	Year	Amount / Volume	Receivables from (Payables to)	Terms and Conditions
Professional fees				
	2021	**₱449**	**₱–**	–
	2020	3,644	–	
	2019	3,044	–	
Others				
	2021	**453**	–	–
	2020	481	–	–

The Group's significant transactions with related parties follow:

a) *Payable to HI*
This account pertains to management and other professional fees charged by HI for administering the Group's operations (Notes 20 and 21).

b) *Receivables from HI*
This account pertains to fuel consumption, car plan and gym rental advanced by the Group. These are noninterest-bearing and are payable on demand.

c) *Receivables from entities under common control of HI*
Receivables from entities under common control of HI arise from HI subsidiaries' lease of the Group's canteen kiosks in its Makati and Intramuros properties and expenses advanced by the Group. The term of the lease is for one year and renewable with uniform rental payments.

d) *Payables to entities under common control of HI*
Payables to entities under common control of HI pertain to property management and janitorial and security services (contractual services).

e) *Accounts payable to entities under common control of HI*
Accounts payable pertains to the outstanding balance of general cost of construction of school buildings and other facilities and professional fees related to the building construction (Notes 10 and 14).

f) *Cash and Cash Equivalents*
The Company maintains cash and cash equivalent with its affiliate bank and earns interest income at prevailing deposit and short-term investment rates (Note 7).

g) *Receivables from entities under common control of PMMIC*
Due from entities under common control of PMMIC arises from RCBC's rental of the Group's office spaces in its Makati property.

h) *Payables to entities under common control of PMMIC*
The Group obtains property and personnel insurance with its affiliated insurance company, Malayan Insurance Company, Inc. (MICO). Insurance contract coverage pertains to the Group's fire, accident, group and other insurance policies.

i) *Payable to related parties*
Payable to related parties mainly pertains to management fees charged by AC for the administration of the Parent Company's operations.

j) *Accounts payable to related parties*
Pertains to the water utility bills and professional fees payable to other affiliates.

Other related party transactions follow:

a) The Group maintains its retirement fund with RCBC Trust Division (Note 25). Trust fees paid by the retirement plan to RCBC amounted to ₱1.23 million and ₱0.90 million for the years ended December 31, 2021 and 2020, respectively.

b) Compensation of key management personnel of the Group

The remuneration of directors and other members of key management are as follows:

	2021	2020	2019
Short-term benefits	**₱38,755**	₱37,044	₱36,158
Post-employment benefits	**1,400**	1,342	1,138
	₱40,155	₱38,386	₱37,296

Terms and conditions of transaction with related parties
Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. For the years ended December 31, 2021 and 2020, the Group has not recorded any impairment losses on receivables relating to amounts owed by related parties. This assessment is undertaken each year through examining the financial position of the related party and the market in which the related party operates.

16. Short-term Loans

- In 2017, the Group, through MCMI, obtained a short-term loan (STL) facility with Bank of Philippine Island (BPI), which was earmarked from the long-term loan facility of the Group from same bank, to finance the construction of MCMI's school building. Each STL facility may be re-availed/renewed/extended within a period of one year provided that the sum of the terms of re-availments/renewals/ extension will not exceed 360 days. The STL facility may be converted into a 10-year term loan facility which shall be partially secured by the real estate mortgage on the real property of MCMI. The STL facility is secured by the Continuing Suretyship Agreement of MESI. Annual interest rates range from 4.50% to 4.75%.

  The Group, through MCMI, also obtained short-term loans from Land Bank of the Philippines (LBP) in 2020 amounting to ₱57.3 million, with annual interests ranging from 4.70% to 6.25%. The loans are secured by the land owned by MCMI.

  Outstanding balance of short-term loans obtained by MCMI amounted to ₱400.0 million and ₱375.0 million as at December 31, 2021 and 2020, respectively.

- In 2018, the Group, through MESI, obtained unsecured peso-denominated short-term loans with BPI amounting to ₱900.0 million with annual interest rates ranging from 5.50% to 6.00%, to finance the acquisition of land from HI and the construction of MESI's school building in Makati City (Notes 10 and 11).

  In 2020 and 2019, MESI obtained unsecured peso-denominated short-term loans with Robinsons Bank amounting to ₱150.0 million and ₱1,090.0 million, respectively, with annual interest rate of 5.30% to finance the construction of the new school building (Note 10). Full payment of the loans were made in 2020 amounting to ₱1,240.0 million.

- In 2019, the Group through APEC, availed of short-term, interest-bearing loan from a bank amounting to ₱70.0 million at 7.50% interest per annum payable monthly. This was fully paid in 2019.

The Group made payments amounting to ₱375.0 million and ₱1,254.3 million in 2021 and 2020, respectively. Total STL drawdowns in 2021 and 2020 amounted to ₱400.0 million and ₱230.5 million, respectively.

Interest expense charged to operations in 2021, 2020 and 2019 amounted to ₱6.7 million, ₱18.3 million and ₱37.2 million, respectively (Note 22). Interest expense that was capitalized as part of construction of MESI's building in 2021 and 2020 amounted to nil and ₱58.0 million, respectively (Note 10).

17. Long-term Loans

This account consists of the following as of December 31:

	2021	2020
Unsecured bank loans	**₱380,000**	₱380,000
Secured bank loans	**1,494,646**	1,492,275
Total loans	**1,874,646**	1,872,275
Less current portion	**21,001**	–
Noncurrent portion	**₱1,853,645**	₱1,872,275

Unsecured
The Group, through NTC, entered into a 10-year unsecured term loan facility with a third party local bank for ₱650.0 million to finance its building refurbishment and/or expansion (see Note 10). The principal payments will be made in 28 quarterly payments starting May 2022. As of December 31, 2021 and 2020, total drawdowns amounted to ₱380 million. The ₱300 million is subject to 5.5% fixed rate and the ₱80 million is subject to annual repricing based on higher of 5.5% or the prevailing one year benchmark rate or done rate of a liquid/active security, as agreed by the parties, with the same tenor if benchmark rate is not reflective of market rate, plus interest spread. In September 2021, the 80 million is converted to a 5.5% fixed rate.

