

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

9		M	E	N	D	I	O	L	A		S	T	.		S	A	N		M	I	G	U	E	L					
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(Business address: No. Street City / Town / Province)

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Contact Person

8735-6861 to 71

Contact Number

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Month

3	1
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Day

Fiscal Year

2	0	-	I	S
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FORM TYPE

DEFINITIVE INFORMATION STATEMENT

1	0
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Month

4 th Friday

Day

Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

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Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

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LCU

CASHIER

October 4, 2023

Mr. Vicente Graciano P. Felizmenio, Jr.
Director
Markets & Securities Regulation Department
Securities and Exchange Commission
The SEC Headquarters
7907 Makati Avenue
Salcedo Village, Makati City

**Re: Comments on the Preliminary Information Statement
Of Centro Escolar University**

Gentlemen:

This is in response to the email dated 03 October 2023 on containing the Comments to CEU's Preliminary Information Statement (SEC Form 20-IS) filed with the Commission on 29 September 2023.

The Definitive Information Statement and Management Report is submitted with your checklist; clearance from the Commission prior to said distribution is requested; and response to said checklist is hereby provided in the attached table for easy reference.

We trust that our Company's SEC Form 20-IS are now in full compliance with SRC rules and can be distributed to the stockholders.

Thank you.

Very truly yours,


JAYSON O'S RAMOS
Compliance Officer

MANILA AND MALOLOS CAMPUSES

MANILA CAMPUS

EXCELLENT SCHOOL OF MEDICINE
AND SENIOR HIGH SCHOOL

MANILA AND MALOLOS CAMPUSES

CENTRO ESCOLAR UNIVERSITY.			
SEC Form 20-IS Preliminary filed on September 29, 2023			
Checklist of Requirements	Page No.	Remarks	Reply
THE COMPANY IS ADVISE OF THE NOTICE DATED MARCH 13, 2023 RE: ALTERNATIVE MODE FOR DISTRIBUTING AND PROVIDING COPIES OF NOTICE OF MEETING, INFORMATION STATEMENT, AND OTHER DOCUMENTS IN CONNECTION WITH THE HOLDING OF ANNUAL STOCKHOLDERS' MEETING ("ASM") FOR 2023.			
MC. No. 3, Series 2020 and Section 49 of the Revised RCC (21 days prior to ASM)		Disclose compliance of Section 49 of the Revised RCCP and MC. No. 3, Series 2020	<p>See page 3. The corresponding notice of Annual Stockholders Meeting was published via 2 newspapers of general circulation, the Manila Bulletin and Tempo, both on print and online, for 2 consecutive days on October 3 and 4, 2023.</p> <p>The last day of publication, 04 October 2023 is more than 21 days before the date of the meeting.</p> <p>The affidavit of publication is not yet available as of the time of the preparation of this report.</p>
Part I.			
B. Control and Compensation Information			
ITEM 5. DIRECTORS & EXECUTIVE OFFICERS			
<i>Information required by Part IV paragraphs (A), (D)(1) and (D)(3) of "Annex C"</i>			
(A)(1) Identify Directors, including Independent Directors and Executive Officers		Identify the person/s who nominated the candidate for Independent Director's and their relationship if any.	Please see page 8. The stockholders who nominated Dr. Javier and Mr. Yuvienco are not related to them.
ITEM 6. COMPENSATION OF DIRECTORS & EXECUTIVE OFFICERS			

If action to be taken with regard to election, any bonus, profit sharing, pension/retirement plan granting of extension of any option, warrant or right to purchase any securities, furnish the following:			
(1) Summary Compensation Table	11 and 12	Per diem of each of the Board of Directors and Trustee pursuant to Revised Corporation Code of the Philippine (RCC) Section 29 and Section 49 .	Please see page 14. In individual per diem of each BOD member is disclosed.
Part III.			

MANAGEMENT REPORT

Market Price of and Dividends required by Part V of Annex C			
(1) Market Information			
(b) If the information called for by paragraph (A) of this Part is being presented, the document shall also <u>include the price information as of the latest practicable trading date</u> , and in the case of securities to be issued in connection with an acquisition, business combination or other reorganization, as of the trading date immediately prior to the public announcement of such transaction.	16	Comply with the highlighted portion re: include the price information as of the latest practicable trading date	Please see page 4 of the DIS and page 16 of the Management Report. We included the price as of 03 October 2023.



Machine Validation:

VALID UNTIL: NOVEMBER 16, 2023



Republic of the Philippines
DEPARTMENT OF FINANCE
SECURITIES AND EXCHANGE COMMISSION
The SEC Headquarters
7907 Makati Avenue, Salcedo Village,
Barangay Bel-Air, Makati City, 1209



PAYMENT ASSESSMENT FORM

No. 20231002-9089694

DATE 10/02/2023	RESPONSIBILITY CENTER MSRD
PAYOR: CENTRO ESCOLAR UNIVERSITY SAN MIGUEL, MANILA	

NATURE OF COLLECTION	QUANTITY	ACCOUNT CODE	AMOUNT
Information Statement - Registrant		4020199099 (678)	7,500.00
Legal Research Fee (A0823)		2020105000 (131)	75.00
----NOTHING FOLLOWS----			
TOTAL AMOUNT TO BE PAID			Php 7,575.00
Assessed by: fbclfin	Amount in words: SEVEN THOUSAND FIVE HUNDRED SEVENTY FIVE PESOS AND 00/100		
Remarks:			

PAYMENT OPTIONS

- Online payment thru eSPAYSEC at
• <https://espaysec.sec.gov.ph>
- Over the Counter Payments at any LandBank
branch nationwide

NOTES:

- A. The Payment Assessment Form (PAF) is valid until NOVEMBER 16, 2023.
- B. Accepted modes of payment at Landbank branches:
- Cash
 - Manager's/Cashier's Check payable to the Securities and Exchange Commission
- C. For check payment, please prepare separate Manager's checks per fund account as indicated on the breakdown summary.
- D. For over the counter payment at LandBank:
- Print 2 copies of PAF, 1 Client Copy, 1 LandBank copy
 - Accomplish the onCall Payment slip per fund account as indicated on the breakdown summary.
Use the correct Fund Account and Account No. and provide the below information:
 - Reference Number 1 - PAF No.
 - Reference Number 2 - Name of Payor appearing on the PAF
 - Present OnCall Payment Slip, together with the PAF, to the LandBank Teller
- E. You may generate the electronic official receipt (eOR) by visiting <https://espaysec.sec.gov.ph/eor>
- Payment thru ESPAYSEC - eOR available upon payment
 - LandBank OTC - eOR available within two (2) business days after the payment

F. ANY ALTERATIONS WILL INVALIDATE THIS FORM

BREAKDOWN SUMMARY

FUND ACCOUNT	AMOUNT	ACCOUNT #
SEC SRC Current Account	7,500.00	0552-2222-88
SEC BTR Account - LRF	75.00	3402-2319-20
TOTAL	Php 7,575.00	



SEC Main Office
The SEC Headquarters
7907 Makati Avenue, Salcedo Village, Barangay Bel-Air, Makati City , 1209

electronic Official Receipt

Transaction Details

eOR Number	20231002-PM-0182423-14
Transaction Number	327503032293
Payment Date	October 02, 2023 11:18 AM
Payment Scheme	master-card
Status	COMPLETED
Payment Status	PAYMENT_SUCCESS

Payment Assessment Details

PAF No.	20231002-9089694
PAF Date	2023-10-02 09:31:43
Payor Name	CENTRO ESCOLAR UNIVERSITY
Payor Address	SAN MIGUEL, MANILA

#	Nature of Collection	Account Code	Amount
1	Information Statement - Registrant	4020199099(678)	7,500.00
2	Legal Research Fee (A0823)	2020105000(131)	75.00
TOTAL			7,575.00

Total amount indicated herein does not include the convenience/service fee of the selected payment channel.

NOTICE OF ANNUAL STOCKHOLDERS MEETING

To the Stockholders of Centro Escolar University:

Notice is hereby given that the Annual Meeting of the Stockholders of CENTRO ESCOLAR UNIVERSITY (CEU) will be held on Friday, October 27, 2023, 1:00 pm, at the Dionisio C. Tiongco Hall, Centro Escolar University, No. 9 Mendiola Street, San Miguel, City of Manila, Philippines.

AGENDA

1. Call to Order
2. Proof of Notice and Quorum
3. Approval of the Minutes of Annual Stockholders' Meeting on October 21, 2022
4. Chairman's Address
5. Approval of the Annual Report of the Board of Directors
6. Ratification of all acts, resolutions, and transactions of the Board of Directors and the management for the fiscal year 2022 - 2023
7. Ratification/approval of the continuous engagement of Dr. Emil Q. Javier as independent director.
8. Election of Directors
9. Appointment of External Auditor
10. Other Matters
11. Adjournment

The minutes of the 2022 Annual Stockholders' Meeting is available at the University's website at www.ceu.edu.ph under the Corporate Information Tab.

All stockholders of record as of the close of business on October 5, 2023 are entitled to notice and to vote at the annual meeting and at any adjournment thereof. The stock and transfer book of the University will be closed from October 6, 2023 to October 26, 2023.

A PROXY instrument in accordance with the Corporation Code may also be submitted to the Office of the Corporate Secretary, Librada Avelino Hall, Centro Escolar University, 9 Mendiola Street, San Miguel, City of Manila on or before October 17, 2023. Proxies will be validated on October 20, 2023. For your convenience, a downloadable copy of the Proxy Instrument is available at www.ceu.edu.ph. WE ARE NOT, HOWEVER, SOLICITING PROXIES.

Stockholders may send their queries about the Annual Stockholders' Meeting and the Company through the Office of the Corporate Secretary at corporate@ceu.edu.ph

Pursuant to SEC Notice dated February 2022 the Stockholders may examine the Definitive Information Statement, Management Report, and SEC Form 17A at the Company's website and through the PSE Edge Portal. The University will provide, without charge, a printed copy of said documents upon the written request of a stockholder addressed to the Corporate Secretary at Centro Escolar University, No. 9 Mendiola Street, San Miguel, City of Manila, Philippines.

There will be an audio and video recording of the Annual Stockholders' Meeting. All votes cast shall be validated by the Stock and Transfer Agent, Philippine Stock Transfer Inc. (PSTI).

September 29, 2023 City of Manila


ATTY. SERGIO F. APOSTOL
Corporate Secretary

MANILA AND MALOLOS CAMPUSES

MANILA CAMPUS

EXCLUDING SCHOOL OF MEDICINE
AND SENIOR HIGH SCHOOL

MANILA AND MALOLOS CAMPUSES



FULL
AUTONOMY
STATUS



INSTITUTIONAL
ACCREDITATION
STATUS
Federation of
Accrediting Agencies
of the Philippines



ISO 9001:2015



PROFICIENCY
IN QUALITY
MANAGEMENT
SYSTEM



PARAL AWARD
PRO ECCLESIA
ET PONTIFICE
December 30, 2020

ASEAN University Network (AUN) Quality Assurance certified: Dentistry, Pharmacy, Biology, Business Administration, Hotel and Restaurant Management, Tourism Management, Nursing, Nutrition and Dietetics and Optometry Programs
• CHED Center of Excellence in Teacher Education • CHED Center of Development in Business Administration • CHED Center of Development in Optometry • HIGHEST LEVEL of accreditation, LEVEL IV, by PACUCOA as certified by FAAP: Biology, Psychology, Pharmacy, Business Administration, Dentistry, Optometry, Nutrition and Dietetics, Liberal Arts (Mass Communication

PROXY

KNOW ALL MEN BY THESE PRESENTS:

I, the undersigned, a stockholder of CENTRO ESCOLAR UNIVERSITY, do hereby nominate, constitute and appoint _____ as my attorney and proxy to represent me and vote all shares registered in my name on the books of said corporation or owned by me, at any and all regular and special meetings of the stockholders of said corporation and adjournments and postponements thereof as fully to all intents and purposes as I might or could do if present and acting in person, hereby ratifying and confirming any and all matters which may properly come before any said meetings, or adjournments and postponements thereof.

This proxy shall take precedence over any other proxy and revokes and supersedes any proxy(ies) that I may have previously executed, and it shall continue until such time as the same is withdrawn by me through notice in writing. This proxy shall continue for a period of five (5) years or until such time as the same is withdrawn by me through notice in writing delivered to the Secretary.

I hereby confirm that my only proxy(ies) is/are the person(s) mentioned above and that this proxy is the only one that should be honoured.

In case of non-attendance of my abovenamed proxy(ies) at any particular meeting, I authorize and empower the Chairman of the meeting to fully exercise all rights as my proxy(ies) at such meeting.

IN WITNESS WHEREOF, I have hereunto signed these presents this _____ day of _____, 20 _____ in _____.

(Stockholder's Signature)

(Name in Print)

WITNESS:

(Signature over Printed Name)

Minutes of the Annual Stockholders' Meeting
Centro Escolar University
Virtually via Zoom Communications
21 October 2022

(For Approval at the 2023 Annual Stockholders' Meeting)

Total Outstanding Shares	Shares Present	Abstentions
372,414,400 shares	275,698,970 shares	-

Tally of votes

Item	For	Against	Abstain	Decision
Approval of the Minutes of the 22 October 2021 Annual Stockholders Meeting	275,698,970	0	0	Approved
Approval of the Annual Report of the Board of Directors	275,698,970	0	0	Approved
Ratification of all acts, resolutions, and transactions of the Board of Directors and the Management for the fiscal year 2021-2022	275,698,970	0	0	Approved
Continuous engagement and nomination of Dr. Emil Q. Javier and Dr. Angel C. Alcala as independent directors.	275,376,336	0	322,634	Approved
Appointment of SGV and Co. as External Auditor	275,698,970	0	0	Approved

Directors Present

Mr. Basilio C. Yap, *Chairman*
Dr. Ma. Cristina D. Padolina, *Vice Chairman*
Dr. Emil Q. Javier, *Independent Director*
Dr. Angel C. Alcala, *Independent Director*
Dr. Alejandro C. Dizon, *Director*
Mr. Benjamin C. Yap, *Director*
Dr. Emil C. Yap III, *Director*
Dr. Johnny C. Yap, *Director*
Ms. Corazon M. Tiongco, *Director*

Call to Order

The meeting was called to order at 1:00pm by Dr. Padolina, Vice Chairman and President, who presided over the meeting. Dr. Padolina acknowledged the other directors who were present and noted the unique nature of the meeting, which is being conducted primarily online due to the attendant circumstances. After reminding everyone that the meeting is being recorded as required by the SEC, Dr. Padolina called on Ms. Corazon M. Tiongco, Director, to lead the prayer.

Proof of Notice of Meeting

After the prayer, Dr. Padolina asked the Corporate Secretary, Atty. Sergio F. Apostol, whether the required notices were sent to the stockholders. Atty. Apostol stated that in accordance with Rule 20 of the Securities Regulation Code, and in consonance with the Notice of the Securities and Exchange Commission to Publicly-Listed Companies dated February 2022, the notice for the stockholders' meeting was published in the business section of two newspapers of general circulation – The Manila Bulletin, and Tempo – in print and online format, for two consecutive days.

The last day of publication, September 28, 2022 complies with the minimum twenty-one (21) days requirement prior to the date of the meeting. A Certification to this effect was executed by the publishing companies utilized by Management for the purpose and part of the records of the University.

Atty. Apostol further stated that the notice for the meeting was posted on the Company's website www.ceu.edu.ph, and on the Company's PSE EDGE portal.

As such, Atty. Apostol certified that the Stockholders were duly notified.

Certification of Quorum

Atty. Apostol stated that according to the guidelines which were circulated to the stockholders, the last day for registration for the online meeting was October 10, 2022.

Based on the tally, the total number of shares of those who successfully registered online, and represented by proxy amount to 275,698,970 shares or at least 74.03% of the 372,414,400 total outstanding shares.

Atty. Apostol then certified that there was a quorum for the valid transaction of business during the meeting.

Before proceeding any further, Dr. Padolina requested the Corporate Secretary to briefly present the rules for the conduct of the meeting and the voting procedure.

Mr. Tan, the Assistant Corporate Secretary briefly discussed the rules. Viz:

The voting rights of each stockholder and the requirements and procedure for participation and voting through remote communication were set out in the Company's Definitive Information Statement.

First, stockholders who have completed their registration on or before October 10, 2022 and were successfully verified are allowed to participate in the meeting and are deemed present for purposes of determining the quorum.

Second, stockholders may send questions and/or comments about the items in the agenda prior to or during the Annual Meeting to corporate@ceu.edu.ph. Questions which cannot be addressed during the meeting will be referred to the Corporate Secretary for a response.

Third, there will be 6 items in the Agenda submitted for voting; these are:

- a. The Approval of the Minutes of the 2021 Annual Stockholders' Meeting held on October 22, 2021;
- b. Approval of Management Report;
- c. Ratification of all Acts and Resolutions of Management and the Board in fiscal year 2021-2022;
- d. Continuous nomination/engagement of Dr. Emil Q. Javier and Dr. Angel C. Alcala as independent directors;
- e. Election of Directors for the year 2022- 2023; and,
- f. Appointment of External Auditor for the year 2022-2023

The deadline for submission of proxies was on October 10, 2022. Proxies were validated on October 13, 2022.

Because of the prevailing risk of COVID 19 infection, voting in absentia was utilized for this meeting. For this purpose, stockholders were given until October 19, 2021 to cast their votes via the www.ceu.edu.ph.

Approval of the Minutes of the Meeting Held October 22, 2021

Atty. Apostol stated that a copy of the Minutes of the 2021 Annual Stockholders Meeting held on October 22, 2021 was made available on the Corporate Information portion of the Company's website. In addition, a summary of the matters approved in the last stockholders' meeting is set out in the Definitive Information Statement which was also made available to the stockholders.

As such, since the stockholders have been fully apprised of this item in the agenda, it was proposed that the reading of the Minutes of the 2021 Annual Stockholders' Meeting held on October 22, 2021 be dispensed with, and that the minutes of that meeting, as appearing in the minutes book of the Company, be approved.

The tally of votes was then presented which shows that based on the total votes received, more than the required majority of the outstanding shares of the Company equivalent to 275,698,970 shares (74.03%) approved the Minutes of the 2021 Annual Stockholders' Meeting held on October 22, 2021.

The Minutes of the 2021 Annual Stockholders' Meeting held on October 22, 2021 therefore, was approved.

Resolution

"Resolved, as it is hereby approved, that the Minutes of the 2021 Annual Stockholders' Meeting held on October 22, 2021 is hereby approved."

Management Report for the Fiscal Year 2021 - 2022.

Dr. Padolina stated that the Management Report is included in the Definitive Information Statement which was made available to the stockholders via the Company's website and PSE EDGE portal.

Highlights of the report was then presented by Dr. Padolina.

After the presentation, Dr. Padolina asked Atty. Apostol if there were questions submitted by the stockholders in relation to the Management Report.

As there were no questions, the votes on the approval of the Management Report was presented. Based on the tally of votes more than the required majority of the outstanding shares of the Company, equivalent to 275,698,970 shares (74.03%) voted in favour of the matter.

With the shareholders owning at least a majority of the outstanding shares voting in favor of the matter, the Management Report as reflected in the Annual Report together with the financial statements for the fiscal year 2021-2022 is approved.

Resolution

“Resolved, as it is hereby approved, that the Annual Report together with the financial statements for the fiscal year 2021-2022 is hereby approved.”

Ratification of all the Acts, Proceedings and Resolutions of the Board of Directors and Management of the Company for Fiscal Year 2021-2022

Dr. Padolina stated that a summary of acts, proceedings, and resolutions is contained in the Definitive Information Statement made available to the stockholders through www.ceu.edu.ph and the PSE Edge Portal. These acts, proceedings and resolutions were discussed and approved in the meetings of the Board and its Committees and covered by minutes, which are on file and are available for inspection upon the request of any stockholder.

Dr. Padolina then asked if there were questions submitted regarding the matter. There being none, the tally of votes on the matter was presented.

Based on the total votes received, more than the required majority of the outstanding shares of the Company equivalent to 275,698,970 shares (74.03%) voted in favour of approving all the legal acts, resolutions and proceedings of the Board of Directors and Corporate Officers of the Company for Fiscal Year 2021-2022.

With shareholders owning at least a majority of the outstanding shares voting in favour of the matter, the acts, proceedings and resolutions of the Board of Directors and Management for Fiscal Year 2021-2022 as reflected in the minutes of the Board of Directors are approved, confirmed and ratified.

Resolution

“Resolved, as it is hereby resolved, that the acts, proceedings and resolutions of the Board of Directors and Management for Fiscal Year 2021-2022 as reflected in the minutes of the Board of Directors are hereby approved, confirmed and ratified.”

Ratification/Approval of the Continuous engagement of Dr. Javier and Dr. Alcala as Independent Directors.

Dr. Padolina called on a member of the Nomination Committee, Ms. Corazon M. Tiongco, to present the Nomination Committee Report which was thoroughly discussed in the Definitive Information Statement. According to Ms. Tiongco:

1. During the meeting of the Nomination Committee last 29 July 2021, the committee set 22 August 2022 as the last day of submission of names of nominees for Independent Directors.
2. The corresponding Notice to All Stockholders was submitted to the Securities and Exchange Commission as well as the Philippine Stock Exchange. A copy of the Notice was also posted on the CEU Website.
3. As of the closing of business hours of 22 August 2022. Only 2 nominations were submitted. That of Dr. Javier and Dr. Alcala.
4. In this connection, the committee notes that both Dr. Javier and Dr. Alcala has already served as Independent Directors for ten (10) years since 2012.
5. Under SEC Memorandum Circular 4 s. 2017, Independent Directors shall have a cumulative term limit of nine (9) years. The reckoning for the nine (9) period is 2012.
6. The same Memorandum Circular, however, provides that in the instance that a company wants to retain an Independent Director who has served for nine (9) years, the Board should provide meritorious justifications and seek shareholders' approval during the annual shareholders' meeting.
7. In view of the foregoing, and as approved by the Board, the continuous engagement/nomination of Dr. Javier and Dr. Alcala, is submitted to the approval of the shareholders during this Annual Stockholders' Meeting for the following meritorious reasons:
 - a. The prevailing conditions where CEU is currently implementing its continuity plan requires the guidance of Dr. Javier and Dr. Alcala who are already familiar with the peculiar circumstances of the University.
 - b. The personal qualifications of both Dr. Javier and Dr. Alcala, as well as their experience in the field of education is crucial for the survival of the university during these trying times where schools are still feeling the lingering effects of the K-12 program, the free tertiary education act, and the COVID 19 Pandemic. In this connection, the qualifications of Dr. Javier and Dr. Alcala are setout in the Definitive Information Statement.
 - c. As shown by the nominations submitted as of 22 August 2022, no suitable replacement can be had at this time.

Dr. Padolina then asked if there were questions submitted regarding the matter. There being none, the tally of votes on the matter was presented.

Based on the total votes received, more than the required majority of the outstanding shares of the Company equivalent to 275,376,336 shares voted in favour of the continuous engagement of Dr. Javier and Dr. Alcala as Independent Directors.

Resolution

“Resolved, as it is hereby resolved, that the continuous engagement of Dr. Javier and Dr. Alcala as Independent Directors is hereby approved.”

Election of Directors for the fiscal year 2022-2023.

Dr. Padolina called on a member of the Nomination Committee, Ms. Corazon M. Tiongco, to name the individuals who are the nominees for the nine (9) seats in the Board. Ms. Tiongco then reported that in a meeting held on August 26, 2022, the Nomination Committee approved the nomination of the following individuals as Independent Directors of the Company for the year 2022-2023:

Dr. Emil Q. Javier

Dr. Angel C. Alcala

Ms. Tiongco further stated that in the same meeting, the following, after evaluation, were identified as nominees for Directors:

Mr. Basilio C. Yap

Dr. Ma. Cristina D. Padolina

Mr. Benjamin C. Yap

Dr. Alejandro C. Dizon

Dr. Emilio C. Yap III

Ms. Corazon M. Tiongco

Dr. Johnny C. Yap

Atty. Apostol stated that after tallying the ballots and the votes of proxies received, and considering further that there are only nine (9) nominees for the nine (9) seats in the Board, all the nominees are effectively elected as Directors of the Corporation for the year 2022 to 2023, getting the following votes:

Name	Votes Received
Dr. Angel C. Alcala (independent)	275,376,336
Dr. Emil Q. Javier (independent)	275,376,336
Mr. Basilio C. Yap	275,376,336
Dr. Ma. Cristina D. Padolina	275,398,970
Dr. Alejandro Dizon	275,376,336
Mr. Benjamin C. Yap	275,376,336
Ms. Corazon M. Tiongco	275,676,336
Dr. Emil C. Yap III	275,376,336
Dr. Johnny C. Yap	275,376,336

Resolution

“Resolved that the following are the duly elected directors of CEU for the ensuing fiscal year and until the election and qualification of their successors:

Dr. Emil Q. Javier and

Dr. Angel C. Alcala, as the Independent Directors

Mr. Basilio C. Yap

Dr. Ma. Cristina D. Padolina

Mr. Benjamin C. Yap

Dr. Alejandro C. Dizon

Dr. Emilio C. Yap III

Ms. Corazon M. Tiongco and

Dr. Johnny C. Yap.

Appointment of External Auditor for the Fiscal Year 2022-2023

Dr. Padolina called on Dr. Emil Q. Javier, the Chairperson of the Audit Committee, to name the firm nominated to be the External Auditor for the Fiscal Year 2022-2023. Dr. Javier reported that after careful deliberation, and after considering the quality of its audit work with the Company for the past fiscal years, the reasonableness of its fees and its reputation, that the Audit Committee is endorsing the reappointment of the auditing firm of **Sycip, Gorres, Velayo & Co. (SGV)** as External Auditor of the Company for the fiscal year 2022-2023.

Based on the total votes received, more than the required majority of the outstanding shares of the Company equivalent to 275,698,970 shares voted in favor of the appointment of **Sycip, Gorres, Velayo & Co. (SGV)** as External Auditor of the Company for the year 2022-2023.

With the shareholders owning at least a majority of the outstanding shares voting in favor of the matter, the appointment of **Sycip, Gorres, Velayo & Co. (SGV)** as External Auditor of the Company for the year 2022-2023 is hereby approved.

Resolution

“Resolved, as it is hereby resolved, that the University hereby appoints **Sycip, Gorres, Velayo & Co. (SGV)** as External Auditor of the Company for the year 2022-2023”

Other Matters

Atty. Apostol informed Dr. Padolina that there were no further questions submitted online.

Adjournment

There being no further matters to discuss, upon motion duly seconded, the Stockholders' Meeting was adjourned at 2:00pm.

CENTRO ESCOLAR UNIVERSITY

(Company's Full Name)

**9 Mendiola Street
San Miguel, Manila**

(Company's Address)

8735-6861 to 71

(Telephone Numbers)

DEFINITIVE INFORMATION STATEMENT SEC FORM 20-IS

Pursuant to SRC RULE 20

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
[] Preliminary Information Statement
[☒] Definitive Information Statement
2. Name of Registrant as specified in its charter **CENTRO ESCOLAR UNIVERSITY**
3. Province, country or other jurisdiction of incorporation or organization Philippines
4. SEC Identification Number 1093
5. BIR Tax Identification Code 000-531-126-000
6. Address of principal office 9 Mendiola Street
San Miguel, Manila 1005
7. Registrant's telephone number, including area code (02) 8735-6861
8. Date, time and place of the meeting of security holders October 27, 2023, 1:00 P.M.
Dionisio C. Tiongco Hall,
Centro Escolar University,
9 Mendiola Street
San Miguel, Manila.
(in-person/face to face)
9. Approximate date on which the Information Statement is first to be sent or given to stockholders October 05, 2023
10. In case of Proxy Solicitation:

Name of Person Filing the Statement/Solicitor: Not Applicable
Address and Telephone Number : Not Applicable
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):
- | Title of Each Class | Number of Shares of Common Stock
Outstanding or Amount of Debt Outstanding |
|---------------------|---|
| Common Stock | 372,414,400 |
12. Are any or all of registrant's securities listed on a Stock Exchange?
Yes ☒ No ☐
If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange, Inc.

CENTRO ESCOLAR UNIVERSITY
SEC Form 20-IS

PART I.
INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

- | | | |
|----|---|---|
| a) | Date of Meeting | October 27, 2023 |
| | Time of Meeting | 1:00P.M. |
| | Place of Meeting | Dionisio C. Tiongco Hall,
Centro Escolar University,
9 Mendiola Street
San Miguel, Manila.
(in-person/face to face) |
| | Registrant's Mailing Address | 9 Mendiola St.,
San Miguel, Manila 1005 |
| b) | Approximate Date when the
Information Statement is first
to be sent or given to security
holders | October 05, 2023 |

Note: The corresponding notice of Annual Stockholders Meeting was published via 2 newspapers of general circulation, the Manila Bulletin and Tempo, both on print and online, for 2 consecutive days on October 3 and 4, 2023. The last day of publication, 04 October 2023 is more than 21 days before the date of the meeting. The affidavit of publication is not yet available as of the time of the preparation of this report.

The target date of distribution via the CEU Website and PSE Edge, 05 October 2023, will be 21 days prior to the scheduled ASM.

THE PARENT COMPANY IS NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY

Item 2. Dissenters' Right of Appraisal.

There are no corporate matters or actions that will entitle dissenting stockholders to exercise their right of appraisal as provided in Title X of the Revised Corporation Code.¹

¹ The right of appraisal means the right of a dissenting stockholder to demand payment of the fair market value of his shares in the instances provided under the Corporation Code. In such instances the right may be exercised by any stockholder who shall have voted against the proposed action by making a written demand to the corporation

Item 3. Interest of Persons in or Opposition to Matters to be Acted Upon.

a. The incumbent directors and officers have no substantial interest in any matter to be acted upon other than their election to office.

b. No director has informed the University in writing that he intends to oppose any action to be taken by the registrant at the annual meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof.

a) As of September 30, 2023, the University has 372,414,400 issued and outstanding common stock at ₱1.00 par value per share.

The closing price per share of the University's common shares as of October 3, 2023 (last traded October 3, 2023), the latest obtainable data as of the preparation of this report, was ₱8.30.

All the shares of stock are entitled to vote.

b) Only stockholders of record at the close of business hours on October 5, 2023 are entitled to notice and to vote at the Annual Stockholders' Meeting.

c) A stockholder entitled to vote at the meeting shall have the right to do so in person or by proxy. With respect to the election of directors, in accordance with Section 24 of the Corporation Code of the Philippines, a stockholder may vote the number of shares held in his name in the University's stock and transfer book as of October 5, 2023, and may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: Provided, That the total number of votes cast by him shall not exceed the number of shares owned by such stockholder as shown in the stock and transfer book multiplied by the total number of directors to be elected.

d) Security Ownership of Certain Record and Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners

Owners of record of more than five percent (5%) of the University's shares of stock as of September 30, 2023 are as follows:

Title of Class	Name & Address of Record Owner* & Relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizenship	Number of Shares Held	Percent (%)
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within 30 days after the date on which the vote was taken for payment of the fair market value of his shares. Failure to make the demand shall be deemed a waiver of such right.

Common	USAUTOCO, INC. 1000 United Nations Ave., Ermita, Manila Authorized Representative – Basilio C. Yap Relationship to Issuer - Stockholder	USAUTOCO, INC. Authorized Representative – Basilio C. Yap Position -President	Filipino	126,620,891	34.00%
Common	U.S. Automotive Co., Inc. 1000-1046 United Nations Ave., cor. San Marcelino, Ermita, Manila Authorized Representative – Basilio C. Yap Relationship to Issuer - Stockholder	U.S. Automotive Co., Inc. Authorized Representative – Basilio C. Yap Position - President	Filipino	85,650,096	22.99%

*Authorized representative has voting power over the shareholdings of the corporate stockholder.

Common	PCD Nominee Corp. – Filipino	Alejandro C. Dizon Beneficial Owner	Filipino	70,349,321	18.89%
Aggregate Number of Shares and Percentage of All Beneficial/Record Owners As a Group				<u>232,618,106</u>	<u>62.46%</u>

Security Ownership of Management

The following tables show the security ownership of CEU's directors and officers as of September 30, 2023, the latest obtainable data as of the preparation of this report, are as follows:

Title of Class	Directors	Amount of Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Basilio C. Yap (Chairman)	1001 (d)	Filipino	0.0003
Common	Ma. Cristina D. Padolina (Vice Chairman/President)	38,316 (d)	Filipino	0.0103
Common	Lope M. Yuvienco*	1 (d)	Filipino	Nil
Common	Emil Q. Javier*	1 (d)	Filipino	Nil
Common	Benjamin C. Yap	800 (d)	Filipino	0.0002
Common	Alejandro C. Dizon**	50,033,412 (d)	Filipino	13.4349
Common	Emilio C. Yap III	344,833 (d)	Filipino	0.09
Common	Corazon M. Tiongco (Assistant Treasurer)	10,115,904 (d)	Filipino	2.7163
Common	Johnny C. Yap	1,000 (d)	Filipino	0.0003
Total		60,544,367 (d)		16.25%

Title of Class	Officers	Amount of Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Ma. Cristina D. Padolina	38,316 (d)	Filipino	0.0102
Common	Cesar F. Tan	19,735 (d)	Filipino	0.0053
Common	Teresa R. Perez	3,226 (d)	Filipino	0.0009
Common	Maria Clara Perlita Erna V. Yabut	4,000 (d)	Filipino	0.0011
Common	Pearly P. Lim	2,366 (d)	Filipino	0.0006
Common	Ma. Flordeliza F. Anastacio	1,302 (d)	Filipino	0.0003

Common	Corazon M. Tiongco	10,115,904 (d)	Filipino	2.7163
Common	Bernardita T. Traje	753 (d)	Filipino	0.0002
-	Ma. Rolina S. Servitillo	0 (d)	Filipino	0
-	Carlito B. Olaer	0 (d)	Filipino	0
-	Rhoda C. Aguilar	0 (d)	Filipino	0
-	Jericho P. Orlina	0 (d)	Filipino	0
-	Bella Marie L. Fabian	0 (d)	Filipino	0
Total (excluding shares of Ma. Cristina D. Padolina and Corazon M. Tiongco)		31,382 (d)		0.0084
Aggregate Number of Shares and Percentage of All Security Ownership of Management as a Group		60,544,367 (d) =====		<u>16.25%</u>

*Independent Director

**Dr. Alejandro C. Dizon has 51,837 shares registered in his name in addition to 49,981,575 shares lodged with PCD Nominee Corporation.

3. There is no voting trust or similar agreement with respect to any portion of the outstanding shares, nor any agreement which may result in a change in control of the University.

Item 5. Directors and Executive Officers.

a. 1. The following are the incumbent directors and officers of the University:

DIRECTORS²

BASILIO C. YAP, 74 years old, Filipino, was elected Board member and Chairman of the Board of Directors of the University on April 25, 2014. In 1972, he graduated from De La Salle University with the degree of Bachelor of Science in Commerce major in Accounting, (*cum laude*). He is a Certified Public Accountant. In 1978, he earned his masters degree in Business Management from Asian Institute of Management. He is also the Chairman, President and Director of U.S. Automotive Co. Inc., USAUTOCO Inc., Philtrust Realty Corporation, Manila Prince Hotel, Cocusphil Development Corporation, U.N. Properties Development Corporation and Seebreeze Enterprises, Vice Chairman of Philtrust Bank, Chairman and Director of Manila Hotel Corporation, Chairman of the Board of Manila Bulletin Publishing Corporation. He is also the Chairman of Centro Escolar University Hospital, Inc. and Centro Escolar Las Piñas, Inc.

MA. CRISTINA D. PADOLINA, 77 years old, Filipino, is the President, Vice Chairman and Chief Academic Officer of the University. She was elected as a member of the Board of Directors and President of the University on August 18, 2006, and as Vice Chairman on July 25, 2008. She graduated from the University of the Philippines with the degree of Bachelor of Science in Chemical Engineering. She also holds a degree of Master of Science (Chemistry) from the Ateneo de Manila University and the degree of Doctor of Philosophy (Inorganic Chemistry) from the University of Texas at Austin. On secondment from her post as Professor

² All directors hold office for one (1) year and until their successors are elected and qualified. All directors, except for the independent directors, are nominated on the floor.

of Chemistry at UP Los Baños, she served as Chancellor of the Open University from 1995 to 2001 and as Commissioner of the Commission on Higher Education from 2001 to 2005. She is Professor Emeritus of the University of the Philippines, Los Baños. She is also a Director of Centro Escolar University Hospital, Inc., Centro Escolar Integrated School and Vice-Chairman and President of Centro Escolar Las Piñas, Inc.

LOPE M. YUVIENCO, 79 years old, Filipino, is an independent director. He became a member of the Board of Directors of the University on March 31, 2023. He is currently a member of the University's Audit Committee. He graduated from University of the Philippines with a degree of Bachelor of Science in Business Administration in 1965, and obtained his M.B.A also from the University of the Philippines in 1972. He is a Certified Public Accountant. He was formerly an Independent Director of AXA Philippines and ORIX Metro Leasing Corporation, Director for Regulatory and Government Sector of Buenaventura Echauz & Partners, and Former Vice-President of Citibank N.A., Manila. He is also an Independent Director of Charter Ping An Insurance Corporation, and Fellow of Institute of Corporate Directors.

EMIL Q. JAVIER, 83 years old, Filipino, is an independent director. He became a member of the Board of Directors of the University in July 2002. He is currently the Chairman of the University's Audit Committee and a member of the Nomination Committee. He graduated from the University of the Philippines, Los Baños with a degree of B.S. Agriculture (*cum laude*). He also holds a degree of M.S. Agronomy from the University of Illinois and Ph.D. in Plant Breeding from Cornell University. He is Chairman of the Coalition for Agricultural Modernization in the Philippines, a Trustee of the Asia Rice Foundation, Head Advisor of the Biotech Coalition of the Philippines and Academician of the National Academy of Science and Technology (Phil.). He is likewise a Board Member of the International Service for the Acquisition of Agri-Biotech Applications (South East Asia Center), and Chairman, Nutrition Center of the Philippines. He is also an Independent Director of Centro Escolar University Hospital, Inc., Centro Escolar Las Piñas, Inc. and Independent Director of Del Monte Pacific Ltd. and Member, Advisory Committee of Japan International Cooperation Agency (JICA), Philippines.

BENJAMIN C. YAP, 77 years old, Filipino, was elected as a member of the Board of Directors on July 22, 2014. He graduated from University of the East with a degree of Bachelor of Science in Business Administration. He is currently the President and Chairman of the Board of Benjamin Favored Son, Inc., Chairman of the House of Refuge, Director of USAUTOCO, Inc. and Director of Manila Hotel Corporation. He is also a Director of Centro Escolar University Hospital, Inc.

ALEJANDRO C. DIZON, 63 years old, Filipino, was elected as a member of the Board of Directors on August 31, 2007. Dr. Dizon graduated from the UERMMMC College of Medicine and passed the Philippine Medical Licensure Examination in 1986. He finished his residency in General Surgery at St. Luke's Medical Center and passed his Specialty Board Examination in General Surgery to become a Diplomate of the Philippine Board of Surgery, Inc. in 1992. He took his postgraduate fellowship training as a G.B. Ong Surgical Scholar at the Queen Mary Hospital, University of Hong Kong. He is a fellow and President of the Philippine College of Surgeons, a Fellow of the American College of Surgeons, Charter Fellow of the Philippine Society of General Surgeons Inc., and Examiner and member of the Board of Directors and Governors of the Philippine Board of Surgery Inc. He is currently the Vice President for Quality and Patient Safety and Chief Quality Officer and an Active Consultant in the Institute of Surgery of St. Luke's Medical Center Quezon City & Global City. He holds an Assistant Professor position in the faculty of UERMMMC College of Medicine.

EMILIO C. YAP III, 52 years old, Filipino, was elected as a member of the Board of Directors on September 1, 2009. He graduated from De La Salle University with the degree of Bachelor of Science in Accountancy. He was conferred with the degree of Doctor of Philosophy in Journalism, *honoris causa* by Angeles University Foundation on March 1, 2009, and Doctor of Business Administration, *honoris causa* by the Pamantasan ng Lungsod ng Maynila on April 16, 2010. He is currently the Chairman of the Board of Manila Prime Holdings, Inc., Director and Vice Chairman of the Board of Manila Bulletin Publishing Corporation, and Director of Manila Hotel, Philtrust Bank and US Automotive Co., Inc.

CORAZON M. TIONGCO, 74 years old, Filipino, has been a member of the University's Board of Directors since 2000. She has been the Assistant Treasurer since August 12, 2005. She obtained her Bachelor of Arts degree from the College of the Holy Spirit. She is currently a member of the Nomination Committee, Head of the Purchasing Committee and the Purchasing Department. She is also a Director of Centro Escolar University Hospital, Inc.

JOHNNY C. YAP, 51 years old, Filipino, was elected as a member of the Board of Directors on October 26, 2007. He graduated from De La Salle University with the degree of Bachelor of Science in Management of Financial Institutions. He was conferred with the degree of Doctor of Philosophy in Humanities, *honoris causa* by Foundation University on March 21, 2010. He is presently the Vice Chairman and Treasurer of Euromed Laboratories, Philippines, Inc., Chairman of the Board of Café France Corporation, Board member of Philtrust Bank, and Director of Centro Escolar Las Piñas, Inc.

Under the Securities Regulation Code (SRC), any corporation with a class of equity shares listed for trading in an Exchange is required to have at least two (2) independent directors or have such independent directors which shall constitute at least twenty percent (20%) of the membership of such board, whichever is the lesser. Presently, CEU's incumbent independent directors are Angel C. Alcala and Emil Q. Javier.

The nomination, pre-screening and election of independent directors will be made in accordance with Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code and Section 7, Article 1 of the University's By-laws.⁴

Based on the pre-screening and evaluation by the Nomination Committee⁵ during its meeting on 25 August 2023, the nominees for Independent Directors are:

(1) Dr. Emil Q. Javier, 83 years old, Filipino is the owner of record of one (1) share of common stock (0%). Dr. Javier was recommended as a nominee for Independent Director by Sally Hubag, Lolita Balboa, Adelma Obciana, Raul Caparas, and Felicita Diolanda, all stockholders of record. All of said stockholders have no relationship with Dr. Javier.

(2) Mr. Lope M. Yuvienco, Filipino, 79 years old, is owner of record of one (1) share of common stock (0%). Mr. Yuvienco was nominated by Sally Hubag and Sirila Agno, all stockholders of record. All of said stockholders have no relationship with Mr. Yuvienco.

Under SEC Memorandum Circular 4 s. 2017 Dr. Javier has already served as Independent Directors for nine (9) years since 2012. Under the same Memorandum Circular, however, in the instance that a company wants to retain an Independent Director who has served for nine (9) years, the Board should provide meritorious justifications and seek shareholders' approval during the annual shareholders' meeting.

Upon recommendation by the Nomination Committee and as approved by the Board, the nomination of Dr. Javier will be submitted to the approval of the shareholders during the Annual Stockholders' Meeting for the following meritorious reasons:

- a. The personal qualifications of both Dr. Javier, as well as their experience in the field of education is crucial for CEU.
- b. As shown by the nominations submitted as of 25 August 2023, no suitable replacement can be had at this time.

The nominees for regular directors were also evaluated by the Nomination Committee during the same meeting. Viz:

1. Mr. Basilio C. Yap
2. Ma. Cristina D. Padolina
3. Benjamin C. Yap
4. Alejandro C. Dizon
5. Emilio C. Yap III
6. Maria Corazon M. Tiongco
7. Johnny C. Yap

⁴The Nomination Committee is composed of Dr. Ma. Cristina D. Padolina, chairman; Dr. Emil Q. Javier, Ms. Corazon M. Tiongco and Atty. Sergio F. Apostol, members.

⁵During the stockholders' meeting on July 27, 2004, the stockholders approved the grant of annual medical allowance and related bonuses to the members of the Board of Directors.

OFFICERS

SERGIO F. APOSTOL, 88 years old, Filipino, was elected as the University's Corporate Secretary and Compliance Officer on February 26, 2010. He graduated from Letran College with the degree of Associate in Arts, Bachelor of Laws at Ateneo de Manila University. He is a member of the Board of Directors of Manila Hotel and Chairman and Chief Executive Officer of Kaytrix Agri-Aqua Corporation. He is a member of the Audit and Nomination Committee of Centro Escolar University. He is a Member of the House of Representatives 16th Congress.

CESAR F. TAN, 69 years old, Filipino, was elected as Treasurer on April 11, 2006 and is a member of the Procurement Committee. He graduated from the Far Eastern University with a degree of B.S.C. Accounting and is a career service professional. He was formerly Assistant Treasurer and Assistant Vice President of Liwayway Publishing, Inc. He is also the Treasurer of Centro Escolar Integrated School, Centro Escolar University Hospital, Inc. and Centro Escolar Las Piñas, Inc.

JAYSON O'S. RAMOS, 42 years old, Filipino, is the Legal Counsel of the University. He graduated from De La Salle University with the degree of BS Commerce major in Business Management in 2000 and Bachelor of Laws at San Beda College in 2006. He passed the Bar examination in 2006. Attended various seminars and trainings in his field of expertise. In July 2017, he was elected Assistant Compliance Officer. He is also the Corporate Secretary of Centro Escolar Integrated School, Inc.

TERESA R. PEREZ, 61 years old, Filipino, is the Vice President for Academic Affairs. She is a member of the Purchasing Committee. She graduated from CEU with the degree of B.S. Biology. She holds a Master's degree in Biology and a doctorate degree in Curriculum and Supervision, both from CEU. She has been a faculty member of the University since 1982 and also Vice President of Centro Escolar Integrated School and Centro Escolar Las Piñas, Inc.

MARIA CLARA PERLITA ERNA V. YABUT, 57 years old, Filipino, is the Vice President for Research and Evaluation. She graduated from the University of the Philippines with the degree of B.S. Secondary Education, major in Mathematics. She obtained a Master's and a doctorate degree in Mathematics Education, both from CEU. She has been with the University since 1990. At present, she is the National President of the Philippine Society for Research and Evaluation (PSERE), Chair of U-Belt Research Consortium, CEU Research and Development Foundation and Executive Secretary of the National Research Council of the Philippines Research Foundation (NRCPRF).

PEARLY P. LIM, 53 years old, Filipino, is the new Vice President for Makati. She was a former Dean of School of Dentistry. She graduated Preparatory Dentistry from University of the East, March 1982 and Doctor of Dental Medicine at Centro Escolar University, March 1986. She earned Master of Arts with Specialization of Teaching in March 1992, Doctor of Philosophy Major in Curriculum and Supervision in March 2002, and Master of Science in Dental Education in March 2007 at Centro Escolar University. She is a councilor at International Association for Dental Research, Fellow at Academy of Dentistry International and Pierre Fauchard Academy.

She is an accreditor of the Philippine Association of Colleges and Universities., Commission on Accreditation (PACUCOA), and the CHINA (Guangxi)-ASEAN Advisory Committee on Dentistry.

MA. FLORDELIZA L. ANASTACIO, 63 years old, Filipino, is the Vice President and Dean of Studies of CEU Malolos. She earned her Bachelor's Degree in Accounting from La Consolacion College Manila. She is a Certified Public Accountant. She finished her MBA, PhD in Educational Management and Post Doctoral Course in Total Quality Management in Higher Education from Centro Escolar University Manila. She is the President of the International Academy of Accountants for Business, Research and Education (IAABRE) and the former National President of the Philippine Society for Educational Research and Evaluation (PSERE) and the Philippine Council of Deans and Educators in Business (PCDEB). She is an International Visiting Professorial Fellow, Research Fellow and Senior Fellow in Accountancy of the Royal Institute of Singapore. She completed her Post Doctoral Program in International Deans' Course (IDC) in Germany as a DAAD Scholar. At present, she is one of the 3 IDC Mentors/Experts of Southeast Asia.

CARLITO B. OLAER, 59 years old, Filipino, is the Vice President for Student Affairs. He served as the Head of the Religion Department and was the Campus Minister of CEU before his appointment as VP for Student Affairs. He holds the degree of A.B. Philosophy (*magna cum laude*) from the Dominican House of Studies and Bachelor of Sacred Theology (*cum laude*) from the University of Santo Tomas. He obtained his Masters in Theology (*magna cum laude*) from San Sebastian College and his doctoral degree in Educational Management from CEU (*with the highest academic distinction*). He has been with the University since 1991.

MA. ROLINA S. SERVITILLO, 54 years old, Filipino, is the Vice President for Administration and Accounting. She earned a degree of Bachelor of Science in Commerce, major in Accounting (*cum laude*) from the Centro Escolar University, Malolos Campus. She is a Certified Public Accountant (CPA) and former Head, Internal Audit Department of the University. She is also the Vice President for Accounting and Administration of Centro Escolar Las Piñas, Inc. and Centro Escolar Integrated School, Inc.

JERICHO P. ORLINA, 57 years old, Filipino, is the Assistant Vice President for Business Affairs. He graduated from Ateneo de Naga University with the degree of Bachelor of Science in Commerce, major in Accounting. He is a Certified Public Accountant. He completed the Post-Graduate Management Development Program of Asian Institute of Management. He is a member of Philippine Institute of Certified Public Accountants (PICPA) and Institute of Internal Auditors. He is also the Assistant Vice President of Centro Escolar University Hospital, Inc.

BELLA MARIE L. FABIAN, 60 years old, Filipino, is the Assistant Vice President for Administration. She graduated from University of the East with a degree of Bachelor of Science in Business Administration-Accounting. She obtained her Masters degree in Business Administration-Management and doctorate degree of Doctor of Philosophy in Business Management.

RHODA C. AGUILAR, 50 years old, Filipino, is the University Registrar. She is a member of the Administrative Council. She graduated from CEU with the degree of BSE major in Mathematics (*magna cum laude*). She obtained her Master's degree in Mathematics Education and doctorate degree in Curriculum and Supervision. She is a career service

professional (exempted given to honor student) and the Professional Board Examination for Teachers (8th place).

BERNARDITA T. TRAJE, 62 years old, Filipino, is the University's Assistant Controller. She served as Assistant Treasurer from August 2001 to August 2006. She graduated from the Polytechnic University of the Philippines. She is a Certified Public Accountant (CPA). She has been with the University since 1980.

2. Significant Employees

All employees are expected to make reasonable contribution to the success of the business of the University. There is no "significant employee" as defined in Part IV(A)(2) of the SRC Rule 12 (i.e., a person who is not an executive officer of the registrant but who is expected to make a significant contribution to the business).

3. Family Relationships

Mr. Basilio C. Yap and Mr. Benjamin C. Yap are relatives within the second degree of consanguinity, while Dr. Emilio C. Yap III and Dr. Johnny C. Yap are relatives within the second degree of consanguinity. Mr. Basilio C. Yap and Mr. Benjamin C. Yap who are relatives within the second degree of consanguinity and Dr. Emilio C. Yap III and Dr. Johnny C. Yap who are also within the second degree of consanguinity are relatives within the third degree of consanguinity.

4. Pending Legal Proceedings

The University is not aware of any legal proceeding in the past five (5) years to date involving its directors and officers which are material to the evaluation of the ability and integrity of any director or officer of the University.

No director or officer has been convicted by final judgment during the last five (5) years up to the present of any offense punishable by Philippine laws or by the laws of any other country.

Likewise, the University has no knowledge of pending legal proceedings against any of its directors or executive officers involving: (a) any bankruptcy petition filed by or against any business of which its directors or executive officers is subject; or (b) any judgment or decree permanently or temporarily limiting or suspending their involvement in any type of business, securities, commodities or banking activities; or, (c) any violation of a securities or commodities law or regulation and the judgment has not been reversed, suspended or vacated.

5. Certain Relationships and Related Transactions

The University entered into a 25-year lease contract with Philtrust Bank on July 29, 2004. The lease covers the use of Philtrust Bank's land, building and improvements thereon located at 259-263 Sen. Gil Puyat Avenue and Malugay Street, Makati City. The lease commenced on January 1, 2005 for the operation of the CEU-Makati Extension Campus beginning school year 2005-2006. Lease of the building from Philtrust Bank Building is for the exclusive purpose of maintaining and operating an extension campus in Makati City, and to

conduct therein all such activities necessary to provide adequate educational instruction and other services to its students, including authorized extra-curricular activities. The consideration for the lease was principally based on the valuation of the property by Asian Appraisal, Inc. and on the financial advisory by Buenaventura, Echauz and Partners. Except for the respective parties' covenants under said lease contract between CEU and Philtrust Bank, there is no further contractual or other commitment resulting from the arrangement that would pose any risk or contingency. There are no other parties involved in this transaction.

The University, in line with its expansion program and for marketing purposes, avails of advertising services of Manila Bulletin Publishing Corporation. The terms of said advertising transactions are based on terms similar to those offered to non-related parties.

The University has rented room and facilities of Manila Hotel, an affiliate of the University, as venue for commencement exercises.

For a detailed discussion on related party transactions, please see the notes on the 2022 Audited Financial Statements.

b. There is no director who has declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting because of disagreement with the University on matters relating to operations, policies and practices.

Item 6. Compensation of Directors and Officers

1. The aggregate compensation paid or accrued during the last two (2) fiscal years and to be paid in the ensuing calendar year to the University's President and five (5) most highly compensated executive officers as a group are as follows:

<u>Name and Position</u>	<u>Fiscal Year</u>	<u>Annual Salary as a group</u>	<u>Bonuses as a group</u>	<u>Other Annual Compensation as a group</u>	<u>Total Compensation as a group</u>
PRES. PADOLINA	2021-2022	12,293,386.35	1,599,115.96	N/A	13,892,502.31
VP PEREZ	2022-2023	11,645,333.49	1,520,419.35	N/A	13,165,752.84
VP YABUT	2023-2024***	11,645,333.49	1,520,419.35	N/A	13,165,752.84
VP OLAER					
VP SERVITILLO					

***Figures are estimated amounts.

2. The aggregate compensation paid or accrued during the last two (2) fiscal years and to be paid in the ensuing calendar year to all other officers and directors as a group are as follows:

<u>Name and Position</u>	<u>Fiscal Year</u>	<u>Annual Salary</u>	<u>Bonus</u>	<u>Other Annual Compensation</u>	<u>Total Compensation</u>
All Officers and Directors as a Group	2021-2022				₱ 35,438,871.09
	2022-2023				₱ 35,943,018.72
	2023-2024***				₱ 35,943,018.72

3. The Directors do not receive compensation for services provided as a director other than reasonable per diems for attendance at meetings of the Board or any of its committees.⁶ The following are the per diems received by each Director:

<u>Name</u>	<u>Per Diem Amount (Monthly)</u>
1. Basilio C. Yap	₱ 5,000.00
2. Ma. Cristina D. Padolina	₱ 5,000.00
3. Emil Q. Javier	₱ 5,000.00
4. Lope M. Yuvienco	₱ 5,000.00
5. Emilio C. Yap, III	₱ 5,000.00
6. Alejandro C. Dizon	₱ 5,000.00
7. Benjamin C. Yap	₱ 5,000.00
8. Johnny C. Yap	₱ 5,000.00
9. Corazon M. Tiongco	₱ 5,000.00

4. There are no bonus, profit sharing stock options warrants, rights of other compensation plans or arrangements with directors or officers that will result from their resignation, retirement, termination of employment or change in the control of the University.

The duties and responsibilities of the elected corporate officers are specified in the University's By-laws and/or Manual of Corporate Governance.

Other officers whose duties and responsibilities are set by Management are considered regular employees of the University.

5. There are no outstanding warrants or options held by the University's President, executive officers and directors.

Item 7. Independent Public Accountants.

The accounting firm of Sycip, Gorres, Velayo & Co., Inc. (SGV) served as the University's external auditors for the last fiscal year. The handling partner of SGV is Ms. Djole S. Garcia. There was no change in or disagreement with the external auditor on accounting and financial disclosures.

The University's Manual on Corporate Governance and SRC Rule 68 provide that the University's external auditor shall either be rotated or the handling partner changed every five (5) years or earlier.⁷ The University is in compliance with SRC Rule 68, paragraph 3(b)(iv).

The Board, upon recommendation of the Audit Committee⁸ proposed the appointment of SGV as the external auditor for the ensuing fiscal year. The approval of the appointment of SGV as external auditors for fiscal year 2022-2023 will be one of the matters to be undertaken during the annual stockholders' meeting.

⁶During the stockholders' meeting on July 27, 2004, the stockholders approved the grant of annual medical allowance and related bonuses to the members of the Board of Directors.

⁷SGV has served as the University's external auditor since 2000, with Mr. Arnel F. de Jesus (2000-2005), Mr. Ramon D. Dizon (2006-Feb.2009), Ms. Janet Alvarado-Paraiso (March 2009-July 2013) and Mr. Christian Lauron (Aug.2013-Sept.2014), Ms. Josephine Adrienne A. Abarca (Oct. 2014-March 2018) Ms. Djole S. Garcia (April 2018 up to present) as handling partners.

⁸The Audit Committee is composed of Dr. Emil Q. Javier, (independent director) chairman, Dr. Angel C. Alcala, Dr. Alejandro C. Dizon and Atty. Sergio F. Apostol, members.

SGV representatives will be present during the stockholders' meeting and will have an opportunity to make a statement if they desire to do so. It is also expected that the attending representatives will be able to respond to appropriate questions.

There was no change in or disagreement with the external auditor on accounting and financial disclosures.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The approval of the minutes of the annual stockholders' meeting held on October 21, 2022 will be taken up during the meeting.

