HERITAGE PARK PROJECT –
PERPETUAL CARE FUND TRUST

FINANCIAL STATEMENTS
December 31, 2020 and 2019

and

Report of Independent Auditors

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **HERITAGE PARK PROJECT – PERPETUAL CARE FUND TRUST** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2020 and 2019 including the additional components attached therein in accordance with the Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The **Management** is responsible for overseeing the Trust Fund's financial reporting process.

The **Management** reviews and approves the financial statements and submits the same to the members of the Organization.

PEREZ, SESE, VILLA & CO., the independent auditor appointed by the Management for the years ended December 31, 2020 and 2019, has examined the financial statements of the Trust Fund in accordance the Philippine Standards on Auditing, and in its report to the Management, has expressed its opinion on the fairness of presentation upon completion of such examination.

______________________________	______________________________
JOSEPHINE E. JOLEJOLE	**JAYCEE B. RIVERA**
Representative of the Trustee	Representative of the Trustee

Signed this 2nd day of June 2021.

SUBSCRIBED AND SWORN to before me, a Notary Public for and in the ______________Philippines, this ___________, affiants who are personally known to me and whose identity I have confirmed through their competent evidence of identity bearing the affiants photograph and signature.

NAMES	COMPETENT EVIDENCE OF IDENTITY	DATE AND PLACE ISSUED
______________________	______________________	______________________
______________________	______________________	______________________
______________________	______________________	______________________

INDEPENDENT AUDITORS' REPORT

To the Management
HERITAGE PARK PROJECT –
PERPETUAL CARE FUND TRUST
Corporate Bldg., Bayani Road,
Fort Bonifacio, Taguig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **HERITAGE PARK PROJECT – PERPETUAL CARE FUND TRUST** (the Trust Fund), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Fund as at December 31, 2020 and 2019, 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 (PSAs). 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 Trust Fund 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 audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Trust Fund's ability to continue as 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 Trust or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust'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 auditor's 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 PSAs 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 PSAs, 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 Trust'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 Trust Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Fund 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.

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 December 31, 2020 required by the Bureau of Internal Revenue as disclosed in Note 25 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.

PEREZ, SESE, VILLA & CO.

BY: **MA. ALMA C. SESE**
PARTNER

CPA Reg. No. 0054588
TIN 212-955-173-000
PTR No. 9848590, January 12, 2021, Manila City
SEC Group B Accreditation
Partner – 1606-AR-1, valid until December 16, 2022
Firm – 0336-FR-1, valid until December 16, 2022
BIR AN 06-002735-001-2021, valid until March 5, 2024
IC Accreditation
Partner -54588-IC, valid until December 3, 2024
Firm -0222-IC, valid until December 3, 2024
FIRM's BOA/PRC Cert. of Reg. No. 0222, valid until October 12, 2023

Manila, Philippines
June 2, 2021

HERITAGE PARK PROJECT - PERPETUAL CARE FUND TRUST
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	Notes		**2020**		2019
ASSETS					
Current Assets					
Cash and cash equivalents	*4,5,6*	₱	**157,921,852**	₱	179,101,990
Receivables	*4,5,7*		**37,338,504**		32,712,560
Inventory - securities	*4,8*		**247,708,324**		249,072,815
Prepayments and other current assets	*4,9*		**52,868,983**		51,774,868
Total Current Assets			**495,837,663**		512,662,233
Non-Current Assets					
Financial asset through FVOCI	*4,5,10*		**157,999,837**		162,161,405
Property and equipment, net	*4,5,11*		**22,510,770**		25,186,704
Other non-current asset	*4.5,12*		**2,600,000**		2,600,000
Total Non-Current Assets			**183,110,607**		189,948,109
TOTAL ASSETS		₱	**678,948,270**	₱	702,610,342
LIABILITIES AND EQUITY					
Current Liabilities					
Payables	*4,5,13*	₱	**104,127,114**	₱	114,466,321
Unearned revenues-current	*4,14*		**11,421,521**		10,791,479
Total Current Liabilities			**115,548,635**		125,257,800
Non-Current Liabilities					
Unearned revenues-non current	*4,14*		**1,389,940**		12,897,621
Security deposit	*4,19*		**10,094,326**		10,094,326
Total Non-Current Liabilities			**11,484,266**		22,991,947
Equity					
Funds and contributions	*4, 15*		**823,303,042**		821,788,063
Other comprehensive income	*4,18*		**52,383,174**		55,993,759
Deficit	*4*		**(323,770,847)**		(323,421,227)
Net Equity			**551,915,369**		554,360,595
TOTAL LIABILITIES AND EQUITY		₱	**678,948,270**	₱	702,610,342

(See accompanying Notes to Financial Statements)

HERITAGE PARK PROJECT - PERPETUAL CARE FUND TRUST
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2020 and 2019

	Notes	**2020**	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss		₱ **(349,620)**	₱ (1,909,847)
Adjustment to reconcile net loss to net cash provided by operating activities:			
Prior period adjustment	*3,21*	**-**	(13,200,592)
Depreciation and amortization	*4,5,11*	**3,292,456**	2,842,098
Operating income (loss) before changes in working capit		**2,942,836**	(12,268,341)
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables	*4,5,7*	**(4,625,944)**	7,369,163
Inventory - securities	*4,8*	**1,364,491**	10,591,319
Prepayments and other current assets	*4,9*	**(1,094,115)**	(1,481,246)
Loan receivables	*4*		-
Increase (decrease) in:			
Payables	*4,5,13*	**(10,339,207)**	12,123,392
Unearned revenues	*4,14*	**(10,877,639)**	(10,318,384)
Net cash provided by (used in) operating activities:		**(22,629,578)**	6,015,903
CASH FLOWS FROM INVESTING ACTIVITIES			
Changes in fair value of FVOCI investments	*4,5,10*	**550,983**	2,396,217
Acquisition of property and equipment	*4,5,11*	**(616,522)**	(11,626,927)
Acquisition of other non-current asset	*4.5,12*	**-**	(2,600,000)
Net cash used in investing activities:		**(65,539)**	(11,830,710)
CASH FLOWS FROM FINANCING ACTIVITIES			
Additional contributions	*4, 15*	**1,514,979**	1,666,837
Net cash provided by financing activities:		**1,514,979**	1,666,837
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(21,180,138)**	(4,147,970)
CASH AND CASH EQUIVALENTS		**-**	-
AT THE BEGINNING OF THE YEAR		**179,101,990**	183,249,960
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		₱ **157,921,852**	₱ 179,101,990

