

**HERITAGE PARK PROJECT –
PERPETUAL CARE FUND TRUST**

FINANCIAL STATEMENTS
December 31, 2025 and 2024

and

Report of Independent Auditors

HERITAGE PARK PROJECT - PERPETUAL CARE FUND TRUST

STATEMENTS OF FINANCIAL POSITION

December 31, 2025 and 2024

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	4,5,6	P 200,286,490	P 168,553,786
Receivables	4,5,7	31,551,437	33,493,702
Inventory	4,8	236,854,848	238,556,129
Other current assets	4,9	43,226,807	41,446,253
Total Current Assets		511,919,582	482,049,870
Non-Current Assets			
Financial asset through FVOCI	4,5,10	184,982,578	191,124,456
Property, plant and equipment, net	4,5,11	35,517,823	27,792,838
Intangible asset under development	4,5,12	2,600,000	2,600,000
Total Non-Current Assets		223,100,401	221,517,294
TOTAL ASSETS		P 735,019,983	P 703,567,164
<u>LIABILITIES AND EQUITY</u>			
Current Liabilities			
Payables	4,5,13	P 103,908,445	P 101,450,756
Unearned rental income	4,14	1,161,520	1,106,210
Total Current Liabilities		105,069,965	102,556,966
Non-Current Liabilities			
Security deposit	4,20	10,094,326	10,094,326
Total Liabilities		115,164,291	112,651,292
Equity			
Funds and contributions	4, 15	837,053,997	834,773,890
Other comprehensive income	4,19	77,160,836	42,866,713
Accumulated Deficits	4	(294,359,141)	(286,724,731)
Equity, net		619,855,692	590,915,872
TOTAL LIABILITIES AND EQUITY		P 735,019,983	P 703,567,164

(See accompanying Notes to Financial Statements)

HERITAGE PARK PROJECT - PERPETUAL CARE FUND TRUST

STATEMENTS OF COMPREHENSIVE INCOME

For The Years Ended December 31, 2025 and 2024

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
REVENUES	<i>4,16</i>		
Rental income		P 21,766,383	P 20,576,157
Other income, net		40,578,939	49,154,924
Interest income		13,498,763	12,440,930
Total Revenues		75,844,085	82,172,011
EXPENSES	<i>4,17</i>	(83,478,495)	(76,489,244)
NET (LOSS) INCOME BEFORE TAX		(7,634,410)	5,682,767
INCOME TAX EXPENSE		-	-
NET (LOSS) INCOME AFTER TAX		(7,634,410)	5,682,767
OTHER COMPREHENSIVE INCOME (LOSS)	<i>4,19</i>		
Items that may be reclassified subsequently to profit and loss			
Fair value gain (loss) on financial assets through FVOCI		34,294,123	1,556,197
TOTAL COMPREHENSIVE INCOME		P 26,659,713	P 7,238,964

(See accompanying Notes to Financial Statements)

HERITAGE PARK PROJECT - PERPETUAL CARE FUND TRUST

STATEMENTS OF CHANGES IN EQUITY For The Years Ended December 31, 2025 and 2024

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
FUND BALANCE AND CONTRIBUTION	<i>4, 15</i>		
Balance at beginning of year		P 834,773,890	P 832,363,229
Additional contributions		2,280,107	2,410,661
Balance at end of year		837,053,997	834,773,890
ACCUMULATED DEFICITS			
Balance at beginning of year	<i>4</i>	(286,724,731)	(274,187,999)
Prior period adjustments	<i>4, 23</i>	-	(18,219,499)
Net income		(7,634,410)	5,682,767
Balance at end of year		(294,359,141)	(286,724,731)
OTHER COMPREHENSIVE INCOME (LOSS)	<i>4, 19</i>		
Balance at beginning of year		42,866,713	41,310,516
Unrealized gain for the year		34,294,123	1,556,197
Balance at end of year		77,160,836	42,866,713
TOTAL EQUITY		P 619,855,692	P 590,915,872

(See accompanying Notes to Financial Statements)

HERITAGE PARK PROJECT - PERPETUAL CARE FUND TRUST

STATEMENTS OF CASH FLOWS For The Years Ended December 31, 2025 and 2024

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss) for the year		P (7,634,410)	P 5,682,767
Adjustment to reconcile net (loss) income to net cash provided by operating activities:			
Prior period adjustments	4,24	-	(18,219,499)
Net fair value adjustments	4,10,19	40,436,001	5,286,552
Depreciation	4,5,11	2,921,337	2,318,209
Operating income (loss) before changes in working capital		<u>35,722,928</u>	<u>(4,931,971)</u>
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables	4,5,7	1,942,265	(127,340)
Inventory - securities	4,8	1,701,281	1,951,421
Prepayments and other current assets	4,9	(1,780,554)	336,252
Increase (Decrease) in:			
Payables	4,5,13	2,457,689	1,173,900
Unearned revenues	4,14	55,310	52,677
Net cash provided by (used in) operation		<u>40,098,919</u>	<u>(1,545,061)</u>
Income tax paid		-	-
Net cash provided by (used in) operating activities		<u>40,098,919</u>	<u>(1,545,061)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	4,5,11	<u>(10,646,322)</u>	<u>(5,563,927)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Additional funds and contributions	4, 15	<u>2,280,107</u>	<u>2,410,661</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		31,732,704	(4,698,327)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>168,553,786</u>	<u>173,252,113</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u>P 200,286,490</u>	<u>P 168,553,786</u>

(See accompanying Notes to Financial Statements)

HERITAGE PARK PROJECT-PERPETUAL CARE FUND TRUST
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 1 - GENERAL INFORMATION

HERITAGE PARK PROJECT-PERPETUAL CARE FUND TRUST (the Trust Fund) 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.*”

On May 5, 2021, the Perpetual Care Fund Trust Agreement was terminated, and its trustee bank was transferred from Philippine National Bank to Land Bank of the Philippines.

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, 2025, including its comparative figures as at December 31, 2024, were authorized for issue by the Management on April 14, 2026.