Brief Summary of the 21 October 2022 Annual Stockholders' Meeting

The following Directors were present:

Mr. Basilio C. Yap, *Chairman*
Dr. Ma. Cristina D. Padolina, *Vice Chairman*
Dr. Emil Q. Javier, *Independent Director*
Dr. Angel C. Alcala, *Independent Director*
Dr. Alejandro C. Dizon,
Mr. Benjamin C. Yap,
Dr. Emil C. Yap III,
Dr. Johnny C. Yap,
Ms. Corazon M. Tiongco – Assistant Treasurer

The following corporate officers are present:

Atty. Sergio F. Apostol – Corporate Secretary
Mr. Cesar F. Tan – Treasurer
Dr. Teresa R. Perez – Senior Vice President – Academics
Dr. Erna V. Yabut – Vice President for Research and Evaluation
Mrs. Rolina S. Servitillo – Vice President for Administration and Accounting

The voting rights of each stockholder and the requirements and procedure for participation and voting through remote communication were set out in the Company's Definitive Information Statement.

First, stockholders who have completed their registration on or before October 10, 2022 and were successfully verified are allowed to participate in the meeting and are deemed present for purposes of determining the quorum.

Second, stockholders may send questions and/or comments about the items in the agenda prior to or during the Annual Meeting to corporate@ceu.edu.ph. Questions which cannot be addressed during the meeting will be referred to the Corporate Secretary for a response. **There were no questions propounded during the meeting.**

Third, there were 6 items in the Agenda submitted for voting; these are:

- a. The Approval of the Minutes of the 2021 Annual Stockholders' Meeting held on October 22, 2021;
- b. Approval of Management Report;
- c. Ratification of all Acts and Resolutions of Management and the Board in fiscal year 2021-2022;
- d. Continuous nomination/engagement of Dr. Emil Q. Javier and Dr. Angel C. Alcala as independent directors;
- e. Election of Directors for the year 2022- 2023; and,
- f. Appointment of External Auditor for the year 2022-2023

The deadline for submission of proxies was on October 10, 2022. Proxies were validated on October 13, 2022.

Next, because of the quarantine situation in Metro Manila, we are utilizing voting in absentia for this meeting. For this purpose, stockholders were given until October 19, 2022 to cast their votes via the www.ceu.edu.ph.

The following matters were approved with the following votes cast:

Tally of votes				
Item	For	Against	Abstain	Decision
Approval of the Minutes of the 22 October 2021 Annual Stockholders Meeting	275,698,970	0	0	Approved
Approval of the Annual Report of the Board of Directors	275,698,970	0	0	Approved
Ratification of all acts, resolutions, and transactions of the Board of Directors and the Management for the fiscal	275,698,970	0	0	Approved

year 2021-2022				
Continuous engagement and nomination of Dr. Emil Q. Javier and Dr. Angel C. Alcala as independent directors.	275,376,336	0	322,634	Approved
Appointment of SGV and Co. as External Auditor	275,698,970	0	0	Approved

The following individuals were elected as members of the Board of Directors, with the following votes received

Name	Votes Received
Dr. Angel C. Alcala (independent)	275,376,336
Dr. Emil Q. Javier (independent)	275,376,336
Mr. Basilio C. Yap	275,376,336
Dr. Ma. Cristina D. Padolina	275,398,970
Dr. Alejandro Dizon	275,376,336
Mr. Benjamin C. Yap	275,376,336
Ms. Corazon M. Tiongco	275,676,336
Dr. Emil C. Yap III	275,376,336
Dr. Johnny C. Yap	275,376,336

Agenda for annual stockholders' meeting on October 27, 2023:

1. Call to Order
2. Proof of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting on October 21, 2022
4. Chairman's Address
5. Approval of the Annual Report of the Board of Directors
6. Ratification of all acts, resolutions, and transactions of the Board of Directors and the management for the fiscal year 2022 - 2023
7. Approval of the continuous engagement of Dr. Emil Q. Javier as independent director
8. Election of Directors
9. Appointment of External Auditor
10. Other Matters
11. Adjournment

There are no specific acts of the Board of Directors and Management for ratification by the stockholders.

Item 19. Voting Procedures

a. The vote required for approval or election

Sec. 24 of the Corporation Code provides that at all elections of directors, there must be present, either in person or by representative authorized to act by written proxy, the owners of majority of the outstanding capital stock. Candidates receiving the highest number of votes shall be declared elected.

Article I, Section 3 of the By-laws provides that in case of election of directors, every stockholder entitled to vote shall have the right to cumulate his shares, and give one candidate as many votes as the number of directors to be elected, multiplied by the number of his shares shall equal.

b. The method by which votes will be counted

Article I, Section 3 of the By-laws provides that except as otherwise provided by the Corporation Law, at each meeting of the stockholders, every stockholder entitled to vote thereat shall be entitled to one (1) vote in person or by proxy for each share of stock of the University subscribed for by him or held by him and registered in his name on the books of the University.

c. The manner by which the votes may be made

The meeting is held in person.

The Professional Stock and Transfer, Inc. will assist in the counting of votes.

**PART III
SIGNATURE PAGE**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Manila on October 4, 2023.

CENTRO ESCOLAR UNIVERSITY

By:


SERGIO F. APOSTOL
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTOR

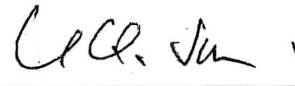
I, **EMIL Q. JAVIER**, Filipino, of legal age and a resident of 9941 Mt. Makiling St., Los Baños Subd. College, Los Baños, Laguna, after having been sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of Centro Escolar University, and I have been its Independent Director since 2008.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
National Academy of Science and Technology Phils.	Academician	1982 to date
Asia Rice Foundation, Inc.	Trustee	1999 to date
Biotech Coalition of the Phils.	Head Advisor	2004 to date
International Service for the Acquisition of Agri-Biotech Applications (South East Asia Center)	Board Member	2000 to date
Nutrition Center of the Phils.	Chairman	2017 to date
Centro Escolar University Hospital	Independent Director	2008 to date
Del Monte Pacific Ltd.	Independent Director	2007 to date
Japan International Cooperation Agency (JICA)-Philippines	Member, Advisory Com.	2011 to date
Coalition for Agricultural Modernization in the Phils. (CAMP)	Chairman	2015 to date
Centro Escolar Las Piñas, Inc.	Independent Director	April, 2016

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Centro Escolar University, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am not related any director/officer/substantial shareholder of Centro Escolar University and its subsidiaries and affiliates other than the relationship provider under rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuance.
7. I shall inform the Corporate Secretary of Centro Escolar University of any changes in the above-mentioned information with five days from its occurrence.

Done, this _____ day of 29 SEP 2023, at Manila.


EMIL Q. JAVIER

SUBSCRIBED AND WORN to before me this 29 SEP 2023 at Manila, affiant personally appeared before me and exhibited to me his Philippine Passport No. P4047095A issued at DFA, Manila on August 15, 2017.

Doc. No. 293
Page No. 59
Book No. Cxxix
Series of 2023.


ATTY. GARY CAMITAN AURE
NOTARY PUBLIC, ROLL NO. 60777
PTR No. 0861143 Issued on Jan. 3, 2023 until Dec. 31, 2023 Manila
IBP Lifetime No. 14594 Issued on Feb. 2, 2016
Commission No. 2023-016 Issued on Nov. 18, 2023 Effective Jan. 1, 2023 Until Dec. 31, 2024/Manila
MCLE No. VII-0001648 Issued on Nov. 20, 2019 Valid Until April 14, 2025 Pasig City
Office Address: L2F1 Upper Ground Floor, Burgundy Transpacific Place,
2444 A. Taft Avenue, Malate, Manila 1004

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **LOPE M. YUVIENCO**, Filipino, of legal age and a resident of 50 Domingo Poblete St., BFHEVA BF Executive Village, Parañaque City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of Centro Escolar University, and I have been its Independent Director since March 2023.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Philippine AXA Life Insurance Corporation	Independent Director	2008 up to present
Charter Ping An Insurance Corporation	Independent Director	2016 up to present
Orix Metro Leasing Corporation	Independent Director	2005-2007
Buenaventura Echauz & Partners	Director for Regulatory and Government Sector	2001-2003
Citibank N.A., Manila	Vice-President	1972-1994

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Centro Escolar University, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am not related any director/officer/substantial shareholder of Centro Escolar University and its subsidiaries and affiliates other than the relationship provider under rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuance.
7. I shall inform the Corporate Secretary of Centro Escolar University of any changes in the above-mentioned information with five days from its occurrence.

Done, this 29 day of SEP 2023, at Manila.


LOPE M. YUVIENCO
Affiant

SUBSCRIBED AND WORN to before me this 29 day of SEP 2023 at Manila,
affiant personally appeared before me and exhibited to me his Philippine Passport No. P8956971B
issued at DFA, NCR South on February 15, 2022.

Doc. No. 291

Page No. 59

Book No. C20010

Series of 2023.

ATTY. GARY CAMITAN AURE

NOTARY PUBLIC, ROLL NO. 60777

PTR No. 0861143 Issued on Jan. 3, 2023 until Dec. 31, 2023 Manila

BP Lifetime No. 14590 Issued on Feb. 2, 2016

Commission No. 2023-016 Issued on Nov. 18, 2022 Effective Jan. 1, 2023 Until Dec. 31, 2024/Manila

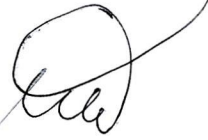
MCLE No. VA-0001646 Issued on Nov. 20, 2019 Valid Until April 14, 2025 Pasig City

Office Address: L2F1 Upper Ground Floor, Burgundy Transpacific Place,
2444 A. Taft Avenue, Malate, Manila 1004

CERTIFICATION

I, **SERGIO F. APOSTOL**, Corporate Secretary of Centro Escolar University (CEU), a corporation duly registered under Philippine laws, with address at 9 Mendiola Street, San Miguel, Manila certify that none of the Directors and Officers of the University work in government or any government agency.

September 29, 2023, Manila.



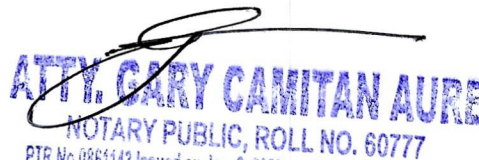
SERGIO F. APOSTOL
Corporate Secretary

ATTESTED BY:



DR. MA. CRISTINA D. PADOLINA
President and Vice Chairman

SUBSCRIBED AND SWORN to before me this 29 SEP 2023 day of _____ at the City of Manila, affiant exhibiting to me his Philippine Passport No. EC7889755 issued on February 6, 2016 at Manila.



ATTY. GARY CANITAN AURE
NOTARY PUBLIC, ROLL NO. 60777

PTR No. 0861143 Issued on Jan. 3, 2023 until Dec. 31, 2023 Manila

IBP Lifetime No. 14594 Issued on Feb. 2, 2016

Commission No. 2023-018 Issued on Nov. 18, 2022 Effective Jan. 1, 2023 Until Dec. 31, 2024/Manila

MCLE No. VII-0001646 Issued on Nov. 26, 2019 Valid Until April 14, 2025 Pasig City

Office Address: L2F1 Upper Ground Floor, Burgundy Transpacific Place
2444 A. Taft Avenue, Malate, Manila 1004

Doc. No. 292

Page No. 49

Book No. 2023

Series of 2023.

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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Contact Person

8735-6861 to 71

Contact Number

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Month

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Fiscal Year

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FORM TYPE

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Month

4 th Friday

Day

Annual Meeting

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Secondary License Type, If Applicable

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Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

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Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

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LCU

CASHIER

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER**

1. September 29, 2023
Date of Report (Date of earliest event reported)
2. SEC Identification Number 1093 3. BIR Tax Identification No. 240-000-531-126
4. CENTRO ESCOLAR UNIVERSITY
Exact name of issuer as specified in its charter
5. PHILIPPINES 6. (SEC Use Only)
Province, city or other jurisdiction of Industry Classification Code:
incorporation
7. No. 9 Mendiola St., San Miguel, Manila 1005
Address of principal office Postal Code
8. (02) 8735-6861 to 71
Issuer's telephone number, including area code
9. N/A
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding |
|---------------------|--|
| Common | 372,414,400 |
11. Indicate the item numbers reported herein: Item 9. Other Events
-

Item 9. Other Events.

Based on the nominations, pre-screening and evaluation by the Nomination Committee during its meeting on September 29, 2023, the nominees for Independent Directors are:

(1) Mr. Lope M. Yuvienco, 79 years old, Filipino, is an independent director. He became a member of the Board of Directors of the University on March 21, 2023. He is currently a member of the University's Audit Committee. He graduated from University of the Philippines with a degree of Bachelor of Science in Business Administration in 1965, and obtained his M.B.A also from the University of the Philippines in 1972. He is a Certified Public Accountant. He was formerly an Independent Director of AXA Philippines and ORIX Metro Leasing Corporation, Director for Regulatory and Government Sector of Buenaventura Echauz & Partners, and Former Vice-President of Citibank N.A., Manila. He is also an Independent Director of Charter Ping An Insurance Corporation, and Fellow of Institute of Corporate Directors.

Mr. Yuvienco was nominated by Sally Hubag and Cirila Agno all stockholders of record. All of said stockholders have no relationship with Mr. Yuvienco.

(2) Dr. Emil Q. Javier, 83 years old, Filipino, is an independent director. He is currently the Chairman of the University's Audit Committee and a member of the Nomination Committee. He graduated from the University of the Philippines, Los Baños with a degree of B.S. Agriculture (*cum laude*). He also holds a degree of M.S. Agronomy from the University of Illinois and Ph.D. in Plant Breeding from Cornell University. He is Chairman of the Coalition for Agricultural Modernization in the Philippines, a trustee of the Asia Rice Foundation, Head Advisor of the Biotech Coalition of the Philippines; Member, National Academy of Science and Technology (Phil.). He is likewise a Board Member of the International Service for the Acquisition of Agri-Biotechnology Applications (South East Asia Center), and Nutrition Center of the Philippines. He is also a Director of Centro Escolar University Hospital, Inc. and Centro Escolar Las Piñas and Independent Director of Del Monte Pacific Ltd. and Member, Advisory Committee of Japan International Cooperation Agency (JICA) Philippines.

Dr. Javier was recommended as a nominee for Independent Director by Sally Hubag, Lolita Balboa, Adelma Obciana, Raul Caparas and Felicita Diolanda, all stockholders of record. All of said stockholders have no relationship with Dr. Javier.

In this connection, since Dr. Javier has already served as Independent Director for more than nine (9) years since 2012, the matter was reported to the BOD. During the regular meeting of the BOD held in the afternoon of 29 September 2023, the Board, for meritorious reasons, resolved that the matter (continuous nomination and engagement

of Dr. Javier as independent director) be referred to the Stockholders during the annual meeting on 27 October 2023.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CENTRO ESCOLAR UNIVERSITY

Issuer

By:



SERGIO F. APOSTOL
Corporate Secretary

September 29, 2023

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

9		M	E	N	D	I	O	L	A		S	T	.		S	A	N		M	I	G	U	E	L					
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(Business address: No. Street City / Town / Province)

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Contact Person

8735-6861 to 71

Contact Number

0	5
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Month

3	1
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Day

Fiscal Year

		17-C		
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FORM TYPE

1	0
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Month

4 th Friday

Day

Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

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Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

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LCU

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CASHIER

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C
CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER**

1. September 29, 2023

Date of Report (Date of earliest event reported)

2. SEC Identification Number 1093

3. BIR Tax Identification No. 240-000-531-126

4. CENTRO ESCOLAR UNIVERSITY

Exact name of issuer as specified in its charter

5. PHILIPPINES

Province, city or other jurisdiction of
incorporation

6.

(SEC Use Only)

Industry Classification Code:

7. No. 9 Mendiola St., San Miguel, Manila

Address of principal office

1005

Postal Code

8. (02) 8735-6861 to 71

Issuer's telephone number, including area code

9. N/A

Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class

Number of Shares of Common Stock
Outstanding and Amount of Debt
Outstanding

Common

372,414,400

11. Indicate the item numbers reported herein: Item 9. Other Events

Item 9. Other Events.

Based on the screening and evaluation by the Nomination Committee per the Corporation's Code of Corporate Governance during its meeting on September 29, 2023, the nominees for Board of Directors are:

(1) BASILIO C. YAP, 74 years old, Filipino, was elected Board member and Chairman of the Board of Directors of the University on April 25, 2014. In 1972, he graduated from De La Salle University with the degree of Bachelor of Science in Commerce major in Accounting, (*cum laude*). He is a Certified Public Accountant. In 1978, he earned his masters degree in Business Management from Asian Institute of Management. He is also the Chairman, President and Director of U.S. Automotive Co. Inc., USAUTOCO Inc., Philtrust Realty Corporation, Manila Prince Hotel, Cocusphil Development Corporation, U.N. Properties Development Corporation and Seebreeze Enterprises, Vice Chairman of Philtrust Bank, Chairman and Director of Manila Hotel Corporation, Chairman of the Board of Manila Bulletin Publishing Corporation. He is also the Chairman of Centro Escolar University Hospital, Inc. and Centro Escolar Las Piñas, Inc.

(2) MA. CRISTINA D. PADOLINA, 77 years old, Filipino, is the President, Vice Chairman and Chief Academic Officer of the University. She was elected as a member of the Board of Directors and President of the University on August 18, 2006, and as Vice Chairman on July 25, 2008. She graduated from the University of the Philippines with the degree of Bachelor of Science in Chemical Engineering. She also holds a degree of Master of Science (Chemistry) from the Ateneo de Manila University and the degree of Doctor of Philosophy (Inorganic Chemistry) from the University of Texas at Austin. On secondment from her post as Professor of Chemistry at UP Los Baños, she served as Chancellor of the Open University from 1995 to 2001 and as Commissioner of the Commission on Higher Education from 2001 to 2005. She is Professor Emeritus of the University of the Philippines, Los Baños. She is also a Director of Centro Escolar University Hospital, Inc., Centro Escolar Integrated School and Vice-Chairman and President of Centro Escolar Las Piñas, Inc.

(3) BENJAMIN C. YAP, 77 years old, Filipino, was elected as a member of the Board of Directors on July 22, 2014. He graduated from University of the East with a degree of Bachelor of Science in Business Administration. He is currently the President and Chairman of the Board of Benjamin Favored Son, Inc., Chairman of the House of Refuge, Director of USAUTOCO, Inc. and Director of Manila Hotel Corporation. He is also a Director of Centro Escolar University Hospital, Inc.

(4) ALEJANDRO C. DIZON, 63 years old, Filipino, was elected as a member of the Board of Directors on August 31, 2007. Dr. Dizon graduated from the UERMMMC College of Medicine and passed the Philippine Medical Licensure Examination in 1986. He finished his residency in General Surgery at St. Luke's Medical Center and passed his Specialty Board Examination in General Surgery to become a Diplomate of the Philippine Board of Surgery, Inc. in 1992. He took his postgraduate fellowship training as a G.B. Ong Surgical Scholar at the Queen Mary Hospital, University of Hong Kong. He is a fellow and President of the Philippine College of Surgeons, a Fellow of the American College of Surgeons, Charter Fellow of the Philippine Society of General

Surgeons Inc., and Examiner and member of the Board of Directors and Governors of the Philippine Board of Surgery Inc. He is currently the Vice President for Quality and Patient Safety and Chief Quality Officer and an Active Consultant in the Institute of Surgery of St. Luke's Medical Center Quezon City & Global City. He holds an Assistant Professor position in the faculty of UERMMMC College of Medicine.

(5) EMILIO C. YAP III, 52 years old, Filipino, was elected as a member of the Board of Directors on September 1, 2009. He graduated from De La Salle University with the degree of Bachelor of Science in Accountancy. He was conferred with the degree of Doctor of Philosophy in Journalism, *honoris causa* by Angeles University Foundation on March 1, 2009, and Doctor of Business Administration, *honoris causa* by the Pamantasan ng Lungsod ng Maynila on April 16, 2010. He is currently the Chairman of the Board of Manila Prime Holdings, Inc., Director and Vice Chairman of the Board of Manila Bulletin Publishing Corporation, and Director of Manila Hotel, Philtrust Bank and US Automotive Co., Inc.

(6) CORAZON M. TIONGCO, 74 years old, Filipino, has been a member of the University's Board of Directors since 2000. She has been the Assistant Treasurer since August 12, 2005. She obtained her Bachelor of Arts degree from the College of the Holy Spirit. She is currently a member of the Nomination Committee, Head of the Purchasing Committee and the Purchasing Department. She is also a Director of Centro Escolar University Hospital, Inc.

(7) JOHNNY C. YAP, 51 years old, Filipino, was elected as a member of the Board of Directors on October 26, 2007. He graduated from De La Salle University with the degree of Bachelor of Science in Management of Financial Institutions. He was conferred with the degree of Doctor of Philosophy in Humanities, *honoris causa* by Foundation University on March 21, 2010. He is presently the Vice Chairman and Treasurer of Euromed Laboratories, Philippines, Inc., Chairman of the Board of Café France Corporation, Board member of Philtrust Bank, and Director of Centro Escolar Las Piñas, Inc.


SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CENTRO ESCOLAR UNIVERSITY

Issuer

By:

A handwritten signature in dark ink, consisting of a stylized 'S' and 'A' with a long horizontal stroke extending to the right.

SERGIO F. APOSTOL

Corporate Secretary

CENTRO ESCOLAR UNIVERSITY

(Company's Full Name)

**9 Mendiola Street
San Miguel, Manila**

(Company's Address)

8735-6861 to 71

(Telephone Numbers)

MANAGEMENT REPORT TO STOCKHOLDERS

**For the fiscal year ended May 31, 2023
in accordance with SRC Rule 20.4**

**MANAGEMENT REPORT TO STOCKHOLDERS
UNDER SRC RULE 20.4**

Item 1. Financial Statements

The annual report (SEC17A) and audited consolidated financial statements are hereto attached.

Item 2. Changes in and Disagreements with External Accountants on Accounting and Financial Disclosure

There was no change in, nor disagreement with External Accountants on accounting and financial disclosures.

Item 3. Management's Discussion and Analysis (MD&A) or Plan of Operation

Management 's Discussion and Analysis or Plan of Operation

Tuition and Other School Fees increased by 43.32% from the previous year's ₱1,288,803,119 to this year's ₱1,847,171,734 with the two months total in 2021 of ₱200,231,715. This account consists of Tuition Fees, Other Fees, and Income from Other School Services. Other fees comprised of fees for electricity, registration materials, miscellaneous classroom expenses, laboratory materials, health services fees, library fees and development fees. Income from Other School Services comprised of fees for diploma and certificates, transcript of records, entrance examinations and various collections for specific items or activities. Other Revenues pertaining to rental income amounted to ₱10,953,501 which is a higher by 127.47% in 2022 amounting to 4,815,310. Interest income were reported at ₱14,739,965 in 2023, ₱3,102,887 in 2022 and ₱552,858 for the two months of 2021. No material Other Income was reported as of May 31, 2023, thus a decrease to ₱4,000 as of May 31, 2023 from ₱322,060 in 2022.

The total revenues from contracts with customers increased to ₱1,847,171,734 from ₱1,301,696,641 in 2022 and from ₱1,351,672,511 in 2020 while the Operating Expenses were reported at ₱1,500,235,664 in 2023 and ₱1,180,482,250 in 2022 and ₱160,956,700 in two months of 2021.

For the fiscal year ended May 31, 2022, the academic calendar of the University was revised and the completion of the academic year was moved from May 2022 (fiscal year ended May 31, 2022) to June (fiscal year ending May 31, 2023). This is due to the offering of the programs by the learning block affected by the health breaks imposed by the City Government.

Net income of the University as of May 31, 2023 increased to ₱396,019,517 from ₱119,052,481 in 2022 and ₱41,529,541 for the two months of April to May 2021. For the fiscal year 2022-2023 the University has increased in the number of total students. A 5% increase in the tuition fees of first year students was implemented. In addition, there are no more rebates in the miscellaneous fees as the hybrid class modality was implemented.

The extension of classes due to a health break implemented by the city government had an effect on the net income reported for Fiscal Year 2022 with the deferred tuition fees and contract liabilities which will be recognized as revenue in June 2022 (fiscal year ending May 31, 2023).

Financial Condition (2022-2023; 2021-2022; interim period 2020-2021)

The University reported a healthy cash position as of May 31, 2023. Cash and cash equivalents were at ₱790,973,671 as compared to last year's balance of ₱561,585,710 and May 31, 2022 balance of ₱480,047,725. Tuition and other receivables were at ₱347,621,304 this year as compared with ₱286,584,422 in 2022 and ₱227,090,993 in 2021. The University's receivables consist of tuition receivables, interest receivables, and employee and lessee receivables (classified as Other Receivables). There are no receivables from unconsolidated subsidiaries or related parties.

Inventories, consisting of materials, uniforms and supplies, were at ₱23,263,835. Other current assets, which consist largely of Advances to Suppliers, Creditable withholding Taxes and Prepayments stood at ₱89,001,972.

The current assets of the University as of fiscal year ended May 31, 2023 were ₱1,250,860,782 as compared to ₱957,799,560 last year and to ₱791,452,479 for May 31, 2021.

Property and Equipment were reported at ₱5,739,500.53 from ₱5,721,282,796 in 2022 and ₱4,916,351,509 in 2021,

Total non-current assets were at ₱5,935,173,667 and Total Assets were at ₱7,186,034,449 at the end of the fiscal year.

Accounts payable and other current liabilities increased to ₱650,395,722 from ₱530,611,109 in 2022 and ₱439,335,804 for May 31, 2021. Deferred revenues were reported this year at ₱44,347,637. Dividends payable were at ₱346,614,015 compared to ₱116,979,801 last year and ₱108,618,157 on May 31, 2021. Total current liabilities were at ₱1,057,356,007 at fiscal year end.

Total noncurrent liabilities as of May 31, 2023 decreased to ₱ 790,552,282 from last year's ₱809,411,783 and ₱789,706,206 in 2021. Because schools are allowed to claim 10% of their capital assets as an advanced tax credit, they can no longer claim the depreciation on these capital assets as tax deduction. Instead, the unamortized portion of these tax credits are lodged under deferred tax liability, and is amortized yearly in congruence with the depreciation of the capital assets. Deferred tax liabilities were at ₱481,888,222.

Upon adoption of PFRS 16 on April 1, 2019, the University recognized right-of-use asset and lease liability. The Lease Liability - net of current portion for 2023 was at ₱131,452,782 and was at ₱147,451,415 in 2022. Retirement liability refers to the portion of the Retirement Fund that needs to be funded over the course of the expected working lives of the employees. As of May 31, 2023, retirement liability was at ₱163,2014,269.

The University's stockholder's equity stood at ₱5,338,126,160 as of May 31, 2023 compared to ₱5,389,626,957 as of May 2022 and ₱4,591,312,610.

Change in Academic Year and Financial Reporting Period

The University implemented a change in the academic year (i.e from June ending March to August ending May of each year). This started in August 2019 and was reported under the fiscal year ended March 31, 2020. This change in the academic year had an effect on the net income reported for Fiscal Year 2020 due to the non-inclusion of April and May 2020 realized tuition and other fees, as well as related expenses, which were reported under Fiscal Year 2021.

The University also implemented the approved change in its financial reporting period from April ending March to June ending May of each year because of the change in its academic year.

Last 19 November 2020, the Securities and Exchange Commission approved the amended By-Laws of the University. The amended By-Laws provided for the following changes:

1. Change in fiscal year from 01 April - 31 March of the following year to 01 June - 31 May of the following year;
2. Change in the date of the Annual Stockholders' Meeting from every fourth Tuesday of July to every fourth Friday of October.

Because of the change in fiscal year, CEU was audited twice for fiscal year 2020-2021, in order to include the interim period which consist of 01 April 2021 to 31 May 2021.

Financial Performance (Interim period April 1 to May 31, 2021)

Tuition and Other School Fees were reported at ₱200,231,715 for the two-month period ended May 31, 2021 as compared to the total ₱1,129,208,087 for the year ended March 2021 and

₱1,314,456,816 for the year ended March 2020. This account consists of Tuition Fees, Other Fees, and Income from Other School Services. Other fees are fees for electricity, registration materials, miscellaneous classroom expenses, laboratory materials, health services fees, library fees and development fees. Income from Other School Services consisted of fees for diploma and certificates, transcript of records, entrance examinations and various collections for specific items or activities. Other Revenues reported in May 2021 pertain to rental income amounted to ₱592,733. Other revenues such as rental income and donation income amounting to

₱2,301,090 in March 2021 and ₱35,019,895 in March 2020 were reported separately in the financial statements. Interest income were reported at ₱552,858

in May 2021 and ₱3,565,698 for the year ended March 2021, and ₱4,717,701 in March 2020.

The total revenues from contracts with customers amounted ₱201,011,389 while the Operating Expenses were reported at ₱160,956,700 for the interim period ended May 31, 2021.

Net income of the University was ₱41,529,541 for the interim period ended May 31, 2021 and ₱155,256,227 for the year ended March 31, 2021 and ₱66,934,583 in 2020.

Financial Condition (May 31, 2021 and March 31, 2021)

The University's Cash and cash equivalents were at ₱480,047,725 as compared to the balance of ₱510,858,969 in March 2021 and ₱349,589,928 in March 2020. Tuition and other receivables were at ₱227,090,993 as compared to ₱344,984,005 in March 2021 and ₱322,195,587 in 2020.. The University's receivables consist of tuition receivables, interest receivables, and employee and lessee receivables (classified as Other Receivables). There are no receivables from unconsolidated subsidiaries or related parties.

Inventories, consisting of materials, uniforms and supplies, were at ₱14,446,174. Other current assets, which consist largely of Advances to Suppliers, Creditable withholding Taxes and Prepayments stood at ₱69,867,587.

The current assets of the University as of May 31, 2021 were ₱791,452,479 compared to ₱930,952,678 as of fiscal year ended March 31, 2021 and ₱743,573,521 for March 31, 2020.

Property and Equipment were reported at ₱4,916,351,509 from ₱4,924,380,695 in March 2021 and ₱4,999,659,087 in 2020.

Total non-current assets were at ₱5,151,796,971 and Total Assets were at ₱5,943,249,450 at the end of May 31, 2021.

Accounts payable and other current liabilities decreased to ₱439,335,804 from ₱544,991,642 in March 2021 and from ₱572,226,528 in 2020. No Deferred revenues were reported in May 2021 because the academic year was already completed. Dividends payable were at ₱108,618,157 compared to ₱109,015,657 in March 2021 and ₱105,755,874 in 2020. Total current liabilities were at ₱562,230,634 at the end of the interim period.

Total noncurrent liabilities as of May 31, 2021 decreased to ₱789,706,206 from ₱800,104,280 in March 2021 and ₱791,861,056 in 2020... Because schools are allowed to claim 10% of their capital assets as an advanced tax credit, they can no longer claim the depreciation on these capital assets as tax deduction. Instead, the unamortized portion of these tax credits are lodged under deferred tax liability, and is amortized yearly in congruence with the depreciation of the capital assets. Deferred tax liabilities were at ₱394,229,305.

Upon adoption of PFRS 16 on April 1, 2019, the University recognized right-of-use asset and lease liability. The Lease Liability - net of current portion for May 2021

was at ₱162,564,562. Retirement liability refers to the portion of the Retirement Fund that needs to be funded over the course of the expected working lives of the employees. As of May 2021, retirement liability was at ₱219,492,741.

The University's stockholder's equity stood at ₱4,591,312,610 as of May 31, 2021 compared to ₱4,537,989,892 as of March 2021 and ₱4,434,328,320 as of March 2020.

Key Performance Indicators

Key	2023	2022	Interim	2021	Manner of Computation	Significance
Revenue Growth	43.32%	14.13%	-82.27%	-14.09%	Difference between current and last year's tuition and other school fees divided by last year's revenues	Measures Revenue growth
Return on Revenue	21%	9%	21%	14%	Net income divided by Tuition and other school fees	Shows how much profit is derived from every pesos of tuition and other school fees
Dividend Pay-out Ratio	113%	125%	-	-	Dividends divided by net income	Indicates how earnings support dividend payment
Return on Equity	7%	2%	1%	3%	Net profit divided by average total stockholders' equity	Measures extent of profit earned
Return on Assets	6%	2%	1%	3%	Net profit divided by average total assets	Measures use of assets to generate income

Liquidity

The University relies on internally generated cash to fund its working capital needs, capital expenditures and cash dividends. It can satisfy the cash requirements and has no plan to raise additional funds.

Cash flows provided by operating activities were at ₱590,751,938 for fiscal year ended May 31, 2023 as compared to cash flows provided by operating activities at ₱267,078,425 for fiscal year ended March 31, 2022 and cash used in operating activities at ₱18,485,757 for interim period ended May 31, 2021.

Cash used in investing activities was ₱122,372,645 during the fiscal year ended May 31, 2023 as compared to cash used in investing activities of ₱17,865,723 during the fiscal year ended March 31, 2022 and ₱7,783,629 in interim period ended May 31, 2021.

Cash used in financing activities was at ₱242,995,566 during the fiscal year. This was primarily used for the payment of dividends. Cash used for financing activities was ₱168,354,116 for the fiscal year ended May 31, 2022 and ₱4,397,500 for interim period ended May 31, 2021.

Segment Reporting

The University operates in four geographical segments – Mendiola, Malolos, Makati-Gil Puyat and Makati-Legaspi campus. The financial information on the operations of these segments are disclosed in terms of segment assets, segment property and equipment (net), segment liabilities, segment revenues, operating expenses and net income/loss.

The segment report is included in the financial statements.

Known Trends

Effect of Government Regulation with Respect to Increase in Tuition Fees

The Commission on Higher Education (CHED) promulgates guidelines to be followed by Higher Education Institutions (HEIs) intending to increase their tuition and other fees. Notable among them follows:

“A Certificate of Intended Compliance (COIC) stating that (70%) of the proceeds to be derived from the tuition fee increase shall be used for the payment of the salaries, wages, allowances and other benefits of its teaching and non-teaching personnel and other staff xxx.

“The 20% shall go to the improvement of the following:

1. Modernization of buildings
2. Equipment
3. Libraries
4. Laboratories

5. Gymnasium and similar facilities and
 6. Payment of other costs of operations.
- "Only 10% is left for return on investment."

Education Trends

For school years 2019, 2018-2019 and 2017-2018, the University registered downward trends in enrollment due to the K-12 program of the government. This downward trend was exacerbated in the school year 2019-2020 due to the free tuition program of the government, which caused a lot of potential enrollees to enroll in State Universities and Colleges instead. For the school year 2020-2021, there was a notable decrease in enrollment. After a survey conducted by the University, the decrease was due to the COVID 19 pandemic. For the school year 2022-2023, there was an increase in enrollment from the previous year.

Key Variable and Other Qualitative and Quantitative Factors

Currently, there are no known trends, events, or uncertainties that have a material impact on the University's liquidity.

The Registrant does not know of any event that will trigger any direct or contingent financial obligation that may be material to the company, including default or acceleration of an obligation.

There are no known material off-balance sheet transactions, arrangements, or obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

As the University is slowly going back to its onsite operations as a result of the easing of COVID Restrictions and resumption of face to face classes, CEU will continue with its facilities improvement.

All income is derived from the normal course of operations and through interest income on money market placements. There are no significant elements of income or loss.

Material changes from FY 2023 to FY 2022 include an increase of 44.75% in total revenues which resulted from the increase in tuition and other school fees and miscellaneous fees of 43.32% and 157.07% respectively. During FY 2022 and 2021, rebates were applied to certain miscellaneous fees due to online classes in this period of pandemic. In FY 2023, said rebates were no longer applied as there had been a shift to hybrid class modality. For costs and expenses, there was an increase of 23.69% in cost of services resulting from increased cost of manpower, light and water, cost of student uniforms, office supplies, library, laboratory, affiliation and expenses for co-curricular activities. General and administrative expenses posted an increase of 54.99% due to increases in the transportation and communication, janitorial and security

services, repairs and maintenance, provision for credit losses, academic and program expenses. On other income and expenses, a material increase of 375.04% in interest income was reported due to higher deposits/placements and higher interest rates. Interest expense was reported this fiscal year at 8.9 million with a 23.10% decrease arising from lease liability due to the adoption of PFRS 16 on April 1, 2019. There was an increase of 489.37% in foreign currency exchange gains reported this fiscal year because of foreign currency placements and exchange rates. The loss on retirement of assets decreased at 98.76% due to the value of condemned furniture and equipment.

These material changes resulted in a decrease of 23.32% in net income after tax. Another factor to a lower income this fiscal year is the deferral of revenues for the month of June 2022 due to extension of the school year when health break was implemented by the city government.

New Accounting Standards

The University presented its consolidated financial statements to comply with accounting principles generally accepted in the Philippines (Philippine GAAP) as set forth in Philippine Financial Reporting Standards (PFRS). New and revised accounting standards, consisting of Philippine Accounting Standards (PAS) and PFRS became effective for financial reporting purposes.

The consolidated financial statements include the financial statements of the University, Centro Escolar University Hospital, Inc. (the Hospital), a wholly owned subsidiary, Centro Escolar Las Pinas (CELPI) and Centro Escolar Integrated School (CE-IS) (collectively referred to as the Group).

The financial statements of the Hospital are prepared for the same reporting year as the University.

Subsidiary is consolidated when control is transferred to the Group and ceases to be consolidated when control is transferred out of the Group. Control is presumed to exist when the University owns more than 50% of the voting power of an entity unless in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control. The consolidated financial statements are prepared using uniform accounting policies for the like transactions and other events in similar circumstances. All intercompany balances and transactions, intercompany profits and unrealized gains and losses have been eliminated in the consolidation.

Changes in Accounting Policies and Disclosures

The accounting policies and disclosures adopted are consistent with those of the previous financial year. There are no new accounting standards and disclosures effective as at June 1, 2021 to May 31, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective

The Registrant has no knowledge of any seasonal aspects that had a material effect on the financial condition or results of the operations.

Information on Independent Accountant

External Audit Fees and Services

Audit Fees and Related Fees

The appointment of Sycip, Gorres, Velayo and Co. (SGV) as external auditor of the University for the fiscal year ending May 31, 2023 was approved by the stockholders during the annual meeting on October 21, 2022.

In compliance with Securities Regulation Code (SRC) Rule 68, Ms. Djole S. Garcia was designated as partner in-charge from FY 2018 to FY 2022 while Ms. Josephine Adrienne A. Abarca and Mr. Christian Lauron were designated as partner in-charge in FY 2016 to FY 2017 and FY 2014 to FY 2015 respectively.

In 2023, 2022 and 2021, the University paid ₱1,195,700, ₱1,087,000 and ₱1,048,100 respectively, VAT exclusive, to Sycip, Gorres, Velayo and Co. (SGV) for the audit of the University's annual financial statements, as well as assistance in the preparation of the annual income tax returns.

In May 2021, the University paid ₱366,560, VAT exclusive, to Sycip, Gorres, Velayo and Co. (SGV) for the audit of the University's two-month period ended May 31, 2021 interim financial statements, as well as assistance in the preparation of the annual income tax returns.

There is no other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the University financial statements.

Tax Fees

In 1 May 2023 the Audit Committee unanimously approved the engagement of the SGV Business Tax Services Division to handle the BIR Final Assessment Notice matter of Centro Escolar Las Pinas Inc., one of the University's subsidiaries. In the pre-concurrence, the committee declared that said engagement does not constitute an unmanageable independence threat.

Other Fees

On 21 July 2023 the Audit Committee unanimously approved the engagement of the SGV Business Tax Services Division to study and submit a report which documents all processes and analyses for the transfer pricing policies and documentation of the University for taxable year 2022-2023.

Audit Committee Pre-approval Policy

CEU's Audit Committee is composed of the Chairman, Dr. Emil Q. Javier, (independent director) and members, Dr. Angel C. Alcala (independent director), Dr. Alejandro C. Dizon and Committee Secretary Atty. Sergio F. Apostol.

The Audit Committee is required to pre-approve all audit and non-audit services rendered and approve the engagement fees and other compensation to be paid to the external auditor.

The Audit Committee found the services and fees for external audit reasonable and approved the same following a conference with the external auditors and the University's financial officers to clarify the scope, extent and details of the audit.

Changes in and Disagreements with External Accountants on Accounting and Financial Disclosure

There was no change in nor disagreement with External Accountants on accounting and financial disclosures.

Item 4. Description and General Nature and Scope of the Business

Centro Escolar University, an institution of higher learning established in 1907 by Librada Avelino and Carmen de Luna, is committed to the furtherance of its founders' philosophy *Ciencia y Virtud* (knowledge and virtue), and aims to cultivate the mind, the spirit, and the body for service to God, country and the family.

In pursuit of this goal, it seeks to educate students:

1. to develop wholesome values and attitudes;
2. to be proficient in their chosen vocations; and
3. to be involved in the promotion of progressive nationalism within the context of one world.

CEU, a stock corporation, was first incorporated in 1932 to exist for 50 years, or until 1982. On March 31, 1982 the corporate life was extended for another 12 years to last until 1994. On March 31, 1994, the Articles of Incorporation was amended extending the life of CEU for another 50 years.

There was no bankruptcy, receivership or similar proceeding that happened to the corporation.

A stock split was approved by SEC on March 31, 2000, effectively reducing the par value from ₱100 to ₱1 per share. PSE correspondingly adjusted the par value on August 3, 2000.

School Year 2022-2023

Student Enrolment

The enrollment for the school year 2022-2023 of the three campuses for the first semester is 17,741 and 16,889 of the second semester. Compared to the SY 2021-2022,

there was an increase of 9.90% and 11.03% for the first and second semesters respectively. The total number of enrolled new students (first year and transferees) increased by 4.25% with 5,348 for the SY 2022-2023 compared to that of the SY 2021-2022 with 5,130 enrollees.

Foreign Student Enrolment

There were 140 and 163 foreign students enrolled for SY 2022-2023 in the first and second semester, respectively. Compared to last school year, there was a decrease of 15.66% for the first semester and an increase of 4.49% for the second semester. Majority of the foreign students are enrolled in the Dentistry program.

Performance in Board Examination

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- Elementary Education in CEU Malolos (October 2022)
- Medical Technology in CEU Manila (August 2022)
- Medical Technology in CEU Makati (March and August 2023)
- Nursing across the three (3) campuses (November 2022 and May 2023)
- Optometry (October 2022)
- Pharmacy in CEU Manila and Malolos (November 2022 and April 2023)
- Pharmacy in CEU Makati (November 2022)
- Social Work (September 2022)
- Guidance and Counselors (August 2022)

Programs such as Elementary Education and Nursing posted a remarkable 100% passing rate.

The brilliant performance of CEU graduates is a testament to the University's quest for academic excellence and quality education. Along with the exceptional ratings, CEU

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International Linkages

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CEU Makati Medical Technology program has an international linkage on International Student Exchange Program with the Daegu Health College and with the Health Polytechnic of Ministry of Health in Surabaya, Indonesia.

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The CEU Manila School of Science and Technology had a Memorandum of Understanding with the Deshbandhu College, University of Delhi, India and a Memorandum of Agreement (MOA) with the Electrical Engineering Study Program Nusa Putra University.

Quality Assurance

The continuous improvement program of CEU includes various activities coordinated by its Quality and Risk Management System Committee. These are Management Review, Quality Circle, Customer Feedback, and CEU STARS. To further improve service to various clientele, Customer Feedback was incorporated in the visitor's form to obtain feedback from external clients as well as given online for online transactions. The Planning and Monitoring Department prepares a monthly summary report on the CF validated queries/feedback and action and submits it to the Quality Management Representative (QMR) and to the CEU community. The CEU Internal Customer Survey Instrument from internal clients/students was conducted to provide inputs on how the university would improve the processes.

The Year End Management Review was held on September 2, 2022 at Novotel Manila, Araneta City. Performance of the University on the Annual Operation Plans were reported including the status of the University programs and projects by the respective chairs.

On the other hand, the Midyear Management Performance Review and Updating the Strategic Plan was conducted on February 20-22, 2023. In preparation for these activities, a periodic monitoring of the activities and the performance indicators indicated in the Annual Operations Plan was conducted.

In preparation with the IQA visit which was conducted on November 15-30, 2022, orientation-reorientation of the Internal Quality Auditors were conducted and were held online via zoom on October 10, 2022. The activity aimed to hone the audit skills of the internal quality auditors. The highlight of the orientation/reorientation was a writing workshop on how to prepare/update the audit checklist of the work unit assigned to the auditors.

Updating Strengths, Weaknesses, Opportunities and Threats (SWOT), Stakeholders Needs, Risk Assessment, Communication Plan were conducted on January 16, 2023.

To help and guide the data and document custodian in their online filing, electronic file management orientation/reorientation was conducted on September 16, 2022.

In preparation of the ISO surveillance audit, a remote mock audit was conducted on April 11, 2023. The actual virtual ISO surveillance audit was held on April 17-20, 2023. As a result of the surveillance audit, the SGS auditors recommended the continuation of the certification of ISO 9001:2015 up to the surveillance visit in May 2024.

To recognize the quality service and exemplary efforts of both teaching and non-teaching personnel, Centro Escolar University held its online annual Quality Awards Day last November 17, 2022. The event gave recognition to the deserving members of the University from the three campuses, Manila, Makati, and Malolos with the following awards: The Teacher of the Year, Non-Teaching of the Year (Non-Supervisory and Supervisory Category), Research of the Year, Best Internal Quality Audit (IQA) Sub-Team, Best Quality Circle, and best CEU STARS entrants.

Faculty Achievements

The dean of the School of Accountancy and Management, Dr. Rosemarie So was elected treasurer of the Philippine Association of Collegiate Schools of Business (PACSB) while Dr. Denis Sandoval is the President of Council of Management Educators and Practitioners in the Philippines (COMEPP) and the Vice-President (External) for Asian Council of Leaders Administrators, Deans and Educators in Business (ACLADE). Several faculty members from the School of Accountancy and Management are actively involved as officers and board of directors in the CEU Credit Cooperative. Dr. Rowel Antonio is the Vice Chair of the Board of Director and the chair of the Education Committee, Dr. Ma. Eleanor Espinas is a board member and the chairman of the Human Resource Committee, and Mr. Roy Raian Joson is the General Manager and Compliance Officer.

Faculty members from the School of Optometry are very active with the Integrated Philippine Association of Optometrist (IPAO). Dr. Fides Masanga is the president of Pasig Chapter while Dr. Roji Soriano is the president of Manila Centro Chapter and Dr. Kristoffer Francisco is a board of trustees. Dr. Maria Concepcion Anda, the program head of CEU Malolos Optometry is the Integrated Philippine Association of Optometrist (IPAO) President for NCR. She was also awarded Outstanding IPAO Chapter President by the organization and Outstanding Alumni in Culiat High School by the Department of Education Quezon City.

Dr. Maria Donnabelle Dean, the dean of the School of Pharmacy is the executive secretary of the Philippine Pharmacist Association, Inc. (PPhA) and the Vice President for Luzon of the Philippine Association of Colleges of Pharmacy (PACOP). Mr. Reysan Cosas, Assistant to the Dean of the School of Pharmacy won Best Poster for his research "Cytotoxicity on MDA-MB-231 Cells and Antioxidant Activity of Tibig (*Ficus nota* Blanco Merr.) during the 8th Philippine Pharmacy Summit.

The Asst. Dean of the Graduate School, Dr. Maricar Ching, is the President of the Philippine Council of Health Research and Development (PCHRD) Scholars and the Biology Teachers Association (BIOTA) of the Philippines Treasurer.

Mrs. Regina Jazul, Program Head of the CEU Malolos Pharmacy was the Public Relations Officer of the Philippine Association of Colleges of Pharmacy (PACOP) for 2021-2023. At present, she is the auditor until 2025. Ms. Mylene June T. Perez, a faculty member of the same program, is the treasurer of the Young Pharmacists Group (YPG)-Bulacan Chapter.

Dr. Shirley Wong, the Program head of the Dentistry at CEU Malolos is the treasurer of the Academy of Dentistry International-Philippine Section.

Student Achievements

A group of students from the School of Accountancy and Management won 1st Runner up in the Regional Business Video Advertisement organized by the Council of Management Educators and Practitioners of the Philippines (COMEPP) in May 12, 2023 at the Philippine Christian University-Manila. In December 3, 2022, the same organization conducted an activity at Centro Escolar University where another group of students won 2nd Runner up in the Tiktok Challenge. A student from School of AM won champion in the Traditional Christmas Dessert and another female student won 1st Runner-up in the Business Spoke Work Poetry. Philippine Council of Deans and Business Educators (PCDEB) conducted a Business Plan Competition- National Level where students from the School of AM won as 2nd Runner up. The IP Academy of the Intellectual Property Office of the Philippines organized the Intellectual Property Circle League: The Quiz where students from the school of AM awarded as the champion.

Optometry students are actively participating in outside organizations as one is the Internal Vice President of the PGCA Peer Organization of the Philippines while another student is the Executive Vice President of Manila Downtown YMCA Youth Club.

A student from the CEU Manila School of Pharmacy won the Best Oral Presentation for their research entitled "Selected Community Pharmacists' Extent of Knowledge, Actions, and Confidence in Medication Education to People with Hearing Disabilities" during the 8th Philippine Summit held in March 4, 2023 at Quezon City Sports Club. A Pharmacy student awarded the Best Content Award and Outstanding Youth Leader Award from the Asian Youth Leaders Travel and Learning Campy (AYLTLC) while another student got the 1st Place in the Tiktok Challenge of the 2022 National Consciousness Week Against Counterfeit Medicines.

Students from the School of Science and Technology won 1st Place, 2nd Place, and 3rd Place in the Infomercial Competition during the International Conference of the Philippine Society of Parasitology with the theme: "Defeating the NTDs by achieving the SDGs" held June 10, 2023 at Ateneo de Manila University. Another student won 2nd Place in the Poster Presentation Competition during the Metro Manila Health Research Development Consortium (MMHRDC) 6th International Symposium and 13th Annual Scientific Conference held in November 24-25, 2022 at University of Santo Tomas.

A student from CEU Malolos Pharmacy program is elected as VP for Luzon for the Federation of Junior Chapters Philippine Pharmacists Association. A Dentistry student at CEU Malolos is the elected Vice President-North of the National Executive Board-Philippine Dental Student Association. On the other hand, a student of the same program won 2nd Runner up in the 2nd AUAP Student Academic Olympiad.

For the extramural competitions, the women's basketball and the street squad were the Champion in the 53rd Women's National Collegiate Athletic Association while the

women's volleyball as well as the Cheer dance won as the 1st Runner-up. The men's basketball team was awarded as the Champion in the 53rd Men's National Collegiate Athletic Association while the men's volleyball was the 1st Runner-up.

During the 29th season of the National Capital Region Athletic Association, the women's basketball landed the Champion. The CEU Pep Squad was the Champion in the National Dance Championship (All Girls Collegiate Division).

Item 5. Directors and Executive Officers

Please refer to the Definitive Information Statement submitted to the Securities and Exchange Commission.

Note: Last 01 February 2023, Dr. Angel C. Alcala, one of the University's Independent Directors, passed away. Pursuant to the provisions of the Corporation Code, the University's By-Laws and Code of Corporate Governance, the Board of Directors on 21 March 2023 appointed Mr. Lope Yuvienco as replacement independent director who will serve the unexpired term of Dr. Alcala.

Item 6. Market Price and Dividends

The University's common equity is traded at the Philippine Stock Exchange. Following are the high and low prices for each quarter within the last two (2) fiscal years:

Fiscal Year Ended 2022		High	Low
June 1, 2021 – August 31, 2021	First Quarter	₱ 7.58	₱ 6.49
Sept. 1, 2021 – Nov. 30, 2021	Second Quarter	7.09	6.49
Dec. 1, 2021 – February 28, 2022	Third Quarter	6.98	6.49
March 1, 2022 – March 31, 2022	Fourth Quarter	6.87	6.51
Fiscal Year Ended 2023		High	Low
June 1, 2022 – August 31, 2022	First Quarter	₱ 6.95	₱ 6.50
Sept. 1, 2022 – Nov. 30, 2022	Second Quarter	7.99	6.01
Dec. 1, 2022 – February 28, 2023	Third Quarter	₱8.00	₱6.12
March 1, 2023 – March 31, 2023	Fourth Quarter	8.70	6.53

The closing price per share of the University's common shares as of October 3, 2023 (last traded October 3, 2023), the latest obtainable data as of the preparation of this report, was ₱8.30.

Holders

As of September 30, 2023, the latest obtainable data as of the filing of this report, there are 1,010 common shareholders. The name of the top twenty (20) shareholders and the number of shares and the percentage of total shares outstanding held by each are as follows:

Stockholder	Number of Common Shares Held	Percentage of Total Shares (%)
1. USAUTOCO, Inc.	126,620,891	34.0000
2. PCD Nominee Corp. – Filipino/Others	70,349,321	18.8901
3. U.S. Automotive Co., Inc.	85,650,096	22.9986
4. Jose M. Tiongco	13,439,614	3.6088
5. Corazon M. Tiongco	10,115,904	2.7163
6. Erlinda T. Galeon	9,252,982	2.4846
7. Natalia De Vera	9,186,138	2.4666
8. Security Bank Corporation TA# 1090	8,072,299	2.1676
9. Alvin Anton C. Ong	1,344,308	0.3610
10. Maria Concepcion I. Donato	994,465	0.2670
11. Emma de Santos Oboza	758,190	0.2036
12. Alicia de Santos Villarama	758,190	0.2036
13. Estate of Trinidad V. Javellana	713,666	0.1916
14. Manuel M. Paredes	650,107	0.1746
15. Amado R. Reyes	650,107	0.1746
16. Ma. Alexa J. Intengan	634,621	0.1704
17. Leland &/or Melita Villadolid	560,523	0.1505
18. Angelo A.S. Suntay	453,186	0.1217
19. Valery C. Virata	387,206	0.1040
20. Emilio C. Yap, III	353,833	0.0950

There are no transactions that relate to an acquisition, business combination or other reorganization which will affect the amount and percentage of shareholdings of any of the University's directors, officers (as a group) or any person owning more than 5% of the University's outstanding capital stock.

Dividends

Dividends declared for the two most recent fiscal years, i.e., Fiscal Year ended May 31, 2022 and Fiscal Year ended May 31, 2023, are as follows:

Fiscal Year Ended May 31, 2022

Cash dividend amounting to .60 per share was paid on 07 December 2022 to Stockholders of record as of 11 November 2022.

Fiscal Year Ended May 31, 2023

Cash dividend amounting to .60 per share was paid on 25 July 2023 to all Stockholders of Record as of 30 June 2023.

Dividends shall be declared only from retained earnings.

There are no restrictions that limit the ability to declare dividends on common equity.

Recent Sale of Unregistered or Exempt Securities

The University did not sell any unregistered or exempt securities in the past three (3) years.

Item 7. Compliance on Corporate Governance

The University has complied with the provisions of its Manual on Corporate Governance. Continuous monitoring is being done by the Compliance Officer, Audit Committee, President and Chief Financial Officer and Internal Auditor to assure compliance.

On November 12, 2022 the Board of Directors and identified key officers of CEU attended a seminar on Corporate Government conducted by the Institute of Corporate Directors.

CEU adheres to governance principles and best practices to attain its objectives. A system has been established to monitor and evaluate the performance of the University and its Management and CEU is committed. The University is committed to consistently abide by and ensure improved compliance with the requirements of good corporate governance.

CEU is not aware of any acts of its Directors, top management, middle managers, employees of any acts of omission that may be considered as a deviation from the company's Code of Corporate Governance.

Committed to continuous improvement, CEU undertakes to regularly review its existing policies and practices and update the same when warranted.

UNDERTAKING

A copy of the University's annual report in "SEC Form 17-A (2023)", may be provided to any stockholder upon written request addressed to:

**Office of the Corporate Secretary
Centro Escolar University
9 Mendiola Street
San Miguel, Manila**

At the discretion of Management, a charge may be made for exhibits, provided such charge is limited to reasonable expenses incurred by the registrant in furnishing such copies.

COVER SHEET

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S.E.C. Registration Number

C	E	N	T	R	O		E	S	C	O	L	A	R		U	N	I	V	E	R	S	I	T	Y					
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(Company's Full Name)

9	M	E	N	D	I	O	L	A	S	T	.	S	A	N	M	I	G	U	E	L
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[illegible]

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

Contact Person

873568-61 to 71

Contact Number

0	5
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Month

3	1
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	Day	Time	Activity
1	Monday	8:00 AM - 9:00 AM	Introduction and Welcome
2	Tuesday	9:00 AM - 10:00 AM	Session 1: Fundamentals of Project Management
3	Wednesday	10:00 AM - 11:00 AM	Session 2: Advanced Project Management Techniques
4	Thursday	11:00 AM - 12:00 PM	Session 3: Case Studies and Practical Applications
5	Friday	12:00 PM - 1:00 PM	Lunch Break
6	Saturday	1:00 PM - 2:00 PM	Session 4: Final Review and Q&A
7	Sunday	2:00 PM - 3:00 PM	Closing Remarks and Certificate Distribution

Fiscal Year

1	7	-	A	
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FORM TYPE

Annual Report

1	0
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Month

4th Fr4th Friday

Day

Annual Meeting

Secondary License Type, If Applicable

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Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

	Total Period

Domestic

Borrowings

Foreign

To be accomplished by SEC Personnel concerned

[illegible][illegible]

LCU

CASHIER

CENTRO ESCOLAR UNIVERSITY
Company's Full Name

9 Mendiola Street
San Miguel, Manila
Company's
Address

8735-68-61 to 71
Telephone Number

May 31, 2023
Fiscal Year Ending
(Month & Day)

SEC FORM 17 – A
Form Type

May 31, 2023
Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE
AND SECTION 141 OF THE CORPORATION CODE**

1. For the fiscal year ended May 31, 2023
2. SEC Identification Number 1093
3. BIR Tax Identification No. 000-531-126-000
4. Exact name of issuer as specified in its charter CENTRO ESCOLAR UNIVERSITY
5. Province, Country or other jurisdiction of incorporation or organization Philippines
6. Industry Classification Code (SEC Use Only)
7. Address of Principal Office 9 Mendiola Street, San Miguel,
Manila Postal Code 1005
8. Issuer's telephone number, Including area code (02) 8735-68-61
9. Former name, former address and fiscal year, if changed since last report N/A
10. Securities registered pursuant to Section 8 and 12 of the SRC, or Section 4 and 8 of the RSA

Title of Each Class Stock Outstanding	Number of Shares of Common and Amount of Debt Outstanding
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Common Stock	372,414,400
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11. Are any or all these securities listed on a stock exchange?