(See accompanying Notes to Financial Statements)

HERITAGE PARK PROJECT - PERPETUAL CARE FUND TRUST

STATEMENTS OF COMPREHENSIVE INCOME

For The Years Ended December 31, 2020 and 2019

	Notes		2020		2019
REVENUES	*4,16*				
Interest income on investments,loan and deposits		₱	**18,226,332**	₱	18,755,304
Rental and miscellaneous income			**32,032,376**		36,224,616
TOTAL REVENUE			**50,258,708**		54,979,920
EXPENSES	*4,17*		**50,608,328**		56,889,767
NET LOSS FOR THE YEAR			**(349,620)**		(1,909,847)
OTHER COMPREHENSIVE INCOME					
Items that may be reclassified subsequently to profit and loss					
Fair value gain (loss) on financial assets through FVOCI			**(3,610,585)**		6,712,948
TOTAL COMPREHENSIVE INCOME (LOSS)		₱	**(3,960,205)**	₱	4,803,101

(See accompanying Notes to Financial Statements)

HERITAGE PARK PROJECT - PERPETUAL CARE FUND TRUST

STATEMENTS OF CHANGES IN EQUITY

For The Years Ended December 31, 2020 and 2019

	Notes	**2020**	2019
FUNDS AND CONTRIBUTION	*4, 15*		
Balance at beginning of year		**₱ 821,788,063**	₱ 827,190,222
Prior period adjustment	*3,20*	**-**	(7,068,996)
Additional contributions		**1,514,979**	1,666,837
Balance at end of year		**823,303,042**	821,788,063
DEFICIT			
Balance at beginning of year	*4*	**(323,421,227)**	(315,379,784)
Prior period adjustment	*3,21*	**-**	(6,131,596)
Net loss		**(349,620)**	(1,909,847)
Balance at end of year		**(323,770,847)**	(323,421,227)
OTHER COMPREHENSIVE INCOME (LOSS)	*4,18*		
Balance at beginning of year		**55,993,759**	49,280,811
Unrealized gain (loss) for the year		**(3,610,585)**	6,712,948
Balance at end of year		**52,383,174**	55,993,759
TOTAL EQUITY		**₱ 551,915,369**	₱ 554,360,595

(See accompanying Notes to Financial Statements)

NOTE 1 - GENERAL INFORMATION

Heritage Park Project – Perpetual Care Fund Trust is an irrevocable trust fund established on November 3, 1994 by virtue of the Perpetual Care Fund Trust Agreement (the PCFTA) entered into by and between the Bases Conversion Development Authority (the Trustor) and the Philippine National Bank (the Trustee). The PCFTA was entered into pursuant to the provisions of the Pool Formation Trust Agreement (PFTA) between the Bases Conversion Development Authority (BCDA) as the project owner, Public Estate Authority (PEA) as the project manager, and Philippine National Bank (PNB) as the trustee. The Pool Formation Trust Agreement defines the Perpetual Care Fund as "*a special fund to be established exclusively for the long term maintenance of the Heritage Park, its facilities and amenities*."

As owner and developer of the Heritage Park Project located in Fort Bonifacio, Taguig, Metro Manila, BCDA issued and sold to the public Heritage Park Investment Certificates (the Certificates) evidencing the right of the holder to the perpetual use of the burial lots specified therein and to the ownership of the improvements and the enjoyment of the common amenities, facilities and services and to the perpetual care and maintenance of the Heritage Park. Funds in the amount of ₱300,525,000 from the proceeds of the underwritten portion of the first tranche offering of the Certificates and an additional amount of ₱56,382,852 from the proceeds of the reserved Certificates under the first tranche offering was set aside for the perpetual care and maintenance of the Heritage Park. These funds initially constituted the Perpetual Care Fund Trust. As provided in the PCFTA, at any time after the initial contribution to the PCF Trust, and as and when BCDA issues and sells the reserved Certificates under the first tranche offering or the second tranche offering of the Certificates or any new inventories or memorial products, additional funds equivalent to 12% of the gross selling prices of the Certificates or new products shall be delivered to the Trustee (PNB) which shall form part of the Perpetual Care Fund.

Approval of the Financial Statements

The financial statements of the Trust Fund for the year ended December 31, 2020 were authorized for issue by the Management on June 2, 2021.

NOTE 2 - BASIS OF PRESENTATION

Statement of Compliance

The financial statements have been prepared in compliance with the *Philippine Financial Reporting Standard (PFRS)* issued by the Philippine Financial Reporting Standards Council. They are presented in Philippine Peso which is the Trust Fund's functional and presentation currency. All amounts are rounded to the nearest peso.

Basis of Measurement

The financial statements have been prepared on historical cost basis, unless stated otherwise.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Trust Fund takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety; which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Trust Fund adopted effective for annual periods beginning on or after January 1, 2020.

Unless otherwise indicated, the adoption of the new and amended PFRS did not have any material effect on the financial statements. Additional disclosures have been included in the notes to financial statements, as applicable.

- Amendments to References to the *Conceptual Framework in PFRS* – The amendments include new concepts affecting measurement, presentation and disclosure and derecognition; improved definitions and guidance-in particular the definition of an asset and a liability; and clarifications in important areas, such as the roles of stewardship, prudence, measurement uncertainty and substance over form in financial reporting.

- Amendments to PFRS 3 - *Definition of a Business* – This amendment provides an improved definition of a “business” which emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. To be considered a business, ‘an integrated set of activities and assets must include, at a minimum, ‘an input and a substantive process that together significantly contribute to the ability to create an output’. The clarification is important because an acquirer may recognize goodwill (or a bargain purchase) when acquiring a business but not a group of assets. An optional simplified assessment (the concentration test) has been introduced to help companies determine whether an acquisition is of a business or a group of assets.

- Amendments to PAS 1, *Presentation of Financial Statements and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material* – The amendments clarify the definition of “material” and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS standards. Based on the new definition, an information is “material” if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

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

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

New and Amended PFRS Issued But Not Yet Effective

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

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, Provisions, Contingent Liabilities and Contingent Assets, or IFRIC 21, Levies, instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are fist applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

  - Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Subsidiary as a First-time Adopter* – The amendments permit a subsidiary that becomes a first-time adopter later than its parent and measures its assets and liabilities in accordance with paragraph D16 (a) of PFRS 1 to measure cumulative translation differences for all foreign operations using the amounts reported by its parent, based on the parent's date of transition to PFRS. Earlier application of the amendments is permitted.

  - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

- Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

- Amendments to PAS 41, *Agriculture - Taxation in Fair Value Measurements* – The amendment removes the requirement for entities to exclude cash flows for taxation when measuring the fair value of a biological asset using a present value technique to ensure consistency with the requirements in PFRS 13, Fair Value Measurement. The amendment should be applied prospectively.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted

Effective for annual periods beginning on or after January 1, 2025:

- PFRS 17, *Insurance Contracts* – This standard will replace PFRS 4, Insurance Contracts. It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. An amendment to the standard was issued to (i) reduce costs of transition by simplifying some requirements of the standard, (ii) make financial performance easier to explain, and (iii) ease transition by deferring the effectivity of the standard from 2021 to 2023 and by providing additional relief to reduce the effort required when applying PFRS 17 for the first time.

  In response to the challenges brought by the Covid-19 pandemic, the Insurance Commission issued Circular Letter 2020-062, Amendment of Section 1 of Circular Letter No. 2018-69, Deferral of IFRS 17 Implementation, which provides a two-year deferral on the implementation of the standard from the 2023 effectivity date. Therefore, all life and nonlife insurance companies in the Philippines shall adopt PFRS 17 for annual periods beginning on or after January 1, 2025.

Deferred effectivity -

- Amendments to PFRS 10, *Consolidated Financial Statements, and PAS 28 - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

The adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Trust Fund.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Trust Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Classification

The Trust Fund classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial assets largely depends on the Trust Fund’s business model and its contractual cash flow characteristics.

Financial Assets and Liabilities at FVPL

Financial assets and liabilities at FVPL are either classified as held for trading or designated at FVPL.

This category includes equity instruments which the Trust Fund had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not “solely for payment of principal and interest” assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Trust Fund may, at initial recognition, designate a financial asset or financial liability meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets or liabilities.

After initial recognition, financial assets at FVPL and held for trading financial liabilities are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL and held for trading financial liabilities are recognized in profit or loss.

For financial liabilities designated at FVPL under the fair value option, the amount of change in fair value that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

As at December 31, 2020 and 2019, the Trust Fund does not have financial assets or liabilities classified as FVPL.

Financial Assets at Amortized Cost

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

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for credit losses, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process.

As at December 31, 2020 and 2019, the Trust Fund's cash and cash equivalents and receivables are classified under this category.

Financial Assets at FVOCI.

For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Trust Fund may irrevocably designate the financial asset to be measured at FVOCI as long as these are not held for trading purposes.

After initial recognition, Financial assets at FVOCI are presented in the financial statements at fair value with changes in fair value are recognized in OCI.

Interest income on debt instruments is calculated using the effective interest method while credit losses on debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified to profit or loss.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established. Cumulative changes in fair value of FVOCI equity instruments are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As at December 31, 2020 and 2019, the Trust Fund's financial assets classified as FVOCI are included in this category.

Financial Liabilities at Amortized Cost

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

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

As at December 31, 2020 and 2019, the Trust Fund's payable to general fund and accrued expense under payables are classified under this category

Reclassification

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

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

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

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI shall be recognize in profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets

The Trust Fund records an allowance for "expected credit loss" (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Trust Fund expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For receivables, the Trust Fund has applied the simplified approach and has calculated ECL based on the lifetime expected credit losses. The Trust Fund has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Trust Fund compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets Liabilities

Financial Assets

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

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

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

Financial Liabilities

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

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Trust Fund could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Inventories

Inventories includes pavilion niches, area 2, Taguig are and terrasauleum.

These are initially measured at cost. Costs of inventory include purchase price and all incidental cost necessary to bring the inventory to its saleable condition. Subsequently, inventories are reported in the statement of financial position at the lower of cost and net realizable value. Cost is calculated using the specific identification method.

At each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory with its net realizable value. If an item of inventory is impaired, its carrying amount is reduced to net realizable value, and an impairment loss is recognized immediately in profit and loss. Any reversal of impairment is recognized also in profit or loss.

Prepayments and Other Current Assets

Prepayments represent advance payments insurance which the Trust Fund expects to consume within one year. Other current assets include creditable withholding taxes and input tax. Prepayments and other current assets are stated in the statement of financial position at cost less any portion that has already been consumed or that has already expired.

Property and Equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period.

Items of property and equipment are initially measured at cost. Such cost includes purchase price and all incidental costs necessary to bring the asset to its location and condition. Subsequent to initial recognition, items of property and equipment are measured in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation, which is computed on a straight-line basis, is recognized so as to allocate the cost of assets less their residual values over their estimated useful lives.

If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their costs and related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

Impairment of Non- Financial Assets

At each reporting date, non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit and loss

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit and loss.

Deficit

Deficit represents accumulated losses incurred by the Trust Fund. Deficit may also indicate effect of changes in accounting policy as may be required by the standards transitional provisions

Revenue

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Trust Fund and the amount of revenue can be measured reliably. Revenue is measured by reference to the fair value of consideration received or receivable excluding discounts, returns and sales taxes. Revenue is recognized either at a point in time or over a period of time.

Revenue is recognized as follows:

Sale of investment certificates

Revenue is recognized when the risks and rewards of ownership of the goods have passed to the buyer, i.e., generally when the customer has acknowledged receipts of investment certificate.

Rental income

Revenue recognition for rental income is disclosed in the Trust Fund policy for leases.

Finance income

Finance income comprises interest income on bank deposits. Interest income is recognized in profit and loss as it accrues, using the effective interest method.

Expenses

Expenses are decreases in economic benefits in the form of decreases in assets or increase in liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the services are received or when the expenses are incurred.

Operating expense

Operating expenses includes general & administrative expenses. General & administrative expenses represent expenses such as repairs and maintenance, security services, management fees and other costs that cannot be associated directly to the services rendered.

Borrowing cost

Borrowing costs include interest and other charges related to borrowing arrangements.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time as the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale,

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Income Tax

Income tax expense includes current tax expense and deferred tax expense. The current tax expense is based on taxable profit for the year. Deferred tax is recognized on the differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases.

Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, and any net operating loss carry over (NOLCO) or excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT). The net carrying amount of deferred tax asset is reviewed at each reporting date and any adjustments are recognized in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Related Parties

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its major shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Leases

A lease is a contract that conveys the right to use an identified asset for a period of time in exchange for a consideration.