NOTE 2 - BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The financial statements of the Trust Fund have been prepared in accordance with the *Philippine Financial Reporting Standard (PFRS)* Accounting Standards.

Preparation and Measurement

The Trust Fund has prepared the financial statements as at and for the year ended December 31, 2025 and 2024 on a going concern basis, which assumes continuity of current business activities and the realization of assets and settlements of liabilities in the ordinary course of business.

The financial statements are presented in Philippine Peso (₱) the currency of the primary economic environment in which the Trust Fund operates. All amounts are rounded to the nearest peso.

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 Measurement

The Trust Fund measures financial instruments at fair value at each end of the financial reporting period. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Trust Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Trust Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Trust Fund financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the Trust Fund financial statements on a recurring basis, the Trust Fund determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each end of the financial reporting period.

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market close prices at the close of business at the end of the financial reporting period.

For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include comparison to similar investments for which market observable prices exist and discounted cash flow analysis or other valuation models.

For the purpose of fair value disclosures, the Trust Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level in the fair value hierarchy as explained above.

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Trust Fund adopted all applicable accounting standards and interpretations as at December 31, 2025. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the Financial and Sustainability Reporting Standards Council (FSRSC) in the Philippines, that were assessed by the Management to be applicable to the Trust Fund's financial statements are as follows:

Adoption of Amended Standards Effective Beginning on or after January 1, 2025:

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended Standards which the Trust Fund adopted effective for annual periods beginning January 1, 2025.

Unless otherwise indicated, the adoption of the new and amended standards 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 PAS 21, *Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

New and Amended PFRS and PIC Issuances in Issue but Not Yet Effective or Adopted

Unless otherwise indicated the Trust Fund does not expect that the future adoption of the said pronouncements to have a significant impact on the financial statements. The Trust Fund intends to adopt the following pronouncements when they become effective;

Effective beginning on or after January 1, 2026

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*

The amendments add illustrative examples to several PFRS Accounting Standards intended to improve the reporting of climate-related and other uncertainties in the financial statements, particularly to address stakeholders' concerns about consistency of information within the general-purpose financial reports and sufficient information on climate-related risks and other uncertainties in the financial statements.

The examples address topics such as materiality judgements, significant judgements and estimates, and aggregation and disaggregation.

The illustrative examples are not an integral part of PFRS Accounting Standards and, as such, do not have an effective date or transition requirements. However, an entity is

expected to be entitled to sufficient time to implement any changes to align the information disclosed in its financial statements with the illustrative examples. Determining how much time is sufficient is a matter of judgement that depends on an entity's particular facts and circumstances. Nonetheless, an entity would be expected to implement any changes on a timely basis.

Based on management assessment, this is not expected to have material impact on the financial statements of the Trust Fund.

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

Based on management assessment, this is not expected to have material impact on the financial statements of the Trust Fund.

- Annual Improvements to PFRS Accounting Standards—Volume 11

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

- Amendments to PFRS 7, *Gain or Loss on Derecognition*

The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

- Amendments to PFRS 9

- Lessee Derecognition of Lease Liabilities

The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

- Transaction Price

The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*

The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

- Amendments to PAS 7, *Cost Method*

The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

Based on management assessment, this is not expected to have material impact on the financial statements of the Trust Fund.

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*

The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

- Required totals, subtotals and new categories in the statement of profit or loss
- Disclosure of management-defined performance measures
- Guidance on aggregation and disaggregation

Based on preliminary assessment, the management believes that the adoption of PFRS 18 will not affect total profit or equity of the Trust Fund. However, the adoption may affect the subtotals and performance measures presented in the statement of comprehensive income. The Trust Fund is continuously evaluating the full impact of this new standard on its financial statements.

- PFRS 19, *Subsidiaries without Public Accountability*

The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS Accounting Standards.

In 2025, PFRS 19 was amended to provide reduced disclosure requirements for new or amended PFRS Accounting Standards adopted by the FSRSC from the issuances of the IASB between February 2021 and May 2024.

The application of the standard is optional for eligible entities.

Based on management assessment, this is not expected to have material impact on the financial statements of the Trust Fund.

- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

The amendments introduce translation requirements for entities translating their financial statements, or the results and financial position of a foreign operation, from a functional currency that is the currency of a non-hyperinflationary economy to a presentation currency that is the currency of a hyperinflationary economy.

Based on management assessment, this is not expected to have material impact on the financial statements of the Trust Fund.

Deferred effectivity

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the FSRSC deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Based on management assessment, this is not expected to have material impact on the financial statements of the Trust Fund.

The revised, amended, and additional disclosures or accounting changes provided by the standards and interpretations will be included in the Trust Fund financial statements in the year of adoption, if applicable.

NOTE 4 - MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies that have been used in the preparation of these financial statements are summarized below. These accounting policies information are considered material because of its amounts, nature and related amounts. These are material in understanding material information in the financial statement. These policies have been consistently applied to all the years presented, unless otherwise stated.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets and Liabilities

Date of recognition. The Trust Fund recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at FVTPL, includes transaction costs.

“Day 1” Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Trust Fund recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss.

In cases where there is no observable data on inception, the Trust Fund deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Trust Fund determines the appropriate method of recognizing the “Day 1” difference.

Classification

The Trust Fund classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVTPL, (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 (a) financial liabilities at FVTPL or (b) financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Trust Fund’s business model and its contractual cash flow characteristics.

As at December 31, 2025, 2024 and 2023, the Trust Fund has Financial Asset at Fair Value Through Other Comprehensive Income (FVOCI). but does not have financial assets and liabilities at FVTPL and FVOCI.

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 the statements of income when the financial assets are derecognized, modified or impaired. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets

As at December 31, 2025 and 2024, the Trust Fund’s cash and cash equivalents and receivables are classified under this category. (Note 6 and 7)

Cash and cash equivalents

Cash and cash equivalents comprise cash in banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Receivables

Receivables are recognized only when it becomes a party to a contractual provision that give rise to a payable of another entity. They are initially recognized at the transaction price including

transaction cost and subsequently measured at amortized cost using the effective interest rate. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are then classified as noncurrent assets

Receivables are derecognized when the right to receive cash flows from the receivables have expired or have been transferred and the Trust Fund has transferred substantially all the risks and rewards of ownership.

