32
Assets-to-equity ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	1.26	1.28	1.32
Interest coverage ratio	$\frac{\text{Earnings before Interest and Taxes}}{\text{Interest Expense}}$	21.04	23.22	32.55
Return on equity	$\frac{\text{Net Profit}}{\text{Total Equity}}$	14%	15%	13%
Return on assets	$\frac{\text{Net Profit}}{\text{Total Assets}}$	11%	11%	10%
Earnings per share	$\frac{\text{Net Profit}}{\text{Average outstanding shares}}$	P 81.13	P 77.92	P 62.74



FAR EASTERN UNIVERSITY

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, 2024, 2023 and 2022 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

JUAN MIGUEL R. MONTINOLA
President and Chief Operating Officer

ROSANNA E. SALCEDO
Chief Finance Officer and Treasurer

Signed this 20th day of August, 2024.

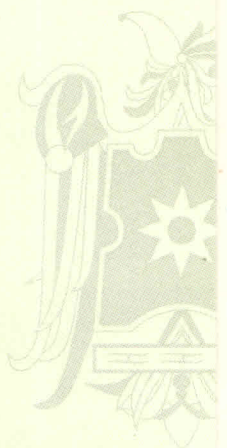
AUG 28 2024

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2024, affiants exhibiting their Tax Identification Numbers (TIN) as follows:

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

Doc. No. 429
Page No. 87
Book No. II
Series of 2024.

ATTY. FEI JANE P. CATLI
NOTARY PUBLIC - CITY OF MANILA
Notarial Commission No. 2023-153
Valid Until December 31, 2024
Roll of Attorney's No. 70141
IBP Lifetime Member Roll No. 017715, 06.21.2017
PTR No. 1541470, 01.04.2024
MCLE Compliance No. VIII-0003078, 06.30.2023
TIN-340-171-697
Rm.310, FEU Administration Bldg.
Nicanor Reyes St., Sampaloc, Manila



Nicanor Reyes Street
Sampaloc, Manila
P.O. Box 609 Philippines 1015
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P&A
Grant Thornton

FOR SEC FILING

Financial Statements and
Independent Auditors' Report

Far Eastern University, Incorporated

May 31, 2024, 2023 and 2022

Report of Independent Auditors

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Far Eastern University, Incorporated (the University), which comprise the statements of financial position as at May 31, 2024, 2023 and 2022 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at May 31, 2024, 2023 and 2022, 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the University's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement) and SEC Form 17-A (but does not include the financial statements and our auditors' report thereon) and Annual Report for the year ended May 31, 2024. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended May 31, 2024 are expected to be made available to us after the date of this auditors' report.

Our opinion on the 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 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 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, 2024 required by the Bureau of Internal Revenue as disclosed in Note 31 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the 2024 audit resulting in this independent auditors' report is Jerald M. Sanchez.

PUNONGBAYAN & ARAULLO



By: Jerald M. Sanchez
Partner

CPA Reg. No. 0121830
TIN 307-367-174
PTR No. 10076154, January 3, 2024, Makati City
SEC Group A Accreditation:
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002551-041-2023 (until Jan. 24, 2026)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

August 20, 2024

FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>A S S E T S</u>				
CURRENT ASSETS				
Cash and cash equivalents	4	P 42,941,355	P 503,084,160	P 582,668,500
Receivables - net	5	669,771,646	841,990,661	771,504,059
Financial assets at fair value through profit or loss (FVTPL)	6	1,136,200,727	1,148,825,052	1,153,449,411
Financial assets at fair value through other comprehensive income (FVOCI)	6	64,594,433	48,621,497	267,067,116
Investment securities at amortized cost	6	29,279,056	66,655,463	97,615,962
Prepayments and other current assets - net	9	<u>104,802,069</u>	<u>70,686,157</u>	<u>80,234,267</u>
Total Current Assets		<u>2,047,589,286</u>	<u>2,679,862,990</u>	<u>2,952,539,315</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (FVOCI)	6	1,000,541,187	808,309,119	468,406,097
Investment securities at amortized cost	6	18,786,927	34,906,398	73,190,766
Investments in subsidiaries, associates and joint venture	7	2,984,183,828	2,468,612,234	2,307,942,440
Investment properties - net	8	1,297,843,260	1,323,060,987	1,323,830,890
Property and equipment - net	10	3,254,938,691	3,279,951,423	3,187,629,410
Deferred tax assets - net	21	1,664,553	-	2,057,366
Other non-current assets		<u>14,535,916</u>	<u>3,396,757</u>	<u>63,424,020</u>
Total Non-current Assets		<u>8,572,494,362</u>	<u>7,918,236,918</u>	<u>7,426,480,989</u>
TOTAL ASSETS		<u>P 10,620,083,648</u>	<u>P 10,598,099,908</u>	<u>P 10,379,020,304</u>
<u>LIABILITIES AND EQUITY</u>				
CURRENT LIABILITIES				
Trade and other payables	12	P 1,131,332,793	P 1,034,270,027	P 897,054,936
Interest-bearing loan	13	331,020,408	331,020,408	377,925,170
Unearned tuition fees	15	27,619,048	29,420,147	35,158,522
Income tax payable		418,412	-	-
Subscription payable	7, 20	<u>-</u>	<u>-</u>	<u>76,499,997</u>
Total Current Liabilities		<u>1,490,390,661</u>	<u>1,394,710,582</u>	<u>1,386,638,625</u>
NON-CURRENT LIABILITIES				
Interest-bearing loans	13	744,795,918	1,075,816,327	1,406,836,735
Lease liabilities	11	1,185,428,533	1,190,623,905	1,195,422,079
Deferred tax liabilities - net	21	<u>-</u>	<u>4,098,409</u>	<u>-</u>
Total Non-current Liabilities		<u>1,930,224,451</u>	<u>2,270,538,641</u>	<u>2,602,258,814</u>
Total Liabilities		<u>3,420,615,112</u>	<u>3,665,249,223</u>	<u>3,988,897,439</u>
EQUITY				
Capital stock	23	2,409,309,400	2,409,309,400	2,409,309,400
Treasury stock - at cost	23	(3,733,100)	(3,733,100)	(3,733,100)
Revaluation reserves	6	(18,109,850)	(4,298,372)	(20,587,187)
Retained earnings	23			
Appropriated		2,172,733,100	1,463,733,100	1,184,853,389
Unappropriated		<u>2,639,268,986</u>	<u>3,067,839,657</u>	<u>2,820,280,363</u>
Total Equity		<u>7,199,468,536</u>	<u>6,932,850,685</u>	<u>6,390,122,865</u>
TOTAL LIABILITIES AND EQUITY		<u>P 10,620,083,648</u>	<u>P 10,598,099,908</u>	<u>P 10,379,020,304</u>

See Notes to Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF PROFIT OR LOSS
FOR THE YEARS ENDED MAY 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	<u>Notes</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
EDUCATIONAL REVENUES				
Tuition fees - net	15	P 2,763,852,230	P 2,748,719,663	P 2,318,574,073
Other school fees	15	<u>63,408,359</u>	<u>68,358,214</u>	<u>60,142,211</u>
		<u>2,827,260,589</u>	<u>2,817,077,877</u>	<u>2,378,716,284</u>
IMPAIRMENT LOSS	5	(6,846,081)	(5,138,804)	(7,852,408)
OTHER OPERATING EXPENSES	16	(2,052,370,803)	(1,892,307,067)	(1,577,275,770)
OTHER OPERATING INCOME	8, 20	<u>52,964,470</u>	<u>48,809,392</u>	<u>86,756,498</u>
OPERATING INCOME		821,008,175	968,441,398	880,344,604
FINANCE INCOME	17	422,556,152	296,571,343	299,093,692
FINANCE COSTS	17	(219,557,923)	(192,067,166)	(160,528,253)
OTHER INCOME	18	<u>104,181,098</u>	<u>156,091,542</u>	<u>68,499,346</u>
INCOME BEFORE TAX		1,128,187,502	1,229,037,117	1,087,409,389
TAX EXPENSE	21	(<u>77,973,757</u>)	(<u>29,036,748</u>)	(<u>34,438,869</u>)
NET INCOME		<u>P 1,050,213,745</u>	<u>P 1,200,000,369</u>	<u>P 1,052,970,520</u>
Earnings Per Share				
Basic and Diluted	24	<u>P 43.66</u>	<u>P 49.88</u>	<u>P 43.77</u>

See Notes to Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MAY 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Note	<u>2024</u>	<u>2023</u>	<u>2022</u>
NET INCOME		<u>P 1,050,213,745</u>	<u>P 1,200,000,369</u>	<u>P 1,052,970,520</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified subsequently to profit or loss				
Net fair value gains (losses) during the year	6	(23,419,431)	14,709,347	(25,245,781)
Net fair value losses reclassified to profit or loss on debt securities classified as FVOCI	6	2,827,751	1,816,728	742,189
Tax income (expense)		<u>205,917</u>	(<u>165,261</u>)	<u>245,036</u>
		(<u>20,385,763</u>)	<u>16,360,814</u>	(<u>24,258,556</u>)
Items that will not be reclassified subsequently to profit or loss				
Net fair value gains (losses) on equity securities classified as financial assets at FVOCI	6	6,640,692	(72,726)	(2,013,952)
Tax income (expense)		(<u>66,407</u>)	<u>727</u>	<u>20,140</u>
		<u>6,574,285</u>	(<u>71,999</u>)	(<u>1,993,812</u>)
Other Comprehensive Income (Loss)		(<u>13,811,478</u>)	<u>16,288,815</u>	(<u>26,252,368</u>)
TOTAL COMPREHENSIVE INCOME		<u>P 1,036,402,267</u>	<u>P 1,216,289,184</u>	<u>P 1,026,718,152</u>

See Notes to Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MAY 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Capital Stock		Treasury Stock -		Revaluation		Retained Earnings			Total Equity				
	(See Note 23)		at Cost		Reserves		(See Note 23)							
							Appropriated	Unappropriated	Total					
Balance at June 1, 2023	P	2,409,309,400	(P	3,733,100)	(P	4,298,372)	P	1,463,733,100	P	3,067,839,657	P	4,531,572,757	P	6,932,850,685
Transaction with owners –														
Cash dividends		-		-		-		-	(	769,784,416)	(	769,784,416)	(	769,784,416)
Appropriations of retained earnings –														
Appropriations during the year		-		-		-		850,000,000	(	850,000,000)		-		-
Reversal of appropriations during the year		-		-		-	(	141,000,000)		141,000,000		-		-
		-		-		-		709,000,000	(	709,000,000)		-		-
Total comprehensive income (loss):														
Net income for the year		-		-		-		-		1,050,213,745		1,050,213,745		1,050,213,745
Other comprehensive loss - net		-		-	(	13,811,478)		-		-		-	(	13,811,478)
		-		-	(	13,811,478)		-		1,050,213,745		1,050,213,745		1,036,402,267
Balance at May 31, 2024	P	2,409,309,400	(P	3,733,100)	(P	18,109,850)	P	2,172,733,100	P	2,639,268,986	P	4,812,002,086	P	7,199,468,536
Balance at June 1, 2022	P	2,409,309,400	(P	3,733,100)	(P	20,587,187)	P	1,184,853,389	P	2,820,280,363	P	4,005,133,752	P	6,390,122,865
Transaction with owners –														
Cash dividends		-		-		-		-	(	673,561,364)	(	673,561,364)	(	673,561,364)
Appropriations of retained earnings –														
Appropriations during the year		-		-		-		360,379,711	(	360,379,711)		-		-
Reversal of appropriations during the year		-		-		-	(	81,500,000)		81,500,000		-		-
		-		-		-		278,879,711	(	278,879,711)		-		-
Total comprehensive income:														
Net income for the year		-		-		-		-		1,200,000,369		1,200,000,369		1,200,000,369
Other comprehensive income - net		-		-		16,288,815		-		-		-		16,288,815
		-		-		16,288,815		-		1,200,000,369		1,200,000,369		1,216,289,184
Balance at May 31, 2023	P	2,409,309,400	(P	3,733,100)	(P	4,298,372)	P	1,463,733,100	P	3,067,839,657	P	4,531,572,757	P	6,932,850,685

	Capital Stock	Treasury Stock -	Revaluation	Retained Earnings			Total Equity
	(See Note 23)	at Cost (See Note 23)	Reserves (See Note 6)	Appropriated	Unappropriated	Total	
Balance at June 1, 2021	P 2,409,309,400	(P 3,733,100)	P 5,665,181	P 844,233,100	P 2,540,933,866	P 3,385,166,966	P 5,796,408,447
Transaction with owners –							
Cash dividends	-	-	-	-	(433,003,734)	(433,003,734)	(433,003,734)
Appropriations of retained earnings –							
Appropriations during the year	-	-	-	340,620,289	(340,620,289)	-	-
Total comprehensive income (loss):							
Net income for the year	-	-	-	-	1,052,970,520	1,052,970,520	1,052,970,520
Other comprehensive loss - net	-	-	(26,252,368)	-	-	-	(26,252,368)
	-	-	(26,252,368)	-	1,052,970,520	1,052,970,520	1,026,718,152
Balance at May 31, 2022	P 2,409,309,400	(P 3,733,100)	(P 20,587,187)	P 1,184,853,389	P 2,820,280,363	P 4,005,133,752	P 6,390,122,865

See Notes to Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax		P 1,128,187,502	P 1,229,037,117	P 1,087,409,389
Adjustments for:				
Depreciation and amortization	16	319,426,393	303,418,248	302,256,849
Dividend income	7, 17	(225,074,822)	(203,307,923)	(200,248,733)
Interest expense	17	205,973,791	178,489,839	150,764,544
Other investment loss (income) from financial assets at FVTPL and financial assets at FVOCI - net	6, 17	(86,865,827)	16,494,485	(21,451,070)
Interest income	17	(73,733,944)	(62,583,172)	(32,435,961)
Unrealized foreign exchange gain - net	17	(36,881,559)	47,174,733	(44,957,928)
Impairment loss	5	6,846,081	5,138,804	7,852,408
Operating profit before working capital changes		1,237,877,615	1,419,512,665	1,249,189,498
Decrease (increase) in receivables		215,372,934	(75,389,515)	(135,551,279)
Decrease (increase) in prepayments and other current assets		(49,688,347)	4,860,840	(11,067,267)
Increase (decrease) in trade and other payables		5,835,011	(754,749)	(33,399,477)
Increase (decrease) in unearned tuition fees		(1,801,099)	(5,738,375)	23,938,642
Cash generated from operations		1,407,596,114	1,342,490,866	1,093,110,117
Interest received		13,302,678	8,478,325	716,124
Income taxes paid		(67,745,871)	(18,193,703)	(10,344,106)
Net Cash From Operating Activities		<u>1,353,152,921</u>	<u>1,332,775,488</u>	<u>1,083,482,135</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposals and maturities of investment securities:				
Financial assets at FVTPL	6	1,459,334,163	1,328,683,071	1,415,708,216
Financial assets at FVOCI	6	250,138,327	464,372,187	325,610,028
Investment securities at amortized cost	6	69,409,482	117,078,090	105,057,664
Acquisition of investment securities:				
Financial assets at FVTPL	6	(1,354,348,823)	(1,296,031,100)	(1,461,858,929)
Financial assets at FVOCI	6	(408,626,735)	(582,502,401)	(463,602,934)
Investment securities at amortized cost	6	(11,900,000)	(43,334,577)	(12,900,000)
Investment in associates and joint venture	7	(280,000,000)	(160,669,794)	-
Acquisitions of property and equipment	10	(269,195,934)	(303,391,552)	(80,902,917)
Additional investment in a subsidiary	7	(235,571,594)	-	-
Dividend received	7, 20	175,074,822	203,307,923	200,248,733
Interest received	6	23,430,711	63,971,253	22,855,174
Additions to investment properties	8	(23,170,854)	-	(31,590,620)
Increase in advances to suppliers and contractors		(11,139,159)	-	(60,150,543)
Payment of subscription payable	7	-	(76,499,997)	-
Net Cash Used in Investing Activities		<u>(616,565,594)</u>	<u>(285,016,897)</u>	<u>(41,526,128)</u>
<i>Balance carried forward</i>		<u>P 736,587,327</u>	<u>P 1,047,758,591</u>	<u>P 1,041,956,007</u>

	Notes	2024	2023	2022
<i>Balance brought forward</i>		P 736,587,327	P 1,047,758,591	P 1,041,956,007
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	22, 23	(705,219,677)	(627,637,230)	(355,530,742)
Advances obtained from a related party	20, 22	695,000,000	-	-
Repayment of advances from a related party	20, 22	(695,000,000)	-	(100,000,000)
Repayment of interest-bearing loans	13, 22	(331,020,409)	(377,925,170)	(187,619,048)
Interest paid on loans payable	13, 22	(93,628,602)	(58,476,345)	(39,431,744)
Payment of lease liability	11, 22	(67,706,691)	(64,317,505)	(111,801,981)
Net Cash Used in Financing Activities		(1,197,575,379)	(1,128,356,250)	(794,383,515)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		845,247	1,013,319	744,179
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(460,142,805)	(79,584,340)	248,316,671
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		503,084,160	582,668,500	334,351,829
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 42,941,355	P 503,084,160	P 582,668,500

Supplemental Information on Non-cash Investing and Financing Activities:

- 1) The University declared cash dividends totaling P769.8 million in 2024, P673.6 million in 2023 and P433.0 million in 2022, of which P64.6 million, P45.9 million and P55.0 million, respectively, were not paid in the year of declaration (see Notes 12 and 23).
- 2) The University recognized dividend income from related parties in 2024, 2023 and 2022. As of May 31, 2024, the outstanding dividends amounted to P50.0 million (see Note 20). There were no uncollected dividends as of May 31, 2023 and 2022 (see Note 20).
- 3) The University applied as payment for progress billings of various projects, classified under property and equipment, the advances made to its suppliers and contractors amounting to P60.0 million in 2023 (see Note 10).
- 4) In 2023, the University received an investment property from its subsidiary amounting to P23.2 million. The cost of the transferred asset remains unpaid as of May 31, 2023 (see Notes 8 and 20). This has been fully repaid by the University in 2024.
- 5) In 2023, the University recognized additional right-of-use assets and lease liabilities amounting to P8.4 million (see Notes 10 and 11).
- 6) During 2020, the University subscribed to the shares of a new subsidiary amounting to P331.5 million. Subscription payable as of May 31, 2022 and 2021 amounted to P76.5 million, which was fully paid in 2023 (see Note 7).