Determination as to whether a contract is, or contains, a lease is made at the inception of the lease. Accordingly, the Trust Fund assesses whether the contract meets three key evaluations which are:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the lessee;
- the lessee has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the lessee has the right to direct the use of the identified asset throughout the period of use. The lessee assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Trust Fund as Lessor

Leases wherein the Trust Fund substantially transfers to the lessee all risks and benefits incidental to ownership of the leased items are classified as finance leases and are presented as receivable at an amount equal to the Trust Fund's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Trust Fund's net investment outstanding in respect of the finance lease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized as income in the statement of comprehensive income on a straight-line basis over the lease term.

Foreign Currency Transaction

Foreign currency transactions are initially recognized using the spot rate of exchange at the date of the transaction. Monetary assets and liabilities that are denominated in foreign currency are translated into the functional currency using the closing rate as of the reporting date. Gains and losses arising from foreign currency transactions and remeasurement of monetary assets and liabilities are recognized immediately in profit and loss.

Provisions and contingencies

Provisions are recognized only when the Trust Fund has a present obligation as a result of past event and it is probable that the Trust Fund y will be required to transfer economic benefits in settlement; and the amount of provision can be estimated reliably.

Contingent assets and liabilities are not recognized in the financial statements.

Changes in accounting policies, change in accounting estimates and correction of prior years errors

The Trust Fund applies changes in accounting policy if the change is required by the accounting standards or in order to provide reliable and more relevant information about the effects of transactions, other events or conditions on the Trust Fund's financial statements. Changes in accounting policy brought about by new accounting standards are accounted for in accordance with the specific transitional provision of the standards. All other changes in accounting policy are accounted for retrospectively.

Changes in accounting estimates is recognized prospectively by reflecting it in the profit and loss in the period of the change if the change affects that period only or the period of the change and future periods if the change affects both.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when financial statements for those periods were authorized for issue and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

To the extent practicable, the Trust Fund corrects a material prior period error retrospectively in the first financial statements authorized for issue after its discovery by restating the comparative amounts for the prior periods(s) presented in which the error occurred, or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for period presented.

When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the Trust Fund restates the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable.

Subsequent events

Subsequent events that provide additional information about conditions existing at period end (adjusting events) are recognized in the financial statements. Subsequent events that provide additional information about conditions existing after period end (non-adjusting events) are disclosed in the notes to the financial statements.

NOTE 5 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in accordance with *Philippine Financial Reporting Standards* requires the Trust Fund to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Future events may occur which will cause the assumption used in arriving at the estimates to change. The effects of changes in estimates will be reflected in the financial statements as they become reasonably determinable.

Judgments

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

Assessment of Impairment of Non-financial Assets

The Trust Fund determines whether there are indicators of impairment of the Trust Fund's non-financial assets such as property and equipment, and prepayments and other currents assets. Indicators of impairment include significant change in usage, decline in the asset's fair value on underperformance relative to expected historical or projected future results. Determining the fair value requires the determination of future cash flows and future economic benefits expected to be generated from the continued use and ultimate disposition of such assets. It requires the Trust Fund to make estimates and assumptions that can materially affect the financial statements. Future events could be used by management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Trust Fund's financial position and financial performance. The preparation of the estimated future cash flows and economic benefits involves significant judgments and estimation.

No impairment loss is recognized in the Trust Fund's financial statements in 2020 and 2019.

Estimates

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets 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 23.

Determination of Net Realizable Value of Inventories

At reporting date, the Trust Fund assesses the inventories for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Trust Fund considers important which could trigger an impairment review include significant decline in inventories' market value, obsolescence and physical damage of inventories. If such indications are present and where the cost of inventories exceeds its estimated selling price less costs to sell, an impairment loss is recognized in profit or loss.

No provisions for impairment of inventories were recognized in year 2020 and 2019.

Estimating useful lives of property and equipment

The Trust Fund estimates the useful lives of its property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets and residual values are reviewed, and adjusted if appropriate, only if there is a significant change in the asset or how it is used.

The following estimated useful lives are used in depreciating the property and equipment:

Particulars	**Useful Lives**
Building	20 years
Building improvement	10-20 years
Office equipment	5 years

NOTE 6 - CASH AND CASH EQUIVALENTS

This account consists of:

		2020		2019
Cash in bank	₱	**1,191,599**	₱	5,152
Cash equivalents		**156,730,253**		179,096,838
	₱	**157,921,852**	₱	179,101,990

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term placements which are made for varying periods of between one month and three months depending on the immediate cash requirements of the Trust Fund, and earn interest ranging from 1.5% to 10.5% per annum in 2020 and 2019. Interest earned from these financial assets amounted to ₱2,306,454 and ₱5,523,240 in 2020 and 2019, respectively.

NOTE 7 - RECEIVABLES

This account consists of:

		2020		2019
Receivable from general fund	₱	**25,514,224**	₱	25,514,224
Accrued interest receivables		**2,662,293**		2,885,980
Utilities		**5,537,871**		2,546,642
Rental fee receivables		**1,760,796**		1,124,366
Interment share receivables		**1,245,936**		380,800
Receivable from sale of HPICs		**532,009**		227,656
Others		**85,375**		32,892
	₱	**37,338,504**	₱	32,712,560

Receivable from general fund is associated to the construction of the Pavilion and Area 2 advanced by PCF.

Accrued interest receivables are interest earned but not yet received from interest bearing financial assets held by the Trust Fund.

Utilities pertains to share of Rosehills Memorial Management Phils Inc. and The Fort Park Estate Inc. for the use of water and electricity.

Rental fee receivable represents unpaid rentals from RMMI for lease of mortuary, crematory and corporate building.

Interment share receivables pertain to the receivable from RMMI for every interment made which amounts to ₱10,000 per interment.

All of the Trust Fund's receivables have been reviewed for indicators of impairment. Management believes that none of receivable is impaired.