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 the statements of income when the financial assets are derecognized, modified or impaired. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets

Inventories

The Trust Fund determines the cost of inventory is determined using the specific identification method. The cost of inventories comprises of all costs of purchases and other costs incurred in bringing the inventories to their present location and condition, including any related input value-added tax (VAT) attributable to sale of goods and services that are VAT exempt. It excludes borrowing costs. NRV is the estimated selling price in the ordinary course of business, less cost of selling expenses.

Provision for inventory losses is provided for slow-moving and nearing expiry inventories based on physical inspection and management evaluation.

Write-offs represent the release of previously recorded provisions from the allowance account and credited to the related inventory account following the disposal of inventories. Destruction of the expired and damaged inventories is made in the presence of regulatory agencies.

Reversals of previously recorded provisions are credited to profit or loss within cost of services based on the result of management's update assessment, considering the available facts and circumstances, including but not limited to NRV at the time of disposal.

Inventories are derecognized from the statement of financial position when sold, consumed or written-off. When inventories are sold or consumed, the carrying amounts of these inventories are recognized as an expense in the period in which the related revenue is recognized.

Prepayments and Other Current Assets

Prepayments are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments are recognized when paid and stated at cost less any utilized portion. Prepayments are apportioned over the period covered by the payment and charged to the appropriate account in the statements of comprehensive income when incurred.

Other current assets include input value-added tax (VAT) and prepaid income tax. Input VAT is stated at any costless impairment in value. Input VAT is the indirect tax paid by the Trust Fund on the local purchase of goods or services from a VAT-registered person. Input VAT is deducted from the output VAT in arriving at the VAT due and payable. When the output tax exceeds the input tax, the difference is recognized as a current liability in the statements of financial position. When the input tax exceeds the output tax, the excess is carried over to the next reporting period

and is recognized as an asset presented as Input VAT in the statements of financial position. Allowance for unrecoverable input VAT, if any, is maintained by the Trust Fund at a level considered adequate to provide for potential uncollectible portion of the claims.

Prepaid income tax from Creditable Withholding Taxes (CWTs). CWTs represent amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source to the rules on Philippine income taxation.

Prepayments and other current assets that are expected to be realized for not more than 12 months after the end of the reporting period are classified as current assets; otherwise, these are classified as other noncurrent assets.

At each reporting date, prepayments and other current assets are assessed for impairment. If impaired, the carrying amount is reduced to its carrying amount; the impairment loss is recognized immediately in statements of comprehensive income.

Prepayments and other current assets are derecognized when they have no future benefit is expected from it. Any gain or loss on derecognition of prepayment and other assets is recognized in the statements of comprehensive income in the year in which it arises.

Financial Assets at FVOCI

For debt instruments that meet the contractual cash flow characteristic and are not designated at FVTPL 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 Other Comprehensive Income (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, 2025 and 2024, the Trust Fund's financial assets classified as FVOCI are included in this category (Note 10).

Financial liabilities

Classification and presentation

The Trust Fund classifies its financial liabilities in the following categories: (i) at amortized cost; and (ii) at fair value through profit or loss.

The Trust Fund did not hold any financial liabilities under category (ii) during and at the end of each reporting period.

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.

Financial liabilities are recognized in the statement of financial position when, and only when the Trust Fund becomes a party to the contract provisions of the instrument.

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, 2025 and 2024, the Trust Fund's payable to general fund, accrued expense under payables and security deposits are classified under this category. (Note 13 and 19)

Trade and Other Payables

Payables are recognized when the Trust Fund becomes a party to the contractual provision that gives rise to a receivable of another entity. Payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method. They are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are then classified as noncurrent liabilities.

Trade payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the suppliers

Accrued expenses represent expenses incurred for the period, but not yet paid as at reporting date.

Advance Rentals (Unearned Rental Income)

Advance rentals represent lease payments received from tenants in advance of the period to which they relate.

Advance rentals are recognized as contract liabilities upon receipt and are measured at the amount of consideration received.

Revenue Recognition

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the lease term, regardless of the timing of cash receipts, in accordance with PFRS 16.

Advance rentals are deferred and recognized as rental income over the lease period as the Trust Fund fulfills its obligation to provide the right to use the leased property. Advance rentals are reduced as rental income is recognized over the lease term.

Advance rentals are classified as: Current liabilities for the portion expected to be recognized as income within twelve (12) months after the reporting date. Non-current liabilities for the portion expected to be recognized beyond twelve (12) months

Advance rentals are presented in the statement of financial position as "Advance rentals" or "Unearned rental income."

Security Deposits

Security deposits received from lessees represent amounts collected by the Trust Fund as a lessor to secure the lessees' compliance with the terms and conditions of lease agreements.

Security deposits are recognized as financial liabilities upon receipt, as the Trust Fund has an obligation to refund the amounts at the end of the lease term, subject to any deductions for unpaid rentals, damages, or other claims.

Security deposits are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

For non-interest-bearing deposits, where the effect of discounting is material, the deposits are measured at the present value of the refundable amount. The difference between the nominal amount received and the present value is recognized as:

- Deferred income, and
- Amortized over the lease term as additional rental income.

If the effect of discounting is not material, the deposits are measured at the amount received.

Security deposits are classified as: Current liabilities – portion expected to be settled within twelve (12) months after the reporting date and Non-current liabilities – portion expected to be settled beyond twelve (12) months.

Security deposits are derecognized when the deposit is refunded to the lessee; or applied against outstanding obligations of the lessee in accordance with the lease agreement

Any differences arising from forfeiture or application of the deposit are recognized in profit or loss.

Security deposits are generally refundable at the end of the lease term provided that the lessee has complied with all lease conditions.

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 FVTPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

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

For a financial asset reclassified out of the financial assets at FVTPL 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 FVTPL 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 FVTPL, 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 and 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.

