COVER SHEET

P	W	0	0	0	0	1	0	9	3	

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

(Company's Full Name)

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

M A N I L A

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

Contact Person

873568-61 to 71

Contact Number

0	5

Month

3	1

Day

Fiscal Year

1	7	-	A	

FORM TYPE

Annual Report

1	0

Month

4th Friday

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

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 31,2022
Fiscal Year Ending
(Month & Day)

SEC FORM 17 – A
Form Type

May 31, 2022
Period Ended Date

–

(Secondary License Type and File Number)

cc: Philippine Stock Exchange

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, 2022

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	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	372,414,400

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, 2022 372,414,400

Closing price per share as of August 31, 2022 (last traded August 16, 2022) ₱ 6.62

Market value as of August 31, 2022 ₱2,465,383,328 (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 2021-2022

Student Enrolment

The enrollment for school year 2021-2022 of the three campuses for first semester is 16,143 and 15,211 for the second semester. Compared to school year 2020-2021, there was an increase of 24.29% for the first semester and 21.99% for the second semester. The total number of enrolled new students (first year and transferees) increased by 24.26%. The school year 2021-2022 is composed of the second batch of graduates of K to 12 Curriculum.

Foreign Student Enrolment

Foreign student enrollment for SY 2021-2022 was 166 for the first semester and 156 for the second semester. Compared to last school year, there was a decrease of 1.19% for the first semester and 1.27% for the second semester. Majority of the foreign students are enrolled in the Dentistry program.

Accreditation and Recognition

The sustainability or survival of higher education institutions (HEIs) depends on their ability to compete locally and globally through quality programs and to be efficient and effective through quality systems.

CEU's adherence to its quality objectives and principles, as well as its compliance to statutory and regulatory requirements, urges the academic community to seek opportunities for continuous improvement.

In CEU Manila, BS Computer Science and BS Information Technology received their Level 2 accreditation certificate from the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA) on March 2022. Likewise, PACUCOA granted Dental Medicine and Information Technology of CEU Makati Level 2 accreditation on October 2021.

The Federation of Accrediting Agencies of the Philippines (FAAP) granted the Level 4 1st reaccreditation to Business Administration, Liberal Arts, and Psychology programs of CEU Malolos on July 2021. On the other hand, Level 3 accreditation status was given to Tourism Management, Hotel and Restaurant Management, Dental Medicine, Pharmacy, and Nursing programs on December 2021. Elementary Education was granted Level 2 accreditation on December 2021.

Four programs of the CEU Manila underwent AUN-QA Programme Assessment (Online/Remote Site Visit) on November 8-12, 2021. They were Doctor of Dental Medicine, Bachelor of Science in Biology, Bachelor of Science in International Tourism and

Travel Management, and Bachelor of Science in Pharmacy. On the other hand, BS International Hospitality Management, BS Business Administration, BA Communication Media, and BS Medical Technology of the three campuses underwent online/remote visit on April 25-29, 2022.

The AUN-QA assessment at programme level covers 11 criteria: expected learning outcomes, programme specification, programme structure and content, teaching and learning approach, student assessment, academic staff quality, support staff quality, student quality and support, facilities and infrastructure, quality enhancement and output. Each criterion is assessed based on a 7-point scale. Based on the overall assessment results, all the eight (8) programs fulfilled the AUN-QA requirements and that overall the quality assurance implemented for the programs is “Adequate as Expected”.

The Institutional Sustainability Assessment (ISA) by the Commission on Higher Education (CHED) is another quality assurance process that the University underwent in order to assess the university’s sustainability in 5 key results areas namely governance and management, quality of teaching and learning, quality of professional exposure, research and creative work/innovation, support for students, and relations with the community.

The ISA Team validated the ISA SED of the University from November 13-15, 2019 through triangulation. The team analyzed documents exhibited/shared by the institution, conducted focus group discussions with the different stakeholders of the university, interviewed key informants, and visited the facilities and extension/outreach community sites.

The ISA Narrative Report was reviewed and validated by the Technical Working Group on Institutional Sustainability Assessment.

The result of the ISA was released on June 2021 where the University received a score of 3 in almost all the performance indicators except in Creative Work and/or Innovation and in Student Services.

The following table summarizes the Accredited Programs of CEU in all its three (3) campuses, i.e. Manila, Makati and Malolos:

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	April 2017-April 2022	
B.S. Business Administration	Level 4 1st RA	Oct. 2017-Oct. 2022	
B.S. Nutrition and Dietetics	Level 4 1st RA	Jan. 2018-Jan. 2023	
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 1st RA	Sept. 2018-Sept. 2023	
B.S. Medical Technology	Level 4 1st RA	March 2019-March 2024	
Doctor of Optometry	Level 3	Aug. 2018-Aug. 2023	
B.S. Social Work	Level 3	May 2016-May 2021	PAASCU
B.S. Nursing	Level 3	May 2016-May 2021	
B.S. Hotel and Restaurant	Level 2	July 2019-July	PACUCOA

Management		2024
B.S. Tourism Management	Level 2	July 2019-July 2024
B.S. Information Technology	Level 2	March 2022-March 2027
BS Computer Science	Level 2	March 2022-March 2027
B.S. Computer Engineering	Level 1	March 2018-March 2021
B.S. Accountancy	Level 1	Oct. 2016-Oct. 2019

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 Management	Level 1	Feb. 2020-Feb. 2023

Ph.D. In Mathematics Education	Level 1	Feb. 2020-Feb. 2023	
Ph.D. in Pharmacy	Level 1	Feb. 2020-Feb. 2023	
Ph.D. in Southeast Asian Studies	Level 1	Feb. 2020-Feb. 2023	
Doctor of Public Administration	Level 1	Feb. 2020-Feb. 2023	
CEU-MALOLOS			
B.S. Business Administration	Level 4, 1st RA	July 2021-July 2026	PACUCOA
Liberal Arts Program	Level 4, 1st RA	July 2021-July 2026	
Science Program (B.S. Psychology)	Level 4, 1st 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	

Quality Assurance

Various programs for the continuous improvement of quality process and policies of the university were conducted through online platform during this time of pandemic.

The University continuously used the Helpdesk System to address the online queries of its customers/clients. Customer Feedback Form (CFF) was made available online and is incorporated in the Helpdesk system (HD System). The Planning and Monitoring Department prepares a monthly summary report on the CFF validated queries/feedback and action and submits it to the Quality Management Representative (QMR) and to the CEU community.

The Year End Management Review and Revisit of the Strategic Plan was held on August 12, 2021. Part of the activity was a survey on the current internal and external environmental changes and recommendation.

On the other hand, the Midyear Management Review and Strategic Planning was conducted on February 4, 2022. In preparation for these activities, a periodic monitoring of the activities and the performance indicators indicated in the Annual Operations Plan was conducted.

The Strengths, Weaknesses, Opportunities and Threats (SWOT), Stakeholders Needs, Risk Assessment and the Communication Plan were reviewed and updated.

To help and guide the data and document custodian in their online filing, electronic file management meeting and orientation were conducted in September 2021.

In preparation with the remote IQA visit which was conducted on September 20 to October 4, 2021, series of orientation-reorientation of the Internal Quality Auditors were conducted and were held online via zoom on September 8 and 10, 2021. The activity aimed to hone the audit skills of the internal quality auditors. The highlight of the orientation/re-orientation was a writing workshop on how to prepare/update the audit checklist of the work unit assigned to the auditors.

In preparation of the ISO surveillance audit, a remote mock audit was conducted on April 20-22, 2022. The actual virtual ISO surveillance audit was held on May18-20, 2022. As a result of the surveillance audit, the SGS auditors recommended for the continuation of the certification of ISO 9001:2015 up to the re certification in May 2023.

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 20, 2021. The event, chaired by Mr. Jericho P. Orlina, 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

Completing the 15-member roster of the Supreme Court of the Philippines, former Court Administrator Jose Midas P. Marquez was appointed as the 192nd Associate Justice, replacing retired Justice Edgardo Delos Santos. Marquez is one of the first faculty members of the CEU Law when it was established in 2009. He has since taught law subjects such as Legal Profession, Legal Writing, and Court Administration. Admitted as a member of the Philippine Bar in 1994, he obtained his Economics degree in 1987 and Juris Doctor degree in 1993, both from the Ateneo de Manila University. Justice Marquez took his oath before Chief Justice Alexander G. Gesmundo on November 16, 2021.

The dean of the School of Dentistry, Dr. Pearly Lim, is elected as councilor of the IADR-SEA. Other teachers from the school with elective positions in various organizations are the following: Dr. Joann Joven, Dr. Katrine Grace Genil, and Dr. Nancy Garcia are elected president, secretary, and board of director respectively of the Philippine Prosthodontic Society; while Dr. Marian Almyra Naranjilla is the secretary of the Association of Philippine Orthodontists. Dr. Joann Joven received the Presidential Recognition for Leadership and Service from the Philippine Dental Association.

Dr. Erna V. Yabut, VP for Research and Evaluation and Dr. Julieta Dungca, dean of the School of Science and Technology are the elected president and secretary of the Philippine Society for Educational Research and Evaluation (PSERE), Inc. Dr. Dorothea Dela Cruz, head of the Psychology Department is the Central Luzon Chapter secretary of the Psychological Association of the Philippines. Dr. Maricar Ching, the Asst. Dean of the Graduate School is the secretary of the National Research Council of the Philippines, Division III; board member of PCHRD Scholars' Society; and treasurer of Biology Teachers Association (BIOTA) Philippines. Mr. Adrian Segovia, a faculty member from the Psychology Department is the 5th place in the Psychometrician Board Examination.

From the School of Accountancy and Management, the dean, Dr. Rosemarie So is re-elected as the treasurer of the Philippine Association of Collegiate Schools of Business (PACSB) while Dr. Dennis Sandoval, a faculty member received CISI Level 2 Award in Fundamentals of Financial Services.

The dean of the School of Pharmacy, Dr. Cecilia Santiago, is the auditor of the PACOP while Dr. Claire Palma is the elected asst. secretary of the Young Pharmacists Group (YPG) Iloilo Chapter.