See Notes to Financial Statements.

FAR EASTERN UNIVERSITY, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2024, 2023 AND 2022
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Far Eastern University, Incorporated (the University or FEU) is a 96-year-old Philippine-based proprietary educational institution founded in June 1928 and registered with the Securities and Exchange Commission (SEC) on October 27, 1933. FEU was listed with the Philippine Stock Exchange (PSE) on July 11, 1986.

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

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

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

On top of existing highly accredited programs by local accreditors, such as the Philippine Association of Colleges and Universities Commission on Accreditation and the Philippine Accrediting Association of Schools, Colleges and Universities, parallel international certifications by the ASEAN University Network – Quality Assurance were also granted for 16 programs of FEU.

The registered office address and principal place of business of the University is located at Nicanor Reyes Street, Sampaloc, Manila. The University also has a campus in Makati, which offers programs mainly in Law, Accountancy and Business Administration.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

2.1 Statement of Compliance with Philippine Financial Reporting Standards

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

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The recognition and measurement bases of the accounting policies are more fully described in Note 26.

2.2 Presentation of Financial Statements

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

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

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for adoption of amendments and improvements to existing standards effective in fiscal year 2024 that are relevant to the University. The University has not adopted early any standard, interpretation or amendment that has been issued but is not yet effective.

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

3.1 Effective in Fiscal Year 2024 that are Relevant to the University

The University adopted for the first time the following amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statement 2 (Amendments) :	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments) :	Definition of Accounting Estimates
PAS 12 (Amendments) :	Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below are the relevant information about these pronouncements.

- (i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial; that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and, if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the University's financial statements under Notes 26 and 27.

- (ii) PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that is subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- (iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception under PAS 12, such that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

3.2 Effective in Fiscal Year 2024 that is not Relevant to the University

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendment to PAS 12, *International Tax Reform – Pillar Two Model Rules*, is not relevant to the University's financial statements.

3.3 Effective Subsequent to Fiscal Year 2024 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to fiscal year 2024 which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; none of these are expected to have significant impact on the University's financial statements:

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)
- (iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)
- (iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)
- (v) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash on hand and in banks	P 37,595,254	P 356,695,404	P 407,646,000
Short-term placements	<u>5,346,101</u>	<u>146,388,756</u>	<u>175,022,500</u>
	<u>P 42,941,355</u>	<u>P 503,084,160</u>	<u>P 582,668,500</u>

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

Effective annual interest earned from these short-term placements made in 2024 and 2023 is at 5.9%, and those made in 2022 is at 1.8%.

Interest income earned from cash and cash equivalents is presented as part of Finance Income in the statements of profit or loss (see Note 17). The related interest receivable from short-term placements is presented as part of Accrued interest under the Receivables - net account in the statements of financial position (see Note 5).

5. **RECEIVABLES - Net**

The breakdown of this account is as follows:

	<u>Notes</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Tuition and other school fees receivables		P 420,598,822	P 444,938,513	P 417,147,570
Receivables from related parties	20	261,631,148	408,567,115	431,724,050
Accrued interest	4, 6, 9	42,239,868	9,257,772	5,013,688
Advances to employees		14,350,453	43,919,714	13,199,115
Others		12,447,590	44,045,429	11,760,190
		751,267,881	950,728,543	878,844,613
Allowance for impairment		(81,496,235)	(108,737,882)	(107,340,554)
		<u>P 669,771,646</u>	<u>P 841,990,661</u>	<u>P 771,504,059</u>

Advances to employees is comprised of unsecured and noninterest-bearing advances given to officers and employees in the normal course of operations which are subject to liquidation within 15 days from the earlier between the release of the advances and the event to which the advances are utilized.

Others include receivables from brokers and various other receivables from third party debtors.

A reconciliation of the allowance for impairment on receivables at the beginning and end of May 31, 2024, 2023 and 2022 is presented below.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 108,737,882	P 107,340,554	P 103,734,410
Receivables written-off during the year	(34,087,728)	(3,741,476)	(4,246,264)
Impairment losses during the year	6,846,081	5,138,804	7,852,408
Balance at end of year	<u>P 81,496,235</u>	<u>P 108,737,882</u>	<u>P 107,340,554</u>

All of the University's receivables have been assessed for impairment. The University applies the PFRS 9 simplified approach in measuring expected credit losses (ECL) taking into consideration the expected loss rates determined through the assessment of credit impairment, which was observed for Tuition and other school fees that are outstanding for at least two semesters and which the student is unenrolled in the previous semester [see Note 14.2(b)].

The breakdown of the allowance for impairment provided on receivables is as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Tuition and other school fees	P 41,859,042	P 75,946,771	P 79,688,247
Related parties	37,345,129	30,499,047	25,360,243
Others	<u>2,292,064</u>	<u>2,292,064</u>	<u>2,292,064</u>
	<u>P 81,496,235</u>	<u>P 108,737,882</u>	<u>P 107,340,554</u>

6. FINANCIAL ASSETS

6.1 *Financial Assets at FVTPL*

The types of investments classified under financial assets at FVTPL as of May 31 are shown below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Unit Investment Trust Funds (UITF)	P 745,912,925	P 694,162,699	P 676,995,067
Quoted equity securities	<u>390,287,802</u>	<u>454,662,353</u>	<u>476,454,344</u>
	<u>P 1,136,200,727</u>	<u>P 1,148,825,052</u>	<u>P 1,153,449,411</u>

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Foreign	P 683,644,926	P 603,017,809	P 589,654,453
Local	<u>452,555,801</u>	<u>545,807,243</u>	<u>563,794,958</u>
	<u>P 1,136,200,727</u>	<u>P 1,148,825,052</u>	<u>P 1,153,449,411</u>

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 1,148,825,052	P 1,153,449,411	P 1,091,390,925
Disposals	(1,428,713,898)	(1,311,993,134)	(1,415,708,216)
Additions	1,354,348,823	1,296,031,100	1,461,858,929
Fair value gains (losses)	36,163,045	(28,224,375)	(23,431,073)
Foreign currencies gain – net	<u>25,577,705</u>	<u>39,562,050</u>	<u>39,338,846</u>
Balance at end of year	<u>P 1,136,200,727</u>	<u>P 1,148,825,052</u>	<u>P 1,153,449,411</u>

Investment income received from financial assets at FVTPL, which includes dividend income and gain or loss on disposal, has been reinvested as part of additions to financial assets at FVTPL. In 2024, 2023 and 2022, net investment income, including changes in fair values, amounted to P86.0 million, P3.7 thousand and P13.0 million, respectively. These are presented as Other investment income from financial assets at FVTPL under Finance Income in the statements of profit or loss (see Note 17.1).

6.2 Financial Assets at FVOCI

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current	P 64,594,433	P 48,621,497	P 267,067,116
Non-current	<u>1,000,541,187</u>	<u>808,309,119</u>	<u>468,406,097</u>
	<u>P 1,065,135,620</u>	<u>P 856,930,616</u>	<u>P 735,473,213</u>

The types of investments classified under financial assets at FVOCI as of May 31 are shown below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Quoted debt securities:			
Government	P 1,003,013,318	P 788,621,648	P 637,221,367
Corporate	<u>30,537,661</u>	<u>30,835,653</u>	<u>45,736,749</u>
	1,033,550,979	819,457,301	682,958,116
Equity securities –			
Quoted corporate shares	<u>31,584,641</u>	<u>37,473,315</u>	<u>52,515,097</u>
	<u>P 1,065,135,620</u>	<u>P 856,930,616</u>	<u>P 735,473,213</u>

Government securities, which include Philippine and US government-issued securities, bear annual interest rates ranging from 2.0% to 12.1% in 2024 and 2023 and 2.4% to 12.1% in 2022. Corporate bonds bear interest ranging from 3.8% to 5.1% in 2024, 3.8% to 5.4% in 2023 and 3.8% to 4.9% in 2022. The fair values of the equity securities and debt securities have been determined based on quoted prices in active markets.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Local	P 849,854,237	P 711,743,209	P 735,473,213
Foreign	<u>215,281,383</u>	<u>145,187,407</u>	<u>-</u>
	<u>P 1,065,135,620</u>	<u>P 856,930,616</u>	<u>P 735,473,213</u>

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 856,930,616	P 735,473,213	P 569,618,224
Additions	408,626,735	582,502,401	463,602,934
Disposals	(196,389,555)	(482,725,743)	(266,410,958)
Fair value gains (losses) – net	(13,811,478)	16,330,467	(25,997,959)
Foreign currency gains – net	9,268,476	2,000,521	-
Amortization of discount (premium) – net	<u>510,826</u>	<u>3,349,757</u>	<u>(5,339,028)</u>
Balance at end of year	<u>P 1,065,135,620</u>	<u>P 856,930,616</u>	<u>P 735,473,213</u>

Investment income from financial assets at FVOCI pertaining to interests and gain or loss on disposal has been reinvested as part of additions to financial assets at FVOCI. Net investment income from financial assets at FVOCI, including dividend income, totaling P56.0 million, P29.8 million and P28.7 million for the years ended May 31, 2024, 2023 and 2022, respectively, is presented separately as Interest income from financial assets at FVOCI and as Other investment income (losses) from financial assets at FVOCI under Finance Income in the statements of profit or loss (see Note 17.1). The related outstanding interest is presented as part of Accrued interest under the Receivables account in the statements of financial position (see Note 5).

The total fair value losses amounting to P2.8 million, P1.8 million and P0.7 million for the years ended May 31, 2024, 2023 and 2022, respectively, are presented as an item that will be reclassified subsequently to profit or loss in the statements of comprehensive income. The total fair value gains (losses) amounting to P6.6 million, (P0.1 million) and (P2.0 million) for the years ended May 31, 2024, 2023 and 2022, respectively, are presented as an item that will not be reclassified to profit or loss in the statements of comprehensive income.

6.3 Investment Securities at Amortized Cost

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current	P 29,279,056	P 66,655,463	P 97,615,962
Non-current	<u>18,786,927</u>	<u>34,906,398</u>	<u>73,190,766</u>
	<u>P 48,065,983</u>	<u>P 101,561,861</u>	<u>P 170,806,728</u>

As of May 31, 2024, 2023 and 2022, the fair value of debt securities above amounts to P45.3 million, P98.8 million and P170.1 million, respectively, which is Level 1 in the hierarchy of fair values (see Note 6.4).

These investments are composed of corporate bonds denominated in Philippine pesos and US dollars which bear fixed interest rates ranging from 3.0% to 6.8% in 2024 and 3.0% to 7.8% in 2023 and 2022, and have maturities ranging from one to five years.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Foreign	P 29,279,056	P 39,252,795	P 68,003,445
Local	<u>18,786,927</u>	<u>62,309,066</u>	<u>102,803,283</u>
	<u>P 48,065,983</u>	<u>P 101,561,861</u>	<u>P 170,806,728</u>

An analysis of the movements in the carrying amount of the University's investment securities at amortized cost for the years ended May 31, 2024, 2023 and 2022, is presented below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 101,561,861	P 170,806,728	P 257,268,675
Maturities	(66,706,647)	(117,151,840)	(105,504,132)
Additions	11,900,000	43,334,577	12,900,000
Foreign currency gains – net	1,190,131	4,598,843	6,173,360
Amortization of discount (premium) – net	<u>120,638</u>	<u>(26,447)</u>	<u>(31,175)</u>
Balance at end of year	<u>P 48,065,983</u>	<u>P 101,561,861</u>	<u>P 170,806,728</u>

The unamortized discount relating to financial assets at amortized cost amounts to P0.1 million as of May 31, 2024 and 2023, and P0.2 million as of May 31, 2022. Net amortization of discount (premium) during the years ended May 31, 2024, 2023 and 2022 is netted against Interest income from investment securities at amortized cost (see Note 17.1).

6.4 Financial Instruments Measurement at Fair Value

The tables presented below and in the succeeding page 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, 2024, 2023 and 2022.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>May 31, 2024</u>				
Financial assets at FVOCI:				
Debt securities:				
Government	P 1,003,013,318	P -	P -	P 1,003,013,318
Corporate	30,537,661	-	-	30,537,661
Equity securities	31,584,641	-	-	31,584,641
Financial assets at FVTPL –				
Equity securities	390,287,802	745,912,925	-	1,136,200,727
Investment securities at amortized cost	<u>45,302,336</u>	<u>-</u>	<u>-</u>	<u>45,302,336</u>
	<u>P 1,500,725,758</u>	<u>P 745,912,925</u>	<u>P -</u>	<u>P 2,246,638,683</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>May 31, 2023</u>				
Financial assets at FVOCI:				
Debt securities:				
Government	P 788,621,648	P -	P -	P 788,621,648
Corporate	30,835,653	-	-	30,835,653
Equity securities	37,473,315	-	-	37,473,315
Financial assets at FVTPL –				
Equity securities	454,662,353	694,162,699	-	1,148,825,052
Investment securities at				
amortized cost	<u>98,771,622</u>	<u>-</u>	<u>-</u>	<u>98,771,622</u>
	<u>P 1,410,364,591</u>	<u>P 694,162,699</u>	<u>P -</u>	<u>P 2,104,527,290</u>
<u>May 31, 2022</u>				
Financial assets at FVOCI:				
Debt securities:				
Government	P 637,221,367	P -	P -	P 637,221,367
Corporate	45,736,749	-	-	45,736,749
Equity securities	52,515,097	-	-	52,515,097
Financial assets at FVTPL –				
Equity securities	476,454,344	676,995,067	-	1,153,449,411
Investment securities at				
amortized cost	<u>170,135,264</u>	<u>-</u>	<u>-</u>	<u>170,135,264</u>
	<u>P 1,382,062,821</u>	<u>P 676,995,067</u>	<u>P -</u>	<u>P 2,059,057,888</u>

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

6.5 Carrying Amounts and Fair Values by Category

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

Notes	2024		2023		2022	
	Carrying Values	Fair Values	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets:						
At FVOCI:						
6.2						
Debt securities	P 1,033,550,979	P 1,033,550,979	P 819,457,301	P 819,457,301	P 682,958,116	P 682,958,116
Equity securities	<u>31,584,641</u>	<u>31,584,641</u>	<u>37,473,315</u>	<u>37,473,315</u>	<u>52,515,097</u>	<u>52,515,097</u>
	<u>1,065,135,620</u>	<u>1,065,135,620</u>	<u>856,930,616</u>	<u>856,930,616</u>	<u>735,473,213</u>	<u>735,473,213</u>
At FVTPL:						
6.1						
Equity securities	390,287,802	390,287,802	454,662,353	454,662,353	476,454,344	476,454,344
UITF	<u>745,912,925</u>	<u>745,912,925</u>	<u>694,162,699</u>	<u>694,162,699</u>	<u>676,995,067</u>	<u>676,995,067</u>
	<u>1,136,200,727</u>	<u>1,136,200,727</u>	<u>1,148,825,052</u>	<u>1,148,825,052</u>	<u>1,153,449,411</u>	<u>1,153,449,411</u>
At amortized cost –						
6.3						
Debt securities	48,065,983	45,302,336	101,561,861	98,771,622	170,806,728	170,135,264
Cash and cash equivalents	4	42,941,355	503,084,160	503,084,160	582,668,500	582,688,500
Short-term investments	9	14,363,980	5,742,794	5,742,794	1,066,649	1,066,649
Receivables	5	655,421,193	798,070,946	798,070,946	758,304,944	758,304,944
Other non-current assets		<u>3,273,477</u>	<u>3,273,477</u>	<u>3,273,477</u>	<u>3,273,477</u>	<u>3,273,477</u>
		<u>764,065,988</u>	<u>761,302,341</u>	<u>1,411,733,238</u>	<u>1,408,942,999</u>	<u>1,516,120,298</u>
		<u>P 2,965,402,335</u>	<u>P 2,962,638,688</u>	<u>P 3,417,488,906</u>	<u>P 3,414,698,667</u>	<u>P 3,405,042,922</u>
		<u>P 3,404,391,458</u>				
Financial Liabilities:						
At amortized cost –						
13						
Interest-bearing loans	<u>P 1,075,816,326</u>	<u>P 875,488,642</u>	<u>P 1,406,836,735</u>	<u>P 1,299,038,256</u>	<u>P 1,784,761,905</u>	<u>P 1,692,364,566</u>

Except for the financial assets and financial liabilities presented above, the University has other 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, 2024, 2023 and 2022. Management determined that the carrying amounts of the other financial assets and financial liabilities that are carried at amortized costs are equal to or approximate their fair values.