Classification of Financial Instrument between Liability and Equity

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

- Deliver cash or another financial asset to another entity;

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

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

Property, Plant and Equipment

Property, plant 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, plant 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. Land is not depreciated.

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.

Intangible Assets

Intangible assets are recognized when it is probable that the expected future economic benefits attributable to the asset will flow to the Trust Fund and the cost of the asset can be measured reliably.

Intangible assets are initially measured at cost.

Internally Generated Intangible Assets

Internally generated intangible assets, including the Trust Fund's Geographic Information System (GIS), are recognized only when all of the following conditions are met:

- Technical feasibility of completing the asset
- Intention to complete and use the asset
- Ability to use the asset
- Probability of generating future economic benefits
- Availability of adequate resources to complete the asset
- Ability to reliably measure the costs attributable to the asset

Expenditures incurred during the research phase are recognized as expense when incurred. Costs incurred during the development phase are capitalized only when the above criteria are satisfied.

Impairment of Non- Financial Assets

At each reporting date, the carrying amount of the Trust Fund's non-financial assets are reviewed to determine whether there is any indication of 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.

Any impairment loss is recognized if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its net recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets of the Trust Fund. Impairment losses are recognized in profit or loss in the period incurred.

The net recoverable amount of an asset is the greater of its value in use or its fair value less costs to sell. Value in use is the present value of future cash flows expected to be derived from an asset while fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized.

Fund and Contribution

The Fund represents amounts held in trust for the exclusive purpose of providing perpetual care, maintenance, and preservation of the Heritage Park, its facilities, and amenities, in accordance with the Trust Agreement.

Fund Balance (Equity of the Trust Fund)

The Fund balance represents the accumulated contributions and net income (loss) of the Trust Fund, and is classified as equity.

The Fund balance is restricted and may only be utilized in accordance with the provisions of the Trust Agreement. It is not available for distribution to the Trustor, beneficiaries, or any other parties except as allowed under the governing agreement.

Contributions to the Fund

Contributions to the Fund consist primarily of:

- Initial funding from proceeds of the sale of investment certificates
- Additional contributions equivalent to a fixed percentage (e.g., 12%) of gross selling price of memorial lots, certificates, or related products

Contributions are recognized as direct additions to the Fund balance (equity) upon receipt or when the Trust Fund obtains control over the resources. Such contributions are not recognized as income in profit or loss, as these represent capital contributions to the Fund.

Restriction on Use

The Fund is legally restricted and shall be used solely for the long-term maintenance and care of the Heritage Park, in accordance with the Trust Agreement.

The Trust Fund operates as a special-purpose entity, and the Fund balance does not represent distributable profits but rather resources held for a specific and restricted purpose.

Accumulated Deficit

Accumulated deficits represent accumulated losses incurred by the Trust Fund. It includes effect of changes in accounting policy as may be required by the standard's transitional provisions and effect of correction of prior period errors.

Cumulative Unrealized Gains on Financial Assets at FVOCI

This account pertains to accumulated unrealized fair value gain on financial assets at FVOCI and the corresponding deferred tax components. Unrealized gains on financial assets at FVOCI are recognized immediately in OCI and are included in equity when realized.

Revenue

Revenue recognition

Revenue is recognized when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration to which the Trust Fund expects to be entitled.

Sales of Investment Certificates

Revenue from the sale of Heritage Park Investment Certificates is recognized when the Trust Fund satisfies its performance obligations, which generally occurs upon:

- Execution of the contract.
- Full or substantially full payment; and
- Transfer of rights to the buyer, including the right to use the burial lot and related benefits.

The certificates provide the holder with rights to the perpetual use of burial lots, ownership of improvements, and access to common facilities and services.

Revenue is measured at the transaction price stated in the contract, net of discounts, rebates, and other incentives.

Any portion of the consideration required to be remitted to the Perpetual Care Fund (e.g., 12% of gross selling price) is excluded from revenue and recognized as a liability or direct contribution to the Fund, as appropriate.

Rental income

Rental income are recognized on a straight-line basis over the lease term, detailed policy are discussed in the Trust Fund policy for leases.

Interest income

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

Expenses

Expense Recognition

Expenses are recognized in profit or loss when incurred, on an accrual basis, when the related goods or services are received or consumed.

Direct Costs

Direct costs represent costs that are directly attributable to the sale of investment certificates and the development of memorial lots. These may include:

- Land development costs
- Construction and improvement costs
- Costs of memorial park infrastructure

Direct costs are recognized in profit or loss upon recognition of the related revenue, consistent with the matching principle.

Operating Expenses

Operating expenses represent costs incurred in the normal course of operations that are not directly attributable to revenue generation. These include: Administrative and personnel costs, Utilities and office expenses, Maintenance and general overhead. Operating expenses are recognized in profit or loss as incurred.

Contract Liabilities

Amounts received from customers prior to the recognition of revenue are recorded as contract liabilities and recognized as revenue when the Trust Fund satisfies its performance obligations.

The Trust Fund assesses whether revenue should be recognized at a point in time or over time based on the nature of the rights transferred to the certificate holder.

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.

Current Tax. Current tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided using the balance sheet liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforwards of unused MCIT and NOLCO can be utilized.

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

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

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in OCI or directly in equity. In this case, the tax is also recognized in OCI or directly in equity, respectively.

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

Related Party Transactions and Relationships

Related party transactions are transfer of resources, services or obligations between the Trust Fund and its related parties, regardless whether a price is charged. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related parties in an economically comparable market.

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

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 when the Trust Fund has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including risks and uncertainties associated with the present obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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

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 Trust Fund'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 period(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. The judgement and accounting estimates and assumptions used in the financial statements are based upon management evaluation of related facts and circumstances as at reporting date. While the Trust Fund believes that the assumptions are reasonable and appropriate, significant difference in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The following are the significant judgement, accounting estimates and assumptions by the Trust Fund:

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 current 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 on non-financial assets is recognized in the Trust Fund's financial statements in 2025 and 2024.

Determination of ECL on financial assets

The Trust Fund uses a provision matrix to calculate ECL for financial assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns by customer type and credit rating.