NOTE 8 - INVENTORY – SECURITIES

This account consists of:

		2020		2019
Pavilion niches	₱	**100,683,942**	₱	102,048,433
Area 2		**25,049,166**		25,049,166
Taguig area		**61,714,286**		61,714,286
Terrasauleum		**60,260,930**		60,260,930
	₱	**247,708,324**	₱	249,072,815

Below is a presentation based on lot:

		2020		2019
Niches	₱	**101,037,620**	₱	102,402,112
Estate		**117,205,944**		117,205,944
Garden		**19,846,203**		19,846,203
Lawn		**2,253,857**		2,253,857
Cremation Plot		**7,364,699**		7,364,699
	₱	**247,708,324**	₱	249,072,815

Number of investment certificates follows:

	2020	2019
Pavilion niches	**9,678**	10,134
Area 2	**554**	554
Taguig area	**36**	36
Terrasauleum	**114**	114
	10,382	10,838

Heritage Park Investment Certificates evidence the right of the holder to the perpetual use of the burial lots/niches specified in the certificates and the ownership of the improvement and the enjoyment of the common amenities, facilities and services and to the perpetual care and maintenance of Heritage Park.

NOTE 9 - PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

		2020		2019
Input VAT	₱	**33,353,784**	₱	32,668,850
Prepaid income tax		**19,498,399**		19,089,218
Prepayments		**16,800**		16,800
	₱	**52,868,983**	₱	51,774,868

Input tax pertains to accumulated VAT inputs from purchases of goods and services. Prepaid income tax pertains to creditable taxes withheld from income payments. This amount can be claimed as charges to Trust Fund’s future income tax liability.

Movement of prepaid income tax is as follows:

		2020		2019
Beginning balance	₱	**19,089,218**	₱	18,505,258
Addition		**409,181**		583,960
Ending balance	₱	**19,498,399**	₱	19,089,218

Prepayments represents the unexpired portion of insurance premium which is applicable to the succeeding period.

NOTE 10 - FINANCIAL ASSET THROUGH FVOCI

This account consists of various investments which are stated at fair value as follows:

		2020		2019
Fixed rate treasury notes (FXTNs)	₱	**89,837,597**	₱	90,545,608
Republic of the Philippines (ROP) dollar bonds		**68,162,240**		71,615,797
	₱	**157,999,837**	₱	162,161,405

FXTNs are subject to 18.25% interest rate which will mature on November 29, 2025.

Investment in ROP dollar bond has fair value of $1,419,367 (@48.04) and $1,414,354 (@50.64) as at December 31, 2020 and 2019, respectively. These are subject to 10.625% interest rate and will mature on March 16, 2025.

Interest income recognized from these investments in 2020 and 2019 amounts to ₱15,919,878 and ₱13,232,064, respectively.

NOTE 11 - PROPERTY AND EQUIPMENT - NET

A reconciliation of the carrying amounts at the beginning and end of 2020 and 2019, of property and equipment is shown below:

2020

	Buildings	Building improvements	Office equipment	Total
Costs				
January 01, 2020	**₱ 65,607,788**	**₱ 54,783,927**	**₱ 48,000**	**₱ 120,439,715**
Additions	**-**	**616,522**	**-**	**616,522**
Disposals	**-**	**-**	**-**	**-**
December 31, 2020	**65,607,788**	**55,400,449**	**48,000**	**121,056,237**
Accumulated depreciation				
January 01, 2020	**62,595,287**	**32,609,724**	**48,000**	**95,253,011**
Depreciation expense	**1,643,182**	**1,649,274**	**-**	**3,292,456**
Disposals	**-**	**-**	**-**	**-**
December 31, 2020	**64,238,469**	**34,258,998**	**48,000**	**98,545,467**
Carrying amount				
December 31, 2019	**₱ 3,012,501**	**₱ 22,174,203**	**₱ -**	**₱ 25,186,704**
Carrying amount				
December 31, 2020	**₱ 1,369,319**	**₱ 21,141,451**	**₱ -**	**₱ 22,510,770**

2019

	Buildings	Building improvements	Office equipment	Total
Costs				
January 01, 2019	₱ 65,607,788	₱ 43,157,000	₱ 48,000	₱ 108,812,788
Additions	-	11,626,927	-	11,626,927
Disposals	-	-	-	-
December 31, 2019	65,607,788	54,783,927	48,000	120,439,715
Accumulated depreciation				
January 01, 2019	60,952,105	31,415,608	43,200	92,410,913
Depreciation expense	1,643,182	1,194,116	4,800	2,842,098
Disposals	-	-	-	-
December 31, 2019	62,595,287	32,609,724	48,000	95,253,011
Carrying amount				
December 31, 2018	₱ 4,655,683	₱ 11,741,392	₱ 4,800	₱ 16,401,875
Carrying amount				
December 31, 2019	**₱ 3,012,501**	**₱ 22,174,203**	**₱ -**	**₱ 25,186,704**

The carrying values of the property and equipment approximate their fair values. None of the property and equipment of the Trust Fund was used as collateral for loan.

NOTE 12 - OTHER NON-CURRENT ASSET

Other non-current asset pertains to the Geographic Information System database of the Heritage Park which is ongoing development stage amounting to ₱2,600,000 as of December 31, 2020 and 2019.

NOTE 13 - PAYABLES

This account consists of:

		2020		2019
Payable to general fund	₱	**92,409,443**	₱	92,409,443
Payable to contractors		**6,524,152**		11,067,706
Accrued expenses		**4,424,883**		9,139,385
Retention payable		**2,875**		1,103,304
Withholding tax payable		**765,761**		746,483
	₱	**104,127,114**	₱	114,466,321

Payable to general fund pertains to funds to be remitted to the General Fund as a result of the variation agreement between HPMC and RMMI signed June 27, 2014 (Note 22).

Payable to contractor pertains on the construction of the sewage treatment plant and sequential batch reactor for the irrigation of the Heritage Park.

Details of accrued expenses are as follow:

		2020		2019
Maintenance fee	₱	**679,000**	₱	5,945,343
Security services		**1,193,662**		2,058,074
Trust fees		**1,072,180**		636,500
Professional fee		**280,000**		338,450
Utilities		**1,200,041**		161,018
	₱	**4,424,883**	₱	9,139,385

Retention payable pertains to the due to the contractor that were deduced from the amount billed and retained by the Trust Fund and will be paid upon completion of the project under the contract.

Withholding tax payable BIR pertains to tax withheld on compensation and expanded withholding tax that are due for remittance in the succeeding period.