The loan is subject to certain covenants including maintaining a maximum debt-to-equity structure ratio of 3:1. As of December 31, 2021 and 2020, NTC has complied with its covenant obligations, including maintaining the required debt-to-equity ratio. For 2021 and 2020, interest expense recognized in profit or loss amounted to ₱21.3 million and ₱8.5 million in 2019.

Current portion and noncurrent portion of long-term loan as of December 31, 2021 amounted to ₱21.0 million and ₱359.0 million.

Secured
In 2019, the Group, through MCMI, entered into a ten-year secured long-term loan agreement with a local bank for ₱1,500.0 million to refinance the construction of MCMI's school buildings and facilities that were initially funded by short-term loans. MCMI made partial drawdowns against this agreement amounting to ₱680.0 million, ₱350.0 million and ₱470.0 million in January, June and July 2019, respectively. The loans were subject to prevailing borrower's rate, plus a minimum spread of 0.50% per annum, but in no case lower than 4% per annum, subject to quarterly repricing. MCMI shall repay the loan in 20 equal quarterly installments to start at the end of 21st quarter from the initial

drawdown date. The loans were secured by the land and related improvements owned by MCMI with carrying value of ₱2,382.0 million and ₱2,361.5 million as of December 31, 2021 and 2020, respectively, and suretyship of MESI (Note 10). The loans were subject to certain positive and negative covenants such as the requirement for MESI to maintain its debt service cover ratio of at least 1.0 at all times and its debt-to-equity ratio of at least 75:25 starting on the third year of the loan (January 2022) reckoned from initial drawdown date of January 2019.

MCMI incurred debt issue cost amounting to ₱11.2 million which is being amortized over the loan term of 10 years using the effective interest method. The amortization of debt issue cost amounting to ₱2.4 million in 2021 and 2020 were recorded as part of interest expense.

Interest expense, including amortization of debt issue cost, amounted to ₱63.6 million in 2021 and 2020 and ₱58.3 million in 2019 (Note 22).

Outstanding balance of secured long-term loans as of December 31 follows:

	2021	2020
Principal	**₱1,500,000**	₱1,500,000
Unamortized debt issue cost	**(5,354)**	(7,725)
	₱1,494,646	₱1,492,275

18. Equity

Capital Stock

Capital stock consists of 2,000,000,000 authorized shares with 1,044,263,197 issued and outstanding common shares as of December 31, 2021 and 2020, with a par value of ₱1 per share.

On September 15, 1989, SEC approved the registration of the Parent Company's entire authorized capital stock with a Certificate of Permit to Sell Securities authorizing the sale of 25 billion shares worth ₱250.00 million. The Parent Company's capital stock was listed in both Manila and Makati Stock Exchanges on January 24, 1990. Actual number of shares initially listed is 15 billion at an offer price of ₱0.01 per share.

Below is the summary of the Parent Company's outstanding number of shares and holders of securities as at December 31:

Year	Number of shares registered	Number of holders of securities as at year end
January 1, 2020	1,044,262,925	2,017
Add (deduct) movement	–	(4)
December 31, 2020	1,044,262,925	2,013
Add (deduct) movement	272	(7)
December 31, 2021	1,044,263,197	2,006

Retained Earnings

In accordance with Revised Securities Regulation Code (SRC) Rule No. 68, the Parent Company's retained earnings available for dividend declaration as at December 31, 2021 and 2020 amounted to ₱1,259.2 million and ₱982.6 million, respectively. The Parent Company and its subsidiaries will declare dividends out of their retained earnings available for dividend declaration.

The retained earnings account in the consolidated statements of financial position includes the accumulated equity in undistributed earnings of consolidated subsidiaries amounting ₱6,256.53 million and ₱6,043.84 million as at December 31, 2021 and 2020, respectively. These are not available for dividends until declared by the subsidiaries.

The BOD declared cash dividends as follows:

	2021	2020	2019
November 12, 2021, (₱0.239403 per share) to stockholders of record as of November 29, 2021, payable on December 22, 2021	**₱250,000**	₱–	₱–
April 8, 2021, (₱0.06 per share to stockholders of record as of May 7, 2021, payable on May 31, 2021	**62,656**	–	–
March 27, 2020, (₱0.070143 per share) to stockholders of record as of April 14, 2020, payable on May 8, 2020	–	73,248	–
June 28, 2019, (₱0.01373 per share to stockholders of record as of July 25, 2019, payable on August 16, 2019	–	–	14,338
March 29, 2019, 6% cash dividends (₱0.06 per share) to stockholders of record as of April 15, 2019, payable on May 14, 2019	–	–	44,936
	₱312,656	₱73,248	₱59,274

On April 1, 2022, the BOD declared ₱167.08 million cash dividends (₱0.16 per share) to stockholders of record as of April 29, 2022, payable on May 20, 2022.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group considers its equity attributable to equity holders of the Parent Company as Capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2021 and 2020.

As at December 31, 2021 and 2020, the Group is not subject to externally imposed capital requirements except for the long-term loan of NTC that is subject to debt to equity ratio requirement (Note 17).

The Group monitors capital using a debt-to-equity ratio, which is total liabilities divided by total equity attributable to equity holders of Parent Company. The Group's policy is to keep the debt-to-equity ratio not to exceed 2:1.