Yes ☒ No ☐

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

12. Check whether the issuer:

- (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder of Section 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports):

Yes [☒]

No [☐]

- (b) has been subject to such filing requirements for the past 90 days.

Yes [☒]

No [☐]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and ask prices of such stock, as of a specified date within 60 days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

Number of non-affiliate shares as of August 31, 2023 372,414,400

Closing price per share as of August 31, 2023 (last traded August 31, 2023)

₱ 7.80

Market value as of August 31, 2022 ₱2,904,832,320.00
(price/share x 372,414,400)

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Description of Business

Centro Escolar University (CEU), an institution of higher learning established in 1907 by Librada Avelino and Carmen de Luna, is committed to the furtherance of its founders' philosophy, Ciencia y Virtud (knowledge and virtue), and aims to cultivate the mind, the spirit, and the body for service to God, country and the family. It has ranked among the top ten institutions of higher education in the Philippines.

In pursuit of this philosophy, it seeks to educate students:

1. To develop wholesome values and attitudes;
2. To become intellectually, technologically, and globally proficient in their chosen professions; and
3. To be involved in the promotion of nationalism.

CEU, a stock corporation, was first incorporated in 1932 to exist for 50 years, or until 1982. On March 31, 1982 the corporate life was extended for another 12 years to last until 1994. On March 31, 1994, the Articles of Incorporation was amended extending the life of CEU for another 50 years.

There was no bankruptcy, receivership or similar proceeding that happened to the corporation.

Stock split was approved by the SEC on March 31, 2000, effectively reducing the par value from ₱100 to ₱1 per share. PSE correspondingly adjusted the par value on August 3, 2000.

School Year 2022-2023

Student Enrolment

The enrollment for the school year 2022-2023 of the three campuses for the first semester is 17,741 and 16,889 of the second semester. Compared to the SY 2021-2022, there was an increase of 9.90% and 11.03% for the first and second semesters respectively. The total number of enrolled new students (first year and transferees) increased by 4.25% with 5,348 for the SY 2022-2023 compared to that of the SY 2021-2022 with 5,130 enrollees.

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CEU Makati Medical Technology program has an international linkage on International Student Exchange Program with the Daegu Health College and with the Health Polytechnic of Ministry of Health in Surabaya, Indonesia.

The Dentistry program of CEU Malolos renewed their membership to the South East Asia Association for Dental Education (SEAADE). This is an association of dental schools in SEA and Asia Pacific Region and has 68 member schools. The School of Dentistry was also accepted as a member of the Association for Dental Education, Asia Pacific (ADEAP), an association of dental schools in Asia Pacific Region with 22 member schools.

The CEU Manila School of Science and Technology had a Memorandum of Understanding with the Deshbandhu College, University of Delhi, India and a Memorandum of Agreement (MOA) with the Electrical Engineering Study Program Nusa Putra University.

Quality Assurance

The continuous improvement program of CEU includes various activities coordinated by its Quality and Risk Management System Committee. These are Management Review, Quality Circle, Customer Feedback, and CEU STARS. To further improve service to various clientele, Customer Feedback was incorporated in the visitor's form to obtain feedback from external clients as well as given online for online transactions. The Planning and Monitoring Department prepares a monthly summary report on the CF validated queries/feedback and action and submits it to the Quality Management Representative (QMR) and to the CEU community. The CEU Internal Customer Survey Instrument from internal clients/students was conducted to provide inputs on how the university would improve the processes.

The Year End Management Review was held on September 2, 2022 at Novotel Manila, Araneta City. Performance of the University on the Annual Operation Plans were reported including the status of the University programs and projects by the respective chairs.

On the other hand, the Midyear Management Performance Review and Updating the Strategic Plan was conducted on February 20-22, 2023. In preparation for these activities, a periodic monitoring of the activities and the performance indicators indicated in the Annual Operations Plan was conducted.

In preparation with the IQA visit which was conducted on November 15-30, 2022, orientation-reorientation of the Internal Quality Auditors were conducted and were held online via zoom on October 10, 2022. The activity aimed to hone the audit skills of the internal quality auditors. The highlight of the orientation/reorientation was a writing workshop on how to prepare/update the audit checklist of the work unit assigned to the auditors.

Updating Strengths, Weaknesses, Opportunities and Threats (SWOT), Stakeholders Needs, Risk Assessment, Communication Plan were conducted on January 16, 2023.

To help and guide the data and document custodian in their online filing, electronic file management orientation/reorientation was conducted on September 16, 2022.

In preparation of the ISO surveillance audit, a remote mock audit was conducted on April 11, 2023. The actual virtual ISO surveillance audit was held on April 17-20, 2023. As a result of the surveillance audit, the SGS auditors recommended the continuation of the certification of ISO 9001:2015 up to the surveillance visit in May 2024.

To recognize the quality service and exemplary efforts of both teaching and non-teaching personnel, Centro Escolar University held its online annual Quality Awards Day last November 17, 2022. The event gave recognition to the deserving members of the University from the three campuses, Manila, Makati, and Malolos with the following awards: The Teacher of the Year, Non-Teaching of the Year (Non-Supervisory and Supervisory Category), Research of the Year, Best Internal Quality Audit (IQA) Sub-Team, Best Quality Circle, and best CEU STARS entrants.

Faculty Achievements

The dean of the School of Accountancy and Management, Dr. Rosemarie So was elected treasurer of the Philippine Association of Collegiate Schools of Business (PACSB) while Dr. Denis Sandoval is the President of Council of Management Educators and Practitioners in the Philippines (COMEPP) and the Vice-President (External) for Asian Council of Leaders Administrators, Deans and Educators in Business (ACLADE). Several faculty members from the School of Accountancy and Management are actively involved as officers and board of directors in the CEU Credit Cooperative. Dr. Rowel Antonio is the Vice Chair of the Board of Director and the chair of the Education Committee, Dr. Ma. Eleanor Espinas is a board member and the chairman of the Human Resource Committee, and Mr. Roy Raian Joson is the General Manager and Compliance Officer.

Faculty members from the School of Optometry are very active with the Integrated Philippine Association of Optometrist (IPAO). Dr. Fides Masanga is the president of Pasig Chapter while Dr. Roji Soriano is the president of Manila Centro Chapter and Dr. Kristoffer Francisco is a board of trustees. Dr. Maria Concepcion Anda, the program head of CEU Malolos Optometry is the Integrated Philippine Association of Optometrist (IPAO) President for NCR. She was also awarded Outstanding IPAO Chapter President by the organization and Outstanding Alumni in Culiati High School by the Department of Education Quezon City.

Dr. Maria Donnabelle Dean, the dean of the School of Pharmacy is the executive secretary of the Philippine Pharmacist Association, Inc. (PPhA) and the Vice President for Luzon of the Philippine Association of Colleges of Pharmacy (PACOP). Mr. Reysan Cosas, Assistant to the Dean of the School of Pharmacy won Best Poster for his research "Cytotoxicity on MDA-MB-231 Cells and Antioxidant Activity of Tibig (*Ficus nota* Blanco Merr.) during the 8th Philippine Pharmacy Summit.

The Asst. Dean of the Graduate School, Dr. Maricar Ching, is the President of the Philippine Council of Health Research and Development (PCHRD) Scholars and the Biology Teachers Association (BIOTA) of the Philippines Treasurer.

Mrs. Regina Jazul, Program Head of the CEU Malolos Pharmacy was the Public Relations Officer of the Philippine Association of Colleges of Pharmacy (PACOP) for 2021-2023. At present, she is the auditor until 2025. Ms. Mylene June T. Perez, a faculty member of the same program, is the treasurer of the Young Pharmacists Group (YPG)-Bulacan Chapter.

Dr. Shirley Wong, the Program head of the Dentistry at CEU Malolos is the treasurer of the Academy of Dentistry International-Philippine Section.

Student Achievements

A group of students from the School of Accountancy and Management won 1st Runner up in the Regional Business Video Advertisement organized by the Council of Management Educators and Practitioners of the Philippines (COMEPP) in May 12, 2023 at the Philippine Christian University-Manila. In December 3, 2022, the same organization conducted an activity at Centro Escolar University where another group of students won 2nd Runner up in the Tiktok Challenge. A student from School of AM won champion in the Traditional Christmas Dessert and another female student won 1st Runner-up in the Business Spoke Work Poetry. Philippine Council of Deans and Business Educators (PCDEB) conducted a Business Plan Competition- National Level where students from the School of AM won as 2nd Runner up. The IP Academy of the Intellectual Property Office of the Philippines organized the Intellectual Property Circle League: The Quiz where students from the school of AM awarded as the champion.

Optometry students are actively participating in outside organizations as one is the Internal Vice President of the PGCA Peer Organization of the Philippines while another student is the Executive Vice President of Manila Downtown YMCA Youth Club.

A student from the CEU Manila School of Pharmacy won the Best Oral Presentation for their research entitled "Selected Community Pharmacists' Extent of Knowledge, Actions, and Confidence in Medication Education to People with Hearing Disabilities" during the 8th Philippine Summit held in March 4, 2023 at Quezon City Sports Club. A Pharmacy student awarded the Best Content Award and Outstanding Youth Leader Award from the Asian Youth Leaders Travel and Learning Campy (AYLTLC) while another student got the 1st Place in the Tiktok Challenge of the 2022 National Consciousness Week Against Counterfeit Medicines.

Students from the School of Science and Technology won 1st Place, 2nd Place, and 3rd Place in the Infomercial Competition during the International Conference of the Philippine Society of Parasitology with the theme: "Defeating the NTDs by achieving the SDGs" held June 10, 2023 at Ateneo de Manila University. Another student won 2nd Place in the Poster Presentation Competition during the Metro Manila Health Research Development Consortium (MMHRDC) 6th International Symposium and 13th Annual Scientific Conference held in November 24-25, 2022 at University of Santo Tomas.

A student from CEU Malolos Pharmacy program is elected as VP for Luzon for the Federation of Junior Chapters Philippine Pharmacists Association. A Dentistry student at CEU Malolos is the elected Vice President-North of the National Executive Board-Philippine Dental Student Association. On the other hand, a student of the same program won 2nd Runner up in the 2nd AUAP Student Academic Olympiad.

For the extramural competitions, the women's basketball and the street squad were the Champion in the 53rd Women's National Collegiate Athletic Association while the women's volleyball as well as the Cheer dance won as the 1st Runner-up. The men's basketball team was awarded as the Champion in the 53rd Men's National Collegiate Athletic Association while the men's volleyball was the 1st Runner-up.

During the 29th season of the National Capital Region Athletic Association, the women's basketball landed the Champion. The CEU Pep Squad was the Champion in the National Dance Championship (All Girls Collegiate Division).

Thirteen (13) programs in CEU-Manila have PACUCOA Level 4 accredited status (BS Pharmacy, BS Biology, BS Psychology, BS Business Administration, BS Medical Technology, Liberal Arts, Bachelor of Secondary Education, Bachelor of Elementary Education, Doctor of Dental Medicine, BS Nutrition and Dietetics, Master of Arts, Master of Business Administration and Master of Science). BS Biology, BS Psychology, BS Business Administration, and BS Nutrition and Dietetics are Level 4 2nd reaccredited status. BS Medical Technology, Liberal Arts, Bachelor of Secondary Education, Bachelor of Elementary Education, Doctor of Dental Medicine, BS Nutrition and Dietetics are Level 4 1st reaccredited status. Doctor of Optometry is Level 3 accredited status.

Nursing and Social Work is Level 3 accredited by PAASCU. Five (5) programs are on Level 2 accredited status (BS Hotel and Restaurant Management, BS Tourism Management, BS Information Technology, BS

Computer Science, and BS Computer Engineering). Six (6) programs are on Level 1 accredited status (Ph.D. in Higher Education Management, Ph.D. in Mathematics Education, Ph.D. in Pharmacy, Ph.D. in Southeast Asian Studies, and Doctor of Public Administration). Accountancy is on Candidate Status. All these accredited programs have met the FAAP's stringent requirements specifically, (a) reasonably high standard of instruction as manifested by the quality of its teachers, (b) highly visible community extension programs, (c) highly visible research tradition, (d) strong staff development, (e) highly creditable performance of graduates in licensure examinations, and (f) existence of working consortia or linkages with other schools/agencies.

For CEU-Malolos, three programs have Level 4 1st Reaccredited status (BS Business Administration, Liberal Arts, BS Psychology), five programs have Level 3 accredited status (BS Hotel and Restaurant Management, BS Tourism Management, Doctor of Dental Medicine, BS Pharmacy, and BS Nursing), and Level 2 accredited status for Bachelor of Elementary Education and BS Information Technology.

CEU-Makati has ten Level 2 accredited status (BS Hotel and Restaurant Management, BS Tourism Management, BS Computer Science, BS Business Administration, BS Medical Technology, BS Psychology, BS Nursing, BS Pharmacy, Doctor of Dental Medicine and BS Information Technology).

The summary is as follows:

Accredited Programs	College/School	Accreditation Level	Period Covered	Accrediting Agency
CEU-Manila				
B.S. Biology		Level 4 2nd RA	July 2019-July 2024	PACUCOA
B.S. Psychology		Level 4 2nd RA	July 2019-July 2024	
B.S. Pharmacy		Level 4 1st RA	May 2023-May 2028	
B.S. Business Administration		Level 4 1st RA	May 2023-May 2028	
B.S. Nutrition and Dietetics		Level 4 1st RA	Nov. 2022-Nov. 2027	
Doctor of Dental Medicine		Level 4 1st RA	Jan. 2018-Jan. 2023	
Liberal Arts		Level 4 1st RA	Sept. 2018-Sept. 2023	
Bachelor of Secondary Education		Level 4 1st RA	Sept. 2018-Sept. 2023	

Bachelor of Elementary Education	Level 4 1 st RA	Sept. 2018-Sept. 2023	
B.S. Medical Technology	Level 4 1 st RA	March 2019-March 2024	
Doctor of Optometry	Level 3	Aug. 2018-Aug. 2023	
B.S. Social Work	Level 3	May 2023-May 2028	PAASCU
B.S. Nursing	Level 3	May 2023-May 2028	
B.S. Hotel and Restaurant Management	Level 2	July 2019-July 2024	PACUCOA
B.S. Tourism Management	Level 2	July 2019-July 2024	
B.S. Information Technology	Level 2	March 2022-March 2027	
B.S. Computer Science	Level 2	March 2022-March 2027	
B.S. Computer Engineering	Level 1	Oct. 2022-Oct. 2027	
B.S. Accountancy	Candidate	April 2022-April 2026	

GRADUATE SCHOOL		
Master of Arts	Level 4	March 2019-March 2024
Master of Business Administration	Level 4	March 2019-March 2024
Master of Science	Level 4	March 2019-March 2024
Ph.D. in Higher Education	Level 1	Feb. 2020-Feb.

Management		2024	
Ph.D. In Mathematics Education	Level 1	Feb. 2020-Feb. 2024	
Ph.D. in Pharmacy	Level 1	Feb. 2020-Feb. 2024	
Ph.D. in Southeast Asian Studies	Level 1	Feb. 2020-Feb. 2024	
Doctor of Public Administration	Level 1	Feb. 2020-Feb. 2024	
CEU-MALOLOS			
B.S. Business Administration	Level 4, 1 st RA	July 2021-July 2026	PACUCOA
Liberal Arts Program	Level 4, 1 st RA	July 2021-July 2026	
Science Program (B.S. Psychology)	Level 4, 1 st RA	July 2021-July 2026	
Doctor of Dental Medicine	Level 3	Dec. 2021-Dec. 2026	
B.S. Tourism Management	Level 3	Dec. 2021-Dec. 2026	
B.S. Hotel and Restaurant Management	Level 3	Dec. 2021-Dec. 2026	
B.S. Pharmacy	Level 3	Dec. 2021-Dec. 2026	
B.S. Nursing	Level 3	Dec. 2021-Dec. 2026	
B.S. Information Technology	Level 2	Nov. 2019-Nov. 2024	
Bachelor of Elementary Education	Level 2	Dec. 2021-Dec. 2026	
CEU-MAKATI			

B.S. Hotel and Restaurant Management	Level 2	Aug. 2018-Aug. 2023	PACUCOA
B.S. Tourism Management	Level 2	Aug. 2018-Aug. 2023	
B.S. Business Administration	Level 2	Aug. 2018-Aug. 2023	
B.S. Computer Science	Level 2	March 2019-March 2024	
B.S. Psychology	Level 2	Nov. 2019-Nov. 2024	
B.S. Medical Technology	Level 2	Nov. 2019-Nov. 2024	
B.S. Pharmacy	Level 2	Nov. 2019-Nov. 2024	
B.S. Nursing	Level 2	Nov. 2019-Nov. 2024	
Doctor of Dental Medicine	Level 2	Oct. 2021-Oct. 2026	
B.S. Information Technology	Level 2	Oct. 2021-Oct. 2026	

CEU Makati was awarded rank 1 and CEU Malolos rank 3 in the Top Performing Schools during the November-December 2022 Dentist Licensure Examination by Professional Regulation Commission and the Professional Regulatory Board of Optometry.

To build further its status as an institution of higher learning, the University continues to bring its academic standards at par with internationally recognized certifying bodies.

CEU successfully earned the AUN-QA Certification for the twelve programs based on the AUN-QA criteria: expected learning outcomes, program specification, program structure and content, teaching and learning approach, student assessment, academic staff quality, support staff quality, student quality and support, facilities and infrastructure, quality enhancement, output. The programs with AUN-QA certification are BS Biology, BS Pharmacy, Doctor of Dental Medicine, BS International Tourism and Travel Management, BS International Hospitality Management, BS Business Administration, BA Communication and Media, and BS Medical Technology. BS Nursing, Doctor of Optometry, BS Nutrition and Dietetics, BS and Psychology.

The University entered into a 25-year lease contract with Philtrust Bank on July 29, 2004. The lease covers the use of Philtrust Bank's land, building and improvements thereon located at 259-263 Sen. Gil Puyat Avenue and Malugay Street, Makati City. The lease commenced on January 1, 2005 for the operation of the CEU-Makati Extension Campus for school year 2005-2006.

CEU complies with environmental laws. Its buildings are inspected regularly by the Office of the Mayor of Manila for sanitation and other safety measures, and the University pays the corresponding regulatory fees.

Contribution of Product Services to Revenues

	2020-2021	2021-2022	2022-2023
Liberal Arts	4,673,444	5,926,557	6,156,992
Science	58,561,928	19,962,2441	56,114,745
ACS/AMT	47,935,722	48,362,003	31,221,851
Dentistry	174,207,478	134,821,298	202,408,740
Education	726,278	1,098,601	1,837,174
Medical Technology	89,249,312	86,470,597	112,993,946
Music	1,078,734	1,375,676	1,992,231
Nursing	47,383,645	84,519,076	90,653,887
Nutrition/HE/Tourism/HRM	20,434,200	24,934,936	42,233,697
Optometry	29,246,645	39,793,829	37,257,594
Pharmacy	29,456,097	65,939,257	74,715,904
Social Work	1,937,953	2,131,953	2,405,948
Graduate School	25,485,666	18,580,870	10,212,366
Law	9,227,426	6,253,046	5,956,192
Medicine	25,181,565	21,234,384	16,731,489
CEIS and CELP	118,322,636	114,827,868	163,048,805
TOTAL	683,105,729	676,232,195	855,941,560

Tuition Fee Increase

There was no tuition increase from SY 2020-2021 to SY 2021-2022 in consideration of the COVID 19 Pandemic. In fact, there were some fees that were reduced because of the temporary cessation on on-campus classes. For SY 2022-2023, a 5% increase in tuition fee was collected from the incoming first year students only.

Effect of Government Regulation with Respect to Increase in Tuition Fees

The Commission on Higher Education (CHED) promulgates guidelines to be followed by Higher Educational Institutions (HEIs) intending to increase their tuition and other fees. The guidelines provide, among others:

“A Certificate of Intended Compliance (COIC) stating that (70%) of the proceeds to be derived from the tuition fee increase shall be used for the payment of the salaries, wages, allowances and other benefits of its teaching and non-teaching personnel and other staff x x x.

“The 20% shall go to the improvement of the following:

1. Modernization of buildings
2. Equipment
3. Libraries
4. Laboratories
5. Gymnasium and similar facilities and
6. Payment of other cost of operations

Only 10% is left for return on investment.”

The University has consistently distributed 70% of the increase in tuition fees to its employees on a semestral basis. The 70% increase in tuition fees is distributed in the form of the benefit known as incremental proceeds, employee development programs, and other benefits.

The University regularly spends on capital expenditures to improve its facilities. These expenditures are sourced from internally-generated funds and generally exceed the allotted 20% of the tuition fee increase for the year.

Except for competition from other schools and universities, the rising cost of goods and materials and adverse economic situation which can affect operational costs and enrollment figures, there are no other major risks involved in the business of the University.

Item 2. Properties

CEU's main campus site, which houses 13 buildings, is located on a two-hectare prime real estate in Mendiola, Manila. Its campus in Malolos, Bulacan is located on a seven-hectare property along McArthur Highway.

The properties in Manila campus are covered by TCT Nos. 11919, 69761, 76251, 76252, 76253, 92437, 99602 and 171233. The Malolos property is covered by TCT No. T87162.

The University has no property that is subject to any mortgage, lien or encumbrance.

In connection with the establishment of CEU-Makati Campus, the University has been leasing the Philtrust Bank Building since 2004 for ₱2M fixed rental per month for 25 years plus a percentage of the annual income for its CEU-Makati, Gil Puyat Campus. As part of the University's expansion program for CEU-Makati Campus, the University purchased in 2006 the Seaboard Centre Condominium Project located at Esteban Street, Legaspi Village, Makati City. The University is currently working on the consolidation of these titles.

CEU complies with environmental laws. Its buildings are inspected regularly by the Manila, Malolos, and Makati LGU respectively for sanitation and other safety measures, and the University pays the corresponding regulatory fees.

Item 3. Legal Proceedings

CEU is not a party nor is any of the University's principal properties subject to any substantial legal proceeding that could be expected to have a material adverse effect on the results of its operations.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters

Market Information

The University's common equity is traded at the Philippine Stock Exchange. Following are the high and low prices for each quarter within the last two (2) fiscal years:

		High	Low
Fiscal Year Ended 2022		High	Low
June 1, 2021 – August 31, 2021	First Quarter	₱ 7.58	₱ 6.49
Sept. 1, 2021 – Nov. 30, 2021	Second Quarter	7.09	6.49
Dec. 1, 2021 – February 28, 2022	Third Quarter	6.98	6.49
March 1, 2022 – March 31, 2022	Fourth Quarter	6.87	6.51
Fiscal Year Ended 2023		High	Low
June 1, 2022 – August 31, 2022	First Quarter	₱ 6.95	₱ 6.50
Sept. 1, 2022 – Nov. 30, 2022	Second Quarter	7.99	6.01
Dec. 1, 2022 – February 28, 2023	Third Quarter	8.00	6.12
March 1, 2023 – March 31, 2023	Fourth Quarter	8.70	6.53

The closing price per share of the University's common shares as of August 31, 2023 (last trade was August 31, 2023) was ₱7.80.

Holders

As of August 31, 2023, the latest data obtainable as of the making of this report, there are 1,010 common shareholders. The name of the top twenty (20) shareholders and the number of shares and the percentage of total shares outstanding held by each are as follows:

Stockholder	Number of Common Shares Held	Percentage of Total Shares (5)
1. USAUTOCO, Inc.	126,620,891	34.0000
2. PCD Nominee Corp. – Filipino/Others	61,159,096	16.4223
3. U.S. Automotive Co., Inc.	85,650,096	22.9986
4. Jose M. Tiongco	13,439,614	3.6088
5. Corazon M. Tiongco	10,115,904	2.7163
6. Erlinda T. Galeon	9,252,982	2.4846
7. Natalia Maria De Vera	9,186,138	2.4666
8. Security Bank Corporation TA# 1090	8,072,299	2.1676
9. Alvin Anton C. Ong	1,344,308	0.3610
10. Maria Concepcion I. Donato	994,465	0.2670

11. Emma de Santos Oboza	758,190	0.2036
12. Alicia de Santos Villarama	758,190	0.2036
13. Estate of Trinidad V. Javellana	713,666	0.1916
14. Manuel M. Paredes	650,107	0.1746
15. Amado R. Reyes	650,107	0.1746
16. Ma. Alexa J. Intengan	634,621	0.1704
17. Leland &/or Melita Villadolid	560,523	0.1505
18. Angelo A.S. Suntay	453,186	0.1217
19. Valery C. Virata	387,206	0.1040
20. Emilio C. Yap III	353,833	0.0950

There are no transactions that relate to an acquisition, business combination or other reorganization which will affect the amount and percentage of shareholdings of any of the University's directors, officers (as a group) or any person owning more than 5% of the University's outstanding capital stock

Dividends

Dividends declared for the two most recent fiscal years, i.e., Fiscal Year ended May 31, 2022 and Fiscal Year ended May 31, 2023, are as follows:

Fiscal Year Ended May 31, 2022

Cash dividend amounting to .40 per share was declared on July 30, 2021 in favor of stockholders of record as of August 27, 2021, paid on September 22, 2021.

Fiscal Year Ended May 31, 2023

Cash dividend amounting to .60 per share was declared on May 26, 2023 in favor of stockholders of record as of June 30, 2023, paid on July 25, 2023.

Cash dividend amounting to .60 per share was declared on September 30, 2022 in favor of stockholders of record as of November 11, 2022, paid on December 7, 2022.

Dividends shall be declared only from retained earnings.

There are no restrictions that limit the ability to declare dividends on common equity.

Recent Sales of Unregistered or Exempt Securities

The University did not sell any unregistered or exempt securities in the past three (3) years.

Item 6. Management 's Discussion and Analysis or Plan of Operation
Financial Performance (2022-2023; 2021-2022; interim period 2020-2021)

Tuition and Other School Fees increased by 43.32% from the previous year's ₱1,288,803,119 to this year's ₱1,847,171,734 with the two months total in 2021 of ₱200,231,715. This account consists of Tuition Fees, Other Fees, and Income from Other School Services. Other fees comprised of fees for electricity, registration materials, miscellaneous classroom expenses, laboratory materials, health services fees, library fees and development fees. Income from Other School Services comprised of fees for diploma and certificates, transcript of records, entrance examinations and various collections for specific items or activities. Other Revenues pertaining to rental income amounted to ₱10,953,501 which is a higher by 127.47% in 2022 amounting to 4,815,310. Interest income were reported at ₱14,739,965 in 2023, ₱3,102,887 in 2022 and ₱552,858 for the two months of 2021. No material Other Income was reported as of May 31, 2023, thus a decrease to ₱4,000 as of May 31, 2023 from ₱322,060 in 2022.

The total revenues from contracts with customers increased to ₱1,847,171,734 from ₱1,301,696,641 in 2022 and from ₱1,351,672,511 in 2020 while the Operating Expenses were reported at ₱1,500,235,664 in 2023 and ₱1,180,482,250 in 2022 and ₱160,956,700 in two months of 2021.

For the fiscal year ended May 31, 2022, the academic calendar of the University was revised and the completion of the academic year was moved from May 2022 (fiscal year ended May 31, 2022) to June (fiscal year ending May 31, 2023). This is due to the offering of the programs by the learning block affected by the health breaks imposed by the City Government.

Net income of the University as of May 31, 2023 increased to ₱396,019,517 from ₱119,052,481 in 2022 and ₱41,529,541 for the two months of April to May 2021. For the fiscal year 2022-2023 the University has increased in the number of total students. A 5% increase in the tuition fees of first year students was implemented. In addition there are no more rebates in the miscellaneous fees as the hybrid class modality was implemented.

The extension of classes due to a health break implemented by the city government had an effect on the net income reported for Fiscal Year 2022 with the deferred tuition fees and contract liabilities which will be recognized as revenue in June 2022 (fiscal year ending May 31, 2023).

Financial Condition (2022-2023; 2021-2022; interim period 2020-2021)

The University reported a healthy cash position as of May 31, 2023. Cash and cash equivalents were at ₱790,973,671 as compared to last year's balance of ₱561,585,710 and May 31, 2022 balance of ₱480,047,725. Tuition and other receivables were at ₱347,621,304 this year as compared with ₱286,584,422 in 2022 and ₱227,090,993 in 2021. The University's receivables consist of tuition receivables, interest receivables, and employee and lessee receivables (classified as Other Receivables). There are no receivables from unconsolidated subsidiaries or related parties.

Inventories, consisting of materials, uniforms and supplies, were at ₱23,263,835. Other current assets, which consist largely of Advances to Suppliers, Creditable withholding Taxes and Prepayments stood at ₱89,001,972.

The current assets of the University as of fiscal year ended May 31, 2023 were ₱1,250,860,782 as compared to ₱957,799,560 last year and to ₱791,452,479 for May 31, 2021.

Property and Equipment were reported at ₱5,739,500.53 from ₱5,721,282,796 in 2022 and ₱4,916,351,509 in 2021,

Total non-current assets were at ₱5,935,173,667 and Total Assets were at ₱7,186,034,449 at the end of the fiscal year.

Accounts payable and other current liabilities increased to ₱650,395,722 from ₱530,611,109 in 2022 and ₱439,335,804 for May 31, 2021. Deferred revenues were reported this year at ₱44,347,637. Dividends payable were at ₱346,614,015 compared to ₱116,979,801 last year and ₱108,618,157 on May 31, 2021. Total current liabilities were at ₱1,057,356,007 at fiscal year end.

Total noncurrent liabilities as of May 31, 2023 decreased to ₱ 790,552,282 from last year's ₱809,411,783 and ₱789,706,206 in 2021. Because schools are allowed to claim 10% of their capital assets as an advanced tax credit, they can no longer claim the depreciation on these capital assets as tax deduction. Instead, the unamortized portion of these tax credits are lodged under deferred tax liability, and is amortized yearly in congruence with the depreciation of the capital assets. Deferred tax liabilities were at ₱481,888,222.

Upon adoption of PFRS 16 on April 1, 2019, the University recognized right-of-use asset and lease liability. The Lease Liability - net of current portion for 2023 was at ₱131,452,782 and was at ₱147,451,415 in 2022. Retirement liability refers to the portion of the Retirement Fund that needs to be funded over the course of the expected working lives of the employees. As of May 31, 2023, retirement liability was at ₱163,2014,269.

The University's stockholder's equity stood at ₱5,338,126,160 as of May 31, 2023 compared to ₱5,389,626,957 as of May 2022 and ₱4,591,312,610.

Change in Academic Year and Financial Reporting Period

The University implemented a change in the academic year (i.e from June ending March to August ending May of each year). This started in August 2019 and was reported under the fiscal year ended March 31, 2020. This change in the academic year had an effect on the net income reported for Fiscal Year 2020 due to the non-inclusion of April and May 2020 realized tuition and other fees, as well as related expenses, which were reported under Fiscal Year 2021.

The University also implemented the approved change in its financial reporting period from April ending March to June ending May of each year because of the change in its academic year.

Last 19 November 2020, the Securities and Exchange Commission approved the amended By-Laws of the University. The amended By-Laws provided for the following changes:

1. Change in fiscal year from 01 April - 31 March of the following year to 01 June - 31 May of the following year;
2. Change in the date of the Annual Stockholders' Meeting from every fourth Tuesday of July to every fourth Friday of October.

Because of the change in fiscal year, CEU was audited twice for fiscal year 2020-2021, in order to include the interim period which consist of 01 April 2021 to 31 May 2021.

Financial Performance (Interim period April 1 to May 31, 2021)

Tuition and Other School Fees were reported at ₱200,231,715 for the two-month period ended May 31, 2021 as compared to the total ₱1,129,208,087 for the year ended March 2021 and ₱1,314,456,816 for the year ended March 2020. This account consists of Tuition Fees, Other Fees, and Income from Other School Services. Other fees are fees for electricity, registration materials, miscellaneous classroom expenses, laboratory materials, health services fees, library fees and development fees. Income from Other School Services consisted of fees for diploma and certificates, transcript of records, entrance examinations and various collections for specific items or activities. Other Revenues reported in May 2021 pertain to rental income amounted to ₱592,733. Other revenues such as rental income and donation income amounting to ₱2,301,090 in March 2021 and ₱35,019,895 in March 2020 were reported separately in the financial statements. Interest income were reported at ₱552,858 in May 2021 and ₱3,565,698 for the year ended March 2021, and ₱4,717,701 in March 2020.

The total revenues from contracts with customers amounted ₱201,011,389 while the Operating Expenses were reported at ₱160,956,700 for the interim period ended May 31, 2021.

Net income of the University was ₱41,529,541 for the interim period ended May 31, 2021 and ₱155,256,227 for the year ended March 31, 2021 and ₱66,934,583 in 2020.

Financial Condition (May 31, 2021 and March 31, 2021)

The University's Cash and cash equivalents were at ₱480,047,725 as compared to the balance of ₱510,858,969 in March 2021 and ₱349,589,928 in March 2020. Tuition and other receivables were at ₱227,090,993 as compared to ₱344,984,005 in March 2021 and ₱322,195,587 in 2020.. The University's receivables consist of tuition receivables, interest receivables, and employee and lessee receivables (classified as Other Receivables). There are no receivables from unconsolidated subsidiaries or related parties.

Inventories, consisting of materials, uniforms and supplies, were at ₱14,446,174. Other current assets, which consist largely of Advances to Suppliers, Creditable withholding Taxes and Prepayments stood at ₱69,867,587.

The current assets of the University as of May 31, 2021 were ₱791,452,479 compared to ₱930,952,678 as of fiscal year ended March 31, 2021 and ₱743,573,521 for March 31, 2020.

Property and Equipment were reported at ₱4,916,351,509 from ₱4,924,380,695 in March 2021 and ₱4,999,659,087 in 2020.

Total non-current assets were at ₱5,151,796,971 and Total Assets were at ₱5,943,249,450 at the end of May 31, 2021.

Accounts payable and other current liabilities decreased to ₱439,335,804 from ₱544,991,642 in March 2021 and from ₱572,226,528 in 2020. No Deferred revenues were reported in May 2021 because the academic year was already completed. Dividends payable were at ₱108,618,157 compared to ₱109,015,657 in March 2021 and ₱105,755,874 in 2020. Total current liabilities were at ₱562,230,634 at the end of the interim period.

Total noncurrent liabilities as of May 31, 2021 decreased to ₱789,706,206 from ₱800,104,280 in March 2021 and ₱791,861,056 in 2020... Because schools are allowed to claim 10% of their capital assets as an advanced tax credit, they can no longer claim the depreciation on these capital assets as tax deduction. Instead, the unamortized portion of these tax credits are lodged under deferred tax liability, and is amortized yearly in congruence with the depreciation of the capital assets. Deferred tax liabilities were at ₱394,229,305.

. Upon adoption of PFRS 16 on April 1, 2019, the University recognized right-of-use asset and lease liability. The Lease Liability - net of current portion for May 2021 was at ₱162,564,562. Retirement liability refers to the portion of the Retirement Fund that needs to be funded over the course of the expected working lives of the employees. As of May 2021, retirement liability was at ₱219,492,741.

The University's stockholder's equity stood at ₱4,591,312,610 as of May 31, 2021 compared to ₱4,537,989,892 as of March 2021 and ₱4,434,328,320 as of March 2020.

Key Performance Indicators

Key	2023	2022	Interim	2021	Manner of Computation	Significance
Revenue Growth	43.32%	14.13%	-82.27%	-14.09%	Difference between current and last year's tuition and other school fees divided by last year's revenues	Measures Revenue growth
Return on Revenue	21%	9%	21%	14%	Net income divided by Tuition and other school fees	Shows how much profit is derived from every pesos of tuition and other school fees
Dividend Pay-out Ratio	113%	125%	-	-	Dividends divided by net income	Indicates how earnings support dividend payment
Return on Equity	7%	2%	1%	3%	Net profit divided by average total stockholders' equity	Measures extent of profit earned
Return on Assets	6%	2%	1%	3%	Net profit divided by average total assets	Measures use of assets to generate income

Liquidity

The University relies on internally generated cash to fund its working capital needs, capital expenditures and cash dividends. It can satisfy the cash requirements and has no plan to raise additional funds.

Cash flows provided by operating activities were at ₱590,751,938 for fiscal year ended May 31, 2023 as compared to cash flows provided by operating activities at ₱267,078,425 for fiscal year ended March 31, 2022 and cash used in operating activities at ₱18,485,757 for interim period ended May 31, 2021.

Cash used in investing activities was ₱122,372,645 during the fiscal year ended May 31, 2023 as compared to cash used in investing activities of ₱17,865,723 during the fiscal year ended March 31, 2022 and ₱7,783,629 in interim period ended May 31, 2021.

Cash used in financing activities was at ₱242,995,566 during the fiscal year. This was primarily used for the payment of dividends. Cash used for financing activities was ₱168,354,116 for the fiscal year ended May 31, 2022 and ₱4,397,500 for interim period ended May 31, 2021.

Segment Reporting

The University operates in four geographical segments – Mendiola, Malolos, Makati-Gil Puyat and Makati-Legaspi campus. The financial information on the operations of these segments are disclosed in terms of segment assets, segment property and equipment (net), segment liabilities, segment revenues, operating expenses and net income/loss.

The segment report is included in the financial statements under Note 20.

Known Trends

Effect of Government Regulation with Respect to Increase in Tuition Fees

The Commission on Higher Education (CHED) promulgates guidelines to be followed by Higher Education Institutions (HEIs) intending to increase their tuition and other fees. Notable among them follows:

“A Certificate of Intended Compliance (COIC) stating that (70%) of the proceeds to be derived from the tuition fee increase shall be used for the payment of the salaries, wages, allowances and other benefits of its teaching and non-teaching personnel and other staff xxx.

“The 20% shall go to the improvement of the following:

1. Modernization of buildings
2. Equipment
3. Libraries
4. Laboratories
5. Gymnasium and similar facilities and
6. Payment of other costs of operations. “Only 10% is left for return on investment.

Education Trends

For school years 2019, 2018-2019 and 2017-2018, the University registered downward trends in enrollment due to the K-12 program of the government. This downward trend was exacerbated in the school year 2019-2020 due to the free tuition program of the government, which caused a lot of potential enrollees to enroll in State Universities and Colleges instead. For the school year 2020-2021, there was a notable decrease in enrollment. After a survey conducted by the University, the decrease was due to the COVID 19 pandemic. For the school year 2022-2023, there was an increase in enrollment from the previous year.

Key Variable and Other Qualitative and Quantitative Factors

Currently, there are no known trends, events, or uncertainties that have a material impact on the University's liquidity.

The Registrant does not know of any event that will trigger any direct or contingent financial obligation that may be material to the company, including default or acceleration of an obligation.

There are no known material off-balance sheet transactions, arrangements, or obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

As the University is slowly going back to its onsite operations as a result of the easing of COVID Restrictions and resumption of face to face classes, CEU will continue with its facilities improvement.

All income is derived from the normal course of operations and through interest income on money market placements. There are no significant elements of income or loss.

Material changes from FY 2023 to FY 2022 include an increase of 44.75% in total revenues which resulted from the increase in tuition and other school fees and miscellaneous fees of 43.32% and 157.07% respectively. During FY 2022 and 2021, rebates were applied to certain miscellaneous fees due to online classes in this period of pandemic. In FY 2023, said rebates were no longer applied as there had been a shift to hybrid class modality. For costs and expenses, there was an increase of 23.69% in cost of services resulting from increased cost of manpower, light and water, cost of student uniforms, office supplies, library, laboratory, affiliation and expenses for co-curricular activities. General and administrative expenses posted an increase of 54.99% due to increases in the transportation and communication, janitorial and security services, repairs and maintenance, provision for credit losses, academic and program expenses. On other income and expenses, a material increase of 375.04% in interest income was reported due to higher deposits/placements and higher interest rates. Interest expense was reported this fiscal year at 8.9 million with a 23.10% decrease arising from lease liability due to the adoption of PFRS 16 on April 1, 2019. There was an increase of 489.37% in foreign currency exchange gains reported this fiscal year because of foreign currency placements and exchange rates. The loss on retirement of assets decreased at 98.76% due to the value of condemned furniture and equipment.

These material changes resulted in a decrease of 23.32% in net income after tax. Another factor to a lower income this fiscal year is the deferral of revenues for the month of June 2022 due to extension of the school year when health break was implemented by the city government.

New Accounting Standards

The University presented its consolidated financial statements to comply with accounting principles generally accepted in the Philippines (Philippine GAAP) as set forth in Philippine Financial Reporting Standards (PFRS). New and revised accounting standards, consisting of Philippine Accounting Standards (PAS) and PFRS became effective for financial reporting purposes.

The consolidated financial statements include the financial statements of the University, Centro Escolar University Hospital, Inc. (the Hospital), a wholly owned subsidiary, Centro Escolar Las Pinas (CELPI) and Centro Escolar Integrated School (CE-IS) (collectively referred to as the Group).

The financial statements of the Hospital are prepared for the same reporting year as the University.

Subsidiary is consolidated when control is transferred to the Group and ceases to be consolidated when control is transferred out of the Group. Control is presumed to exist when the University owns more than 50% of the voting power of an entity unless in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control. The consolidated financial statements are prepared using uniform accounting policies for the like transactions and other events in similar circumstances. All intercompany balances and transactions, intercompany profits and unrealized gains and losses have been eliminated in the consolidation.

Changes in Accounting Policies and Disclosures

The accounting policies and disclosures adopted are consistent with those of the previous financial year. There are no new accounting standards and disclosures effective as at June 1, 2021 to May 31, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective

The Registrant has no knowledge of any seasonal aspects that had a material effect on the financial condition or results of the operations.

Item 7. Financial Statement

The audited financial statements and supplementary schedules to the financial statements duly submitted to BIR* are attached as Exhibit 1 hereto.

Item 8. Changes in and Disagreements with External Accountants on Accounting and Financial Disclosure

1. External Audit Fees and Services

Audit Fees and Related Fees

The appointment of Sycip, Gorres, Velayo and Co. (SGV) as external auditor of the University for the fiscal year ending May 31, 2023 was approved by the stockholders during the annual meeting on October 21, 2022.

In compliance with Securities Regulation Code (SRC) Rule 68, Ms. Djole S. Garcia was designated as partner in-charge from FY 2018 to FY 2022 while Ms. Josephine Adrienne A. Abarca and Mr. Christian Lauron were designated as partner in-charge in FY 2016 to FY 2017 and FY 2014 to FY 2015 respectively.

In 2023, 2022 and 2021, the University paid ₱1,195,700, ₱1,087,000 and ₱1,048,100 respectively, VAT exclusive, to Sycip, Gorres, Velayo and Co. (SGV) for the audit of the University's annual financial statements, as well as assistance in the preparation of the annual income tax returns.

In May 2021, the University paid ₱366,560, VAT exclusive, to Sycip, Gorres, Velayo and Co. (SGV) for the audit of the University's two-month period ended May 31, 2021 interim financial statements, as well as assistance in the preparation of the annual income tax returns.

There is no other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the University financial statements.

Tax Fees

In 1 May 2023 the Audit Committee unanimously approved the engagement of the SGV Business Tax Services Division to handle the BIR Final Assessment Notice matter of Centro Escolar Las Pinas Inc., one of the University's subsidiaries. In the pre-concurrence, the committee declared that said engagement does not constitute an unmanageable independence threat.

Other Fees

On 21 July 2023 the Audit Committee unanimously approved the engagement of the SGV Business Tax Services Division to study and submit a report which documents all processes and analyses for the transfer pricing policies and documentation of the University for taxable year 2022-2023.

Audit Committee Pre-approval Policy

CEU's Audit Committee is composed of the Chairman, Dr. Emil Q. Javier, (independent director) and members, Dr. Angel C. Alcala (independent director), Dr. Alejandro C. Dizon and Committee Secretary Atty. Sergio F. Apostol.

The Audit Committee is required to pre-approve all audit and non-audit services rendered and approve the engagement fees and other compensation to be paid to the external auditor.

The Audit Committee found the services and fees for external audit reasonable and approved the same following a conference with the external auditors and the University's financial officers to clarify the scope, extent and details of the audit.

Changes in and Disagreements with External Accountants on Accounting and Financial Disclosure

There was no change in nor disagreement with External Accountants on accounting and financial disclosures.

PART III. CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the University

Directors and Executive Officers

Note: Last 01 February 2023, Dr. Angel C. Alcala, one of the University's Independent Directors, passed away. Pursuant to the provisions of the Corporation Code, the University's By-Laws and Code of Corporate Governance, the Board of Directors on 21 March 2023 appointed Mr. Lope Yuvienco as replacement independent director who will serve the unexpired term of Dr. Alcala.

	Name	Age	Citizenship	Positions	Term of Office	Directorship Held in Other Companies
1	Basilio C. Yap	74	Filipino	Chairman of the Board – April 25, 2014	Yearly	Chairman, President & Director – U.S. Automotive Co., Inc., USAUTOCO, Inc., Philtrust Realty Corporation, Manila Prince Hotel, Cocusphil Development Corporation, U.N. Properties Development Corporation and Seebreeze Enterprises <ul style="list-style-type: none"> - Vice Chairman – Philtrust Bank - Chairman, Manila Hotel Corporation - Chairman, Manila Bulletin Publishing Corporation - Chairman, CEU Hospital, Inc. and Centro Escolar Las Pinas, Inc.

2	Ma. Cristina D. Padolina	77	Filipino	Director - July 25, 2006 President/Chief Academic Officer - Aug. 18, 2006	Yearly	<ul style="list-style-type: none"> - Professor Emeritus, University of the Philippines, Los Baños - Director, Centro Escolar University Hospital, Inc. - Vice Chairman & President, Centro Escolar Las Pinas, Inc.
3	Lope M. Yuvienco		Filipino	Director 21 March 2023	Yearly	Independent Director, AXA Philippines and Charter Ping An Insurance Corporation Director, Centro Escolar University

4	Emil Q. Javier**	83	Filipino	Director - July 10, 2002	Yearly	<ul style="list-style-type: none"> - Trustee, Asia Rice Foundation, Head Advisor, Biotech Coalition of the Phils., - - Academician, National Academy of Science & Technology (Phil) - Board Member, International Service for the Acquisition of Agri-Biotech Applications (South East Asia Center) - Chairman, Coalition for Agricultural Modernization of the Phils. - Chairman, Nutrition Center of the Philippines - Director: CEU Hospital, Inc. Del Monte Pacific Ltd. Centro Escolar Las Pinas, Inc. - Member, Advisory Com. Japan International Coop. Agency, Phils.
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5	Benjamin C. Yap	77	Filipino	Director - July 22, 2014	Yearly	<ul style="list-style-type: none"> - President and Chairman, Benjamin Favored Son, Inc., - Chairman, House of Refuge - Director, USAUTOCO, Inc - Director, Manila Hotel Corp.
6	Alejandro C. Dizon	63	Filipino	Director - Aug. 31, 2007	Yearly	<ul style="list-style-type: none"> - Vice President – Quality & Patient Safety & Chief Quality Officer; St. Lukes Medical Center - Active Consultant, General Surgery, Institute of Surgery, St. Lukes Medical Center - Fellow and President, Philippine College of Surgeons - Fellow, American College of Surgeons - Examiner & Member, Chairman Board of Directors & Governors, Philippine Board of Surgery, - Asst. Professor, UERMMMC Department of Surgery College of Medicine
7	Emilio C. Yap III	52	Filipino	Directors - Sept. 1, 2009	Yearly	<ul style="list-style-type: none"> - Chairman, Manila Prime Holdings - Director, Manila Bulletin Corporation, Manila Hotel, Philtrust Bank and US Automotive Co., Inc.
8	Corazon M. Tiongco	74	Filipino	Director - July 25, 2000 Assistant Treasurer since Aug. 12, 2005	Yearly	<ul style="list-style-type: none"> - Director, Centro Escolar University Hospital, Inc. - Director, Centro Escolar Integrated School, Inc.

9	Johnny C. Yap	51	Filipino	Director - Oct. 26, 2007	Yearly	- Vice Chairman & Treasurer, Euromed Laboratories Philippines, Inc. - Director, Philtrust Bank - Director, Las Piñas College - Chairman, Café France Corp.
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Executive Officers Who Are Not Directors

	Name	Age	Citizen ship	Position	Term of Office	Directorship Held in Other Companies
1	Sergio F. Apostol	88	Filipino	Corporate Secretary - Feb. 26, 2010	Yearly	- Chairman, Kaytrix Agri- Aqua Corp. - Director, Manila Hotel
2	Cesar F. Tan	69	Filipino	Treasurer - April 17, 2006 Asst. Corp. Sec. - Oct. 1, 2009	Yearly	- Treasurer, Centro Escolar University Hospital, Inc., Centro Escolar Integrated School, Inc., Centro Escolar Las Piñas, Inc.
3	Jayson O'S. Ramos	42	Filipino	University Legal Counsel - July 2017 Compliance Officer – July 2019 Data Privacy Officer - March 2020	Yearly	None
4	Maria Clara Perlita Erna V. Yabut	57	Filipino	VP-Research & Evaluation – Jan. 29, 2010 AVP- Research & Evaluation - Aug. 18, 2006 Head, EDP Department – Aug. 1, 2001	Yearly	None
5	Teresa R. Perez	61	Filipino	Senior VP - Academics - October 22, 2021 VP- Academic Affairs - Jan. 29, 2010 AVP- Academic Affairs - July 25, 2008 Acting AVP-Academic Affairs - July 27, 2007	Yearly	- Vice President, Centro Escolar Integrated School, Centro Escolar Las Piñas, Inc.
5	Pearly P.		Filipino	VP-Makati Campus	Yearly	Vice President and

	Lim			- August, 2013		Dean of Studies, Centro Escolar University-Makati
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6	Rhoda C. Aguilar	50	Filipino	University Registrar - July 25, 2014 Acting University Registrar – June 1, 2013	Yearly	None
7	Ma. Flordeliza L. Anastacio	63	Filipino	VP-Malolos Campus - July 25, 2014 -Officer-in-Charge, CEU Malolos - November, 2013	Yearly	None
8	Carlito B. Olaer	60	Filipino	VP-Student Affairs – July 30, 2010 Acting AVP- Student Affairs, Student Affairs Office - since July 25, 2008 OIC, Student Affairs Office – - since May 3, 2008	Yearly	None
9	Ma. Rolina S. Servitillo	54	Filipino	VP-Administration & Accounting – Jan. 2017	Yearly	- Vice President, Centro Escolar Integrated School, Centro Escolar Las Piñas, Inc., Centro Escolar University Hospital, Inc.
10	Jericho P. Orlina	57	Filipino	AVP- Business Affairs – Jan. 2017	Yearly	AVP, Centro Escolar University Hospital, Inc.
11	Bella Marie L. Fabian	60	Filipino	AVP-Administration – Jan. 2017	Yearly	None
12	Bernardita T. Traje	62	Filipino	Assistant Controller – Aug. 18, 2006 Assistant Treasurer – March 8, 1995 to Aug. 18, 2006	Yearly	None

Significant Employees

All employees are expected to make reasonable contributions to the success of the business of the University. There is no “significant employee” as defined in Part IV(A)(2) of the SRC Rule 12 (i.e., a person who is not an executive officer of the registrant but who is expected to make a significant contribution to the business).

Deans

	Name*	Position*	Directorship Held in Other Companies
1.	Maria Dinna P. Aviñante	Dean (OIC)	None
2.	Josue N. Bellosillo	Dean	None
3.	Charito M. Bermido	Dean	None
4.	Elena C. Borromeo	Dean	None
5.	Julieta Z. Dungca	Dean	None
6.	Mary Iodine S. Lacanienta	Dean	None
7.	Ma. Rita D. Lucas	Dean	None
8	Maria Donnabelle U. Dean	Dean	None
9.	Rosemarie I. So	Dean	None
10.	Christine S. Tinio	Dean	None
11.	Cecilia G. Uncad	Dean	None
12.	Elvira L. Urgel	Dean	None
13.	Dr. Erna V. Yabut	Dean (OIC)	None

Assistant Deans

	Name	Position*	Directorship Held in Other Companies
1.	Amelita M. Borlongan	Assistant Dean	None
2.	Maricar W. Ching	Assistant Dean	None
3.	Lumpas, Ricardo S.	Assistant Dean	None
4.	Naranjilla, Marian Almyra S.	Assistant Dean	None
5.	Aileen C. Patron	Assistant Dean	None

Associate Deans

	Name	Position*	Directorship Held in Other Companies
1.	Alex J. Bienvenido Alip, Jr.	Associate Dean	None

2.	Josephine Carnate	Associate Dean	None
3.	Rita Linda V. Jimeno	Associate Dean	None

Academic Department Heads

	Name	Position*	Directorship Held in Other Companies
1.	Elisa B. Ayo	Head	None
2.	Jonathan P. Catapang	Head	None
3.	Dorothea C. Dela Cruz	Head	None
4.	Aleli V. Lozano	Head	None
5.	Arlene S. Opina	Head	None

6.	Imelda R. Romero	Head	None
7.	Ruth R. Santos	Head	None
8.	Zenaida R. Los Baños	Head	None

Program Heads 2

	Name	Position*	Directorship Held in Other Companies
1.	Maria Carmen S. Dizon	Program Head	None
2.	Regina A. Jazul	Program Head	None
3.	Roy Raian A. Joson	Program Head	None
4.	Mae Angeline M. Lontoc	Program Head	None

5.	Rowena E. Mercado	Program Head (Acting)	None
6.	Pilipino A. Ramos	Program Head	None
7.	Ricky R. Rosales	Program Head	None
8.	Carmen P. Sanchez	Program Head	None
9.	Cresencia M. Santos	Program Head	None
10.	Maricar A. Veranga	Program Head	None
11.	Shirley S. Wong	Program Head	None

Non-Teaching Department Heads

	Name	Position*	Directorship Held in Other Companies
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1.	Maria Corazon L. Andoy	Head	None
2.	Salvacion M. Arlante	Head	None
3.	Rouella M. Baluyut	Administrative Officer	None
4.	Cecilia C. Catahan	Head	None
5.	Josephine M. De Leon	Head (Acting)	None
6.	Ma. Eleanor C. Espinas	Head	None
7.	Nicanor Jerry A. Griño	Head	None
8.	Rommel N. Jotic	Head	None
9.	Frederick R. Llanera	Head	None

10.	Rosario Donalyne L. Manigbas	Head	None
11.	Juana Rosa F. Martinez	Head	None
12.	Ivan Perry B. Mercado	Campus Registrar-	None
13.	Teresita S. Mijares	Head	None
14.	Roland P. Ordañez	Head	None
15.	Eufrecina Jean DR. Ramirez	Head	None
16.	Benjamin M. Roman	Head	None
17.	Cynthia S. Sarmineto	Campus Registrar	None
18.	Engr. Ronie U. Siniguian	Head	None

19.	Maria Corazon C. Tiongco	Head	None
20.	Bernardita T. Traje	Head	None
21.	Ma. Cecilia L. Yu	Head	None

Assistant Heads

	Name	Position*	Directorship Held in Other Companies
1.	Noel V. Aguilar	Asst. Head	None
2.	Ma. Jesusa M. Laurio	Asst. Head	None
3.	Avelina R. Raqueño	Asst. Head (Acting)	None
4.	Nelia PL. Sacopon	Asst. Head	None

University Legal Counsel

	Name	Position*	Directorship Held in Other Companies
1.	Jayson O'S. Ramos	Legal Counsel	None

Family Relationships

Mr. Basilio C. Yap and Mr. Benjamin C. Yap are relatives within the second degree of consanguinity, Dr. Emilio C. Yap III and Dr. Johnny C. Yap are relatives within the second degree of consanguinity. Mr. Basilio C. Yap and Mr. Benjamin C. Yap who are relatives within the second degree of consanguinity and Dr. Emilio C. Yap III and Dr. Johnny C. Yap who are also within the second degree of consanguinity are relatives within the third degree of consanguinity.

Involvement in Certain Legal Proceedings

The University is not aware of any legal proceedings in the past five (5) years to date involving its directors and officers which are material to the evaluation of the ability and integrity of any director or officer of the University.

No director or officer has been convicted by final judgment during the last five (5) years up to the present of any offense punishable by Philippine laws or by the laws of any other country.