NOTE 14 - UNEARNED REVENUES

Details of this account are as follows:

		2020		2019
Current portion of unearned revenues	₱	**11,421,521**	₱	10,791,479
Long-term portion		**1,389,940**		12,897,621
	₱	**12,811,461**	₱	23,689,100

Movement of unearned revenues follows:

		2020		2019
Beginning of the year	₱	**23,689,100**	₱	34,007,484
Additions		**-**		-
Amortization		**(10,877,639)**		(10,318,384)
Balance at the end of year	₱	**12,811,461**	₱	23,689,100

This account pertains to advance rental received from Pilipinas Shell Petroleum Corporation related to lease contract executed last August 13, 2014. (Note 20).

Unearned revenues are income received by the Trust Fund which has not yet been earned as at reporting dates.

NOTE 15 - FUNDS AND CONTRIBUTION

This account consists of:

		2020		2019
Initial amount allocated to PCF	₱	**300,525,000**	₱	300,525,000
Reserve heritage certificates		**56,382,852**		56,382,852
Additional contributions		**466,395,190**		464,880,211
	₱	**823,303,042**	₱	821,788,063

The Trust recognized additional contributions of ₱46,517,706 in 2015 which are proceeds for prior transactions received during the period as a result of the settlement of accounts between RMMI and HPMC as agreed upon in compromise agreement (Note 21). These are Perpetual Care Fund contributions of 12% in relation to the sale of PCF products, lots in Area 2, CDA and Pavilion.

NOTE 16 - REVENUES

This account consists of interest income on investments, loan and deposits and rental income.

		2020		2019
Rental and miscellaneous income	₱	**32,032,376**	₱	36,224,616
Interest income from:				
Savings account		**4,481**		2,159
CTD/PSA		**2,301,973**		5,521,081
FXTN/Bonds		**15,919,878**		13,232,064
	₱	**50,258,708**	₱	54,979,920

Details of rental and miscellaneous income are as follows:

		2020		2019
Rental income	₱	**17,398,790**	₱	16,236,545
Share on utilities		**5,918,712**		10,716,887
Sale of pavilion niches*		**11,260,330**		7,763,752
Share on interment		**3,620,000**		4,980,000
Foreign exchange gains (loss)		**(6,228,411)**		(3,764,620)
Share on oil products		**62,946**		292,052
	₱	**32,032,367**	₱	36,224,616

**sale of pavilion niches is net of cost of sale amounting to ₱1,364,491 and ₱1,636,866 in 2020 and 2019, respectively.*

NOTE 17 - EXPENSES

Details of the expenses are as follows:

		2020		2019
Repairs and maintenance	₱	**10,943,053**	₱	14,786,668
Light and water		**10,728,199**		13,319,664
Security services		**8,036,328**		11,166,388
Management fee		**8,400,000**		8,400,000
Appropriated operating funds		**3,514,979**		427,680
Depreciation		**3,292,456**		2,842,098
Trust fee		**2,235,679**		2,527,096
Commission		**2,272,468**		1,992,142
Professional fees		**701,248**		494,250
Insurance		**332,575**		116,666
Miscellaneous		**151,343**		817,115
	₱	**50,608,328**	₱	56,889,767

NOTE 18 - OTHER COMPREHENSIVE INCOME

This account pertains to increases and decreases in the fair values of the investments held by the Trust Fund during a given period. As at December 31, 2020 and 2019, net unrealized gain on FVOCI investments reported under equity amounted to ₱52,383,174 and ₱55,993,759.

Breakdown of this account is as follows:

		2020		2019
Fixed rate treasury notes (FXTNs)	₱	**31,216,776**	₱	31,642,229
Republic of the Philippines (ROP) dollar bonds		**22,869,600**		24,351,530
	₱	**52,383,174**	₱	55,993,759

NOTE 19 - CORPORATE RECOVERY AND TAX INCENTIVES FOR ENTERPRISE ACT (CREATE BILL)

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises Act "RA 11534" was signed into law by the President of the Philippines. The law will take effect 15 days after its publication in the Official Gazette or in a newspaper of general circulation. Some of the provisions that may have an impact on the Branch's operations are as follows:

1. Reduction of the Corporate Income Tax from 30% to 25% starting July 1, 2020.
2. Reduction of the Minimum Corporate Income Tax from 2% to 1% starting July 1, 2020 to June 30, 2023
3. Reduction of the non-deductible interest expense from 33% to 20% of the gross interest income
4. Imposition of the Improperly Accumulated Earning Tax has been repealed.

This is a non-adjusting event because the law has not yet been substantially enacted as of the reporting date. Accordingly, the current and deferred taxes reported on the financial statements are measured using the income tax rate of 30%. The effect of the CREATE Act will not be reflected on the 2020 financial statements.

NOTE 20 - LEASE AGREEMENT

On August 13, 2014, the Trust Fund entered into lease agreement through its representative Heritage Park Management Corporation (HPMC) with Pilipinas Shell Petroleum Corporation (SHELL). The Trust Fund leased to SHELL a portion of the parcel of land located along C-5 Road Southbound, Fort Bonifacio, Taguig City, containing an area of Two Thousand Seven Hundred Twenty-Five (2,725) square meters, more or less, as site for full service gasoline station. The term of the lease agreement is Twenty (20) years commencing in February 2017. The fixed amount of rent is ₱288.50 per square meter per month and subject to escalation rate of 5% per annum starting on the second year.

The agreement provides for the payment of security deposit amounting to ₱10,094,326 in 2020 and 2019. Additional requirement of the agreement is the payment of advance rental equivalent to the fixed rent for the first (1st) year of the contract and second (2nd) to fifth (5th) year inclusive of the annual 5% escalation rate (see Note 14).

Total rent income earned from this lease agreement which is presented under the statements of comprehensive income amounts to ₱10,877,639 and ₱10,318,383 in 2020 and 2019, respectively.

Future minimum lease receivables under such operating lease are as follows:

		2020		2019
Not later than one year	₱	**11,421,521**	₱	10,791,479
Later than one year but not later than five years		**66,266,670**		61,845,793
Later than five years		**192,516,352**		198,223,088
	₱	**270,204,544**	₱	270,860,360

NOTE 21 - PRIOR PERIOD ADJUSTMENT

In 2019, the Trust Fund recognized prior period correction of balances resulting to a decrease in funds and contribution amounting to ₱7,068,996 and an increase in Deficit amounting to ₱6,131,596.

NOTE 22 - VARIATION AGREEMENTS

On June 27, 2014, the Trust Fund through its representative Heritage Park Management Corporation (HPMC) entered into variation agreement with Rosehills Memorial Management Philippines, Inc. (RMMI).