	2021	2020
Liabilities (a)	**₱5,008,841**	₱5,219,750
Equity (b)	**10,869,371**	10,252,416
Debt-to-equity ratio (a/b)	0.46:1.00	0.51:1.00

19. Revenue from Contracts with Customers

Revenue from schools and related operations consists of:

	2021	2020	2019
Tuition and other matriculation fees	**₱3,570,963**	₱3,223,956	₱2,949,845
Less: Scholarship grants and discounts	**(289,692)**	(273,208)	(119,911)
	3,281,271	2,950,748	2,829,934
Other student-related income:			
Seminar fee income	**6,444**	4,352	16,573
Miscellaneous	**63,352**	62,006	150,266
	₱3,351,067	₱3,017,106	₱2,996,773

Miscellaneous income consists of other student-related income which are other than payment for tuition fees. These include, but not limited to, entrance examination fees, exit examination fees, oral examination fees, graduation fees, certification of grades, good moral and other school credentials, photocopying printing, and bookstore sales, among others.

Disaggregation of the Group's revenue from contracts with customers based on the timing of revenue recognition:

	2021	2020	2019
Revenue from schools and related operations:			
Revenue from tuition and other matriculation fees (over time)	**₱3,281,271**	₱2,950,748	₱2,829,934
Other student-related income (at a point in time)	**69,796**	66,358	166,839
	₱3,351,067	₱3,017,106	₱2,996,773

For the Group's receivables and contract liabilities, these are disclosed in Notes 8 and 14, respectively.

20. Cost of Schools and Related Operations

Cost of schools and related operations account consists of:

	2021	2020	2019
Personnel expenses (Note 24)	**₱1,032,944**	₱1,037,808	₱927,214
Depreciation and amortization	**344,366**	367,984	336,843
Management and other professional fees (Note 15)	**91,716**	129,208	166,467
Student-related expenses	**70,926**	111,052	216,292
Periodicals	**94,060**	89,554	40,198
IT expense - software license	**79,620**	76,467	46,854
Utilities	**50,131**	61,547	128,761
Accreditation cost	**23,077**	31,682	11,122
Repairs and maintenance	**24,629**	20,049	34,664
Advertising	**30,388**	18,478	19,696
Tools and library books (Notes 10 and 13)	**15,992**	17,587	33,969
Research and development fund	**19,870**	10,738	16,211
Insurance	**10,325**	10,601	10,101
Taxes and licenses	**7,978**	7,321	2,880
Seminar	**7,621**	7,267	16,769
Office supplies	**2,432**	6,437	16,084
Laboratory supplies	**1,601**	3,728	7,955
Entertainment, amusement and recreation	**1,124**	1,210	1,375
Transportation and travel	**1,150**	917	2,163
Rent (Note 31)	**265**	184	430
Miscellaneous	**4,362**	5,589	4,012
	₱1,914,579	₱2,015,408	₱2,040,060

a. Details of depreciation and amortization follows:

	2021	2020	2019
Depreciation (Note 10)	**₱362,238**	₱379,852	₱333,986
Depreciation - ROU assets (Note 31)	**54,832**	58,985	47,234
Amortization - Student relationship (Note 6)	**35,064**	22,310	14,874
Amortization (Note 13)	**4,551**	2,275	1,518
	₱456,685	₱463,422	₱397,612

b. Depreciation and amortization expenses as function of expense follows:

	2021	2020	2019
Cost of schools and related operations	**₱292,352**	₱312,302	₱289,610
Cost of schools and related operations - ROU assets (Note 31)	**52,013**	55,682	47,233
	344,366	367,984	336,843
General and administrative expenses (Note 21)	**112,319**	95,438	60,769
	₱456,685	₱463,422	₱397,612

21. General and Administrative Expenses

This account consists of:

	2021	2020	2019
Personnel expenses (Note 24)	**₱195,388**	₱212,163	₱143,472
Management and other service fees (Note 15)	**136,951**	150,649	148,095
Depreciation and amortization (Notes 10, 13 and 20)	**112,319**	95,438	60,769
Provisions for doubtful accounts (Note 8)	**114,229**	48,755	79
Advertising	**40,147**	26,517	21,401
Taxes and licenses	**15,442**	19,970	15,485
Repairs and maintenance	**11,876**	15,422	17,388
Utilities	**12,839**	13,914	11,379
Insurance	**6,944**	5,125	5,394
Donations	**3,877**	4,452	3,767
IT expense - software license	**2,699**	3,983	3,478
Transportation and travel	**2,331**	2,900	5,123
Entertainment, amusement, and recreation	**2,326**	2,549	3,642
Commission	**3,184**	2,230	829
Seminar	**4,369**	2,087	11,269
Office supplies	**773**	1,720	4,094
Investor relations	**3,877**	1,306	9,765
Rent (Note 31)	**180**	547	3,361
Miscellaneous	**30,488**	10,215	12,671
	₱702,359	₱619,942	₱481,461

Management and other service fees consist of property management fees, janitorial and security service fees, lawyers, payroll specialists and others (Note 15).

Miscellaneous expense includes dues and subscriptions, manual and training materials, periodicals and other contracted services, among others.

22. Interest Income, Interest and Other Finance Charges

The Group's interest income consists of interest from the following sources:

	2021	2020	2019
Cash in banks and cash equivalents (Note 7)	**₱6,050**	₱10,734	₱22,630
Advances to officers and employees (Note 8)	**142**	163	128
	₱6,192	₱10,897	₱22,758

The Group's interest and other financing charges consist of interest on the following:

	2021	2020	2019
Short-term loans (Note 16)	₱6,706	₱18,305	₱37,210
Long-term loans (Note 17)	84,870	84,845	63,945
Interest expense on lease liabilities (Note 31)	28,841	35,384	22,752
Bank charges	18,160	13,228	5,431
	₱138,577	₱151,762	₱129,338

23. Income Tax

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

- Effective January 1, 2021, income tax rate for nonresident foreign corporation is reduced from 30% to 25%.

- Preferential income tax rate for proprietary educational institutions and hospitals which are nonprofit is reduced from 10% to 1% effective July 1, 2020 up to June 30, 2023 and 10% thereafter.