Likewise, the University has no knowledge of pending legal proceedings against any of its directors or executive officers involving: (a) any bankruptcy petition filed by or against any business of which its directors or executive officers is subject; or (b) any judgment or decree permanently or temporarily limiting or suspending their involvement in any type of business, securities, commodities or banking activities; or, (c) any violation of a securities or commodities law or regulation and the judgment has not been reversed, suspended or vacated.

Item 10. Executive Compensation

Salaries and Benefits of Executive Officers

Name and Position	Fiscal Year	Aggregate Annual Salary as a group	Aggregate Bonus as a group	Other Annual Compensation	Total Compensation as a group
PRES. PADOLINA					
VP LIMUACO	2021-2022	12,293,386.35	1,599,115.96	N/A	13,892,502.31
VP PEREZ	2022-2023	11,645,333.49	1,520,419.35	N/A	13,165,752.84
VP YABUT	2023-2024	11,645,333.49	1,520,419.35	N/A	13,165,752.84
VP OLAER					

All Officers and Directors as a Group

Name and Position	Fiscal Year	Annual Salary	Bonus	Other Annual Compensation	Total Compensation
All Officers and Directors As a Group	2021-2022 2022-2023 2023-2024***				₱ 35,438,871.09 ₱ 35,943,018.72 ₱ 35,943,018.72

***Figures are estimated amounts.

The Directors do not receive compensation for services provided as a director other than reasonable per diems for attendance at meetings of the Board or any of its committees.

There are no bonuses, profit sharing stock options warrants, rights of other compensation plans or arrangements with directors or officers that will result from their resignation, retirement, termination of employment or change in the control of the University.

The duties and responsibilities of the elected corporate officers are specified in the University's By-laws and/or Manual of Corporate Governance.

Other officers whose duties and responsibilities are set by Management are considered regular employees of the University.

There are no outstanding warrants or options held by the University's President, executive officers and directors.

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Owners

Owners of record of more than 5% of the University's shares of stock as of August 31, 2023, the latest obtainable data as of the preparation of this report, were as follows:

Title of Class	Name & Address of Record Owner & Relationship w/ Issuer	Name of Beneficial Owner & Relationship w/ Record Owner	Citizenship	Number of Shares held	Percent (%)
Common	USAUTOCO, Inc. 1000 UN Ave., Ermita, Manila Authorized Representative- Basilio C. Yap Relationship to Registrant - Stockholder	USAUTOCO, Inc Authorized Representative – Basilio C. Yap Position - President	Filipino	126,620,891	34.00
Common	U.S. Automotive Co., Inc. 1000-1046 U.N. Ave. cor. San Marcelino Ermita, Manila Authorized Representative Basilio C. Yap Relationships to Registrant – Stockholder	U.S. Automotive, Co., Inc. Authorized Representative Basilio C. Yap Position – President	Filipino	85,650,0963	22.99
Common	PCD Nominee Corp. – Filipino	Alejandro C. Dizon Beneficial Owner	Filipino	70,349,3212	18.89
Aggregate Number of Shares and Percentage of All Beneficial/Record Owners as a Group				232,618,106	62.46%

³During the stockholders' meeting on July 27, 2004, the stockholders approved the grant of annual medical allowance and related bonuses to the members of the Board of Directors.

The proxy designated by the Board of Directors votes for the corporation.

2. Security Ownership of Management

Owners of record of CEU shares among Management as of August 31, 2023, the latest obtainable data as of the preparation of this report, are as follows:

Title of Class	Directors	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Basilio C. Yap (Chairman since April 7)	1001 (d)	Filipino	0.0003
Common	Ma. Cristina D. Padolina	38,316 (d)	Filipino	0.0102
Common	Lope M. Yuvienco*	1 (d)	Filipino	Nil
Common	Emil Q. Javier*	1 (d)	Filipino	Nil
Common	Benjamin C. Yap	800 (d)	Filipino	0.0002
Common	Alejandro C. Dizon**	50,033,412 (d)	Filipino	13.4348
Common	Emilio C. Yap III	353,833 (d)	Filipino	0.0925
Common	Corazon M. Tiongco	10,115,904 (d)	Filipino	2.7163
Common	Johnny C. Yap	1,000 (d)	Filipino	0.0002
Total 60,544,367 (d)				16.25%

Title of Class	Officers	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Ma. Cristina D. Padolina	38,316 (d)	Filipino	0.0102
Common	Cesar F. Tan	19,735 (d)	Filipino	0.0052
Common	Pearly P. Lim	2,366 (d)	Filipino	0.0006
Common	Ma. Flordeliza L. Anastacio	1,302 (d)	Filipino	0.0003
Common	Maria Clara Perlita Erna V. Yabut	4,000 (d)	Filipino	0.0010
Common	Teresa R. Perez	3,226 (d)	Filipino	0.0040
Common	Corazon M. Tiongco	10,115,904 (d)	Filipino	2.7163

Common	Bernardita T. Traje	753 (d)	Filipino	0.0001
-	Ma. Rolina S. Servitillo	0 (d)	Filipino	0
-	Carlito B. Olaer	0 (d)	Filipino	0
-	Rhoda C. Aguilar	0 (d)	Filipino	0
-	Jericho P. Orlina	0 (d)	Filipino	0
-	Bella Marie L. Fabian	0 (d)	Filipino	0
-	Jayson O'S. Ramos	0 (d)	Filipino	0
Total (excluding shares of Ma. Cristina D. Padolina, and Corazon M. Tiongco 31,382 (d))				0.0110
Aggregate Number of Shares and Percentage of All Security Ownership of Management as a Group 60,544,367 (d)				16.25 %

To the best knowledge of the University, the above lists include shares beneficially owned by the directors and officers.

Item 12. Certain Relationship and Related Transactions

The University entered into a 25-year lease contract with Philtrust Bank on July 29, 2004. The lease covers the use of Philtrust Bank's land, building and improvements thereon located at 259-263 Sen. Gil Puyat Avenue and Malugay Street, Makati City. The lease commenced on January 1, 2005 for the operation of the CEU-Makati Extension Campus for the school year 2005-2006. Lease of the building from Philtrust Bank Building is for the exclusive purpose of maintaining and operating an extension campus in Makati City, and to conduct therein all such activities necessary to provide adequate educational instruction and other services to its students, including authorized extra-curricular activities.

The consideration for the lease was principally based on the valuation of the property by Asian Appraisal, Inc. and on the financial advisory by Buenaventura, Echauz and Partners. Except for the respective parties' covenants under said lease contract between CEU and Philtrust Bank, there is no further contractual or other commitment resulting from the arrangement that would pose any risk or contingency. There are no other parties involved in this transaction.

The University, in line with its expansion program and for marketing purposes, avails of advertising services of Manila Bulletin Publishing Corporation. The terms of said advertising transactions are based on terms similar to those offered to non-related parties.

For a more detailed discussion on related party transactions, please see the Notes on the attached Audited Financial Statements for fiscal year ending May 31, 2022.

*Independent Director

**Dr. Alejandro C. Dizon has 51,837 shares registered in his name in addition to 49,981,575 shares lodged with PCD Nominee Corporation.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The University has complied with the provisions of its Manual on Corporate Governance. Continuous monitoring is being done by the Compliance Officer, Audit Committee, President and Chief Financial Officer and Internal Auditor to assure compliance.

On 12 November 2022 the Board of Directors and identified key officers of CEU attended a seminar on Corporate Government conducted by the Institute of Corporate Directors.

CEU adheres to governance principles and best practices to attain its objectives. A system has been established to monitor and evaluate the performance of the University and its Management and CEU is committed. The University is committed to consistently abide by and ensure improved compliance with the requirements of good corporate governance.

CEU is not aware of any acts of its Directors, top management, middle managers, employees of any acts of omission that may be considered as a deviation from the company's Code of Corporate Governance.

Committed to continuous improvement, CEU undertakes to regularly review its existing policies and practices and update the same when warranted.

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

<u>Exhibits</u>	Sustainability Report
Exhibit 1	Consolidated Financial Statements and Schedules: 1. 31 May 2023
Exhibit 2	Quarterly Report (SEC Form 17-Q) (Please refer to the SEC Form 17-Q previously filed with the SEC.)

Reports on SEC Form 17-C:

(Please refer to the SEC Form 17-C previously filed with the SEC for the following disclosures.)

May 30, 2023	Integrated Annual Corporate Governance Report
	Results of Annual Stockholders' Meeting
	Results of Organizational Meeting

Item 15. CEU Sustainability Report for Fiscal Year 01 Junel 2022 to 31 May 2023

Contextual Information

Company Details

Name of Organization:	Centro Escolar University
Location of Headquarters:	9 Mendiola Street San Miguel Manila
Location of Operations:	Philippines
Report Boundary:	Philippines
Legal entities (e.g. subsidiaries) included in this report* -	None for the meantime, but the Board of Directors will explore including CEU's subsidiaries in future reports
Business Model, including Primary Activities, Brands, Products, and Services	– Educational Institution
Reporting Period	Fiscal Year ending beginning 01 June 2022 – 31 May 2023
Highest Ranking Person responsible for this report:	Vice Chairman

*If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.

Materiality Process:

In determining which topics are material and will be included in the initial Sustainability Report to be submitted by CEU, the University Management adopted the “Stakeholders Areas of Concern” approach wherein the various stakeholders of the University are identified, and the topics deemed material for these stakeholders are matched.

The following stakeholders are identified:

- **Stockholders**
- **Government**
- **Management**
- **Employees, including the employees' union**
- **Students**
- **Alumni**
- **Communities**

The foregoing stakeholders were then matched and after which, the management has identified the following topics as the most material and shall be reported in its Sustainability Report.

1. Economic Performance

- **Direct Economic Value Generated and Distributed**

2. Social

- **Employee Management**
 - **Employee hiring and benefits**
 - **Employee training and development**
 - **Labor management relations**
 - **Workplace Conditions, etc.**
 - **Relationship with community**
 - **Data Security**

The determination of the above-listed topics as material does not necessarily mean that the other topics will be disregarded; the management will include these topics in future reports.

Economic

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	1,880,318,123	PHP

Direct economic value distributed:		
a. Operating costs	1.500,235,664	PHP
b. Employee wages and benefits	857,669,142	PHP
c. Payments to suppliers, other operating costs	642,566.522	PHP
d. Dividends given to stockholders and interest payments to loan providers	455,784,,132	PHP
e. Taxes given to government	31,694,075	PHP
f. Investments to community (e.g. donations, CSR)		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
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<p>CEU, being an Institution of Higher Learning, provides quality education that prepares an individual to be the best in one's chosen field. The direct economic impact of the University is its accomplishment of its task in providing a steady stream of professionals in allied health services such as Dentists, Optometrists, Pharmacists, Nurses, Medical Technologists, Nutritionists, and other professionals.</p>	<p>Government, Community, Students, Alumni</p>	<p>Recent shifts in the educational system have resulted in a temporary but substantial “speed bump” that needs to be hurdled by all Private Educational Institutions in the country.</p> <p>The most notable “speed bump” is the COVID19 Pandemic which caused a huge shift in instruction.</p> <p>As of this report, the University has resumed its on site operations, but at the same time introduced the Onsite +, Hybrid, and Full Online modalities.</p> <p>CEU during the pandemic easily coped with the shift to online classes with its readiness to hold online classes which were already being developed as early as 2014.</p>
<p>Direct economic value is distributed as a result of the operations of the University through the payment of taxes, payments to suppliers and salaries to employees.</p>	<p>Employees, Suppliers, Environment</p>	<p>The University has systems in place to ensure the timely fulfillment of these obligations.</p>

What are the risk/s identified?	Which stakeholders are	Management Approach
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	affected?	
<p>The economic condition currently affecting all the citizens of the country also tends to affect their choices when it comes to career and educational choices.</p> <p>The current hurdle, the various levels of community quarantine imposed by the government because of COVID19 will inevitably result in a reduction in the University's direct economic value.</p>	<p>Management, Employees, Suppliers, Government</p>	<p>The University has developed and will continue to develop courses of action that are designed to eliminate and/or minimize the effect of these risks.</p> <p>Examples of these are the various online courses offered by the University under the "Onsite +" modality to enable its students to continue with their studies.</p>

What are the opportunities identified?	Which stakeholders are affected	Management Approach
<p>Health awareness has increased and hence, an increase in the demand for Health Professionals</p>	<p>Government, Community, Students, Alumni</p>	<p>The University will continue increasing and improving its capability in fulfilling its role as a Higher Education Institution.</p>

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
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The management has decided to defer reporting on this topic for the meantime as its procurement operations are still in the process of re-adjustment as the University has already resumed its onsite operations. A mechanism will be set in place to be able to supply the necessary information next time.		%
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What is the impact and where does it occur? What is the organization's involvement in the impact?	What stakeholders are affected?	Management Approach
The service provided by the University and to a certain extent its operations is affected by the timely services rendered by its suppliers and service provided, as well as the quality of the supplies delivered.	Suppliers/Employees/ Management/Students	<p>The University has a rating system for suppliers in order to ensure that there will be no interruptions in the supply chain.</p> <p>The University likewise has an internal procurement policy and computerized procurement system that ensures timely requests and payment.</p>

What are the risks identified?	Which stakeholders are affected	Management Approach
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<p>The service provided by the University and to a certain extent its operations is affected by the timely services rendered by its suppliers and service provided, as well as the quality of the supplies delivered.</p>	<p>Suppliers/Employees/ Management/Students</p>	<p>The University currently have the following policies designed to avoid or minimize the risk:</p> <ul style="list-style-type: none"> - Supplier accreditation - Identification of back up suppliers - Continuous performance evaluation of suppliers.
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What are the opportunity/ies identified?	Which stakeholders are affected?	Management Approach
<p>Technology keeps on evolving and better supplies and materials are getting more and more accessible.</p>	<p>Students, Suppliers</p>	<p>The University management encourages innovation proposals that would lead to the use of the state of the art technology and materials necessary for the fulfillment by the University of its duty to provide quality and relevant education. This program helps expose the University to the latest technology that may be used and or acquired by the latter.</p>

Anti-corruption

Training on Anti-Corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti corruption policies and procedures have been communicated to.	100	%
Percentage of business partners whom the organization's anti-corruption policies and procedures have been communicated to	<p>NA – The current policies are limited internally but management will explore involving external suppliers in these trainings and orientations.</p> <p>As part of its corporate governance improvement program, the University plans to institute a more concrete and comprehensive anti-corruption program. Once implemented, further details of this will be reported.</p>	%
Percentage of directors and management that have received anti-corruption training	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
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As an educational institution, CEU observes the values “Scientia y virtud” or “Science and Virtue”, and shall never tolerate corruption in its affairs.	Management, employees, investors, suppliers, students, alumni.	<p>The University has its Code of Ethics for Management. It also adopts the respective Codes of Ethics of the various professionals the University employs.</p> <p>As an educational institution, corruption shall never be tolerated in CEU.</p>
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What are the risks identified?	Which stakeholders are affected?	Management Approach
Corrupt practices have somewhat become deeply ingrained in society	Management, employees, investors, suppliers, students, alumni.	CEU will do its role as an educational institution in curbing corruption and in making a difference in society.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Opportunity to further strengthen the University's anti corruption policies and the existence of various support groups that advocate against corruption.	Management, Government, Students	The University will explore participating in the various support groups advocating against corruption.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>No impact identified because of the existence of zero cases as disclosed above.</p> <p>The university will revisit this for the succeeding periods.</p>		

What are the risks identified?	Which stakeholders are affected?	Management Approach
<p>No impact identified because of the existence of zero cases as disclosed above.</p> <p>The University will revisit this for the succeeding periods.</p>		

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>No impact identified because of the existence of zero cases as disclosed above.</p> <p>The University will revisit this for the succeeding periods.</p>		

ENVIRONMENT

**Nota Bene: The University is currently in the process of institutionalizing an enterprise wide compliance system that includes the introduction of measures towards environmental sustainability and reporting. The Topic on Environment shall be included in the subsequent reports to be submitted by the University.*

Resource Management

Energy consumption within the organization

Disclosure	Quantity	Units
Energy Consumption – renewable resources		N/A for now
Energy Consumption - Gasoline	The University will include it in its future reports	
Energy Consumption - Diesel		
Energy Consumption – LPG		
Energy Consumption - Electricity		

Reduction of energy consumption

Disclosure	Quantity	Units
Energy Consumption – renewable resources		N/A for now
Energy Consumption - Gasoline	The University will include it in its future reports	
Energy Consumption - Diesel		
Energy Consumption – LPG		
Energy Consumption - Electricity		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>No significant impact determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

What are the risks identified?	Which stakeholders are affected?	Management Approach

<p>No significant impact determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>

What are the opportunities identified?	Which stakeholders are affected?	Management Approach
<p>No significant impact determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	The University will include it in its future reports	
Water consumption		
Water recycled and reused		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>No significant impact determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future</p>		

reports.

What are the risks identified?	Which stakeholders are affected?	Management Approach
<p>No significant impact determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

What are the opportunities identified?	Which stakeholders are affected?	Management Approach
<p>No significant impact determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

Material used by the organization

Disclosure	Quantity	Units
<p>Materials used by weight or volume</p> <ul style="list-style-type: none"> Renewable Non-renewable 	<p>The University has its “May pera sa basura” program where reusable materials are collected and sold. A system will be institutionalized in order to quantify the results of this project and will be included in future reports.</p>	

Percentage of recycled input materials used to manufacture the organization's primary product and services.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Waste is minimized and extra income is generated. A system will be institutionalized in order to quantify the results of this project and will be included in future reports.		

What are the risks identified?	Which stakeholders are affected?	Management Approach
No significant impact determined for the meantime. The university will revisit this and discuss the matter in its future reports.		

What are the opportunities identified?	Which stakeholders are affected?	Management Approach
The reduction in waste and extra income out of the sale of reusable materials may be significantly increased. A system will be institutionalized in order to quantify the results of this project and will be included in future reports.		

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas		

Habitats protected or restored

None identified

IUCN Red List species and national conservation list species with habitats in areas affected by operations

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>No significant impact determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

What are the risks identified?	Which stakeholders are affected?	Management Approach
<p>No significant impact determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

What are the opportunities identified?	Which stakeholders are affected?	Management Approach
No significant impact determined for the meantime.		
The university will revisit this and discuss the matter in its future reports.		

Environmental Impact Assessment

Air Emissions

GHG

Disclosure	Quantity	Units
Ditect (Scope1) GHG Emissions	The University will come up with a data base and will include it in its future reports	
Energy indirect (Scope 2) GHG Emissions		
Emissions of ozone-depleting substances (ODS)		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
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<p>The operations of any enterprise will inevitably have an impact on the environment. Relevant laws such as the clean air act, the clean water act, and other laws implemented by the DENR will make sure that entities eliminate or at the very least mitigate these effects.</p> <p>CEU is among those who comply with these requirements.</p>	<p>Management, employees, investors, suppliers, students, alumni.</p>	<p>All the requirements are complied with by CEU and the University has an Environmental Compliance Officer who serves as the contact person with the DENR. The ECC of the University is updated. Every physical campus of CEU also has its respective Pollution Control Officers.</p>
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What are the risks identified?	Which stakeholders are affected?	Management Approach
<p>No significant risks determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

What are the opportunities identified?	Which stakeholders are affected?	Management Approach
<p>No significant opportunities determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

Air pollutants

Disclosure	Quantity	Units
NO	The University will come up with a data base and will include it in its future reports	
SO		
Persistent Organic Pollutants		
Volatile organic compounds		
Hazardous air pollutants		

Particulate Matter

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>The operations of any enterprise will inevitably have an impact on the environment. Relevant laws such as the clean air act, the clean water act, and other laws implemented by the DENR will make sure that entities eliminate or at the very least mitigate these effects.</p> <p>CEU is among those who comply with these requirements.</p>	<p>Management, employees, investors, suppliers, students, alumni.</p>	<p>All the requirements are complied with by CEU and the University has an Environmental Compliance Officer who serves as the contact person with the DENR. The ECC of the University is updated.</p> <p>Every physical campus of CEU also has its respective Pollution Control Officers.</p>

What are the risks identified?	Which stakeholders are affected?	Management Approach
<p>No significant risks determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

What are the opportunities identified?	Which stakeholders are affected?	Management Approach

No significant opportunities determined for the
meantime.

The university will revisit this and discuss the matter in its future reports.

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	A system will be institutionalized in order to quantify the results of this project and will be included in future reports.	
Reusable		
Recyclable		
Composted		
Incinerated		
Residual/Landfilled		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
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<p>The operations of any enterprise will inevitably have an impact on the environment. Relevant laws such as the clean air act, the clean water act, and other laws implemented by the DENR will make sure that entities eliminate or at the very least mitigate these effects.</p> <p>CEU is among those who comply with these requirements.</p>	<p>Management, employees, investors, suppliers, students, alumni.</p>	<p>All the requirements are complied with by CEU and the University has an Environmental Compliance Officer who serves as the contact person with the DENR. The ECC of the University is updated.</p> <p>Every physical campus of CEU also has its respective Pollution Control Officers.</p>
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What are the risks identified?	Which stakeholders are affected?	Management Approach
<p>No significant risks determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

What are the opportunities identified?	Which stakeholders are affected?	Management Approach

<p>Students are now more environment conscious</p> <p>Digital documents are gaining widespread acceptance</p>	<p>Students, Management, Suppliers, Community, Government</p>	<p>Various programs on recycling and reducing single use materials are currently being introduced by the University.</p> <p>The University is also working towards the digitization of several document-based transactions that would drastically reduce paper waste.</p> <p>The University banned single use plastic and canteen concessionaires are now require to use more sustainable alternatives</p>
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Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated		

Total weight of hazardous waste transported

A system will be institutionalized in order to quantify the results of this project and will be included in future reports.

What is the impact and where does it occur? What is the organization's	Which stakeholders are affected?	Management Approach
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involvement in the impact?		
<p>The operations of any enterprise will inevitably have an impact on the environment. Relevant laws such as the clean air act, the clean water act, and other laws implemented by the DENR will make sure that entities eliminate or at the very least mitigate these effects.</p> <p>CEU is among those who comply with these requirements.</p>	<p>Management, employees, investors, suppliers, students, alumni.</p>	<p>All the requirements are complied with by CEU and the University has an Environmental Compliance Officer who serves as the contact person with the DENR. The ECC of the University is updated.</p> <p>Every physical campus of CEU also has its respective Pollution Control Officers.</p> <p>The University also has contracts with several accredited waste disposal entities to ensure that waste is properly processed.</p>

Effluents

Disclosure	Quantity	Units
Total Volume of water discharges	A system will be institutionalized in order to quantify the results of this activity and will be included in future reports.	
Percent of wastewater recycled		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>The operations of any enterprise will inevitably have an impact on the environment. Relevant laws such as the clean air act, the clean water act, and other laws implemented by the DENR will make sure that entities eliminate or at the very least mitigate these effects.</p> <p>CEU is among those who comply with these requirements.</p>	<p>Management, employees, investors, suppliers, students, alumni.</p>	<p>All the requirements are complied with by CEU and the University has an Environmental Compliance Officer who serves as the contact person with the DENR. The ECC of the University is updated, as well as all the necessary water permits.</p>

What are the risks identified?	Which stakeholders are affected?	Management Approach
<p>No significant risks determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

What are the opportunities identified?	Which stakeholders are affected?	Management Approach
<p>No significant opportunities determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations.	0	PHP
No. of non-monetary fines for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
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<p>The operations of any enterprise will inevitably have an impact on the environment.</p> <p>In line with its values “Science and Virtue”, environmental concern is part of accountability which the University strives to deeply ingrain in all its activities.</p>	<p>Management, employees, investors, suppliers, students, alumni.</p>	<p>All the requirements are complied with by CEU and the University has an Environmental Compliance Officer who serves as the contact person with the DENR. The ECC of the University is updated, as well as all the necessary water permits.</p>
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What are the risks identified?	Which stakeholders are affected?	Management Approach
<p>No significant risks determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

What are the opportunities identified?	Which stakeholders are affected?	Management Approach
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<p>People are now more environment conscious</p>	<p>Students, Management, Suppliers, Community, Government</p>	<p>The University as an Institution of Higher Learning can help raise awareness on environmental accountability and conservation.</p>
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SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees	976	#
a. Number of Female Employees	600	#
b. Number of Male Employees	376	#
Attrition rate	10.86%	%
Ratio of lowest paid employee against minimum wage	1:1 Lowest rate is Minimum Wage	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	2.56%	0.64%
PhilHealth	Y	0	0
Pag-ibig	Y	0	0

Parental leaves	Y	0.18%	0%
Vacation leaves	Y	36.89%	18.36%
Sick leaves	Y	26.58%	12.88%
Medical benefits (aside from PhilHealth)	Y	1.00%	0.55%
Housing assistance (aside from Pag-ibig)	Y	0	0
Retirement fund (aside from SSS)	Y	0.18%	0%
Further education support	Y	4.66%	2.74%
Company stock options	N	N/A	N/A

Telecommuting	N	N/A	N/A
Flexible-working Hours	Y	100%	100%
(Others)	Y	0	0

Note: Availment of flexible working hours peaked at 100% because of the WFH Arrangement at the beginning of the relevant period due to COVID 19.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The employees themselves are considered as stakeholders. Without them, the University will not be able to carry out its functions.	Management, employees, investors, suppliers, students, alumni.	<p>The University recognizes the role played by its employees. As such, the University strives to comply with all the requirements of law with respect to labor standards.</p> <p>In addition to the minimum labor standards, additional benefits are also introduced by management <i>motu proprio</i> and/or through negotiations with the Union via the CBA.</p>

What are the risks identified?	Which stakeholders are affected?	Management Approach
Employees attrition for various reasons.	Management, Students	The University is designing a succession plan where any change in the employee structure will not result in a significant disruption in operations.

What are the opportunities identified?	Which stakeholders are affected?	Management Approach
<p>No significant opportunities determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a.Female employees	44	hours
b.Male employees	44	hours
Average training hours provided to employees		
a. Female employees	5.5	hours/ employee
b. Male employees	5.5	hours/ employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
---	----------------------------------	---------------------

Having agile employees is indispensable in this volatile, uncertain, complex and ambiguous environment.	Employees, Management, Investors and Students	The University recognizes the importance of employee training and development. Programs providing for responsive training and development are continuously being developed by my management.
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What are the risks identified?	Which stakeholders are affected?	Management Approach
Employees attrition may take place for any reason after the employee have already undergone several trainings.	Management, Students, Investors	<p>Employee attrition is inevitable. The University cannot compel an employee to stay simply because he or she underwent several trainings. This is a risk that the University takes because the latter cannot afford to have untrained employees.</p> <p>The University is designing a succession plan where any change in the employee structure will not result to a significant disruption in operations.</p>

What are the opportunities identified?	Which stakeholders are affected?	Management Approach
<p>No significant opportunities determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	600	%
% of male workers in the workforce	376	%
Number of employees from indigenous communities and/or vulnerable sector*	Elderly – 114 Solo Parent – 1	#

*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>There is no observable impact with the current ratio of employees as they are all treated equally without discrimination as to their gender, status, race, religion etc.</p>		

Workplace Conditions, Labor Standards, and Human Rights Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man Hours	100 There are no reported work related incidents during the relevant period	Percentage
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work-related ill health	0	#
No. of safety drills	2	# Events

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
---	---------------------

<p>The injuries reported are all minor injuries that has no significant impact to operations.</p>	<p>Policies are included in the Quality Management System Manual of the University to ensure the health and safety of the workforce such as:</p> <ul style="list-style-type: none"> · SAM 19.01 Handling of Non-Emergency Cases · SAM 19.02 Handling of Emergency Cases · SAM 19.04 Conducting Routine Physical Examination · SAM 19.07 Ensuring Food and Water Safety · SAM 19.08 Providing Health Information and Wellness Activities · SAM 19.09 Procuring and Disbursing Medicines and Medical/Dental Supplies <p>Management is committed to the implementation of these Quality Management System processes as well as to the University's Occupational Safety and Health Program.</p>
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What are the risks identified?	Management Approach
<p>Risk assessment of the University Health Services as of October 23, 2019 includes the following:</p> <ul style="list-style-type: none"> · Food and water safety · Infectious disease outbreak · Accidents 	<p>Controls are created to manage occupational health and safety risks such as:</p> <p>Food and water safety:</p> <ul style="list-style-type: none"> · Food and water analysis · Sanitary permit of canteens · Canteen visits · Canteen and Food Inspection for Safety and Healthfulness · Health certificates of canteen personnel <p>Infectious disease outbreak:</p> <ul style="list-style-type: none"> · Health and Safety Committee · Medical consultations · Monitoring of diseases · Monthly Summary Report · READINESS (Relevant Education and Advisories on Diseases and Injuries for Wellness) · Sick leave credits

	<ul style="list-style-type: none"> · Medical consultations · Health and Safety Committee <p>Accidents:</p> <ul style="list-style-type: none"> · Medical consultations · Emergency care · Referrals · Accident benefits · Reimbursement scheme · Personal protective equipment · First aid kits <ul style="list-style-type: none"> · Medical Report · Health and Safety Committee · Code FLASH (Fast, Life-saving, Accurate, Safe Rescue, Hospital-Ready)
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Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g.harassment, bullying) in the workplace?

Topic	Y/N	If yes, cite reference to company policy
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Forced Labor	N	No specific policy, but since the University's policies are compliant with Philippine Laws. forced labor is an impossibility.
Child Labor	Y	The University only hires as employees those who are of legal age.
Human Rights	Y	The University has an explicit policy against sexual harassment. Bullying, as a form of disrespect towards others, is punished under the employee code of conduct.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
There is no observable impact with the current policies vis-a-vis child labor, forced labor, and violation of human rights. All company policies are compliant with the requirements of the law and as such, the commission of child labor, forced labor, and violation of human rights are impossible.		

What are the risks identified?	Which stakeholders are affected?	Management Approach
<p>No significant risks determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

What are the opportunities identified?	Which stakeholders are affected?	Management Approach
<p>No significant opportunities determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

Supply Chain Management

Do you have a supplier accreditation policy?

Yes, the University has a supplier accreditation policy. The policy, however is currently under review and is undergoing modifications. The University undertakes to attach said policy in future reports.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If yes, cite reference
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		in the supplier policy
Environmental performance	N/A	
Forced Labor	N/A	
Child Labor	N/A	
Human Rights	N/A	
Bribery and Corruption	Y	Anti corruption clauses are included in supplier contracts.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The way a supplier deals with society has an indirect effect to the University	The University is aware of its indirect effect to society through its suppliers. Hence, the University is in the process of coming up with a means of selecting only the most socially and ethically responsible suppliers.

What are the risks identified?	Which stakeholders are affected?	Management Approach
<p>No significant risks determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

What are the opportunities identified?	Which stakeholders are affected?	Management Approach
<p>No significant opportunities determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)	Does the particular operation have impacts on indigenous peoples (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
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<p>Please refer to the attached copy of the nature and type of community outreach projects and activities and the number of vulnerable individuals and groups served</p> <p>(next table)</p>	<p>Claro M. Recto School Legarda, Manila</p>	<p>Children and Youth</p> <p>Public School Teachers</p>	<p>No Impact</p>	<p>Children's Rights</p> <p>(based on PD 603)</p> <p>Upliftment of lives</p>	<p>Enhancement Measures:</p> <p>1. Very good work relationship of the outreach volunteers with the school officials;</p> <p>2. Accessibility of the school to the community;</p> <p>3. A systematic approach used by the university in assisting the adopted school, based on the people's identified and expressed needs;</p> <p>4. A strong culture of volunteerism among the students, faculty and non-teaching personnel of the university;</p> <p>5. Regular monitoring and evaluation of community projects to validate how the efforts of the outreach volunteers</p>
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					<p>impact on people's lives;</p> <p>6. Strong and sustained support of the CEU management in the implementation of outreach projects and activities.</p>
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*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: **N/A**

Certificates	Quantity	Units
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FPIC process is still undergoing	N/A	#
CP Secured	N/A	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Everyone has a role in helping those in the vulnerable sectors to be included in all the affairs of society.	As an educational institution, the University acknowledges its role in the forming of a more inclusive society.

What are the risks identified?	Which stakeholders are affected?	Management Approach
The risk identified is possible exposure to COVID 19. The University currently implements strict protocols in order to avoid exposure when interacting with the community.		

What are the opportunities identified?	Which stakeholders are affected?	Management Approach
Members of the vulnerable sectors may benefit from the research program of the University	Students, Community	Subject to safeguards and the rules on research ethics, the University can integrate in its research programs aimed at helping the vulnerable sectors.

Customer Management

-Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study?
Customer Satisfaction	Exact figure not available. The current system identifies various customers (i.e. students, alumni, internal customers) which involves different metrics. The University shall come up with a way to consolidate data and undertake to include this in future reports.	No

What is the impact and where does it occur? What is the organization's involvement in the impact?	Stakeholders affected	Management Approach
Customer satisfaction ratings reflect the overall quality of service that customers experience within the University	Investors. Management, Students, employees, Alumni	The University shall continuously improve its customer satisfaction measurement system in order to arrive at a more responsive feedback response system.

What are the risks identified?	Which stakeholders are affected?	Management Approach
<p>No significant risks determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

What are the opportunities identified?	Which stakeholders are affected?	Management Approach
Technology provides an avenue for easy collection of data	Investors. Management, Students, employees, Alumni	The University shall continuously improve its customer satisfaction measurement system in order to arrive at a more responsive feedback response system. In doing so, state of the art technology shall be explored.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety	0	N/A
No. of complaints addressed	N/A	N/A

Note: The lack of data with respect to this is due to the nature of the activity of the corporation. As an educational institution, its product (rendering of educational services) does not necessarily have health and safety issues. The university will revisit this and discuss the matter in its future reports.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
There is no observable impact with the current policies. As an educational institution, its product (rendering of educational services) does not necessarily have health and safety issues. The university will revisit this and discuss the matter in its future reports.		

What are the risks identified?	Which stakeholders are affected?	Management Approach
<p>No significant risks determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

What are the opportunities identified?	Which stakeholders are affected?	Management Approach
<p>No significant opportunities determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

Marketing and labeling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labeling	0	#
No. of complaints addressed	0	#

Note: The lack of data with respect to this is due to the nature of the activity of the corporation. As an educational institution, its product (rendering of educational services) does not necessarily have marketing and labeling issues. The university will revisit this and discuss the matter in its future reports.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>There is no observable impact with the current policies. As an educational institution, its product (rendering of educational services) does not necessarily have marketing and labeling issues. The university will revisit this and discuss the matter in its future reports.</p>		

What are the risks identified?	Which stakeholders are affected?	Management Approach
<p>No significant risks determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

What are the opportunities identified?	Which stakeholders are affected?	Management Approach
<p>No significant opportunities determined for the meantime.</p> <p>The university will revisit this and discuss the matter in its future reports.</p>		

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy	0	#

No. of complaints addressed	0	#
No. of customers, users, and account holders whose information is used for secondary purposes	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
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Customer privacy is an important component of their rights.	Students, Alumni, Employees	<p>The University strictly adheres to Data Privacy and also respects matters that are not covered by the Data Privacy Law. The University shall continually improve its policies to protect such.</p> <p>At the beginning of the relevant period, the University was visited by the National Privacy Commission to inspect its Data Privacy Measures. There were no negative significant findings as a result of the inspection.</p> <p>The University is currently updating its pillars of compliance.</p>
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What are the risks identified?	Which stakeholders are affected?	Management Approach
Digitization of data increases the risk of vulnerability to hackers.	Students, Alumni, Employees	The University shall continue improving its data systems and safeguards.

What are the opportunities identified?	Which stakeholders are affected?	Management Approach
High-spec data protection devices are now more accessible.	Students, Alumni, Employees	The University shall continue evaluating available technology and its suitability to the needs of the University.

Data Security

Disclosure	Quantity	Units
No. of data breaches , including leaks, thefts, and losses of data.	0 Thankfully no such incidents took place.	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Gaining customer trust by keeping personal data secure and private is a key component of the University's Data Protection Program	The University strictly adheres to the provisions of the Data Privacy Act. In all its frontline service offices, all the necessary disclosures are being made and consents are obtained. CEU only uses data collected in the furtherance of its legitimate purposes and nothing more.

What are the risks identified?	Management Approach
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Digitization of data increases the risk of vulnerability to hackers.	The University shall continue improving its data systems and safeguards.
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What are the opportunities identified?	Management Approach
<p>High-spec data protection devices are now more accessible.</p> <p>Free data privacy trainings are always available from the National Privacy Commission</p>	The University shall continue evaluating available technology and its suitability to the needs of the University. It shall also take advantage of available training in order to increase capability.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key Products and Services	Societal Value	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Education/ Providing a Steady Stream of Professionals such as Doctors, Nurses, Pharmacists, Dentists, Optometrists, Psychologists, Medical Technicians, Nutritionists, Lawyers, Social Workers and other fields.	<p>Goal 3 – Good health and well-being</p> <p>Goal 4 – Quality Education</p> <p>Goal 8 – Decent growth and economic growth</p>	A societal tendency to lean towards these field of education might result in the disregard of other fields, which is actually also important in a holistic society.	The University shall continue improving its programs and shall also continue to explore the introduction of other degree programs that are responsive to the needs of society.

*None/not applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereto duly authorized, in the City of Manila on 28 SEP 2023

By:


MA. CRISTINA D. PADOLINA
Principal Executive Officer

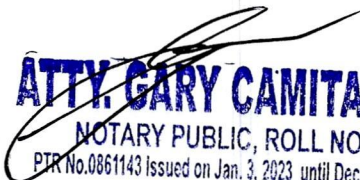

CESAR F. TAN
Principal Financial Officer


MA. ROLINA S. SERVITILLO
Principal Operation Officer

SUBSCRIBED AND SWORN TO before me this 28 SEP 2023 day of _____, affiants exhibiting to me their respective Philippine Passport Numbers, as follows:

NAME	PASSPORT	DATE ISSUED	PLACE OF ISSUE
Ma. Cristina D. Padolina	P8185164B	Nov. 16, 2021	DFA, San Pablo
Cesar F. Tan	P9759990A	Nov. 29, 2018	Manila
Ma. Rolina S. Servitillo	P6233461B	Feb. 5, 2021	DFA, Malolos

Doc. No. 254
Page No. 52
Book No. CXXIX
Series of 2023.


ATTY. GARY CAMITAN AURE
NOTARY PUBLIC, ROLL NO. 60777
PTR No. 0861143 Issued on Jan. 3, 2023 until Dec. 31, 2023 Manila
IBP Lifetime No. 14599 Issued on Feb. 2, 2016
Commission No. 2023-018 Issued on Nov. 18, 2022 Effective Jan. 1, 2023 Until Dec. 31, 2024 Manila
MCLE No. VII-0001648 Issued on Nov. 20, 2019 Valid Until April 14, 2025 Pasig City
Office Address: L2F1 Upper Ground Floor, Burgundy Transpacific Place,
2444 A. Taft Avenue, Malate, Manila 1004



**CENTRO ESCOLAR
UNIVERSITY**
MANILA • MAKATI • MALOLOS

CIENCIA Y VIRTUD

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

SyCip, Gorres, Velayo & Co., the independent auditors, appointed by the stockholders has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Signed this 28th day of September, 2023.

BASILIO C. YAP
Chairman

MA. CRISTINA D. PADOLINA
President/Vice Chairman

CESAR F. TAN
Treasurer

SUBSCRIBED AND SWORN TO before me this 28 day of SEP, 2023, affiants exhibiting to me their respective Philippine Passports as follows:

	<u>Passport No.</u>	<u>Date and Place of Issue</u>
BASILIO C. YAP	P4011351B	November 29, 2019, Manila
MA. CRISTINA D. PADOLINA	P3754596A	July 22, 2017, Manila
CESAR F. TAN	P9759990A	November 29, 2019, Manila

Doc. No. 258
Page No. 52
Book No. CXXIX
Series of 2023

ATTY. GARY CAMITAN AURE

NOTARY PUBLIC, ROLL NO. 60777

PTR No. 0861143 Issued on Jan. 3, 2023 until Dec. 31, 2023 Manila

IBP Lifetime No. 14559 Issued on Feb. 2, 2016

Commission No. 2023-018 Issued on Nov. 18, 2022 Effective Jan. 1, 2023 Until Dec. 31, 2024/Manila

MCLE No. VII-0001648 Issued on Nov. 20, 2019 Valid Until April 14, 2025 Pasig City
Office Address: 1251 Upper Ground Floor, Burgundy Transpacific Place,
2444 A, Tati Avenue, Makati, Manila 1204

ASEAN University Network (AUN) Quality Assurance **certified**: Biology*, Business Administration*, Communication and Media***, Dentistry*, International Hospitality Management*, Internal Quality Management*, Medical Technology**, Nursing*, Nutrition and Dietetics*, Optometry*, Pharmacy*, and Social Work*
in Teacher Education • CHED Center of Development in Business Administration • CHED Center of Development in Optometry • HIGHEST LEVEL of accreditation, LEVEL IV, by PACUCOA as certified by FAAP: Biology*, Business Administration*, Dentistry*, Education (Elementary and Secondary)*, Liberal Arts (Communication and Media and Political Science)***, Medical Technology*, Nutrition and Dietetics*, Pharmacy*, Psychology***, Master of Arts*, Master of Business Administration*, and Master of Science* • HIGHEST LEVEL of accreditation, LEVEL III, by PAASCU: Nursing* and Social Work***
*CEU Manila Campus only **All CEU Campuses ***CEU Manila and CEU Malolos Campuses only



COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	1	0	9	3				
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COMPANY NAME

C	E	N	T	R	O		E	S	C	O	L	A	R		U	N	I	V	E	R	S	I	T	Y		A	N	D	
S	U	B	S	I	D	I	A	R	I	E	S																		

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

9		M	E	N	D	I	O	L	A		S	T	R	E	E	T	,		S	A	N		M	I	G	U	E	L	,
M	A	N	I	L	A																								

Form Type

A	C	F	S
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Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

	N	A	
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COMPANY INFORMATION

Company's Email Address

corporate@ceu.edu.ph

Company's Telephone Number

8735-5991

Mobile Number

09279276089

No. of Stockholders

1,008

Annual Meeting (Month / Day)

4th week of October

Fiscal Year (Month / Day)

5/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Cesar F. Tan

Email Address

cftan@ceu.edu.ph

Telephone Number/s

8735-5991

Mobile Number

09279276089

CONTACT PERSON'S ADDRESS

9 Mendiola Street, San Miguel, Manila

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Centro Escolar University
9 Mendiola Street
San Miguel, Manila

Opinion

We have audited the consolidated financial statements of Centro Escolar University (the “University”) and its subsidiaries (the “Group”), which comprise the consolidated statements of financial position as at May 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended May 31, 2023 and 2022, and the two-month period ended May 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at May 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended May 31, 2023 and 2022, and the two-month period ended May 31, 2021, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Adequacy of Allowance for Expected Credit Loss (ECL)

The Group applies simplified approach in calculating expected credit loss (ECL). Under this approach, the Group establishes a provision matrix that is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment. Allowance for credit losses and the provision for credit losses as of and for the year ended May 31, 2023 amounted to ₱90.20 million and ₱136.91 million, respectively. The use of the ECL model is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's credit risk exposures; defining default; determining assumptions to be used in the ECL model such as timing and amounts of expected net recoveries from defaulted accounts; and incorporating forward-looking information (called overlays) in calculating ECL.

The disclosures on the allowance for ECL are included in Notes 2, 3 and 6 to the consolidated financial statements.

Audit Response

We updated our understanding of the approved methodology used for the Group's different credit exposures and reassessed whether these considered the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome and the best available forward-looking information.

We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) compared the definition of default against historical analysis of accounts and credit risk management policies and practices in place; (c) tested historical loss rates by inspecting historical recoveries and write-offs; (d) checked the classification of outstanding exposures to their corresponding aging buckets; and (e) checked the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's tuition fee receivable portfolios and industry practices.

Further, we checked the data used in the ECL models, such as the historical aging analysis of defaults, and recovery data, by reconciling data from source system reports to the database and from the database to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets with similar risk characteristics, we traced or re-performed the disaggregation from source reports to the loss allowance analysis.

We recalculated the impairment provisions. We checked the disclosures in the financial statements on the allowance for ECL by tracing such disclosures to the ECL analysis prepared by management.

Impairment Testing of Property and Equipment Valued at Cost and Right-of-Use Asset

The Group's market capitalization is lower compared to its net assets. This is an impairment indicator that requires an assessment of the recoverability of the Group's non-financial assets, particularly its property and equipment valued at cost and right-of-use asset. As at May 31, 2023, the carrying value of the Group's property and equipment valued at cost and right-of-use asset amounted to ₱1,513 million representing 21% of the Group's consolidated total assets. The assessment of the recoverable amount of the property and equipment and right-of-use asset requires significant judgment and involves estimation and assumptions about tuition fee rates, number of students and long-term growth rate, as well as discount rates. Hence, such assessment is a key audit matter in our audit.



The disclosures on the property and equipment valued at cost and right-of-use asset are included in Notes 2, 3, 9 and 18 to the consolidated financial statements.

Audit Response

We updated and confirmed the Group's process of assessing and recognizing impairment losses in accordance with the guidelines set forth by PAS 36. We checked the reasonableness of the assumptions used by the management which include tuition fee rates, number of students, long-term growth rate and discount rates. We compared the tuition fee rates and number of students against the historical performance of the cash-generating unit and other relevant external data. We tested the long-term growth rate and the parameters used in the determination of the discount rates against market data and published market information. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of property and equipment and right-of-use asset.

Impairment Testing of Goodwill

Under the PFRSs, the Group is required to annually test the amount of goodwill for impairment. As of May 31, 2023, the Group's goodwill attributable to Centro Escolar Las Pinas, Inc. (CELPI) amounted to ₱47.61 million which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to a higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically tuition fee rates, number of students, discount rate and long-term growth rate.

The Group's disclosures about goodwill are included in Note 2 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodology and assumptions used. These assumptions include tuition fee rates, number of students, discount rate and long-term growth rate. We compared the tuition fee rates and number of students against the historical performance of the CGUs and other relevant external data, taking into consideration the impact associated with coronavirus pandemic. We tested the long-term growth rate and the parameters used in the determination of the discount rate against market data and published market information. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended May 31, 2023, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended May 31, 2023 are expected to be made available to us after the date of this auditor's report.



Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

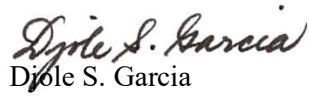
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



The engagement partner on the audit resulting in this independent auditor's report is Djole S. Garcia.

SYCIP GORRES VELAYO & CO.



Djole S. Garcia

Partner

CPA Certificate No. 0097907

Tax Identification No. 201-960-347

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 97907-SEC (Group A)

Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-102-2021, September 16, 2021, valid until September 15, 2024

PTR No. 9564626, January 3, 2023, Makati City

September 28, 2023



CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	May 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5 and 21)	P790,973,671	P561,585,710
Tuition and other receivables (Notes 6 and 21)	347,621,304	286,584,422
Inventories (Note 7)	23,263,835	18,573,805
Other current assets (Note 8)	89,001,972	91,055,623
Total Current Assets	1,250,860,782	957,799,560
Noncurrent Assets		
Property and equipment (Note 9)		
At revalued amount	4,358,636,002	4,358,636,002
At cost	1,380,614,051	1,362,646,794
Right-of-use asset (Note 18)	132,383,367	149,840,515
Goodwill (Note 4)	47,605,695	47,605,695
Other noncurrent assets (Note 10)	15,934,552	18,315,903
Total Noncurrent Assets	5,935,173,667	5,937,044,909
TOTAL ASSETS	P7,186,034,449	P6,894,844,469
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 11)	P650,395,722	P530,611,109
Deferred revenue (Notes 13 and 14)	44,347,637	33,101,671
Dividends payable (Note 12)	346,614,015	116,979,801
Current portion of lease liability (Note 18)	15,998,633	15,113,148
Total Current Liabilities	1,057,356,007	695,805,729
Noncurrent Liabilities		
Deferred tax liabilities - net (Note 17)	481,888,222	481,158,125
Lease liability - net of current portion (Note 18)	131,452,782	147,451,415
Retirement liability (Note 16)	163,204,269	169,901,006
Other noncurrent liability (Note 11)	14,007,009	10,901,237
Total Noncurrent Liabilities	790,552,282	809,411,783
Total Liabilities	1,847,908,289	1,505,217,512
Equity		
Equity Attributable to Equity Holders of the University		
Capital stock (Note 12)	372,414,400	372,414,400
Additional paid-in capital	664,056	664,056
Retained earnings (Note 12)		
Appropriated	786,000,000	996,000,000
Unappropriated	782,405,069	626,656,911
Revaluation increment on land - net (Notes 9 and 24)	3,439,312,398	3,439,312,398
Remeasurement loss on retirement obligation (Note 16)	(50,392,618)	(51,794,744)
Revaluation reserve on financial assets at FVOCI (Note 10)	(318,979)	(275,059)
Effect of transactions with non-controlling interest (Note 12)	3,613,144	2,042,246
	5,333,697,470	5,385,020,208
Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries	4,428,690	4,606,749
Total Equity	5,338,126,160	5,389,626,957
TOTAL LIABILITIES AND EQUITY	P7,186,034,449	P6,894,844,469

See accompanying Notes to Consolidated Financial Statements.



CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF INCOME****FOR THE YEARS ENDED MAY 31, 2023 AND 2022,****AND FOR THE TWO-MONTH PERIOD ENDED MAY 31, 2021***

	2023 (One year)	2022 (One year)	2021 (Two months)
REVENUES FROM CONTRACTS WITH CUSTOMERS			
Tuition and other school fees (Note 13)	₱1,847,171,734	₱1,288,803,119	₱200,231,715
Miscellaneous fees (Notes 13 and 14)	33,146,389	12,893,522	779,941
	1,880,318,123	1,301,696,641	201,011,656
OTHER REVENUES			
Rental income (Notes 18 and 21)	10,953,501	4,815,310	592,733
	1,891,271,624	1,306,511,951	201,604,389
COSTS AND EXPENSES (Note 15)			
Costs of services	1,301,993,030	1,052,582,264	142,116,463
General and administrative expenses	198,242,634	127,899,986	18,840,237
	1,500,235,664	1,180,482,250	160,956,700
INCOME BEFORE OTHER INCOME (EXPENSES) AND INCOME TAX	391,035,960	126,029,701	40,647,689
OTHER INCOME (EXPENSES)			
Interest income (Note 5)	14,739,965	3,102,887	552,858
Interest expense (Notes 17 and 18)	(8,886,852)	(11,555,061)	(1,698,590)
Foreign currency exchange gains (losses) – net	4,004,234	679,399	(144,358)
Loss on retirement of assets (Note 9)	(84,717)	(142)	–
Other income - net (Note 6)	4,000	322,060	88,581
	9,776,630	(7,450,857)	(1,201,509)
INCOME BEFORE INCOME TAX	400,812,590	118,578,844	39,446,180
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 17)	4,793,073	(473,637)	(2,083,361)
NET INCOME	₱396,019,517	₱119,052,481	₱41,529,541
Attributable to:			
Equity holders of the University	₱392,645,438	₱116,465,874	₱41,396,930
Non-controlling interests	3,374,079	2,586,607	132,611
	₱396,019,517	₱119,052,481	₱41,529,541
Basic/Diluted Earnings Per Share (Note 23)	₱1.05	₱0.31	₱0.11

*The Group prepared the financial statement as of and for the two-month period ended May 31, 2021 in connection with the change of the fiscal period end of the University from March 31, 2021 to May 31, 2021 (see Notes 1 and 2).

See accompanying Notes to Consolidated Financial Statements.



CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MAY 31, 2023 AND 2022,
AND FOR THE TWO-MONTH PERIOD ENDED MAY 31, 2021*

	2023 (One year)	2022 (One year)	2021 (Two months)
NET INCOME	₱396,019,517	₱119,052,481	₱41,529,541
OTHER COMPREHENSIVE INCOME (LOSS)			
Items not to be reclassified to profit or loss			
Remeasurement gain on retirement obligation (Note 16)	1,559,318	53,329,784	13,096,010
Income tax effect (Note 17)	(155,932)	(5,332,978)	(1,309,601)
	1,403,386	47,996,806	11,786,409
Change in revaluation reserve on financial assets at FVOCI (Note 10)	(43,920)	42,120	6,768
Revaluation increment on land (Note 9)	–	871,043,000	–
Income tax effect (Note 17)	–	(87,104,300)	–
	–	783,938,700	–
TOTAL OTHER COMPREHENSIVE INCOME	1,359,466	831,977,626	11,793,177
TOTAL COMPREHENSIVE INCOME	₱397,378,983	₱951,030,107	₱53,322,718
Attributable to:			
Equity holders of the University	₱394,003,643	₱948,432,190	₱53,190,107
Non-controlling interests	3,375,340	2,597,917	132,611
	₱397,378,983	₱951,030,107	₱53,322,718

*The Group prepared the financial statement as of and for the two-month period ended May 31, 2021 in connection with the change of the fiscal period end of the University from March 31, 2021 to May 31, 2021 (see Notes 1 and 2).

See accompanying Notes to Consolidated Financial Statements.



CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED MAY 31, 2023 AND 2022, AND FOR THE TWO-MONTH PERIOD ENDED MAY 31, 2021*

	Equity Attributable to Equity Holders of the University							Effect of transactions with non-controlling interest (Note 12)	Total	Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Capital Stock (Note 12)	Additional Paid-in Capital	Retained Earnings (Note 12)		Revaluation Increment on Land - net (Notes 9 and 24)	Remeasurement Gain (Loss) on Retirement Obligation (Note 16)	Revaluation Reserve on Financial assets at FVOCI (Note 10)				
			Appropriated	Unappropriated							
Balances at March 31, 2021	P372,414,400	P664,056	P1,076,000,000	P537,759,867	P2,655,373,698	(P111,566,649)	(P323,947)	P2,042,246	P4,532,363,671	P5,626,221	P4,537,989,892
Net income	—	—	—	41,396,930	—	—	—	—	41,396,930	132,611	41,529,541
Other comprehensive income	—	—	—	—	—	11,786,409	6,768	—	11,793,177	—	11,793,177
Acquisition of non-controlling interest	—	—	—	—	—	—	—	—	—	—	—
Balances at May 31, 2021	P372,414,400	P664,056	P1,076,000,000	P579,156,797	P2,655,373,698	(P99,780,240)	(P317,179)	P2,042,246	P4,585,553,778	P5,758,832	P4,591,312,610
Balances at May 31, 2021	P372,414,400	P664,056	P1,076,000,000	P579,156,797	P2,655,373,698	(P99,780,240)	(P317,179)	P2,042,246	P4,585,553,778	P5,758,832	P4,591,312,610
Net income	—	—	—	116,465,874	—	—	—	—	116,465,874	2,586,607	119,052,481
Other comprehensive income	—	—	—	—	783,938,700	47,985,496	42,120	—	831,966,316	11,310	831,977,626
Cash dividends	—	—	—	(148,965,760)	—	—	—	—	(148,965,760)	(3,750,000)	(152,715,760)
Reversal of appropriation	—	—	(530,000,000)	530,000,000	—	—	—	—	—	—	—
Appropriation for business expansion	—	—	450,000,000	(450,000,000)	—	—	—	—	—	—	—
Balances at May 31, 2022	P372,414,400	P664,056	P996,000,000	P626,656,911	P3,439,312,398	(P51,794,744)	(P275,059)	P2,042,246	P5,385,020,208	P4,606,749	P5,389,626,957
Balances at May 31, 2022	P372,414,400	P664,056	P996,000,000	P626,656,911	P3,439,312,398	(P51,794,744)	(P275,059)	P—	P5,385,020,208	P4,606,749	P5,389,626,957
Net income	—	—	—	392,645,438	—	—	—	—	392,645,438	3,374,079	396,019,517
Other comprehensive income (loss)	—	—	—	—	—	1,402,126	(43,920)	—	1,358,206	1,260	1,359,466
Acquisition of non-controlling interest	—	—	—	—	—	—	—	1,570,898	1,570,898	(1,820,898)	(250,000)
Cash dividends	—	—	—	(446,897,280)	—	—	—	—	(446,897,280)	(1,732,500)	(448,629,780)
Reversal of appropriation	—	—	(210,000,000)	210,000,000	—	—	—	—	—	—	—
Appropriation for business expansion	—	—	—	—	—	—	—	—	—	—	—
Balances at May 31, 2023	P372,414,400	P664,056	P786,000,000	P782,405,069	P3,439,312,398	(P50,392,618)	(P318,979)	P3,613,144	P5,333,697,470	P4,428,690	P 5,338,126,160

*The Group prepared the financial statement as of and for the two-month period ended May 31, 2021 in connection with the change of the fiscal period end of the University from March 31, 2021 to May 31, 2021 (see Notes 1 and 2).

See accompanying Notes to Consolidated Financial Statements.



CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MAY 31, 2023 AND 2022,

AND FOR THE TWO-MONTH PERIOD ENDED MAY 31, 2021*

	2023 (One year)	2022 (One year)	2021 (Two months)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	P400,812,590	P118,578,844	P39,446,180
Adjustments for:			
Depreciation and amortization (Notes 9, 10, 15 and 18)	122,132,765	102,511,276	19,052,662
Retirement expense (Note 16)	25,593,191	33,754,297	6,058,588
Interest income (Note 5)	(14,739,965)	(3,102,887)	(552,858)
Unrealized foreign exchange losses (gains) - net	(4,004,234)	(679,399)	144,358
Interest expense (Notes 18 and 19)	8,886,852	11,555,061	1,698,590
Loss on retirement of assets (Note 9)	84,717	142	-
Operating income before changes in operating assets and liabilities	538,765,916	262,617,334	65,847,520
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Tuition and other receivables	(60,289,875)	(59,491,324)	117,886,259
Inventories	(4,690,030)	(4,127,631)	64,753
Other current assets	676,938	(20,766,967)	(8,628,018)
Increase (decrease) in:			
Accounts payable and other current liabilities and contract liabilities	122,890,385	88,756,944	(105,241,215)
Deferred revenue	11,245,966	33,101,671	(88,955,107)
Net cash generated from (used in) operations	608,599,300	300,090,027	(19,025,808)
Contribution to the plan asset (Note 16)	(30,730,610)	(30,016,248)	-
Interest received	13,742,958	3,100,782	559,611
Income taxes paid	(859,710)	(4,264,403)	(19,560)
Interest on deficiency taxes paid	-	(1,831,733)	-
Net cash from (used in) operating activities	590,751,938	267,078,425	(18,485,757)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment (Note 9)	(121,873,424)	(17,873,808)	(7,934,824)
Decrease in other noncurrent assets	(499,221)	8,085	151,195
Net cash used in investing activities	(122,372,645)	(17,865,723)	(7,783,629)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of cash dividends (Note 27)	(218,995,566)	(144,354,116)	(397,500)
Payments of leases (Notes 18 and 27)	(24,000,000)	(24,000,000)	(4,000,000)
Cash used in financing activities	(242,995,566)	(168,354,116)	(4,397,500)
EFFECT OF FOREIGN CURRENCY RATE CHANGES ON CASH AND CASH EQUIVALENTS	4,004,234	679,399	(144,358)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	229,387,961	81,537,985	(30,811,244)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	561,585,710	480,047,725	510,858,969
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note 5)	P790,973,671	P561,585,710	P480,047,725

*The Group prepared the financial statement as of and for the two-month period ended May 31, 2021 in connection with the change of the fiscal period end of the University from March 31, 2021 to May 31, 2021 (see Notes 1 and 2).

See accompanying Notes to Consolidated Financial Statements.



CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

The consolidated financial statements include the financial statements of Centro Escolar University (the “University”) and the following subsidiaries (collectively referred to as the “Group”):

Subsidiary	Percentage of Ownership		
	2023	2022	2021
Centro Escolar University Hospital, Inc. (the “Hospital” or CEUHI)	100.00%	100.00%	100.00%
Centro Escolar Las Piñas, Inc. (CELPI) (formerly Las Piñas College [LPC])	99.90%	99.90%	99.90%
Centro Escolar Integrated School, Inc. (CE-IS)	95.80%	94.00%	94.00%

The University, a publicly listed entity, was organized in the Philippines on June 3, 1907 to establish, maintain and operate an educational institution or institutions for the instruction and training of the youth in all branches of the arts and sciences, offering classes in tertiary level.

In accordance with the Commission on Higher Education (CHED) Memorandum Order No. 32, the University’s Mendiola and Makati campuses were granted autonomous status to be in force and in effect for five years from November 15, 2007 to November 14, 2012 per Resolution Nos. 087-2012 and 148-2012. Private Higher Education Institutions (HEIs) which were granted with autonomous status in 2007 to 2009 and deregulated status in 2009 and 2010 shall retain their respective status until December 31, 2015 by virtue of CHED Memorandum Order No. 21, series of 2015. The CHED extended the autonomous status of these two campuses for two times until May 31, 2021. The CHED further extended the autonomous status of these two campuses until May 31, 2022 by virtue of CHED Memorandum Order No. 07 series of 2021 issued on April 30, 2021.

The University’s Malolos campus was granted autonomous status for a period of five years effective November 15, 2009 to November 14, 2014 per Resolution Nos. 087-2012 and 148-2012. Such autonomous status was extended until December 31, 2015 by virtue of CHED Memorandum Order No. 21, series of 2015. The CHED extended the autonomous status of the University’s Malolos campus for two times until May 31, 2021. The autonomous status of the University’s Malolos campus is also further extended until May 31, 2022 by virtue of CHED Memorandum Order No. 07 series of 2021 issued on April 30, 2021.

On September 15, 2023, the University applied for the renewal of grant of autonomous or deregulated status pursuant to CMO NO.6 series of 2023 for its three campuses (Makati, Malolos and Manila). The approval of the application of the renewal with CHED is on-going.

Under this autonomous status, the University is free from monitoring and evaluation of activities of the CHED and has the privilege to determine and prescribe curricular programs, among other benefits, as listed in the memorandum order. The three general criteria used by the CHED for the selection and identification of institutions which shall receive autonomous status are as follows:

- Institutions established as centers of excellence or centers of development and/or with Federation of Accrediting Agencies of the Philippines Level III Accredited programs;
- With outstanding overall performance of graduates in the government licensure examinations; and
- With long tradition of integrity and untarnished reputation.



The registered principal office of the University is at 9 Mendiola Street, San Miguel, Manila.

The University incorporated the Hospital on June 10, 2008. The primary purpose of the Hospital is to establish, maintain and operate a hospital, medical and clinical laboratories and such other facilities that shall provide healthcare or any method of treatment for illnesses or abnormal physical or mental health in accordance with advancements in modern medicine and to provide education and training facilities in the furtherance of the health-related professions. The registered principal office of the Hospital is at 103 Esteban corner Legaspi Streets, Legaspi Village, Makati City. In January 2016, the Hospital entered into an agreement with Hemotek Renal Center (Hemotek), a dialysis clinic, for the former to provide laboratory examinations to Hemotek patients. As at May 31, 2023, the Hospital is providing laboratory examinations to nine Hemotek Renal Centers.

CE-IS was incorporated on July 24, 2013 and is a learning institution which offers pre-school, primary and secondary education. The principal place of business of CE-IS is located at Km 44 MacArthur Highway, Longos, Malolos City. On December 31, 2019, the University purchased additional 2,000 shares of CE-IS increasing its ownership to 94%.

CELPI was incorporated on June 1, 1975 and is primarily engaged as an educational institution offering a full range of programs from Kindergarten to Graduate school. The principal place of business of CELPI is located at Dr. Faustino Uy Avenue, Pillar Village, Las Piñas City.

The consolidated financial statements were approved and authorized for issuance by the University's BOD on September 28, 2023.

Change in Academic Year and Fiscal Year

For the fiscal year ended May 31, 2022, the academic calendar of the University changed and the completion of the academic year was moved from May 2022 (fiscal year ended May 31, 2022) to June (fiscal year ending May 31, 2023). This is due to the offering of the programs by learning block affected by the health breaks imposed by the City Governments.

The University intends to modify the academic year starting fiscal period of 2023-2024. The change in the academic year will result to classes commencing in August instead of September for the first semester, while the second semester classes will be held from January to May instead of February to June.

On June 28, 2019, the Board of Directors and Stockholders of the University approved to change the fiscal year of the University from beginning April 1 and ending March 31 to beginning June 1 to ending May 31. The University applied the change of the fiscal year with the Bureau of Internal Revenue (BIR) on October 22, 2020. The University prepared financial statements as at and for the two-month period ended May 31, 2021 to comply with the reportorial requirements of (1) the BIR to file a separate return for the period between the close of the original accounting period and the date designated as the close of the new accounting period and (2) the Securities and Exchange Commission (SEC) to file the financial statements at the end of every fiscal year.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for land classified under 'Property and equipment' which is measured at revalued amount, and equity investments classified as financial assets at fair value through other comprehensive income (FVOCI) included under 'Other noncurrent assets'.



The consolidated financial statements are presented in Philippine Peso (₱ or Peso), which is also the Group's functional currency. All values are rounded to the nearest Peso, unless otherwise stated.

The consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows as of and for the two month period ended May 31, 2021 were prepared due to the change of the fiscal year of the University from fiscal year beginning April 1 and ending March 31 to fiscal year beginning June 1 and ending May 31 (see Note 1). As a result, the amounts presented in the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the two month period ended May 31, 2021 are not comparable with those statements for the years ended May 31, 2023 and 2022.

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Presentation of Consolidated Financial Statements

The Group presents its assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for trading;
- Expected to be realized within 12 months after the statement of financial position date; or
- Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least 12 months after the statement of financial position date.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for trading;
- It is due to be settled within 12 months after the statement of financial position date; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the statement of financial position date.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the University and its subsidiaries. Control is achieved when the University is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the University controls an investee if, and only if, the University has:

- Power over the investee (that is, existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the University has less than a majority of the voting or similar rights of an



investee, the University considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The University's voting rights and potential voting rights.

The University reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the University obtains control over the subsidiary and ceases when the University loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the University gains control until the date the University ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the University's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities in the Group are eliminated in full on consolidation.

The financial statements of the subsidiaries were prepared using consistent accounting principles and policies in accordance with PFRS. The financial statements of CEUHI and CELPI were prepared following a fiscal year end of March 31 while the financial statements of CE-IS were prepared following a fiscal year end of December 31. For consolidation purposes, adjustments to the financial statements of CEUHI, CELPI and CE-IS are recorded to align with the reporting year of the University.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. In such circumstances, the carrying amount of the controlling and non-controlling interests are adjusted by the Group to reflect the changes in its relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the University.

When a change in ownership interest in a subsidiary occurs, which results in loss of control over the subsidiary, the University:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity;
- Derecognizes the other comprehensive income (OCI) and recycle the same to the profit or loss to retained earnings;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained; and
- Recognizes any surplus or deficit in the consolidated statement of income.

Non-controlling Interests

Non-controlling interests represent the portion of profit or loss and the net assets not held by the University and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to the equity holders of the University. Transactions with non-controlling interest are accounted for using the equity concept method, whereby the difference between the consideration and the book value of the share of the net assets acquired is recognized as an equity transaction. Any losses applicable to the non-controlling interests are allocated against the



interests of the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements effective June 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Group.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent’s consolidated financial statements, based on the parent’s date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business



combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments*, Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Amendments to PAS 41, *Agriculture*, Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Foreign Currency Translation

Transactions denominated in foreign currencies are recorded in Peso based on the exchange rates prevailing at the transaction dates. Foreign currency-denominated monetary assets and liabilities are translated in Peso based on the Bankers' Association of the Philippines closing rate prevailing at the reporting date in 2023 and 2022, respectively. Foreign exchange differences between rate at transaction date and rate at settlement date or reporting date of foreign currency-denominated monetary assets or liabilities are credited to or charged against profit or loss in the period in which the rates changed. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Fair Value Measurement

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 by the Group.

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.

A 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 Group 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 consolidated 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.
- 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 consolidated financial statements on a recurring basis, the Group 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 the end of reporting date.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks and the level within the fair value hierarchy as explained above (see Note 24).

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term deposits which are highly liquid investments readily convertible to known amounts of cash with original maturities of three months or less from dates of placements and are subject to insignificant risks of changes in value. Cash and cash equivalents are carried at face value in the consolidated statement of financial position.

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

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, at FVOCI and at fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or which the Group has applied the practical expedient are measured at transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.



Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVOCI without recycling (equity instruments)
- Financial assets at FVTPL (debt and equity instruments)

Financial assets at amortized cost (debt instruments)

This category is most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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 closely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated statements of income when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash in banks and short-term deposits, tuition fee and other receivables and refundable security deposits.

Financial assets at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to consolidated statement of income. Dividends are recognized as income in the consolidated statements of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its investments in quoted equity instruments under this category.

Derecognition

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

- the rights to receive cash flows from the asset expires;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement;
- the Group has transferred its rights to receive cash flows from the 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 or asset.



Modification of financial assets

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Group considers the following factors below, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered “solely payment for principal and interest”

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI).

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. 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).



The Group's debt instruments at amortized cost comprise of cash and cash equivalents and refundable security 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 Probability of Default (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 fee receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

Primary drivers like macroeconomic indicators of qualitative factors such as forward-looking data on inflation rate, unemployment rate and consumer price index were added to the ECL calculation to reach a forecast supported by both quantitative and qualitative data points.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual cash flows in full before considering 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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, other financial liabilities carried at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include accounts payable and other current liabilities (excluding contract liabilities and statutory payables), dividends payable and lease liability.

Subsequent measurement

Other financial liabilities carried at amortized cost

These are issued financial instruments or their components, which are not designated as at FVTPL and where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy 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 shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, financial liabilities not qualified and not designated as at FVTPL 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 issuance and fees that are an integral part of the effective interest rate.



This accounting policy applies primarily to the Group's accounts payable and other current liabilities (excluding contract liabilities and statutory payables), dividends payable and lease liability.

Derecognition

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

Exchange or modification of financial liabilities

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

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. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the Group recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less marketing and distribution costs. The cost



includes the invoice amount, freight in and other incidental costs and is determined using the first-in, first-out method.

Property and Equipment

Property and equipment, except for land, is carried at cost, less accumulated depreciation and amortization and accumulated allowance for impairment losses. The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

Land is carried at revalued amount. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus, net of tax effect, is presented in OCI, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the consolidated statement of income, in which case, the increase is recognized in the consolidated statement of income. A revaluation decrease is recognized in the consolidated statement of income, except to the extent that it offsets an existing surplus on the same asset presented in OCI. Upon disposal, any revaluation surplus, net of tax effect, relating to the land being sold is transferred to retained earnings.

Construction in progress, included in property and equipment, is stated at cost.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged against the consolidated statement of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

The useful life and depreciation and amortization method are reviewed at least every reporting date and adjusted prospectively, if appropriate.

Depreciation of property and equipment is computed on a straight-line basis over the following estimated useful lives of the assets:

	Number of Years
Land improvements	10
Building	25 to 50
Furniture, transportation, auxiliary	5
Laboratory equipment	10
Library books	10
Leasehold improvements	10 or lease term whichever is shorter

Construction in progress is not depreciated until such time that the relevant assets are completed and become available for intended use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset by sale (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) and by write off, is recognized under "Miscellaneous fees" and "Loss on



retirement/disposal of assets,” respectively, in the consolidated statement of income in the year the asset is derecognized.



Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share in the recognized amounts of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in the consolidated statement of income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39 in the consolidated statement of income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

When the seller agrees to contractually indemnify the acquirer for the outcome of a contingency or uncertainty related to a specific asset or liability, the acquirer recognizes an indemnification asset with an equivalent amount deducted from the consideration transferred for the business combination. Indemnification asset recognized at the acquisition date continues to be measured on the same basis as the related indemnified item subject to collectability and contractual terms until the asset is collected, sold, cancelled or expires in the post-combination period. The Group measures the indemnification asset on the same basis as the related item, subject to any restrictions in the contractual terms.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating unit (CGU), or group of CGU's, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated should:

- Represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Not be larger than an operating segment determined in accordance with PFRS 8.



When goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill allocated with disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation.

Impairment of Nonfinancial Assets

An assessment is made at each reporting date whether there is any indication of impairment of nonfinancial assets, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated at the higher of the asset's or CGU's value-in-use or its fair value less cost to sell. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is assessed as part of the CGU to which it belongs.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or CGU). In determining fair value less cost to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

An impairment loss is recognized only if the carrying amount of an asset (or CGU) exceeds its recoverable amount. An impairment loss is charged against the consolidated statement of income in the period in which it arises, unless the asset (or CGU) is carried at a revalued amount, in which case, the impairment loss is charged against the revaluation increment of the said asset (or CGU).

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset (or CGU), but not to an amount higher than the carrying amount that would have been determined (net of any depreciation and amortization) had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is credited to current consolidated statement of income, unless the asset (or CGU) is carried at revalued amount, in which case, the reversal of the impairment loss is credited to the revaluation increment of the said asset (or CGU).

The following criteria are also applied in assessing impairment of specific assets:

Property and equipment and right-of-use asset

The carrying values of property and equipment and right-of-use asset are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and when the carrying values exceed the estimated recoverable amounts, the assets or CGUs are written down to their recoverable amounts.

Goodwill

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.



Other Assets

Advances to suppliers

Advances to suppliers, included under “Other current assets”, represent amounts paid to suppliers for purchases not yet received as at the reporting date. This is subsequently reversed to an expense account when the goods or services are received.

Prepayments

Prepayments, included under “Other current assets”, are initially measured at the amounts paid and subsequently recognized as expense over the period in which the prepayments apply.

Prepaid taxes

Prepaid taxes, included under “Other current assets” and “Other noncurrent assets”, pertains to the tax withheld at source by the Group’s lessees and excess quarterly income tax payments. These are creditable against its income tax liability.

Advances to contractors

Advances to contractors, included under “Other noncurrent assets”, represent amounts paid to contractors for purchases not yet received as at the reporting date. This is subsequently reversed to an asset account when the goods or services are received.

Software cost

Software cost acquired separately is measured on initial recognition at cost. Following initial recognition, software cost is carried at cost less any accumulated amortization and any accumulated impairment loss. The estimated useful life of software cost is assessed at the individual asset level. Software cost is amortized over its estimated useful life of three years. Periods and method of amortization for software cost are reviewed annually or earlier when an indicator of impairment exists.

Gain or loss arising from derecognition of software cost is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss when the asset is derecognized.

Cost to fulfill the contract

Cost to fulfill the contract, included under “Other current assets”, are initially measured at amounts paid and subsequently recognized as expense upon performance of the related services to the students. The Group amortizes capitalized cost to fulfill a contract to “Expenses for co-curricular activities” under “Cost of services”.

Equity

Capital stock is measured at par value for all shares issued. When the University issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to “Additional paid-in capital.” When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received.

Retained earnings represent accumulated earnings of the Group less dividends declared.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to



be entitled in exchange for those goods, excluding the related taxes. The Group assesses its revenue arrangement against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in its all of its revenue arrangements.

Tuition and other school fees, including income from other school services

Tuition and other school fees, including income from other school services except for the sale of books and uniforms, are recognized over time as revenue over the corresponding school term using output method (i.e., time lapsed over the service period such as semester or school year, depending on the curriculum registered). Upon enrollment, students have the option to pay the tuition and other school fees in full or in installment. Tuition and other fees, including income from other school services except for the sale of books and uniforms, to be recognized in the remaining months after statement of financial position date or next school term which are not yet due for collection are deferred and is shown under “Deferred revenue” account in the statement of financial position.

Contract Balances

Receivables

A receivable represents the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liability

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs the obligations under the contract. The Group’s contract liabilities represent advance collections for culminating and yearbook fees and for revenues expected to be earned until end of the academic year presented under “Accounts payable and other current liabilities” and will be recognized as revenue when the related services are rendered.

Other Revenues

Interest income

Interest income is recognized as the interest accrues taking into account the effective yield on the asset.

Rental income

Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms.

Dividend income

Dividend income is recognized when the right to receive the payment is established.

Expense Recognition

Expenses are recognized in the consolidated statement of income when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Expenses are recognized in the consolidated statement of income:

- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or



- Immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Retirement Benefits

The Group operates a defined benefit retirement plan which requires contribution to be made to a separately administered fund.

The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method.

Retirement expense comprises the following:

- Service cost; and
- Net interest on the retirement liability.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by the independent qualified actuary.

Net interest on the retirement liability is the change during the period in the retirement liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the retirement liability. Net interest on the retirement liability is recognized as an expense or income in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on the retirement liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to the consolidated statement of income in subsequent periods.

The retirement liability is the aggregate of the present value of defined benefit obligation at the reporting date reduced by the fair value of plan assets, adjusted for any effect of limiting a net retirement asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Income Taxes

Income tax on income or loss for the year comprises current and deferred tax. Income tax is determined in accordance with Philippine tax laws. Income tax is recognized in the consolidated



statement of income, except to the extent that it relates to items recognized directly in equity, in which case, the tax effect is recognized in the consolidated statement of comprehensive income.

Current tax

Current tax assets and current tax liabilities for the current and prior periods 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 are enacted or substantively enacted as at the statement of financial position date.

Deferred tax

Deferred tax is provided or recognized, using the liability method, for all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the statement of financial position date.

Deferred tax assets are recognized for all deductible temporary differences and unused net operating loss carryover (NOLCO). Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and NOLCO can be utilized, except:

- a. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- b. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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 profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- a. When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- b. In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 the deferred taxes relate to the same taxable entity and the same tax authority.

Deferred income tax assets and liabilities are offset if a legally enforceable right to offset current income tax against current income tax liabilities and the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current income tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously, on each future period in which



significant amounts of deferred income tax assets and liabilities are expected to be settled or recovered. Subsidiaries operating in the Philippines file income tax returns on an individual basis. Thus, the deferred tax assets and deferred tax liabilities are offset on a per entity basis.

Leases

Group as lessor

Leases where the Group does not transfer all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and are recognized over the lease term on the same basis as the rental income. Rental income are recognized in the consolidated statement of income. Rental income arising are accounted for on a straight-line basis over the lease term. Rental income for the years ended May 31, 2023 and 2022, and for the two-month period ended May 31, 2021 is presented as a separate line item in the consolidated statement of income. Contingent rentals are recognized as revenue in the period in which they are earned.

Group as a lessee

The Group assesses at contract inception whether a contract is, or contains, a lease (i.e., if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration).

The Group applies a single recognition and measurement approach for all leases, except for its leases of low-value asset and short-term leases. The Group recognizes lease liability to make lease payments and right-of-use asset representing the right to use the underlying asset.

Right-of-use asset

The Group recognizes right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of right-of-use asset includes the amount of lease liability recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use asset is subject to impairment. Refer to the accounting policies in section *Impairment of Nonfinancial Assets*.

Lease liability

At the commencement date of the lease, the Group recognizes lease liability measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.



Segment Reporting

The Group's operating businesses are organized and managed separately according to the geographic locations, designated as the Group's campuses, with each segment representing a strategic business unit that offers varying courses depending on demands of the market. Financial information on business segments is presented in Note 20.

Basic and Diluted Earnings Per Share (EPS)

Basic EPS amounts are calculated by dividing net income by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year adjusted for the effects of any dilutive potential common shares.

Provisions

A provision is recognized only when the Group has a present obligation (legal or constructive) 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. 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.

Contingencies

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

Events after the Reporting Date

Post year-end events up to the date of approval of the BOD of the consolidated financial statements that provide additional information about the Group's position reporting date (adjusting events) are reflected in the consolidated financial statements, if any. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRSs requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

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



Recognition of tuition and other fees over time

The Group determined that tuition and other fees, the major source of revenue of the Group, are to be recognized over time using the output method on the basis of time lapsed over the service period since it provides a faithful depiction of the Group's performance in transferring control of the services to the students. The fact that another entity would not need to re-perform the service that the Group has provided to date demonstrates that the customer or the student simultaneously receives and consumes the benefits of the Groups' performance as it is performed.

Leases

- Group as lessor

The Group has entered into commercial property leases on its Mendiola, Malolos, Makati and Las Piñas campuses. The Group has determined, based on an evaluation of the terms and conditions of the arrangements (that is, the lease does not transfer ownership of the asset to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and the lease term is not for the major part of the asset's economic life), that it retains all the significant risks and rewards of ownership of these properties. Thus, the leases are classified as operating leases.

- University as lessee

The Group has entered into a lease on premises it uses for its Makati-Buendia campus. The Group has determined, based on an evaluation of the terms and conditions of the arrangement (that is, the lease does not transfer ownership of the asset to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and the lease term is not for the major part of the asset's economic life), that not all significant risks and rewards of ownership of the properties have been transferred to the Group. Thus, the lease is qualified as in scope of and accounted for in accordance with PFRS 16, *Leases* (see Note 18).

Estimates and Assumptions

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 are discussed below.

Estimation of allowance for expected credit losses

The Group uses the simplified approach in calculating ECLs for tuition fee receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analyzed.

The segmentation of the Group's receivable, identification and definition of default and the assessment of the correlation between historically observed default rates, forecast economic conditions and ECLs are significant estimates. The Group also applied weights to various scenarios in the computation of the allowance for ECL as of May 31, 2023 and 2022 to include the impact of uncertainty. The amount of ECLs is sensitive to changes in circumstances and of forecast economic



conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

The carrying values of tuition and other receivables and allowance for ECL as at May 31, 2023 and 2022 are disclosed in Note 6.

Determination of NRV of inventories

The Group's estimates of the NRV of inventories are based on the most reliable evidence available at the time the estimates are made and the amount at which the inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the reporting date. A new assessment is made of NRV in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is a clear evidence of an increase in NRV because of changes in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV.

No write-down of inventories was recognized for the years ended May 31, 2023 and 2022, and for the two-month period ended May 31, 2021. The carrying value of inventories of the Group is disclosed in Note 7.

Estimation of useful lives of property and equipment and right-of-use asset

The useful lives of property and equipment and right-of-use asset are estimated based on the period over which these assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to asset utilization, internal technical evaluation, technological and environmental changes and anticipated use of the assets tempered by related industry benchmark information. It is possible that future financial performance could be materially affected by changes in these estimates brought about by changes in factors mentioned. Any reduction in the estimated useful lives of the property and equipment would increase depreciation and amortization expense.

The estimated useful lives of property and equipment and right-of-use asset are discussed in Note 2 to the consolidated financial statements. There is no change in the estimated useful lives of property and equipment as of May 31, 2023 and 2022.

The carrying values of depreciable property and equipment (i.e., excluding land and construction in progress) and right-of-use asset are disclosed in Notes 9 and 18.

Impairment of property and equipment and right-of-use asset

The Group assesses at each reporting date whether there is any indication that its property and equipment and right-of-use asset are impaired. Determining the fair value of these noncurrent non-financial assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Group's financial position and financial performance. The preparation of the estimated future cash flows involves significant judgment and estimations. While management believes that the assumptions made are appropriate and reasonable, significant changes in management assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

As of May 31, 2023 and 2022, the Group's market capitalization is lower compared with the carrying amount of the net assets of the Group. This is considered as an indicator that the Group's property



and equipment and right-of-use asset may be impaired as of May 31, 2023 and 2022. Hence, the Group performed impairment analysis as of May 31, 2023 and 2022. The Group's value-in-use calculation involves significant management judgment in the use of assumptions, particularly tuition fee rates, number of students, long-term growth rate and discount rate. The carrying values of property and equipment and right-of-use asset is disclosed in Notes 9 and 18, respectively.

As at May 31, 2023 and 2022, the recoverable amount of the CGU has been determined based on the value-in-use calculation using cash flow projections from the five-year strategic plan for the University. Tuition fee rates and number of students assumed to project revenues were based on approved tuition fee increase and the University's historical data and performance.

The discount rate used for the computation of the net present value is the cost of the equity and was determined by reference to comparable entities. For the year ended May 31, 2023, the pre-tax discount rate applied to cash flow projections is 11.32%. For the year ended May 31, 2022, the pre-tax discount rates applied to cash flow projections is 11.63% and 11.79%. The long-term growth rate for both periods to project cash flows beyond the five-year period is nil.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. The Group's value-in-use calculation involves significant management judgment in the use of assumptions, particularly the tuition fee rates, number of students, long-term growth rate and the discount rate.

The carrying value of goodwill of the Group is disclosed in Note 4.

Revaluation of land

The fair value of the Group's land at revalued amount was based on a third party appraisal with effective date of valuation of May 31, 2023, using sales comparison approach. Key assumptions used by the independent appraiser are disclosed in Note 24.

The revalued amount of land included under "Property and equipment" in the consolidated statement of financial position is disclosed in Note 9.

Retirement liability

The cost of the defined benefit retirement plan and the present value of defined benefit obligation are determined using an actuarial valuation. The actuarial valuation involves making assumptions about employee turnover rates, discount rates, prospective salary increases and mortality rate. Due to the complexity of the actuarial valuation, the underlying assumptions and long-term nature of this plan, such estimates are subject to significant uncertainty. All significant assumptions are reviewed at each reporting date.

The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as at the reporting date. Future salary increases are assumed for all future years within the duration of the plan and take into account the inflation, seniority, promotion, merit, productivity and other market factors. Employee turnover rates are based on the probability of voluntary separation of service from the University prior to their retirement date. Mortality rate are based on the probability of being deceased prior to retirement.

The present value of defined benefit obligation and details about the significant assumptions used are disclosed in Note 16.

Recognition of deferred income taxes

Deferred tax assets are recognized for all deductible temporary differences and unused NOLCO to the



extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and unused NOLCO can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The estimates of future taxable income indicate that all temporary differences will be realized in the future.

Unrecognized deferred tax assets of the Group are disclosed in Note 17.

Evaluation of provisions

The Group provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provision is based on known information at the end of reporting period, net of any estimated amount that may be reimbursed to the Group. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. The amount of provision is being re-assessed at least on an annual basis to consider new relevant information.

The Group is involved in various claims and tax assessments that are normal to its business. Based on the legal grounds of certain claims and assessments, the Group's outstanding provision for probable losses is disclosed in Note 26.

4. Business Combination

On August 24, 2015, the University entered into an agreement with the previous owners of CELPI (the "Sellers") to purchase their interest in CELPI shares, and real and other properties consisting of parcels of land and buildings and improvements which are owned directly by the Sellers but are used by CELPI.

Accordingly, the University obtained control of CELPI through the execution of the agreements on September 1, 2015 as outlined below.

	Amount
Deed of Absolute Sale for the purchase of parcels of land, buildings and improvements	₱270,200,000
Deeds of Assignment for the purchase of CELPI shares representing 90% equity interest	3,600,000
	₱273,800,000

It was also agreed that the University will pay the Sellers the amount of ₱7.34 million to liquidate all liabilities of CELPI, including but not limited to, retirement/separation of all CELPI employees. The acquisition provides the University the opportunity to expand its operations in the Southern part of Metro Manila.



The fair values of the identifiable assets and liabilities of CELPI as at the date of acquisition is shown below:

	Fair value recognized on acquisition
Assets	
Cash	₱108,234
Receivables	10,000
Property and equipment	836,314
Other assets	6,650
	<u>961,198</u>
Liabilities	
Accounts payable and accrued expenses	197,496
Advances from officers	2,870,473
	<u>3,067,969</u>
Net liabilities	<u>(₱2,106,771)</u>

In addition to the above identifiable assets and liabilities, the Group recognized the fair value of real and other properties acquired as a result of the business combination amounting to ₱229.46 million and the related deferred tax asset of ₱4.07 million (see Note 17).

The fair values of land and buildings and improvements as at September 1, 2015 have been determined based on the valuation done by a professionally qualified appraiser accredited by the SEC. The fair values of these assets were derived based on sales comparison approach. Under this approach, the fair value of the land was determined considering sales and listings of comparable property in the same area as the land, also taking into account the economic conditions prevailing at the time the valuation was made. The actual sales and listings regarded as comparable are adjusted to account for differences in a property's location, size and time element. For buildings and improvements, the significant input considered in the valuation is the reproduction cost, which is the estimated cost to create a virtual replica of the existing structure, employing the same design and similar building materials.

The University has elected to measure the non-controlling interest in CELPI at their proportionate share of CELPI's net identifiable assets.

Goodwill from the acquisition is computed as follows:

Consideration transferred	₱281,140,000
Fair value of net liabilities assumed	2,106,771
Less:	
Fair value of real and other properties acquired	(229,460,339)
Deferred tax asset on excess of acquisition cost over fair value of real and other properties acquired	(4,073,966)
Indemnification asset	(2,106,771)
Goodwill	<u><u>₱47,605,695</u></u>

The goodwill arising from the acquisition can be attributed mainly to expected synergies and increase in geographical presence and customer base.

The Sellers have contractually agreed to indemnify the University for all known liabilities until March 31, 2016, and consequently, the University recognized indemnification asset of ₱2.11 million at acquisition date.



Impairment Testing of Goodwill

As at May 31, 2023 and 2022, the carrying amount of goodwill amounted to ₱47.61 million. Management assessed that no impairment losses need to be recognized.

Key assumptions used in the value-in-use calculation

As at May 31, 2023 and 2022, the recoverable amount of the CGU has been determined based on a value-in-use calculation using cash flow projections from the five-year strategic plan for CELPI. Tuition fee rates and number of students assumed to project revenues were based on externally available industry data and the Group's historical data and performance. The discount rate used for the computation of the net present value is the cost of equity and was determined by reference to comparable entities. For the year ended May 31, 2023, the pre-tax discount rates applied to cash flow projections is 11.24% and 11.25%. For the year ended May 31, 2022, the pre-tax discount rates applied to cash flow projections is 11.63% and 11.79%. The long-term growth rate to project cash flows beyond the five-year period is nil for both years.

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the goodwill to materially exceed its recoverable amount.

5. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand and in banks (Note 21)	₱205,319,882	₱244,872,932
Short-term deposits (Note 21)	585,653,789	316,712,778
	₱790,973,671	₱561,585,710

Cash in banks earned interest rates ranging from 0.05% to 0.375% for the year ended May 31, 2023, 0.05% to 1.50% for the year ended May 31, 2022, and 0.10% to 0.38% for the two-months ended May 31, 2021. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earned interest rates ranging from 0.27% to 1.20% for the year ended May 31, 2023, 0.05% to 1.50% for the year ended May 31, 2022, and 1.50% to 3.50% for the two-month period ended May 31, 2021.

Interest income from cash in banks and short-term deposits amounted to ₱14.74 million for the year ended May 31, 2023, ₱3.10 million for the year ended May 31, 2022, and ₱0.55 million for the two-month period ended May 31, 2021.

6. Tuition and Other Receivables

This account consists of:

	2023	2022
Tuition fee receivables	₱385,874,233	₱365,287,676
Advances to employees	33,508,868	39,730,099
Nontrade receivables	10,106,090	10,140,716

(Forward)



	2023	2022
Accrued rent receivable (Notes 18 and 21)	₱6,011,592	₱6,602,099
Accrued interest receivable (Note 21)	1,153,815	156,808
Other receivables	1,164,127	1,572,650
	437,818,725	423,490,048
Less allowance for ECL	90,197,421	136,905,626
	₱347,621,304	₱286,584,422

Tuition fee receivables are noninterest-bearing and are generally on a 120-day term for the University and CELPI and 300-day term for CE-IS.

Advances to employees comprise of noninterest-bearing advances which are collectible through salary deduction and are generally on a 6 to 12-month term.

Recoveries from previously written-off tuition fee receivables amounting to nil for the year ended May 31, 2023, nil for the year ended May 31, 2022, and ₱0.09 million for the two-month period ended May 31, 2021 is recorded as part of other income.

The allowance for ECL pertains to the Group's tuition fee receivables, which were impaired through specific identification and collective assessment. The rollforward of allowance for ECL follows:

	2023	2022
Balance at beginning of period	₱136,905,626	₱125,041,960
Provision (Note 15)	17,934,199	11,863,666
Write-off	(64,338,497)	—
Reversal of provision	(303,907)	—
Balance at end of period	₱90,197,421	₱136,905,626

As at May 31, 2023 and 2022 the aging analysis of tuition and other receivables follows:

	2023					Total
	Current	1-30 Days	Over 30 Days	Over 60 Days	Impaired	
Tuition fee receivables	₱—	₱—	₱—	₱295,676,812	₱90,197,421	₱385,874,233
Advances to employees	33,508,868	—	—	—	—	33,508,868
Nontrade receivables	10,106,090	—	—	—	—	10,106,090
Accrued rent receivable	6,011,592	—	—	—	—	6,011,592
Accrued interest receivable	1,153,815	—	—	—	—	1,153,815
Other receivables	1,164,127	—	—	—	—	1,164,127
	₱51,944,492	—	—	₱295,676,812	₱90,197,421	₱437,818,725

	2022					Total
	Current	1-30 Days	Over 30 Days	Over 60 Days	Impaired	
Tuition fee receivables	₱—	₱—	₱—	₱228,382,050	₱136,905,626	₱365,287,676
Advances to employees	39,730,099	—	—	—	—	39,730,099
Nontrade receivables	10,140,716	—	—	—	—	10,140,716
Accrued rent receivable	6,602,099	—	—	—	—	6,602,099
Accrued interest receivable	156,808	—	—	—	—	156,808
Other receivables	1,572,650	—	—	—	—	1,572,650
	₱58,202,372	₱—	₱—	₱228,382,050	₱136,905,626	₱423,490,048



7. Inventories

This account consists of:

	2023	2022
Uniforms and outfits	₱19,147,003	₱14,729,722
Materials	2,366,148	2,110,182
Supplies	1,750,684	1,733,901
	₱23,263,835	₱18,573,805

The cost of uniforms and outfits charged to “Cost of services - Uniforms and outfits” amounted to ₱35.99 million for the year ended May 31, 2023, ₱2.35 million for the year ended May 31, 2022, and ₱1.42 million for the two-month period ended May 31, 2021 (see Note 15).

The cost of materials and supplies charged to “Cost of services - Material processing” amounted to ₱0.28 million for the year ended May 31, 2023, ₱0.22 million for the year ended May 31, 2022, and ₱0.05 million for the two-month period ended May 31, 2021 (see Note 15).

8. Other Current Assets

This account consists of:

	2023	2022
Advances to suppliers	₱61,419,915	₱46,345,420
Prepaid expenses	26,653,616	40,355,049
Cost to fulfill a contract	618,954	2,668,954
Prepaid taxes	309,487	1,686,200
	₱89,001,972	₱91,055,623

Advances to suppliers are advances paid to suppliers for classroom materials and supplies. Prepaid expenses include advanced payment for insurance, licenses and library subscription which are amortized over a period of less than one year.

Movement in cost to fulfill a contract follows:

	2023	2022
Balances at beginning of period	₱2,668,954	₱1,207,851
Additions	—	2,050,000
Amortization (Note 15)	(2,050,000)	(588,897)
Balances at end of period	₱618,954	₱2,668,954

The amortization of the cost to fulfill a contract is charged to “Cost of services - Expenses for co-curricular activities” (see Note 15).



9. Property and Equipment

The composition of and the movements in this account follow:

	2023								
	At Cost								
	Land (At Revalued Amount)	Land Improvements	Buildings and Leasehold Improvements	Furniture, Transportation and Auxiliary Equipment	Laboratory Equipment	Library Books	Construction in Progress	Subtotal	Total
Cost									
Balances at beginning of year	₱4,358,636,002	₱32,002,632	₱1,904,471,893	₱586,252,287	₱414,105,422	₱147,356,913	₱66,892,016	₱3,151,081,163	₱7,509,717,165
Additions	—	—	61,783,342	40,576,872	14,098,831	5,414,379	—	121,873,424	121,873,424
Retirements	—	—	—	(5,934,248)	(7,215,414)	—	—	(13,149,662)	(13,149,662)
Balances at end of year	4,358,636,002	32,002,632	1,966,255,235	620,894,911	420,988,839	152,771,292	66,892,016	3,259,804,925	7,618,440,927
Accumulated depreciation and amortization									
Balances at beginning of year	—	30,640,314	801,906,867	498,048,314	341,938,229	115,900,645	—	1,788,434,369	1,788,434,369
Depreciation and amortization (Note 15)	—	287,378	52,177,472	23,854,925	21,278,725	6,222,950	—	103,821,450	103,821,450
Retirements	—	—	—	(5,849,721)	(7,215,224)	—	—	(13,064,945)	(13,064,945)
Balances at end of year	—	30,927,692	854,084,339	516,053,518	356,001,730	122,123,595	—	1,879,190,874	1,879,190,874
Net book values	₱4,358,636,002	₱1,074,940	₱1,112,170,896	₱104,841,393	₱64,987,109	₱30,647,697	₱66,892,016	₱1,380,614,051	₱5,739,250,053



	2022								
	At Cost								
	Land (At Revalued Amount)	Land Improvements	Buildings and Leasehold Improvements	Furniture, Transportation and Auxiliary Equipment	Laboratory Equipment	Library Books	Construction in Progress	Subtotal	Total
Cost									
Balances at beginning of year	₱3,487,593,002	₱32,002,632	₱1,903,845,127	₱579,663,983	₱412,626,087	₱144,245,902	₱61,228,550	₱3,133,612,281	₱6,621,205,283
Additions	—	—	176,766	6,917,634	1,554,931	3,111,011	6,113,466	17,873,808	17,873,808
Revaluation	871,043,000	—	—	—	—	—	—	—	871,043,000
Retirements	—	—	—	(329,330)	(75,596)	—	—	(404,926)	(404,926)
Transfers	—	—	450,000	—	—	—	(450,000)	—	—
Balances at end of year	4,358,636,002	32,002,632	1,904,471,893	586,252,287	414,105,422	147,356,913	66,892,016	3,151,081,163	7,509,717,165
Accumulated depreciation and amortization									
Balances at beginning of year	—	30,352,934	764,164,453	477,466,431	323,837,725	109,032,231	—	1,704,853,774	1,704,853,774
Depreciation and amortization (Note 15)	—	287,380	37,742,414	20,911,074	18,176,097	6,868,414	—	83,985,379	83,985,379
Retirements	—	—	—	(329,191)	(75,593)	—	—	(404,784)	(404,784)
Balances at end of year	—	30,640,314	801,906,867	498,048,314	341,938,229	115,900,645	—	1,788,434,369	1,788,434,369
Net book values	₱4,358,636,002	₱1,362,318	₱1,102,565,026	₱88,203,973	₱72,167,193	₱31,456,268	₱66,892,016	₱1,362,646,794	₱5,721,282,796

Major developments accounted under construction in progress at May 31, 2022 pertains to construction and renovation of 5-storey building for CE-IS amounting to ₱65.79 million (nil as of May of May 31, 2023).

For the years ended May 31, 2023 and 2022, the Group retired certain properties with aggregate cost amounting to ₱13.15 million and ₱0.40 million for years ended May 31, 2023 and 2022, respectively (nil for the two-month period ended May 31, 2021). Loss on retirement of these properties amounted to ₱84,717 and ₱142 for the years ended May 31, 2023 and 2022, respectively (nil for the two-month period ended May 31, 2021).



Revaluation of Land

As at May 31, 2023 and 2022, land at revalued amounts consists of:

	2023	2022
Cost		
Balances at beginning and end of period	₱537,177,782	₱537,177,782
Revaluation increment - gross		
Beginning balance	3,821,458,220	2,950,415,220
Revaluation during the period	—	871,043,000
Ending balance	3,821,458,220	3,821,458,220
	₱4,358,636,002	₱4,358,636,002

Based on the Group's policy, the appraisal of its properties is done within three to five years. The latest appraisal was done in May 2022 by a professionally qualified appraiser accredited by the SEC (see Note 24).

The fair value of the land as at May 31, 2023 and 2022 amounted to ₱4,358.64 million.

Deferred tax liability related to the revaluation surplus amounted to ₱382.15 million as at May 31, 2023 and 2022 (see Note 17).

Key assumptions used in the value in use (VIU) calculation

As at May 31, 2023 and 2022, the recoverable amount of the CGU has been determined based on a VIU calculation using five-year cash flow projections. Key assumptions in the VIU calculation of the CGU are most sensitive to the following:

- Future revenues and revenue growth rates. Cash flow projections based on financial budgets approved by management covering a five-year period.
- Long-term growth rates. Management does not include a long-term growth rate in the VIU calculation for conservative purposes as this is difficult to predict.
- Discount rates (11.32% for May 31, 2023 and 11.63% and 11.79% for May 31, 2022). The discount rate used for the computation of the net present value is the weighted average cost of capital and was determined by reference to the Parent Company's capital structure.

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of property and equipment to materially exceed its recoverable amount.

10. Other Noncurrent Assets

This account consists of:

	2023	2022
Advances to contractors	₱7,465,313	₱7,732,432
Prepaid taxes	7,108,198	9,090,683
Refundable security deposits	1,268,161	501,821
Financial assets at FVOCI	92,880	136,800
Software costs	—	854,167
	₱15,934,552	₱18,315,903



The effect of discounting the refundable security deposits is immaterial.

Advances to contractors pertain to advances paid to contractors for planned construction of various facilities.

Software costs represent the costs incurred by the Group for its accounting and school management software. The composition of and movements in this account is shown below:

	2023	2022
Cost		
Balances at beginning of period	₱8,473,000	₱8,893,000
Retirement	–	(420,000)
Balances at end of period	8,473,000	8,473,000
Accumulated amortization		
Balances at beginning of period	7,618,833	6,970,083
Amortization (Note 15)	854,167	1,068,750
Retirement	–	(420,000)
Balances at end of period	8,473,000	7,618,833
	₱–	₱854,167

Financial assets at FVOCI investments pertain to quoted equity securities held by the Group.

Quoted equity securities pertain to the Group's investments in listed shares of stocks and are valued at the closing stock price as at May 31, 2023 and 2022.

Cost of quoted equity investments and dividend income pertain to the following:

	2023 (One year)	2022 (One year)	2021 (Two months)
Cost of quoted equity investments	₱411,859	₱411,859	₱411,859
Dividend income	9,396	2,160	–

Movements in carrying value of financial assets at FVOCI investments for the years ended May 31, 2023 and 2022 follow:

	2023	2022
Balances at beginning period	₱136,800	₱94,680
Fair value gains (losses)	(43,920)	42,120
Balances at end of period	₱92,880	₱136,800



Changes in revaluation reserve on financial assets at FVOCI investments for the year ended May 31, 2023 and 2022 follow:

	2023	2022
Balances at beginning of period	(P275,059)	(P317,179)
Change in revaluation reserve on financial assets at FVOCI	(43,920)	42,120
Balances at end of period	(P318,979)	(P275,059)

11. Accounts Payable and Other Current Liabilities

This account consists of:

	2023	2022
Accounts payable	P291,071,446	P266,728,328
Contract liabilities		
Due but not yet collected	103,061,433	75,205,519
Due and collected	39,101,573	30,586,519
Accrued expenses:		
Employee benefits	110,606,916	77,066,294
Rent (Notes 18 and 21)	9,161,294	3,021,421
Purchases	5,230,697	2,909,559
Utilities	1,434,915	1,434,915
Others	26,462,399	16,353,773
Payable to students	42,180,602	44,616,962
Deposits	10,584,672	8,520,118
Provision for probable losses (Note 26)	9,353,517	—
Alumni fees payable	2,146,258	4,167,701
	P650,395,722	P530,611,109

Accounts payable are noninterest-bearing and are generally on 30 to 60-day terms.

Accrued rent pertains to the unpaid contingent rent to its affiliate equivalent to 40% of the annual income derived from the leased premises (see Note 21).

Other accrued expenses pertain to accrued purchases, accruals for audit fees, janitorial and security services, advertising services and other services.

Payable to students are refunds of miscellaneous fees to students to be applied in the next school year or semester.

Deposits include refundable deposits for toga rentals and security deposits on leases.

Alumni fees payable includes graduating students' payments for alumni registration and identification cards which are remitted to the alumni foundation.

As at May 31, 2023, contract liabilities amounting to P142.16 million will be recognized as revenue in the following year. Contract liabilities amounting to P105.79 million as of May 31, 2022 were recognized as revenue for the year ended May 31, 2023.



As at May 31, 2023 and 2022, other noncurrent liability amounting to ₱14.01 million and ₱10.90 million, respectively, pertains to contract liability that is estimated to be recognized as revenue within two to five years.

12. Equity

Capital Stock

The University's shares are listed and traded in the Philippine Stock Exchange.

Details of capital stock as at May 31, 2023 and 2022 are presented below.

Shares Authorized	Shares Issued and Outstanding	Par Value	Amount
800,000,000	372,414,400	₱1	₱372,414,400

Below is the summary of the University's track record of registration of securities under the Revised Securities Regulation Code (SRC):

Date	Number of Shares	Issue Price
November 10, 1986	305,000	₱100
August 9, 1988	152,500	100
February 23, 1994	297,375	100
September 18, 1995	993,174	100
March 17, 1998	2,237,356	100

As at May 31, 2023 and 2022, the total number of shares registered under the SRC are 372,414,400 shares being held by 1,008 and 1,014 stockholders, respectively.

Cash Dividends

The University's BOD approved the declaration of the following cash dividends:

Date of Declaration	Date of Record	Date of Payment	Amount	Dividend per Share
May 26, 2023	June 30, 2023	July 25, 2023	₱223,448,640	₱0.60
September 30, 2022	November 11, 2022	December 7, 2022	₱223,448,640	₱0.60
July 30, 2021	August 27, 2021	September 22, 2021	₱148,965,760	₱0.40

As at May 31, 2023 and 2022, the carrying value of dividends payable amounted to ₱346.61 million and ₱116.98 million, respectively.



Retained Earnings

Appropriations of retained earnings are as follows:

Date of Appropriation and Expiration	Remarks/ Projects	Amount
June 28, 2019 - June 27, 2021	<p>On June 28, 2019, the University's BOD approved the re-appropriation of ₱450.00 million for the development of the Malolos campus. These projects include the construction of a 3-storey building for the setting up of a pre-school, elementary and high school in preparation for the K-12 program and to support the five-year development plan for Malolos campus.</p> <p>In addition, the University's BOD approved the appropriation of ₱80.00 million for the construction of the following:</p> <ul style="list-style-type: none"> • Eight (8)-storey building in Mendiola Campus; • Construction of swimming pools and renovation of classroom in Malolos campus; and • Extension of the expansion projects of the University. <p>The estimated date of completion of the above projects as set by the University is within 2 years.</p> <p>This was unappropriated on June 27, 2021 upon expiration of the appropriation.</p>	₱530,000,000
June 23, 2017 - June 22, 2022	<p>On June 23, 2017, the University's BOD approved the expansion projects of the University. These projects include the items enumerated below:</p> <ul style="list-style-type: none"> • Planned construction of a 3-storey building for Science-related courses in CEU Malolos; • Additional investments in CE-IS for construction of building in anticipation of increased number of students in S.Y. 2020-2021; • Additional investment in CELPI for construction of building in anticipation of increased number of students in S.Y. 2020-2021; and • Modernization of CEU Manila campus. <p>The estimated date of completion of the above projects as set by the University is within 5 years.</p> <p>This was unappropriated on June 22, 2022 upon expiration of the appropriation.</p>	₱210,000,000
August 28, 2020 - August 27, 2025	<p>On August 28, 2020, the University's BOD approved the detailed expansion program and projects of the University. These projects include the budget for capital expenditures and the following in the Malolos Campus:</p> <ul style="list-style-type: none"> • Planned construction of a 5-storey dormitory for the students, faculty and employees of the University; • Planned construction of a 2-storey building for the School of Dentistry; • Planned construction of a 2-storey building to house a food court with students' area in the ground floor and commercial spaces in the second floor; • Renovation of the Centrodome; 	₱336,000,000



Date of Appropriation and Expiration	Remarks/ Projects	Amount
	<ul style="list-style-type: none"> Planned construction of a multi-purpose activity center and swimming pool for use of students; and Renovation and extension of buildings and various laboratories. <p>The estimated date of completion of the above projects as set by the University is within five years.</p>	
April 29, 2022 - April 28, 2027	<p>On April 29, 2022, the University's BOD approved the expansion projects of the University. These projects include the items enumerated below:</p> <ul style="list-style-type: none"> Continuous upgrading of laboratory equipment of all campuses in preparation for full setup of face to face modality of learning. Construction of 8 storey building in the Manila campus Construction of road, drainages, and primary metering in the Malolos campus Construction of multipurpose activity center on the Malugay property for the Makati campus <p>The estimated date of completion of the above projects as set by the University is within 5 years.</p>	₱450,000,000
August 25, 2023 - May 31, 2024 (School Year 2023 to 2024)	<p>On August 25, 2024, the University's BOD approved for the upgrading and procurement of laboratory equipment such as dental chairs, precision instruments, optometry equipment and devices for school year 2023-2024.</p>	₱125,000,000

In accordance with Revised Securities Regulation Code Rule 68, Annex 68-D, the University's retained earnings available for dividend declaration as at May 31, 2023 amounted to ₱684.48 million. The University plans to declare dividends in fiscal year 2024.

The consolidated retained earnings include the deficit of the CEUHI amounting to ₱32.17 million and ₱32.44 million as of May 31, 2023 and 2022, respectively.

Effect of transactions with non-controlling interest

In April 2019, the University purchased an additional 4% ownership to CE-IS using the advances to CE-IS stockholders amounting to ₱0.50 million. This resulted to a transfer of non-controlling interest to equity reserve amounting to ₱2.04 million.

In September 2022, the University purchased an additional 1.8% to CE-IS using the advances to CE-IS stockholders amounting to ₱0.25 million. This resulted to a transfer of non-controlling interest to equity reserve amounting to ₱1.57 million.

Dividends declared by CE-IS to NCI amounted to ₱1.73 million and ₱3.75 million for the years ended May 31, 2023 and 2022 (nil for the two-month period ended May 31, 2021).



13. Tuition and Other Fees

This account consists of:

	2023 (One year)	2022 (One year)	2021 (Two months)
Tuition fees	₱855,941,560	₱676,232,195	₱117,098,247
Other fees	673,031,789	468,812,323	67,007,053
Income from other school services	318,198,385	143,758,601	16,126,415
	₱1,847,171,734	₱1,288,803,119	₱200,231,715

Other fees include registration fees, health services fees, library fees, laboratory fees, development fees, practicum fees, internship fees and review fees.

Income from other school services comprise of fees for diploma and certificates, transcript of records, student handbooks, identification cards, entrance, qualifying and special examinations, laboratory materials, application fees for foreign students, uniforms and outfits, and various collections for specific items or activities.

Revenue from contracts with customers for tuition and other fees and miscellaneous fees are as follows:

	2023 (One year)		2022 (One year)		2021 (Two months)	
Timing of Recognition	Tuition fees and other school fees	Miscellaneous fees (Note 14)	Tuition fees and other school fees	Miscellaneous fees (Note 14)	Tuition fees and other school fees	Miscellaneous fees (Note 14)
Over time	₱1,751,387,904	₱17,815,159	₱1,244,406,632	₱4,367,936	₱198,230,040	₱4,200
Point in time	95,783,830	15,331,230	44,396,487	8,525,586	2,001,675	775,741
	₱1,847,171,734	₱33,146,389	₱1,288,803,119	₱12,893,522	₱200,231,715	₱779,941

Receivables and contract liabilities are disclosed in Notes 6 and 11, respectively.

Deferred tuition fees amounting to ₱41.70 million and ₱32.54 million as of May 31, 2023 and 2022, respectively, pertains to the tuition and other fees to be recognized as revenue after the reporting date or next school term.

14. Miscellaneous Fees

This account consists of:

	2023 (One year)	2022 (One year)	2021 (Two months)
Dental pre-board fees	₱15,801,145	₱3,386,333	₱—
Dental materials	4,958,709	2,519,362	380,898
Professional and continuing education	3,565,251	1,826,684	—
Locker fees	2,975,670	16,518	—
Photograph fees	1,404,767	899,858	6,839
Laboratory fees	1,122,057	1,519,731	349,962
Insurance fees	395,711	—	—

(Forward)



	2023 (One year)	2022 (One year)	2021 (Two months)
Handling fees	₱193,475	₱192,840	₱40,263
Service commissions	111,693	—	—
Rental	105,176	—	—
Swimming fees	—	706,060	—
Others	2,512,735	1,826,136	1,979
	₱33,146,389	₱12,893,522	₱779,941

Deferred miscellaneous fees amounting to ₱2.65 million and ₱0.56 million as of May 31, 2023 and 2022, respectively, pertains to income from other school services, except for the sale of books and uniforms, to be recognized as revenue in the remaining months after the reporting date or next school term.

Others include income from sale of promotional items, sale of scrap and penalty from students.

15. Costs and Expenses

This account consists of:

Cost of Services

	2023 (One year)	2022 (One year)	2021 (Two months)
Salaries and wages	₱478,599,148	₱436,221,167	₱67,869,923
SSS contributions and other employee benefits	379,069,994	348,110,569	27,039,845
Depreciation and amortization (Notes 9, 10 and 18)	122,132,765	102,511,276	19,052,662
Light and water	85,314,313	34,765,654	4,064,697
Library	36,467,249	18,812,195	2,105,232
Uniforms and outfits (Note 7)	35,991,224	2,345,186	1,418,506
Sports and academic development	32,695,415	22,017,425	2,011,009
Retirement expense (Note 16)	25,593,191	33,754,297	6,058,588
Expenses for co-curricular activities (Notes 8 and 21)	24,264,542	6,559,653	2,009,204
Management information	20,004,364	13,946,552	5,999,436
Stationery and office supplies	17,096,021	7,478,885	650,663
Professional fees	11,031,330	8,481,419	1,515,340
Laboratory	7,477,661	4,829,643	28,000
Affiliation	7,157,425	2,051,260	1,029,500
Rental (Note 18)	6,699,344	—	—
Directors' and administrative committee	6,643,832	5,647,392	764,000
Instructional and academic expenses	4,060,926	1,816,779	128,800
Guidance and counseling	677,127	710,003	10,300

(Forward)



	2023 (One year)	2022 (One year)	2021 (Two months)
Recruitment and placement (Note 21)	₱659,656	₱330,757	₱287,844
Material processing (Note 7)	280,642	224,156	57,230
Comprehensive and oral examinations	61,620	1,935,481	10,210
Registration expenses of students	11,232	32,515	500
University chapel expenses	2,009	—	—
Publications	2,000	—	4,974
	₱1,301,993,030	₱1,052,582,264	₱142,116,463

General and Administrative Expenses

	2023 (One year)	2022 (One year)	2021 (Two months)
Janitorial and security services	₱43,626,185	₱23,200,073	₱3,774,082
Transportation and communication	35,195,235	26,759,765	2,989,844
Repairs and maintenance	33,950,105	17,520,062	1,492,749
Taxes and licenses	31,694,075	22,554,616	2,699,888
Entertainment, amusement and recreation	18,915,279	14,629,399	1,023,696
Provision for credit losses (Note 6)	17,934,199	11,863,666	6,017,357
Advertisement	4,424,547	3,855,702	265,414
Insurance	3,281,415	3,376,109	251,468
Membership fees and dues	1,565,610	2,421,905	73,224
Miscellaneous	7,655,984	1,718,689	252,515
	₱198,242,634	₱127,899,986	₱18,840,237

Others mainly consists of expenses incurred for other school expense and donations made by the University for funeral and calamity assistance, among others.