Student Achievements

Another set of Centro Escolar University students qualified in the 2021 Collaborative Online International Learning (COIL) Joint Program of the University Mobility in Asia (UMAP) and the Institute for Global Education of Kansai University from August 2 to September 20, 2021. They were joined by other eligible participants from different countries in the 7-week online program where they learned about the Sustainable Development Goals (SDGs) adopted by the United Nations. The course explored the concept of global citizenship and what actions can lead to the development of global human resources. The students were able to participate in the project-based works, group presentations, and lectures from experts around the world.

The documentary entry of a sophomore Communication and Media student made it as finalist in the 43rd Catholic Mass Media Awards (CMMA) Best TV Production category. The 13-minute documentary titled, "Dalawampu't Walong Baitang" was created, directed and produced by Kyla herself with the assistance of Alvin Dela Cruz from Pamantasan ng Lungsod ng Maynila. The production of this masterpiece took them 15 days. The documentary film was initially just a course requirement in Journalism Principles and Practices. Seeing the potential of the film, the head of the CEU Communication and Media encouraged the student to submit it as an entry to the 43rd CMMA.

Students from the School of Accountancy and Management won in regional wide contests: first place in the NFJPIA 7th Literary and Arts Festival – Poem Writing, and passer in the NFJPIA NCR Council – NCR Production Circles Boot Camp Writers' Circle. The AM-based organization JPIA won as the Most Creative Graphic Design for Odyssey: The Beginning of Wondrous Journey.

Dentistry students reign in research competition as they won first place in the E-Poster Presentations and Competition for their research entitled "Socio-behavioral Research: Dental Practitioners' Perception of Teledentistry during the 113th PDA Annual and Scientific Sessions held in May 16-20, 2022. Another group of Dentistry students participated in the SEAADE Student Community Engagement Competition during the 32nd Annual Scientific Meeting of SEAADE in December 4-5, 2021 held in Indonesia.

Pharmacy students ruled in the OLFU and YPG Patient Counseling Event 2022 as they emerged Champion in the Patient Counseling 2022. A Pharmacy student was on the top 5 of the International Student Academic Olympiad in March 30, 2022. Students from the school was elected National Secretary and PRO of the Federation of Junior Chapters of the Philippine Pharmacists Association (FJCPPhA).

One of the students of the School of Nursing was a finalist in the 1st AUAP Student Academic Olympiad, Student Exchange Delegate of the International Virtual Student Exchange, Stikes Budi Luhur Cimahi. Several Nursing students became student exchange delegates of the International Virtual Student Exchange, Stikes Budi Luhur Cimahi.

Psychology students were assigned as the Training and Development Committee and Corporate Social Responsibility Committee of the Junior People Management Association of the Philippines (JPMAP)

An Optometry student is the Steward for Membership Relations (Chapter) by the Filipino Chinese Catholic Youth (FCCY)

In spite of the COVID 19 pandemic, CEU has been competing and winning in sports-related events. The basketball, volleyball and the hip-hop CEU team won as 2nd place, 1st place and 2nd place respectively in the WNCAA E-competition. The women's volleyball team won 3rd place while the men's basketball team won 4th place in the CHED organized competition.

Performance in Licensure Examinations

CEU continues to reign in the board examination.

A Dentistry graduate in CEU Manila topped the May 2022 Dentist Licensure Examination while another graduate placed 4th in January 2022.

Optometry ruled in the Optometry Board Examination as they got 5 of the 10 places: 1st, 3rd, 6th, 9th, and10th.

Results of the board examination of the following programs are higher than the national passing percentage:

- Medical Technology in CEU Manila (January 2022 and March 2022)
- Dentistry in CEU Makati (January 2022 and May 2022)
- Dentistry in CEU Malolos (May 2022)
- Nursing in CEU Makati and Manila (November 2021 and May 2022)
- Optometry (December 2021)
- Pharmacy in CEU Makati (November 2021)
- Pharmacy in CEU Malolos and Makati (April 2022)

No one took the Licensure Examination for Teachers for Elementary and Secondary for School year 2021-2022.

International Linkages

The School of Dentistry 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 School of Pharmacy has an exchange program with the Department of Pharmacy of Stikes Buleleng Singaraja. Furthermore, the School has joint research projects in the field of pharmaceutical sciences, exchange of students, and visiting scholars and instructors with the Faculty of Pharmacy of Universitas Airlanngga. The School of Pharmacy also has a linkage with the Wayne State University in terms of their PharmD program.

The School of Nursing established linkages with several higher educational institutions abroad. The school has research collaborations with the Stikes Buleleng Bali Indonesia and Stikes Baiturrahim in Jambi Indonesia. They have another collaboration with the Wijaya Institute of Health in Indonesia as well as an active collaboration in terms of academics, research and community extension with the Budi Luhur Institute for Health Sciences, Polytechnic of Health Denpasar, Polytechnic of Health Jakarta, and Polytechnic of Health Palangkaraya.

Contribution of Product Services to Revenues

	2019-2020	2020-2021	2021-2022
Liberal Arts	5,658,007	4,673,444	5,926,557
Science	32,325,786	58,561,928	2,954,181
ACS/AMT	37,038,689	47,935,722	48,362,003
Dentistry	144,597,042	174,207,478	134,821,298
Education	958,613	726,278	1,098,601
Medical Technology	69,861,414	89,249,312	86,470,597
Music	1,978,682	1,078,734	1,375,676
Nursing	25,118,631	47,383,645	84,519,076
Nutrition/HE/Tourism/HRM	39,254,546	20,434,200	24,934,936
Optometry	30,679,390	29,246,645	56,801,892
Pharmacy	51,071,267	29,456,097	65,939,257
Social Work	1,780,521	1,937,953	2,131,953
Graduate School	13,124,663	25,485,666	18,580,870
Law	8,830,169	9,227,426	6,253,046
Medicine	23,197,725	25,181,565	21,234,384
CEIS and CELP	213,915,697	118,322,636	114,827,868
TOTAL	**699,390,839**	**683,105,729**	**676,232,195**

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.

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 2021			
April 1, 2020 – June 30, 2020	First Quarter	₱ 6.74	₱ 5.51
July 1, 2020 – September 30, 2020	Second Quarter	6.60	6.30
October, 2020 – December 31, 2020	Third Quarter	7.00	6.49
January 1, 2020 – March 31, 2021	Fourth Quarter	7.96	6.50
April 1, 2021 – May 31, 2021	Interim Period (change in fiscal year)	7.33	6.49
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

The closing price per share of the University's common shares as of August 31, 2022 (last trade was August 16, 2022) was ₱6.62.

Holders

As of August 31 2022, the latest data obtainable as of the making of this report, there are 1,013 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	60,841,849	16.3371
3. U.S. Automotive Co., Inc.	55,963,803	15.0273
4. Southville Commercial Corporation	29,686,293	7.9713
5. Jose M. Tiongco	13,439,614	3.6088
6. Corazon M. Tiongco	10,115,904	2.7163
7. Erlinda T. Galeon	9,252,982	2.4846
8. Generosa T. Cabrera	9,190,225	2.4677
9. Natalia Maria De Vera	9,186,138	2.4666
10. Security Bank Corporation TA# 1090	8,072,299	2.1676
11. Alvin Anton C. Ong	1,344,308	0.3610
12. Maria Concepcion I. Donato	994,465	0.2670

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

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 March 31, 2020 and Fiscal Year ended March 31, 2021, are as follows:

Fiscal Year Ended March 31, 2020
(April 1, 2019– March 31, 2020)

No dividend declaration.

Fiscal Year Ended May 31, 2021
April 01, 2020 - May 30, 2021)

Cash dividend amounting to .40 per share was paid on 22 September 2021 to Stockholders of record as of 27 August 2021.

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 (2021-2022; 2020-2021; 2019-2020)

Tuition and Other School Fees increased by 14.13% from the previous year's (March 2021) ₱1,129,208,087 to this year's ₱1,288,803,119 as compared to March 2020 decrease of 7.97% to ₱1,314,456,816 from ₱1,428,330,595 in 2019. This account consists of Tuition Fees, Other Fees, and Income from Other School Services. Other fees are 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 ₱4,815,310. Interest income were reported at ₱3,102,887 in 2022, ₱3,565,698 in March 2021 and ₱4,717,701 in 2020. No material Other Income was reported as of May 31, 2022, thus a decrease to ₱322.060 as of May 31, 2022 from ₱27,758,181 in March 2021.

The total revenues from contracts with customers increased to ₱1,301,696,641 from ₱1,139,959,168 in March 2021 and from ₱1,351,672,511 in 2020 while the Operating Expenses were reported at ₱1,180,482,250 in 2022 and ₱1,010,437,130 in 2021 and ₱1,304,580,130 in 2020.

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, 2022 decreased to ₱119,052,481 from ₱155,256,227 as of March 31, 2021 with the deferral of revenues and recognition of contract liabilities this fiscal year 2022, and increased from ₱66,934,583 in 2020.

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 (2021-2022; 2020-2021; 2019-2020)

The University reported a healthy cash position as of May 31, 2022. Cash and cash equivalents were at ₱561,585,710 as compared to last year's balance of ₱480,047,725 and March 31, 2021 balance of ₱510,858,969. Tuition and other receivables were at ₱286,584,422 as compared with ₱227,090,993 last year and ₱344,984,005 on March 31, 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 ₱18,573,805. Other current assets, which consist largely of Advances to Suppliers, Creditable withholding Taxes and Prepayments stood at ₱91,055,623..

The current assets of the University as of fiscal year ended May 31,2022 were ₱957,799,560 as compared to ₱791,452,479 for May 31, 2021 and ₱930,952,678 for March 31, 2021 and ₱743,573,521 for March 31, 2020..

Property and Equipment were reported at ₱5,721,282,796 from ₱4,916,351,509 in 2021 and ₱4,999,659,087 on March 31, 2020.

Total non-current assets were at ₱5,937,044,909 and Total Assets were at ₱6,894,844,469 at the end of the fiscal year.

Accounts payable and other current liabilities increased to ₱530,611,109 from ₱439,335,804 for May 31, 2021 and ₱544,991,642 on March 31, 2021 from ₱572,226,528 on March 31, 2020. Deferred revenues were reported this year at ₱33.101,671. Dividends payable were at ₱116,979,801 compared to ₱108,618,157 last year and ₱109,015,657 on March 31, 2021. and ₱105,755,874 in 2020. Total current liabilities were at ₱695,805,729 at fiscal year end.

Total noncurrent liabilities as of May 31, 2022 increased to ₱809,411,783 from last year's ₱789,706,206 and ₱800,104,280 on March 31, 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 ₱481,158,125.