- Imposition of improperly accumulated earnings tax (IAET) is repealed.

As of December 31, 2020, the impact of CREATE Act was considered as a non-adjusting subsequent event. Hence, the impact on current and deferred tax was recognized in the 2021 consolidated financial statements.

Benefit from (provision for) income tax consists of:

	2021	2020	2019
Current	₱16,823	(₱47,142)	(₱59,418)
Deferred	13,552	14,324	(8,177)
	₱30,375	(₱32,818)	(₱67,595)

The reconciliation of statutory tax rate of 25% in 2021 and 30% in 2020 to effective income tax rate follows:

	2021	2020	2019
Income before income tax at statutory rate	**25.00%**	30.00%	30.00%
Add (deduct) reconciling items:			
Difference in income tax rate	**(19.35)**	(21.87)	(14.51)
Impact of CREATE Act – current tax expense	**(4.20)**	–	–
Others	**(6.24)**	3.80	4.29
	(4.80%)	11.93%	19.78%

MESI, MHSSI, MCLI, MCMI, UNC, NTC and APEC are educational institutions which are subject to a lower or preferential income tax rate of 10% until June 2020 and 1% thereafter until June 2023.

The Group's net deferred tax assets and liabilities consist of the following:

	2021	2020
Deferred tax assets		
Allowance for ECL	**₱16,042**	₱22,846
NOLCO	**16,005**	–
Retirement asset	**5,987**	6,142
Deferred school fees	**84**	2,912
Unrealized foreign exchange loss	–	1
	38,118	31,901
Deferred tax liabilities - net		
Revaluation increment on land	**464,044**	454,013
Intellectual property rights and student relationship	**56,686**	60,193
Accruals	**(15,431)**	(15,431)
Retirement liabilities	**(10,539)**	(13,210)
Allowance for ECL	**(6,693)**	(4,556)
Allowance for inventory obsolescence	**(53)**	(53)
NOLCO	–	(1,164)
Others	**1,155**	(2,815)
	489,169	476,977
Net deferred tax liabilities	**₱451,051**	₱445,076

The movements of the Group's net deferred tax liabilities follow:

	2021	2020
Beginning	**₱445,076**	₱638,331
Provisions during the year	**(13,552)**	(14,324)
Reversal of deferred tax liability on revaluation increment of land sold through sale of subsidiary (Note 11)	**–**	(273,792)
Tax effects of:		
Revaluation increment on land (Note 11)	**16,471**	101,715
Remeasurement gains (losses) on defined benefit plans (Note 25)	**3,056**	(6,854)
	₱451,051	₱445,076

The Group did not recognize deferred tax assets on the following NOLCO, MCIT and temporary differences because the Group believes that it may not be probable that sufficient taxable income will be available in the future against which the tax benefit can be realized.

	2021	2020
Tax effect of:		
NOLCO	₱40,890	₱50,101
Allowance for ECL	1,703	1,703
Provision for retirement and others	1,020	1,005
Others	33	42
MCIT	1,838	1,396
	₱45,484	₱54,247

As at December 31, 2021 and 2020, the details of NOLCO and MCIT, which are available for offset against future taxable income and tax payable, respectively, follow:

	NOLCO		MCIT	
	2021	2020	2021	2020
Beginning balance	₱502,175	₱488,424	₱1,396	₱780
Additions	88,418	160,881	528	730
Expiration	(165,687)	(147,130)	(86)	(114)
Ending balance	₱424,906	₱502,175	₱1,838	₱1,396

		NOLCO			MCIT	
Year Incurred	Year of Expiration	2021	2020	Year of Expiration	2021	2020
2021	2026	₱88,418	₱–	2024	₱528	₱–
2020	2025	160,881	₱160,881	2023	730	₱730
2019	2022	175,607	175,607	2022	580	580
2018	2021	–	165,687	2021	–	86
		₱424,906	₱502,175		₱1,838	₱1,396

NOLCO incurred in 2021 and 2020 can be carried over for the next five years by the respective entities in accordance with the provision of Republic Act (RA) No. 11494, Bayanihan to Recover As One Act, with implementing guidelines covered by Revenue Regulations No. 25-2020.

24. Personnel Expenses

a. Details of personnel expenses are as follows:

	2021	2020	2019
Compensation	₱1,125,482	₱1,116,607	₱937,171
Retirement benefits (Note 25)	45,590	34,241	27,857
Miscellaneous benefits	57,260	106,099	105,658
	₱1,228,332	₱1,256,947	₱1,070,686

Miscellaneous benefits pertain to honoraria and mandatory government benefits, among others.

b. Personnel expenses as function of expense follows:

	2021	2020	2019
Cost of schools and related operations (Note 20)	**₱1,032,944**	₱1,037,808	₱927,214
General and administrative expenses (Note 21)	**195,388**	212,163	143,472
	₱1,228,332	₱1,249,971	₱1,070,686

25. Retirement Plans

The Group has a noncontributory and defined benefit retirement plan covering all of its regular employees. The benefits are based on the years of service and percentage of latest monthly salary. The retirement benefit is the only long-term benefit given to employees. Short-term benefits are expensed outright.

The most recent actuarial valuation was carried out in January 2022 for the retirement plan of the Group as at December 31, 2021.

The following tables summarize the components of amounts recognized in the consolidated statements of financial position for the retirement obligation/asset and pension expense recognized in the consolidated statements of comprehensive income.