16. Retirement Plan

The University has a funded, noncontributory defined benefit retirement plan which provides for death, disability and retirement benefits for all of its permanent employees. The annual contributions to the retirement plan consist of a payment covering the current service cost for the year plus payments toward funding the unfunded actuarial liabilities. Benefits are based on the employees' years of service and final plan salary.

The fund is administered by two trustee banks under the supervision of the Board of Trustees (BOT) of the plan. The BOT is responsible for the investment strategy of the plan.

In 2015, the University approved a new collective bargaining agreement with its employees with changes in the increments on employee retirement benefits.

CE-IS and CELPI have unfunded defined benefits plans based on the requirements of the Republic Act 7641, Retirement Pay Law, covering all of their eligible officers and employees.

The latest actuarial valuation study of the University and CE-IS were made as at May 31, 2023 while the latest actuarial valuation study of CELPI was made as at March 31, 2023.



Changes in the retirement liability are as follows:

As at and for the year ended May 31, 2023												
	Retirement Expense in the Consolidated Statements of Income				Remeasurements in OCI							Balance at End of Year
	Balance at Beginning of Year	Current Service Cost	Net Interest	Subtotal	Benefits Paid	Return on Plan Assets (Excluding Amount Included in Net Interest)	Experience Adjustments	Actuarial Changes Arising from Changes in Financial Assumptions	Actuarial Changes Arising from Changes in Demographic Assumptions	Subtotal	Contribution by Employer	
Present value of defined benefit obligation	₱330,544,790	₱15,512,494	₱20,566,302	₱36,078,796	(₱30,629,157)	₱–	₱4,130,941	₱112,350	–	₱4,243,291	₱–	₱340,237,720
Fair value of plan assets	(160,643,784)	–	(10,485,605)	(10,485,605)	30,629,157	(5,802,609)	–	–	–	(5,802,609)	(30,730,610)	(177,033,451)
	₱169,901,006	₱15,512,494	₱10,080,697	₱25,593,191	₱–	(₱5,802,609)	₱4,130,941	₱112,350	–	(₱1,559,318)	(₱30,730,610)	₱163,204,269

As at and for the year ended May 31, 2022												
	Retirement Expense in the Consolidated Statements of Income				Remeasurements in OCI							Balance at End of Year
	Balance at Beginning of Year	Current Service Cost	Net Interest	Subtotal	Benefits Paid	Return on Plan Assets (Excluding Amount Included in Net Interest)	Experience Adjustments	Actuarial Changes Arising from Changes in Financial Assumptions	Actuarial Changes Arising from Changes in Demographic Assumptions	Subtotal	Contribution by Employer	
Present value of defined benefit obligation	₱378,854,781	₱24,503,603	₱15,869,460	₱40,373,063	(₱29,725,832)	₱–	(₱9,195,441)	(₱49,761,781)	₱–	(₱58,957,222)	₱–	₱330,544,790
Fair value of plan assets	(159,362,040)	–	(6,618,766)	(6,618,766)	29,725,832	5,627,438	–	–	–	5,627,438	(30,016,248)	(160,643,784)
	₱219,492,741	₱24,503,603	₱9,250,694	₱33,754,297	₱–	₱5,627,438	(₱9,195,441)	(₱49,761,781)	₱–	(₱53,329,784)	(₱30,016,248)	₱169,901,006

The number of plan members for the University, CE-IS and CELPI are 610, 77, and 29, respectively, as at May 31, 2023 and 610, 73, and 33, respectively, as at May 31, 2022.

Actual return on plan assets as at May 31, 2023 and 2022 amounted to ₱16.29 million and ₱0.99 million, respectively.



The fair value of plan assets as at May 31, 2023 and 2022 follows:

	2023	2022
Long-term investments:		
Debt securities	₱81,414,730	₱77,331,277
Equity securities	68,390,269	66,147,748
Cash and cash equivalents	26,567,854	16,821,526
Loans and receivables	757,689	487,028
Others	48,107	42,891
	177,178,649	160,830,470
Liabilities	(145,198)	(186,686)
	₱177,033,451	₱160,643,784

All components of the plan assets do not have quoted prices in an active market, except for equity and debt securities. Cash and cash equivalents are with reputable financial institutions and are deemed to be standard grade.

The plan assets pertain to diversified investments and are not exposed to concentration risk.

The overall investment policy and strategy of the University's defined benefit plan is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay retirement benefits as they fall due while also mitigating the various risks of the retirement plan.

The Group expects to contribute ₱37.46 million to the defined benefit retirement plan in fiscal year 2024.

The cost of defined retirement plan, as well as the present value of defined benefit obligation, is determined using actuarial valuation. The actuarial valuation involves making various assumptions. The principal assumptions used in determining the pension for the defined benefit retirement plan are shown below:

	2023	2022	2021
Discount rates	6.54% to 6.70%	6.55% to 6.70%	4.52%
Future salary increases	2.00% to 3.00%	2.00% to 3.00%	3.00%
Mortality rate	2017 Philippine Intercompany Mortality	2017 Philippine Intercompany Mortality	2017 Philippine Intercompany Mortality
Average expected future years of service	10 to 11	10 to 11	11
Turnover rate	A scale ranging from 12% at age 18 to 0% at age 60 to 65	A scale ranging from 12% at age 18 to 0% at age 60 to 65	A scale ranging from 12% at age 18 to 0% at age 65

The sensitivity analysis on the next page has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the reporting date, assuming all other assumptions were held constant:



	Increase (Decrease) in Defined Benefit Obligation	
	2023	2022
Discount rates		
+1.00%	(₱20,042,934)	(₱20,420,368)
-1.00%	22,514,777	22,959,848
Future salary increases		
+1.00%	24,834,392	25,231,006
-1.00%	(22,418,513)	(22,747,387)

The methods and types of assumptions used in preparing the sensitivity analysis did not change as at May 31, 2023 and 2022.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2023	2022
Less than 1 year	₱44,919,484	₱32,778,499
More than 1 year to 5 years	51,979,786	157,896,211
More than 5 years to 10 years	194,801,814	184,640,460
More than 10 years to 15 years	188,899,310	199,556,940
More than 15 years to 20 years	96,812,447	111,090,708
More than 20 years	213,318,568	208,840,395

17. Income Taxes

All domestic subsidiaries qualifying as private educational institutions are subject to tax under Republic Act No. 8424 (RA 8424), *An Act Amending the National Internal Revenue Code, as amended, and For Other Purposes*, which was passed into law effective January 1, 1998. Title II Chapter IV - Tax on Corporation - Sec 27(B) of the said Act defines and provides that: a “Proprietary Educational Institution” is any private school maintained and administered by private individuals or groups with an issued permit to operate from Department of Education, or CHED, or Technical Education and Skills Development Authority, as the case may be, in accordance with the existing laws and regulations and shall pay a tax of 10.00% on its taxable income. Regular corporations, which include the Hospital, is subject to regular corporate income tax of 30%.

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 continuous impact on the Group:

- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023. MCIT is applicable to the Hospital.
- Preferential income tax rate for proprietary educational institutions and hospitals, which are nonprofit, is reduced from 10% to 1% effective July 1, 2020 to June 30, 2023. This is applicable to the University, CELPI and CE-IS.



The provision for (benefit from) income tax consists of:

	2023 (One year)	2022 (One year)	2021 (Two months)
Current			
1% income tax rate on special corporations	₱4,218,908	₱2,358,398	₱565,264
Deficiency income tax	—	2,676,423	—
Deferred	574,165	(5,508,458)	(2,648,625)
	₱4,793,073	(₱473,637)	(₱2,083,361)

The reconciliation of income before tax computed at statutory income tax rate to provision for income tax in the consolidated statements of income is shown below.

	2023 (One year)	2022 (One year)	2021 (Two months)
Statutory provision for income tax - at 1%	₱4,008,126	₱1,185,788	₱394,404
Tax effects of:			
Nondeductible expenses	1,184,460	348,092	—
Effect of using different tax rate for the set up of deferred tax expected to reverse subsequent to June 30, 2023	(341,106)	(4,658,317)	(2,473,340)
Interest income subjected to final tax	(114,032)	(27,961)	(5,529)
Movement in carryforward benefits of NOLCO and MCIT for which no deferred income tax asset was recognized	47,703	11,119	19,735
Effect of higher tax rate for the Hospital	7,922	2,338	1,104
Deficiency income tax	—	2,676,423	—
Provision for (benefit from) income tax	₱4,793,073	(₱473,637)	(₱2,083,361)

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

	2023	2022
Deferred tax liabilities on:		
Revaluation gain on land	₱382,145,822	₱382,145,822
Undepreciated cost of property and equipment	149,555,112	140,025,628
Advance collection on tuition fee not yet recognized as income during the FY	3,026,006	—
Unrealized foreign currency exchange gain	370,392	6,794
Cost to fulfill a contract	57,253	26,690
Others	—	56,416
	535,154,585	522,261,350
Deferred tax assets on:		
Retirement liability*	16,294,406	13,933,396
Accrued expenses	13,269,925	933,643
Allowance for ECL	8,936,590	13,690,562

(Forward)



	2023	2022
Unamortized excess of contribution over the normal cost	₱6,468,672	₱4,952,636
Excess of acquisition cost over fair value of net assets acquired from business combination	4,073,966	4,073,966
Nonrefundable contract liability	2,722,213	1,997,796
Difference between the actual lease payments and PFRS 16 related accounts	1,486,150	1,497,410
NOLCO	14,441	14,441
Others	—	9,374
	53,266,363	41,103,224
Net deferred tax liabilities	₱481,888,222	₱481,158,125

**Net of deferred income tax asset recognized in Other Comprehensive Income (including amounts attributable to noncontrolling interest) amounted to ₱5,599,180 and ₱5,753,715 as of May 31, 2023 and 2022, respectively.*

As allowed under RA 8424, being a private educational institution, the Group claims the tax deductions of capital expenditures for tax purposes in the year incurred. The Group recognized deferred tax liability on the undepreciated cost of property and equipment pertains to the remaining cost of property and equipment of the University and CELPI not yet depreciated but was already recognized as tax deduction.

The details of NOLCO which can be claimed in the future by the University, CELPI and the Hospital as credit against the regular corporate income are shown below.

Inception Year	May 31, 2022	Addition	Application	Expiration	May 31, 2023	Expiry Year
2023	₱—	₱557,401	₱—	₱—	₱557,401	2026
2022	515,704	—	—	—	515,704	2025
March 31, 2021	1,364,338	—	—	—	1,364,338	2026
	₱1,880,042	₱557,401	₱—	₱—	₱2,437,443	

On September 30, 2020 the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. Hence, the incurred NOLCO of the companies within the Group in taxable year 2021 can be claimed as deduction from the regular taxable income from taxable years 2022 to 2026, in pursuant to the Bayanihan to Recover As One Act.

The details of MCIT which can be claimed in the future by the Hospital used as credit against income tax due are shown below.

Inception Year	May 31, 2022	Addition	Application	Expiration	May 31, 2023	Expiry Year
2022	₱6,857	₱—	₱—	₱—	₱6,857	2025
March 31, 2021	19,735	—	—	—	19,735	2024
2020	9,415	—	—	9,415	—	2023
	₱36,007	₱—	₱—	₱9,415	₱26,592	



As at May 31, 2023 and 2022, the Group did not recognize deferred tax assets on the following temporary differences deemed to be not recoverable:

	2023	2022
NOLCO	₱2,437,443	₱426,172
MCIT	26,592	36,007
	₱2,464,035	₱462,179

Issuances of relevant BIR Regulations:

Revenue Regulations 14-2021

To ease the burden of taxation among propriety educational institutions and taking into account the pending Bills in Congress seeking to amend Section 27 (B) of the National Internal Revenue Code (NIRC) of 1997, as amended, the BIR issued Revenue Regulation (RR) 14-2021 on July 28, 2021 to finally clarify the income taxation of schools, the implementation of the provisions regarding propriety educational institution's tax treatment of RR No. 5-2021 dated April 8, 2021 on the definition of proprietary educational institutions, insofar as it includes therein the phrase "which are non-profit", are hereby suspended pending passage of such appropriate legislation.

Revenue Regulations 3-2022

The BIR issued RR 3-2022 clarifying that the preferential corporate income tax rate of 1% shall apply to proprietary educational institutions, among others, beginning July 1, 2020 until June 30, 2023. After June 30, 2023, the rate shall revert to the preferential corporate tax rate of 10%.

18. Leases

Group as Lessor

The Group leases out portions of its spaces to concessioners which are renewable every two years. Total rent income recognized amounted to ₱10.95 million for the year ended May 31, 2023, ₱4.82 million for the year ended May 31, 2022, and ₱0.59 million for the two-month period ended May 31, 2021 (see Note 21).

As lessor, future minimum rentals under operating leases are shown below.

	2023	2022
Within 1 year	₱11,145,422	₱3,731,366
After 1 year but not more than 5 years	16,990,934	8,256,576
More than 5 years	1,085,027	2,177,630
	₱29,221,383	₱14,165,572

Accrued rental payments not yet billed as of May 31, 2023 and 2022 amounted to ₱6.01 million and ₱6.60 million, respectively (see Note 6).

Group as Lessee

On July 29, 2004, the Group entered into a 25-year operating lease, which commenced on January 1, 2005, with Philtrust Bank for the lease of its land in Makati. The contract requires for ₱24.00 million fixed annual rentals plus 40.00% of the annual net income before tax of the Group's Makati-Buendia campus.

The Group recognized right-of-use asset and lease liability. The rollforward analysis of right-of-use asset is presented on the next page.



	2023	2022
Cost		
Balances at beginning and end of period	₱205,121,481	₱205,121,481
Accumulated Amortization		
Balances at beginning of period	55,280,966	37,823,819
Amortization (Note 15)	17,457,148	17,457,147
Balances at end of period	72,738,114	55,280,966
Net Book Value	₱132,383,367	₱149,840,515

The rollforward analysis of lease liability follows:

	2023	2022
Balances at beginning of period	₱162,564,563	₱176,841,235
Interest expense (Note 19)	8,886,852	9,723,328
Payments	(24,000,000)	(24,000,000)
Balances at end of period	₱147,451,415	₱162,564,563
Lease liability - current	₱15,998,633	₱15,113,148
Lease liability - noncurrent	131,452,782	147,451,415
	₱147,451,415	₱162,564,563

The following are the amounts recognized in the consolidated statements of income:

	2023 (One year)	2022 (One year)	2021 (Two months)
Amortization expense of right-of-use asset (Note 5)	₱17,457,148	₱17,457,147	₱2,909,524
Interest expense on lease liability (Note 19)	8,886,853	9,723,328	1,698,590
Expenses relating to variable rent (included in cost and expenses)	6,699,344	—	—
Total amount recognized in consolidated statements of income	₱33,043,345	₱27,180,476	₱4,608,114

Shown below is the maturity analysis of the undiscounted lease payments:

	2023	2022
Within one year	₱24,000,000	₱24,000,000
After 1 year but not more than 5 years	96,000,000	96,000,000
More than 5 years	62,000,000	86,000,000
	₱182,000,000	₱206,000,000



19. Interest Expense

The account consists of the following:

	2023	2022	2021
	(One year)	(One year)	(Two months)
Interest from lease liability (Note 18)	₱8,886,852	₱9,723,328	₱1,698,590
Interest from deficiency taxes	—	1,831,733	—
	₱8,886,852	₱11,555,061	₱1,698,590



20. Segment Reporting

The Group operates in geographical segments. Financial information on the operations of these segments are summarized as follows:

As at and for the year ended May 31, 2023									
	Mendiola	Malolos	Makati-Buendia	Makati-Legaspi	Makati-Legaspi Hospital (Pre-operating)	CE-IS	CELPI	Adjustments	Total
Segment assets	₱4,527,254,887	₱1,442,900,513	₱250,520,964	₱658,571,180	₱33,479,345	₱164,885,343	₱60,816,522	₱47,605,695	₱7,186,034,449
Segment liabilities	551,987,423	36,884,194	215,103,216	13,236,000	373,797	29,068,526	9,548,627	991,706,506	1,847,908,289
Capital expenditures	63,901,817	869,444	466,471	50,706,055	—	4,447,882	1,481,755	—	121,873,424
Segment revenues	1,207,457,900	195,724,839	245,677,866	81,888,383	1,889,596	123,814,617	53,566,622	—	1,910,019,823
Expenses	947,523,251	175,813,782	228,557,556	55,242,368	1,847,900	52,526,924	47,695,452	—	1,509,207,233
Depreciation and amortization expense	75,461,679	14,592,473	21,524,096	5,546,236	—	1,518,834	3,489,447	—	122,132,765
Net income (loss)	259,934,649	19,911,057	17,120,310	26,646,015	41,696	71,287,693	5,871,170	(4,793,073)	396,019,517

As at and for the year ended May 31, 2022									
	Mendiola	Malolos	Makati-Buendia	Makati-Legaspi	Makati-Legaspi Hospital (Pre-operating)	CE-IS	CELPI	Adjustments	Total
Segment assets	₱4,341,513,874	₱1,432,316,920	₱240,403,989	₱596,981,756	₱33,194,598	₱147,001,798	₱55,825,839	₱47,605,695	₱6,894,844,469
Segment liabilities	444,881,950	19,799,194	216,027,818	7,716,303	613,055	42,059,037	6,081,223	768,038,932	1,505,217,512
Capital expenditures	14,061,659	12,609	111,787	188,876	—	445,800	3,053,077	—	17,873,808
Segment revenues	796,320,677	125,072,995	201,351,551	61,813,573	1,821,121	86,945,085	32,475,985	—	1,310,616,297
Expenses	713,656,642	126,379,241	205,342,817	62,418,076	2,304,057	43,745,540	38,191,080	—	1,192,037,453
Depreciation and amortization expense	50,236,192	11,736,939	23,089,315	12,595,752	—	1,274,395	3,578,683	—	102,511,276
Net income (loss)	87,473,615	(1,306,246)	(3,991,266)	(604,503)	(477,207)	43,199,546	(5,715,095)	473,637	119,052,481

As at and for the two-month period ended May 31, 2021									
	Mendiola	Malolos	Makati-Buendia	Makati-Legaspi	Makati-Legaspi Hospital (Pre-operating)	CE-IS	CELPI	Adjustments	Total
Segment assets	₱3,376,023,919	₱1,429,993,533	₱244,687,977	₱605,334,645	₱32,393,797	₱151,133,222	₱56,076,662	₱47,605,695	₱5,943,249,450
Segment liabilities	370,863,153	10,002,089	209,679,272	7,003,216	343,746	27,529,096	4,176,065	722,340,203	1,351,936,840
Capital expenditures	730,895	3,648,814	—	—	—	2,783,486	771,629	—	7,934,824
Segment revenues	144,096,747	17,754,984	19,734,888	5,352,472	377,775	10,659,152	3,677,077	—	202,245,828
Expenses	97,801,640	15,943,918	24,265,425	10,430,144	403,318	8,898,124	5,057,079	—	162,799,648
Depreciation and amortization expense	9,796,228	1,869,348	4,364,902	2,282,553	—	181,489	558,142	—	19,052,662
Net income (loss)	46,961,382	1,811,066	(4,530,537)	(5,077,672)	(25,543)	1,761,028	(1,453,544)	2,083,361	41,529,541



For the years ended May 31, 2023 and 2022, and for the two-month period ended May 31, 2021, there were no intersegment revenues and all revenues are made to external customers.

As at May 31, 2023, 2022, and 2021, segment assets for each segment do not include “Goodwill” amounting to ₱47.61 million.

Segment liabilities for each segment do not include the following:

	2023	2022	2021
Deferred tax liabilities - net	₱481,888,222	₱481,158,125	₱394,229,305
Retirement liability	163,204,269	169,901,006	219,492,741
Dividends payable	346,614,015	116,979,801	108,618,157
	₱991,706,506	₱768,038,932	₱722,340,203

Net income for each segment does not include “Provision for (benefit from) income tax” amounting to ₱4.79 million for the year ended May 31, 2023, (₱0.47 million) for the year ended May 31 2022, and (₱2.08 million) for the two-month period ended May 31, 2021.

21. Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions; and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Affiliates are entities that are subject to common control.

Transactions with related parties include the following:

Category	Amount/Volume	As at and for the year ended May 31, 2023	
		Outstanding Balance	Nature/Terms and Conditions
<i>PhilTrust Bank</i>			
Cash (Note 5)	₱48,509,504	₱132,764,120	Savings deposit; interest rate ranging from 0.05% to 0.375%
Interest income	228,383	—	
Short-term deposits (Note 5)	273,736,065	582,206,464	Money market placements at 6 to 53 days with interest ranging from 0.27% to 1.2%
Interest income (Note 6)	11,383,181	—	
Rent (Note 11)	31,161,294	7,161,294	Rent of building in Makati; unsecured and noninterest bearing
<i>Manila Bulletin Publishing Corporation</i>			
Recruitment and Placement (Note 15)	2,847,070	—	Advertising services; terms vary as to type and frequency of advertisements, unsecured and noninterest bearing
Expenses for Co-curricular Activities (Note 15)	1,744,654	—	
<i>TH Coffee Services Philippine Corp.</i>			
Rental income (Note 18)	1,933,638	1,655,752	Rental of commercial space; payable the following month, unsecured and noninterest bearing

(Forward)



As at and for the year ended May 31, 2023			
Category	Amount/Volume	Outstanding Balance	Nature/Terms and Conditions
<i>Karate Kid Japanese Fastfood</i> Rental income (Note 18)	₱524,250	₱–	Rental of commercial space; payable the following month, unsecured and noninterest bearing

As at and for the year ended May 31, 2022			
Category	Amount/Volume	Outstanding Balance	Nature/Terms and Conditions
<i>PhilTrust Bank</i>			
Cash (Note 5)	₱27,771,387	₱137,661,407	Savings deposit; interest rate ranging from 0.05% to 1.50%
Interest income	237,063	–	
Short-term deposits (Note 5)	72,658,228	314,660,643	Money market placements; varying periods up to three months, interest of such ranges from 0.25% to 1.50%
Interest income (Note 6)	3,412,785	156,032	
Rent (Note 11)	24,000,000	3,021,421	Rent of building in Makati; unsecured and noninterest bearing
<i>Manila Bulletin Publishing Corporation</i>			
Recruitment and Placement (Note 15)	3,030,296	–	Advertising services; terms vary as to type and frequency of advertisements, unsecured and noninterest bearing
Expenses for Co-curricular Activities (Note 15)	1,022,708		
<i>TH Coffee Services Philippine Corp.</i>			
Rental income (Note 18)	1,217,892	–	Rental of commercial space; payable the following month, unsecured and noninterest bearing
<i>Karate Kid Japanese Fastfood</i> Rental income (Notes 6 and 18)	12,478	7,284	Rental of commercial space; payable the following month, unsecured and noninterest bearing

As at and for the two-month period ended May 31, 2021			
Category	Amount/Volume	Outstanding Balance	Nature/Terms and Conditions
Affiliates			
<i>PhilTrust Bank</i>			
Cash (Note 5)	₱56,928,198	₱109,955,840	Savings deposit; interest rate ranging from 0.10% to 0.38%
Interest income	135,891	–	
Short-term deposits (Note 6)	136,241	242,007,607	Money market placements; varying periods up to three months, interest ranging from 2.08% to 3.20%
Interest income (Note 5)	480,610	129,374	
Rent (Note 11)	4,000,000	3,021,421	Rent of building in Makati; unsecured and noninterest bearing
<i>Manila Bulletin Publishing Corporation</i>			
Recruitment and Placement (Note 15)	252,173	–	Advertising services; terms vary as to type and frequency of advertisements, unsecured and noninterest bearing
Expenses for Co-curricular Activities (Note 15)	590,821		
<i>TH Coffee Services Philippine Corp.</i>			
Rental income (Note 18)	152,341	199,620	Rental of commercial space; payable the following month, unsecured and noninterest bearing
<i>Karate Kid Japanese Fastfood</i> Rental income (Notes 6 and 18)	–	20,160	Rental of commercial space; payable the following month, unsecured and noninterest bearing



Generally, related party transactions are settled in cash.

Transactions with Retirement Plans

Under PFRSs, certain post-employment benefit plans are considered as related parties. The University's retirement plan is in the form of a trust administered by two trustee banks.

Shown below are the transactions with the retirement fund for May 31, 2023 and 2022:

	2023	2022
Beginning of year	₱160,643,784	₱159,362,040
Interest income	10,485,605	6,618,766
Actual gain (loss) on plan assets (excluding interest)	5,802,609	(5,627,438)
Actual contributions	30,730,610	30,016,248
Benefits paid	(30,629,157)	(29,725,832)
End of year	₱177,033,451	₱160,643,784

As at May 31, 2023 and 2022, the retirement fund has 8,072,299 shares or 2.17% interest in the University with a fair value of ₱62.88 million and ₱55.30 million, respectively. The total unrealized gain (loss) recognized from these investments amounted to ₱9.02 million and (₱4.61 million) for the year ended May 31, 2023 and 2022, respectively.

No limitations and restrictions are provided and voting rights over these shares are exercised by a trust officer.

There are no other transactions by the University or its related parties with the retirement fund for the years ended May 31, 2023 and 2022.

Remuneration of Key Management Personnel

The Group's key management personnel include all management committee officers. The summary of compensation of key management personnel follows:

	2023 (One year)	2022 (One year)	2021 (Two months)
Short-term employee salaries and benefits	₱16,781,975	₱15,262,667	₱3,009,311
Post-employment benefits	4,710,411	5,298,825	777,619
	₱21,492,386	₱20,561,492	₱3,786,930

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's retirement plan.

Approval requirements and limits on the amount and extent of related party transactions

The Board of Directors shall approve all material related party transactions before their commencement. Material related party transactions shall be identified taking into account the related party registry. Transactions amounting to ten percent (10%) or more of the total assets of the Group that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process requirement.



22. Notes to Consolidated Statements of Cash Flows

Noncash investing activities pertain to the following:

a. Retirement of assets

For the years ended May 31, 2023 and 2022, the University retired certain properties with aggregate cost of ₱13.01 million and ₱0.04 million, respectively (nil for the two-month period ended May 31, 2021). Loss on retirement of these properties amounted to ₱565 and ₱141 for the years ended May 31, 2023 and 2022, respectively (nil for the two-month period ended May 31, 2021). There were no proceeds from sale of property and equipment for the year ended May 31, 2023 and 2022, and for the two-month period ended May 31, 2021 (see Note 9).

b. Additional investment in CE-IS

In September 2022, the University purchased an additional 1.8% to CE-IS using the advances to CE-IS stockholders amounting to ₱0.25 million (see Note 12).

23. Basic/Diluted EPS

The income and share data used in the basic/diluted EPS computations are as follows:

	2023	2022	2021
	(One year)	(One year)	(Two months)
Net income (a)	₱396,019,517	₱119,052,481	₱41,529,541
Weighted average number of outstanding common shares (b)	372,414,400	372,414,400	372,414,400
Basic/diluted earnings per share (a/b)	₱1.06	₱0.32	₱0.11

There were no potential dilutive financial instruments for the years ended May 31, 2023 and 2022, and for the two-month period ended May 31, 2021.

24. Fair Value Measurement

The Group uses a hierarchy for determining and disclosing the fair value of its assets and liabilities.

The tables on the next page summarize the carrying amounts and the fair values of the Group's financial and nonfinancial assets and liabilities as at May 31, 2023 and 2022.



	2023			
	Fair Value Measurement Using			
	Quoted Prices in Active Markets (Level 1)	Significant Unobservable Inputs (Level 3)		Total Fair Value
Carrying Value				
Assets measured at fair value:				
Financial assets:				
Financial assets at FVOCI	₱92,880	₱92,880	₱—	₱92,880
Nonfinancial assets:				
Land classified as Property and equipment under revaluation model	4,358,636,002	—	4,358,636,002	4,358,636,002
	₱4,358,728,882	₱92,880	₱4,358,636,002	₱4,358,728,882

	2022			
		Fair Value Measurement Using		
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets measured at fair value:				
Financial assets				
Financial assets at FVOCI	₱136,800	₱136,800	₱–	₱136,800
Nonfinancial assets				
Land classified as property and equipment valued under revaluation model	4,358,636,002	–	4,358,636,002	4,358,636,002
	₱4,358,772,802	₱136,800	₱4,358,636,002	₱4,358,772,802

The methods and assumptions used by the University in estimating the fair value of the financial and nonfinancial assets and liabilities are as follows:

Cash and Cash Equivalents, Tuition and Other Receivables, Accounts Payable and Other Current Liabilities (Excluding Contract Liabilities and Statutory Obligations), Dividends Payable
Fair values approximate carrying amounts given the short-term nature of these accounts.

Property and Equipment

The tables below summarize the valuation techniques and the significant unobservable inputs used in the valuation of land recorded as property equipment:

	Valuation Techniques	Significant Unobservable Inputs	Range (Weighted Average)
Land	Sales Comparison Approach/Market Approach	<i>Internal factors:</i>	
		Location	+10% to -20%
		Improvements	+0% to -20%
		Elevation	+0% to +20%
		Corner Influence	+0% to +5%
		Use	-20% to +20%
		Development	+10% to +20%
		Size	-20% to +20%
		Time Element	+0%



The range of the prices per square meter used in the valuation is shown below.

	Valuation techniques	Location	Range (Weighted Average)
Land	Sales Comparison Approach/Market Approach	Comparable analysis: External factor (net price)	
		Manila - Site 1 and 2	₱133,178 to ₱157,729 per square meter (sqm)
		Makati - Malugay	₱247,500 to ₱360,000 per sqm
		Makati - Legaspi	₱270,000 to ₱500,000 per sqm
		Malolos, Bulacan	₱8,550 to ₱16,200 per sqm
		Las Piñas	₱19,655 to ₱25,200 per sqm

The description of the valuation technique and inputs used in valuation of the University's land follows:

Market Data Approach	A comparable method where the value of the property is based on sales and listings of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. Comparison would be premised on the factors of location, size and shape of the lot, and time element.
Location	For a tract of land designated for a purpose or site occupied or available for occupancy, one of the key factors in land valuation is the location or area of preference.
Improvements and developments	Renovations in the land including the construction of building and installation of machineries and equipment should not be included in the valuation.
Corner Influence	Enhancement in usefulness accrues to those lots located or near street corners especially in retail business districts.
Use	Includes considerations factored in such as zoning, water and riparian rights, environmental issues, building codes and flood zones.
Elevation	Height of the property above or below a fixed reference point.
Size	Physical magnitude, extent or bulk, relative or proportionate dimensions. The value of the lot varies in accordance to the size of the lots. Basic rule of thumb is the bigger the lot size the lower the value, the smaller the lot size the higher the value.
Time Element	The measured or measurable period during action or condition exist. It is usually associated with the period in which the property can be sold in an open market within reasonable time.

Sensitivity analyses to the significant changes in unobservable inputs are shown below:

- Significant increases (decreases) in the price (per sqm) would result in a significantly higher (lower) fair value measurement.
- Significant factor in the location of the property (e.g., closer to a main road or secondary road) would result in a significantly higher (lower) fair value measurement
- Significant improvements and developments (deterioration) in the location would result in a significantly higher (lower) fair value measurement.



- Significant increases (decreases) in the influence of the corners of the property would result in a significantly higher (lower) fair value measurement.
- Significant change in the use of the property would result in a significant change in fair value measurement.
- Significant increases (decreases) in the elevation of the property would result in a significantly lower (higher) fair value measurement.
- Significant increases (decreases) in the size of the property would result in a significantly lower (higher) fair value (per sqm) measurement.
- Significant increases (decreases) in the period in which the property can be sold in an open market would result in a significantly lower (higher) fair value measurement.

The appraiser considers the highest and best use of the asset which takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

Quoted Equity Securities Classified as Investments at FVOCI

Fair value is based on quoted prices.

25. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents. The main purpose of these financial instruments is to fund the Group's operations and capital expenditures. The Group has various other financial instruments such as tuition and other receivables, refundable deposits, equity investments, accounts payable and accrued expenses excluding statutory payables and dividends payable that arise directly from operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and foreign currency risk.

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 risk management policy to mitigate credit risk on its receivables from students include the refusal of the Group to release pertinent records like examination permit, transcript of records and transfer credentials, if applicable, until the student's account is cleared/paid. As at the reporting date, there are no significant concentrations of credit risk.

As at May 31, 2023 and May 31, 2022, the analysis of financial assets is shown below:

	May 31, 2023			
	Neither Past Due nor Impaired	Past Due	ECL	Gross of ECL
Loans and receivables:				
Cash and cash equivalents*	₱790,600,171	₱—	₱—	₱790,600,171
Tuition and other receivables				
Tuition fee receivables	—	385,874,233	(90,197,421)	295,676,812
Advances to employees	33,508,868	—	—	33,508,868
Accrued rent receivable	6,011,592	—	—	6,011,592
Accrued interest receivable	1,153,815	—	—	1,153,815
Other receivables	11,270,217	—	—	11,270,217
Refundable security deposits	1,268,161	—	—	1,268,161
Investments at FVOCI	92,880	—	—	92,880
	₱843,905,704	₱385,874,233	(₱90,197,421)	₱1,139,582,516

* Excluding cash on hand



	May 31, 2022			
	Neither Past Due nor Impaired	Past Due	ECL	Gross of ECL
Loans and receivables:				
Cash and cash equivalents*	₱561,212,210	₱—	₱—	₱561,212,210
Tuition and other receivables				
Tuition fee receivables	—	365,287,676	(136,905,626)	228,382,050
Advances to employees	39,730,099	—	—	39,730,099
Accrued rent receivable	6,602,099	—	—	6,602,099
Accrued interest receivable	156,808	—	—	156,808
Other receivables	11,713,366	—	—	11,713,366
Refundable security deposits	501,821	—	—	501,821
Investments at FVOCI	136,800	—	—	136,800
	₱620,053,203	₱365,287,676	(₱136,905,626)	₱848,435,253

* Excluding cash on hand

The Group's neither past due nor impaired receivables are high grade receivables which, based on experience, are highly collectible.

As at May 31, 2023 and 2022, the age of the entire Group's past due but not impaired tuition fee receivables is disclosed in Note 6.

Tuition Fee Receivables

The Group uses a provision matrix to calculate ECL for tuition fee receivables. The provision rates are determined based on the Group's historical observed default rates analyzed in accordance to days past due by grouping of customers based on customer type. The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factors affecting each customer segment. At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

Set out below is the information about the credit risk exposure on the Group's tuition fee receivables using a provision matrix as of May 31, 2023 and 2022.

As of May 31, 2023:

		Days Past Due			
	Current	< 1 quarter	1 to less 3 quarters	Over 3 quarters	Total
Estimated tuition fee receivable at default	₱—	₱283,313,277	₱7,530,634	₱95,030,322	₱385,874,233
Expected credit losses	₱—	₱3,164,718	₱519,237	₱74,666,367	₱78,350,322
Expected credit losses - lifetime	₱—	₱—	₱—	₱11,847,099	₱11,847,099

As of May 31, 2022:

		Days Past Due			
	Current	< 1 quarter	1 to less 3 quarters	Over 3 quarters	Total
Estimated tuition fee receivable at default	₱5,157,385	₱177,261,608	₱19,600,421	₱163,268,262	₱365,287,676
Expected credit losses	₱16,672	₱1,983,514	₱178,441	₱115,385,831	₱117,564,457
Expected credit losses - lifetime	₱—	₱—	₱—	₱19,341,169	₱19,341,169



Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial assets and financial liabilities. Liquidity risk may result from a counterparty failing on repayment of a contractual obligation or inability to generate cash inflows as anticipated.

The Group seeks to manage its liquidity risk to be able to meet its operating cash flow requirements, finance capital expenditures and maturing debts. As an inherent part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. To cover its short-term and long-term funding requirements, the Group intends to use internally generated funds and external financing, if needed.

The maturity profile of the Group's financial assets and financial liabilities as at May 31, 2023 and 2022 based on contractual undiscounted receipts and payments as shown below:

May 31, 2023					
	On Demand	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Cash on hand	₱373,500	₱—	₱—	₱—	₱373,500
Financial assets:					
Cash in banks and cash equivalents	204,946,382	585,653,789	—	—	790,600,171
Tuition and other receivables:					
Tuition fee receivables	295,676,812	—	—	—	295,676,812
Accrued interest receivable	—	1,153,815	—	—	1,153,815
Others:					
Advances to employees	33,508,868	—	—	—	33,508,868
Nontrade	11,270,217	—	—	—	11,270,217
Accrued rent receivable	6,011,592	—	—	—	6,011,592
Refundable security deposits	—	—	—	92,880	92,880
Financial assets at FVOCI	—	—	—	1,268,161	1,268,161
	551,787,371	586,807,604	—	1,361,041	1,139,956,016
Accounts payable and accrued expenses:					
Accounts payable*	295,915,905	—	—	—	295,915,905
Accrued expenses	24,764,620	76,021,342	—	—	100,785,962
Payable to students	9,323,228	—	—	—	9,323,228
Deposits	10,584,672	—	—	—	10,584,672
Alumni fees payable	2,146,258	—	—	—	2,146,258
Lease liability**	—	—	24,000,000	158,000,000	182,000,000
Dividends payable	108,618,157	—	—	—	108,618,157
	451,352,840	76,021,342	24,000,000	158,000,000	709,374,182
Net undiscounted financial assets (liabilities)	₱100,434,531	₱510,786,262	(₱24,000,000)	(₱156,638,959)	₱430,581,834

* Excluding statutory payables of ₱29,102,282

**Including interest to maturity amounting to ₱34,548,585

May 31, 2022					
	On Demand	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Cash on hand	₱373,500	₱—	₱—	₱—	₱373,500
Financial assets:					
Cash in banks and cash equivalents	244,499,432	316,712,778	—	—	561,212,210
Tuition and other receivables:					
Tuition fee receivables	228,382,050	—	—	—	228,382,050
Accrued interest receivable	—	156,808	—	—	156,808
Others:					
Advances to employees	39,730,099	—	—	—	39,730,099
Nontrade	10,140,716	—	—	—	10,140,716
Accrued rent receivable	6,602,099	—	—	—	6,602,099
Other receivables	1,572,650	—	—	—	1,572,650

(Forward)



	May 31, 2022				
	On Demand	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Refundable security deposits	P—	P—	P—	P501,821	P501,821
Financial assets at FVOCI	—	—	—	136,800	136,800
	531,300,546	316,869,586	—	638,621	848,808,753
Accounts payable and accrued expenses:					
Accounts payable*	292,717,830	—	—	—	292,717,830
Accrued expenses	24,764,620	76,021,342	—	—	100,785,962
Payable to students	9,289,799	—	—	—	9,289,799
Deposits	8,520,118	—	—	—	8,520,118
Alumni fees payable	4,167,701	—	—	—	4,167,701
Lease liability**	—	—	24,000,000	210,000,000	234,000,000
Dividends payable	109,015,657	—	—	—	109,015,657
	448,475,725	76,021,342	24,000,000	210,000,000	758,497,067
Net undiscounted financial assets (liabilities)	P82,824,821	P240,848,244	(P24,000,000)	(P209,361,379)	P90,311,686

* Excluding statutory payables of P28,012,915

**Including interest to maturity amounting to P43,435,437

The Group relies on internally-generated cash to fund its working capital needs, capital expenditures and cash dividends. The Group will continuously assess its overhead costs to determine opportunities to decrease them. As laid down in the Group's strategic plan, the Group is committed to attain its goal on sound financial position by accomplishing the objectives to implement cost saving measures, increase income of existing revenue generating programs and activities and expand revenue generating activities.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's principal transactions are carried out in Peso and its exposure to foreign currency risk arises primarily from cash in banks and short-term deposits that are denominated in United States dollar (\$ or USD).

To mitigate the Group's exposure to foreign currency risk related to foreign currency-denominated accounts, management keeps the amount of these assets at a low level.

The following table shows the foreign currency-denominated accounts of the Group as at May 31, 2023 and 2022 in USD:

	2023	2022
Cash in banks	\$14,747	\$64,433
Short-term deposits	118,575	118,192
	\$133,322	\$182,625

In translating the foreign currency-denominated accounts to Peso amounts, the exchange rate used was P56.15 to \$1.00 and P52.37 to \$1.00 as at May 31, 2023 and 2022, respectively.

The table below demonstrates the sensitivity to a reasonably possible change in the Peso/USD exchange rate, with all other variables held constant, of the Group's net income before tax. There is no impact on the Group's equity.



	2023		2022	
Percentage change in exchange rate	7.17%	-7.17%	4.97%	-4.97%
Effect on net income before tax	₱530,109	(₱530,109)	₱475,470	(₱475,470)

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates is not significant to the consolidated financial statements. The financial instruments of the Group are either noninterest-bearing or has minimal interest rate exposure due to the short-term nature of the account (that is, cash equivalents).

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

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 dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives and policies or processes during the years ended May 31, 2023 and 2022. The Group monitors capital using a debt-to-equity ratio which is debt divided by total equity. Debt includes accounts payable and other current liabilities and lease liability.

The table below shows how the Group computes for its debt-to-equity ratio as at May 31, 2023 and 2022.

	2023	2022
Accounts payable and other current liabilities (Note 12)	₱650,395,722	₱530,611,109
Lease liability (Note 19)	147,451,415	162,564,563
Total debt (a)	₱797,847,137	₱693,175,672
Total equity (b)	₱5,338,126,160	₱5,389,626,957
Debt-to-equity ratio (a/b)	₱0.15:1	₱0.13:1

As of May 31, 2023 and 2022, the Group was able to meet its capital management objectives and was successful in achieving its capital management policies.

26. Provision

The Group has several pending claims and assessments, the expected ultimate outcome of which is based on management's judgment in consultation with its legal counsel. Disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position. Thus, as allowed by PAS 37, only general disclosures were provided.

Outstanding provision for losses for disputed claims and assessments amounted to ₱9.35 million as at May 31, 2023 (nil as at May 31, 2022), presented under "Accounts payable and other current liabilities" account (see Note 11).



27. Changes in Liabilities Arising from Financing Activities

Changes in the Group's liabilities arising from financing activities are presented below:

	2023 (One year)		2022 (One year)		2021 (Two months)	
	Dividends payable (Note 12)	Lease liability (Note 19)	Dividends payable (Note 12)	Lease liability (Note 19)	Dividends payable (Note 12)	Lease liability (Note 19)
Balances at beginning of year	₱116,979,801	₱162,564,563	₱108,618,157	₱176,841,235	₱109,015,657	₱179,142,645
Interest expense (Notes 18 and 19)	—	8,886,852	—	9,723,328	—	1,698,590
Dividend declaration including dividends to NCI (Note 12)	448,629,780	—	152,715,760	—	—	—
Cash payments including dividends to NCI (Note 12)	(218,995,566)	(24,000,000)	(144,354,116)	(24,000,000)	(397,500)	(4,000,000)
	₱346,614,015	₱147,451,415	₱116,979,801	₱162,564,563	₱108,618,157	₱176,841,235

28. Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption to have a significant impact on its consolidated financial statements.

Effective beginning on or after January 1, 2023 (FY2024 for the Group)

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024 (FY2025 for the Group)

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

Effective beginning on or after January 1, 2025 (FY2026 for the Group)

- PFRS 17, *Insurance Contracts*

The Group continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to May 31, 2023 on the Group's financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Centro Escolar University
9 Mendiola Street
San Miguel, Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Centro Escolar University and Subsidiaries (the "Group") as at May 31, 2023 and 2022 and for the years ended May 31, 2023 and 2022, and for the two-month period ended May 31, 2021, included in this Form 17-A and have issued our report thereon dated September 28, 2023. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the University's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Dyole S. Garcia

Partner

CPA Certificate No. 0097907

Tax Identification No. 201-960-347

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 97907-SEC (Group A)

Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-102-2021, September 16, 2021, valid until September 15, 2024

PTR No. 9564626, January 3, 2023, Makati City

September 28, 2023

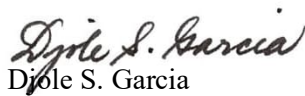


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Centro Escolar University
9 Mendiola Street
San Miguel, Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Centro Escolar University and Subsidiaries (the "Group") as at May 31, 2023 and 2022, and for the years ended May 31, 2023 and 2022, and for the two-month period ended May 31, 2021, and have issued our report thereon dated September 28, 2023. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at May 31, 2023 and 2022, and for the years ended May 31, 2023 and 2022, and for the two-month period ended May 31, 2021, and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Dyle S. Garcia

Partner

CPA Certificate No. 0097907

Tax Identification No. 201-960-347

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 97907-SEC (Group A)

Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-102-2021, September 16, 2021, valid until September 15, 2024

PTR No. 9564626, January 3, 2023, Makati City

September 28, 2023



CENTRO ESCOLAR UNIVERSITY

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Ratio	Formula	2023	2022	2021	2023	2022	2021
Current ratio		2023	2022	2021	1.18:1.00	1.38:1.00	1.41:1.00
	Total Current Assets	₱1,250,860,782	₱957,799,560	₱791,452,479			
	Divided by: Total Current Liabilities	1,057,356,007	695,805,729	562,230,634			
		1.18	1.38	1.41			
Acid-test ratio		2023	2022	2021	1.08:1.00	1.22:1.00	1.26:1.00
	Total Quick Assets (current assets less inventories and other current assets)	₱1,138,594,975	₱848,170,132	₱707,138,718			
	Divided by: Total Current Liabilities	1,057,356,007	695,805,729	562,230,634			
		1.08	1.22	1.26			
Solvency ratio		2023	2022	2021	3.89:1.00	4.58:1.00	4.40:1.00
	Total Assets	₱7,186,034,449	₱6,894,844,469	₱5,943,249,450			
	Divided by: Total Liabilities	1,847,908,289	1,505,217,512	1,351,936,840			
		3.89	4.58	4.40			
Debt-to-equity ratio		2023	2022	2021	0.35:1.00	0.28:1.00	0.29:1.00
	Total Liabilities	₱1,847,908,289	₱1,505,217,512	₱1,351,936,840			
	Divided by: Total Equity	5,338,126,160	5,389,626,957	4,591,312,610			
		0.35	0.28	0.29			
Asset-to-equity ratio		2023	2022	2021	1.35:1.00	1.28:1.00	1.29:1.00
	Total Asset	₱7,186,034,449	₱6,894,844,469	₱5,943,249,450			
	Divided by: Total Equity	5,338,126,160	5,389,626,957	4,591,312,610			
		1.35	1.28	1.29			
Interest rate coverage ratio		2023	2022	2021	46.10 times	11.26 times	24.22 times
	Income Before Interest and Tax	₱409,699,442	₱130,133,905	₱41,144,770			
	Divided by: Interest Expense	8,886,852	11,555,061	1,698,590			
		46.10	11.26	24.22			
Return on equity		2023	2022	2021	7%	2%	1%
	Net Income	₱396,019,517	₱119,052,481	₱41,529,541			
	Divided by: Total Equity	5,338,126,160	5,389,626,957	4,591,312,610			
		7%	2%	1%			

Ratio	Formula	2023	2022	2021	2023	2022	2021
Return on assets		2023	2022	2021	6%	2%	1%
	Net Income	₱396,019,517	₱119,052,481	₱41,529,541			
	Divided by: Total Assets	7,186,034,449	6,894,844,469	5,943,249,450			
		6%	2%	1%			
Net profit margin		2023	2022	2021	21%	9%	21%
	Net income	₱396,019,517	₱119,052,481	₱41,529,541			
	Divided by: Total Revenue	1,891,271,624	1,306,511,951	201,604,389			
		21%	9%	21%			

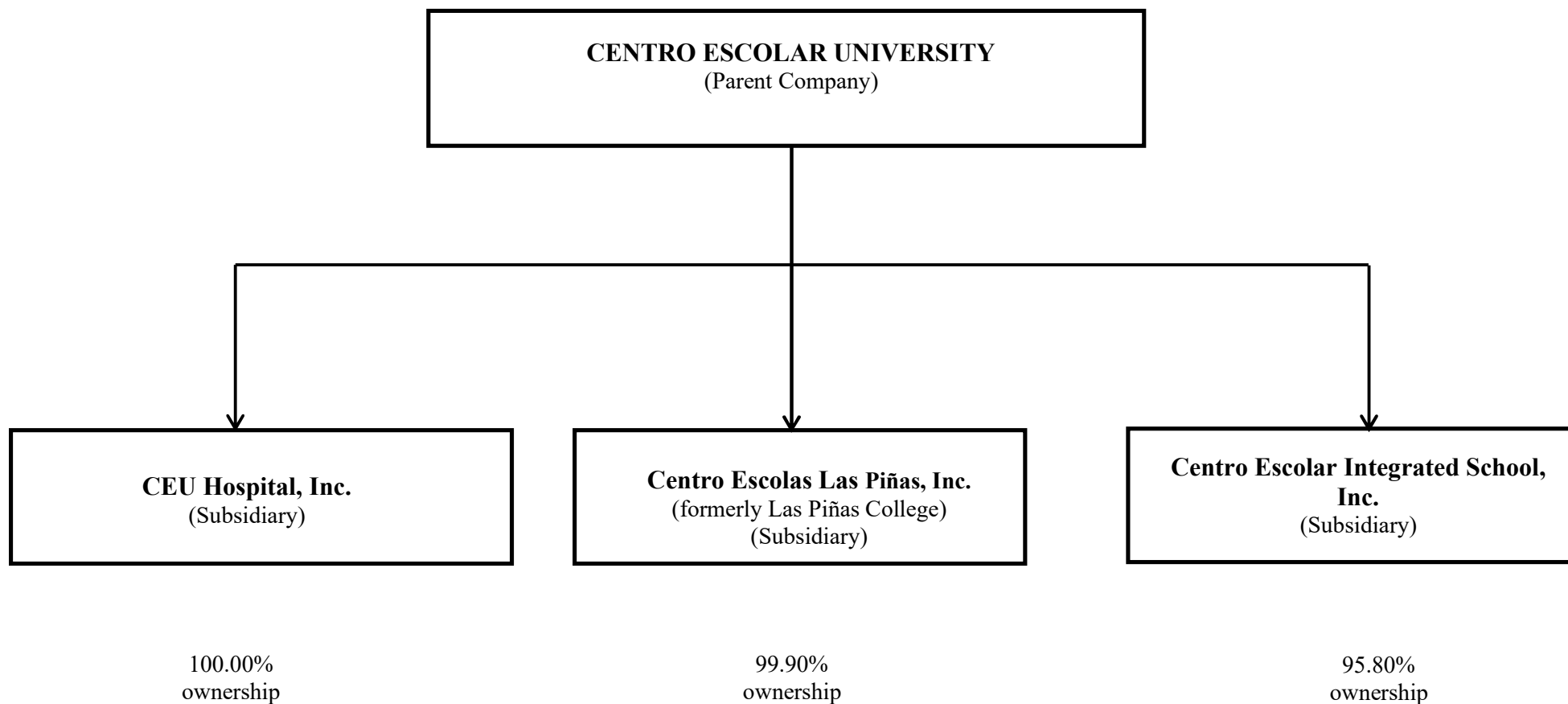
CENTRO ESCOLAR UNIVERSITY

INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

- Annex I: The map showing the relationships between and among the University and its subsidiaries
- Annex II: Supplementary schedules to consolidated financial statements

CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES

**THE MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE UNIVERSITY AND ITS SUBSIDIARIES
MAY 31, 2023**



Centro Escolar University
Schedule A - Financial Assets
May 31, 2023

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Valued based on market quotation at end of reporting period	Loss incurred (Income received)
<i>Investments at FVOCI</i>				
Casino Español de Manila	₱1	₱—	₱—	₱—
PLDT- Common	72	143,280	143,280	6,480
Polymedic General Hospital	80	—	—	—
PLDT- Preferred	9,500	—	—	—
PLDT Comm & Energy Ventures, Inc. (formerly Pilipino Telephone Corp.)	300	—	—	—
Total	₱9,953	₱143,280	₱143,280	₱6,480

Centro Escolar University
*Schedule B - Amounts Receivable from Directors, Officers, Employees and Principal Stockholders (Other than Affiliates)**
May 31, 2023

Name and Designation of debtor	Balance at beginning of period	Additions	Deductions		Ending Balance		Balance at end of period
			Amounts collected	Amounts written off	Current	Not current	
<i>Housing Loan</i>							
Rosales, Ricky - Middle Manager	₱150,000	₱—	₱60,000	₱—	₱60,000	₱30,000	₱90,000
Apostol, Maria Hidelisa B.	150,188	—	94,619	—	55,569	—	55,569
<i>Travel Loan</i>							
De Leon, Julius – Faculty	—	242,613	—	—	81,672	160,941	242,613
Galang, Sharon – Faculty	—	242,613	—	—	81,672	160,941	242,613
Villanueva, Angelina – Faculty	—	242,613	—	—	81,672	160,941	242,613
Andoy, Maria Corazon - Faculty	—	242,613	—	—	81,672	160,941	242,613
Dizon, Maria Carmen - Faculty	—	242,613	—	—	81,672	160,941	242,613
Orlina, Jericho AVP - Business Affairs	—	242,613	—	—	81,672	160,941	242,613
Andres, Maricar Joy	—	242,613	—	—	81,672	160,941	242,613
Trias, Aleriza Marya	—	242,613	—	—	81,672	160,941	242,613
Diasanta, Socorro Vivian	—	242,613	—	—	81,672	160,941	242,613
Robles, Geraldine	—	242,613	—	—	81,672	160,941	242,613
Duad, Nadine	—	242,613	—	—	81,672	160,941	242,613
Baloso, Maria Cecilia	—	242,613	—	—	81,672	160,941	242,613
Sanchez, Carmen	—	242,613	—	—	81,672	160,941	242,613
Quieng-Flores, Marjorie	—	242,613	—	—	81,672	160,941	242,613
Gornez, Gemma Rosemarie	—	242,613	—	—	81,672	160,941	242,613
Solidum, Marie Elizabeth	—	242,613	—	—	81,672	160,941	242,613
Ebreo, Fresnida	—	242,613	—	—	81,672	160,941	242,613
Cabanban, Irynn	—	242,613	—	—	81,672	160,941	242,613
Sagun, Ceryl	—	242,613	—	—	81,672	160,941	242,613
Patron, Aileen	—	242,613	—	—	81,672	160,941	242,613
Javellana, Valeriano D'Ariel	—	242,613	—	—	81,672	160,941	242,613
Casilang, Aubreyrose	—	242,613	—	—	81,672	160,941	242,613

(Forward)

Name and Designation of debtor	Balance at beginning of period	Additions	Deductions		Ending Balance		Balance at end of period
			Amounts collected	Amounts written off	Current	Not current	
Nuguid, Virginia	P—	P242,613	P—	P—	P81,672	P160,941	P242,613
Rillo, Richard	—	242,613	—	—	81,672	160,941	242,613
Castillo, Raquel	—	242,613	—	—	81,672	160,941	242,613
Oanes, Maria Belynda	—	242,613	—	—	84,000	158,613	242,613
Azul, Alnee Joy	—	242,613	—	—	122,520	120,093	242,613
Opina, Arlene	—	121,306	—	—	81,672	160,941	121,306
Ramirez, Jean	—	121,306	—	—	81,672	160,941	121,306
Albano, Heidi Rosario - Faculty	90,520	—	—	—	90,519	—	90,519
Ramirez, Eufrecina – Faculty	67,858	—	—	—	67,858	—	67,858
So, Rosemarie – Faculty	79,526	—	—	—	79,525	—	79,525
Sagun, Ceryl	132,379	—	59,100	—	59,100	14,179	73,279
Cortado, Christopher Jay - Faculty	41,985	—	—	—	41,985	—	41,985
Suto, Vivian – Faculty	38,480	—	—	—	38,480	—	38,480
Grino, Nicanor Jerry Head - Security Dept.	36,617	—	—	—	36,617	—	36,617
Garcia, Nancy - Faculty	12,206	—	—	—	12,206	—	12,206
Lumarque, Lilian – Faculty	2,566	—	2,566	—	—	—	—
Co, Welyn – Faculty	2,566	—	2,566	—	—	—	—
Separo, Perla – Faculty	2,566	—	2,566	—	—	—	—
Villanueva, Jean Marie - Faculty	2,260	—	2,260	—	—	—	—
Dee, Annabelle - Faculty	2,260	—	2,260	—	—	—	—
Mijarez, Luzette - Faculty	2,260	—	2,260	—	—	—	—
Martinez, Maria Wanda - Faculty	9,567	—	9,567	—	—	—	—
CE-IS Stockholders							
Ma. Cristina D. Padolina – President	250,000	—	—	—	—	—	250,000
Corazon M. Tiongco	250,000	—	—	—	—	—	250,000
	P1,323,804	P6,793,163	P237,764	P—	P2,953,523	P4,668,292	P7,879,191

Note:

*This schedule pertains to advances originally made amounting to P100,000 and above only

Centro Escolar University
Schedule C - Amounts Receivable from Related Parties which are eliminated during the Consolidation of financial assets
May 31, 2023

Name of Related Companies	Balance at beginning of period	Additions	Deductions		Ending balance	
			Amounts collected	Amounts written off	Current	Not current
Centro Escolar Las Piñas, Inc.	₱3,607,265	₱284,113	₱–	₱–	₱3,891,378	₱–
Centro Escolar Integrated School, Inc.	176,460,523	53,285,726	–	–	229,746,249	–
Centro Escolar University Hospital, Inc.	13,066,161	492,974	–	–	13,559,135	–
TOTAL	₱193,133,949	₱54,062,813	₱-	₱-	₱247,196,762	₱–

Centro Escolar University
Schedule D - Intangible Assets - Other Assets
May 31, 2023

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes Additions (deductions)	Ending balance
Goodwill	₱47,605,695	₱—	₱—	₱—	₱—	₱47,605,595
Software	854,167	—	854,167	—	—	—
TOTAL	₱48,459,862	₱—	₱854,167	₱—	₱—	₱47,605,595

Centro Escolar University
Schedule E - Long-term Debt
 May 31, 2023

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under caption "Current portion of Long-term debt" in related consolidated statement of financial position	Amount shown under caption "Long-term Debt" in related consolidated statement of financial position
Lease liability	Not applicable	₱15,998,633	₱131,452,782

Centro Escolar University
Schedule F - Indebtedness to Related Parties (Long-Term Loans from Related Companies)
 May 31, 2023

Name of Related Companies	Balance at beginning of period	Additions	Deductions		Ending balance	
			Amounts paid	Amounts written off	Current	Not current

The University does not have long-term loans from related parties.