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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 2022 was at ₱147,451,415.. 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, 2022, retirement liability was at ₱169,901,006.

The University's stockholder's equity stood at ₱5,389,626,957 as of May 2022 compared to ₱4,591,312,610 as of May 2021.

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 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 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	2022	Interim	2021	2020	Manner of Computation	Significance
Revenue Growth	14.13%	-82.27%	-14.09%	-7.97%	Difference between current and last year's tuition and other school fees divided by last year's revenues	Measures Revenue growth
Return on Revenue	9%	21%	14%	5%	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	125%	-	-	111 %	Dividends divided by net income	Indicates how earnings support dividend payment
Return on Equity	2%	1%	3%	2%	Net profit divided by average total stockholders' equity	Measures extent of profit earned
Return on Assets	2%	1%	3%	1%	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 ₱267,078,425 for fiscal year ended May 31,2022 as compared to cash flows provided by operating activities at ₱203,130,323 for fiscal year ended March 31, 2021 and ₱242,709,073 in 2020..

Cash used in investing activities was ₱17,865,723 during the fiscal year ended May 31, 2022 as compared to cash used in investing activities of ₱16,690,042 during the fiscal year ended March 31, 2021 and ₱107,441,764 in 2020..

Cash used in financing activities was at ₱168,354,116 during the fiscal year. This was primarily used for the payment of dividends. Cash used for financing activities was ₱24,715,217 for the fiscal year ended March 31, 2021 and ₱98,803,640 for 2020.

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 2021-2022, 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 2021 to FY 2022 include an increase of 14.38% in total revenues which resulted from the increase in tuition and other school fees and miscellaneous fees of 14.13% and 19.93% respectively. During these fiscal years, rebates were applied to certain miscellaneous fees due to online classes in this period of pandemic. For costs and expenses, there was an increase of 19.39% in cost of services resulting from increased cost of manpower, light and water, office supplies, library, laboratory and expenses for co-curricular activities. General and administrative expenses posted a decrease of 0.72% due to decreases in the janitorial and security services, provision for credit losses, clinical expenses and program expenses . On other income and expenses, 12.98% decrease in interest income was reported due to lower placements and lower interest rates. Interest expense was reported this fiscal year at 11.55 million arising from lease liability due to the adoption of PFRS 16 on April 1, 2019. There was an increase of 248.98% in foreign currency exchange losses reported as foreign currency exchange gain this fiscal year because of foreign currency placements and exchange rates. The loss on retirement/disposal assets was at 95.03% favorable movement 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 (April 1, 2021 to May 31, 2021). 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, 2022 was approved by the stockholders during the annual meeting on October 22, 2021.

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 2022 and 2021, the University paid ₱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

There are no other services provided by the external auditor, other than the services reported, during the relevant period.

Other Fees

There are no other services provided by the external auditor, other than the services reported, during the relevant period.

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

	Name	Age	Citizenship	Positions	Term of Office	Directorship Held in Other Companies

1	Basilio C. Yap	72	Filipino	Chairman of the Board – April 25, 2014	Yearly	Chairman, President & Directior – 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 – 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	75	Filipino	Director - July 25, 2006 President/Chief Academic Officer - Aug. 18, 2006	Yearly	- Professor Emeritus, University of the Philippines, Los Baños - Director, Centro Escolar University Hospital, Inc. - Vice Chairman & President, Centro Escolar Las Pinas, Inc.
3	Angel C. Alcala**	92	Filipino	Director - July 22, 2008	Yearly	- Chairman, Silliman University-Angelo King Center for Research and Environmental Management (SUAKCREM), PATH Foundation Philippines, National Network of Quality Assurance Agencies, Inc. - Professor Emeritus, Silliman University - Member, Board of Trustees, Silliman University - President, Cap College Makati
4	Emil Q. Javier**	81	Filipino	Director - July 10, 2002	Yearly	- 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.
5	Benjamin C. Yap	75	Filipino	Director - July 22, 2014	Yearly	- President and Chairman, Benjamin Favored Son, Inc., - Chairman, House of Refuge - Director, USAUTOCO, Inc - Director, Manila Hotel Corp.
6	Alejandro C. Dizon	61	Filipino	Director - Aug. 31, 2007	Yearly	- 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	50	Filipino	Directors - Sept. 1, 2009	Yearly	- Chairman, Manila Prime Holdings - Director, Manila Bulletin Corporation, Manila Hotel, Philtrust Bank and US Automotive Co., Inc.
8	Corazon M. Tiongco	72	Filipino	Director - July 25, 2000 Assistant Treasurer since Aug. 12, 2005	Yearly	- Director, Centro Escolar University Hospital, Inc. - - Director, Centro Escolar Integrated

						School, Inc.
9	Johnny C. Yap	49	Filipino	Director - Oct. 26, 2007	Yearly	- Vice Chairman & Treasurer, Euromed Laboratories Philippines, Inc. - Director, Philtrust Bank - Director, Las Piñas College - Chairman, Café France Corp.

Executive Officers Who Are Not Directors

	Name	Age	Citizen ship	Position	Term of Office	Directorship Held in Other Companies
1	Sergio F. Apostol	86	Filipino	Corporate Secretary - Feb. 26, 2010	Yearly	- Chairman, Kaytrix Agri-Aqua Corp. - Director, Manila Hotel
2	Cesar F. Tan	67	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	40	Filipino	University Legal Counsel - July 2017 Compliance Officer – July 2019 Data Privacy Officer - March 2020	Yearly	None
4	Maria Clara Perlita Erna V. Yabut	56	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	59	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	Olivia M. Limuaco	65	Filipino	VP-Makati Campus - August, 2013	Yearly	- Secretary-General, Federation of Asian

						Pharmaceutical Association (FAPA) - President, Philippine Pharmacists Association (PphA) - Member, Council of Advisers of Philippines Association of Colleges of Pharmacy (PACOP)
6	Rhoda C. Aguilar	48	Filipino	University Registrar - July 25, 2014 Acting University Registrar – June 1, 2013	Yearly	None
7	Ma. Flordeliza L. Anastacio	61	Filipino	VP-Malolos Campus - July 25, 2014 -Officer-in-Charge, CEU Malolos - November, 2013	Yearly	None
8	Carlito B. Olaer	58	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	53	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	55	Filipino	AVP- Business Affairs – Jan. 2017	Yearly	AVP, Centro Escolar University Hospital, Inc.
11	Bella Marie L. Fabian	59	Filipino	AVP-Administration – Jan. 2017	Yearly	None
12	Bernardita T. Traje	60	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.	Pearly P. Lim	Dean	None
7.	Ma. Rita D. Lucas	Dean	None
8	Cecilia D. Santiago	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.	Maricar W. Ching	Assistant Dean (Acting Capacity)	None
2.	Mary Iodine Lacanienta	Assistant Dean	None

3.	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

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.	D'Ariel J. Javellana	Head	None
5.	Aleli V. Lozano	Head	None
6.	Arlene S. Opina	Head	None

Program Heads 2

	Name*	Position*	Directorship Held in Other Companies
1.	Maria Donnabel U. Dean	Program Head	None
2.	Maria Carmen S. Dizon	Program Head	None
3.	Regina A. Jazul	Program Head	None
4.	Mae Angeline M. Lontoc	Program Head	None
5.	Maria Wanda I. Martinez	Program Head	None

6.	Pilipino A. Ramos	Program Head	None
7.	Ricky R. Rosales	Program Head	None
8.	Cresencia M. Santos	Program Head	None
9.	Maricar A. Veranga	Program Head	None
10.	Shirley S. Wong	Program Head	None

Non-Teaching Department Heads

	Name*	Position*	Directorship Held in Other Companies
1.	Maria Corazon L. Andoy	Head	None
2.	Salvacion M. Arlante	Head	None
3.	Cecilia C. Catahan	Head	None
4.	Ma. Dolores E. Delacruz	Head	None
5.	Ma. Eleanor C. Espinas	Head	None
6.	Rommel N. Jotic	Head	None
7.	Frederick R. Llanera	Head	None
8.	Rosario Donalyne L. Manigbas	Head	None
9.	Ivan Perry B. Mercado	Head	None
10.	Teresita S. Mijares	Head	None
11.	Eufrecina Jean DR. Ramirez	Head (Acting Capacity)	None
12.	Engr. Ronie U. Siniguian	Head	None
13.	Maria Corazon C. Tiongco	Head	None
14.	Bernardita T. Traje	Head	None

Assistant Heads

	Name*	Position*	Directorship Held in Other Companies
1.	Benjamin M. Roman	Asst. Head	None
2.	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	Annual Salary as a group	Bonus as a group	Other Annual Compensation	Total Compensation as a group
PRES. PADOLINA VP LIMUACO VP PEREZ VP YABUT VP OLAER	2020-2021 2021-2022 2022-2023	10,642,449.02 12,293,386.35 12,293,386.96	1,558,820.85 1,559,115.96 1,599,115.96	N/A N/A N/A	12,201,296.87 13,892,502.31 13,892,502.31

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	2020-2021 2021-2022 2022-2023***				₱ 34,124,176.53 ₱ 35,438,871.09 ₱ 35,438,871.09

***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 June 30, 2022, the latest obtainable data as of the preparation of this report, were 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 (%)
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	55,963,803	15.02
Common	PCD Nominee Corp. – Filipino	Alejandro C. Dizon Beneficial Owner	Filipino	50,033,412	13.43
Aggregate Number of Shares and Percentage of All Beneficial/ Record Owners as a Group				232,618,106	62.46 %

[3]During 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 June 30, 2022, 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	Angel C. Alcala*	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	60,544,268 (d)		16.24%

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	Olivia M. Limuaco	12,153 (d)	Filipino	0.0033
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 41,169 (d)				0.0110
Aggregate Number of Shares and Percentage of All Security Ownership of Management as a Group 60,494,099 (d)				16.24%

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.

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*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 November 6, 2021 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

Exhibits	Sustainability Report
Exhibit 1	Consolidated Financial Statements and Schedules: 1. 31 May 2022
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.)