	2021	2020
Net pension assets	**₱18,130**	₱4,727
Net pension liabilities	**124,152**	168,134

Components of pension expense follow:

	2021	2020	2019
Current service cost	**₱40,870**	₱37,410	₱27,182
Net interest cost on defined benefit obligation	**4,720**	4,320	675
Curtailment gain	**–**	(7,489)	–
Net pension expense (Note 24)	**₱45,590**	₱34,241	₱27,857

The net pension assets recognized in the consolidated statements of financial position as at December 31, 2021 and 2020 is as follows:

	2021	2020
Fair value of plan assets	**₱119,646**	₱56,484
Present value of defined benefit obligation	**(101,170)**	(51,603)
Effect of asset ceiling	**(347)**	(154)
	₱18,130	₱4,727

The net pension liabilities recognized in the consolidated statements of financial position as at December 31, 2021 and 2020 is as follows:

	2021	2020
Fair value of plan assets	₱214,626	₱280,889
Present value of defined benefit obligation	(338,778)	(449,023)
	(124,152)	(₱168,134)

The movements in the net pension liabilities (assets) follow:

	2021	2020
At beginning of year	₱163,407	₱97,645
Contribution paid	(25,290)	(29,058)
Net pension expense	45,590	34,241
Remeasurement gain (losses) recognized in OCI	(69,154)	60,852
Adjustments and reversals	(2,667)	–
Benefits paid	(5,863)	(273)
At end of the year	₱106,023	₱163,407

The net pension liabilities as of December 31 were derived as follows:

	2021	2020
Present value of defined benefit obligation	₱440,079	₱500,447
Fair value of plan assets	(334,403)	(337,194)
Effect of asset ceiling	347	154
Net pension liabilities	₱106,023	₱163,407

The reconciliation of the present value of defined benefit obligation is as follows:

	2021	2020
Beginning balance	₱500,447	₱416,105
Current service cost	44,799	37,410
Interest cost	18,436	20,346
Benefits paid	(39,257)	(26,202)
Curtailment gain	(4,934)	(7,489)
Remeasurement losses (gains) on obligation:		
Experience adjustments	(27,979)	5,940
Changes in demographic assumptions	(2,527)	5,878
Changes in financial assumptions	(48,906)	48,459
Ending balance	₱440,079	₱500,447

The reconciliation of the fair value of plan assets is as follows:

	2021	2020
Beginning balance	₱337,194	₱320,682
Benefits paid	(30,361)	(25,929)
Interest income	12,717	16,149
Contributions paid	25,187	29,058
Remeasurement gains (losses) on plan assets	(8,273)	(2,766)
Withdrawal	(1,582)	–
Adjustment to plan assets	(479)	–
Ending balance	₱334,403	₱337,194

Remeasurement losses (gains) recognized in OCI follow:

	2021	2020
Remeasurement losses (gains)	(₱77,661)	₱63,074
Return on assets excluding amount included in net interest cost	8,507	–
Total remeasurement losses (gains) recognized in OCI	(₱69,154)	₱63,074

The distribution of plan assets as at December 31, 2021 and 2020 is as follows:

	2021		2020	
	Amount	%	Amount	%
Cash and cash equivalents	₱121,900	36.48%	₱180,796	53.59%
Investments in:				
Government securities	151,080	45.21%	128,850	38.19%
Certificate of time deposits	-	-	-	-
Equity instruments	52,064	15.58%	28,731	8.52%
Interest and other receivables	10,381	3.11%	1,802	0.53%
Accrued trust fees	(1,022)	-0.37%	(2,806)	-0.83%
	₱334,403	100.00%	₱337,373	100.00%

Actual return on plan assets amounted to ₱8.26 million and ₱13.38 million in 2021 and 2020, respectively.

The Group plans to contribute ₱22.4 million in 2022.

The principal actuarial assumptions used in determining retirement expense are as follows:

	2021	2020
Discount rate:		
Beginning	3.65%-4.07%	4.79%-5.54%
End	4.95%-5.17%	3.65%-4.07%
Salary increase rate:		
Beginning	3.00%-5.91%	3.00%-6.00%
End	3.31%-5.00%	3.00%-5.91%

The sensitivity analysis that follows has been determined based on reasonably possible changes of each significant assumption on the retirement benefit obligation as of the end of reporting period, assuming all other assumptions were held constant.

As at December 31, 2021

	Rate	Increase (Decrease)	PVO
Discount rate	**5.68%**	**+100bps**	**₱293,386)**
	4.86%	**-100bps**	**348,271**
Salary rate	**5.72%**	**+100bps**	**₱360,722**
	4.55%	**-100bps**	**298,365)**

As at December 31, 2020

	Rate	Increase (Decrease)	PVO
Discount rate	9.44%	+100bps	₱209,786
	6.37%	-100bps	375,256
Salary rate	4.50%	+100bps	₱375,817
	3.50%	-100bps	208,790

The sensitivity analysis above has been determined based on a method that extrapolates the impact of defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the balance sheet date. There were no changes from the previous period in the methods and assumptions used in preparing sensitivity analysis.

Each year, an Asset-Liability Matching Study (ALM) is performed with the result being analyzed in terms of risk-and-return profiles. It is the policy of the Trustee that immediate and near-term retirement liabilities of the Group's Retirement Fund are adequately covered by its assets. As such, due considerations are given that portfolio maturities are matched in accordance with due benefit payments. The Retirement Fund's expected benefits payments are determined through the latest actuarial reports.

26. Earnings Per Share

Earnings per share amounts attributable to equity holders of Parent Company are computed as follows:

	2021	2020	2019
Net income attributable to equity holders of Parent Company (a)	**₱659,108**	₱245,818	₱254,588
Weighted average number of outstanding shares - net of treasury shares (b)	**1,044,263**	1,044,263	945,820
Earnings per share (a/b)	**₱0.6312**	₱0.2354	₱0.2692

There are no dilutive potential shares that would require disclosure of diluted earnings per share in the consolidated financial statements.