The provision matrix is based on the Trust Fund's historically observed default rates. The Trust Fund's management intends to regularly calibrate on an annual basis the matrix to consider the historical credit loss experience with forward-looking information. Details about the ECL on the Trust Fund's trade and other receivables are disclosed in Note 22.

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 Credit Losses

The measurement of the allowance for Credit Losses 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 Credit Losses is further detailed in Note 21.

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 2025 and 2024.

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:

	2025	2024
Cash in bank	₱ 11,257,992	₱ 7,331,133
Cash equivalents	189,003,498	161,197,653
Cash on hand	25,000	25,000
	<u>₱ 200,286,490</u>	<u>₱ 168,553,786</u>

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 0.125% to 1.63% per annum. Cash and cash equivalent are unrestricted and available for current operation. Interest earned from these financial assets amounted to ₱6,069,915 and ₱7,084,173 in 2025 and 2024, respectively (Note 16).

NOTE 7 - RECEIVABLES

This account consists of:

	2025	2024
Receivable from general fund	P 25,514,224	P 25,514,224
Utilities recovery	1,639,596	3,116,173
Accrued interest receivables	2,491,685	3,691,748
Receivable from sale of HPICs	888,423	496,757
Interment share receivables	571,200	660,800
Rental fee receivables	420,309	-
Transfer fees	26,000	14,000
	P 31,551,437	P 33,493,702

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

Utilities recovery pertains to the billed share of RMMI and The Fort Park Estate Inc. for the use of water and electricity.

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

Rental fee receivables pertain to unpaid rental from Safeguard DNA Diagnostic Inc. on space rental last 2022.

Interment share receivables pertain to the receivable from RMMI for the trust fund share on every interment made. This amounts to P10,000 per interment.

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

NOTE 8 - INVENTORY

This account consists of:

<u>Location</u>	2025	2024
Pavilion niches	P 89,830,466	P 91,531,747
Area 2	25,049,166	25,049,166
Taguig area	61,714,286	61,714,286
Terrasauleum	60,260,930	60,260,930
	P 236,854,848	P 238,556,129

Details per plan/lot/service of inventory is as follows.

	2025	2024
Niches	P 90,184,145	P 91,885,426
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
	P 236,854,848	P 238,556,129

Inventories represent memorial lots, niches, and related burial spaces held for sale in the ordinary course of business. These are marketed through the issuance of investment certificates, which provide buyers with rights to the use of burial spaces and related benefits.

Inventories are measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land acquisition costs
- Development and construction costs
- Directly attributable costs necessary to bring the inventory to its present condition and location

Cost is determined by using the specific identification method, as each lot or unit is uniquely identifiable.

Inventories are recognized as cost of sales upon sale of the related investment certificates.

The Trust Fund reviews inventories for obsolescence and declines in net realizable value.

Net realizable value represents the estimated selling price in the ordinary course of business less costs necessary to complete and sell the inventory.

No write-down of inventories to net realizable value was recognized in 2025 and 2024.

Inventory Quantities

The total number of unsold inventory units is as follows:

	2025	2024
Pavilion niches	8,083	8,324
Area 2	554	554
Taguig area	36	36
Terrasauleum	114	114
	8,787	9,028

Inventories are not pledged as collateral for any liabilities. There were no significant reversals of prior inventory write-downs during the year.

NOTE 9 - OTHER CURRENT ASSETS

This account consists of:

	2025	2024
Input VAT	₱ 25,685,205	₱ 25,617,570
Prepaid income tax	17,223,838	15,575,521
Utility deposit	101,470	181,762
Deferred VAT input	216,294	71,400
	₱ 43,226,807	₱ 41,446,253

Input VAT pertains to accumulated Value Added Tax on purchases of goods and services.

Prepaid income tax pertains to accumulated creditable taxes withheld from income payments. This amount can be claimed as credit to Trust Fund's income tax liability.

Utility bill deposit pertains to refundable deposit with MERALCO.

Movement of prepaid income tax is as follows:

	<u>2025</u>	<u>2024</u>
Beginning balance	P 15,575,521	P 13,948,001
Addition for the year	1,648,317	1,627,520
Income tax expense	-	-
Ending balance	<u>P 17,223,838</u>	<u>P 15,575,521</u>

NOTE 10 - FINANCIAL ASSET THROUGH FVOCI

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

	<u>2025</u>	<u>2024</u>
Fixed rate treasury notes (FXTNs)	P 113,560,134	P 61,453,049
Republic of the Philippines (ROP) Dollar bonds	71,422,444	129,671,407
	<u>P 184,982,578</u>	<u>P 191,124,456</u>

FXTNs treasury notes are subject to 18.25% interest rate with maturity date on November 29, 2025.

Investment in ROP dollar bond has a fair value of \$1,214,564 and \$2,379,539 converted into peso using the BSP exchange rate of 58.805 to 1USD and 58.01 to 1USD as of December 31, 2025 and 2024, respectively. The two bonds are subject to 5.5% that will mature on March 30, 2026.

Interest income recognized from these investments in 2025 and 2024 amounts to P7,428,848 and P5,356,757, respectively (Note 16).

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT - NET

Property and equipment consist of buildings, building improvements, and office equipment. The movements in the carrying amounts for the years ended December 31, 2025 and 2024 are presented above.

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset, including costs necessary to bring the asset to its intended use. Subsequent costs are capitalized only when it is probable that future economic benefits associated with the item will flow to the Trust Fund. All other repairs and maintenance are charged to expense as incurred.

Depreciation

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

<u>Particulars</u>	<u>Useful Lives</u>
Building	20 years
Building improvement	10-20 years
Office equipment	5 years

Depreciation begins when the asset is available for use and ceases upon derecognition.

The Trust Fund assesses at each reporting date whether there is any indication that property and equipment may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized when the carrying amount exceeds the recoverable amount.

Based on management's assessment, no impairment loss was recognized in 2025 and 2024.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any resulting gain or loss is recognized in profit or loss.

The carrying amounts of property and equipment approximate their fair values as at December 31, 2025 and 2024.