August 26, 2022	Nominees for Independent Directors
May 26, 2022	Integrated Annual Corporate Governance Report
	Results of Annual Stockholders' Meeting
	Results of Organizational Meeting

Item 15. CEU Sustainability Report for Fiscal Year 01 Junel 2021 to 31 May 2022

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 Junel 2021 – 31 May 2022**
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)	1,301,698,6412	PHP

Direct economic value distributed:		
a. Operating costs	1.180,482,250	PHP
b. Employee wages and benefits	818,086,033	PHP
c. Payments to suppliers, other operating costs	362,398,217	PHP
d. Dividends given to stockholders and interest payments to loan providers	160,520,821	PHP
e. Taxes given to government	22,554,616	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

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.	Government, Community, Students, Alumni	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. The most notable "speed bump" is the COVID19 Pandemic which caused a huge shift in instruction. As of this report, onsite limited classes were permitted, and the University had began its transition to a "new normal" full onsite operations called "Onsite +" CEU coped with the shift with its readiness to hold online classes which were already being developed as early as 2014.
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.	Employees, Suppliers, Environment	The University has systems in place to ensure the timely fulfillment of these obligations.

What are the risk/s identified?	Which stakeholders are	Management Approach

	affected?	
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. 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.	Management, Employees, Suppliers, Government	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. 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.

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

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units

The management has decided to defer reporting on this topic for the meantime as procurement was maintained at minimum levels due to the physical closure of the University because of the various levels of quarantine imposed by the Government due to COVID 19.		%

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	The University has a rating system for suppliers in order to ensure that there will be no interruptions in the supply chain. The University likewise has an internal procurement policy and computerized procurement system that ensures timely requests and payment.

What are the risks identified?	Which 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	The University currently have the following policies designed to avoid or minimize the risk: - Supplier accreditation - Identification of back up suppliers - Continuous performance evaluation of suppliers.

What are the opportunity/ies identified?	Which stakeholders are affected?	Management Approach
Technology keeps on evolving and better supplies and materials are getting more and more accessible.	Students, Suppliers	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.

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	NA – The current policies are limited internally but management will explore involving external suppliers in these trainings and orientations.	%
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
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.	The University has its Code of Ethics for Management. It also adopts the respective Codes of Ethics of the various professionals the University employs. As an educational institution, corruption shall never be tolerated in

		CEU.

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
No impact identified because of the existence of zero cases as disclosed above. The university will revisit this for the succeeding periods.		

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

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

ENVIRONMENT

**Nota Bene: Due to the various levels of community quarantine imposed by the government because of COVID 19, in-campus operations of the University were at minimal levels as operations mostly shifted to work at home arrangements. As such, the University, for the time being, will not be able to report on the topic of "Environment" in this report.*

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	Data was not available for the relevant period covered by this report because in campus activities were at minimal levels due to COVID 19. The University will include it in its future reports	N/A for now
Energy Consumption - Gasoline		
Energy Consumption - Diesel		
Energy Consumption – LPG		
Energy Consumption - Electricity		

Reduction of energy consumption

Disclosure	Quantity	Units
Energy Consumption – renewable resources	Data was not available for the relevant period covered by this report because in campus activities were at minimal levels due to COVID 19. The University will include it in its future reports	N/A for now
Energy Consumption - Gasoline		
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
No significant impact determined for the meantime. The university will revisit this and discuss the matter in its 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
No significant impact determined for the meantime. The university will revisit this and discuss the matter in its future reports.		

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	Data was not available for the relevant period covered by this report because in campus activities were at minimal levels due to COVID 19. 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
No significant impact determined for the meantime. The university will revisit this and discuss the matter in its 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
No significant impact determined for the meantime. The university will revisit this and discuss the matter in its future reports.		

Material used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume · Renewable · Non-renewable	Due to the nature of its activities, the University is not engaged in manufacturing and thus the data was not available for the relevant period covered by this report. In campus activities were also kept at minimum levels because of the COVID19 Pandemic. The University will come up with a means to customize and measure these items in a University context and will include it in its future reports	
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
No significant impact determined for the meantime. The university will revisit this and discuss the matter in its 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
No significant impact determined for the meantime. The university will revisit this and discuss the matter in its 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
No significant impact determined for the meantime. The university will revisit this and discuss the matter in its 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
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	In campus activities were kept at minimum levels because of the COVID19 Pandemic.	
Energy indirect (Scope 2) GHG Emissions		
Emissions of ozone-depleting substances (ODS)	The University will come up with a data base and will include it 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
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. CEU is among those who comply with these requirements.	Management, employees, investors, suppliers, students, alumni.	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.

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

Air pollutants

Disclosure	Quantity	Units
NO	In campus activities were kept at minimum levels because of the COVID19 Pandemic As such, accurate data was not available for the relevant period covered by this report. 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
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. CEU is among those who comply with these requirements.	Management, employees, investors, suppliers, students, alumni.	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.

What are the risks identified?	Which stakeholders are affected?	Management Approach
No significant risks 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

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	In campus activities were kept at minimum levels because of the COVID19 Pandemic As such, accurate data was not available for the relevant period covered by this report. The University will come up with a data base and will include it in its 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

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. CEU is among those who comply with these requirements.	Management, employees, investors, suppliers, students, alumni.	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.

What are the risks identified?	Which stakeholders are affected?	Management Approach
No significant risks 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

Students are now more environment conscious Digital documents are gaining widespread acceptance	Students, Management, Suppliers, Community, Government	Various programs on recycling and reducing single use materials are currently being introduced by the University. The University is also working towards the digitization of several document-based transactions that would drastically reduce paper waste.

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	In campus activities were kept at minimum levels because of the COVID19 Pandemic As such, accurate data was not available for the relevant period covered by this report.	
Total weight of hazardous waste transported	The University will come up with a database and will include it in its future reports The University will come up with a database and will include it in its future reports	

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

involvement in the impact?		
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. CEU is among those who comply with these requirements.	Management, employees, investors, suppliers, students, alumni.	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. The University also has contracts with several accredited waste disposal entities to ensure that waste is properly processed.

Effluents

Disclosure	Quantity	Units
Total Volume of water discharges	In campus activities were kept at minimum levels because of the COVID19 Pandemic As such, accurate data was not available for the relevant period covered by this	

Percent of wastewater recycled	report. The University will come up with a data base and will include it 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
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. CEU is among those who comply with these requirements.	Management, employees, investors, suppliers, students, alumni.	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.

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

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

The operations of any enterprise will inevitably have an impact on the environment. 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.	Management, employees, investors, suppliers, students, alumni.	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.

What are the risks identified?	Which stakeholders are affected?	Management Approach
No significant risks 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

People are now more environment conscious	Students, Management, Suppliers, Community, Government	The University as an Institution of Higher Learning can help raise awareness on environmental accountability and conservation.

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 COVID19 Pandemic.

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.	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. In addition to the minimum labor standards, additional benefits are also introduced by management *motu propio* and/or through negotiations with the Union via the CBA.

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 to a significant disruption in operations.

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.		

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 stkeholders 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 my management.

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	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 affor to have untrained employees. The University is designing a succession plan where any change in the employee structure will not result to a significant disruption in operations.

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.

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
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.		

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

Disclosure	Quantity	Units
Safe Man Hours	Exact amount not available. The University will start counting the safe man hours and will attempt to include the date in future reports	Hours
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

The injuries reported are all minor injuries that has no significant impact to operations.	Policies are included in the Quality Management System Manual of the University to ensure the health and safety of the workforce such as: · 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 Management is committed to the implementation of these Quality Management System processes as well as to the University's Occupational Safety and Health Program.

What are the risks identified?	Management Approach

Risk assessment of the University Health Services as of October 23, 2019 includes the following: · Food and water safety · Infectious disease outbreak · Accidents	Controls are created to manage occupational health and safety risks such as: Food and water safety: · Food and water analysis · Sanitary permit of canteens · Canteen visits · Canteen and Food Inspection for Safety and Healthfulness · Health certificates of canteen personnel Infectious disease outbreak: · 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

	· Medical consultations · Health and Safety Committe Accidents: · Medical consultations · Emergency care · Referrals · Accident benefits · Reimbursement scheme · Personal protective equipment · First aid kits · Medical Report · Health and Safety Committee · Code FLASH (Fast, Life-saving, Accurate, Safe Rescue, Hospital-Ready)

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
Forced Labor	N	No specific policy, but since the University's policies are compliant with the Labor Code, 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
No significant risks 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
No significant opportunities determined for the meantime. The university will revisit this and discuss the matter in its future reports.		

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

		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
No significant risks 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
No significant opportunities determined for the meantime. The university will revisit this and discuss the matter in its future reports.		

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)

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 (next table)	Claro M. Recto School Legarda, Manila	Children and Youth Public School Teachers	No Impact	Children's Rights (based on PD 603) Upliftment of lives	Enhancement Measures: 1.Very good work relationship of the outreach volunteers with the school officials; 2, Accessibility of the school to the community; 3. A systematic approach used by the university in assisting the adopted school, based on the people's identified and expressed needs; 4. A strong culture of volunteerism among the students, faculty and non-teaching personnel of the university; 5. Regular monitoring and evaluation of community projects to validate how the efforts of the outreach volunteers

						impact on people's lives; 6. Strong and sustained support of the CEU management in the implementation of outreach projects and activities.

NATURE AND TYPE OF COMMUNITY OUTREACH PROJECTS AND ACTIVITIES AND NUMBER OF VULNERABLE INDIVIDUALS AND GROUPS SERVE

NATURE/TYPE OF COMMUNITY OUTREACH PROJECT/ACTIVITY
Projects **Coffee and Tea Making Livelihood** **Participated on Brigada Eskwela Opening Ceremony of Claro M. Recto High School** **Turnover of Donated Health Supplies for the Implementation of Face-to-Face Classes** **Donation of School Supplies for V. Mapa High School Students** **Online Optometric Education** **Webinar on Canva Workshop for the faculty of Claro M. Recto High School (TEACH**

*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

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

No significant risks 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
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
No significant risks 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
No significant opportunities determined for the meantime. The university will revisit this and discuss the matter in its future reports.		

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
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.		

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

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
Customer privacy is an important component of their rights.	Students, Alumni, Employees	The University strictly adheres to Data Privacy and also respects matters that are not covered by the Data Prvacy Law. The University shall continously improve its policies to protect such. The University is currently updating its pillars of compliance.

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

Digitization of data increases the risk of vulnerability to hackers.	The University shall continue improving its data systems and safeguards.