27. Non-controlling Interest in Consolidated Subsidiaries

This represents shareholdings in material subsidiaries not held by the Group. Proportion of equity interest held by non-controlling interests (NCI) in material subsidiaries for 2021 and 2020 follows:

	2021	2020
University of Nueva Caceres	**16.38%**	16.38%
National Teachers College	**0.21%**	0.21%

Non-controlling interests in material subsidiaries as at December 31 follows (in million pesos):

	2021	2020
University of Nueva Caceres	**₱245**	₱237
National Teachers College	**2**	3

Dividends paid to non-controlling interest in consolidated subsidiaries amounted to nil in 2021 and 2020.

As at December 31, 2021 and 2020, the summarized financial information attributable to non-controlling interests in material subsidiaries is shown below.

(In million pesos)

	University of Nueva Caceres		National Teachers College	
	2021	2020	**2021**	2020
Assets				
Current assets	**₱364**	₱329	**₱391**	₱284
Noncurrent assets	**1,400**	1,422	**1,271**	1,257
	₱1,764	₱1,751	**₱1,661**	₱1,541
Liabilities and Equity				
Current liabilities	**₱114**	₱130	**₱156**	₱114
Noncurrent liabilities	**153**	191	**447**	471
	267	321	**604**	585
Equity	**1,498**	1,430	**1,058**	956
	₱1,764	₱1,751	**₱1,661**	₱1,541
Attributable to:				
Equity holders of parent	**₱1,252**	₱1,196	**₱1,055**	₱953
Non-controlling interest	**246**	234	**3**	3
Net revenue	**₱342**	₱297	**₱390**	₱368
Gross profit	**185**	123	**209**	191
Net income (loss)	**27**	(23)	**81**	67
Attributable to:				
Equity holders of parent	**₱23**	(₱19)	**₱81**	₱66
Non-controlling interest	**4**	(4)	**0**	1

28. Operating Segment Information

Business Segment
The business segment is determined as the primary segment reporting format as the Group's risks and rates of return are affected predominantly by each operating segment.

Management monitors the operating results of its operating segments separately for the purpose of making decision about resources allocation and performance assessment. Group financing (including interest income, dividend income and interest expense) and income taxes are managed on a group basis and are not allocated to operating segments. The Group evaluates performance based on income before income tax, and earnings before income tax, depreciation and amortization. The Group does not report its results based on geographical segments because the Group operates only in the Philippines.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the consolidated statement of financial position which is in accordance with PFRSs.

For management purposes, the Group is organized into business units based on the products and services it provides, which comprise of two (2) main groupings as follows:

Education - primarily consists of revenues of MESI, MCLI, MHSS, MCMI, NTC, UNC, and APEC in education.

Others - represent support services which cannot be directly identified with the reportable segment mentioned above.

Segment financial information is reported on the basis that it is used internally for evaluating segment performance and allocating resources to segments.

Segment assets and liabilities exclude deferred tax assets and liabilities.

Segment reporting is consistent in all periods presented as there are no changes in the structure of the Group's internal organization that will cause the composition of its reportable segment to change.

Capital expenditures consist of additions to property and equipment, including land acquisition.

(In million pesos)

	Education			Others			Elimination			Consolidated		
	2021	2020	2019	**2021**	2020	2019	**2021**	2020	2019	**2021**	2020	2019
Revenues												
Income from external customers	**₱3,351**	₱3,017	₱2,997	**₱-**	₱-	₱-	**₱-**	₱-	₱-	**₱3,351**	₱3,017	₱2,997
Total Revenues	**₱3,351**	₱3,017	₱2,997	**₱-**	₱-	₱-	**₱-**	₱-	₱-	**₱3,351**	₱3,017	₱2,997
Net Income attributable to Parent Company	**₱814**	₱310	₱326	**₱589**	(₱1)	(₱17)	**(₱744)**	(₱63)	(₱55)	**₱659**	₱246	₱254
Other Information												
Segment assets	**₱16,336**	₱15,744	₱18,002	**₱6,067**	₱5,838	₱5,889	**(₱6,275)**	(₱5,870)	(₱7,618)	**₱16,129**	₱15,712	₱16,273
Segment liabilities	**5,436**	5,217	6,540	**114**	168	178	**(541)**	(165)	(178)	**5,009**	5,220	6,540
Deferred tax assets	**37**	28	20	**2**	2	–	**–**	2	–	**38**	32	20
Deferred tax liabilities	**380**	358	543	**42**	47	41	**67**	72	73	**489**	477	659
Cash flows arising from:												
Operating activities	**1,024**	523	804	**(75)**	(31)	(26)	**(100)**	(397)	210	**849**	95	988
Investing activities	**(82)**	893	(1,461)	**280**	(6)	121	**(391)**	333	317	**(194)**	1,220	(1,023)
Financing activities	**(412)**	(1,125)	832	**(301)**	(62)	(121)	**343**	35	(109)	**(370)**	(1,152)	602
Interest expense	**150**	153	130	**–**	–	–	**(12)**	(1)	(1)	**139**	152	129
Provision for income tax	**(28)**	35	71	**0**	1	1	**(3)**	(3)	(4)	**(30)**	33	68
Capital expenditures	**206**	847	347	**2**	7	–	**3**	48	1,090	**211**	902	1,437
Depreciation and amortization	**412**	432	399	**1**	–	–	**44**	31	(1)	**457**	463	398

29. Notes on Consolidated Statements of Cash Flows

- Changes in the Group's liabilities arising from financing activities follow:

	2020	Non-cash Changes: Declaration of Cash Dividend	Non-cash Changes: Amortization of debt issue cost	Non-cash Changes: Additions on Lease liabilities	Interest Expense	Cash Flows	2021
Short-term loans	**₱375,000**	**₱–**	**₱–**	**₱**	**₱–**	**₱25,000**	**₱400,000**
Long-term loans	**1,872,275**	–	**2,371**	–	–	**(21,001)**	**1,853,645**
Dividends payable	**565**	**312,656**	–	–	–	**(312,656)**	**565**
Payables to related parties	**29,481**	–	–	–	–	**(15,345)**	**14,135**
Lease liabilities	**392,582**	–	–	**3,599**	**28,841**	**(67,196)**	**357,826**
	₱2,669,903	**₱312,656**	**₱2,371**	**₱3,599**	**₱28,841**	**(₱391,198)**	**₱2,626,172**