See Note 26.1 for a description of the accounting policies for each category of financial instruments. A description of the University's risk management objectives and policies for financial instruments is provided in Note 14.

7. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

This account consists of the following investments as of May 31:

	% Interest Held	<u>2024</u>	<u>2023</u>	<u>2022</u>
Investments in:				
Subsidiaries				
Roosevelt College, Inc. (RCI)	97.7%	P 1,247,990,363	P 1,012,418,769	P 1,012,418,769
FEU Alabang, Inc. (FEUAI)	100.0%	749,999,875	749,999,875	749,999,875
Edustria, Inc. (Edustria)	51.0%	254,999,997	254,999,997	254,999,997
East Asia Computer Center, Inc. (EACCI)	100.0%	150,104,999	150,104,999	150,104,999
Fern Realty Corporation (FRC)	38.2%	64,419,300	64,419,300	64,419,300
Far Eastern College – Silang, Inc. (FECSI)	100.0%	51,000,000	51,000,000	51,000,000
FEU High School, Inc. (FEU High)	100.0%	24,999,500	24,999,500	24,999,500
		<u>2,543,514,034</u>	<u>2,307,942,440</u>	<u>2,307,942,440</u>
Associates				
JPMC College of Health Sciences				
SDN BHD (JCHS)	40.0%	90,669,794	90,669,794	-
Good Samaritan Colleges, Inc. (GSC)	34.0%	70,000,000	70,000,000	-
		<u>160,669,794</u>	<u>160,669,794</u>	<u>-</u>
Joint venture				
Higher Academia, Inc. (HAI)	50.0%	280,000,000	-	-
		<u>P 2,984,183,828</u>	<u>P 2,468,612,234</u>	<u>P 2,307,942,440</u>

Except FRC, all subsidiaries, associates and joint venture are educational institutions. FRC primarily operates as a real estate lessor to the University and other related parties.

The subsidiaries', associates' and joint venture's places of incorporation which are the same as their sites of operations are summarized as follows:

RCI	-	J.P. Rizal Street, Malanday, Marikina City
FEUAI	-	Lot 1, Corporate Woods cor. South Corporate Avenues, Woods District, Filinvest City, Alabang, Muntinlupa City
Edustria	-	Blocks R & T Lima Technology Center Barangay Bugtong na Pulo, Lipa City, Batangas
EACCI	-	P. Paredes Street, Sampaloc, Manila
FRC and FEU High	-	Nicanor Reyes Street, Sampaloc, Manila
FECSI	-	Metrogate Silang Estates, Silang, Cavite
JCHS	-	Block 2C East Wing, Ong Sum Ping Condominium Jalan Ong Sum Ping, Bandar Seri Begawan BA 1311, Brunei Darussalam
GSC	-	Burgos Avenue, Cabanatuan City, Nueva Ecija
HAI	-	McArthur Highway, San Isidro, City of San Fernando, Pampanga

Management assessed that these investments are fully recoverable based on expected profitability of the investees in the coming years; hence, no impairment losses were recognized in 2024, 2023 and 2022.

Dividends earned by the University from its subsidiaries and associates were as follows (see Notes 17.1 and 20.1):

	<u>2024</u>	<u>2023</u>	<u>2022</u>
EACCI	P 134,559,307	P 175,499,096	P 177,439,373
FEU High	73,999,360	19,999,467	15,000,000
FRC	15,618,720	7,809,360	7,809,360
GSC	897,435	-	-
	<u>P 225,074,822</u>	<u>P 203,307,923</u>	<u>P 200,248,733</u>

7.1 Investment in RCI

In January 2024, the University acquired an additional 43,615 shares of RCI for P235.6 million which was fully paid on the same date.

7.2 Investment in Edustria

The outstanding balance of subscription payable amounting to P76.5 million as of May 31, 2022, which is presented as Subscription Payable in the 2022 statement of financial position, was fully paid in December 2022.

7.3 Investment in JCHS

In July 2022, by virtue of an Investment Agreement, the University and Jerudong Park Medical Centre Sendirian Berhad (JPMC) of Brunei agreed to invest a total of Brunei Dollar (BND) 5.5 million in JCHS, with the University and JPMC having equity ownerships of 40% and 60%, respectively. JCHS was incorporated to operate a private tertiary school of health sciences in Brunei Darussalam. The University also provides technical management services. In February 2023, the University fully paid its investment in JCHS amounting to BND 2.2 million, or an equivalent of P90.7 million.

7.4 Investment in GSC

GSC is an educational institution that offers junior and senior high school, tertiary, and graduate school courses. In August 2022, with the approval of its Board of Trustees (BOT), the University entered into an Investment Agreement for the acquisition of 77,273 common shares of GSC, representing 34.0% equity ownership. In October 2022, the University paid in full its P70.0 million investment in GSC.

7.5 Investment in HAI

In October 2023, the University and MGHI Holdings, Inc. (MGHI) entered into a Shareholders' Agreement to invest a total of P600.0 million in HAI, with the University and MGHI both investing P300.0 million for an equal equity ownership, or 50% each. Accordingly, HAI was incorporated with its primary purpose to establish, maintain, operate and administer an educational institution.

In the same month, the University made its initial investment in HAI amounting to P280.0 million. Except for the remaining investment commitment amounting to P20.0 million, which represents half of the unsubscribed capital of P40.0 million, the Group does not have any commitments made to HAI as of year-end.

7.6 Financial Information of Associates and Joint Venture

Presented below are the Associates' and Joint Venture's summary of financial information based on its most recent unaudited financial statements as of and for the years ended May 31, 2024 and 2023.

	<u>JCHS</u>	<u>GSC</u>	<u>HAI</u>
2024:			
Total current assets	P 238,291,265	P 94,944,179	P 19,679,588*
Total non-current assets	417,968,302	190,760,538	533,539,276
Total current liabilities	47,601,265	44,233,102	517,736*
Total non-current liabilities	386,757,713	25,311,607	-
Revenues	14,601,121	145,516,805	-
Net income (loss)	(16,198,811)	27,391,792	(7,298,872)
2023:			
Total current assets	P 210,588,194	P 113,457,353	P -
Total non-current assets	3,904,251	117,545,204	-
Total current liabilities	222,384	31,360,100	-
Total non-current liabilities	-	6,415,537	-
Revenues	17,004,183	108,908,127	-
Net income (loss)	(14,007,481)	27,811,440	-
Other comprehensive income	-	561,979	-

**HAI's total current assets relate only to cash. Also, the joint venture does not have any other financial liabilities as of May 31, 2024 except for accrued expenses which is payable in cash.*

As of May 31, 2024 and 2023, the investments in JCHS, GSC and HAI are carried at cost.

8. INVESTMENT PROPERTIES – Net

This account consists of the building and improvements leased to FECSI and a parcel of land leased to FEUAI where its building, gym, chapel and campus are situated. None of the University's investment properties as of May 31, 2024, 2023, and 2022 are used as collateral for any of the University's interest-bearing loans and borrowings.

The gross carrying amounts and accumulated depreciation of investment properties at the beginning and end of the years ended May 31, 2024, 2023 and 2022 are shown below and in the succeeding page.

	<u>Land</u>	<u>Building and Improvements</u>	<u>Total</u>
May 31, 2024			
Cost	P 1,076,829,849	P 483,376,295	P 1,560,206,144
Accumulated depreciation	-	(262,362,884)	(262,362,884)
Net carrying amount	<u>P 1,076,829,849</u>	<u>P 221,013,411</u>	<u>P 1,297,843,260</u>
May 31, 2023			
Cost	P 1,076,829,849	P 483,376,295	P 1,560,206,144
Accumulated depreciation	-	(237,145,157)	(237,145,157)
Net carrying amount	<u>P 1,076,829,849</u>	<u>P 246,231,138</u>	<u>P 1,323,060,987</u>

	<u>Land</u>	<u>Building and Improvements</u>	<u>Total</u>
May 31, 2022			
Cost	P 1,076,829,849	P 460,205,441	P 1,537,035,290
Accumulated depreciation	<u>-</u>	<u>(213,204,400)</u>	<u>(213,204,400)</u>
Net carrying amount	<u>P 1,076,829,849</u>	<u>P 247,001,041</u>	<u>P 1,323,830,890</u>

A reconciliation of the carrying amounts of investment properties at the beginning and end of the years ended May 31, 2024, 2023 and 2022 is shown below:

	<u>Land</u>	<u>Building and Improvements</u>	<u>Total</u>
Balance at June 1, 2023, net of accumulated depreciation	P 1,076,829,849	P 246,231,138	P 1,323,060,987
Depreciation charges for the year	<u>-</u>	<u>(25,217,727)</u>	<u>(25,217,727)</u>
Balance at May 31, 2024, net of accumulated depreciation	<u>P 1,076,829,849</u>	<u>P 221,013,411</u>	<u>P 1,297,843,260</u>
Balance at June 1, 2022, net of accumulated depreciation	P 1,076,829,849	P 247,001,041	P 1,323,830,890
Additions	-	23,170,854	23,170,854
Depreciation charges for the year	<u>-</u>	<u>(23,940,757)</u>	<u>(23,940,757)</u>
Balance at May 31, 2023, net of accumulated depreciation	<u>P 1,076,829,849</u>	<u>P 246,231,138</u>	<u>P 1,323,060,987</u>
Balance at June 1, 2021, net of accumulated depreciation	P 1,076,829,849	P 239,196,187	P 1,316,026,036
Additions	-	31,590,620	31,590,620
Depreciation charges for the year	<u>-</u>	<u>(23,785,766)</u>	<u>(23,785,766)</u>
Balance at May 31, 2022, net of accumulated depreciation	<u>P 1,076,829,849</u>	<u>P 247,001,041</u>	<u>P 1,323,830,890</u>

The total rental income earned from investment properties is presented as Other Operating Income in the statements of profit or loss (see Notes 20.4 and 20.8). The direct operating expenses, which include depreciation and amortization, insurance, and taxes and licenses incurred by the University relating to the investment properties, are presented as part of Depreciation and amortization, Insurance, and Taxes and licenses, respectively, under Operating Expenses in the statements of profit or loss (see Note 16).

The fair values (which is at Level 3) of the University's investment properties presented in the succeeding page are determined on the basis of the latest appraisals performed by an independent appraiser in July 2024 covering the year ended May 31, 2024, and in July 2022 covering the years ended May 31, 2023 and 2022.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Land	P 4,815,424,000	P 3,791,248,000	P 3,791,248,000
Building and improvements	<u>408,062,215</u>	<u>345,848,854</u>	<u>322,678,000</u>
At appraised values	<u>P 5,223,486,215</u>	<u>P 4,137,096,854</u>	<u>P 4,113,926,000</u>

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

9. PREPAYMENTS AND OTHER CURRENT ASSETS – Net

The breakdown of this account is as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Prepaid expenses	P 54,951,672	P 25,796,565	P 35,409,557
Input value-added tax (VAT)	34,864,866	34,864,866	34,864,866
Inventories	29,219,118	17,225,562	18,423,086
Short-term investments	14,363,980	5,742,794	1,066,649
Supplies	6,267,299	4,953,912	3,686,114
Prepaid income tax	<u>-</u>	<u>16,967,324</u>	<u>21,648,861</u>
	139,666,935	105,551,023	115,099,133
Allowance for impairment of input VAT	<u>(34,864,866)</u>	<u>(34,864,866)</u>	<u>(34,864,866)</u>
	<u>P 104,802,069</u>	<u>P 70,686,157</u>	<u>P 80,234,267</u>

Prepaid expenses mainly consist of rentals, insurance and licenses and subscriptions.

Inventories consist of merchandise inventory items relating to the University's bookstore. Inventories of the University are assessed for inventory write-down and are valued at the lower of cost and net realizable value. As of May 31, 2024, 2023 and 2022, all inventories are valued at cost.

Short-term investments include investments in time deposit or special savings deposit accounts. These investments, which earn interest ranging from 5.0% to 6.4% for 2024, 1.1% to 5.0% for 2023, and 0.4% to 0.5% for 2022, have maturities beyond three months but within one year from the end of each of the reporting period. Related accrued interest is presented as part of the Receivables account in the statements of financial position (see Note 5). Interest income earned from short-term investments is presented as part of Finance income in the statements of profit or loss (see Note 17.1).

No impairment on these assets was recognized in 2024, 2023 and 2022.

10. **PROPERTY AND EQUIPMENT** – Net

The gross carrying amounts and accumulated depreciation and amortization at the beginning and end of years ended May 31, 2024, 2023 and 2022 are shown below:

	<u>Land</u>	<u>Building and Improvements</u>	<u>Furniture and Equipment</u>	<u>Leasehold Improvements</u>	<u>Miscellaneous Equipment</u>	<u>Construction in Progress</u>	<u>Right-of-use Assets</u>	<u>Total</u>
May 31, 2024								
Cost	P 444,974,270	P 2,535,637,877	P 801,342,209	P 895,435,991	P 248,835,325	P 205,059,360	P 1,129,568,096	P 6,260,853,128
Accumulated depreciation and amortization	<u>-</u>	<u>(1,335,075,505)</u>	<u>(676,242,681)</u>	<u>(444,152,318)</u>	<u>(208,870,973)</u>	<u>-</u>	<u>(341,572,960)</u>	<u>(3,005,914,437)</u>
Net carrying amount	<u>P 444,974,270</u>	<u>P 1,200,562,372</u>	<u>P 125,099,528</u>	<u>P 451,283,673</u>	<u>P 39,964,352</u>	<u>P 205,059,360</u>	<u>P 787,995,136</u>	<u>P 3,254,938,691</u>
May 31, 2023								
Cost	P 434,956,275	P 2,535,637,877	P 744,275,272	P 895,435,991	P 219,305,616	P 32,478,067	P 1,129,568,096	P 5,991,657,194
Accumulated depreciation and amortization	<u>-</u>	<u>(1,211,947,459)</u>	<u>(627,138,340)</u>	<u>(400,557,434)</u>	<u>(198,344,616)</u>	<u>-</u>	<u>(273,717,922)</u>	<u>(2,711,705,771)</u>
Net carrying amount	<u>P 434,956,275</u>	<u>P 1,323,690,418</u>	<u>P 117,136,932</u>	<u>P 494,878,557</u>	<u>P 20,961,000</u>	<u>P 32,478,067</u>	<u>P 855,850,174</u>	<u>P 3,279,951,423</u>
May 31, 2022								
Cost	P 389,229,440	P 2,318,314,908	P 654,834,044	P 895,435,991	P 216,879,498	P 23,976,403	P 1,121,187,406	P 5,619,857,690
Accumulated depreciation and amortization	<u>-</u>	<u>(1,093,954,606)</u>	<u>(587,006,802)</u>	<u>(356,962,549)</u>	<u>(188,907,559)</u>	<u>-</u>	<u>(205,396,764)</u>	<u>(2,432,228,280)</u>
Net carrying amount	<u>P 389,229,440</u>	<u>P 1,224,360,302</u>	<u>P 67,827,242</u>	<u>P 538,473,442</u>	<u>P 27,971,939</u>	<u>P 23,976,403</u>	<u>P 915,790,642</u>	<u>P 3,187,629,410</u>

A reconciliation of the carrying amounts of property and equipment at the beginning and end of periods ended May 31, 2024, 2023 and 2022 is shown below and in the succeeding page.