What are the opportunities identified?	Management Approach
High-spec data protection devices are now more accessible. Free data privacy trainings are always available from the National Privacy Commission	The University shall continue evaluating available technology and its suitability to the needs of the University. It shall also take advantage of available trainings 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.	Goal 3 – Good health and well-being Goal 4 – Quality Education Goal 8 – Decent growth and economic growth	A societal tendency to lean towards these fiels 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 SEP 27 2022.

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 SEP 27 2022 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. 328
Page No. 64
Book No. LXXVIII
Series of 2022.

ATTY. GARY CAMITAN AURE
NOTARY PUBLIC, ROLL NO. 60777
PTR No. 0153620 Issued on Jan. 3, 2022 until Dec. 31, 2022 Manila
IBP Lifetime No. 014593 Issued on Feb. 2, 2016
Commission No. 2020-021 Issued on Jan. 31, 2020 Until Dec. 31, 2021 Manila
MCLE No. VI-0001645 Issued on Nov. 20, 2019 Valid Until April 14, 2025 Pasig City
Office Address: G/F YMCA Building, 350 Antonio Villegas Street, Ermita, Manila
And Extended Until December 31, 2022 as Per B.M. No. 3795

CENTRO ESCOLAR UNIVERSITY

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, 2022 and 2021, 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 15th day of September , 2022.

BASILIO C. YAP	**MA. CRISTINA D. PADOLINA**	**CESAR F. TAN**
Chairman	President/Vice Chairman	Treasurer

SUBSCRIBED AND SWORN TO before me this ______ day of SEP 27 2022, 2022, affiants exhibiting to me their respective Philippine Passports as follows:

	Passport No.	Date and Place of Issue
BASILIO C. YAP	P4011351B	November 29, 2019, Manila
MA. CRISTINA D. PADOLINA	P3754596A	July 22, 2017, Manila
CESAR F. TAN	P9759990A	November 29, 2018, Manila

ATTY. GARY CAMITAN AURE
NOTARY PUBLIC, ROLL NO. 60777
PTR No. 015[illegible] Issued on Jan. 3, 2022 until Dec. 31, 2022 Manila
IBP Lifetime No. 014[illegible] Issued on Feb. 2, 2016
Commission No. 2020-021 Issued on Jan. 31, 2020 Until Dec. 31, 2021 Manila
[illegible] Issued on Nov. 20, 2019 Valid Until April 14, 2025 Pasig City
Office Address: G/F YMCA Bldg. [illegible] Ermita, Manila
Extended Until December 31, 2022

Doc. No. 34
Page No. 69
Book No. LXXVIII
Series of 2022

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

P	W	1	0	9	3					

COMPANY NAME

CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES

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

9 MENDIOLA STREET, SAN MIGUEL, MANILA

Form Type	Department requiring the report	Secondary License Type, If Applicable
ACFS	CRMD	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
corporate@ceu.edu.ph	8735-5991	09279276089

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,014	4th week of October	5/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Cesar F. Tan	cftan@ceu.edu.ph	8735-5991	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.*

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

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, 2022 and 2021, 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 year ended May 31, 2022, the two-month period ended May 31, 2021 and the year ended March 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the year ended May 31, 2022, the two-month period ended May 31, 2021 and the year ended March 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 and the economic environment. Allowance for credit losses and the provision for credit losses as of and for the year ended May 31, 2022 amounted to ₱136.91 million and ₱11.86 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), including the impact of coronavirus pandemic, 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 account and credit risk management policies and practices in place; and management's assessment of the effect of the coronavirus pandemic, (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, including the impact of the coronavirus pandemic.

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, 2022, the carrying value of the Group's property and equipment valued at cost and right-of-use asset amounted to ₱1,512.49 million representing 22% 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.

Valuation of land

The Group accounts for its land classified as property and equipment using the revaluation model. As at May 31, 2022, the carrying value of the Group's land classified as property and equipment amounted to ₱4,358.64 million representing 63% of the Group's consolidated total assets. In addition, for the year ended May 31, 2022, the Group recognized a revaluation gain of ₱871.04 million in other comprehensive income. The valuation of the land classified as property and equipment requires the assistance of an external appraiser whose calculations involve certain assumptions, such as sales price of similar properties and adjustments to sales price based on internal and external factors. This matter is significant to our audit because it involves significant judgment and estimates.

The disclosures on land classified as property and equipment at revalued amount are included in Notes 2, 3 and 9 to the consolidated financial statements.

Audit Response

We evaluated the competence, capabilities and qualifications of the Group's external appraiser by considering their qualifications, experience and reporting responsibilities. We evaluated the methodology and assumptions used in the valuation of the land. We assessed the methodology adopted by referencing common valuation models and inspected the relevant information supporting the sales and listings of comparable properties. We also inquired from the external appraiser the basis of adjustments made to the sales price.

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, 2022, 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, 2022, 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. 8853496, January 3, 2022, Makati City

September 27, 2022

CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	May 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱561,585,710**	₱480,047,725
Tuition and other receivables (Note 6)	**286,584,422**	227,090,993
Inventories (Note 7)	**18,573,805**	14,446,174
Other current assets (Note 8)	**91,055,623**	69,867,587
Total Current Assets	**957,799,560**	791,452,479
Noncurrent Assets		
Property and equipment (Note 9)		
At revalued amount	**4,358,636,002**	3,487,593,002
At cost	**1,362,646,794**	1,428,758,507
Right-of-use asset (Note 18)	**149,840,515**	167,297,662
Goodwill (Note 4)	**47,605,695**	47,605,695
Other noncurrent assets (Note 10)	**18,315,903**	20,542,105
Total Noncurrent Assets	**5,937,044,909**	5,151,796,971
TOTAL ASSETS	**₱6,894,844,469**	₱5,943,249,450
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 11)	**₱530,611,109**	₱439,335,804
Deferred revenue (Notes 13 and 14)	**33,101,671**	–
Dividends payable (Note 12)	**116,979,801**	108,618,157
Current portion of lease liability (Note 18)	**15,113,148**	14,276,673
Total Current Liabilities	**695,805,729**	562,230,634
Noncurrent Liabilities		
Deferred tax liabilities - net (Note 17)	**481,158,125**	394,229,305
Lease liability - net of current portion (Note 18)	**147,451,415**	162,564,562
Retirement liability (Note 16)	**169,901,006**	219,492,741
Other noncurrent liability (Note 11)	**10,901,237**	13,419,598
Total Noncurrent Liabilities	**809,411,783**	789,706,206
Total Liabilities	**1,505,217,512**	1,351,936,840
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	**996,000,000**	1,076,000,000
Unappropriated	**626,656,911**	579,156,797
Revaluation increment on land - net (Notes 9 and 24)	**3,439,312,398**	2,655,373,698
Remeasurement loss on retirement obligation (Note 16)	**(51,794,744)**	(99,780,240)
Revaluation reserve on financial assets at FVOCI (Note 10)	**(275,059)**	(317,179)
Effect of transactions with non-controlling interest (Note 12)	**2,042,246**	2,042,246
	5,385,020,208	4,585,553,778
Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries	**4,606,749**	5,758,832
Total Equity	**5,389,626,957**	4,591,312,610
TOTAL LIABILITIES AND EQUITY	**₱6,894,844,469**	₱5,943,249,450

See accompanying Notes to Consolidated Financial Statements.

CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEAR ENDED MAY 31, 2022, FOR THE TWO-MONTHS ENDED MAY 31, 2021* AND FOR THE YEAR ENDED MARCH 31, 2021

	May 31, 2022 (One year)	May 31, 2021 (Two months)	March 31, 2021 (One year)
REVENUES FROM CONTRACTS WITH CUSTOMERS			
Tuition and other school fees (Note 13)	**₱1,288,803,119**	₱200,231,715	₱1,129,208,087
Miscellaneous fees (Notes 13 and 14)	**12,893,522**	779,941	10,751,081
	1,301,696,641	201,011,656	1,139,959,168
OTHER REVENUES			
Rental income (Notes 18 and 21)	**4,815,310**	592,733	2,301,090
	1,306,511,951	201,604,389	1,142,260,258
COSTS AND EXPENSES (Note 15)			
Costs of services	**1,052,582,264**	142,116,463	881,615,493
General and administrative expenses	**127,899,986**	18,840,237	128,821,637
	1,180,482,250	160,956,700	1,010,437,130
INCOME BEFORE OTHER INCOME AND INCOME TAX	**126,029,701**	40,647,689	131,823,128
OTHER INCOME (EXPENSES)			
Interest expense (Notes 18 and 19)	**(11,555,061)**	(1,698,590)	(11,881,653)
Interest income (Note 5)	**3,102,887**	552,858	3,565,698
Foreign currency exchange gains (losses) - net	**679,399**	(144,358)	(456,023)
Loss on retirement/disposal of assets (Note 9)	**(142)**	–	(2,856)
Other income - net (Notes 6 and 11)	**322,060**	88,581	27,758,181
	(7,450,857)	(1,201,509)	18,983,347
INCOME BEFORE INCOME TAX	**118,578,844**	39,446,180	150,806,475
BENEFIT FROM INCOME TAX (Note 17)	**(473,637)**	(2,083,361)	(4,449,752)
NET INCOME	**₱119,052,481**	₱41,529,541	₱155,256,227
Attributable to:			
Equity holders of the University	**₱116,465,874**	₱41,396,930	₱152,556,823
Non-controlling interests	**2,586,607**	132,611	2,699,404
	₱119,052,481	₱41,529,541	₱155,256,227
Basic/Diluted Earnings Per Share (Note 23)	**₱0.31**	₱0.11	₱0.41

*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 YEAR ENDED MAY 31, 2022, FOR THE TWO-MONTHS ENDED MAY 31, 2021* AND FOR THE YEAR ENDED MARCH 31, 2021