	2019	Non-cash Changes: Declaration of Cash Dividend	Non-cash Changes: Liabilities assumed from Merger	Non-cash Changes: Additions on Lease liabilities	Interest Expense	Cash Flows	2020
Short-term loans	₱1,398,800	₱–	₱–	₱	₱–	(₱1,023,800)	₱375,000
Long-term loans	1,869,903	–	2,371	–	–	–	1,872,275
Dividends payable	565	73,248	–	–	–	(73,248)	565
Payables to related parties	15,411	–	–	–	–	14,070	29,481
Lease liabilities	419,340	–	–	6,684	35,384	(68,826)	392,582
	₱3,704,019	₱73,248	₱2,371	₱6,684	₱35,384	(₱1,151,804)	₱2,669,903

	2018	Non-cash Changes: Declaration of Cash Dividend	Non-cash Changes: Liabilities assumed from Merger	Non-cash Changes: Additions on Lease liabilities	Interest Expense	Cash Flows	2019
Short-term loans	₱2,240,000	₱–	₱70,000	₱–	₱–	(₱911,200)	₱1,398,800
Long-term loans	–	–	190,000	–	–	1,679,903	1,869,903
Dividends payable	57,018	59,274	1,054	–	–	(116,781)	565
Payables to related parties	13,015	–	–	–	–	2,396	15,411
Lease liabilities	–	–	374,622	71,066	22,752	(49,100)	419,340
	₱2,310,033	₱59,274	₱635,676	₱71,066	₱22,752	₱605,218	₱3,704,019

- Noncash investing activities in 2021, 2020 and 2019 pertain to the revaluation of land amounting ₱208.8 million, ₱600.3 million and ₱22.8 million, respectively (Note 11).

- Noncash investing activities in 2019 also include the non-cash business combination as disclosed in Note 6.

30. Financial Instruments

Fair Value of Financial Instruments

The following tables set forth the carrying values and estimated fair values of the Group's financial assets and liabilities recognized as at December 31, 2021 and 2020:

	Carrying Amount	2021: Level 1	2021: Level 2	2021: Level 3	2021: Total
Financial assets measured at fair value:					
Financial assets at FVTPL	**₱9,213**	**₱9,213**	**₱–**	**₱–**	**₱9,213**

	Carrying Amount	2020 Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:					
Financial assets at FVTPL	₱9,705	₱9,705	₱–	₱–	₱9,705

The Group uses the following hierarchy in determining and disclosing the fair value of financial instruments by valuation techniques:

- *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
- *Level 3* - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents, receivables, receivables from related parties, refundable deposits, accounts payable and accrued expenses, payables to related parties, dividends payable, and short-term loans*- carrying amounts approximate fair values due to the short-term nature of these accounts.

- *Financial assets at FVTPL* - the fair values are based on net assets value per unit (NAVPU).

- *Equity instruments at FVOCI* - fair values were determined using quoted market prices at financial reporting date. The investments are included within the level 1 of the hierarchy. The movement in the cost and gain on disposal in 2019 are as follow:

	2019
As at January 1	₱14,390
Changes in fair value	3,092
Disposal	(17,482)
As at December 31	₱–

The remaining unrealized loss on equity instruments at FVOCI amounting to ₱880 was closed to retained earnings in 2020.

- *Long-term loans* - the carrying value approximates the fair value using the EIR method because future payments are discounted based on interest at market rate.

As at December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements. There are no financial assets and financial liabilities recognized at fair value based on Level 3 and there are no transfers in and out of Level 3 categories in 2021 and 2020. No financial instrument fall within Level 3.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, receivables from related parties, financial assets at FVTPL, refundable deposits, accounts payable and accrued expenses, payables to related parties, dividends payable, lease liabilities, and loans. The main purpose of these financial instruments is to raise finances for the Group's operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The BOD reviews and approves the policies for managing these risks. The Audit Committee and the Risk Management Committee of the Board meets regularly and exercises an oversight role in managing risks.

The Group's risk management policies are summarized as follows:

Credit risk and concentration of credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. The Group's exposure to credit risk relates primarily to the inability of the debtors and students to pay and to fully settle the unpaid balance of tuition fees and other charges, respectively, which are owed to the Group based on the installment payment schemes. The Group manages its credit risk in accordance with its credit policies by maintaining strict policies like not allowing students to enroll in the following term unless the unpaid balance in the previous term has been paid. The Group also withholds the academic records and clearance of the students with unpaid balances. The Group's exposure to credit risk arising from its other receivables from debtors and related parties is managed through close account monitoring and setting of limits.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Group does not have any significant exposure to any individual customer or counterparty. With respect to credit risk arising from cash and cash equivalents, receivables, amounts due from related parties, financial assets at FVTPL, and refundable deposits, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. As at December 31, 2021 and 2020, there are no collaterals held in relation to the Group's financial assets.