	<u>Land</u>	<u>Building and Improvements</u>	<u>Furniture and Equipment</u>	<u>Leasehold Improvements</u>	<u>Miscellaneous Equipment</u>	<u>Construction in Progress</u>	<u>Right-of-use Assets</u>	<u>Total</u>
Balance at June 1, 2023, net of accumulated depreciation and amortization	P 434,956,275	P 1,323,690,418	P 117,136,932	P 494,878,557	P 20,961,000	P 32,478,067	P 855,850,174	P 3,279,951,423
Additions	10,017,995	-	57,066,937	-	29,529,709	172,581,293	-	269,195,934
Depreciation and amortization charges for the year	-	(123,128,046)	(49,104,341)	(43,594,884)	(10,526,357)	-	(67,855,038)	(294,208,666)
Balance at May 31, 2024, net of accumulated depreciation and amortization	<u>P 444,974,270</u>	<u>P 1,200,562,372</u>	<u>P 125,099,528</u>	<u>P 451,283,673</u>	<u>P 39,964,352</u>	<u>P 205,059,360</u>	<u>P 787,995,136</u>	<u>P 3,254,938,691</u>
Balance at June 1, 2022, net of accumulated depreciation and amortization	P 389,229,440	P 1,224,360,302	P 67,827,242	P 538,473,442	P 27,971,939	P 23,976,403	P 915,790,642	P 3,187,629,410
Additions	45,726,835	215,646,889	89,441,228	-	2,426,118	10,177,744	8,380,690	371,799,504
Reclassifications	-	1,676,080	-	-	-	(1,676,080)	-	-
Depreciation and amortization charges for the year	-	(117,992,853)	(40,131,538)	(43,594,885)	(9,437,057)	-	(68,321,158)	(279,477,491)
Balance at May 31, 2023, net of accumulated depreciation and amortization	<u>P 434,956,275</u>	<u>P 1,323,690,418</u>	<u>P 117,136,932</u>	<u>P 494,878,557</u>	<u>P 20,961,000</u>	<u>P 32,478,067</u>	<u>P 855,850,174</u>	<u>P 3,279,951,423</u>

	<u>Land</u>	<u>Building and Improvements</u>	<u>Furniture and Equipment</u>	<u>Leasehold Improvements</u>	<u>Miscellaneous Equipment</u>	<u>Construction in Progress</u>	<u>Right-of-use Assets</u>	<u>Total</u>
Balance at June 1, 2021, net of accumulated depreciation and amortization	P 389,229,440	P 1,331,461,478	P 65,781,547	P 582,090,955	P 23,740,671	P 8,694,023	P 984,256,230	P 3,385,254,344
Additions	-	11,139,401	37,796,047	-	12,960,406	19,007,063	-	80,902,917
Reclassifications	-	3,724,683	-	(56,768)	-	(3,724,683)	-	(56,768)
Depreciation and amortization charges for the year	<u>-</u>	<u>(121,965,260)</u>	<u>(35,750,352)</u>	<u>(43,560,745)</u>	<u>(8,729,138)</u>	<u>-</u>	<u>(68,465,588)</u>	<u>(278,471,083)</u>
Balance at May 31, 2022, net of accumulated depreciation and amortization	<u>P 389,229,440</u>	<u>P 1,224,360,302</u>	<u>P 67,827,242</u>	<u>P 538,473,442</u>	<u>P 27,971,939</u>	<u>P 23,976,403</u>	<u>P 915,790,642</u>	<u>P 3,187,629,410</u>

As of May 31, 2024, 2023 and 2022, certain fully depreciated and amortized assets with acquisition cost of P1,147.2 million, P1,199.0 million, and P1,104.7 million, respectively, are still being used in the University's operations.

The table below describes the nature of the University’s leasing activities by type of Right-of-use asset (ROUA) for the years ended May 31, 2024, 2023 and 2022, which is recognized in the statements of financial position.

	Number of right-of-use assets leased	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with termination options
University buildings	5	2 – 21 years	10 years	5	5

Total rental income earned from the sublease of one of the University buildings amounted to P44.1 million for the year ended May 31, 2022, and is part of Other Operating Income in the statements of profit or loss. Effective June 1, 2022, the University no longer has any subleasing arrangements.

The amount of depreciation is presented as part of Depreciation and amortization which is presented under Operating Expenses account (see Note 16).

None of the University’s property and equipment as at May 31, 2024 are used as collateral for any of the University’s interest-bearing loans and borrowings.

11. LEASES

The University has leases for certain university buildings, transportation equipment, and event venues. With the exception of leases of low-value underlying assets pertaining to transportation equipment and event venues, each lease is reflected in the statements of financial position as ROUA under Property and Equipment (see Note 10) and as Lease Liabilities (current portion under Trade and Other Payables) [see Note 12].

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

11.1 Lease Liabilities

The composition of the University’s lease liabilities is shown below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current	P 13,740,397	P 21,078,650	P 15,498,514
Non-current	<u>1,185,428,533</u>	<u>1,190,623,905</u>	<u>1,195,422,079</u>
	<u>P 1,199,168,930</u>	<u>P 1,211,702,555</u>	<u>P 1,210,920,593</u>

The University has no commitment to any unstarted lease contracts. The non-current portion is separately reported in the statements of financial position. The University has elected not to recognize a lease liability for rented low-value assets. Payments made under such leases are considered immaterial and are expensed on a straight-line basis.

The availability of options to extend, terminate or renegotiate gives the University flexibility in the event it identifies more suitable premises in terms of cost and/or location, or determines that it is advantageous to remain in a location beyond the original lease term. An option is exercised consistent to the University's markets strategy and the economic benefit of exercising the option exceeds the expected overall cost.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at May 31, 2024, 2023 and 2022 are as follows:

	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>4 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
2024							
Lease payments	P 14,106,437	P 227,959,736	P 122,597,858	P 128,727,751	P 135,164,138	P 1,860,015,682	P 2,488,571,602
Finance charges	(366,040)	(226,574,757)	(112,658,783)	(111,393,029)	(109,375,657)	(729,034,406)	(1,289,402,672)
Net present values	<u>P 13,740,397</u>	<u>P 1,384,979</u>	<u>P 9,939,075</u>	<u>P 17,334,722</u>	<u>P 25,788,481</u>	<u>P 1,130,981,276</u>	<u>P 1,199,168,930</u>
2023							
Lease payments	P 22,225,192	P 229,521,587	P 116,759,865	P 122,597,858	P 128,727,751	P 1,995,179,821	P 2,615,012,074
Finance charges	(1,146,542)	(226,432,916)	(113,268,186)	(112,658,783)	(111,393,029)	(838,410,063)	(1,403,309,519)
Net present values	<u>P 21,078,650</u>	<u>P 3,088,671</u>	<u>P 3,491,679</u>	<u>P 9,939,075</u>	<u>P 17,334,722</u>	<u>P 1,156,769,758</u>	<u>P 1,211,702,555</u>
2022							
Lease payments	P 17,286,475	P 223,688,733	P 123,616,949	P 116,759,865	P 122,597,858	P 2,123,907,572	P 2,727,857,452
Finance charges	(1,787,961)	(225,836,225)	(113,582,612)	(113,268,186)	(112,658,783)	(949,803,092)	(1,516,936,859)
Net present values	<u>P 15,498,514</u>	<u>P 2,147,492</u>	<u>P 10,034,337</u>	<u>P 3,491,679</u>	<u>P 9,939,075</u>	<u>P 1,174,104,480</u>	<u>P 1,210,920,593</u>

11.2 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P67.7 million in 2024, P64.3 million in 2023, P111.8 million in 2022 (see Note 22). Interest expense in relation to lease liabilities amounted to P114.0 million, P114.1 million, and P113.4 million for the years ended May 31, 2024, 2023 and 2022, respectively, is presented as part of Interest expense under Finance Costs in the statements of profit or loss, respectively (see Notes 17.2 and 22).

12. TRADE AND OTHER PAYABLES

The breakdown of this account follows:

	<u>Notes</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Dividends payable	23.2(b)	P 355,992,696	P 291,427,957	P 245,503,823
Accounts payable	20.5	250,537,003	213,542,729	183,739,851
Deposits payable		136,854,333	156,625,080	165,092,956
National Service Training Program (NSTP) and other funds		116,713,285	72,447,957	28,831,600
Accrued expenses	13, 20.3, 20.9	100,251,647	110,608,379	89,529,999
Accrued salaries and employee benefits		63,024,262	58,401,045	62,860,163
Amounts due to students		62,524,972	60,028,828	57,191,179
Withholding and other taxes payable		19,814,818	14,142,737	18,578,211
Lease liabilities	11	13,740,397	21,078,650	15,498,514
Retention payable		5,443,246	22,907,011	22,907,011
Others		6,436,134	13,059,654	7,321,629
		<u>P 1,131,332,793</u>	<u>P 1,034,270,027</u>	<u>P 897,054,936</u>

Accounts payable pertain to unpaid amounts for various incurred expenses already billed by the University's suppliers.

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

The NSTP fees charged to students amounted to P25.6 million, P30.8 million, and P29.4 million for the years ended May 31, 2024, 2023 and 2022, respectively. The outstanding balance of the NSTP fund amounted to P76.5 million and P22.4 million as of May 31, 2024 and 2023, respectively (nil as of May 31, 2022).

Accrued expenses pertain to the University's estimated expenses where billings are not yet received as of reporting date. These generally consist of accruals for utilities, professional fees, outside services, supplies and materials and interest.

As of May 31, 2024, 2023 and 2022, after reconciliation was determined, certain deposit payables, accruals, funds and other liabilities amounting to P33.1 million, P60.1 million, and P49.0 million, respectively, were reversed and is presented as part of Reversal of liabilities under the Other Income account in the statements of profit or loss (see Note 18).

Amounts due to students represent excess payment of tuition and miscellaneous fees that are payable to them once applied for refund, or automatically applied on the students' subsequent enrollment.

Retention payable is the unpaid balance of the acquisition price of RCI in 2016. Such is retained by the University to ensure compliance by the selling shareholders of RCI to certain agreed terms. During the year ended May 31, 2024, the University paid P17.5 million of the retention payable in partial compliance with the agreement.

13. INTEREST-BEARING LOANS

The University's interest-bearing loans as of May 31, 2024, 2023 and 2022 are as follows:

	Original Principal Amount	Outstanding Principal Balance (in Million Pesos)			Interest Charges (in Million Pesos)			Accrued Interest (in Million Pesos)			Current Interest Rate*	Security	Maturity Date	Principal Repayment
		2024	2023	2022	2024	2023	2022	2024	2023	2022				
P	542.9	P 336.1	P 439.5	P 542.9	P 26.7	P 20.1	P 10.8	P 2.7	P 3.2	1.3	6.39%	Unsecured	July 2027	Quarterly
	500.0	309.5	404.8	500.0	25.3	18.5	9.9	2.4	2.9	1.2	6.39%	Unsecured	July 2027	Quarterly
	425.0	263.1	344.0	425.0	22.3	15.8	8.4	2.1	2.5	1.0	6.39%	Unsecured	July 2027	Quarterly
	150.0	92.8	121.4	150.0	9.6	5.6	3.0	0.7	0.9	0.3	6.39%	Unsecured	July 2027	Quarterly
	120.0	74.3	97.1	120.0	6.3	4.4	2.4	0.6	0.7	0.3	6.39%	Unsecured	July 2027	Quarterly
	680.0	-	-	32.4	-	0.02	1.7	-	-	0.1	1.95%	Unsecured	June 2022	Quarterly
	200.0	-	-	9.5	-	0.004	0.5	-	-	0.04	1.95%	Unsecured	June 2022	Quarterly
	100.0	-	-	5.0	-	0.002	0.3	-	-	0.02	1.95%	Unsecured	June 2022	Quarterly
	P 1,075.8	P 1,406.8	P 1,784.8	P 85.6	P 64.4	P 37.0	P 8.5	P 10.2	P 4.2					

* For certain loans, interest rates are determined based on Philippine Dealing System Treasury Reference three-month bid yields for Philippine government securities plus 0.75% or prevailing rate on special deposit accounts.

All of the University's interest-bearing loans and borrowings are clean loans; no assets are used and/or required as collaterals as of May 31, 2024, 2023 and 2022.

The total interest incurred by the University on all these loans are presented as part of Interest expense under Finance Costs in the statements of profit or loss (see Note 17.2) while any outstanding interest payable is recognized as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 12).

Loans obtained with a local commercial bank are subject to loan covenants effective for the years ended May 31, 2024, 2023 and 2022, which require the University to maintain a debt service coverage ratio of at least 1.2x and debt-to-equity ratio of not more than 2:1. As of May 31, 2024, 2023 and 2022, the University has complied with its loan covenants based on its financial statements for all years presented (see Note 25).

14. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

14.1 Market Risk

(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, investment securities at FVTPL, FVOCI and amortized cost that are primarily denominated in United States (US) dollars.

To mitigate the University's exposure to foreign currency risk, the University generally keeps the amount of its US dollar deposits at a level within BOT-approved limits.

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Short-term exposure – Financial assets	<u>P 906,295,640</u>	<u>P 795,363,806</u>	<u>P 605,956,445</u>
Long-term exposure – Financial assets	<u>P 29,279,056</u>	<u>P 39,252,795</u>	<u>P 68,003,445</u>

The table below 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, 2024, 2023 and 2022) at a 95% confidence level.

	<u>May 31, 2024</u>			<u>May 31, 2023</u>			<u>May 31, 2022</u>		
	<u>Reasonably possible change in rate</u>	<u>Effect in profit before tax</u>	<u>Effect in equity</u>	<u>Reasonably possible change in rate</u>	<u>Effect in profit before tax</u>	<u>Effect in equity</u>	<u>Reasonably possible change in rate</u>	<u>Effect in loss before tax</u>	<u>Effect in equity</u>
Php – USD	9.50%	P 88,899,773	P 80,009,796	12.29%	P 102,597,858	P 92,338,072	8.58%	P 53,759,152	P 53,221,560

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

(b) *Interest Rate Risk*

The University is exposed to changes in market interest rates through its cash and cash equivalents, debt securities investments and interest-bearing loans as of end of each reporting period, which are subject to variable interest rates, as shown below. All other financial assets and financial liabilities have fixed interest rates. The exposure to interest rate risks as of the end of each reporting period is as follow:

	Notes	2024	2023	2022
Cash and cash equivalents	4	P 42,941,355	P 503,084,160	P 582,668,500
Financial assets at FVOCI	6.2	1,033,550,979	819,457,301	682,958,116
Investment securities at amortized cost	6.3	48,065,983	101,561,861	170,806,728
Short-term investments	9	14,363,980	5,742,794	1,066,649
Interest-bearing loans	13	(1,075,816,326)	(1,406,836,735)	(1,784,761,905)
		<u>P 63,105,971</u>	<u>P 23,009,381</u>	<u>(P 347,261,912)</u>

The following table illustrates the sensitivity of profit or loss before tax regarding the University's interest-bearing financial instruments. These percentages have been determined based on the average market volatility rates, using standard deviation, in the years ended May 31, 2024, 2023 and 2022, estimated at 95% level of confidence. The sensitivity analysis is based on the University's financial instruments held at May 31, 2024, 2023 and 2022.