	May 31, 2022 (One year)	May 31, 2021 (Two months)	March 31, 2021 (One year)
NET INCOME	**₱119,052,481**	₱41,529,541	₱155,256,227
OTHER COMPREHENSIVE INCOME (LOSS)			
Items not to be reclassified to profit or loss			
Revaluation increment on land (Note 9)	**871,043,000**	–	–
Income tax effect	**(87,104,300)**	–	–
	783,938,700	–	–
Remeasurement gain (loss) on retirement obligation (Note 16)	**53,329,784**	13,096,010	(52,919,608)
Income tax effect (Note 17)	**(5,332,978)**	(1,309,601)	5,291,961
	47,996,806	11,786,409	(47,627,647)
Change in revaluation reserve on financial assets at FVOCI (Note 10)	**42,120**	6,768	7,992
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**831,977,626**	11,793,177	(47,619,655)
TOTAL COMPREHENSIVE INCOME	**₱951,030,107**	₱53,322,718	₱107,636,572
Attributable to:			
Equity holders of the University	**₱948,432,190**	₱53,190,107	₱104,937,168
Non-controlling interests	**2,597,917**	132,611	2,699,404
	₱951,030,107	₱53,322,718	₱107,636,572

*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 YEAR ENDED MAY 31, 2022, FOR THE TWO-MONTHS ENDED MAY 31, 2021* AND FOR THE YEAR ENDED MARCH 31, 2021

	Equity Attributable to Equity Holders of the University									Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries	Total Equity
	Capital Stock (Note 12)	Additional Paid-in Capital	Retained Earnings (Note 12) Appropriated	Retained Earnings (Note 12) Unappropriated	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)	Effect of transactions with non-controlling interest (Note 12)	Total		
Balances at March 31, 2020	**₱372,414,400**	**₱664,056**	**₱740,000,000**	**₱721,203,044**	**₱2,655,373,698**	**(₱63,939,002)**	**(₱331,939)**	**₱2,042,246**	**₱4,427,426,503**	**₱6,901,817**	**₱4,434,328,320**
Net income	–	–	–	152,556,823	–	–	–	–	152,556,823	2,699,404	155,256,227
Other comprehensive income (loss)	–	–	–	–	–	(47,627,647)	7,992	–	(47,619,655)	–	(47,619,655)
Cash dividends	–	–	–	–	–	–	–	–	–	(3,975,000)	(3,975,000)
Appropriation for business expansion	–	–	336,000,000	(336,000,000)	–	–	–	–	–	–	–
Balances at March 31, 2021	**₱372,414,400**	**₱664,056**	**₱1,076,000,000**	**₱537,759,867**	**₱2,655,373,698**	**(₱111,566,649)**	**(₱323,947)**	**₱2,042,246**	**₱4,532,363,671**	**₱5,626,221**	**₱4,537,989,892**
Balances at March 31, 2021	**₱372,414,400**	**₱664,056**	**₱1,076,000,000**	**₱537,759,867**	**₱2,655,373,698**	**(₱111,566,649)**	**(₱323,947)**	**₱2,042,246**	**₱4,532,363,671**	**₱5,626,221**	**₱4,537,989,892**
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
Balances at May 31, 2021	**₱372,414,400**	**₱664,056**	**₱1,076,000,000**	**₱579,156,797**	**₱2,655,373,698**	**(₱99,780,240)**	**(₱317,179)**	**₱2,042,246**	**₱4,585,553,778**	**₱5,758,832**	**₱4,591,312,610**
Balances at May 31, 2021	**₱372,414,400**	**₱664,056**	**₱1,076,000,000**	**₱579,156,797**	**₱2,655,373,698**	**(₱99,780,240)**	**(₱317,179)**	**₱2,042,246**	**₱4,585,553,778**	**₱5,758,832**	**₱4,591,312,610**
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	**₱372,414,400**	**₱664,056**	**₱996,000,000**	**₱626,656,911**	**₱3,439,312,398**	**(₱51,794,744)**	**(₱275,059)**	**₱2,042,246**	**₱5,385,020,208**	**₱4,606,749**	**₱5,389,626,957**

*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 YEAR ENDED MAY 31, 2022, FOR THE TWO-MONTHS ENDED MAY 31, 2021* AND FOR THE YEAR ENDED MARCH 31, 2021

	May 31, 2022 (One year)	May 31, 2021 (Two months)	March 31, 2021 (One year)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱118,578,844**	₱39,446,180	₱150,806,475
Adjustments for:			
Depreciation and amortization (Notes 9, 10, 15 and 18)	**102,511,276**	19,052,662	108,836,616
Interest expense (Notes 18 and 19)	**11,555,061**	1,698,590	11,881,653
Retirement expense (Note 16)	**33,754,297**	6,058,588	24,249,070
Interest income (Note 5)	**(3,102,887)**	(552,858)	(3,565,698)
Unrealized foreign exchange losses (gains) - net	**(679,399)**	144,358	456,023
Loss on retirement/disposal of assets (Note 9)	**142**	–	2,856
Operating income before changes in operating assets and liabilities	**262,617,334**	65,847,520	292,666,995
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Tuition and other receivables	**(59,491,324)**	117,886,259	(22,900,711)
Inventories	**(4,127,631)**	64,753	(1,193,042)
Other current assets	**(20,766,967)**	(8,628,018)	(15,086,835)
Increase (decrease) in:			
Accounts payable and other current liabilities and contract liabilities	**88,756,944**	(105,241,215)	(25,336,732)
Deferred revenue	**33,101,671**	(88,955,107)	26,483,472
Net cash generated from (used in) operations	**300,090,027**	(19,025,808)	254,633,147
Contribution to the plan asset (Note 16)	**(30,016,248)**	–	(42,000,000)
Income taxes paid	**(4,264,403)**	(19,560)	(11,940,047)
Interest received	**3,100,782**	559,611	3,677,991
Interest on deficiency taxes paid	**(1,831,733)**	–	(1,240,768)
Net cash from (used in) operating activities	**267,078,425**	(18,485,757)	203,130,323
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Note 9)	**(17,873,808)**	(7,934,824)	(18,039,727)
Software cost (Note 10)	**–**	–	(105,000)
Decrease in other noncurrent assets	**8,085**	151,195	1,454,685
Net cash used in investing activities	**(17,865,723)**	(7,783,629)	(16,690,042)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of cash dividends (Note 26)	**(144,354,116)**	(397,500)	(715,217)
Payments of leases (Notes 18 and 26)	**(24,000,000)**	(4,000,000)	(24,000,000)
Cash used in financing activities	**(168,354,116)**	(4,397,500)	(24,715,217)
EFFECT OF FOREIGN CURRENCY RATE CHANGES ON CASH AND CASH EQUIVALENTS	**679,399**	(144,358)	(456,023)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**81,537,985**	(30,811,244)	161,269,041
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**480,047,725**	510,858,969	349,589,928
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (Note 5)	**₱561,585,710**	₱480,047,725	₱510,858,969

*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”):

	Percentage of Ownership		
Subsidiary	**2022**	2021	2020
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)	**94.00%**	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, 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 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.

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:

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 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, 2022, the Hospital is providing laboratory examinations to seven 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 27, 2022.

Change in Academic Year and Fiscal Year
The University implemented a change in the academic year (i.e., from June ending March to August ending May). This started in August 2019 and was reported under 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 the April and May 2020 realized tuition and other fees, as well as related expenses, which was reported in fiscal year ended March 31, 2021.

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.

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, 2022 and March 31, 2021.

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 and disclosures adopted are consistent with those of the previous financial year (April 1, 2021 to May 31, 2021). 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.

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 2022 and 2021, 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 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 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.

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.

Fully depreciated property and equipment are retained in the accounts until these are no longer used and no further depreciation and amortization is charged to the consolidated statement of income.

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 expire 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 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 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.

<u>Other Revenues</u>
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.

<u>Expense Recognition</u>
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).

<u>Income Taxes</u>
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 year ended May 31, 2022, for the two-month period ended May 31, 2021 and for the year ended March 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, 2022 and 2021 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, 2022 and May 31, 2021 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 fiscal year ended May 31, 2022 and 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, 2022 and 2021.

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, 2022 and 2021, 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, 2022 and 2021. Hence, the Group performed impairment analysis as of May 31, 2022 and 2021. 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, 2022 and 2021, 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, 2022, the pre-tax discount rate applied to cash flow projections is 11.63% and 11.79%. For the two-month period ended May 31, 2021, the pre-tax discount rates applied to cash flow projections is 10.22% and 10.43%. 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, 2022, 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.

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 next page:

	Fair value recognized on acquisition
Assets	
Cash	₱108,234
Receivables	10,000
Property and equipment	836,314
Other assets	6,650
	961,198
Liabilities	
Accounts payable and accrued expenses	197,496
Advances from officers	2,870,473
	3,067,969
Net liabilities	(₱2,106,771)

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 18).

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	₱47,605,695

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, 2022 and 2021, 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, 2022 and 2021, 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, 2022, the pre-tax discount rate applied to cash flow projections is 11.63% and 11.79%. For the two-month period ended May 31, 2021, the pre-tax discount rates applied to cash flow projections is 10.22% and 10.43%. 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:

	2022	2021
Cash on hand and in banks (Note 21)	**₱244,872,932**	₱235,993,175
Short-term deposits (Note 21)	**316,712,778**	244,054,550
	₱561,585,710	₱480,047,725

Cash in banks earned interest rates ranging from 0.05% to 1.50% for the year ended May 31, 2022, 0.10% to 0.38% for the two-months ended May 31, 2021, and 0.05% to 0.375% for the year ended March 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 0.05% to 1.50% for the year ended May 31, 2022, 1.50% to 3.50% for the two-months ended May 31, 2021, and 0.30% to 2.80% for the year ended March 31, 2021.

Interest income from cash in banks and short-term deposits amounted to ₱3.10 million for the year ended May 31, 2022, ₱0.55 million for the two-month period ended May 31, 2021, and ₱3.57 million for the year ended March 31, 2021.