The table below shows the credit risk exposure on the Group's financial assets as at December 31, 2021:

	Gross carrying amount at default	Expected credit loss (Impaired)
Cash in banks	₱448,853	₱–
Cash equivalents	1,152,916	–
Receivables from:		
Tuition and other fees	1,246,586	280,682
Trade	4,964	3,873
Related parties	26,077	–
Others	71,190	5,335
Financial assets at FVTPL	9,213	–
Deposits	27,081	–
	₱2,986,880	₱289,890

December 31, 2020:

	Gross carrying amount at default	Expected credit loss (Impaired)
Cash in banks	₱344,874	₱–
Cash equivalents	971,989	–
Receivables from:		
Tuition and other fees	1,160,745	168,978
Trade	5,482	3,393
Related parties	26,048	–
Others	47,818	5,377
Financial assets at FVTPL	9,705	–
Deposits	29,322	–
	₱2,595,983	₱177,748

As disclosed in Note 4, the Group recognizes an allowance for ECLs for all debt instruments not held at fair value. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The mechanics of the ECL calculations and the key elements are, as follows:

a. *Probability of default (PD)* is an estimate of the likelihood of default over a given time horizon.
b. *Exposure at default (EAD)* is an estimate of the exposure at a future default date taking into account expected changes in the exposure after the reporting date.
c. *Loss given default (LGD)* is an estimate of the loss arising in the case where a default occurs at a given time.

The Group's debt instruments at amortized cost comprise of cash and cash equivalents and refundable deposits that are considered to have low credit risk. Hence, it is the Group's policy to measure ECL on such instrument on a 12-month basis applying the low credit risk simplification and based on the PD which is publicly available. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses external credit ratings both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECL.

For tuition and other fees receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group generally uses a provision matrix to calculate ECL. The provision rates are based on days past due for groupings based on school term. The provision matrix is initially based on the Group's historical observed default rates. The Group will then consider directly relevant forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are considered.

The Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The aging of tuition and other fees (current and past due accounts) and the ECL as at December 31 follows:

	2021					
		Past Due				
	Current	< 1 quarter	1 - 2 quarters	> 2 quarters	ECL	Total
Tuition and other fees	₱623,937	₱30,377	₱226,476	₱365,796	(₱281,120)	₱965,466

	2020					
		Past Due				
	Current	< 1 quarter	1 - 2 quarters	> 2 quarters	ECL	Total
Tuition and other fees	₱951,249	₱23,499	₱29,720	₱156,277	(₱168,978)	₱991,767

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due.

The Group seeks to manage its liquidity risk to be able to meet its operating cash flow requirements, finance capital expenditures and service maturing debts. As an inherent part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. The Treasury Department is responsible for monitoring the short-term loans and demand deposits of the Group. It assesses the status and maturity period of the loans and deposits to be able to determine the financial standing of the Group and whether the funds being maintained will be able to accommodate any maturing liabilities. Short-term and long-term funding are obtained to finance capital expenditures and working capital. To cover its short-term and long-term funding requirements, the Group intends to use internally generated funds and available credit facilities. Credit lines are obtained from BOD-designated banks at amounts based on financial forecasts approved by BOD. As at December 31, 2021, the Group has available short-term credit facilities with banks aggregating ₱50 million. In addition, the Group also has available long-term credit facilities with a bank amounting to ₱275 million as of December 31, 2021. Short-term loans obtained by the Group are renewable subject to the terms of the agreements.

The tables below summarize the maturity profile of the Group's financial assets held for liquidity purposes. The maturity groupings are based on the remaining period from the end of the financial reporting date to the contractual maturity date.

	2021			
	On demand	**Less than 1 year**	**More than 1 year**	**Total**
Financial assets at amortized cost				
Cash	**₱448,853**	**₱–**	**₱–**	**₱448,853**
Cash equivalents	**1,152,916**	**–**	**–**	**1,152,916**
Receivables*	**581,425**	**429,817**	**–**	**1,011,322**
Receivables from related parties	**26,077**	**–**	**–**	**26,077**
Financial assets at FVTPL	**9,213**	**–**	**–**	**9,213**
Deposits	**–**	**–**	**27,081**	**27,081**
	₱2,218,484	**₱429,817**	**₱27,081**	**₱2,675,462**

**excluding advances to officers and employees*

	2020			
	On demand	Less than 1 year	More than 1 year	Total
Financial assets at amortized cost				
Cash	₱344,874	₱–	₱–	₱344,874
Cash equivalents	971,989	–	–	971,989
Receivables*	465,727	548,688	–	1,014,415
Receivables from related parties	26,048	–	–	26,048
Financial assets at FVTPL	9,705	–	–	9,705
Deposits	–	–	29,322	29,322
	₱1,818,343	₱548,688	₱29,322	₱2,396,353

**excluding advances to officers and employees*

The tables below summarize the maturity profile of the Group's other financial liabilities as at December 31 based on contractual undiscounted payments and contractual remaining maturities.

	2021			
	On demand	**Less than 1 year**	**More than 1 year**	**Total**
Accounts payable and accrued expenses*	**₱550,955**	**₱69,535**	**₱–**	**₱620,490**
Payables to related parties	**14,135**	**–**	**–**	**14,135**
Dividends payable	**565**	**–**	**–**	**565**
Short-term loans	**–**	**400,000**	**–**	**400,000**
Lease liabilities	**–**	**50,551**	**303,231**	**353,782**
Long term loan	**–**	**21,001**	**1,858,999**	**1,880,000**
	₱565,655	**₱541,087**	**₱2,162,230**	**₱3,268,972**

**excluding payables to regulatory bodies, funds payable and provisions*

	2020			
	On demand	Less than 1 year	More than 1 year	Total
Accounts payable and accrued expenses*	₱694,629	₱149,233	₱–	₱843,862
Payables to related parties	29,481	–	–	29,481
Dividends payable	565	–	–	565
Short-term loans	–	375,000	–	375,000
Lease liabilities	–	73,371	438,409	511,780
Long term loan	–	–	1,880,000	1,880,000
	₱724,675	₱597,604	₱2,318,409	₱3,640,688

**excluding payables to regulatory bodies, funds payable and provisions*

31. Commitments and Contingencies

Lease Commitments

Group as a lessor

The Group's Intramuros and Makati campuses lease spaces to Digitel, Investment Managers, Inc. (IMI) and Bell Telecommunication Philippines, Inc. The lease terms cover lease periods of between three (3) years to ten (10) years with escalation rates ranging from 3.00% to 10.00%.