	May 31, 2024		May 31, 2023		May 31, 2022	
	Reasonably possible change in rate	Effect on profit before tax	Reasonably possible change in rate	Effect on profit before tax	Reasonably possible change in rate	Effect on profit before tax
Cash and cash equivalents	+/-0.64%	P 272,897	+/-0.45%	P 2,276,955	+/-0.27%	P 1,572,739
Financial assets at FVOCI	+/-0.66%	316,119	+/-0.42%	3,452,320	+/-0.49%	3,629,679
Investment securities at amortized cost	+/-0.66%	6,797,423	+/-0.42%	427,873	+/-0.49%	848,959
Short-term investments	+/-1.02%	146,589	+/-0.48%	27,761	+/-0.72%	7,627
Interest-bearing loans	+/-0.66%	(7,075,393)	+/-0.42%	(5,926,911)	+/-0.49%	(8,808,088)
		<u>P 457,635</u>		<u>P 257,998</u>		<u>(P 2,749,084)</u>

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 has been observed for the years ended May 31, 2024, 2023 and 2022 which is shown below:

	Change in Total Comprehensive Income					
	+/-%	2024	+/-%	2023	+/-%	2022
Financial assets at FVTPL	4.99%	P 19,459,877	5.40%	P 24,569,662	5.32%	P 50,326,607
Financial assets at FVOCI	0.74%	233,923	1.57%	588,952	4.50%	2,654,527

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

14.2 Credit Risk

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

The University is exposed to credit risk relating to its receivables from related parties and assessed tuition fees receivables primarily anchored on the students' possible inability to fully settle outstanding balances of receivables which are owed to the University based on installment payment schemes.

The University's exposure to credit risk on its other receivables from debtors and related parties is managed through close account monitoring and setting limits. The University has established controls and procedures to minimize risks of noncollection. Students by default are not allowed to enroll in the following semester unless the unpaid balance in the previous semester has been paid.

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

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

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

	Notes	2024	2023	2022
Cash and cash equivalents	4	P 42,941,355	P 503,084,160	P 582,668,500
Receivables (gross)	5	736,917,428	906,808,828	865,645,498
Financial assets at FVOCI	6.2	1,033,550,979	819,457,301	682,958,116
Investment securities at amortized cost	6.3	48,065,983	101,561,861	170,806,728
Short-term investments	9	14,363,980	5,742,794	1,066,649
Other non-current assets		3,273,477	3,273,477	3,273,477
		P 1,879,113,202	P 2,339,928,421	P 2,306,418,968

a. *Cash and Cash Equivalents and Short-term Investments*

The credit risk for cash and cash equivalents and short-term investments held by reputable financial institutions is considered negligible or the probability of default is remote since there has been no history of default from these counterparties and because of their high-quality external credit ratings.

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

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

As of May 31, 2024, 2023 and 2022, management assessed that the allowance for ECL on these financial instruments is not material.

b. *Receivables*

The University's receivables include assessed tuition fees receivables, receivables from related parties and other miscellaneous receivables.

The University applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for assessed tuition fees and other receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets.

To calculate the ECL using a provision matrix, the University makes use of its historical experience, external indicators and forward-looking information (FLI). The expected loss rates on these receivables are determined based on the history of credit-impaired student accounts. The University analyses assessed tuition receivables based on the number of semesters the receivables have been outstanding. Student receivables that are outstanding for at least two semesters are assessed for credit impairment. The University also assesses impairment of tuition fees and other receivables on a collective basis as they possess shared credit risk characteristics.

The historical loss rates, which are expressed as the relationship between the credit-impaired accounts and the related recognized tuition fees, are adjusted to reflect current and FLI on macroeconomic factors affecting the ability of the students to settle the receivables. The University assessed that the expected loss rates for tuition fees and other receivables are a reasonable approximation of the loss rates for these financial assets. As at May 31, 2024, 2023 and 2022, weighted average loss rate, adjusted with FLI, used in the measurement of ECL is at 3.7%, 3.8% and 5.0%, respectively.

The University incorporates FLI into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The most relevant macroeconomic variable used in the measurement of ECL is consumer spending as at May 31, 2024, 2023 and 2022, based on the correlation of historical loss rates and FLI.

With respect to advances to related parties, the University determines possible impairment based on the counterparties' ability to repay the receivables upon demand at the reporting date taking into consideration the historical defaults from the counterparties. Accordingly, the University recognized allowance for impairment loss amounting to P37.3 million, P30.5 million, and P25.4 million as at May 31, 2024, 2023 and 2022, respectively (see Note 5).

For the years ended May 31, 2024, 2023 and 2022, the University recognized allowance for impairment loss on all its receivables amounting to P81.5 million, P108.7 million, and P107.3 million, respectively. A reconciliation of the allowance for ECL as at May 31, 2024, 2023 and 2022 to the opening loss allowance is presented in Note 5.

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

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

The loss allowance provided are as follows:

<u>University Internal Credit Rating</u>	<u>External Credit Rating</u>	<u>ECL Rate</u>	<u>Estimated Gross Carrying Amount at Default</u>	<u>Allowance</u>
2024				
<i>Investment Securities at Amortized Cost</i>				
Performing	A – AAA	0.00%	P 18,786,927	P -
Underperforming	BB – BBB+	0.00% - 0.21%	-	-
<i>Financial Assets at FVOCI</i>				
Performing	AAA	0.00%	30,000,000	-
Underperforming	BBB+	0.00% - 0.09%	<u>1,024,993,604</u>	<u>876,130</u>
			<u>P 1,073,780,531</u>	<u>P 876,130</u>
2023				
<i>Investment Securities at Amortized Cost</i>				
Performing	A – AAA	0.00% - 0.03%	P 46,324,646	P -
Underperforming	BB – BBB+	0.00% - 0.23%	152,174,744	-
<i>Financial Assets at FVOCI</i>				
Performing	AAA	0.0%	30,000,000	-
Underperforming	BBB+	0.00% - 0.09%	<u>644,433,931</u>	<u>696,432</u>
			<u>P 872,933,321</u>	<u>P 696,432</u>
2022				
<i>Investment Securities at Amortized Cost</i>				
Performing	A – AAA	0.00% - 0.03%	P 114,329,456	P -
Underperforming	BB – BBB+	0.00% - 0.23%	56,477,273	-
<i>Financial Assets at FVOCI</i>				
Performing	AAA	0.0%	43,900,000	-
Underperforming	BBB+	0.00% - 0.09%	<u>661,702,267</u>	<u>570,352</u>
			<u>P 876,408,996</u>	<u>P 570,352</u>

d. *Other Non-current Assets*

Management has assessed that these financial assets have low probability of default since these mainly relate to continuing lease contracts, and any outstanding deposit balance can be applied against future monthly rentals. Also, these are no longer discounted since management believes that the effect of discounting is not material to the financial statements. With respect to certain long-term marketable securities, the University determines that there is a possible impairment. Accordingly, the University recognized allowance for impairment loss amounting to P3.7 million as at May 31, 2024, 2023, and 2022 (see Note 9).

14.3 Liquidity Risk

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

As at May 31, 2024, 2023 and 2022, the University's financial liabilities (except lease liabilities) have contractual maturities (or are expected to be settled within these periods) below.

	<u>Current</u>		<u>Non-current</u>
	<u>Within 6 Months</u>	<u>6 to 12 Months</u>	<u>1 to 5 Years</u>
<u>2024</u>			
Trade and other payables	P 981,064,293	P -	P -
Interest-bearing loans	<u>198,563,627</u>	<u>193,275,079</u>	<u>804,292,081</u>
	<u>P 1,179,627,920</u>	<u>P 193,275,079</u>	<u>P 804,292,081</u>
<u>2023</u>			
Trade and other payables	P 926,600,683	P -	P -
Interest-bearing loans	<u>211,335,698</u>	<u>205,781,093</u>	<u>1,202,183,599</u>
	<u>P 1,137,936,381</u>	<u>P 205,781,093</u>	<u>P 1,202,183,599</u>
<u>2022</u>			
Trade and other payables	P 834,146,611	P -	P -
Interest-bearing loans	228,848,484	180,053,172	1,463,346,553
Subscription payable	<u>-</u>	<u>76,499,997</u>	<u>-</u>
	<u>P 1,062,995,095</u>	<u>P 256,553,169</u>	<u>P 1,463,346,553</u>

The contractual maturities presented above reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting period. The maturity analysis of lease liabilities are presented in Note 11.1.

14.4 Offsetting of Financial Assets and Financial Liabilities

The amounts of the University's cash in bank, which is presented as part of the Cash and Cash Equivalents account, and portion of Short-term investments under the Prepayments and Other Current Assets account in the statements of financial position (see Notes 4 and 9) are subject to offsetting, enforceable master netting arrangements and similar agreements as at May 31, 2024, 2023 and 2022, 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
2024	<u>P 10,355,763</u>	<u>P -</u>	<u>P 10,355,763</u>	<u>(P1,075,816,326)</u>	<u>P -</u>	<u>(P 1,065,460,563)</u>
2023	<u>P 89,114,135</u>	<u>P -</u>	<u>P 89,114,135</u>	<u>(P1,406,836,735)</u>	<u>P -</u>	<u>(P 1,317,722,600)</u>
2022	<u>P 102,738,316</u>	<u>P -</u>	<u>P 102,738,316</u>	<u>(P1,784,761,905)</u>	<u>P -</u>	<u>(P 1,682,023,589)</u>

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

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

15. EDUCATIONAL REVENUES

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

	Note	2024	2023	2022
Tuition fees	20.13	<u>P 3,002,042,407</u>	<u>P 2,985,532,076</u>	<u>P 2,504,735,938</u>
Less discounts:				
Scholarships		<u>203,016,192</u>	<u>208,554,317</u>	<u>163,419,874</u>
Cash		<u>29,297,426</u>	<u>22,373,099</u>	<u>17,472,319</u>
Family		<u>5,876,559</u>	<u>5,884,997</u>	<u>5,269,672</u>
		<u>238,190,177</u>	<u>236,812,413</u>	<u>186,161,865</u>
Tuition fees – net		<u>2,763,852,230</u>	<u>2,748,719,663</u>	<u>2,318,574,073</u>

	<u>2024</u>		<u>2023</u>		<u>2022</u>
Tuition fees – net	<u>2,763,852,230</u>		<u>2,748,719,663</u>		<u>2,318,574,073</u>
Other school fees:					
Transcript fees	P 14,379,536	P	13,528,415	P	10,410,573
Diplomas	12,206,436		12,676,035		10,817,265
Entrance fees	11,820,520		13,956,611		14,040,901
Identification cards	8,427,536		8,797,582		7,928,946
Graduation and commencement fees	4,908,472		6,837,482		6,626,404
Certification fee	4,551,424		4,960,877		3,317,968
International student fees	2,054,287		1,631,314		3,361,499
Miscellaneous	<u>5,060,148</u>		<u>5,969,898</u>		<u>3,638,655</u>
	<u>63,408,359</u>		<u>68,358,214</u>		<u>60,142,211</u>
	<u>P 2,827,260,589</u>	P	<u>2,817,077,877</u>	P	<u>2,378,716,284</u>

15.1 Core Revenue Stream

The University derives revenues from transactions involving tuition fees and other school fees and other school-related activities such as sale of school merchandise and books. Revenues from tuition fees are recognized over time of instruction. On the other hand, all other revenue sources, such as other incidental fees and sale of school merchandise and books (presented as part of Other Income) are recognized at a point in time.

15.2 Unearned Tuition Fees

As of May 31, 2024, 2023 and 2022, the University has collected tuition fee payments amounting to P27.6 million, P29.4 million, and P35.2 million, respectively, from students enrolled for the succeeding midyear term or first semester of the following school year.

These collections are presented as Unearned Tuition Fees in the statements of financial position. These will be recognized as revenue in the next reporting period once the performance obligation of the University has been rendered.

16. OPERATING EXPENSES

Costs and operating expenses consist of:

	<u>Notes</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Salaries and employee benefits	19.1	P 1,120,727,158	P 1,038,077,960	P 927,780,772
Depreciation and amortization	8, 10	319,426,393	303,418,248	302,256,849
Professional fees		136,999,667	93,111,618	60,578,073
License and subscription		90,645,770	78,119,424	44,397,476
Supplies and materials		86,807,248	75,426,224	37,977,154
Outside services		86,165,519	59,105,145	41,737,488
Utilities and communication		74,575,207	79,770,105	33,741,946
Repairs and maintenance		32,330,647	41,269,450	43,894,740
Transportation and travel		25,830,746	14,219,000	7,085,345
Training and seminars		18,250,412	25,732,187	16,616,235
Directors' bonus		17,015,000	13,500,000	13,000,000
Taxes and licenses		16,255,667	21,389,643	17,375,213
Insurance		6,377,469	17,431,795	7,008,662
Rental	20.3	4,417,829	4,141,506	2,075,887
Public relations and promotions		2,352,514	3,142,613	2,100,809
Research		363,815	2,815,640	3,253,269
Others		13,829,742	21,636,509	16,395,852
		<u>P 2,052,370,803</u>	<u>P 1,892,307,067</u>	<u>P 1,577,275,770</u>

17. FINANCE INCOME AND FINANCE COSTS

17.1 Finance Income

This consists of the following:

	<u>Notes</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Dividend income	7, 20.1	P 225,074,822	P 203,307,923	P 200,248,733
Interest income from:				
Financial assets at FVOCI	6.2	55,122,261	46,319,696	20,203,135
Cash and cash equivalents	4	13,298,519	8,476,350	330,316
Investment securities at amortized cost - net	6.3	5,309,005	7,549,261	11,406,704
Short-term investments	9	4,159	1,975	385,808
Loans receivable	20.9	-	235,890	109,998
Other investment income (losses) from:				
Financial assets at FVTPL	6.1	85,987,947	3,662	12,990,851
Financial assets at FVOCI	6.2	877,880	(16,498,147)	8,460,219
Foreign exchange gain - net	6	36,881,559	47,174,733	44,957,928
		<u>P 422,556,152</u>	<u>P 296,571,343</u>	<u>P 299,093,692</u>

Other investment income (loss) from financial assets at FVOCI and FVTPL consists collectively of dividend income, gain or loss on disposal, and realized fair value gains or losses of securities held by trustee banks, as well as net amortization of discount and premium on investments at amortized cost.

17.2 Finance Costs

This is broken down into the following:

	<u>Notes</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Interest expense on:				
Lease liabilities	11, 22	P 113,996,846	P 114,068,795	P 113,360,483
Interest-bearing loans	13	91,976,945	64,421,044	37,404,061
Bank charges	20.9, 22	13,584,132	13,577,327	9,763,709
		<u>P 219,557,923</u>	<u>P 192,067,166</u>	<u>P 160,528,253</u>

18. OTHER INCOME

This consists of the following:

	<u>Note</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Other income from:				
Adjustment arising from reduced rent coverage		P 58,823,782	P 57,350,021	P 20,301,830
Reversal of accruals and other liabilities	12	33,096,313	60,051,391	49,030,206
Gain (loss) from sale of books and other merchandise – net		5,500,447	11,353,669 (	2,678,861)
Others		<u>6,760,556</u>	<u>27,336,461</u>	<u>1,846,171</u>
		<u>P 104,181,098</u>	<u>P 156,091,542</u>	<u>P 68,499,346</u>

Others include revenues from processing fees for various document requests of students, reimbursement of vaccine costs and clinic services of employees, fees for use of clinic and library by students of FEU High (see Note 20) and convenience fees for third party payment platforms.

19. EMPLOYEES' HEALTH, WELFARE AND RETIREMENT FUND

19.1 Salaries and Employee Benefits Expense

Details of salaries and employee benefits are presented below (see Note 16).

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	P 1,035,630,336	P 955,277,597	P 851,268,215
Post-employment benefits	<u>85,096,822</u>	<u>82,800,363</u>	<u>76,452,557</u>
	<u>P 1,120,727,158</u>	<u>P 1,038,077,960</u>	<u>P 927,720,772</u>

19.2 Post-employment Defined Benefit

The University maintains a tax-qualified, funded and contributory retirement plan, which is a defined contribution type of retirement plan covering regular teaching and non-teaching personnel members.

The retirement fund is under the administration of an organization, the FEU Health, Welfare and Retirement Fund Plan (FEUHWRFP or the Fund), through its Retirement Board.

Contributions to this fund are in accordance with the defined contribution established by the Retirement Board which is the sum of the employees' and the University's contributions. Employees' contribution is 5% of basic salary while the University's contribution is equivalent to 20% of the employees' basic salary.