6. Tuition and Other Receivables

This account consists of:

	2022	2021
Tuition fee receivables	**₱365,287,676**	₱302,195,988
Advances to employees	**39,730,100**	32,440,606

(Forward)

	2022	2021
Nontrade receivables	**₱10,140,716**	₱10,133,423
Accrued rent receivable (Notes 18 and 21)	**6,602,099**	5,689,941
Accrued interest receivable (Note 21)	**156,808**	154,703
Other receivables	**1,572,649**	1,518,292
	423,490,048	352,132,953
Less allowance for ECL	**136,905,626**	125,041,960
	₱286,584,422	₱227,090,993

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 ₱0.09 million for the two-month period ended May 31, 2021 and (nil for the years ended May 31, 2022 and March 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:

	2022	2021
Balance at beginning of period	**₱125,041,960**	₱119,024,603
Provision (Note 15)	**11,863,666**	6,017,357
Balance at end of period	**₱136,905,626**	₱125,041,960

As at May 31, 2022 and 2021 the aging analysis of tuition and other receivables follows:

	2022					
		Days Past Due				
	Current	**1-30 Days**	**Over 30 Days**	**Over 60 Days**	**Impaired**	**Total**
Tuition fee receivables	**₱5,157,385**	**₱–**	**₱**	**₱223,224,665**	**₱136,905,626**	**₱365,287,676**
Advances to employees	**39,730,100**	**–**	**–**	**–**	**–**	**39,730,100**
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	**1,572,649**	**–**	**–**	**–**	**–**	**1,572,649**
	₱63,359,757	**₱–**	**₱–**	**₱223,224,665**	**₱136,905,626**	**₱423,490,048**

	2021					
		Days Past Due				
	Current	1-30 Days	Over 30 Days	Over 60 Days	Impaired	Total
Tuition fee receivables	₱9,650,745	₱–	₱–	₱167,503,283	₱125,041,960	₱302,195,988
Advances to employees	32,440,606	–	–	–	–	32,440,606
Nontrade receivables	10,133,423	–	–	–	–	10,133,423
Accrued rent receivable	5,689,941	–	–	–	–	5,689,941
Accrued interest receivable	154,703	–	–	–	–	154,703
Other receivables	1,518,292	–	–	–	–	1,518,292
	₱59,587,710	₱–	₱–	₱167,503,283	₱125,041,960	₱352,132,953

7. Inventories

This account consists of:

	2022	2021
Uniforms and outfits	**₱15,470,350**	₱11,401,600
Materials	**2,110,182**	2,136,278
Supplies	**993,273**	908,296
	₱18,573,805	₱14,446,174

The cost of uniforms and outfits charged to “Cost of services - Uniforms and outfits” amounted to ₱2.35 million for the year ended May 31, 2022, ₱1.42 million for the two-month period ended May 31, 2021, and ₱2.92 million for the year ended March 31, 2021 (see Note 15).

The cost of materials and supplies charged to “Cost of services - Material processing” amounted to ₱0.22 million for the year ended May 31, 2022, ₱0.05 million for the two-month period ended May 31, 2021, and ₱1.64 million for the year ended March 31, 2021 (see Note 15).

8. Other Current Assets

This account consists of:

	2022	2021
Advances to suppliers	**₱46,345,420**	₱42,002,246
Prepaid expenses	**40,355,049**	25,392,359
Cost to fulfill a contract	**2,668,954**	1,207,851
Prepaid taxes	**1,686,200**	1,265,131
	₱91,055,623	₱69,867,587

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:

	2022	2021
Balances at beginning of period	**₱1,207,851**	₱588,897
Additions	**2,050,000**	618,954
Amortization (Note 15)	**(588,897)**	–
Balances at end of period	**₱2,668,954**	₱1,207,851

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:

	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**

	2021								
		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 period	₱3,487,593,002	₱32,002,632	₱1,903,845,127	₱575,877,864	₱412,626,087	₱143,746,011	₱57,579,736	₱3,125,677,457	₱6,613,270,459
Additions	–	–	–	3,786,119	–	499,891	3,648,814	7,934,824	7,934,824
Balances at period end	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
Accumulated depreciation and amortization									
Balances at beginning of period	–	30,305,038	756,721,567	472,727,775	321,297,310	107,838,074	–	1,688,889,764	1,688,889,764
Depreciation and amortization (Note 15)	–	47,896	7,442,886	4,738,656	2,540,415	1,194,157	–	15,964,010	15,964,010
Balances at period end	–	30,352,934	764,164,453	477,466,431	323,837,725	109,032,231	–	1,704,853,774	1,704,853,774
Net book values	₱3,487,593,002	₱1,649,698	₱1,139,680,674	₱102,197,552	₱88,788,362	₱35,213,671	₱61,228,550	₱1,428,758,507	₱4,916,351,509

Major developments accounted under construction in progress are as follows:

As at May 31, 2022
- Construction and renovation of 5-storey building for CE-IS amounting to ₱65.79 million
- Installation of the new payroll purchasing system amounting to ₱1.10 million

As at May 31, 2021
- Construction of 5-storey building for CE-IS amounting to ₱60.13 million
- Installation of the new payroll amounting to ₱1.10 million

As at May 31, 2022, the Group retired/disposed certain properties with aggregate cost amounting to ₱0.40 million (nil for the two-month period ended May 31, 2021). Loss on retirement/disposals of these properties amounted to ₱142 and ₱2,856 for the years ended May 31, 2022 and March 31, 2021, respectively (nil for the two-month period ended May 31, 2021). There were no proceeds from sale of property and equipment as of May 31, 2022 and March 31, 2021.

Revaluation of Land

As at May 31, 2022 and 2021, land at revalued amounts consists of:

	2022	2021
Cost		
Balances at beginning and end of period	**₱537,177,782**	₱537,177,782
Revaluation increment - gross		
Beginning balance	**2,950,415,220**	2,950,415,220
Revaluation during the period	**871,043,000**	–
Ending balance	**3,821,458,220**	2,950,415,220
	₱4,358,636,002	₱3,487,593,002

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, 2022 and 2021 amounted to ₱4,358.64 million and ₱3,487.59 million, respectively.

Deferred tax liability related to the revaluation surplus amounted to ₱382.15 million and ₱295.04 million as at May 31, 2022 and 2021 (see Note 17).

Key assumptions used in the value in use (VIU) calculation
As at May 31, 2022 and 2021, 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 (2023-2027).
- 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 (11.63% and 11.79% for May 31, 2022 and 10.22% and 10.43% for May 31, 2021). 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:

	2022	2021
Prepaid taxes	**₱9,090,683**	₱10,282,170
Advances to contractors	**7,732,432**	6,974,177
Software costs	**854,167**	1,922,917
Refundable security deposits	**501,821**	1,268,161
Financial assets at FVOCI	**136,800**	94,680
	₱18,315,903	₱20,542,105

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:

	2022	2021
Cost		
Balances at beginning of period	**₱8,893,000**	₱8,893,000
Retirement	**(420,000)**	–
Balances at end of period	**8,473,000**	8,893,000
Accumulated amortization		
Balances at beginning of period	**6,970,083**	6,790,955
Amortization (Note 15)	**1,068,750**	179,128
Retirement	**(420,000)**	–
Balances at end of period	**7,618,833**	6,970,083
	₱854,167	₱1,922,917

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, 2022 and 2021.

Cost of quoted equity investments amounted to ₱411,859 as at May 31, 2022 and 2021. The Group did not earn dividend income for the year ended May 31, 2022, for the two-month period ended May 31, 2021 and for the year ended March 31, 2021.

Movements in carrying value of financial assets at FVOCI investments for the year ended May 31, 2022 and for the two-month period ended May 31, 2021 follow:

	2022	2021
Balances at beginning period	**₱94,680**	₱87,912
Fair value gains	**42,120**	6,768
Balances at end of period	**₱136,800**	₱94,680

Changes in revaluation reserve on financial assets at FVOCI investments for the year ended May 31, 2022 and for the two-month period ended May 31, 2021 follow:

	2022	2021
Balances at beginning of period	**(₱317,179)**	(₱323,947)
Change in revaluation reserve on financial assets at FVOCI	**42,120**	6,768
Balances at end of period	**(₱275,059)**	(₱317,179)

11. **Accounts Payable and Other Current Liabilities**

This account consists of:

	2022	2021
Accounts payable	**₱266,723,330**	₱275,100,550
Contract liabilities		
Due but not yet collected	**75,205,519**	–
Due and collected	**30,586,519**	17,804,164
Accrued expenses:		
Employee benefits	**77,066,294**	68,990,321
Rent (Note 21)	**3,021,421**	3,021,421
Purchases	**2,909,559**	1,601,476
Utilities	**1,434,915**	1,843,945
Others	**16,353,773**	12,262,088
Payable to students	**44,616,962**	46,724,553
Deposits	**8,525,116**	9,035,846
Alumni fees payable	**4,167,701**	2,951,440
	₱530,611,109	₱439,335,804

Accounts payable are noninterest-bearing and are generally on 30 to 60-day terms.

Accrued rent pertains to the contingent rent payable 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, 2022, contract liabilities amounting to ₱105.79 million will be recognized as revenue in the following year. Contract liabilities amounting to ₱17.81 million as of May 31, 2021 were recognized as revenue for the year ended May 31, 2022.

As at May 31, 2022 and 2021, other noncurrent liability amounting to ₱10.90 million and ₱13.42 million, respectively pertains to contract liability that is estimated to be recognized as revenue within two to five years.

In August 2020, the University reversed the recorded provision for losses amounting to ₱27.76 million. The reversal is treated as an income under "Other income - net" in the Group's consolidated statements of income.

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, 2022 and 2021 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, 2022 and 2021, the total number of shares registered under the SRC are 372,414,400 shares being held by 1,014 and 1,020, respectively, stockholders.

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**
July 30, 2021	August 27, 2021	September 22, 2021	₱148,965,760	₱0.40

As at May 31, 2022 and May 31, 2021, the carrying value of dividends payable amounted to ₱116.98 million and ₱108.62 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	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. In addition, the University's BOD approved the appropriation of ₱80.00 million for the construction of the following: • 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. The estimated date of completion of the above projects as set by the University is within 2 years.	₱530,000,000
June 23, 2017 - June 22, 2022	On June 23, 2017, the University's BOD approved the expansion projects of the University. These projects include the items enumerated below: • 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. The estimated date of completion of the above projects as set by the University is within 5 years.	₱210,000,000
August 28, 2020 - August 27, 2025	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: • 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. The estimated date of completion of the above projects as set by the University is within five years.	₱336,000,000

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: • 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 The estimated date of completion of the above projects as set by the University is within 5 years.	₱450,000,000

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, 2022 amounted to ₱561.84 million. The University plans to declare dividends in fiscal year 2023.

The consolidated retained earnings include the deficit of the CEUHI amounting to ₱32.44 million and ₱31.95 million ₱32.69 million as of May 31, 2022 and 2021, respectively.

Effect of transactions with non-controlling interest
In April 1, 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.

Dividends declared by CE-IS to NCI amounted to ₱3.75 million for the year ended May 31, 2022 and ₱3.98 million for the year ended March 31, 2021 (nil for the two-month period ended May 31, 2021).