None of the Trust Fund's property and equipment are pledged as collateral for any liabilities.

The Trust Fund has no outstanding contractual commitments for the acquisition of property and equipment as at December 31, 2025 and 2024.

A reconciliation in the carrying amounts at the beginning and end of 2025 and 2024, of property and equipment is shown below:

2025

	<u>Buildings</u>	<u>Building improvements</u>	<u>Office equipment</u>	<u>Total</u>
Costs				
January 01, 2025	₱ 65,607,788	₱ 69,588,983	₱ 252,891	₱ 135,449,662
Additions	-	10,594,584	51,738	10,646,322
Disposals	-	-	-	-
December 31, 2025	<u>65,607,788</u>	<u>80,183,567</u>	<u>304,629</u>	<u>146,095,984</u>
Accumulated depreciation				
January 01, 2025	65,607,788	41,870,934	178,102	107,656,824
Depreciation expense	-	2,857,908	63,429	2,921,337
Disposals	-	-	-	-
December 31, 2025	<u>65,607,788</u>	<u>44,728,842</u>	<u>241,531</u>	<u>110,578,161</u>
Carrying amount				
December 31, 2025	<u>₱ -</u>	<u>₱ 35,454,725</u>	<u>₱ 63,098</u>	<u>₱ 35,517,823</u>
Carrying amount				
December 31, 2024	<u>₱ -</u>	<u>₱ 27,718,049</u>	<u>₱ 74,789</u>	<u>₱ 27,792,838</u>

2024

	<u>Buildings</u>	<u>Building improvements</u>	<u>Office equipment</u>	<u>Total</u>
Costs				
January 01, 2024	P 65,607,788	P 64,025,056	P 252,891	P 129,885,735
Additions	-	5,563,927	-	5,563,927
Disposals	-	-	-	-
December 31, 2024	<u>65,607,788</u>	<u>69,588,983</u>	<u>252,891</u>	<u>135,449,662</u>
Accumulated depreciation				
January 01, 2024	65,607,788	39,613,567	117,260	105,338,615
Depreciation expense		2,257,367	60,842	2,318,209
Disposals	-	-	-	-
December 31, 2024	<u>65,607,788</u>	<u>41,870,934</u>	<u>178,102</u>	<u>107,656,824</u>
Carrying amount				
December 31, 2024	<u>P -</u>	<u>P 27,718,049</u>	<u>P 74,789</u>	<u>P 27,792,838</u>
Carrying amount				
December 31, 2023	<u>P -</u>	<u>P 24,411,489</u>	<u>P 135,631</u>	<u>P 24,547,120</u>

The carrying values of the property and equipment approximate their fair values. The Trust Fund has not entered into contractual commitment for the acquisition of property and equipment as at December 31, 2025 and 2024. None of the Trust Fund's properties and equipment are used as collateral for loans or any liabilities.

NOTE 12 - INTANGIBLE ASSET

The Trust Fund is currently developing a Geographic Information System (GIS) intended to enhance the management, mapping, and maintenance of its memorial park operations.

Costs directly attributable to the development of the system, including system design, programming, and implementation, are capitalized as intangible assets under development.

As at December 31, 2025 and 2024 the balance of intangible assets under development amounted to P2,600,000.

As at December 31, 2025, the GIS project is still under development and has not yet been completed or made available for use. Accordingly, no amortization has been recognized during the year.

Upon completion, the system will be reclassified to intangible assets and amortized over its estimated useful life.

Intangible assets are initially measured at cost. Costs incurred during the development phase are capitalized only when the criteria under PAS 38 are met. Otherwise, such costs are expensed as incurred.

Subsequently, intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses.

Amortization will commence when the asset becomes available for use and will be computed using the straight-line method over the estimated useful life of the asset.

Intangible assets not yet available for use are tested for impairment annually or more frequently when there is an indication of impairment.

Based on management's assessment, no impairment loss was recognized as at December 31, 2025 and 2024.

Future Economic Benefits

The GIS is expected to improve operational efficiency, enhance record accuracy, and support long-term service delivery in the Trust Fund's memorial park operations.

The Trust Fund assesses the ongoing viability of the project and its ability to complete the system. Management expects sufficient technical and financial resources are available to complete the development.

NOTE 13 - PAYABLES

This account consists of:

	2025	2024
Payable to general fund	₱ 92,409,443	₱ 92,409,443
Accrued expenses	10,955,872	8,661,489
Withholding tax payable	543,130	379,824
	₱ 103,908,445	₱ 101,450,756

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 21).

Accrued expenses are incurred expenses but not paid as of reporting period.

Details of accrued expenses are as follow:

	2025	2024
Repairs and maintenance	₱ 4,783,196	₱ 6,138,087
Trustee fees	468,297	355,256
Utilities	1,804,624	1,382,267
Security services	2,046,927	572,617
Professional fee	95,250	-
Maintenance fee	-	-
Other operating expenses	1,757,578	572,617
	₱ 10,955,872	₱ 8,661,489

Withholding tax payable pertains to expanded withholding tax that are due for remittance in the succeeding period.

Deferred VAT Output is the tax component of uncollected receivables. These will be remitted once collected.

NOTE 14 - UNEARNED RENTAL INCOME

Unearned rental income are advance lease payments received in advance from tenants in relation to the Trust Fund's lease of portions of its property.

As at December 31, advance rentals consist of:

	2025	2024
Current portion of unearned revenues	P 1,161,520	P 1,106,210
Non-current portion	-	-
	P 1,161,520	P 1,106,210

This amount pertains to the advanced payment received from the lessee for the lease of the Trust Fund's property located at C-5 Road south bound, Fort Bonifacio Taguig City. These amounts are not yet earned as of the reporting date and are therefore recognized as contract liabilities.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the lease term. Advance rentals are recognized as income over the period covered by the lease agreement.