As a policy of FEU, any contributions made by the University in the past years that were subsequently forfeited resulting from resignations of covered employees prior to vesting of their retirement pay can be utilized as employer contributions in the succeeding years.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets			
Cash and cash equivalents	P 121,638,678	P 108,583,575	P 87,106,029
Receivables – net	65,432,324	46,516,917	53,749,357
Investment in debt securities:			
Government securities	488,188,039	416,474,205	365,734,297
Corporate bonds and other debt instruments	94,654,887	105,676,905	138,238,329
Investment in equity securities:			
Corporate shares	316,363,279	319,880,997	354,114,730
UITF	119,623,105	127,717,207	129,886,446
Others	177,456	35,038	65,321
	1,206,077,768	1,124,884,844	1,128,894,509
Liabilities	(53,023,059)	(50,474,498)	(44,705,185)
 Net assets available for plan benefits	 <u>P 1,153,054,709</u>	 <u>P 1,074,410,346</u>	 <u>P 1,084,189,324</u>

Plan assets do not comprise any of the University's or its related parties' own financial instruments or any of its assets occupied and/or used in its operations.

The Fund's financial assets are maintained in trust funds with credible trustee banks under control by the Fund through its Retirement Board.

20. RELATED PARTY TRANSACTIONS

The University's related parties include its subsidiaries, the key management and others. A summary of the University's transactions with its related parties is presented below (in thousands):

	Notes	<u>May 31, 2024</u>		<u>May 31, 2023</u>		<u>May 31, 2022</u>	
		Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)
Subsidiaries and associates:							
Dividend income	20.1	P 225,075	P 50,000	P 203,308	P -	P 200,249	P -
Noninterest-bearing advances	20.2	(235,565)	-	-	235,565	-	235,565
Rent expense	20.3	(2,942)	(139)	(1,284)	-	(1,598)	(620)
Lease liabilities	20.3	(10,794)	(1,197,570)	3,452	(1,208,364)	(16,448)	(1,204,912)
ROUA	20.3	65,524	787,995	(65,524)	853,519	(65,669)	910,663
Interest on lease liabilities	17.2, 20.3	(113,939)	-	(113,864)	-	(113,015)	-
Rental income	20.4, 20.6, 20.7, 20.8	43,500	2,688	41,799	6,445	87,242	51,726
Reimbursement of expenses (receivable)	20.5	31,742	158,034	28,966	126,292	(10,589)	97,326
Reimbursement of expenses (payable)	20.5	(23,171)	-	(23,171)	(23,171)	(26,991)	(26,991)
Interest-bearing loans payable	20.9	(695,000)	-	-	-	(100,000)	-
Interest expense	20.9	(6,369)	-	-	-	(382)	-
Interest-bearing loans receivable	20.9	-	-	-	-	20,000	20,000
Interest income	20.9	-	-	236	-	110	110
Investment subscription (payments) - net	7	-	-	-	-	-	(76,500)
Share in tuition fees	20.13	3,450	3,815	1,587	1,587	523	523
Fees for use of school clinic and library	18	5,035	5,035	4,780	4,780	-	-

Notes	May 31, 2024		May 31, 2023		May 31, 2022	
	Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)
Related parties under common management:						
Noninterest-bearing						
advances	20.2	P 3,083	P 12,585	P 2,626	P 9,502	P 2,037
Lease liabilities	20.3	(1,740)	(1,599)	(2,670)	(3,339)	(2,268)
ROUA	20.3	(2,331)	-	(2,797)	2,331	(2,797)
Rent expense	20.3	(216)	(216)	-	-	-
Interest on lease liabilities	17.2, 20.3	(58)	-	(205)	-	(346)
Reimbursement of expenses (receivable)	20.5	5,079	29,475	4,798	24,397	(2,180)
						19,599
Key management personnel compensation	20.11	84,605	-	95,072	-	86,347
						-
Retirement fund – Retirement plan assets	20.12	-	971,435	-	868,233	-
						851,228

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

20.1 Dividend Income

For the years ended May 31, 2024, 2023 and 2022, the University recognized dividend income from cash dividend declarations made by EACCI, FEU High, FRC and GSC (see Note 7), which is presented as Dividend income under Finance Income in the statements of profit or loss (see Note 17.1). As of May 31, 2024, the outstanding balance amounting to P50.0 million is presented as part of Receivables from related parties under the Receivables account in the 2024 statement of financial position (see Note 5).

20.2 Noninterest-bearing Advances

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

Summarized below are the outstanding receivables, shown as part of Receivables from related parties under the Receivables account in the statements of financial position, arising from these transactions (see Note 5). In 2024, 2023, and 2022, the University recognized impairment loss amounting to P6.8 million, P5.1 million, and P7.8 million presented as under Impairment Loss in the statements of profit or loss.

	<u>Beginning</u>	<u>Advances (Repayments)</u>	<u>Ending</u>
2024			
RCI	P 235,564,735	(P 235,564,735)	P -
FEU Public Policy Center Foundation, Inc. (FEUPPCFI)	<u>9,501,803</u>	<u>3,083,160</u>	<u>12,584,963</u>
	P 245,066,538	(P 232,481,575)	P 12,584,963
2023			
RCI	P 235,564,735	P -	P 235,564,735
FEUPPCFI	<u>6,875,803</u>	<u>2,626,000</u>	<u>9,501,803</u>
	<u>P 242,440,538</u>	<u>P 2,626,000</u>	<u>P 245,066,538</u>
2022			
RCI	P 235,564,735	P -	P 235,564,735
FEUPPCFI	<u>4,838,503</u>	<u>2,037,300</u>	<u>6,875,803</u>
	<u>P 240,403,238</u>	<u>P 2,037,300</u>	<u>P 242,440,538</u>

20.3 Lease of Land, Various Buildings and Facilities

The University has several lease agreements with FRC and Nicanor Reyes Educational Foundation, Inc. (NREF) for its lease of land, various buildings and facilities. The lease agreements are long-term, renewable and provide rental rates with annual escalation rates.

The University, as a lessee, recognized ROUA and lease liabilities, which is presented as ROUA and Lease Liabilities in the statements of financial position (see Note 11). Amortization of the ROUA arising from these transactions is presented as part of Depreciation and amortization under Operating Expenses of the statements of profit or loss. Total interest expense on lease liabilities is presented as part of Interest expense on lease liabilities under Finance Costs in the statements of profit or loss. The outstanding balances arising from these transactions are presented as part of ROUA under Property and Equipment and Lease Liabilities (current portion under Trade and Other Payable) in the statements of financial position.

Lessor	Property	Lease term	Right-of-use asset		Lease Liabilities		
			Outstanding balance	Amortization expense	Outstanding balance	Interest expense	
2024:							
FRC	Manila campus premises – land and buildings	20 years	P 689,303,693	P 45,953,580	P 1,027,687,099	P 97,876,962	
FRC	Makati campus premises – land	30 years	90,300,858	5,311,815	157,741,434	14,973,341	
FRC	Building – gymnasium	10 years	8,390,585	10,068,701	12,141,037	960,177	
FRC	Facilities – athlete’s quarters	3 years	-	4,190,344	-	128,270	
NREF	Facilities – Diliman sports facilities	10 years	-	2,330,598	1,599,360	58,096	
			<u>P787,995,136</u>	<u>P 67,855,038</u>	<u>P1,199,168,930</u>	<u>P 113,996,846</u>	
2023:							
FRC	Manila campus premises – land and buildings	20 years	P 735,257,272	P 45,953,580	P 1,022,575,559	P 97,192,245	
FRC	Makati campus premises – land	30 years	95,612,673	5,311,815	155,907,310	14,775,403	
FRC	Building – gymnasium	10 years	18,459,287	10,068,701	25,490,064	1,583,114	
FRC	Facilities – athlete’s quarters	3 years	4,190,344	4,190,344	4,390,389	313,185	
NREF	Facilities – Diliman sports facilities	10 years	2,330,598	2,796,718	3,339,233	204,848	
			<u>P 855,850,174</u>	<u>P 68,321,158</u>	<u>P1,211,702,555</u>	<u>P 114,068,795</u>	
2022:							
FRC	Manila campus premises – land and buildings	20 years	P 781,210,852	P 45,953,580	P 1,013,731,334	P 96,179,404	
FRC	Makati campus premises – land	30 years	100,924,488	5,311,815	153,645,448	14,540,159	
FRC	Building – gymnasium	10 years	28,527,988	10,068,701	37,534,763	2,144,284	
FRC	Facilities – athlete’s quarters	3 years	-	4,334,774	-	151,060	
NREF	Facilities – Diliman sports facilities	10 years	5,127,316	2,796,718	6,009,048	345,576	
			<u>P 915,790,644</u>	<u>P 68,465,588</u>	<u>P1,210,920,593</u>	<u>P 113,360,483</u>	

Starting September 2021, the University leases from FECSI the gymnasium located in its campus. The lease agreement was initially for five years, with the terms and conditions subject to review and determination at the end of every year. Rental expense on this lease amounted P1.2 million and P0.9 million for periods ended May 31, 2024 and 2022 (nil in 2023) and is shown as part of Operating Expenses in the 2024 and 2022 statements of profit or loss (see Note 16). The outstanding balance is presented as part of Accrued expenses under the Trade and Other Payables account in the 2022 statement of financial position (see Note 12).

The University also leases certain spaces from FRC, FEUAI and NREF for the use by the University bookstore and its student-athletes, and dormitory space located at FEU Cavite Campus. The lease agreements covering these leases are renewed annually. Rental expense on these leases amounted P3.2 million, P1.3 million, and P1.6 million for years ended May 31, 2024, 2023 and 2022 is shown as part of Operating Expenses in the statements of profit or loss. The outstanding balance is presented as part of Accrued expenses under the Trade and Other Payables account in the statements of financial position (see Note 12).

20.4 Lease of Campus Premises to FECSI

For a period of ten years from August 1, 2012 to July 31, 2022, the University entered into a lease of its two school buildings (see Note 8) to FECSI. The lease period is renewable subject to conditions mutually agreed upon by the parties. Accordingly, in July 2022, both parties mutually agreed to continue with the agreement, with negotiations on the terms of the extension underway as of the report date. The annual rent is set at P1.3 million or 10% of FECSI's annual gross revenue net of some adjustments, whichever is higher. The rental fee is equally allocated between the University and FRC.

Total rental income earned from this transaction amounted to P3.0 million, P2.7 million and P2.4 million for the years ended May 31, 2024, 2023 and 2022, respectively, and is presented as part of Other Operating Income in the statements of profit or loss (see Note 8). Related outstanding receivable arising from this transaction amounted to P2.7 million, P3.6 million and P3.2 million for the year ended May 31, 2024, 2023 and 2022, respectively, which is presented as part of Receivables from related parties under the Receivables account in the statements of financial position (see Note 5). No impairment loss is recognized by the University on this receivable.

20.5 Reimbursement of Expenses

During the year ended May 31, 2024, 2023 and 2022, the University billed its subsidiaries and other related entities for the reimbursement of amounts it initially advanced to third party suppliers and service providers for certain expenses, and other various allocated expenses, at cost. These expenses pertain to those incurred in the normal course of operations of the University and its related entities, which include utilities, licenses and subscriptions, legal fees, various supplies, janitorial and security services, use of facilities, and salaries and benefits of seconded employees, among others.

Also, during the fiscal year ended May 31, 2022, particularly during the months where strict quarantine restrictions were imposed, the University initially advanced the amount of approved employee emergency loans obtained from FEUHWRF, which will subsequently be reimbursed at cost.

Shown below are the details of the balances of receivables from related parties under the Receivables account in the statements of financial position (see Note 5).

	<u>2024</u>		<u>2023</u>		<u>2022</u>
RCI	P 72,993,234	P	61,262,612	P	38,468,812
FECSI	56,590,752		38,011,696		19,932,810
FEUPPCFI	24,760,165		20,997,244		17,028,695
FEU High	15,653,651		13,189,003		25,925,372
EACCI	8,287,843		11,020,813		9,876,318
FEUHWRF	4,676,534		3,399,583		2,504,859
FEUAI	3,202,476		936,517		2,257,399
FRC	628,019		856,485		838,913
JCHS – associate	316,527		292,193		-
GSC - associate	238,869		390,893		-
Edustria	122,318		331,288		26,134
NREF	38,653		-		65,730
	<u>P 187,509,041</u>		<u>P 150,688,327</u>		<u>P 116,925,042</u>

During 2022, FECSI billed FEU for the reimbursement of the cost of construction of the additional floor in one of the buildings it leases from FEU, amounting to P27.0 million. FEU fully paid the amount in 2023, while the outstanding balance as of May 31, 2022 is presented as part of Accounts payable under the Trade and Other Payables account in the 2022 statement of financial position (see Note 12).

During 2023, FECSI billed FEU for the reimbursement of costs that it incurred for the construction of the gymnasium in its campus which is being used by FEU amounting to P23.2 million. FEU fully paid the amount in 2024, while the outstanding balance as of May 31, 2023 is presented as part of Accounts payable under the Trade and Other Payables account in the 2023 statement of financial position (see Note 12). There was no similar transaction in 2024.

20.6 Sub-lease of Buildings to FEU High

In June 2016, the University initially subleased Nursing Building to FEU High. Thereafter, in 2018, the Accounts, Business and Finance Buildings were also sublet (these two buildings are leased by the University from FRC). These subleased arrangements have been extended until May 31, 2022. Upon expiration of the term of the contract, the University and FEU High had mutually agreed not to renew such lease agreement. Total rental income from this transaction amounted to P44.1 million for the year ended May 31, 2022 and is presented as part of Other Operating Income in the statements of profit or loss for the year ended May 31, 2022. Outstanding receivable arising from this transaction amounting to P48.5 million as of May 31, 2022 is presented as part of Receivables from related parties under the Receivables account in the statements of financial position (see Note 5).

20.7 Lease of Certain Buildings to East Asia Educational Foundation, Inc. (EAEFI) and EACCI

The University leased out certain buildings to EAEFI for a period of one to five years until March 31, 2015. However, upon expiration of the term of the contract, the University and EAEFI had mutually agreed not to renew such lease agreement. Instead, as of May 31, 2016, only certain floors of the buildings were leased out to EAEFI.

Starting July 2016, upon take-over of EACCI of the EAEFI'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 P1.8 million (exclusive 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 P24.8 million, P23.7 million and P25.0 million for the years ended May 31, 2024, 2023, and 2022, respectively. Outstanding receivables arising from this transaction amounting to P2,091 and P1.4 million as of May 31, 2024 and 2023, respectively (nil in 2022), is presented as part of Receivables from related parties under the Receivables account in the statement of financial position (see Note 5).

20.8 Lease of Campus Premises to FEUAI

In 2019, the University started to lease to FEUAI the land where the FEU Alabang Campus is located. The lease agreement covers a period of 15 years from January 1, 2019 to December 31, 2034. The parties also agreed that there shall be no rental fees for the first year of the lease. In subsequent years, the terms and conditions of the lease is to be determined annually, subject to conditions mutually agreed upon by both parties. For the period January 1 to June 30, 2020, the rate agreed is P1.2 million per month, subject to review and renewal every year thereafter until the end of lease term.

Total rental income from FEUAI, which is presented as part of Other Operating Income in the statements of profit or loss, amounted to P15.7 million, P15.4 million and P15.8 million, for the years ended May 31, 2024, 2023 and 2022, respectively. Outstanding balance as of May 31, 2023 amounting to P1.4 million (nil in 2024 and 2022) is presented as part of Receivables from related parties under the Receivables account in the 2023 statement of financial position (see Note 5).

20.9 Interest-bearing Loans

Interest-bearing loans granted by the University to its related parties are presented as part of Receivables from related parties in the statements of financial position, while Interest-bearing loans obtained by the University from its related parties are disclosed as Loans from Related Parties in the statements of financial position.

a. Interest-bearing loan from EACCI and FEU High

On various dates, the University obtained interest-bearing loans from EACCI and FEU High. The loans were unsecured and bears interest based on a 91-day time deposit rate plus 0.10%. The terms of the loans were initially set at 90 days, with the option for extension as agreed between the parties. The agreements also provide for a 3% late payment interest on any unpaid principal and interest, computed per annum from date of maturity until full payment, in the event of non-extension of the term.

Related interest amounting to P6.4 million and P0.4 million in May 31, 2024 and 2022, respectively (nil in 2023), was recognized in profit or loss as part of Interest expense on interest-bearing loans under Finance Costs in the statements of profit or loss (see Note 17.2). The University did not obtain new loans from EACCI and FEU High during the years ended May 31, 2023 and 2022.

b. Interest-bearing loan to FECSI

In November 2021, the University granted a loan to FECSI amounting to P20.0 million. The loan bears interest rates of 1% per annum. The loan is unsecured, has a term of six months, and is renewable upon agreement by the parties. In June 2022, upon the expiration of its original term, the loan was renewed for a period of one year with an interest rate of 1.2% per annum. The said loan has been fully paid as of May 31, 2023.