The following are the more significant terms and conditions of the agreement:

- *Settlement of Arbitral Award.* The parties agreed to abide by, respect and settle the arbitral awards. Whereas HPMC will pay the amount of ₱186,060,253 to RMMI for management and maintenance fee and on the other hand RMMI will remitted back the amount of ₱87,086,561 to HPMC for the over remittance of operating fund "management and maintenance fund".

- *Settlement of Fees Dues Up to December 2013.* The parties further agree that the management and maintenance fee due to RMMI for the period June 2012 to December 2013 shall be ₱2,500,000.

- *Management Fee.* HPMC agrees to pay RMMI a management fee of ₱700,000 a month for the overall management and maintenance of the Park. The amount shall be subject to escalation every two years, at a rate that shall be agreed upon by both parties and subject to regular review.

- *Earning/Income of PCF.* The parties hereby agree that ₱10,000 of the payment for every interment conducted in the Park shall be remitted to and shall constitute earnings of income of the Perpetual Care Fund established for the long-term maintenance of the Park. The amount shall be subject to escalation in the same manner of the management fee.

- *Additional Park Lease Payments.* The parties agree that RMMI shall pay, for all areas or lots situated at the Park utilized by it as of the date of execution of the Agreement that are related or attributable to the park maintenance, a nominal or concessional lease payment in the amount of ₱10,000 monthly. For areas or lots situated at the Park that RMMI utilizes as of the execution of this Agreement that are solely devoted to the business enterprise of RMMI and are in no way related to the upkeep and maintenance of the Park, RMMI shall pay a standard lease payment in the amount of ₱50,000 monthly. These leases shall be paid and remitted to the Perpetual Care Fund as earnings or income of the Perpetual Care Fund.

NOTE 23 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Market Risk

The Trust Fund is exposed to market risk through its use of financial instruments and specifically to foreign currency risk and interest rate risk which result from both its operating, investing and financing activities.

Foreign Currency Risk

The Trust Fund's exposure to the risk for changes in foreign exchange rates relates primarily to the Trust Fund's dollar denominated deposits. The following table shows the Trust Fund US dollar- denominated monetary financial assets and their Philippine peso equivalent:

	2020		2019	
	Peso Equivalent	**Amount in Foreign Currency**	Peso Equivalent	Amount in Foreign Currency
Financial asset at amortized cost:				
Cash and cash equivalents	**55,015,922**	**1,145,211**	52,095,738	1,026,638

For purposes of restating the outstanding balances of the Trust Fund's foreign currency-denominated financial assets and liabilities as at December 31, 2020 and 2019, the exchange rate applied was ₱48.04 and ₱50.74 per US$1, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Trust Fund's income before tax for the years ended December 31, 2020 and 2019 (due to changes in the fair value of financial assets and liabilities). There is no other impact on the Trust Fund's equity other than those already affecting profit or loss.

	Increase/Decrease in Exchange Rate	Effect on Income before Tax
December 31, 2020	**+2.70**	**₱3,092,070**
	-2.70	**-3,092,070**
December 31, 2019	+1.98	₱2,032,743
	-1.98	-2,032,743

Interest Rate Risk

The Trust Fund's exposure to the risk for changes in interest rates relates primarily to the Trust Fund's bank accounts to local financial institutions with fixed interest rate. In 2020 and 2019. The Trust Fund has no established policy is managing interest rate risk. Management believes that fluctuations on the interest rates will not have significant effect on the Trust Fund's financial performance.

Liquidity Risk

The Trust Fund's exposure to liquidity risk is minimal. The Trust Fund's objective is to maintain a balance between continuity of funding and flexibility through the use of loans. In addition, the Trust Fund regularly evaluates its projected and actual cash flows.

The following table presents the maturity profile of the Trust Fund's financial liabilities as at December 31, 2020 and 2019 based on contractual undiscounted payments.

	December 31, 2020						
	Within 1 Year	**1 to 2 Years**	**2 to 3 Years**	**3 to 5 Years**	**More than 5 Years**	**No fixed maturity date**	**Total**
Payables*	**₱10,951,910**	**₱-**	**₱-**	**₱-**	**₱-**	**₱92,409,443**	**₱103,361,353**
Security deposit	**-**	**-**	**-**	**-**	**10,094,326**	**-**	**10,094,326**
	₱10,951,910	**₱-**	**₱-**	**₱-**	**₱10,791,479**	**₱92,409,443**	**₱113,455,679**

	December 31, 2019						
	Within 1 Year	1 to 2 Years	2 to 3 Years	3 to 5 Years	More than 5 Years	No fixed maturity date	Total
Payables*	₱21,310,395	₱-	₱-	₱-	₱-	₱92,409,443	₱113,719,838
Security deposit	-	-	-	-	10,094,326	-	10,094,326
	₱21,310,395	₱-	₱-	₱-	₱10,094,326	₱92,409,443	₱123,814,164

** Amounts are exclusive of nonfinancial liabilities amounting to ₱765,761 and ₱746,483 as at December 31, 2020 and 2019, respectively.*

Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Trust Fund. The Trust Fund is exposed to this risk for various financial instruments arising from services to customers and certificate holders; placing deposits with banks; and, investing in bonds and treasury bills that are carried at FVOCI.

The Trust Fund continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Trust Funds' policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

With respect to credit risk arising from other financial assets of the Trust Funds, which comprise cash and cash equivalents and receivables, the Trust Fund's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Trust Fund limits its exposure to credit risks by depositing its cash only with financial institutions duly evaluated and approved by the Management. The Trust Fund's exposure on rental deposit is minimal since no default in payments were made by the counterparties.

The table below shows the maximum exposure to credit risk for the components of the statements of financial position. The maximum exposure is shown at gross amount, without taking into account collateral and other credit enhancement.

		2020		2019
Cash and cash equivalents	**₱**	**157,921,852**	₱	179,101,990
Receivables		**37,338,504**		32,712,560
	₱	**195,260,356**	₱	211,814,550

The credit quality of the financial assets is managed by the Trust Fund using the internal credit quality ratings. High grade accounts consist of receivables from debtors with good financial condition and with relatively low defaults. Financial assets having risks of default but are still collectible are considered standard grade accounts. Receivables that are still collectible but require persistent effort from the Trust Fund to collect are considered substandard grade accounts.

None of the Trust Fund's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents as described below.

Cash

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 for every depositor per banking institution

Receivables

The Trust Fund applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all receivables.