Centro Escolar University
Schedule G - Guarantees of Securities of Other Issuers
May 31, 2023

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by persons for which statement is filed	Nature of guarantee
--	---	---	--	---------------------

As at May 31, 2023, the University has no guaranteed securities by other issuers.

Centro Escolar University
Schedule H - Capital Stock
May 31, 2023

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related statement of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Centro Escolar University	800,000,000	372,414,400	—	212,270,987	60,576,437	99,566,976

CENTRO ESCOLAR UNIVERSITY

**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION
MAY 31, 2023**

Unappropriated parent company retained earnings, beginning of year	₱561,843,000
Add (deduct):	
Expiration of appropriation of retained earnings	210,000,000
Net income actually earned/realized during the year	359,534,880
Unappropriated parent company retained earnings, adjusted before dividend declaration	1,131,377,880
Deduct: Dividends declared during the year	(446,897,280)
Unappropriated parent company retained earnings, as adjusted to available for dividend declaration, end of year	₱684,480,600

Note: In accordance with SEC Financial Reporting Bulletin No. 14, the reconciliation is based on the separate/parent company financial statements of Centro Escolar University.

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	1	0	9	3				
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COMPANY NAME

C	E	N	T	R	O		E	S	C	O	L	A	R		U	N	I	V	E	R	S	I	T	Y				

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

9		M	e	n	d	i	o	l	a		S	t	r	e	e	t	,		S	a	n		M	i	g	u	e	l	,
		M	a	n	i	l	a																						

Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
---	---	---	---

Secondary License Type, If Applicable

	N	A	
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COMPANY INFORMATION

Company's Email Address

corporate@ceu.edu.ph

Company's Telephone Number

8735-5991

Mobile Number

09279276089

No. of Stockholders

1,008

Annual Meeting (Month / Day)

4th week of October

Fiscal Year (Month / Day)

5/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Cesar F. Tan

Email Address

cftan@ceu.edu.ph

Telephone Number/s

8735-5991

Mobile Number

09279276089

CONTACT PERSON'S ADDRESS

9 Mendiola Street, San Miguel, Manila

NOTE 1 : In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 : All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Centro Escolar University
9 Mendiola Street
San Miguel, Manila

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Centro Escolar University (the "University"), which comprise the parent company statements of financial position as at May 31, 2023 and 2022, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years ended May 31, 2023 and 2022, and for the two-month period ended May 31, 2021 and notes to the parent company financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the parent company as at May 31, 2023 and 2022, and its financial performance and its cash flows for the years ended May 31, 2023 and 2022, and for the two-month period ended May 31, 2021, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

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



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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



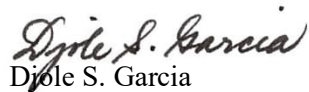
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on the Supplementary Information Required under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 27 to the parent company financial statements is presented for the purpose of filing with the Bureau of Internal Revenue and is not a required part of the basic parent company financial statements. Such information is the responsibility of the management of Centro Escolar University. The information has been subjected to the auditing procedures applied in our audit of the basic parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Djole S. Garcia

Partner

CPA Certificate No. 0097907

Tax Identification No. 201-960-347

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 97907-SEC (Group A)

Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-102-2021, September 16, 2021, valid until September 15, 2024

PTR No. 9564626, January 3, 2023, Makati City

September 28, 2023



CENTRO ESCOLAR UNIVERSITY
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	May 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱603,236,285	₱403,836,408
Tuition and other receivables (Note 5 and 20)	567,530,213	442,264,599
Inventories (Note 6)	16,988,361	11,556,310
Other current assets (Note 7)	82,534,938	66,319,443
Total Current Assets	1,270,289,797	923,976,760
Noncurrent Assets		
Investments in subsidiaries (Note 8)	168,661,317	168,411,317
Property and equipment (Note 9)		
At revalued amount	4,358,636,002	4,358,636,002
At cost	1,350,155,159	1,333,298,427
Right-of-use asset (Note 18)	132,383,367	149,840,514
Other noncurrent assets (Note 10)	15,628,404	17,853,253
Total Noncurrent Assets	6,025,464,249	6,028,039,513
TOTAL ASSETS	₱7,295,754,046	₱6,952,016,273
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 11)	₱869,817,892	₱666,067,211
Deferred revenue (Note 13 and 14)	41,841,713	26,648,154
Dividends payable (Note 12)	343,036,515	113,402,301
Current portion of lease liability (Note 18)	15,998,633	15,113,147
Total Current Liabilities	1,270,694,753	821,230,813
Noncurrent Liabilities		
Deferred tax liabilities - net (Note 17)	486,067,203	486,315,586
Lease liability - net of current portion (Note 18)	131,452,782	147,451,415
Retirement liability (Note 16)	161,309,352	168,276,080
Other noncurrent liability (Note 11)	14,007,009	10,901,237
Total Noncurrent Liabilities	792,836,346	812,944,318
TOTAL LIABILITIES	2,063,531,099	1,634,175,131
Equity		
Capital stock (Note 12)	372,414,400	372,414,400
Additional paid-in capital	664,056	664,056
Retained earnings (Note 12)		
Appropriated	786,000,000	996,000,000
Unappropriated	684,480,600	561,843,000
Revaluation increment on land (Notes 9 and 22)	3,439,312,398	3,439,312,398
Remeasurement loss on retirement obligation (Note 16)	(50,329,528)	(52,117,653)
Revaluation reserve on financial assets at FVOCI (Note 10)	(318,979)	(275,059)
Total Equity	5,232,222,947	5,317,841,142
TOTAL LIABILITIES AND EQUITY	₱7,295,754,046	₱6,952,016,273

See accompanying Notes to Parent Company Financial Statements.



CENTRO ESCOLAR UNIVERSITY**PARENT COMPANY STATEMENTS OF INCOME
FOR THE YEARS ENDED MAY 31, 2023 AND 2022,
AND FOR THE TWO-MONTH PERIOD ENDED MAY 31, 2021***

	May 31, 2023 (One year)	May 31, 2022 (One year)	May 31, 2021 (Two months)
REVENUES FROM CONTRACTS WITH CUSTOMERS			
Tuition and other school fees (Note 13)	₱1,677,657,011	₱1,172,976,223	₱186,320,990
Miscellaneous fees (Notes 13 and 14)	26,943,782	8,395,605	66,349
	1,704,600,793	1,181,371,828	186,387,339
OTHER REVENUES			
Dividend income (Notes 8 and 10)	39,526,896	58,752,160	–
Rent income (Notes 18)	10,953,501	4,815,310	592,733
	50,480,397	63,567,470	592,733
TOTAL REVENUES	1,755,081,190	1,244,939,298	186,980,072
COSTS AND EXPENSES (Note 15)			
Costs of services	1,213,544,200	981,155,827	130,106,603
General and administrative expenses	185,830,849	115,314,558	16,588,668
	1,399,375,049	1,096,470,385	146,695,271
INCOME BEFORE OTHER INCOME (EXPENSES) AND INCOME TAX	355,706,141	148,468,913	40,284,801
OTHER INCOME (EXPENSES)			
Interest income (Note 4)	11,177,062	2,183,348	432,961
Interest expense (Notes 17 and 18)	(8,886,853)	(11,555,061)	(1,698,590)
Foreign currency exchange gains (losses) - net	4,004,234	679,399	(144,358)
Loss on retirement (Note 9)	(565)	(141)	–
Other income (Note 5)	4,000	322,065	88,583
	6,297,878	(8,370,390)	(1,321,404)
INCOME BEFORE INCOME TAX	362,004,019	140,098,523	38,963,397
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 17)	2,469,139	(99,994)	(1,791,574)
NET INCOME	₱359,534,880	₱140,198,517	₱40,754,971

* The University prepared the financial statement as of and for the two-month period ended May 31, 2021 in connection with the change of the fiscal period end of the University from March 31, 2021 to May 31, 2021 (see Notes 1 and 2).

See accompanying Notes to Parent Company Financial Statements.



CENTRO ESCOLAR UNIVERSITY**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MAY 31, 2023 AND 2022,
AND FOR THE TWO-MONTH PERIOD ENDED MAY 31, 2021***

	May 31, 2023 (One year)	May 31, 2022 (One year)	May 31, 2021 (Two months)
NET INCOME	₱359,534,880	₱140,198,517	₱40,754,971
OTHER COMPREHENSIVE INCOME (LOSS)			
Items not to be reclassified to profit or loss:			
Change in revaluation reserve on financial asset at FVOCI (Note 10)	(43,920)	42,120	6,768
Revaluation increment on land (Note 9)	–	871,043,000	–
Income tax effect	–	(87,104,300)	–
	–	783,938,700	–
Remeasurement gain on retirement obligation (Note 16)	1,986,806	52,958,431	13,096,010
Income tax effect	(198,681)	(5,295,843)	(1,309,601)
	1,788,125	47,662,588	11,786,409
TOTAL OTHER COMPREHENSIVE INCOME	1,744,205	831,643,408	11,793,177
TOTAL COMPREHENSIVE INCOME	₱361,279,085	₱971,841,925	₱52,548,148

* The University prepared the financial statement as of and for the two-month period ended May 31, 2021 in connection with the change of the fiscal period end of the University from March 31, 2021 to May 31, 2021 (see Notes 1 and 2).

See accompanying Notes to Parent Company Financial Statements.



CENTRO ESCOLAR UNIVERSITY

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED MAY 31, 2023 AND 2022, AND FOR THE TWO-MONTH PERIOD ENDED MAY 31, 2021*

	Capital Stock (Note 12)	Additional Paid-in Capital	Retained Earnings (Note 12)		Revaluation Increment on Land (Notes 9 and 22)	Remeasurement Gain (Loss) on Retirement Obligation (Note 16)	Revaluation Reserve on Financial Assets at FVOCI (Note 10)	Total Equity
			Appropriated	Unappropriated				
Balances at March 31, 2021	P372,414,400	P664,056	P1,076,000,000	P449,855,272	P2,655,373,698	(P111,566,650)	(P323,947)	P4,442,416,829
Net income	—	—	—	40,754,971	—	—	—	40,754,971
Other comprehensive income	—	—	—	—	—	11,786,409	6,768	11,793,177
Balances at May 31, 2021	P372,414,400	P664,056	P1,076,000,000	P490,610,243	P2,655,373,698	(P99,780,241)	(P317,179)	P4,494,964,977
Balances at May 31, 2022	P372,414,400	P664,056	P1,076,000,000	P490,610,243	P2,655,373,698	(P99,780,241)	(P317,179)	P4,494,964,977
Net income	—	—	—	140,198,517	—	—	—	140,198,517
Other comprehensive income	—	—	—	—	783,938,700	47,662,588	42,120	831,643,408
Cash dividends (Note 12)	—	—	—	(148,965,760)	—	—	—	(148,965,760)
Expiration of appropriation (Note 12)	—	—	(530,000,000)	530,000,000	—	—	—	—
Appropriation for business expansion (Note 12)	—	—	450,000,000	(450,000,000)	—	—	—	—
Balances at May 31, 2022	P372,414,400	P664,056	P996,000,000	P561,843,000	P3,439,312,398	(P52,117,653)	(P275,059)	P5,317,841,142
Balances at May 31, 2022	P372,414,400	P664,056	P996,000,000	P561,843,000	P3,439,312,398	(P52,117,653)	(P275,059)	P5,317,841,142
Net income	—	—	—	359,534,880	—	—	—	359,534,880
Other comprehensive income (loss)	—	—	—	—	—	1,788,125	(43,920)	1,744,205
Cash dividends (Note 12)	—	—	—	(446,897,280)	—	—	—	(446,897,280)
Expiration of appropriation (Note 12)	—	—	(210,000,000)	210,000,000	—	—	—	—
Appropriation for business expansion (Note 12)	—	—	—	—	—	—	—	—
Balances at May 31, 2023	P372,414,400	P664,056	P786,000,000	P684,480,600	P3,439,312,398	(P50,329,528)	(P318,979)	P5,232,222,947

* The University prepared the financial statement as of and for the two-month period ended May 31, 2021 in connection with the change of the fiscal period end of the University from March 31, 2021 to May 31, 2021 (see Notes 1 and 2).

See accompanying Notes to Parent Company Financial Statements.



CENTRO ESCOLAR UNIVERSITY**PARENT COMPANY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2023 AND 2022,
AND FOR THE TWO-MONTH PERIOD ENDED MAY 31, 2021***

	May 31, 2023 (One year)	May 31, 2022 (One year)	May 31, 2021 (Two months)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱362,004,019	₱140,098,523	₱38,963,397
Adjustments for:			
Depreciation and amortization (Notes 9, 10, 15 and 18)	117,124,486	97,658,200	18,313,033
Dividend income (Notes 8 and 10)	(39,526,896)	(58,752,160)	–
Retirement expense (Note 16)	25,020,078	32,918,002	5,621,826
Interest income (Note 4)	(11,177,062)	(2,183,348)	(432,961)
Interest expense (Notes 17 and 18)	8,886,853	11,555,061	1,698,590
Unrealized foreign exchange losses (gains) - net	(4,004,234)	(679,399)	144,358
Loss on retirement of assets (Note 9)	565	141	–
Operating income before changes in operating assets and liabilities	458,327,809	220,615,020	64,308,243
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Tuition and other receivables	(124,871,072)	(78,443,124)	87,412,261
Inventories	(5,432,051)	(1,304,883)	64,753
Other current assets	(17,620,788)	(716,750)	(10,618,860)
Increase (decrease) in:			
Accounts payable and other current liabilities and contract liabilities	206,856,453	13,350,023	(95,872,097)
Deferred revenue	15,193,559	26,648,154	(80,750,777)
Net cash generated from (used in) operations	532,453,910	180,148,440	(35,456,477)
Contribution to the plan asset (Note 16)	(30,000,000)	(30,016,248)	–
Interest received	10,532,520	2,151,853	423,371
Income taxes paid, including creditable withholding taxes	(451,267)	(2,842,553)	(7,311)
Interest on deficiency taxes paid	–	(1,831,733)	–
Net cash from (used in) operating activities	512,535,163	147,609,759	(35,040,417)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment (Note 9)	(115,670,469)	(14,374,931)	(4,349,124)
Dividends received (Notes 8 and 10)	39,526,896	121,027,160	–
Decrease (increase) in other noncurrent assets	267,119	(758,257)	(16,205)
Net cash from (used in) investing activities	(75,876,454)	105,893,972	(4,365,329)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of cash dividends (Note 25)	(217,263,066)	(140,604,116)	–
Payments of leases (Notes 18 and 25)	(24,000,000)	(24,000,000)	(4,000,000)
Cash used in financing activities	(241,263,066)	(164,604,116)	(4,000,000)
EFFECT OF FOREIGN CURRENCY RATE CHANGES ON CASH AND CASH EQUIVALENTS	4,004,234	679,399	(144,358)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	199,399,877	89,579,014	(43,550,104)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	403,836,408	314,257,394	357,807,498
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱603,236,285	₱403,836,408	₱314,257,394

* The University prepared the financial statement as of and for the two-month period ended May 31, 2021 in connection with the change of the fiscal period end of the University from March 31, 2021 to May 31, 2021 (see Notes 1 and 2).

See accompanying Notes to Parent Company Financial Statements.



CENTRO ESCOLAR UNIVERSITY

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

Centro Escolar University (the “University”), a publicly listed entity, was organized in the Philippines on June 3, 1907 to establish, maintain, and operate an educational institution or institutions for the instruction and training of the youth in all branches of the arts and sciences, offering classes in tertiary level.

In accordance with the Commission on Higher Education (CHED) Memorandum Order No. 32, the University’s Mendiola and Makati campuses were granted autonomous status to be in force and in effect for five years from November 15, 2007 to November 14, 2012 per Resolution Nos. 087-2012 and 148-2012. Private Higher Education Institutions (HEIs) which were granted with autonomous status in 2007 to 2009 and deregulated status in 2009 and 2010 shall retain their respective status until December 31, 2015 by virtue of CHED Memorandum Order No. 21, series of 2015.

On May 16, 2016, CHED extended the autonomous status of these two (2) campuses until May 31, 2019. On October 24, 2019, under CHED Memorandum Order No. 12, series of 2019, CHED extended the autonomous status of these two campuses for an additional period of two (2) years until May 31, 2023 by virtue of CHED Memorandum Order No. 07 series of 2021 issued on April 30, 2021.

The University’s Malolos campus was granted autonomous status for a period of five years effective from November 15, 2009 to November 14, 2014 per Resolution Nos. 087-2012 and 148-2012. Such autonomous status was extended until December 31, 2015 by virtue of CHED Memorandum Order No. 21, series of 2015. The CHED extended the autonomous status of the University’s Malolos campus for two times until May 31, 2021. The autonomous status of the University’s Malolos campus is also further extended until May 31, 2023 by virtue of CHED Memorandum Order No. 07 series of 2021 issued on April 30, 2021.

On September 15, 2023, the University applied for the renewal of grant of autonomous or deregulated status pursuant to CMO NO.6 series of 2023 for its three campuses (Makati, Malolos and Manila). The approval of the application of the renewal with CHED is on-going.

Under this autonomous status, the University is free from monitoring and evaluation of activities by the CHED and has the privilege to determine and prescribe curricular programs, among other benefits, as listed in the memorandum order. The three general criteria used by the CHED for the selection and identification of institutions which shall receive autonomous status are as follows:

- a. Institutions established as centers of excellence or centers of development and/or with Federation of Accrediting Agencies of the Philippines Level III Accredited programs;
- b. With outstanding overall performance of graduates in the government licensure examinations; and
- c. With long tradition of integrity and untarnished reputation.

The registered principal office of the University is at 9 Mendiola Street, San Miguel, Manila.

The parent company financial statements were approved and authorized for issuance by the University’s Board of Directors (BOD) on September 28, 2023.



Change in Academic Year and Fiscal Year

For the fiscal year ended May 31, 2022, the academic calendar of the University changed and the completion of the academic year was moved from May 2022 (fiscal year ended May 31, 2022) to June (fiscal year ended May 31, 2023). This is due to the offering of the programs by learning block affected by the health breaks imposed by the City Governments.

The University intends to modify the academic year starting fiscal period of 2023-2024. The change in the academic year will result to classes commencing in August instead of September for the first semester, while the second semester classes will be held from January to May instead of February to June.

On June 28, 2019, the Board of Directors and Stockholders of the University approved to change the fiscal year of the University from beginning April 1 and ending March 31 to beginning June 1 to ending May 31. The University applied the change of the fiscal year with the Bureau of Internal Revenue (BIR) on October 22, 2020. The University prepared financial statements as at and for the two-month period ended May 31, 2021 to comply with the reportorial requirements of (1) the BIR to file a separate return for the period between the close of the original accounting period and the date designated as the close of the new accounting period and (2) the Securities and Exchange Commission (SEC) to file the financial statements at the end of every fiscal year.

2. Summary of Significant Accounting and Financial Reporting Services

Basis of Preparation

The parent company financial statements have been prepared on a historical cost basis, except for land classified as “Property and equipment” that is measured at revalued amount, and equity investments classified as financial assets at fair value through other comprehensive income (FVOCI) included under “Other noncurrent assets”.

The parent company statement of income, parent company statement of comprehensive income, parent company statement of changes in equity and parent company statement of cash flows as of and for the two-month period ended May 31, 2021 were prepared due to the change of the fiscal year of the University from fiscal year beginning April 1 and ending March 31 to fiscal year beginning June 1 and ending May 31 (see Note 1). As a result, the amounts presented in the parent statements of income, parent statements of comprehensive income, parent statement of changes in equity and parent statement of cash flows for the two-month period ended May 31, 2021 are not comparable with those statements for the years ended May 31, 2023 and May 31, 2022.

The parent company financial statements are presented in Philippine Peso (₱ or Peso), which is also the University’s functional currency. All values are rounded to the nearest Peso, unless otherwise indicated.

Statement of Compliance

The parent company financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

The University also prepares and issues consolidated financial statements with same fiscal year as the parent company financial statements in compliance with PFRSs. These may be obtained at the University’s registered office address and may be accessed through its website at <https://www.ceu.edu.ph/>.



Presentation of Parent Company Financial Statements

The University presents its assets and liabilities in the parent company statement of financial position based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for trading;
- Expected to be realized within 12 months after the reporting date; or
- Cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for trading;
- It is due to be settled within 12 months after the reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the University has adopted the following new accounting pronouncements effective June 1, 2022. The University has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the University.

▪ Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.



- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent company financial statements, based on the parent’s date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments, Fees in the ‘10 per cent’ test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Foreign Currency Translation

Transactions denominated in foreign currencies are recorded in Peso based on the exchange rates prevailing at the transaction dates. Foreign currency-denominated monetary assets and liabilities are translated in Peso based on the Bankers’ Association of the Philippines (BAP) closing rate prevailing at the reporting date as of May 31, 2023 and 2022. Foreign exchange differences between rate at transaction date and rate at settlement date or reporting date of foreign currency-denominated monetary assets or liabilities are credited to or charged against the parent company statement of income in the period in which the rates changed. Non-monetary items that are measured in terms of



historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Fair Value Measurement

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 by the University.

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.

A 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 University 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 parent company 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.
- 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 parent company financial statements on a recurring basis, the University 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 the end of each reporting date.

For the purpose of fair value disclosures, the University has determined classes of assets and liabilities on the basis of the nature, characteristics and risks and the level within the fair value hierarchy as explained above (see Note 22).

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term deposits which are highly liquid investments readily convertible to known amounts of cash with original maturities of three months or less from dates of placements and are subject to insignificant risks of changes in value. Cash and cash equivalents are carried at face value in the parent company statement of financial position.



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

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the University's business model for managing them. With the exception of tuition fee receivables that do not contain significant financing component or for which the University has applied the practical expedient, the University initially measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or which the University has applied the practical expedient are measured at transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The University's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the University commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVOCI without recycling (equity instruments)
- Financial assets at FVTPL (debt and equity instruments)

Financial assets at amortized cost (debt instruments)

This category is most relevant to the University. The University measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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 closely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the parent company statements of income when the asset is derecognized, modified or impaired.

The University's financial assets at amortized cost includes cash in banks and short-term deposits, tuition fee and other receivables and refundable security deposits.



Financial assets at FVOCI (equity instruments)

Upon initial recognition, the University can elect to classify irrevocably its equity investments as equity investments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as income in the parent company statements of income when the right of payment has been established, except when the University benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The University elected to classify irrevocably its investments in quoted instruments under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the parent company statement of financial position) when and only when:

- the rights to receive cash flows from the asset expires;
- the University retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement;
- the University has transferred its rights to receive cash flows from the 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 or asset.

Modification of financial assets

The University derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The University considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the University considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered “solely payment for principal and interest”

The University also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the University considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.



When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the University recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the parent company statement of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI).

Impairment of financial assets

The University recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the University 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).

The University's debt instruments at amortized cost comprise of cash and cash equivalents and refundable security deposits that are considered to have low credit risk. Hence, it is the University'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 University uses external credit ratings both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECL.

For tuition fee receivables, the University applies a simplified approach in calculating ECLs. Therefore, the University does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The University has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

Primary drivers like macroeconomic indicators of qualitative factors such as forward-looking data on inflation rate, unemployment rate and consumer price index were added to the ECL calculation to reach a forecast supported by both quantitative and qualitative data points.

The University considers a financial asset in default when contractual payments are past due i.e., when the semester is over. However, in certain cases, the University may also consider a financial asset to be in default when internal or external information indicates that the University is unlikely to receive the outstanding contractual cash flows in full before considering any credit enhancements



held by the University. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, other financial liabilities carried at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The University's financial liabilities include accounts payable and other current liabilities (excluding contract liabilities and statutory payables), dividends payable and lease liability.

Subsequent measurement

Other financial liabilities carried at amortized cost

These are issued financial instruments or their components, which are not designated as at FVTPL and where the substance of the contractual arrangement results in the University having an obligation either to deliver cash or another financial asset to the holder, or to satisfy 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 shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, financial liabilities not qualified and not designated as at FVTPL 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 issuance and fees that are an integral part of the effective interest rate.

This accounting policy applies primarily to the University's accounts payable and other current liabilities (excluding contract liabilities and statutory payables), dividends payable and lease liability.

Derecognition

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

Exchange or modification of financial liabilities

The University considers both qualitative and quantitative factors in assessing whether a modification of financial liabilities is substantial or not. The terms are considered substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial liability. However, under certain circumstances, modification or exchange of a financial liability may still be considered substantial, even where the present value of the cash flows under the new terms is less than 10% different from the present value of the remaining cash flows of the original financial liability. There may be situations where the modification of the financial liability is so fundamental that immediate



derecognition of the original financial liability is appropriate (e.g., restructuring a financial liability to include an embedded equity component).

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. The difference between the carrying value of the original financial liability and the fair value of the new liability is recognized in profit or loss.

When the exchange or modification of the existing financial liability is not considered as substantial, the University recalculates the gross carrying amount of the financial liability as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR and recognizes a modification gain or loss in profit or loss.

If modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the financial instrument and are amortized over the remaining term of the modified financial instrument.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less marketing and distribution costs. The cost includes the invoice amount, freight and other incidental costs and is determined using the first-in, first-out method.

Investments in Subsidiaries

A subsidiary is an entity which is controlled by the University.

Control is achieved when the University is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the University controls an investee if, and only if, the University has:

- Power over the investee (that is, existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control to support this presumption and when the University has less than a majority of the voting or similar rights of an investee, the University considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The University's voting rights and potential voting rights.

The University reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.



The investments in subsidiaries are carried in the parent company statement of financial position at cost, less any impairment in value.

Distributions from accumulated profits of the investee are recognized as dividend income from the investments when the right to receive dividends is established.

The difference between the proceeds from the disposal and the carrying amount of the University's investment is recognized in the parent company statement of income.

Property and Equipment

Property and equipment, except for land, is carried at cost less accumulated depreciation and amortization and any accumulated impairment in value. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

Land is carried at revalued amount. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus, net of tax effect, is presented in other comprehensive income (OCI), except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the parent company statement of income, in which case, the increase is recognized in the parent company statement of income. A revaluation decrease is recognized in the parent company statement of income, except to the extent that it offsets an existing surplus on the same asset presented in OCI. Upon disposal, any revaluation surplus, net of tax effect, relating to the land being sold is transferred to retained earnings.

Construction in progress, included in property and equipment, is stated at cost.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to the parent company statement of income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

The useful life and depreciation and amortization method are reviewed at least every reporting date and adjusted prospectively, if appropriate.

Depreciation of property and equipment is computed on a straight-line basis over the following estimated useful lives of the assets:

	Number of Years
Land improvements	10
Building	25 to 50
Furniture, transportation, auxiliary	5
Laboratory equipment	10
Library books	10
Leasehold improvements	10 or lease term whichever is shorter

Construction in progress is not depreciated until such time that the relevant assets are completed and become available for intended use.



An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset by sale (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) and by write off, is recognized under “Miscellaneous income” and “Loss on retirement/disposal of assets,” respectively, in the parent company statement of income in the year the asset is derecognized.

Impairment of Nonfinancial Assets

An assessment is made at each reporting date whether there is any indication of impairment of nonfinancial assets, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exists or may have decreased. If any such indication exists, the asset’s recoverable amount is estimated. An asset’s recoverable amount is calculated at the higher of the asset’s or cash-generating unit’s (CGU’s) value-in-use or its fair value less cost to sell. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is assessed as part of the CGU to which it belongs.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or CGU). In determining fair value less cost to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

An impairment loss is recognized only if the carrying amount of an asset (or CGU) exceeds its recoverable amount. An impairment loss is charged against the parent company statement of income in the period in which it arises, unless the asset (or CGU) is carried at a revalued amount, in which case, the impairment loss is charged against the revaluation increment of the said asset (or CGU).

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset (or CGU), but not to an amount higher than the carrying amount that would have been determined (net of any depreciation and amortization) had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is credited to current parent company statement of income, unless the asset (or CGU) is carried at revalued amount, in which case, the reversal of the impairment loss is credited to the revaluation increment of the said asset (or CGU).

The following criteria are also applied in assessing impairment of specific assets:

Property and equipment, software and right-of-use asset

The carrying values of property and equipment, software and right-of-use asset are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and when the carrying values exceed the estimated recoverable amounts, the assets or CGUs are written down to their recoverable amounts.

Other Assets

Advances to suppliers

Advances to suppliers, included under “Other current assets”, represent amounts paid to suppliers for purchases not yet received as at the reporting date. This is subsequently reversed to an expense account when the goods or services are received.



Prepayments

Prepayments, included under “Other current assets”, are initially measured at the amounts paid and subsequently recognized as expense over the period in which the prepayments apply.

Prepaid taxes

Prepaid taxes, included under “Other current assets” and “Other noncurrent assets”, pertains to the tax withheld at source by the University’s lessees and excess quarterly income tax payments. These are creditable against its income tax liability.

Advances to contractors

Advances to contractors, included under “Other noncurrent assets”, represent amounts paid to contractors for purchases not yet received as at the reporting date. This is subsequently reversed to an asset account when the goods or services are received.

Software cost

Software cost acquired separately is measured on initial recognition at cost. Following initial recognition, software cost is carried at cost less any accumulated amortization and any accumulated impairment loss. The estimated useful life of software cost is assessed at the individual asset level. Software cost is amortized over its estimated useful life of three years. Periods and method of amortization for software cost are reviewed annually or earlier when an indicator of impairment exists.

Gain or loss arising from derecognition of software cost is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss when the asset is derecognized.

Cost to fulfill the contract

Cost to fulfill the contract, included under “Other current assets”, are initially measured at amounts paid and subsequently recognized as expense upon performance of the related services to the students. The University amortizes capitalized cost to fulfill a contract to “Expenses for co-curricular activities” under “Cost of services”.

Equity

Capital stock is measured at par value for all shares issued. When the University issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to “Additional paid-in capital.” When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received.

Retained earnings represent accumulated earnings of the University less dividends declared.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the University expects to be entitled in exchange for those goods or services, excluding the related taxes. The University assesses its revenue arrangement against specific criteria in order to determine if it is acting as principal or agent. The University has concluded that it is acting as principal in all of its revenue arrangements.



Tuition and other school fees, including income from other school services

Tuition and other school fees, including income from other school services except for the sale of books and uniforms, are recognized over time as revenue over the corresponding school term using output method (i.e., time lapsed over the service period such as semester or school year, depending on the curriculum registered). Upon enrollment, students have the option to pay the tuition and other school fees in full or in installment. Tuition and other fees, including income from other school services except for the sale of books and uniforms, to be recognized in the remaining months after statement of financial position date or next school term which are not yet due for collection are deferred and is shown under “Deferred revenue” account in the parent company statement of financial position.

Contract Balances

Receivables

A receivable represents the University’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liability

A contract liability is the obligation to transfer goods or services to a customer for which the University has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the University transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the University performs the obligations under the contract. The University’s contract liabilities represent advance collections for tuition and school other fees, culminating, yearbook fees and for revenues expected to be earned until end of the academic year presented under “Accounts payable and other current liabilities” and will be recognized as revenue when the related services are rendered.

Other Revenues

Interest income

Interest income is recognized as the interest accrues taking into account the effective yield on the asset.

Rental income

Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms.

Dividend income

Dividend income is recognized when the right to receive the payment is established.

Expense Recognition

Expenses are recognized in the parent company statement of income when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Expenses are recognized in the parent company statement of income:

- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the parent company statement of financial position as an asset.



Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Retirement Benefits

The University operates a defined benefit retirement plan which requires contribution to be made to a separately administered fund.

The cost of providing benefits under the defined benefit retirement plan is actuarially determined using the projected unit credit method.

Retirement expense comprises the following:

- Service cost; and
- Net interest on the retirement liability.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the parent company statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by the independent qualified actuary.

Net interest on the retirement liability is the change during the period in the retirement liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the retirement liability. Net interest on the retirement liability is recognized as an expense or income in the parent company statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on the retirement liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to the parent company statement of income in subsequent periods.

The retirement liability is the aggregate of the present value of defined benefit obligation at the reporting date reduced by the fair value of plan assets, adjusted for any effect of limiting a net retirement asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the University, nor can they be paid directly to the University. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

Income Taxes

Income tax on income or loss for the year comprises current and deferred tax. Income tax is determined in accordance with Philippine tax laws. Income tax is recognized in the parent company statement of income, except to the extent that it relates to items recognized directly in equity, in which case, the tax effect is recognized in the parent company statement of comprehensive income.



Current tax

Current tax assets and current tax liabilities for the current and prior periods 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 are enacted or substantively enacted as at the reporting date.

Deferred tax

Deferred tax is provided or recognized, using the liability method, for all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of net operating loss carryover (NOLCO) can be utilized, except:

- a. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- b. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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 profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- a. When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- b. In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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 the deferred taxes relate to the same taxable entity and the same tax authority.

Leases

University as lessor

Leases where the University does not transfer all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and are recognized over the lease term on the same basis as the rental income. Rental income are recognized in the parent statement of income. Rental income arising are accounted for on a straight-line basis over the lease term.

Rental income for the year ended May 31, 2023 and 2022, and for the two-month period ended May 31, 2021 is presented as a separate line item in the parent company statement of income.



Contingent rentals are recognized as revenue in the period in which they are earned.

University as a lessee

The University assesses at contract inception whether a contract is, or contains, a lease (i.e., if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration).

The University applies a single recognition and measurement approach for all leases, except for its leases of low-value asset and short-term leases. The University recognizes lease liability to make lease payments and right-of-use asset representing the right to use the underlying asset.

Right-of-use assets

The University recognizes right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use asset is initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The initial cost of right-of-use asset includes the amount of lease liability recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received. Unless the University is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use asset is subject to impairment. Refer to the accounting policies in section *Impairment of Nonfinancial Assets*.

Lease liability

At the commencement date of the lease, the University recognizes lease liability measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the University and payments of penalties for terminating a lease, if the lease term reflects the University exercising the option to terminate.

In calculating the present value of lease payments, the University uses the incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment of an option to purchase the underlying asset.

Segment Reporting

The University's operating businesses are organized and managed separately according to the geographic locations, designated as the University branches, with each segment representing a strategic business unit that offers varying courses depending on demands of the market. Financial information on business segments is presented in Note 19.



Provisions

A provision is recognized only when the University has a present obligation (legal or constructive) 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. 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.

Contingencies

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

Events after the Reporting Date

Post year-end events up to the date of approval of the BOD of the parent company financial statements that provide additional information about the University's position at reporting date (adjusting events) are reflected in the parent company financial statements, if any. Post year-end events that are not adjusting events are disclosed in the notes to parent company financial statements when material.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the parent company financial statements in compliance with PFRSs requires management to make judgments and estimates that affect the amounts reported in the parent company financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the parent company financial statements as they become reasonably determinable.

Judgments and estimates are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

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

Recognition of tuition and other fees over time

The University determined that tuition and other fees, the major source of revenue of the University, are to be recognized over time using the output method on the basis of time lapsed over the service period since it provides a faithful depiction of the University's performance in transferring control of the services to the students. The fact that another entity would not need to re-perform the service that the University has provided to date demonstrates that the customer or the student simultaneously receives and consumes the benefits of the University's performance as it is performed.



Leases

- **University as lessor**
The University has entered into commercial property leases on its Mendiola, Malolos and Makati campuses. The University has determined, based on an evaluation of the terms and conditions of the arrangements (that is, the lease does not transfer ownership of the asset to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and the lease term is not for the major part of the asset's economic life), that it retains all the significant risks and rewards of ownership of these properties. Thus, the leases are classified as operating leases.
- **University as lessee**
The University has entered into a lease on premises it uses for its Makati-Buendia campus. The University has determined, based on an evaluation of the terms and conditions of the arrangement (that is, the lease does not transfer ownership of the asset to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable, and the lease term is not for the major part of the asset's economic life), that not all significant risks and rewards of ownership of the properties have been transferred to the University. Thus, the lease is qualified as in scope of and accounted for in accordance with PFRS 16, *Leases* (see Note 18).

Estimates and Assumptions

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 are discussed below:

Estimation of allowance for expected credit losses

The University uses simplified approach in calculating ECLs for tuition fee receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the University's historical observed default rates. The University calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analyzed.

The segmentation of the University's receivable, identification and definition of default and the assessment of the correlation between historically observed default rates, forecast economic conditions and ECLs are significant estimates. The University also applied weights to various scenarios in the computation of the allowance for ECL as of May 31, 2023 and 2022 to include the impact of uncertainty. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The University's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

The carrying values of tuition and other receivables and allowance for expected credit losses as at May 31, 2023 and 2022 are disclosed in Note 5.

Determination of NRV of inventories

The University's estimates of the NRV of inventories are based on the most reliable evidence available at the time the estimates are made and the amount at which the inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events



occurring after the end of the period to the extent that such events confirm conditions existing at the balance sheet date. A new assessment is made of NRV in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is a clear evidence of an increase in NRV because of changes in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV.

No write-down of inventories was recognized for the years ended May 31, 2023 and 2022 and for the two-month period ended May 31, 2021. The carrying value of inventories is disclosed in Note 6.

Estimation of useful lives of property and equipment and right-of-use asset

The useful lives of property and equipment and right-of-use asset are estimated based on the period over which these assets are expected to be available for use. The estimated useful lives of property and equipment and right-of-use asset are reviewed periodically and are updated if expectations differ from previous estimates due to asset utilization, internal technical evaluation, technological and environmental changes and anticipated use of the assets tempered by related industry benchmark information. It is possible that future financial performance could be materially affected by changes in these estimates brought about by changes in factors mentioned. Any reduction in the estimated useful lives of the property and equipment and right-of-use asset and would increase depreciation and amortization expense.

The estimated useful lives of property and equipment and right-of-use asset are discussed in Note 2. There is no change in the estimated useful lives of property and equipment and right-of-use asset as of May 31, 2023 and 2022.

The carrying values of depreciable property, plant and equipment (i.e., excluding land and construction in progress) and right-of-use asset are disclosed in Notes 9 and 18, respectively.

Impairment of property and equipment and right-of-use asset

The University assesses at each balance sheet date whether there is any indication that its property and equipment and right-of-use asset are impaired. Determining the fair value of these noncurrent non-financial assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the University to make estimates and assumptions that can materially affect the financial statements. Future events could cause management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial position and financial performance. The preparation of the estimated future cash flows involves significant judgment and estimations. While management believes that the assumptions made are appropriate and reasonable, significant changes in management assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

As of May 31, 2023 and 2022, the University's market capitalization is lower compared with the carrying amount of the net assets of the University. This is considered as an indicator that the University's property and equipment and right-of-use asset may be impaired as of May 31, 2023 and 2022. Hence, the University performed impairment analysis as of May 31, 2023 and 2022. The University's value-in-use calculation involves significant management judgment in the use of assumptions, particularly tuition fee rates, number of students, long-term growth rate and discount rate. The carrying values of property and equipment and right-of-use asset is disclosed in Notes 9 and 18, respectively.



As at May 31, 2023 and 2022, the recoverable amount of the CGU has been determined based on the value-in-use calculation using cash flow projections from the five-year strategic plan for the University. Tuition fee rates and number of students assumed to project revenues were based on approved tuition fee increase and the University's historical data and performance.

The discount rates used for the computation of the net present value is the cost of the equity and was determined by reference to comparable entities. For the year ended May 31, 2023, the pre-tax discount rate applied to cash flow projections is 11.32%. For the year ended May 31, 2022, the pre-tax discount rate applied to cash flow projections is 11.63% and 11.79%. The long-term growth rate for both period to project cash flows beyond the five-year period is nil.

Impairment of investments in subsidiaries

The University assesses impairment on its investments in subsidiaries whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Among others, the factors that the University considers important which could trigger an impairment review on its investments in subsidiaries include the following:

- Deteriorating or poor financial condition;
- Recurring net losses; and
- Significant changes with an adverse effect on the subsidiary have taken place during the period, or will take place in the near future, the technological, market, economic, or legal environment in which the subsidiary operates.

Management assessed that there is no impairment indicator on its investment in subsidiaries as of May 31, 2023 and 2022.

The carrying values of investments in subsidiaries are disclosed in Note 8.

Revaluation of land

The fair value of the University's land at revalued amount was based on a third party appraisal with effective date of valuation of May 31, 2022, using sales comparison approach. Based on comparison of recent sale transactions or offerings of similar properties done by the University as at May 31, 2023, management assessed that there were no significant movements in the fair value of the land from date of last valuation until May 31, 2022. Key assumptions used by the independent appraiser are disclosed in Note 22.

The revalued amount of land included under "Property and equipment" in the parent company statement of financial position is disclosed in Note 9.

Retirement liability

The cost of the defined benefit retirement plan and the present value of defined benefit obligation are determined using an actuarial valuation. The actuarial valuation involves making assumptions about employee turnover rates, discount rates, prospective salary increases and mortality rate. Due to the complexity of the actuarial valuation, the underlying assumptions and long-term nature of this plan, such estimates are subject to significant uncertainty. All significant assumptions are reviewed at each reporting date.

The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as at reporting date. Future salary increases are assumed for all future years within the duration of the plan and take into account the inflation, seniority, promotion, merit, productivity and other market factors. Employee turnover rates are based on the probability of voluntary separation of service from the University prior to their retirement. Mortality rate are based on the probability of being deceased prior to retirement.



The present value of defined benefit obligation and details about the significant assumptions used are disclosed in Note 16.

Recognition of deferred income taxes

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The estimates of future taxable income indicate that all temporary differences will be realized in the future.

The University has no unrecognized deferred tax assets as of May 31, 2023 and 2022 as disclosed in Note 17.

Evaluation of provisions

The University provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provision is based on known information at the end of reporting period, net of any estimated amount that may be reimbursed to the University. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. The amount of provision is being re-assessed at least on an annual basis to consider new relevant information.

The University is involved in various claims and tax assessments that are normal to its business. Based on the legal grounds of certain claims and assessments, the University's outstanding provision for probable losses is disclosed in Note 24.

4. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand and in banks (Note 20)	₱155,375,625	₱161,913,318
Short-term deposits (Note 20)	447,860,660	241,923,090
	₱603,236,285	₱403,836,408

Cash in banks earned annual interest ranging from 0.05% to 0.38% for the years ended May 31, 2023 and 2022, and 0.10% to 0.38% for the two-month period ended May 31, 2021. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the University and earned interest ranging from 0.44% to 5.50% for the year ended May 31, 2023, 0.31% to 1.50% for the year ended May 31, 2022, and 1.50% to 3.50% for the two-month period ended May 31, 2021.

Interest income from cash in banks and short-term deposits amounted to ₱11.18 million for the year ended May 31, 2023, ₱2.18 million for the year ended May 31, 2022, and ₱0.43 million for the two-month period ended May 31, 2021.



5. Tuition and Other Receivables

This account consists of:

	2023	2022
Tuition fee receivables	₱348,528,993	₱327,149,297
Advances to subsidiaries (Note 20)	247,196,762	193,133,949
Advances to employees	32,782,196	30,461,073
Accrued rent receivable (Notes 18 and 20)	6,118,905	6,602,099
Accrued interest receivable	783,791	139,249
Advances to Centro Escolar-Integrated School (CE-IS)'s stockholders	500,000	750,000
	635,910,647	558,235,667
Less allowance for ECL	68,380,434	115,971,068
	₱567,530,213	₱442,264,599

Tuition fee receivables are noninterest-bearing and are generally on a 120-day term.

Advances to employees comprise of noninterest-bearing advances which are collectible through salary deduction and are generally on a 6 to 12-month term.

Recoveries from previously written-off tuition fee receivables amounting to nil for the years ended May 31, 2023 and 2022, and ₱0.09 million for the two-month period ended May 31, 2021 are recorded as part of "Other income - net".

The allowance for ECL pertains to the University's tuition fee receivables, which were impaired through collective assessment. The rollforward of allowance for ECL is shown below:

	2023	2022
Balances at beginning of year	₱115,971,068	₱110,230,292
Provisions (Note 15)	16,747,859	5,740,776
Write-off	(64,338,493)	—
Balances at end of year	₱68,380,434	₱115,971,068

As at May 31, 2023 and 2022, the aging analysis of tuition and other receivables follows:

	Neither Past Due nor Impaired	2023			Past Due and Impaired	Total
		1-30 Days	Over 30 Days	Over 60 Days		
Tuition fee receivables	₱—	₱262,069,705	₱—	₱21,243,572	₱65,215,716	₱348,528,993
Advances to subsidiaries	247,196,762	—	—	—	—	247,196,762
Advances to employees	32,782,196	—	—	—	—	32,782,196
Accrued rent receivable	6,118,905	—	—	—	—	6,118,905
Advances to CE-IS's stockholders	500,000	—	—	—	—	500,000
Accrued interest receivable	783,791	—	—	—	—	783,791
	₱287,381,654	₱262,069,705	₱—	₱21,243,572	₱65,215,716	₱635,910,647

	Neither Past Due nor Impaired	2022			Past Due and Impaired	Total
		1-30 Days	Over 30 Days	Over 60 Days		
Tuition fee receivables	₱5,157,385	₱—	₱—	₱206,020,844	₱115,971,068	₱327,149,297
Advances to subsidiaries	193,133,949	—	—	—	—	193,133,949
Advances to employees	30,461,073	—	—	—	—	30,461,073
Accrued rent receivable	6,602,099	—	—	—	—	6,602,099
Advances to CE-IS's stockholders	750,000	—	—	—	—	750,000
Accrued interest receivable	139,249	—	—	—	—	139,249
	₱236,243,755	₱—	₱—	₱206,020,844	₱115,971,068	₱558,235,667



6. Inventories

This account consists of:

	2023	2022
Uniforms and outfits	₱6,402,635	₱8,452,855
Materials	2,366,148	2,110,182
Supplies	8,219,578	993,273
	₱16,988,361	₱11,556,310

The cost of uniforms and outfits charged to “Cost of services - Uniforms and outfits” amounted to ₱35.99 million for the year ended May 31, 2023, ₱2.34 million for the year ended May 31, 2022, and ₱1.42 million for the two-month period ended May 31, 2021 (see Note 15).

The cost of materials and supplies charged to “Cost of services - Others” amounted to (₱0.04 million) for the year ended May 31, 2023, ₱0.11 million for the year ended May 31, 2022, and ₱0.03 million for the two-month period ended May 31, 2021 (see Note 15).

7. Other Current Assets

This account consists of:

	2023	2022
Advances to suppliers	₱60,190,500	₱45,341,005
Prepaid expenses	21,725,484	16,904,191
Cost to fulfill a contract	618,954	2,668,954
Prepaid taxes	—	1,405,293
	₱82,534,938	₱66,319,443

Advances to suppliers are advances paid to suppliers for classroom materials and supplies. Prepaid expenses include advanced payment for insurance, licenses and library subscription which are amortized over a period of less than one year.

Movement in cost to fulfill a contract follows:

	2023	2022
Balances at beginning year	₱2,668,954	₱1,207,851
Additions	—	2,050,000
Amortization (Note 15)	(2,050,000)	(588,897)
Balances at end of year	₱618,954	₱2,668,954

The amortization of cost to fulfill a contract is charged to “Cost of services - Expenses for co-curricular activities” (see Note 15).



8. Investments in Subsidiaries

This account consists of the following investments:

	2023	2022
Centro Escolar Las Piñas, Inc. (CELPI)	₱94,161,317	₱94,161,317
The Hospital	62,500,000	62,500,000
CE-IS	12,000,000	11,750,000
	₱168,661,317	₱168,411,317

The University's ownership percentage follows:

	2023	2022
The Hospital	100.00%	100.00%
CELPI	99.90%	99.90%
CE-IS	95.80%	94.00%

The Hospital

The University incorporated the Hospital on June 10, 2008. Its principal place of business is at 103 Esteban corner Dela Rosa Streets, Legaspi Village, Makati City. In January 2016, the Hospital entered into an agreement with Hemotek, a dialysis clinic for the former to provide laboratory examinations to Hemotek patients.

The primary purpose of the Hospital is to establish, maintain and operate a hospital, medical and clinical laboratories and such other facilities that shall provide healthcare or any method of treatment for illnesses or abnormal physical or mental health in accordance with advancements in modern medicine and to provide education and training facilities in the furtherance of the health-related professions.

CELPI

On September 1, 2015, the University completed its acquisition of 90% of CELPI, and real and other properties consisting of parcels of land and improvements which are owned directly by the previous owners of CELPI (the "Sellers") but are used by CELPI for a total consideration of ₱281.14 million. In 2018 and 2017, the University made an additional investment in CELPI of ₱19.04 million and ₱23.44 million, respectively. The minority of stockholders of CELPI waived their right of refusal.

CELPI, which was incorporated on June 1, 1975, is primarily engaged as an educational institution offering a full range of programs from Kindergarten to Graduate school. The principal place of business of CELPI is located at Dr. Faustino Uy Avenue, Pillar Village, Las Piñas City.

CE-IS

CE-IS was incorporated on July 24, 2013. Its principal place of business is located at Km 44 MacArthur Highway, Longos, Malolos City.

The primary purpose of CE-IS is to organize, establish, operate, maintain and conduct a progressive institution of high learning of high academic standing which will emphasize cultural development, moral character, including but not limited to courses such as a day care center, nursery, play groups, preparatory, kindergarten, elementary and high school in the cities and province of Bulacan, as well as in other places in the Philippines, in accordance with up-to-date and modern educational theories and methods.



In April 2019, the University acquired an additional 4% ownership from CE-IS amounting to ₱0.50 million.

In September 2022, the University acquired an additional 1.8% ownership from CE-IS amounting to ₱0.25 million (see Note 21).

As at May 31, 2023 and 2022, the outstanding dividends receivable of the University from CE-IS amounted to nil. The University received dividends from CE-IS amounting to ₱39.52 million for the year ended May 31, 2023, ₱58.75 million for the year ended May 31, 2022 and nil for the two-month period ended May 31, 2021.



9. Property and Equipment

The composition of and the movements in this account follow:

	2023								
	At Cost								
	Land (At Revalued Amount)	Land Improvements	Buildings and Leasehold Improvements	Furniture, Transportation and Auxiliary Equipment	Laboratory Equipment	Library Books	Construction in Progress	Subtotal	Total
Cost									
Balances at beginning of year	₱4,358,636,002	₱32,002,632	₱1,901,508,453	₱545,888,226	₱412,716,075	₱143,940,246	₱66,892,016	₱3,102,947,648	₱7,461,583,650
Additions	—	—	60,429,342	36,001,235	13,825,513	5,414,379	—	115,670,469	115,670,469
Retirements	—	—	—	(5,793,994)	(7,215,414)	—	—	(13,009,408)	(13,009,408)
Balances at end of year	4,358,636,002	32,002,632	1,961,937,795	576,095,467	419,326,174	149,354,625	66,892,016	3,205,608,709	7,564,244,711
Accumulated depreciation and amortization									
Balances at beginning of year	—	30,640,312	801,075,623	480,995,673	341,778,792	115,158,821	—	1,769,649,221	1,769,649,221
Depreciation and amortization (Note 15)	—	287,380	51,755,883	19,708,856	21,142,069	5,918,984	—	98,813,172	98,813,172
Retirements	—	—	—	(5,793,619)	(7,215,224)	—	—	(13,008,843)	(13,008,843)
Balances at end of year	—	30,927,692	852,831,506	494,910,910	355,705,637	121,077,805	—	1,855,453,550	1,855,453,550
Net book values	₱4,358,636,002	₱1,074,940	₱1,109,106,289	₱81,184,557	₱63,620,537	₱28,276,820	₱66,892,016	₱1,350,155,159	₱5,708,791,161



	2022								
	At Cost								
	Land (At Revalued Amount)	Land Improvements	Buildings and Leasehold Improvements	Furniture, Transportation and Auxiliary Equipment	Laboratory Equipment	Library Books	Construction in Progress	Subtotal	Total
Cost									
Balances at beginning of year	₱3,487,593,002	₱32,002,632	₱1,900,881,687	₱540,570,468	₱411,236,740	₱143,057,566	₱61,228,550	₱3,088,977,643	₱6,576,570,645
Revaluation of land	871,043,000	—	—	—	—	—	—	—	871,043,000
Additions	—	—	176,766	5,647,088	1,554,931	882,680	6,113,466	14,374,931	14,374,931
Retirements	—	—	—	(329,330)	(75,596)	—	—	(404,926)	(404,926)
Transfer from CIP	—	—	450,000	—	—	—	(450,000)	—	—
Balances at end of year	4,358,636,002	32,002,632	1,901,508,453	545,888,226	412,716,075	143,940,246	66,892,016	3,102,947,648	7,461,583,650
Accumulated depreciation and amortization									
Balances at beginning of year	—	30,352,932	763,629,416	464,490,843	323,814,947	108,589,815	—	1,690,877,953	1,690,877,953
Depreciation and amortization (Note 15)	—	287,380	37,446,207	16,834,021	18,039,439	6,569,006	—	79,176,053	79,176,053
Retirements	—	—	—	(329,191)	(75,594)	—	—	(404,785)	(404,785)
Balances at end of year	—	30,640,312	801,075,623	480,995,673	341,778,792	115,158,821	—	1,769,649,221	1,769,649,221
Net book values	₱4,358,636,002	₱1,362,320	₱1,100,432,830	₱64,892,553	₱70,937,283	₱28,781,425	₱66,892,016	₱1,333,298,427	₱5,691,934,429

Major developments accounted under construction in progress at May 31, 2022 pertains to construction and renovation of 5-storey building for CE-IS amounting to ₱ 65.79 million (nil as of May of May 31,2023).

For the years ended May 31, 2023 and 2022, the University retired certain properties with aggregate cost of ₱13.01 million and ₱0.04 million, respectively (nil for the two-month period ended May 31, 2021). Loss on retirement of these properties amounted to ₱565 and ₱141 for the years ended May 31, 2023 and 2022, respectively (nil for the two-month period ended May 31, 2021). There were no proceeds from sale of property and equipment for the years ended May 31, 2023 and 2022, and for the two-month period ended May 31, 2021.



Revaluation of Land

As at May 31, 2023 and 2022, land at revalued amounts consists of:

	2023	2022
Cost		
Balances at beginning and end of period	₱537,177,782	₱537,177,782
Revaluation increment - gross		
Beginning balance	3,821,458,220	2,950,415,220
Revaluation during the period	—	871,043,000
Ending balance	3,821,458,220	3,821,458,220
	₱4,358,636,002	₱4,358,636,002

Based on the University's policy, the appraisal of its properties is done within three to five years. The latest appraisal was done in May 2022 by a professionally qualified appraiser accredited by the SEC (see Note 22).

The fair value of the land as at May 31, 2023 and 2022 amounted to ₱4,358.64 million.

Deferred tax liability related to the revaluation surplus amounted to ₱382.15 million as at May 31, 2023 and 2022 (see Note 17).

Key assumptions used in the value in use (VIU) calculation

As at May 31, 2023 and 2022, the recoverable amount of the CGU has been determined based on a VIU calculation using five-year cash flow projections. Key assumptions in the VIU calculation of the CGU are most sensitive to the following:

- Future revenues and revenue growth rates. Cash flow projections based on financial budgets approved by management covering a five-year period.
- Long-term growth rates. Management does not include a long-term growth rate in the VIU calculation for conservative purposes as this is difficult to predict.
- Discount rates (11.32% for May 31, 2023, and 11.63% and 11.79% for May 31, 2022). The discount rate used for the computation of the net present value is the weighted average cost of capital and was determined by reference to the Parent Company's capital structure.

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of property and equipment to materially exceed its recoverable amount.

10. Other Noncurrent Assets

This account consists of:

	2023	2022
Advances to contractors	₱7,465,313	₱7,732,432
Prepaid taxes	7,108,199	8,167,842
Refundable security deposits	962,012	962,012
Financial assets at FVOCI	92,880	136,800
Software costs	—	854,167
	₱15,628,404	₱17,853,253



The effect of discounting the refundable security deposits is immaterial.