Related interest amounting to P0.2 million and P0.1 million was recognized as part of Interest income from loans under Finance Income in the 2023 and 2022 (nil 2024) statements of profit or loss (see Note 17.1).

20.10 Financial Guaranty for Subsidiaries' Loans

In March 2017 and January 2018, the BOT approved that for and in consideration of the loan or credit facilities obtained by any subsidiary of the University, in which the University owns at least 75% of the outstanding voting capital stock of such subsidiary, from a certain local commercial bank, the University gives its full consent and authority to act as surety up to P500.0 million for the subsidiary's obligations arising from any loan or availment of any credit facilities granted by the said local bank in favor of the subsidiary, as well as any renewals, increases, extensions of existing obligations obtained by or which may hereafter be obtained by the subsidiary from the local bank, whether direct or indirect, principal or secondary. The outstanding loans payable by RCI to the said local bank amounted to P309.5 million as of May 31, 2024, P404.8 million as of May 31, 2023 and P500.0 million as of May 31, 2022. As of May 31, 2024, 2023 and 2022, RCI has not defaulted on its loans.

20.11 Key Management Personnel Compensation

Total remuneration of the University's key management personnel presented as part of Salaries and employee benefits under Operating Expenses (see Note 16) is as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Salaries and short-term benefits	P 72,994,147	P 82,233,496	P 74,310,909
Post-employment benefits	<u>11,611,080</u>	<u>12,838,765</u>	<u>12,036,104</u>
	<u>P 84,605,227</u>	<u>P 95,072,261</u>	<u>P 86,347,013</u>

20.12 Retirement Fund

The University's retirement fund is in the form of trustee-bank managed accounts. The fair value of the University's retirement plan assets amounted to P971.4 million, P868.2 million, and P851.2 million as of May 31, 2024, 2023 and 2022, respectively.

None of the retirement plan assets are invested in or provided to the University and/or its related parties, except for loans granted to the University.

The retirement fund neither provides any guarantee nor surety for any obligation of the University.

20.13 Share in Tuition Fees

The University has separate agreements with FECSI, FEUAI and GSC for the offering of extension programs, wherein FEU's course curriculum is being used for certain courses offered in FEU Cavite, FEU Alabang and GSC campuses. In addition, the University's faculty members deliver instruction for the extension courses offered in GSC. Accordingly, FEU receives a certain percentage of the tuition fees earned from these programs to compensate for the use of its curriculum and license, and to recover faculty-related costs. Total fees earned in 2024, 2023 and 2022, amounting to P3.5 million, P1.6 million, and P0.5 million, respectively, are presented as part of Tuition fees – net in the statements of profit or loss (see Note 15). The outstanding receivables from such transactions are presented as part of Receivables – net in the statements of financial position (see Note 5).

21. 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 25% will apply to the entire taxable income instead of the 10% preferential rate. The University qualifies to continue to avail of the 10% preferential rate given its revenue profile. In addition, the University is also not covered by the minimum corporate income tax provision of the new tax code.

In March 2021, R.A. No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) has been passed into law which provides for a reduced tax rate of proprietary schools to 1% from the previous 10%, effective July 2021 until June 2023.

Also in December 2021, R.A. No. 11635, *An Act Clarifying the Income Taxation of Proprietary Educational Institutions, Amending for the Purpose Section 27 (B) of the NIRC of 1997, As Amended*, was enacted such that proprietary schools were clarified to apply 1% reduced tax rate as originally intended by CREATE law.

The University used the reduced 1% income tax rate for the fiscal years ended May 31, 2023 and 2022 to recognize its current tax expense.

In pursuance of the CREATE and Revenue Memorandum Circular No. 69-2023, *Reversion of Rates of Percentage Tax, Minimum Corporate Income Tax, and Regular Corporate Income Tax on Proprietary Educational Institutions and Not for Profit Hospitals, Pursuant to R.A. No. 11534*, the rate of RCIT for proprietary educational institutions reverted to 10% from 1%, effective July 1, 2023. Consequently and in accordance with the requirements of PAS 12, *Income Taxes*, the University measured its deferred tax assets and liabilities at 10% as of May 31, 2023 and 2024.

The major components of tax expense reported in the statements of profit or loss are as shown below.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current tax expense:			
Special rate at 9.3% in 2024			
1.0% in 2023			
1.8% in 2022	P 68,998,790	P 10,414,442	P 10,590,057
Final tax at 20% and 15%	<u>14,737,929</u>	<u>12,466,531</u>	<u>6,465,193</u>
	83,736,719	22,880,973	17,055,250
Deferred tax expense (income)			
relating to origination and			
reversal of temporary			
differences (10% in 2024			
and 2023; 1% in 2022)	<u>(5,762,962)</u>	<u>6,155,775</u>	<u>17,383,619</u>
	P 77,973,757	P 29,036,748	P 34,438,869

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Tax on pretax income			
at 10% and 1%	P 112,818,750	P 12,290,371	P 10,874,094
Adjustments for income			
subjected to higher tax rates	7,373,394	17,998,833	6,141,933
Tax effects of:			
Change in tax rate	(11,366,317)	-	-
Non-taxable income	(36,626,919)	(3,189,701)	(2,509,155)
Non-deductible expenses	<u>5,774,849</u>	<u>1,937,245</u>	<u>19,931,997</u>
	P 77,973,757	P 29,036,748	P 34,438,869

The net deferred tax assets and liabilities relate to the following:

	<u>Statements of Financial Position</u>			<u>Statements of Profit or Loss</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Deferred tax assets (DTA):						
Accrued expense	P 10,025,165	P 11,060,838	P 895,300	P 1,035,673	(P 2,107,838)	(P 168,355)
DTA resulting from temporary						
decrease in tax rates	-	-	-	-	-	18,642,111
Allowance for impairment on						
tuition and other school						
fees receivables	4,415,111	7,823,883	819,803	3,408,773	374,148	41,976
Unrealized foreign currency						
losses (gains)	(3,688,156)	(4,717,473)	449,579	(1,029,317)	9,213,266	(207,729)
Unrealized fair value losses (gains)						
financial assets at FVTPL	(3,616,305)	2,822,438	234,311	6,438,742	(479,330)	(1,039,465)
	<u>7,135,815</u>	<u>16,989,686</u>	<u>2,398,993</u>	<u>9,853,871</u>	<u>7,000,246</u>	<u>17,268,538</u>
Deferred tax liabilities (DTL):						
Prepaid expenses	(5,471,262)	(2,571,797)	(341,627)	2,899,465	(844,471)	115,081
DTI resulting from						
remeasurement of DTA	(5,471,262)	(18,516,298)	-	(18,516,298)	-	-
	<u>(5,471,262)</u>	<u>(21,088,095)</u>	<u>(341,627)</u>	<u>(15,616,833)</u>	<u>(844,471)</u>	<u>115,081</u>
Deferred tax assets (liabilities) – net	P 1,664,553	(P 4,098,409)	P 2,057,366	(P 5,762,962)	P 6,155,775	P 17,383,619
Deferred tax expense (income) – net						

The University claimed itemized deductions for income tax purposes in all of the years presented.

22. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of liabilities arising various financing activities:

	Interest-bearing Loans (see Note 13)	Loans from Related Party (see Note 20)	Dividends Payable (see Note 12)	Accrued Interest (see Notes 12 and 13)	Lease Liabilities (see Note 11)	Total
Balance at June 1, 2023	P 1,406,836,735	P -	P 291,427,957	P 10,171,291	P 1,211,702,555	P 2,920,138,538
Net cash flow:						
Proceeds from loans	-	695,000,000	-	-	-	695,000,000
Repayment of loans	(331,020,409)	(695,000,000)	-	-	-	(1,026,020,409)
Repayment of lease liabilities	-	-	-	-	(67,706,691)	(67,706,691)
Dividends paid	-	-	(705,219,677)	-	-	(705,219,677)
Interest paid	-	-	-	(93,628,602)	-	(93,628,602)
Non-cash financing activities:						
Dividend declaration	-	-	769,784,416	-	-	769,784,416
Interest on lease liabilities	-	-	-	-	113,996,846	113,996,846
Amortization of lease liabilities	-	-	-	-	(58,823,780)	(58,823,780)
Accrual of interest on loans	-	-	-	91,976,945	-	91,976,945
Balance at May 31, 2024	<u>P 1,075,816,326</u>	<u>P -</u>	<u>P 355,992,696</u>	<u>P 8,519,634</u>	<u>P 1,199,168,930</u>	<u>P 2,639,497,586</u>
Balance at June 1, 2022	P 1,784,761,905	P -	P 245,503,823	P 4,226,592	P 1,210,920,593	P 3,245,412,913
Net cash flow:						
Repayment of loans	(377,925,170)	-	-	-	-	(377,925,170)
Repayment of lease liabilities	-	-	-	-	(64,317,505)	(64,317,505)
Dividends paid	-	-	(627,637,230)	-	-	(627,637,230)
Interest paid	-	-	-	(58,476,345)	-	(58,476,345)
Non-cash financing activities:						
Dividend declaration	-	-	673,561,364	-	-	673,561,364
Interest on lease liabilities	-	-	-	-	114,068,795	114,068,795
Amortization of lease liabilities	-	-	-	-	(57,350,017)	(57,350,017)
Additional lease liabilities	-	-	-	-	8,380,689	8,380,689
Accrual of interest on loans	-	-	-	64,421,044	-	64,421,044
Balance at May 31, 2023	<u>P 1,406,836,735</u>	<u>P -</u>	<u>P 291,427,957</u>	<u>P 10,171,291</u>	<u>P 1,211,702,555</u>	<u>P 2,920,138,538</u>
Balance at June 1, 2021	P 1,972,380,953	P 100,000,000	P 168,030,831	P 6,254,275	P 1,229,635,921	P 3,476,301,980
Net cash flow:						
Proceeds from additional loans	-	-	-	-	-	-
Repayment of loans	(187,619,048)	(100,000,000)	-	-	-	(287,619,048)
Repayment of lease liabilities	-	-	-	-	(111,801,981)	(111,801,981)
Dividends paid	-	-	(355,530,742)	-	-	(355,530,742)
Interest paid	-	-	-	(39,431,744)	-	(39,431,744)
Non-cash financing activities:						
Dividend declaration	-	-	433,003,734	-	-	433,003,734
Interest on lease liabilities	-	-	-	-	113,360,483	113,360,483
Amortization of lease liabilities	-	-	-	-	(20,273,830)	(20,273,830)
Accrual of interest on loans	-	-	-	37,404,061	-	37,404,061
Balance at May 31, 2022	<u>P 1,784,761,905</u>	<u>P -</u>	<u>P 245,503,823</u>	<u>P 4,226,592</u>	<u>P 1,210,920,593</u>	<u>P 3,245,412,913</u>

Accrued interest on loans payable as of May 31, 2024, 2023 and 2022 is recognized as part of Accrued Expenses under Trade and Other Payables in the statements of financial position (see Notes 12 and 13).

23. EQUITY

23.1 Capital Stock

As of May 31, 2024, 2023 and 2022, the University's authorized capital stock consists of 50,000,000 shares with par value of P100 per share, of which 24,055,763 shares were issued and outstanding, net of 37,331 treasury shares.

Below is the ownership structure of the University's outstanding shares as of May 31, 2024, 2023 and 2022.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Number of shares held by related parties	15,231,346	15,202,893	15,315,729
Number of shares held by the public	<u>8,824,417</u>	<u>8,852,870</u>	<u>8,740,034</u>
	<u>24,055,763</u>	<u>24,055,763</u>	<u>24,055,763</u>

As of May 31, 2024, 2023 and 2022, the public owns 36.68%, 36.95% and 36.50%, respectively, of the University's listed shares.

As of May 31, 2024, there are 1,445 holders of the listed common shares owning at least one board lot.

All shares of the University are listed on the PSE. There had been no follow-on listing since the initial listing in 1986 at an offer price of P100. The closing price of the University's listed shares was P699.5, P533.0 and P540.0 per share as of May 31, 2024, 2023 and 2022, respectively.

23.2 Retained Earnings

Significant transactions affecting Retained Earnings are as follows:

(a) Appropriation of Retained Earnings

As of May 31, 2023, 2022 and 2021, the University's appropriated retained earnings consists of appropriations for:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Property and investment acquisition	P 1,417,000,000	567,000,000	648,500,000
Purchase of equipment and improvements	662,000,000	P 803,000,000	P 442,620,289
Contingencies	90,000,000	90,000,000	90,000,000
Treasury stock	<u>3,733,100</u>	<u>3,733,100</u>	<u>3,733,100</u>
	<u>P 2,172,733,100</u>	<u>P 1,463,733,100</u>	<u>P 1,184,853,389</u>

As projects and capital expenditures are annually revisited and would involve several projects, timeline with level of exactness is not defined, instead are recalibrated year on year.

The changes in appropriated retained earnings are shown below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 1,463,733,100	P 1,184,853,389	P 844,233,100
Appropriations	850,000,000	360,379,711	340,620,289
Reversal of appropriations	<u>(141,000,000)</u>	<u>(81,500,000)</u>	<u>-</u>
Balance at end of year	<u>P 2,172,733,100</u>	<u>P 1,463,733,100</u>	<u>P 1,184,853,389</u>

(b) *Dividend Declaration*

The BOT approved the following dividend declarations during the years ended:

	Declaration	Date of Record	Payment/Issuance	Amount
<u>May 31, 2024</u>				
Cash dividend of P16 per share	September 19, 2023	October 3, 2023	October 13, 2023	P 384,892,208
Cash dividend of P16 per share	February 20, 2024	March 5, 2024	March 20, 2024	384,892,208
				P 769,784,416
<u>May 31, 2023</u>				
Cash dividend of P14 per share	September 20, 2022	October 4, 2022	October 14, 2022	P 336,780,682
Cash dividend of P14 per share	February 21, 2023	March 7, 2023	March 21, 2023	336,780,682
				P 673,561,364
<u>May 31, 2022</u>				
Cash dividend of P8 per share	September 21, 2021	October 5, 2021	October 20, 2021	P 192,446,104
Cash dividend of P10 per share	February 15, 2022	March 2, 2022	March 17, 2022	240,557,630
				P 433,003,734

Unclaimed checks related to dividends declared as of May 31, 2024, 2023 and 2022 are presented as Dividends payable under the Trade and Other Payables account in the statements of financial position (see Note 12).

24. EARNINGS PER SHARE

EPS were computed as follows:

	2024	2023	2022
Net income	P1,050,213,745	P 1,200,000,369	P 1,052,970,520
Divided by number of outstanding shares, net of treasury stock of 37,331 shares	24,055,763	24,055,763	24,055,763
Basic and diluted earnings per share	P 43.66	P 49.88	P 43.77

As of May 31, 2024, 2023 and 2022, the weighted average and actual number of outstanding shares are the same.

The University has no potential dilutive common shares as of May 31, 2024, 2023 and 2022; accordingly, the diluted earnings per share is the same as the basic earnings per share in all years presented.

25. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The University aims to provide returns on equity to shareholders while managing operational and strategic objectives. The University manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust capital structure, the University may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The University defines capital as paid-in capital stock and retained earnings, both appropriated and unappropriated. Other components of equity such as treasury stock and revaluation reserves are excluded from capital for purposes of capital management. The BOT has overall responsibility for monitoring of capital in proportion to risks. Profiles for capital ratios are set in the light of changes in the University's external environment and the risks underlying the University's business, operation and industry.

The University monitors capital on the basis of debt-to-equity ratio, which is calculated as total liabilities (net of unearned tuition fees) divided by total adjusted equity (comprised of capital stock and retained earnings). Capital for the reporting periods May 31, 2024, 2023 and 2022 is summarized below.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total adjusted liabilities	P 3,392,996,064	P 3,635,829,076	P 3,953,738,917
Total adjusted equity	<u>7,221,311,486</u>	<u>6,940,882,157</u>	<u>6,414,443,152</u>
Debt-to-equity ratio	<u>0.47 : 1.00</u>	<u>0.52 : 1.00</u>	<u>0.62 : 1.00</u>

The University's goal in capital management is to maintain a lower adjusted liability compared with its adjusted equity or debt-to-equity structure ratio of not more than 1.00:1.00. This is in line with the University's bank covenants related to its interest-bearing loans to a certain bank which requires the University to maintain a debt-to-equity structure ratio of not more than 2.00:1.00 and debt service coverage ratio of at least 1.2x (see Note 13).