To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The other receivables relate to receivables from both third and related parties other than trade receivables and have substantially the same risk characteristics as the receivables. The Trust Fund has therefore concluded that it is not necessary to provide allowance for expected credit loss due to the nature of its receivables.

Capital Management

The primary objective of the Trust Fund's capital management is to ensure that it maintains strong and healthy financial position to support its current business operations and drive its expansion and growth in the future.

The Trust Fund considers its net equity totaling ₱551,915,369 and ₱554,360,595 as at December 31, 2020 and 2019, respectively as its capital employed. The Trust Fund maintains its current capital structure, and will make adjustments, if necessary, in order to generate a reasonable level of returns over the long term. No changes were made in the objectives, policies or processes during the years ended December 31, 2020 and 2019.

Fair Value Measurement

The following table presents the carrying amounts and fair values of the Trust Fund's assets and liabilities measured at fair value and for which fair values are disclosed, and the corresponding fair value hierarchy:

		2020			
			Fair Value		
	Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Cash and cash equivalents	**6**	**₱157,921,852**		**₱157,921,852**	
Receivables	**7**	**37,338,504**		**37,338,504**	
		₱195,260,356		**₱195,260,356**	
Liabilities for which fair values are disclosed:					
Payables*	**13**	**₱ 103,361,353**		**₱ 103,361,353**	
Security deposit	**20**	**10,094,326**		**10,094,326**	
		₱ 113,455,679		**₱ 113,455,679**	

		2019			
			Fair Value		
	Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	**Significant unobservable inputs (Level 3)**
Assets for which fair values are disclosed:					
Cash and cash equivalents	6	₱ 179,101,990		₱ 179,101,990	
Receivables	7	32,712,560		32,712,560	
		₱211,814,550		₱211,814,550	
Liabilities for which fair values are disclosed:					
Payables*	13	₱ 113,719,838		₱ 113,719,838	
Security deposit	20	10,094,326		10,094,326	
		₱ 123,814,203		₱ 123,814,203	

** Amounts are exclusive of nonfinancial liabilities amounting to ₱765,763 and ₱746,483 as at December 31, 2020 and 2019, respectively.*

The carrying amounts of cash and cash equivalents, receivables, payables, and security deposit approximate their fair values due to the short-term nature of these transactions.

NOTE 24 - EFFECT OF COVID 19

In December 2019, novel strain of corona virus (COVID 19) was reported to have surfaced in China. The World Health Organization has declared the outbreak as a 'public health emergency of international concern.' COVID-19 started to become widespread in the Philippines in early March 2020 causing the government to declare the country in a state of public health emergency followed by the implementation of an enhanced community quarantine and social distancing measures and restrictions within the island of Luzon area, with other cities and provinces in the country enacting similar measures thereafter.

The Trust Fund's revenue has been slightly affected by the uncertainties brought about by this pandemic. The government program of vaccine roll-out in 2021 is expected to gradually bring the level of operations to normalcy.

The Trust Fund has determined that these events are non-adjusting subsequent events. Accordingly, their impact was not reflected in the Trust Fund's financial statements as of and for the year ended December 31, 2020.

NOTE 25 - SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under Revenue Regulation (RR) No. 15-2010 and 34-2020 to disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR No. 15-2010 and 34-2020 are presented below:

(a) Value-added Tax

The Trust Fund is registered under the VAT law. Detailed classification of input and output VAT are as follows:

		Amount
Total output VAT	₱	3,610,651
Total input VAT		3,928,050

Total VAT payment made by the Trust Fund for the year ended December 31, 2020 amounted to ₱nil.

(b) Withholding Taxes

Withholding taxes paid and accrued during the year is as follows:

		Amount
Withholding tax at source (expanded)	₱	2,321,196

(c) Tax Assessments and Cases

The Organization did not receive any Letter of Authority or Tax Verification Notice from the Bureau of Internal Revenue (BIR) during the period. The Organization has no pending tax cases as of reporting dates.

(d) Related party Transaction

The Trust Fund is not covered under Section 2 of the Revenue Regulation 34-2020 requirements and procedures for related party transaction, including filing of BIR Form 1709, Information Return on its Transactions with Related Party.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN

The Management of **HERITAGE PARK PROJECT – PERPETUAL CARE FUND TRUST** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2020. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return and Annual Information Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2020 and the accompanying Annual Income Tax Return are in accordance with the books and records of **HERITAGE PARK PROJECT – PERPETUAL CARE FUND TRUST**, complete and correct in all material respects. Management likewise affirms that:

a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

c) the **HERITAGE PARK PROJECT – PERPETUAL CARE FUND TRUST** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

BY:
HERITAGE PARK PROJECT – PERPETUAL CARE FUND TRUST

JOSEPHINE E. JOLEJOLE	**JAYCEE B. RIVERA**
Representative of the Trustee	Representative of the Trustee

REPORT OF INDEPENDENT AUDITOR
TO ACCOMPANY FINANCIAL STATEMENT FOR
FILING WITH THE BUREAU OF INTERNAL REVENUE

To the Management
HERITAGE PARK PROJECT –
PERPETUAL CARE FUND TRUST
Corporate Bldg., Bayani Road,
Fort Bonifacio, Taguig City

We have audited the financial statements of **HERITAGE PARK PROJECT – PERPETUAL CARE FUND TRUST**, for the year ended December 31, 2020, on which we have rendered the attached report dated June 2, 2021.

In compliance with Revenue Regulations V-20, we are stating the following:

1. The taxes paid and accrued by the above Trust Fund for the year ended December 31, 2020 are shown in the Schedule of Taxes and Licenses.

2. No partner of our Firm is related by consanguinity or affinity to the president, manager or principal officers of the Trust Fund.

PEREZ, SESE, VILLA & CO.

BY: **MA. ALMA C. SESE**
PARTNER

CPA Reg. No. 0054588
TIN 212-955-173-000
PTR No. 9848590, January 12, 2021, Manila City
SEC Group B Accreditation
Partner – 1606-AR-1, valid until December 16, 2022
Firm – 0336-FR-1, valid until December 16, 2022
BIR AN 06-002735-001-2021, valid until March 5, 2024
IC Accreditation
Partner -54588-IC, valid until December 3, 2024
Firm -0222-IC, valid until December 3, 2024
FIRM's BOA/PRC Cert. of Reg. No. 0222, valid until October 12, 2023

Manila, Philippines
June 2, 2021