Advances to contractors pertain to advances paid to contractors for planned construction of various facilities.

Financial assets at FVOCI pertain to quoted equity securities held by the University.

Quoted equity securities pertain to the University's investments in listed shares of stocks and are valued at the closing stock price as at May 31, 2023 and 2022.

Cost of quoted equity investments and dividend income pertain to the following:

	2023	2022	2021
	(One year)	(One year)	(Two months)
Cost of quoted equity investments	₱411,859	₱411,859	₱411,859
Dividend income	9,396	2,160	—

Movements in carrying value of financial assets at FVOCI investments for the years ended May 31, 2023 and 2022 follow:

	2023	2022
Balances at beginning of period	₱136,800	₱94,680
Fair value gains (losses)	(43,920)	42,120
Balances at end of period	₱92,880	₱136,800

Changes in revaluation reserve on financial assets at FVOCI for the years ended May 31, 2023 and 2022:

	2023	2022
Balances at beginning of year	(₱275,059)	(₱317,179)
Change in revaluation reserve on financial assets at FVOCI	(43,920)	42,120
	(₱318,979)	(₱275,059)

Software costs represent the costs incurred by the University for the purchase of its accounting and school management software. The composition of and movements in this account follow:

	2023	2022
Cost		
Balances at beginning and end of period	₱8,473,000	₱8,473,000
Accumulated amortization		
Balances at beginning of period	7,618,833	6,593,833
Amortization (Note 15)	854,167	1,025,000
Balances at end of period	8,473,000	7,618,833
	₱—	₱854,167



11. Accounts Payable and Other Current Liabilities

This account consists of:

	2023	2022
Accounts payable:		
Third parties	₱274,350,819	₱224,176,041
Subsidiaries (Note 20)	259,360,671	200,430,882
Accrued expenses:		
Employee benefits	109,455,305	76,021,342
Rent (Note 20)	9,161,294	3,021,421
Utilities	5,230,697	2,821,404
Purchases	1,434,915	1,434,915
Others	17,594,085	9,147,931
Payable to students	42,180,602	44,616,962
Contract liabilities:		
Due but not yet collected	103,047,933	75,205,519
Due and collected	28,997,263	19,185,501
Deposits	9,874,533	8,242,632
Provision for probable losses (Note 24)	6,983,517	—
Alumni fees payable	2,146,258	1,762,661
	₱869,817,892	₱666,067,211

Accounts payable are noninterest-bearing and are generally on 30 to 60-day terms.

Accrued rent pertains to the unpaid contingent rent to its affiliate equivalent to 40% of the annual income derived from the leased premises (see Note 18).

Accrued expenses - others pertain to accrued purchases, accruals for audit fees, janitorial and security services, advertising services and other services.

Payable to students are refunds of miscellaneous fees to students to be applied to the next school year or semester.

As at May 31, 2023, contract liabilities amounting to ₱132.05 million will be recognized the following year. Contract liabilities amounting to ₱94.39 million as of May 31, 2022 were recognized as revenue for the year ended May 31, 2023.

As at May 31, 2023 and 2022, other noncurrent liability to ₱13.42 million and ₱10.90 million, respectively, pertains to contract liability that is estimated to be recognized as revenue within two to five years.

Deposits include refundable deposits of students for toga rentals and security deposits on leases.

Alumni fees payable include graduating students' payments for alumni registration and identification cards which are remitted to the alumni foundation.



12. Equity

Capital Stock

The University's shares are listed and traded in the Philippine Stock Exchange.

Details of capital stock as at May 31, 2023 and 2022 follow:

Shares Authorized	Shares Issued and Outstanding	Par Value	Amount
800,000,000	372,414,400	₱1	₱372,414,400

Shown below is the summary of the University's track record of registration of securities under the Revised Securities Regulation Code (SRC).

Date	Number of Shares	Issue Price
November 10, 1986	305,000	₱100
August 9, 1988	152,500	100
February 23, 1994	297,375	100
September 18, 1995	993,174	100
March 17, 1998	2,237,356	100

As at May 31, 2023 and 2022, the total number of shares registered under the SRC is 372,414,400 shares being held by 1,008 and 1,014 stockholders, respectively.

Cash Dividends

The University's BOD approved the declaration of the following cash dividends:

Date of Declaration	Date of Record	Date of Payment	Amount	Dividend per Share
May 26, 2023	June 30, 2023	July 25, 2023	₱223,448,640	₱0.60
September 30, 2022	November 11, 2022	December 7, 2022	₱223,448,640	₱0.60
July 30, 2021	August 27, 2021	September 22, 2021	₱148,965,760	₱0.40

As at May 31, 2023 and 2022, the carrying value of dividends payable amounted to ₱343.04 million and ₱113.40 million, respectively.

Retained Earnings

Appropriations of retained earnings are as follow:

Date of Appropriation and Expiration	Remarks/ Projects	Amount
June 28, 2019 - June 27, 2021	On June 28, 2019, the University's BOD approved the re-appropriation of ₱450.00 million for the development of the Malolos campus. These projects include the construction of a 3-storey building for the setting up of a pre-school, elementary and high school in preparation for the K-12 program and to support the five-year development plan for Malolos campus.	₱530,000,000
	In addition, the University's BOD approved the appropriation of ₱80.00 million for the construction of the following:	
	<ul style="list-style-type: none"> Eight (8)-storey building in Mendiola Campus; 	



Date of Appropriation and Expiration	Remarks/ Projects	Amount
	<ul style="list-style-type: none"> • Construction of swimming pools and renovation of classroom in Malolos campus; and • Extension of the expansion projects of the University. <p>The estimated date of completion of the above projects as set by the University is within 2 years.</p> <p>This was unappropriated on June 27, 2021 upon expiration of the appropriation.</p>	
June 23, 2017 - June 22, 2022	<p>On June 23, 2017, the University's BOD approved the expansion projects of the University. These projects include the items enumerated below:</p> <ul style="list-style-type: none"> • Planned construction of a 3-storey building for Science-related courses in CEU Malolos; • Additional investments in CE-IS for construction of building in anticipation of increased number of students in S.Y. 2020-2021; • Additional investment in CELPI for construction of building in anticipation of increased number of students in S.Y. 2020-2021; and • Modernization of CEU Manila campus. <p>The estimated date of completion of the above projects as set by the University is within 5 years.</p> <p>This was unappropriated on June 22, 2022 upon expiration of the appropriation.</p>	P210,000,000
August 28, 2020 - August 27, 2025	<p>On August 28, 2020, the University's BOD approved the detailed expansion program and projects of the University. These projects include the budget for capital expenditures and the following in the Malolos Campus:</p> <ul style="list-style-type: none"> • Planned construction of a 5-storey dormitory for the students, faculty and employees of the University; • Planned construction of a 2-storey building for the School of Dentistry; • Planned construction of a 2-storey building to house a food court with students' area in the ground floor and commercial spaces in the second floor; • Renovation of the Centrodome; • Planned construction of a multi-purpose activity center and swimming pool for use of students; and • Renovation and extension of buildings and various laboratories. <p>The estimated date of completion of the above projects as set by the University is within five years.</p>	P336,000,000



Date of Appropriation and Expiration	Remarks/ Projects	Amount
April 29, 2022 - April 28, 2027	On April 29, 2022, the University's BOD approved the expansion projects of the University. These projects include the items enumerated below: <ul style="list-style-type: none"> • Continuous upgrading of laboratory equipment of all campuses in preparation for full setup of face to face modality of learning. • Construction of 8 storey building in the Manila campus • Construction of road, drainages, and primary metering in the Malolos campus • Construction of multipurpose activity center on the Malugay property for the Makati campus <p>The estimated date of completion of the above projects as set by the University is within 5 years.</p>	₱450,000,000
August 25, 2023 - May 31, 2024 (School Year 2023 to 2024)	On August 25, 2024, the University's BOD approved for the upgrading and procurement of laboratory equipment such as dental chairs, precision instruments, optometry equipment and devices for school year 2023-2024	₱125,000,000

In accordance with the Revised Securities Regulation Code Rule 68, Annex 68-D, the University's retained earnings available for dividend declaration as at May 31, 2023 amounted to ₱684.48 million. The University plans to declare dividends in fiscal year 2024.

13. Revenue from Contracts with Customers

Set out below is the disaggregation of the University's revenue from contracts with customers:

	2023 (One year)	2022 (One year)	2021 (Two months)
Tuition fees	₱692,892,755	₱561,974,892	₱103,146,452
Other fees	666,975,331	467,242,730	66,737,075
Income from other school services	317,788,925	143,758,601	16,437,463
	₱1,677,657,011	₱1,172,976,223	₱186,320,990

Other fees include registration fees, health services fees, library fees, laboratory fees, development fees, practicum fees, internship fees and review fees.

Income from other school services comprise of fees for diploma and certificates, transcript of records, student handbooks, identification cards, entrance, qualifying and special examinations, laboratory materials, application fees for foreign students, uniforms and outfits, and various collections for specific items or activities.



Revenue from contracts with customers for tuition and other fees and miscellaneous fees are as follows:

	2023 (One year)		2022 (One year)		2021 (Two months)	
Timing of Recognition	Tuition fees and other school fees	Miscellaneous fees (Note 14)	Tuition fees and other school fees	Miscellaneous fees (Note 14)	Tuition fees and other school fees	Miscellaneous fees (Note 14)
Over time	₱1,599,260,926	₱16,996,236	₱1,135,359,518	₱4,092,393	₱184,557,155	₱—
Point in time	78,396,085	9,947,546	37,616,705	4,303,212	1,763,835	66,349
	₱1,677,657,011	₱26,943,782	₱1,172,976,223	₱8,395,605	₱186,320,990	₱66,349

Receivables and contract liabilities are disclosed in Notes 5 and 11, respectively.

Deferred tuition fees amounting to ₱39.19 million and ₱26.09 million as of May 31, 2023 and 2022, respectively, pertains to the tuition and other fees to be recognized as revenue in the remaining months after the statement of financial position date or next school term.

14. Miscellaneous Income

This account consists of:

	2023 (One year)	2022 (One year)	2021 (Two months)
Dental pre-board fees	₱15,791,749	₱3,386,333	₱—
Professional and continuing education	3,565,251	1,826,684	—
Locker fees	2,975,670	16,518	—
Photograph fees	1,404,767	718,765	6,839
Dental materials	697,083	611,863	—
Insurance fees	395,711	367,204	—
Handling fees	193,475	192,812	40,256
Service commissions	111,693	—	—
Others	1,808,383	1,275,426	19,254
	₱26,943,782	₱8,395,605	₱66,349

Deferred miscellaneous fees amounting to ₱2.65 million and ₱0.56 million as of May 31, 2023 and 2022, respectively, pertains to income from other school services, except for the sale of books and uniforms, to be recognized as revenue in the remaining months after the statement of financial position date or next school term.

Others include income from sale of promotional items, sale of scrap, penalty from students and swimming fees.



15. Costs and Expenses

This account consists of:

Cost of Services

	2023 (One year)	2022 (One year)	2021 (Two months)
Salaries and wages	₱428,631,257	₱390,270,094	₱59,397,089
SSS contributions and other employee benefits	367,527,931	338,274,602	25,510,431
Depreciation and amortization (Notes 9, 10 and 18)	117,124,486	97,658,200	18,313,033
Light and water	81,449,009	32,807,542	3,875,559
Library	36,467,249	18,812,195	2,105,232
Uniforms and outfits (Note 6)	35,991,224	2,340,352	1,418,506
Sports and academic development	28,800,299	20,137,984	1,889,616
Retirement expense (Note 16)	25,020,078	32,918,002	5,621,826
Management information	19,762,358	13,843,630	5,999,436
Expenses for co-curricular activities (Notes 7 and 20)	18,391,733	4,041,006	1,999,348
Stationery and office supplies	16,045,549	7,076,816	643,197
Professional fees	7,617,940	6,922,181	1,233,480
Affiliation	7,157,425	2,051,260	1,029,500
Rental (Note 18)	6,639,344	—	—
Laboratory	6,552,954	4,805,233	28,000
Directors' and administrative committee	5,086,832	4,327,392	584,000
Instructional and academic expenses	4,049,529	1,816,779	128,800
Guidance and counseling	677,125	710,003	10,300
Recruitment and placement (Note 20)	514,259	260,407	271,844
Others (Note 6)	37,619	2,082,149	47,406
	₱1,213,544,200	₱981,155,827	₱130,106,603

General and Administrative Expenses

	2023 (One year)	2022 (One year)	2021 (Two months)
Janitorial and security services	₱39,533,080	₱20,196,810	₱3,280,843
Transportation and communications	33,462,239	25,100,988	2,650,776
Repairs and maintenance	31,509,289	17,076,229	1,453,915
Taxes and licenses	31,001,051	21,969,950	2,627,181
Entertainment, amusement, and recreation	18,734,138	14,484,742	1,016,696
Provision for ECL (Note 5)	16,747,859	5,740,776	4,605,529
Advertisement	4,342,937	3,825,846	265,415
Insurance	3,145,056	3,290,145	251,468
Membership fees and dues	1,418,965	2,277,967	73,224
Others	5,936,235	1,351,105	363,621
	₱185,830,849	₱115,314,558	₱16,588,668



Others mainly consists of expenses incurred for other school expense and donations made by the University for funeral and calamity assistance, among others.

16. Retirement Plan

The University has a funded, noncontributory defined benefit retirement plan which provides for death, disability and retirement benefits for all of its permanent employees. The annual contributions to the retirement plan consist of a payment covering the current service cost plus payments toward funding the unfunded actuarial liabilities. Benefits are based on the employees' years of service and final plan salary.

The fund is administered by two trustee banks under the supervision of the Board of Trustees (BOT) of the plan. The BOT is responsible for the investment strategy of the plan.

In 2015, the University approved a new collective bargaining agreement with its employees with changes in the increments on employee retirement benefits.

The latest actuarial valuation study of the defined benefit retirement plan of the University was made as at May 31, 2023.



Changes in the retirement liability are as follows:

As at and for the year ended May 31, 2023												
	Retirement Expense in the Parent Company Statements of Income					Remeasurements in OCI					Balances at End of Year	
	Balances at Beginning of Year	Current Service Cost	Net Interest	Subtotal	Benefits Paid	Return on Plan Assets (Excluding Amount Included in Net Interest)	Experience Adjustments	Actuarial Changes Arising from Changes in Financial Assumptions	Actuarial Changes Arising from Changes in Demographic Assumptions	Subtotal		Contribution by Employer
Present value of defined benefit obligation	₱328,919,864	₱15,006,930	₱20,498,753	₱35,505,683	(₱31,164,676)	₱–	₱3,748,723	₱67,080	₱–	₱3,815,803	₱–	₱337,076,674
Fair value of plan assets	(160,643,784)	–	(10,485,605)	(10,485,605)	31,164,676	(5,802,609)	–	–	–	(5,802,609)	(30,000,000)	(175,767,322)
	₱168,276,080	₱15,006,930	₱10,013,148	₱25,020,078	₱–	(₱5,802,609)	₱3,748,723	₱67,080	₱–	(₱1,986,806)	(₱30,000,000)	₱161,309,352
As at and for the year ended May 31, 2022												
	Retirement Expense in the Parent Company Statements of Income					Remeasurements in OCI					Balances at End of Year	
	Balances at Beginning of Year	Current Service Cost	Net Interest	Subtotal	Benefits Paid	Return on Plan Assets (Excluding Amount Included in Net Interest)	Experience Adjustments	Actuarial Changes Arising from Changes in Financial Assumptions	Actuarial Changes Arising from Changes in Demographic Assumptions	Subtotal		Contribution by Employer
Present value of defined benefit obligation	₱377,694,797	₱23,731,976	₱15,804,792	₱39,536,768	(₱29,725,832)	₱–	(₱9,179,331)	(₱49,406,538)	₱–	(₱58,585,869)	₱–	₱328,919,864
Fair value of plan assets	(159,362,040)	–	(6,618,766)	(6,618,766)	29,725,832	5,627,438	–	–	–	5,627,438	(30,016,248)	(160,643,784)
	₱218,332,757	₱23,731,976	₱9,186,026	₱32,918,002	₱–	₱5,627,438	(₱9,179,331)	(₱49,406,538)	₱–	(₱52,958,431)	(₱30,016,248)	₱168,276,080



The number of plan members as at May 31, 2023 and 2022 is 610.

Actual return on plan assets for the years ended May 31, 2023 and 2022 amounted to ₱16.29 million and ₱0.99 million, respectively.

The fair value of plan assets as at May 31, 2023 and 2022 follows:

	2023	2022
Long-term investments:		
Debt securities	₱81,414,730	₱77,331,277
Equity securities	68,390,269	66,147,748
Cash and cash equivalents	25,301,724	16,821,526
Loans and receivable	757,689	487,028
Other assets	48,106	42,891
	175,912,518	160,830,470
Liabilities	(145,196)	(186,686)
	₱175,767,322	₱160,643,784

All plan assets do not have quoted prices in an active market except, for equity and debt securities. Cash and cash equivalents are with reputable financial institutions and are deemed to be standard grade.

The plan assets pertain to diversified investments and are not exposed to concentration risk.

The overall investment policy and strategy of the University's defined benefit retirement plan is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay retirement benefits as they fall due while also mitigating the various risks of the retirement plan.

The University expects to contribute ₱37.46 million to the defined benefit retirement plan in fiscal year 2024.

The cost of defined benefit retirement plan, as well as the present value of defined benefit obligation, is determined using actuarial valuation. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension for the defined benefit retirement plan are shown below:

	2023	2022	2021
Discount rates	6.54%	6.55%	4.52%
Future salary increases	3.00%	3.00%	3.00%
Mortality rate	2017 Philippine Intercompany Mortality	2017 Philippine Intercompany Mortality	2017 Philippine Intercompany Mortality
Average expected future years of service	11	11	11
Turnover rate	A scale ranging from 12% at age 18 to 0% at age 65	A scale ranging from 12% at age 18 to 0% at age 65	A scale ranging from 12% at age 18 to 0% at age 65



The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the reporting date, assuming all other assumptions were held constant:

		Increase (Decrease) in Defined Benefit Obligation	
		May 31, 2023	May 31, 2022
Discount rates			
	+1.00%	(₱19,902,569)	(₱20,301,090)
	-1.00%	22,337,761	22,812,956
Future salary increases			
	+1.00%	₱24,643,178	₱25,071,705
	-1.00%	(22,264,434)	(22,616,698)

The methods and types of assumptions used in preparing the sensitivity analysis did not change as at May 31, 2023.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2023	2022
Less than 1 year	43,932,272	₱31,923,618
More than 1 year to 5 years	151,887,972	157,530,315
More than 5 years to 10 years	194,539,449	183,854,820
More than 10 years to 15 years	188,899,036	198,719,970
More than 15 years to 20 years	96,222,494	109,201,252
More than 20 years	197,061,479	194,591,887

17. Income Taxes

All domestic subsidiaries qualifying as private educational institutions are subject to tax under Republic Act No. 8424, *An Act Amending the National Internal Revenue Code, as amended, and For Other Purposes*, which was passed into law effective January 1, 1998. Title II Chapter IV - Tax on Corporation - Sec 27(B) of the said Act defines and provides that: a “Proprietary Educational Institution” is any private school maintained and administered by private individuals or groups with an issued permit to operate from Department of Education (DepEd), or CHED, or Technical Education and Skills Development Authority (TESDA), as the case may be, in accordance with the existing laws and regulations and shall pay a tax of 10.00% on its taxable income.

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 change to the Philippine tax law pursuant to the CREATE Act applicable to the University is the reduction in the preferential income tax rate for proprietary educational institutions and hospitals, which are nonprofit, from 10% to 1% effective July 1, 2020 to June 30, 2023.

Applying the provisions of CREATE, the University is subjected to a lower regular income tax rate.



The provision for (benefit from) income tax consists of:

	2023 (One year)	2022 (One year)	2021 (Two months)
Current			
1% income tax on special corporations	₱2,916,203	₱1,893,943	₱565,264
Deficiency income tax	—	2,676,423	—
Deferred	(447,064)	(4,670,360)	(2,356,838)
	₱2,469,139	(₱99,994)	(₱1,791,574)

The reconciliation of income before tax computed at statutory income tax rate to benefit from income tax in the parent company statements of income is shown below:

	2023 (One year)	2022 (One year)	2021 (Two months)
Statutory provision for income tax at 1%	₱3,620,040	₱1,400,985	₱389,634
Effect of using different tax rate for the set-up of deferred tax expected to reverse subsequent to June 30, 2023	(769,768)	(3,727,550)	(2,176,878)
Tax effects of:			
Dividend exempt from income tax	(395,269)	(587,522)	—
Nondeductible expenses*	125,907	159,503	—
Interest income subjected to final tax	(111,771)	(21,833)	(4,330)
Deficiency income tax	—	2,676,423	—
Effective provision (benefit from) for income tax	₱2,469,139	(₱99,994)	(₱1,791,574)

* Includes interest on deficiency taxes in 2019 and 2020 amounting to ₱1,831,733 for the year ended May 31, 2022.

The components of the University's net deferred tax liabilities follow:

	2023	2022
Deferred tax liabilities on:		
Revaluation gain on land	₱382,145,822	₱382,145,822
Undepreciated cost of property and equipment	147,852,379	138,441,258
Advance collection on tuition fee not yet recognized as income during the fiscal year	3,026,006	—
Unrealized foreign currency exchange gain	370,392	6,794
Cost to fulfill a contract	57,253	26,690
	533,451,852	520,620,564
Deferred tax assets on:		
Retirement liability*	16,109,060	13,775,108
Accrued expenses	13,862,031	924,470
Allowance for ECL	6,838,043	11,597,107

(Forward)



	2023	2022
Unamortized excess of contribution over the normal cost	₱6,468,672	₱4,952,636
Nonrefundable contract liabilities	2,620,693	1,558,247
Difference between the actual lease payments and PFRS 16 related accounts	1,486,150	1,497,410
	47,384,649	34,304,978
Net deferred tax liabilities	₱486,067,203	₱486,315,586

* Net of deferred income tax asset from Other Comprehensive Income amounting to ₱5,592,170 and ₱5,790,850 as of May 31, 2023 and 2022, respectively.

As allowed under RA8424, being a private educational institution, the University claims the tax deductions of capital expenditures for tax purposes in the year incurred. The University recognized deferred tax liability on the undepreciated cost of property and equipment which pertains to the remaining cost of property and equipment not yet depreciated but was already recognized as tax deduction.

For the year ended May 31, 2022, the University incurred interest expense from deficiency taxes in 2019 and 2020 amounting to ₱1.83 million (nil for the year ended May 31, 2023 and for the two-month period ended May 31, 2021).

Issuances of relevant BIR Regulations:

Revenue Regulations 14-2021

To ease the burden of taxation among propriety educational institutions and taking into account the pending Bills in Congress seeking to amend Section 27 (B) of the National Internal Revenue Code (NIRC) of 1997, as amended, the BIR issued Revenue Regulation (RR) 14-2021 on July 28, 2021 to finally clarify the income taxation of schools, the implementation of the provisions regarding propriety educational institution's tax treatment of RR No. 5-2021 dated April 8, 2021 on the definition of proprietary educational institutions, insofar as it includes therein the phrase "which are non-profit", are hereby suspended pending passage of such appropriate legislation.

Revenue Regulations 3-2022

The BIR issued RR 3-2022 clarifying that the preferential corporate income tax rate of 1% shall apply to proprietary educational institutions, among others, beginning July 1, 2020 until June 30, 2023. After June 30, 2023, the rate shall revert to the preferential corporate tax rate of 10%.

18. Leases

University as Lessor

The University leases out portions of its spaces to third party and related party concessioners which are renewable every two years. Total rental income recognized amounted to ₱10.95 million for the year ended May 31, 2023, ₱4.82 million for the year ended May 31, 2022, and ₱0.59 million for the two-month period ended May 31, 2021 (see Note 20).

As lessor, future minimum rentals under operating leases as at May 31, 2023 and 2022 are shown in the next page.



	2023	2022
Within 1 year	₱11,145,422	₱3,731,366
After 1 year but not more than 5 years	16,990,934	8,256,576
More than 5 years	1,085,027	2,177,630
	₱29,221,383	₱14,165,572

Accrued rental payments not yet billed as of May 31, 2023 and 2022 amounted to ₱6.12 million and ₱6.60 million, respectively (see Note 5).

University as Lessee

On July 29, 2004, the University entered into a 25-year operating lease, which commenced on January 1, 2005, with Philtrust Bank for the lease of its land in Makati. The contract requires for ₱24.00 million fixed annual rentals plus 40.00% of the annual net income before tax of the University's Makati-Buendia campus (variable rent).

The University recognized right-of-use asset for their lease of land. The rollforward analysis of the account in 2023 and 2022 is shown below:

	2023	2022
Cost		
Balances at beginning and end of year	₱205,121,481	₱205,121,481
Accumulated Amortization		
Balances at beginning of year	55,280,967	37,823,820
Amortization (Note 15)	17,457,147	17,457,147
Balances at end of year	72,738,114	55,280,967
Net Book Value	₱132,383,367	₱149,840,514

The rollforward analysis of lease liability follows:

	2023	2022
Balances at beginning of year	₱162,564,562	₱176,841,234
Interest expense	8,886,853	9,723,328
Lease payments	(24,000,000)	(24,000,000)
Balances at end of year	₱147,451,415	₱162,564,562
Lease liability - current	₱15,998,633	₱15,113,147
Lease liability - noncurrent	131,452,782	147,451,415
	₱147,451,415	₱162,564,562

The following are the amounts recognized in the parent company statements of income:

	2023 (One year)	2022 (One year)	2021 (Two months)
Amortization expense of right-of-use asset (Note 15)	₱17,457,147	₱17,457,147	₱2,909,525
Interest expense on lease liability	8,886,853	9,723,328	1,698,590
Expenses relating to variable rent (included in cost and expenses)	6,639,344	—	—
Total amount recognized in parent company statements of income	₱32,983,344	₱27,180,475	₱4,608,115



Shown below is the maturity analysis of the undiscounted lease payments as of May 31:

	2023	2022
Within one year	₱24,000,000	₱24,000,000
After 1 year but not more than 5 years	96,000,000	96,000,000
More than 5 years	62,000,000	86,000,000
	₱182,000,000	₱206,000,000



19. Segment Reporting

The University operates in geographical segments. Financial information on the operations of these segments are summarized as follows:

As at and for the year ended May 31, 2023						
	Mendiola	Malolos	Makati-Buendia	Makati-Legaspi	Adjustments	Total
Segment assets	₱4,943,761,389	₱1,442,900,513	₱250,520,964	₱658,571,180	₱–	₱7,295,754,046
Segment liabilities	807,894,619	36,884,194	215,103,216	13,236,000	990,413,070	2,063,531,099
Capital expenditures	63,628,499	869,444	466,471	50,706,055	–	115,670,469
Segment revenues	1,246,975,398	195,724,839	245,677,866	81,888,383	–	1,770,266,486
Expenses	948,648,761	175,813,782	228,557,556	55,242,368	–	1,408,262,467
Depreciation and amortization expense	75,461,681	14,592,473	21,524,096	5,546,236	–	117,124,486
Net income (loss)	298,326,637	19,911,057	17,120,310	26,646,015	(2,469,139)	359,534,880

As at and for the year ended May 31, 2022						
	Mendiola	Malolos	Makati-Buendia	Makati-Legaspi	Adjustments	Total
Segment assets	₱4,682,313,608	₱1,432,316,920	₱240,403,989	₱596,981,756	₱–	₱6,952,016,273
Segment liabilities	622,637,849	19,799,194	216,027,818	7,716,303	767,993,967	1,634,175,131
Capital expenditures	14,061,659	12,609	111,787	188,876	–	14,374,931
Segment revenues	859,885,991	125,072,995	201,351,551	61,813,573	–	1,248,124,110
Expenses	713,885,453	126,379,241	205,342,817	62,418,076	–	1,108,025,587
Depreciation and amortization expense	50,236,194	11,736,939	23,089,315	12,595,752	–	97,658,200
Net income (loss)	146,000,538	(1,306,246)	(3,991,266)	(604,503)	99,994	140,198,517

As at and for the two-month period ended May 31, 2021						
	Mendiola	Malolos	Makati-Buendia	Makati-Legaspi	Adjustments	Total
Segment assets	₱3,777,367,698	₱1,429,993,533	₱244,687,977	₱ 605,334,645	₱–	₱6,057,383,853
Segment liabilities	613,775,082	10,002,089	209,679,272	7,003,216	721,959,217	1,562,418,876
Capital expenditures	700,310	3,648,814	–	–	–	4,349,124
Segment revenues	144,659,272	17,754,984	19,734,888	5,352,472	–	187,501,616
Expenses	97,898,732	15,943,918	24,265,425	10,430,144	–	148,538,219
Depreciation and amortization expense	9,796,230	1,869,348	4,364,902	2,282,553	–	18,313,033
Net income (loss)	46,760,540	1,811,066	(4,530,537)	(5,077,672)	1,791,574	40,754,971

For the years ended May 31, 2023 and 2022 and for the two-month period ended May 31, 2021, there were no intersegment revenues and all revenues are made to external customers.

Segment liabilities for each segment do not include the following:

	2023	2022	2021
Deferred tax liabilities - net	₱486,067,203	₱486,315,586	₱398,585,803
Retirement liability	161,309,352	168,276,080	218,332,757
Dividends payable	343,036,515	113,402,301	105,040,657
	₱990,413,070	₱767,993,967	₱721,959,217

Net income for each segment does not include “Benefit from (Provision for) income tax” amounting to (₱2.47 million) year ended May 31, 2023, ₱0.10 million for the year ended May 31, 2022, and ₱1.79 million for the two-month period ended May 31, 2021.

20. Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions; and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Affiliates are entities that are subject to common control.

Significant transactions with related parties include the following:

As at and for the year ended May 31, 2023			
Category	Amount/Volume	Outstanding Balance	Terms and Conditions/Nature
Subsidiaries			
<i>CELPI</i>			
Accounts payable (Note 11)	₱57,623,875	₱238,834,670	Payment for the VAT on purchase of CELPI; noninterest-bearing; payable on demand
Advances to CELPI (Note 5)	53,285,726	229,746,249	Expenses incurred by CELPI; noninterest-bearing; payable on demand
<i>CE-IS</i>			
Accounts payable (Note 11)	1,290,724	9,738,607	Cash collection of student deposits for Senior High School Program of CE-IS; noninterest-bearing; payable on demand
Advances to CE-IS (Note 5)	284,113	3,891,378	Expenses incurred by CE-IS; noninterest-bearing; payable on demand; not impaired
<i>The Hospital</i>			
Advances to Hospital (Note 5)	492,974	13,559,135	Expenses incurred by Hospital; noninterest-bearing; payable on demand; not impaired
Accounts payable (Note 11)	15,190	10,787,394	Consideration for the purchase of hospital supplies and payment of salaries noninterest-bearing; payable in 3 years
Affiliates			
<i>PhilTrust Bank</i>			
Cash (Note 4)	19,969,670	115,734,858	Savings deposit with interest rate ranging from 0.50% to 0.375%
Interest income	228,383		

(Forward)



As at and for the year ended May 31, 2023			
Category	Amount/Volume	Outstanding Balance	Terms and Conditions/Nature
Short-term deposits (Note 4)	₱210,732,62	₱445,793,235	Money market placements ; varying periods up to three months, interest of such ranges from 0.44% to 5.5%
Interest income	8,739,817		
Rent (Note 18)	31,161,294	7,161,294	Rent of building in Makati unsecured and noninterest bearing
<i>TH Coffee Services</i>			
<i>Philippine Corp.</i>			
Rent Income (Note 18)	1,933,638	1,655,752	Rental of commercial space; payable the following month, unsecured and noninterest bearing
<i>Manila Hotel</i>			
Expenses for co-curricular activities	1,744,654	–	Rental of room and facilities for commencement exercises
<i>Karate Kid Japanese Fast food</i>			
Rent Income (Note 18)	524,250	–	Rental of commercial space; payable the following month, unsecured and noninterest bearing
<i>Manila Bulletin Publishing Corporation</i>			
Advertising, recruitment and placement (Note 15)	2,847,070	–	Advertising services, terms vary as to type and frequency of advertisements, unsecured and noninterest bearing
As at and for the year ended May 31, 2022			
Category	Amount/Volume	Outstanding Balance	Terms and Conditions/Nature
Subsidiaries			
<i>CELPI</i>			
Accounts payable (Note 11)	₱34,327,347	₱181,210,795	Payment for the VAT on purchase of CELPI; noninterest-bearing; payable on demand
Advances to CELPI (Note 5)	38,484,282	176,460,523	Expenses incurred by CELPI; noninterest-bearing; payable on demand
<i>CE-IS</i>			
Accounts payable (Note 11)	80,192,314	8,447,883	Cash collection of student deposits for Senior High School Program of CE-IS; noninterest-bearing; payable on demand
Advances to CE-IS (Note 5)	17,022,228	3,607,265	Expenses incurred by CE-IS; noninterest-bearing; payable on demand; not impaired
<i>The Hospital</i>			
Advances to Hospital (Note 5)	1,014,429	13,066,161	Expenses incurred by Hospital; noninterest-bearing; payable on demand; not impaired
Accounts payable (Note 11)	223,084	10,772,204	Consideration for the purchase of hospital supplies and payment of salaries noninterest-bearing; payable in 3 years
Affiliates			
<i>PhilTrust Bank</i>			
Cash (Note 4)	20,886,390	108,986,433	Savings deposit with interest rate at 0.10% to 0.38%
Interest income	225,650		
(Forward)			



As at and for the year ended May 31, 2022			
Category	Amount/Volume	Outstanding Balance	Terms and Conditions/Nature
Short-term deposits (Note 4)	₱65,869,503	₱239,870,443	Money market placements at 6 to 53 days with interest ranging from 2.08% to 3.20%
Interest income	2,363,489		
Rent (Note 18)	24,000,000	3,021,421	Unsecured; rent of building in Makati; payable the following month
<i>TH Coffee Services Philippine Corp.</i>			
Rent Income (Note 18)	1,217,892	1,655,752	Rental of school premises in Mendiola; payable the following month
<i>Karate Kid Japanese Fast food</i>			
Rent Income (Note 18)	12,478	7,284	Rental of school premises in Mendiola; payable the following month
<i>Manila Bulletin Publishing Corporation</i>			
Recruitment and placement (Note 15)	260,407	—	Advertising services, terms vary as to type and frequency
As at and for the two-month period ended May 31, 2021			
Category	Amount/Volume	Outstanding Balance	Terms and Conditions/Nature
Subsidiaries			
<i>CELPI</i>			
Accounts payable (Note 11)	₱3,221,205	₱146,883,448	Payment for the VAT on purchase of CELPI; noninterest-bearing; payable on demand
Advances to CELPI (Note 5)	6,352,798	137,976,241	Expenses incurred by CELPI; noninterest-bearing; payable on demand
<i>CE-IS</i>			
Accounts payable (Note 11)	549,146	88,640,197	Cash collection of student deposits for Senior High School Program of CE-IS; noninterest-bearing; payable on demand
Advances to CE-IS (Note 5)	29,168	20,629,492	Expenses incurred by CE-IS; noninterest-bearing; payable on demand; not impaired
<i>The Hospital</i>			
Advances to Hospital (Note 5)	259,733	12,051,732	Expenses incurred by Hospital; noninterest-bearing; payable on demand; not impaired
Accounts payable (Note 11)	200,202	10,549,120	Consideration for the purchase of hospital supplies and payment of salaries noninterest-bearing; payable in 3 years
Affiliates			
<i>PhilTrust Bank</i>			
Cash (Note 4)	5,303,293	88,192,674	Savings deposit with interest rate at 0.10% to 0.38%
Interest income	37,448		
Short-term deposits (Note 4)	122,022	174,006,644	Money market placements at 6 to 53 days with interest ranging from 2.08% to 3.20%
Interest income	388,518		
Rent (Note 18)	4,000,000	3,021,421	Unsecured; rent of building in Makati; payable the following month

(Forward)



As at and for the two-month period ended May 31, 2021			
Category	Amount/Volume	Outstanding Balance	Terms and Conditions/Nature
<i>TH Coffee Services Philippine Corp.</i>			
Rent Income (Notes 5 and 18)	₱152,341	₱199,620	Rental of school premises in Mendiola; payable the following month
<i>Karate Kid Japanese Fast food</i>			
Rent Income (Notes 5 and 18)	–	20,160	Rental of school premises in Mendiola; payable the following month
<i>Manila Bulletin Publishing Corporation</i>			
Recruitment and placement (Note 15)	157,015	–	Advertising services, terms vary as to type and frequency

Generally, related party transactions are settled in cash.

Transactions with Retirement Plan

Under PFRSs, certain post-employment benefit plans are considered as related parties. The University's retirement plan is in the form of a trust administered by two trustee banks. Shown below are the transactions with the retirement fund for 2023 and 2022:

	2023	2022
Beginning of year	₱160,643,784	₱159,362,040
Interest income	10,485,605	6,618,766
Actual gain (loss) on plan assets (excluding interest)	5,802,609	(5,627,438)
Actual contributions	30,000,000	30,016,248
Benefits paid	(31,164,676)	(29,725,832)
End of year	₱175,767,322	₱160,643,784

As at May 31, 2023 and 2022, the retirement fund has 8,072,299 shares or 2.17% interest in the University with a fair value of ₱62.88 million and ₱55.30 million, respectively. The total unrealized gain (loss) recognized from these investments amounted to ₱9.02 million and (₱4.61 million) for the year ended May 31, 2023 and 2022, respectively.

No limitations and restrictions are provided and voting rights over these shares are exercised by a trust officer.

There are no other transactions by the University or its related parties with the retirement fund for the year ended May 31 2023, and 2022.

Remuneration of Key Management Personnel

The University's key management personnel include all management committee officers. The summary of compensation of key management personnel follows:

	2023 (One year)	2022 (One year)	2021 (Two months)
Short-term employee salaries and benefits	₱13,165,753	₱13,892,502	₱1,639,146
Post-employment benefits	4,710,411	5,298,825	777,619
	₱17,876,164	₱19,191,327	₱2,416,765



There are no agreements between the University and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the University's retirement plan.

Approval requirements and limits on the amount and extent of related party transactions

The Board of Directors shall approve all material related party transactions before their commencement. Material related party transactions shall be identified taking into account the related party registry. Transactions amounting to ten percent (10%) or more of the total assets of the University that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process requirement.

21. Notes to Parent Company Statements of Cash Flows

Noncash investing activities pertain to the following:

a. Retirement of assets

For the years ended May 31, 2023 and 2022, the University retired certain properties with aggregate cost of ₱13.01 million and ₱0.04 million, respectively (nil for the two-month period ended May 31, 2021). Loss on retirement of these properties amounted to ₱565 and ₱141 for the years ended May 31, 2023 and 2022, respectively (nil for the two-month period ended May 31, 2021). There were no proceeds from sale of property and equipment for the year ended May 31, 2023 and 2022, and for the two-month period ended May 31, 2021 (see Note 9).

b. Additional investment in CE-IS

In September 2022, the University purchased an additional 1.8% to CE-IS using the advances to CE-IS stockholders amounting to ₱0.25 million.

22. Fair Value Measurement

The University uses a hierarchy for determining and disclosing the fair value of its assets and liabilities (see accounting policy on Fair Value Measurement).

The tables below summarize the carrying amounts and the fair values of the University's financial and nonfinancial assets as at May 31.

	Carrying Value	2023		
		Fair Value Measurement Using		Total Fair Value
		Quoted Prices in Active Markets (Level 1)	Significant Unobservable Inputs (Level 3)	
Assets measured at fair value:				
Financial assets:				
Financial assets at FVOCI	₱92,880	₱92,880	₱—	₱92,880
Nonfinancial assets:				
Land classified as Property and equipment under revaluation model	4,358,636,002	—	4,358,636,002	4,358,636,002
	₱4,358,728,882	₱92,880	₱4,358,636,002	₱4,358,728,882



	2022			
	Fair Value Measurement Using			Total Fair Value
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Unobservable Inputs (Level 3)	
Assets measured at fair value:				
Financial assets:				
Financial assets at FVOCI	₱136,800	₱136,800	₱—	₱136,800
Nonfinancial assets:				
Land classified as Property and equipment under revaluation model	4,358,636,002	—	4,358,636,002	4,358,636,002
	₱4,358,772,802	₱136,800	₱4,358,636,002	₱4,358,772,802

The methods and assumptions used by the University in estimating the fair value of the financial and nonfinancial assets and liabilities are as follows:

Cash and Cash Equivalents, Tuition and Other Receivables, Refundable Deposits, Accounts Payable and Other Current Liabilities (Excluding Contract Liabilities and Statutory Obligations), Dividends Payable

Fair values approximate carrying amounts given the short-term nature of these accounts.

Lease Liability

The fair value of lease liabilities has been calculated by discounting the expected future cash flows at the prevailing interest rates for instruments with similar maturities.

Property and Equipment

The tables below summarize the valuation techniques and the significant unobservable inputs used in the valuation of land recorded as property and equipment.

	Valuation Techniques	Significant Unobservable Inputs	Range (Weighted Average)
Land	Sales Comparison Approach/Market Approach	<i>Internal factors:</i> Location Road Frontage Site Development Size Use Time Element	 -20% to +20% -20% to +20% 0% to +10% -20% to +10% -10% to +10% +10%

The range of the prices per square meter used in the valuation is shown below:

	Valuation techniques	Location	Range (Weighted Average)
Land	Sales Comparison Approach/Market Approach	Comparable analysis: External factor (net price) Manila - Site 1 and 2 Makati - Malugay Makati - Legaspi Malolos, Bulacan Las Piñas	 ₱110,465 to ₱142,500 per square meter (sqm) ₱409,500 to ₱440,426 per sqm ₱380,000 to ₱464,894 per sqm ₱13,500 to ₱18,000 per sqm ₱35,100 to ₱45,000 per sqm



The description of the valuation technique and inputs used in valuation of the University's land follows:

Market Data Approach	A comparable method where the value of the property is based on sales and listings of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. Comparison would be premised on the factors of location, size and shape of the lot, and time element.
Location	For a tract of land designated for a purpose or site occupied or available for occupancy, one of the key factors in land valuation is the location or area of preference.
Improvements and developments	Renovations in the land including the construction of building and installation of machineries and equipment should not be included in the valuation.
Road Frontage	Enhancement in usefulness accrues to those lots located or near street corners especially in retail business districts.
Use	Includes considerations factored in such as zoning, water and riparian rights, environmental issues, building codes and flood zones.
Size	Physical magnitude, extent or bulk, relative or proportionate dimensions. The value of the lot varies in accordance to the size of the lots. Basic rule of thumb is the bigger the lot size the lower the value, the smaller the lot size the higher the value.
Time Element	The measured or measurable period during action or condition exist. It is usually associated with the period in which the property can be sold in an open market within reasonable time.

Sensitivity analyses to the significant changes in unobservable inputs are shown below:

- Significant increases (decreases) in the price (per sqm) would result in a significantly higher (lower) fair value measurement.
- Significant factor in the location of the property (e.g., closer to a main road or secondary road) would result in a significantly higher (lower) fair value measurement
- Significant improvements and developments (deterioration) in the location would result in a significantly higher (lower) fair value measurement.
- Significant increases (decreases) in the influence of the corners of the property would result in a significantly higher (lower) fair value measurement.
- Significant increases (decreases) in the use of the property would result in a significantly lower (higher) fair value measurement.
- Significant increases (decreases) in the size of the property would result in a significantly lower (higher) fair value (per sqm) measurement.
- Significant increases (decreases) in the period in which the property can be sold in an open market would result in a significantly lower (higher) fair value measurement.

The appraiser considers the highest and best use of the asset which takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

Quoted Equity Securities Classified as Investments at FVOCI

Fair value is based on quoted prices.



23. Financial Risk Management Objectives and Policies

The University's principal financial instruments comprise of cash and cash equivalents. The main purpose of these financial instruments is to fund the University's operations and capital expenditures. The University has various other financial instruments such as tuition and other receivables, accounts payable and other current liabilities excluding statutory payables and dividends payable that arise directly from operations.

The main risk arising from the University's financial instruments are credit risk, liquidity risk and foreign currency risk.

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 University's risk management policy to mitigate credit risk on its receivables from students include the refusal of the University to release pertinent records like examination permit, transcript of records and transfer credentials, if applicable, until the student's account is cleared/paid. As at reporting date, there are no significant concentrations of credit risk.

As at May 31, 2023 and 2022, the analysis of financial assets follows:

	2023			
	Neither Past Due nor Impaired	Past Due	ECL	Net of ECL
Loans and receivables:				
Cash and cash equivalents*	₱602,954,785	₱—	₱—	₱602,954,785
Tuition and other receivables:				
Tuition fee receivables	—	348,528,993	(68,380,434)	280,148,559
Advances to subsidiaries	247,196,762	—	—	247,196,762
Advances to employees	32,782,196	—	—	32,782,196
Accrued rent receivable	6,118,905	—	—	6,118,905
Accrued interest receivable	783,791	—	—	783,791
Advances to CE-IS's stockholders	500,000	—	—	500,000
Refundable deposit	962,012	—	—	962,012
Financial assets at FVOCI	92,880	—	—	92,880
	₱891,391,331	₱348,528,993	(₱68,380,434)	₱1,171,539,890

*Excluding cash on hand.

	2022			
	Neither Past Due nor Impaired	Past Due	ECL	Net of ECL
Financial assets at amortized cost:				
Cash and cash equivalents*	₱403,554,908	₱—	₱—	₱403,554,908
Tuition and other receivables:				
Tuition fee receivables	5,157,385	321,991,912	(115,971,068)	211,178,229
Advances to subsidiaries	193,133,949	—	—	193,133,949
Advances to employees	30,461,073	—	—	30,461,073
Accrued rent receivable	6,602,099	—	—	6,602,099
Advances to CE-IS's stockholders	750,000	—	—	750,000
Accrued interest receivable	139,249	—	—	139,249
Refundable deposit	962,012	—	—	962,012
Financial assets at FVOCI	136,800	—	—	136,800
	₱640,897,475	₱321,991,912	(₱115,971,068)	₱846,918,319

*Excluding cash on hand.



The University's neither past due nor impaired receivables are high grade receivables which, based on experience, are highly collectible.

The age of the entire University's past due but not impaired tuition fee receivables is disclosed in Note 5.

Tuition Fee Receivables

The University uses a provision matrix to calculate ECL for tuition fee receivables. The provision rates are determined based on the University's historical observed default rates analyzed in accordance to days past due by grouping of customers based on customer type. The University adjusts historical default rates to forward-looking default rate by determining the closely related economic factors affecting each customer segment. At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

Set out below is the information about the credit risk exposure on the University's tuition fee receivables using a provision matrix:

As at May 31, 2023:

	Current	Days Past Due			Total
		< 1 quarter	1 to less 3 quarters	Over 3 quarters	
Estimated tuition fee receivable at default	P–	P283,313,277	P–	P65,215,716	P348,528,993
Expected credit losses	P–	P3,164,718	P–	P65,215,716	P68,380,434
Expected credit losses - lifetime	P–	P–	P–	P65,215,716	P65,215,716

As at May 31, 2022:

	Current	Days Past Due			Total
		< 1 quarter	1 to less 3 quarters	Over 3 quarters	
Estimated tuition fee receivable at default	P5,157,385	P174,906,255	P19,600,421	P127,485,236	P327,149,297
Expected credit losses	P16,672	P1,517,653	P461,833	P113,974,910	P115,971,068
Expected credit losses - lifetime	P–	P–	P–	P113,796,470	P113,796,470

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial assets and liabilities. Liquidity risk may result from a counterparty failing on repayment of a contractual obligation or inability to generate cash inflows as anticipated.

The University seeks to manage its liquidity risk to be able to meet its operating cash flow requirements, finance capital expenditures and maturing debts. As an inherent part of its liquidity risk management, the University regularly evaluates its projected and actual cash flows. To cover its short-term and long-term funding requirements, the University intends to use internally generated funds and external financing, if needed.



The maturity profile of the University's financial assets and liabilities as at May 31, 2023 and 2022 based on contractual undiscounted payments follows:

	2023				
	On Demand	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Cash on hand	₱281,500	₱—	₱—	₱—	₱281,500
Financial assets:					
Cash in banks and cash equivalents	155,094,125	447,860,660	—	—	602,954,785
Tuition fee and other receivables:					
Tuition fee receivable	—	280,148,559	—	—	280,148,559
Advances to subsidiaries	247,196,762	—	—	—	247,196,762
Advances to employees	32,782,196	—	—	—	32,782,196
Accrued rent receivable	6,118,905	—	—	—	6,118,905
Accrued interest receivable	—	783,791	—	—	783,791
Advances to CE-IS's stockholders	500,000	—	—	—	500,000
Refundable security deposits	—	—	—	962,012	962,012
Financial assets at FVOCI	—	—	—	92,880	92,880
	441,973,488	728,793,010	—	1,054,892	1,171,821,390
Financial liabilities:					
Accounts payable and accrued expenses:					
Accounts payable*	494,236,857	—	—	—	494,236,857
Accrued expenses	33,420,991	109,455,305	—	—	142,876,296
Payable to students	42,180,602	—	—	—	42,180,602
Deposits	9,874,533	—	—	—	9,874,533
Alumni fees payable	2,146,258	—	—	—	2,146,258
Lease liability**	—	—	24,000,000	158,000,000	182,000,000
Dividends payable	343,036,515	—	—	—	343,036,515
	924,895,756	109,455,305	24,000,000	158,000,000	1,216,351,061
Net undiscounted financial assets (liabilities)	(₱482,922,268)	₱622,502,423	(₱24,000,000)	(₱156,945,108)	(₱44,529,671)

*Excluding statutory payables of ₱39,474,633

** Including interest to maturity amounting to ₱34,548,585

	2022				
	On Demand	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Cash on hand	₱281,500	₱—	₱—	₱—	₱281,500
Financial assets:					
Cash in banks and cash equivalents	161,631,818	241,923,090	—	—	403,554,908
Tuition fee and other receivables:					
Tuition fee receivable	211,178,229	—	—	—	211,178,229
Advances to subsidiaries	193,133,949	—	—	—	193,133,949
Dividends receivable	—	—	—	—	—
Advances to employees	30,461,073	—	—	—	30,461,073
Accrued rent receivable	6,602,099	—	—	—	6,602,099
Advances to CE-IS's stockholders	750,000	—	—	—	750,000
Accrued interest receivable	—	139,249	—	—	139,249
Refundable security deposits	—	—	—	962,012	962,012
Financial assets at FVOCI	—	—	—	136,800	136,800
	604,038,668	242,062,339	—	1,098,812	847,199,819
Financial liabilities:					
Accounts payable and accrued expenses:					
Accounts payable*	396,143,542	—	—	—	396,143,542
Accrued expenses	16,425,671	76,021,342	—	—	92,447,013
Payable to students	44,616,962	—	—	—	44,616,962
Deposits	8,242,632	—	—	—	8,242,632
Alumni fees payable	1,762,661	—	—	—	1,762,661
Lease liability**	—	—	24,000,000	182,000,000	206,000,000
Dividends payable	113,402,301	—	—	—	113,402,301
	580,593,769	76,021,342	24,000,000	182,000,000	862,615,111
Net undiscounted financial assets (liabilities)	₱68,061,861	₱166,040,997	(₱24,000,000)	(₱180,901,188)	₱(15,451,292)

*Excluding statutory payables of ₱28,463,381

** Including interest to maturity amounting to ₱43,435,438



The University relies on internally-generated cash to fund its working capital needs, capital expenditures and cash dividends. The University will continuously assess its overhead costs to determine opportunities to decrease them. As laid down in the University's strategic plan, the University is committed to attain its goal on sound financial position by accomplishing the objectives to implement cost saving measures, increase income of existing revenue generating programs and activities and expand revenue generating activities.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The University's principal transactions are carried out in Peso and its exposure to foreign currency risk arises from cash in banks and short-term investments that are denominated in US dollar (\$ or USD).

To mitigate the University's exposure to foreign currency risk related to foreign currency-denominated accounts, management keeps the amount of these assets at a low level.

The following table shows the foreign currency-denominated accounts of the University as at May 31, 2023, and 2022 in USD:

	2023	2022
Cash in banks	\$14,747	\$64,433
Short-term investments	118,575	118,192
	\$133,322	\$182,625

In translating the foreign currency-denominated accounts to Peso amounts, the exchange rate used was ₱56.15 to \$1.00 and ₱52.37 to \$1.00 as at May 31, 2023 and 2022, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the Peso/USD exchange rate, with all other variables held constant, of the University's net income before tax. There is no impact on the University's equity.

	2023		2022	
Percentage change in exchange rate	7.17%	-7.17%	4.97%	-4.97%
Effect on net income before tax	₱530,109	(₱530,109)	₱475,470	(₱475,470)

Interest Rate Risk

The University's exposure to market risk for changes in interest rates is not significant to the parent company financial statements. The financial instruments of the University are either noninterest-bearing or has minimal interest rate exposure due to the short-term nature of the account (for example, cash equivalents).

Capital Management

The primary objective of the University's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.



The University manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the University may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the years ended May 31, 2023 and 2022 and for the two-month period ended May 31, 2021.

The University monitors capital using a debt-to-equity ratio which is debt divided by total equity. Debt includes accounts payable and other current liabilities and lease liability.

The following table shows how the University computes for its debt-to-equity ratio as at May 31, 2023, and 2022:

	2023	2022
Accounts payable and other current liabilities (Note 11)	₱869,817,892	₱666,067,211
Lease liability (Note 18)	147,451,415	162,564,562
Total debt (a)	₱1,017,269,307	₱828,631,773
Total equity (b)	₱5,232,222,947	₱5,317,841,142
Debt-to-equity ratio (a)/(b)	₱0.19:1	₱0.16:1

As of May 31, 2023, and 2022, the University was able to meet its capital management objectives and was successful in achieving its capital management policies.

24. Provision

The University has several pending claims and assessments, the expected ultimate outcome of which is based on management's judgment in consultation with its legal counsel. Disclosure of additional details beyond the present disclosures may seriously prejudice the Group's position. Thus, as allowed by PAS 37, only general disclosures were provided.

Outstanding provision for losses for disputed claims and assessments amounted to ₱6.98 million as at May 31, 2023 (nil as at May 31, 2022), presented under "Accounts payable and other current liabilities" account (see Note 11).

25. Changes in Liabilities Arising from Financing Activities

Changes in the University's liabilities arising from financing activities are presented below:

	2023		2022		2021	
	Lease liability (Note 18)	Dividends payable (Note 12)	Lease liability (Note 18)	Dividends payable (Note 12)	Lease liability (Note 18)	Dividends payable (Note 12)
Balances at beginning of year	₱162,564,562	₱113,402,301	₱176,841,234	₱105,040,657	₱179,142,644	₱105,040,657
Interest expense (Notes 18 and 19)	8,886,853	—	9,723,328	—	1,698,590	—
Dividend declaration (Note 12)	—	446,897,280	—	148,965,760	—	—
Cash payments (Note 12)	(24,000,000)	(217,263,066)	(24,000,000)	(140,604,116)	(4,000,000)	—
Balances at end of year	₱147,451,415	₱343,036,515	₱162,564,562	₱113,402,301	₱176,841,234	₱105,040,657



26. Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the University does not expect that the future adoption to have a significant impact on its parent financial statements.

Effective beginning on or after January 1, 2023 (FY2024 for the University)

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024 (FY2025 for the University)

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025 (FY2026 for the University)

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

The University continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to May 31, 2023 on the University's financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted.

27. Supplementary Tax Information Under Revenue Regulations (RR) No. 15-2010

In compliance with the requirements set forth by RR No. 15-2010, set out below are the information on taxes and licenses paid or accrued for the fiscal year ended May 31, 2023:

Value-added tax (VAT)

Output VAT

The University has VAT-exempt sales/receipts amounting to ₱1.76 billion pursuant to Section 109 of the Tax Code, as amended, which provides that educational services rendered by private educational institutions duly accredited by the DepEd, the TESDA and CHED, and those rendered by government educational institutions shall be exempt from VAT.

While the University is a non-VAT registered entity engaged in a business as educational institution, the University paid or accrued output VAT amounting to ₱6.74 million based on the amount reflected in the sales of uniform, rental of facilities/lockers and sale of scrap materials of ₱56.15 million.



Input VAT

The amount of input VAT claimed for the fiscal year ended May 31, 2023 follows:

Balance at June 1, 2022	P—
Current year's domestic purchases/payments:	(4,290,324)
	(4,290,324)
Claims for tax credit/refund and other adjustments	4,290,324
Balance at May 31, 2023	P—

Withholding Taxes

The amount of withholding taxes paid for the fiscal year ended follows:

Withholding taxes on compensation and benefits	P83,087,745
Expanded withholding taxes	6,967,674
Final withholding taxes	8,990,928
	P99,046,37

Other Taxes and Licenses

For the fiscal year ended May 31, 2023, other taxes and licenses of the University consist of:

Business permits	P22,892,614
Real property taxes	1,746,304
BIR Annual registration	1,500
Other taxes, permits and fees	6,360,633
	P31,001,051

Tax Contingencies

The University does not have tax cases, preliminary investigations, litigations and/or prosecution in courts of bodies outside the BIR.