Advance rentals are classified as Current liabilities for the portion expected to be recognized as income within twelve (12) months after the reporting date and Non-current liabilities for the portion expected to be recognized beyond twelve (12) months

Movement in Advance Rentals (Optional but Recommended):

	2025	2024
Beginning of the year	P 1,106,210	P 1,053,533
Additions	13,938,240	13,274,520
Amortization	(13,882,930)	(13,221,843)
Balance at the end of year	P 1,161,520	P 1,106,210

NOTE 15 - FUND BALANCE AND CONTRIBUTION

The Fund balance represents amounts held in trust for the perpetual care and maintenance of the Heritage Park, in accordance with the Trust Agreement.

The composition of the Fund balance is as follows:

	2025	2024
Initial amount allocated to PCF	P 300,525,000	P 300,525,000
Reserve heritage certificates	56,382,852	56,382,852
Additional contributions	480,146,145	477,866,038
	P 837,053,997	P 834,773,890

The Perpetual Care Fund (PCF) is a restricted fund established to ensure the long-term maintenance, preservation, and care of the Heritage Park, its facilities, and amenities.

The Fund is not available for distribution and may only be utilized in accordance with the provisions of the Trust Agreement.

Additional contributions represent amounts set aside equivalent to a specified percentage (e.g., 12% of gross selling price) from the sale of memorial lots, investment certificates, and other related products.

These contributions are recognized as direct additions to the Fund balance (equity) upon receipt or when the Trust obtains control over the funds.

In prior years, the Trust recognized additional contributions arising from the settlement of accounts between related parties, in accordance with a compromise agreement (Note 21).

These amounts pertain to previously unremitted contributions relating to the required percentage of sales of memorial products.

The Fund balance is presented as equity in the statement of financial position and represents accumulated contributions and net results of operations of the Trust.

NOTE 16 - REVENUES

Details of revenues are as follows:

	2025	2024
Rental	P 21,766,383	P 20,576,157
Other income, net	40,578,939	49,154,924
Interest income from:		
Savings account (Note 6)	10,325	561
CTD/PSA/Treasury bills (Note 6)	6,059,590	7,083,612
FXTN/Bonds (Note 10)	7,428,848	5,356,757
	<u>P 75,844,085</u>	<u>P 82,172,011</u>

Details of other income (losses) are as follows:

	2025	2024
Sale of pavilion niches*	P 14,849,433	P 15,731,698
Share on utilities	8,777,521	11,124,359
Share on interment	6,680,000	6,030,000
Foreign exchange gains (losses)	2,277,008	5,757,653
Income from transfer fees	5,779,465	5,210,268
Income from penalties	-	3,407,055
Share on sale of oil products	2,215,512	1,893,892
	<u>P 40,578,939</u>	<u>P 49,154,924</u>

**sale of pavilion niches is net of cost of sale amounting to P1,701,281 and P1,951,422 in 2025 and 2024, respectively.*

NOTE 17 - EXPENSES

Details of expenses are as follows:

	2025	2024
Repairs and maintenance	P 24,669,556	P 23,381,975
Light and water	19,496,493	16,578,145
Security services	15,553,388	13,482,422
Management fee	8,400,000	8,400,000
Professional fees	5,326,825	4,649,924
Commission	3,389,384	3,615,991
Depreciation	2,921,337	2,318,209
Appropriated operating funds	1,790,505	1,335,000
Trust fee	1,412,958	1,468,800
Advertising and promotions	100,000	-
Credit losses	61,986	-
Insurance	10,140	-
Taxes and Licenses	-	701,499

Miscellaneous	345,923	557,279
	P 83,478,495	P 76,489,244

NOTE 18 - INCOME TAX

The reconciliation of tax on pre-tax income computed at statutory tax rates to expense are as follows:

	2025	2024
Income before income tax	P (7,634,410)	P 5,682,767
Nondeductible expenses	59,381	239,499
Interest income subject to final tax	(13,498,763)	(12,440,930)
Unrealized foreign exchange loss	(2,277,008)	(5,757,653)
Total taxable income	(23,350,800)	(12,276,316)
Ceiling	-	-
Excess subject to 35%	-	-
Tax due 8M bracket	-	-
Total tax due	-	-
Less:		
Tax withheld		-
Prior years excess credits	(15,575,521)	(13,948,001)
Creditable withholding tax	(1,648,317)	(1,627,520)
Excess tax credit (Note 9)	P (17,223,838)	P (15,575,521)

NOTE 19 - OTHER COMPREHENSIVE INCOME (LOSS)

This account pertains to increases (decreases) in the fair values of the investments held by the Trust Fund during a given period. As at December 31, 2025 and 2024, net unrealized gain (losses) on FVOCI investments reported under equity amounted to P77,160,836 and P42,866,713, respectively.

Breakdown of this account is as follows:

	2025	2024
Fixed rate treasury notes (FXTNs)	P 39,359,895	P 31,445,772
Republic of the Philippines (ROP) dollar bonds	37,800,941	11,420,941
	P 77,160,836	P 42,866,713

NOTE 20 - LEASE AGREEMENT

The Trust Fund as Lessor

The Trust Fund, as lessor, entered into a lease agreement with Pilipinas Shell Petroleum Corporation (the Lessee) covering a portion of its land located along C-5 Road Southbound, Fort Bonifacio, Taguig City, with an approximate area of 2,725 square meters, to be used as a full-service gasoline station.

The lease term is twenty (20) years, commencing in February 2017.

The lease provides for fixed rental payments of P288.50 per square meter per month, subject to an annual escalation rate of 5% beginning on the second year of the lease term.

The lease is classified as an operating lease, as the Trust Fund retains substantially all the risks and rewards of ownership of the leased asset.

Advance Rentals and Security Deposit

Under the lease agreement, the lessee is required to provide:

- Security deposit amounting to ₱10,094,326 as at December 31, 2025 and 2024; and
- Advance rental payments equivalent to:
 - Rental for the first (1st) year; and
 - Rental for the second (2nd) to fifth (5th) year, inclusive of the agreed escalation.

Advance rentals are recognized as unearned rental income and are amortized on a straight-line basis over the lease term (Note 14).

Security deposits are recognized as financial liabilities and are refundable at the end of the lease term, subject to compliance with lease conditions.