The University has complied with its covenant obligations, including maintaining the required debt-to-equity ratios and debt service credit reserve which are both based on the University's consolidated financial statements for all years presented.

There was no significant change in the University's approach to capital management during the year.

26. MATERIAL ACCOUNTING POLICY INFORMATION

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

26.1 Financial Instruments

(a) Financial Assets

(i) Classification, Measurement and Reclassification of Financial Assets

The University's financial assets include financial assets at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss.

Financial Assets at Amortized Cost

Where the business model is to hold assets to collect contractual cash flows, the University assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (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. 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.

Financial Assets at FVOCI

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 fair value through profit or loss (FVTPL). The University has designated certain equity instruments as at FVOCI on initial recognition.

Financial Assets at FVTPL

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.

(ii) Impairment of 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.

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 (POCI) asset is recognized and the allowance for credit losses is based on the change in the ECL over the life of the asset. The University recognizes a loss allowance for such losses at each reporting date.

The University's definition of credit risk and information on how credit risk is mitigated by the University are disclosed in Note 14.2.

(b) Financial Liabilities

Financial liabilities, which include interest-bearing loans, trade and other payables (except tax-related liabilities, Deposits payable and NSTP and other funds), non-current lease liabilities, advances from a related party and subscription payable are recognized when the University becomes a party to the contractual terms of the instrument.

26.2 Investments in Subsidiaries, Associates and Joint Venture

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.

Associates are those entities over which the University is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture.

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

The University's investments in subsidiaries, associates and joint venture are accounted for in these separate financial statements at cost, less any impairment loss.

26.3 Investment Properties

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.

26.4 Property and Equipment

Property and equipment, except land, are carried at acquisition cost or construction cost less subsequent depreciation and any impairment losses. Land held for use in administration is stated at cost less any impairment losses.

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

Leasehold improvements are amortized over the estimated useful lives of 20 years or the remaining term of the lease, whichever is shorter.

26.5 Impairment of Non-financial Assets

The University's investments in subsidiaries, associates and joint venture, property and equipment (including ROUA), investment properties and other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

26.6 Leases

The University accounts for its leases as follows:

(a) *University as Lessee*

Subsequent to initial recognition, the University depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term which is from 2 to 5 years.

The University has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

(b) *University as Lessor*

The University applies judgment in determining whether a lease contract is a finance or operating lease.

26.7 Revenue and Expense Recognition

Revenue arises mainly from: (i) educational and related activities such as tuition and other school fees, income from sale of books and other merchandise, rental income from school buildings and food stalls; and (ii) investment-related transactions such as, investment income, dividend income from subsidiaries, interest income and others.

The management determined that the revenues arising from educational and other related activities are within the scope of PFRS 15, while rental income is covered by PFRS 16 (see Note 26.6). Investment-related revenues are subject to the provisions of PFRS 9 (see Note 26.1).

The University enters into transactions involving tuition fees and other school fees and other school-related activities such as the sale of books and other merchandise. There are no significant judgments made in determining the transaction price and the amount allocated to the performance obligations. Developing the knowledge and enhancing the abilities of the students represent promises to transfer a series of distinct services that are substantially the same and that have the same pattern of transfer to the customer; therefore, the services rendered represent one performance obligation that is satisfied over time. The transaction price of the single performance obligation is recognized as revenue as the performance obligation is satisfied, which is usually throughout the school year or the semestral period, whichever is applicable. With respect to the sale of books and other merchandise, the obligation is satisfied when the goods are delivered to the customers. Hence, revenue is recognized at a point in time. Significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 27.1(a).

In addition, the following specific recognition criteria must also be met before revenue is recognized:

- (a) *Educational revenues* – Revenue is recognized in profit or loss over the corresponding school term. Tuition fee received in advance and applicable to a school term after the reporting period is not recognized in profit or loss until the next reporting period and is presented as part of Unearned Tuition Fees account in the statement of financial position. Payment for tuition fees is due upon enrollment, which is before the school term starts, and can be made either in full payment or installment.

NSTP funds are recognized as revenue upon fulfillment of conditions attached to the fund and/or extent that the related expenses have been incurred. Restricted funds for which restrictions and conditions have not yet been met are classified as part of Other funds in the Trade and Other Payables account in the statement of financial position [see Note 26.1(b)].

- (b) *Sale of books and other educational-related merchandise* – Revenue is recognized at a point in time when the control of the goods has been transferred to the buyer. This is generally when the customer has acknowledged the delivery of goods. Payment for the transaction price is due immediately at the point the customer purchases the goods.
- (c) *Other fees* – This pertains to but is not limited to, student or alumni request for transcript, diploma, identification cards and certifications which fees are collected in cash and accordingly issued an official receipt and shortly thereafter the requested services are fulfilled. Revenue is recognized at the point the transaction has occurred.

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date such cost and expenses are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset.

26.8 Employee Benefits

The University provides post-employment benefits to employees through a defined contribution plan subject to a minimum guarantee required by R.A. 7641, *The Retirement Pay Law*, which is accounted for as a defined benefit plan. Such application of the minimum guarantee prescribed by RA 7641 is based on the interpretations issued by the Philippine Interpretations Committee (PIC) in its Question and Answer on PAS 19 – *Accounting for Employee Benefits Under a Defined Benefit Contribution Plan Subject to the Requirements of R.A. 7641*.

The University maintains a defined contribution plan that covers all regular full-time employees. Under the plan, the monthly employer contribution is based on a fixed percentage of employees' monthly basic pay. FEU's retirement contribution is generally higher than the R.A. 7641 defined benefit minimum guarantee (i.e., 75% of the monthly salary of an employee for every credited year of service) at normal retirement age.

27. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the University's financial statements in accordance with PFRS requires management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately vary from these estimates.

27.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Determination of Timing of Satisfaction of Performance Obligations

The management determines that its revenue from tuition fees shall be recognized over time of instruction delivery. In making its judgment, the University considers the timing of receipt and consumption of benefits provided by the University to the students. This demonstrates that the students simultaneously receive and consume the benefits as the University performs its obligation.

With respect to its revenues from sale of books, other merchandise, and various other school-related fees, the management deems that revenues shall be recognized at a point in time as control over the goods, particularly the books, merchandise, and requested document, is transferred to the customers upon delivery.

(b) Determination of ECL on Tuition and Other Fee Receivables

The University uses a provision matrix to calculate ECL for assessed tuition fee receivables. The loss rates are based on actual write-off of student accounts or those which are outstanding for two semesters and have not enrolled for the succeeding term [see Note 14.2(b)].

The University's management intends to recalibrate on an annual basis the matrix to consider the historical credit loss experience with forward-looking information. Details about the ECL on the University's tuition fees and other receivables are disclosed in Note 14.2.

(c) Evaluation of Business Model Applied in Managing Financial Instruments

The University manages its financial assets based on business models that maintain adequate level of financial assets to match its expected cash outflows.

The University's business models need not be assessed at entity level but shall be applied at the level of a portfolio of financial instruments and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the University evaluates in which business model a financial instrument or a portfolio of financial instruments belongs taking into consideration the objectives of each business model established by the University as those relate to the University's investment or trading strategies.

(d) *Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model*

In determining the classification of financial assets under PFRS 9, the University assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria.

In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the University assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the University considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made from a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the University considers certain circumstances documented in its business model policy to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the University can explain the reasons for those sales and why those sales do not reflect a change in the University's objective for the business model.

(e) *Application of ECL to Debt Instruments at Amortized Cost and at FVOCI*

The University uses a general approach to calculate ECL for all debt instruments at FVOCI and amortized cost. The allowance for credit loss is based on the ECLs associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since origination of the financial instrument; in such case, a lifetime ECL for the instrument is recognized.

The University has established a policy to perform an assessment, at the end of each reporting period, whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument.

(f) Distinction between Investment Properties and Owner-managed Properties

The University determines whether a property qualifies as investment property. In making its judgment, the University considers whether the property generates cash flows largely independent of the other assets held by an entity.

Owner-managed properties generate cash flows that are attributable not only to the property but also to other assets used in the process of providing educational services. Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the supply of services or for administrative purposes. If a portion can be sold separately (or leased out separately), the University accounts for such portion separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the supply of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The University considers each property separately in making its judgment.

(g) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated and the renewal of the contract is not subject to mutual agreement of both parties.

For leases of university buildings, the factors that are normally the most relevant are (a) if there are significant penalties should the University preterminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the University is reasonably certain to extend and not to terminate the lease contract. Otherwise, the University considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The University availed of the extension option for leases of university buildings; thus, the renewal period was included as part of the lease term for such leases.

The lease term is reassessed if an option is exercised or not exercised, or the University becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the University.

(h) Distinction between Operating and Finance Lease

The University has entered into various lease agreements as either a lessor or a lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(i) *Determination of Control of Entities in which the University Holds Less than 50%*

Management considers that the University has de facto control of FRC even though it holds less than 50% of the ordinary shares and voting rights in the latter. Although the University holds less than 50% of the voting shares of stock of FRC, it has control over FRC because it is exposed or has right to variable returns from its involvement with FRC and it has the ability to affect those returns through its power over FRC. It is able to do this primarily because the University has the power to cast the majority of votes at meetings of the BOD and elect officers of FRC. Accordingly, FRC is recognized as a subsidiary of the University (see Note 7).

(j) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosure of provisions and contingencies are presented in Note 28.

27.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) *Estimating Allowance for Impairment of Financial Instruments*

The measurement of the allowance for ECL on financial assets at FVOCI and investment securities at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of counterparty defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 14.2.

The University uses a provision matrix to calculate ECL for its trade receivables which is based on the University's historical observed default rates. The University's management recalibrate on an annual basis to consider the changes in historical credit loss experience with forward-looking information.

(b) *Determining Fair Value Measurement of Financial Assets*

The University carries certain financial assets at fair value, which is subject to an annual assessment. In cases where active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The changes in fair value would differ if the University utilized different valuation methods and assumptions. Any change in the fair value of these financial assets would affect profit or loss and equity.

The carrying values of the University's financial assets at FVTPL classified as investments in UITF and the amounts of fair value changes recognized during the years on those assets are disclosed in Note 6.

(c) *Determining Fair Value of Investment Properties*

Investment property is measured using the cost model. The fair value disclosed in Note 8 is determined by the University based on the appraisal report prepared by independent appraisers using the relevant valuation methodology.

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

A significant change in these elements may affect the prices and the value of the assets. As of May 31, 2024, 2023 and 2022, the University determined that there were no significant circumstances that may affect the fair value determination of investment properties.

(d) *Estimating Impairment of Non-financial Assets*

The University's policy on estimating the impairment of non-financial assets is discussed in detail in Note 26.5. Though management believes that the assumptions used in the estimation of recoverable amounts are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations. Based on management assessment, except for certain prepayments and other current assets, no impairment loss is required to be recognized on the University's investment properties, property and equipment, and investments in subsidiaries as of May 31, 2024, 2023 and 2022.

(e) *Estimating Useful Lives of Investment Properties and Property and Equipment*

The University estimates the useful lives of investment properties and property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. The carrying amounts of investment properties and property and equipment (including ROUA) are presented in Notes 8 and 10, respectively. Based on management's assessment as at May 31, 2024, 2023 and 2022, there is no change in the estimated useful lives of the assets during those periods. Actual results, however, may vary due to changes in factors mentioned above.

(f) *Determination of Appropriate Discount Rate in Measuring Lease Liabilities*

The University measures its lease liabilities at the present value of the unpaid lease payments at the start date of the lease contract. The lease payments are discounted using a reasonable rate deemed by management equal to the University's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(g) *Determining Recoverable Amount of Deferred Tax Assets*

The University reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management assessed that the deferred tax assets recognized as at May 31, 2024, and 2022 are fully recoverable because those will be fully utilized in the next 12 months. No deferred tax asset was recognized in May 31, 2023. The carrying value of deferred tax assets as of those dates is disclosed in Note 21.

28. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the University:

28.1 Operating Lease Commitments – University as Lessee

Lease Agreement with FRC

The University is a lessee under operating leases covering certain buildings for a period of ten years from July 1, 2015 to June 30, 2025, subject to annual escalation rate of 5%.

The University also entered into other contracts of lease for the land where the building occupied by FEU Makati is located for a period of 30 years, and for the lease of various sports facilities covering a gymnasium, football field and classrooms for a period of ten years, as discussed in Note 20.3.

28.2 Operating Lease Commitments – University as Lessor

The University leases out certain buildings to EACCI and FECSI and the mezzanine floor to FRC for a period of one to ten years (see Notes 8, 20.4, 20.5, 20.6, 20.7, and 20.8).

Future minimum rental receivables as of May 31, excluding contingent rental, under these operating leases are as follows:

	<u>2024</u>		<u>2023</u>		<u>2022</u>
Within one year	P 45,332,227	P	45,117,733	P	45,359,995
After one year but not more than five years	<u>3,763,686</u>		<u>3,765,874</u>		<u>3,724,000</u>
	<u>P 49,095,913</u>	P	<u>48,883,607</u>	P	<u>49,083,995</u>

The University is also a lessor in various lease contracts with third party lessees. The terms of the lease vary but do not exceed one year. Total rentals earned from these operating leases amounted to P9.3 million, P6.8 million and P2.3 million for the years ended May 31, 2024, 2023 and 2022, which is presented as part of Other Operating Income in the statements of profit or loss.

28.3 Others

As of May 31, 2024, the University has no record of any litigation not being contested or any that the University has accepted any liability in relation to labor cases and other civil cases.

There are other contingencies that arise in the normal course of business that are not recognized in the University's financial statements. Management believes that losses, if any, arising from these commitments and contingencies will not materially affect its financial statements. However, the University opted to appropriate a portion of its retained earnings to cover for such contingencies (see Note 23.2).

30. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the University as of and for the year ended May 31, 2024 (including the comparative financial statements as of and for the years ended May 31, 2023 and 2022) were authorized for issue by the University's BOT on August 20, 2024.

31. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

The following supplementary information on taxes, duties and license fees paid or accrued during the taxable year required by the BIR under RR No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

(a) *Output VAT*

In fiscal year 2024, the University declared output VAT as follows:

	<u>Tax Base</u>	<u>Output VAT</u>
Rental	P 55,428,490	P 6,651,419
Sale of merchandise	48,136,962	5,776,435
Other revenues	<u>8,681,382</u>	<u>1,041,766</u>
	<u>P 112,246,834</u>	<u>P 13,469,620</u>

There is no outstanding output VAT payable as of May 31, 2024. Pursuant to Section 109, *VAT-Exempt Transactions*, of the NIRC 1997, the University's receipts from tuition and other fees related to educational services amounting to P2,950,376,870 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 2024 statement of profit or loss which is based on PFRS.

(b) *Input VAT*

Pursuant to Section 109, the University is not allowed any tax credit of input VAT on its purchases related to educational services.

The movements in input VAT are summarized below:

Balance at beginning of year	P 34,864,866
Transactions during the year	68,041,474
Services lodged under cost of services	(61,410,321)
Applied against output VAT	(<u>6,631,153</u>)
Balance at end of year	<u>P 34,864,866</u>

(c) *Taxes on Importation*

The University did not have any importations in fiscal year 2024.

(d) *Excise Tax*

The University did not have any transactions that are subject to excise tax in fiscal year 2024.

(e) *Documentary Stamp Tax*

In fiscal year 2024, the University paid and accrued documentary stamp tax (DST) amounting to P1,107,287 for various contracts and documents.

(f) *Taxes and Licenses*

Details of taxes and licenses in fiscal year 2024 are as follows:

Municipal licenses and permits	P 14,108,243
DST	1,107,287
Community tax	10,500
Miscellaneous	<u>1,029,637</u>
	<u>P 16,255,667</u>

(g) *Withholding Taxes*

Details of total withholding taxes for the fiscal year ended May 31, 2024 are shown below:

Compensation	P 117,984,145
Expanded	33,301,586
Final	<u>33,961,821</u>
	<u>P 185,247,552</u>

(h) *Deficiency Tax Assessments and Tax Cases*

As of May 31, 2024, the University does not have any final deficiency tax assessments from the BIR, and any tax cases outstanding or pending in courts or bodies outside of BIR in any of the open taxable years.