Rental income recognized from the lease, presented in profit or loss, amounted to:

- ₱21,766,383 in 2025
- ₱20,576,157 in 2024

Rental income is recognized on a straight-line basis over the lease term in accordance with PFRS 16.

Future Lease Receivables

The undiscounted future minimum lease payments receivable under the operating lease are as follows:

	2025	2024
Not later than one year	₱ 16,326,326	₱ 15,548,882
Later than one year but not later than five years	94,723,914	90,213,257
Later than five years	123,119,369	141,731,382
	₱ 234,169,609	₱ 247,493,521

NOTE 21 - 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 Due 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 22 - 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:

	2025		2024	
	Peso Equivalent	Amount in Foreign Currency	Peso Equivalent	Amount in Foreign Currency
Financial asset at amortized cost:				
Cash and cash equivalents	₱93,868,893	\$1,596,274	₱ 24,596,240	\$ 424,000

For purposes of restating the outstanding balances of the Trust Fund's foreign currency-denominated financial assets and liabilities as at December 31, 2025 and 2024, the exchange rate applied was ₱58.805 and ₱58.01 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, 2025 and 2024 (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, 2025	+0.8	₱ 1,277,019
	-0.8	-1,277,019
December 31, 2024	+2.44	₱ 1,034,560
	-2.44	-1,034,560

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 with local financial institutions with fixed interest rate. In 2025 and 2024. The Trust Fund has no established policy in 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. 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, 2025 and 2024 based on contractual undiscounted payments.

December 31, 2025							
	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*	₱ 10,955,871	₱ -	₱ -	₱ -	₱ -	₱ 92,409,443	₱ 103,365,314
Security deposit	-	-	-	-	10,094,326	-	10,094,326
	₱ 10,955,871	₱ -	₱ -	₱ -	₱ 10,094,326	₱ 92,409,443	₱ 113,459,640

December 31, 2024							
	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*	₱ 8,661,489	₱ -	₱ -	₱ -	₱ -	₱ 92,409,443	₱ 101,070,932
Security deposit	-	-	-	-	10,094,326	-	10,094,326
	₱ 8,661,489	₱ -	₱ -	₱ -	₱ 10,094,326	₱ 92,409,443	₱ 111,545,282

* Amounts are exclusive of nonfinancial liabilities amounting to ₱659,900 and ₱379,824 as at December 31, 2025 and 2024, 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 Fund's 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.

	2025	2024
Cash and cash equivalents	P 200,261,490	P 168,528,786
Receivables	31,551,437	33,493,702
	P 231,812,927	P 202,022,488

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 P1,000,000 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 maintain a strong financial position that will enable it to sustain its operations and ensure the long-term funding of the maintenance and preservation of the Heritage Park, in accordance with its Trust Agreement.

The Trust Fund defines its capital as its fund balance (equity).

As at December 31, the Trust Fund's capital amounted to P619,855,692 in 2025 and P590,915,872 in 2024.

The Trust Fund manages its capital by ensuring that sufficient resources are available to meet its operational requirements and to support the long-term objectives of the Fund. Given the restricted nature of the Fund, capital is not available for distribution and is utilized solely for its intended purpose.

The Trust Fund maintains its existing capital structure and monitors its financial performance to ensure sustainability over the long term. Adjustments to the capital structure are made only when necessary to support the Fund's objectives.

There were no changes in the Trust Fund's capital management objectives, policies, or processes during the years ended December 31, 2025 and 2024.

The Trust Fund is not subject to formal externally imposed capital requirements. However, the Fund is governed by the provisions of the Trust Agreement, which impose restrictions on the use of the Fund, limiting it solely for the perpetual care and maintenance of the Heritage Park.

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:

2025				
Note	Carrying Amount	Fair Value		
		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	₱ 200,261,490	₱ 200,261,490	
Receivables	7	31,551,437	31,551,437	
		₱ 231,812,927	₱ 231,812,927	
Liabilities for which fair values are disclosed:				
Payables*	13	₱104,082,548	₱104,082,548	
Security deposit	20	10,094,326	10,094,326	
		₱114,176,874	₱114,176,874	
2024				
Note	Carrying Amount	Fair Value		
		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	₱ 168,528,786	₱ 168,528,786	
Receivables	7	33,493,702	33,493,702	
		₱ 202,022,488	₱ 202,022,488	
Liabilities for which fair values are disclosed:				
Payables*	13	₱ 101,070,932	₱ 101,070,932	
Security deposit	20	10,094,326	10,094,326	

		2024		
		Fair Value		
Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	₱ 111,545,082		₱ 111,545,082	

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 23 - RECONCILIATION ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Trust Fund's liabilities arising from financing activities, which includes both cash and non-cash changes.

	2025	2023
Balance as of January 1	₱ 834,773,890	₱ 832,363,229
Cash flow from Financing Activities:		
Additional contributions	2,280,107	2,410,661
Balance, December 31	₱ 837,053,997	₱ 834,773,890

NOTE 24 - PRIOR PERIOD ADJUSTMENTS

The Trust Fund incurred charges assessed by the Local Government Unit of Taguig City for impact fee on the Project for the period 2014 to 2023 with the total amount of ₱18,219,499.

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

Presented below and in the succeeding pages is the supplementary information required by the Bureau of Internal Revenue (BIR) under Revenue Regulations (RR) No. 15-2010 and RR No. 34-2020 to be disclosed as part of the notes to the financial statements.

This supplementary information is presented for purposes of compliance with BIR requirements and is not a required disclosure under the Philippine Financial Reporting Standards (PFRS) Accounting Standards.

The details of taxes, duties, and license fees paid or accrued during the taxable year, as required under the aforementioned Revenue Regulations, are presented below and in the succeeding pages.

(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	₱ 7,518,389
Total input VAT	33,377,698

(b) Withholding Taxes

Expanded withholding taxes paid and accrued during the year amounts to ₱3,105,467

(c) Tax Assessments and Cases

The Trust Fund has no pending Letter of Authority or Tax Verification Notice from the Bureau of Internal Revenue (BIR) during the period.

(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.