13. Tuition and Other Fees

This account consists of:

	May 31, 2022 (One year)	May 31, 2021 (Two months)	March 31, 2021 (One year)
Tuition fees	**₱676,232,195**	₱117,098,247	₱683,105,729
Other fees	**468,812,323**	67,007,053	337,057,803
Income from other school services	**143,758,601**	16,126,415	109,044,555
	₱1,288,803,119	₱200,231,715	₱1,129,208,087

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:

	May 31, 2022 (One year)		May 31, 2021 (Two months)		March 31, 2021 (One year)	
Timing of Recognition	**Tuition fees and other school fees**	**Miscellaneous fees (Note 15)**	Tuition fees and other school fees	Miscellaneous fees (Note 15)	Tuition fees and other school fees	Miscellaneous fees (Note 15)
Over time	**₱1,244,406,632**	**₱4,367,936**	₱198,230,040	₱4,200	₱1,118,026,763	₱3,086,857
Point in time	**44,396,487**	**8,525,586**	2,001,675	775,741	11,181,324	7,664,224
	₱1,288,803,119	**₱12,893,522**	₱200,231,715	₱779,941	₱1,129,208,087	₱10,751,081

Receivables and contract liabilities are disclosed in Notes 6 and 11, respectively.

Deferred tuition fees amounting to ₱32.54 million as of May 31, 2022 (nil as of May 31, 2021) 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:

	May 31, 2022 (One year)	May 31, 2021 (Two months)	March 31, 2021 (One year)
Dental pre-board fees	**₱3,386,333**	₱–	₱2,557,937
Dental materials	**2,519,362**	380,898	1,958,509
Professional and continuing education	**1,826,684**	–	321,668
Laboratory fees	**1,519,731**	349,962	2,503,066
Photograph fees	**899,858**	6,839	1,015,989
Swimming fees	**706,060**	–	–
Handling fees	**192,840**	40,263	1,066,126
Locker fees	**16,518**	–	1,583
Insurance fees	**–**	–	293,053
Service commissions	**–**	–	529
Others	**1,826,136**	1,979	1,032,621
	₱12,893,522	₱779,941	₱10,751,081

Deferred miscellaneous fees amounting to ₱0.56 million as of May 31, 2022 (nil as of May 31, 2021) 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

	May 31, 2022 (One year)	May 31, 2021 (Two months)	March 31, 2021 (One year)
Salaries and wages	**₱436,221,167**	₱67,869,923	₱385,540,388
SSS contributions and other employee benefits	**348,110,569**	27,039,845	261,361,752
Depreciation and amortization (Notes 9, 10 and 18)	**102,511,276**	19,052,662	108,836,616
Light and water	**34,765,654**	4,064,697	24,381,854
Retirement expense (Note 16)	**33,754,297**	6,058,588	24,249,070
Sports and academic development	**22,017,425**	2,011,009	26,181,300
Library	**18,812,195**	2,105,232	13,736,096
Management information	**13,946,552**	5,999,436	9,061,232
Professional fees	**8,481,419**	1,515,340	7,231,194
Stationery and office supplies	**7,478,885**	650,663	2,587,477
Expenses for co-curricular activities (Notes 8 and 21)	**6,559,653**	2,009,204	2,284,696
Directors' and administrative committee	**5,647,392**	764,000	4,661,013
Laboratory	**4,829,643**	28,000	1,453,698
Uniforms and outfits (Note 7)	**2,345,186**	1,418,506	2,919,463
Affiliation	**2,051,260**	1,029,500	2,433,694
Comprehensive and oral examinations	**1,935,481**	10,210	585,498
Instructional and academic expenses	**1,816,779**	128,800	1,608,890
Guidance and counseling	**710,003**	10,300	106,039
Recruitment and placement (Note 21)	**330,757**	287,844	719,744
Material processing (Note 7)	**224,156**	57,230	1,635,440
Registration expenses of students	**32,515**	500	38,539
Publications	**–**	4,974	–
University chapel expenses	**–**	–	1,800
	₱1,052,582,264	₱142,116,463	₱881,615,493

General and Administrative Expenses

	May 31, 2022 (One year)	May 31, 2021 (Two months)	March 31, 2021 (One year)
Transportation and communication	**₱26,759,765**	₱2,989,844	₱20,756,190
Janitorial and security services	**23,200,073**	3,774,082	25,033,984
Taxes and licenses	**22,554,616**	2,699,888	24,137,568
Repairs and maintenance	**17,520,062**	1,492,749	11,153,689
Entertainment, amusement and recreation	**14,629,399**	1,023,696	10,276,229
Provision for credit losses (Note 6)	**11,863,666**	6,017,357	27,621,705
Advertisement	**3,855,702**	265,414	1,541,312
Insurance	**3,376,109**	251,468	3,225,691
Membership fees and dues	**2,421,905**	73,224	1,673,612
Clinical expenses	**484,889**	138,301	1,727,903
Program expenses	**275,773**	–	824,180
Bank charges	**229,056**	1,572	33,347
Miscellaneous	**728,971**	112,642	816,227
	₱127,899,986	₱18,840,237	₱128,821,637

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.

The latest actuarial valuation study of the defined benefit retirement plan of the University was made as at May 31, 2022.

Changes in the retirement liability are as follows:

	As at and for the year ended May 31, 2022											
		Retirement Expense in the Consolidated Statements of Income				**Remeasurements in OCI**						
	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**	**Balance at End of Year**
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**

	As at and for the two-month period ended May 31, 2021											
		Retirement Expense in the Consolidated Statements of Income				Remeasurements in OCI						
	Balance at Beginning of Period	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	Balance at End of Period
Present value of defined benefit obligation	₱392,621,749	₱4,444,131	₱2,843,548	₱7,287,679	(₱9,987,228)	₱–	(₱14,745,662)	₱3,678,243	₱–	(₱11,067,419)	₱–	₱378,854,781
Fair value of plan assets	(166,091,586)	–	(1,229,091)	(1,229,091)	9,987,228	(2,028,591)	–	–	–	(2,028,591)	–	(159,362,040)
	₱226,530,163	₱4,444,131	₱1,614,457	₱6,058,588	₱–	(₱2,028,591)	(₱14,745,662)	₱3,678,243	₱–	(₱13,096,010)	₱–	₱219,492,741

The number of plan members as at May 31, 2022 and 2021 is 610 and 614, respectively.

Actual return on plan assets as at May 31, 2022 and May 31, 2021 amounted to ₱0.99 million and ₱3.26 million, respectively.

The fair value of plan assets as at May 31, 2022 and 2021 follows:

	2022	2021
Long-term investments:		
Debt securities	**₱77,331,277**	₱77,233,240
Equity securities	**66,147,748**	70,626,101
Cash and cash equivalents	**16,821,526**	11,031,928
Loans and receivables	**487,028**	571,485
Others	**42,891**	70,039
	160,830,470	159,532,793
Liabilities	**(186,686)**	(170,753)
	₱160,643,784	₱159,362,040

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 ₱30.81 million to the defined benefit retirement plan in fiscal year 2023.

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:

	May 31, 2022	May 31, 2021	March 31, 2021
Discount rates	**6.55% to 6.70%**	4.52%	4.65%
Future salary increases	**2.00% to 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	**10 to 11**	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 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	
	2022	2021
Discount rates		
+1.00%	**(₱20,420,368)**	(₱26,176,079)
-1.00%	**22,959,848**	29,780,301
Future salary increases		
+1.00%	**25,231,006**	31,900,368
-1.00%	**(22,747,387)**	(25,041,599)

The methods and types of assumptions used in preparing the sensitivity analysis did not change as at May 31, 2022 and 2021.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2022	2021
Less than 1 year	**₱32,778,499**	₱36,496,159
More than 1 year to 5 years	**157,896,211**	144,188,440
More than 5 years to 10 years	**184,640,460**	189,235,638
More than 10 years to 15 years	**199,556,940**	203,151,799
More than 15 years to 20 years	**111,090,708**	112,432,837
More than 20 years	**208,840,395**	194,181,354

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 an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5.00 million and with total assets not exceeding ₱100.00 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%. RCIT is applicable to the Hospital.

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

The provision for (benefit from) income tax consists of:

	May 31, 2022 (One year)	May 31, 2021 (Two months)	March 31, 2021 (One year)
Current			
Deficiency income tax	**₱2,676,423**	₱–	₱–
1%/1%/3.25% income tax rate on special corporations	**2,358,398**	565,264	4,920,329
MCIT	**–**	–	19,735
Deferred	**(5,508,458)**	(2,648,625)	(9,389,816)
	(₱473,637)	(₱2,083,361)	(₱4,449,752)

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.

	May 31, 2022 (One year)	May 31, 2021 (Two months)	March 31, 2021 (One year)
Statutory provision for income tax - at 1%, 1% and 3.25%	**₱1,185,788**	₱394,462	₱4,901,024
Tax effects of:			
Effect of using different tax rate for the set up of deferred tax expected to reverse subsequent to June 30, 2023	**(4,669,436)**	(2,493,133)	–
Deficiency income tax	**2,676,423**	–	–
Nondeductible expenses	**348,092**	–	148,436
Interest income subjected to final tax	**(27,961)**	(5,529)	(179,022)
Movements in carryforward benefits of NOLCO and MCIT for which no deferred income tax asset was recognized	**11,119**	19,735	9,415
Effect of higher tax rate for the Hospital	**2,338**	1,104	6,970
Effect of change in tax rate	**–**	–	(8,434,401)
Non-taxable income from the reversal of provisions	**–**	–	(902,174)
Benefit from income tax	**(₱473,637)**	(₱2,083,361)	(₱4,449,752)

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

	2022	2021
Deferred tax liabilities on:		
Revaluation gain on land	**₱382,145,822**	₱295,041,522
Undepreciated cost of property and equipment	**140,025,628**	139,170,720
Cost to fulfill a contract	**26,690**	12,079
Unrealized foreign currency exchange gain	**6,794**	–
Others	**47,138**	–
	522,252,072	434,224,321
Deferred tax assets on:		
Retirement liability*	**13,933,396**	16,019,150
Allowance for ECL	**13,690,562**	12,504,196
Unamortized excess of contribution over the normal cost	**4,952,636**	3,535,308
Excess of acquisition cost over fair value of net assets acquired from business combination	**4,073,966**	4,073,966
Nonrefundable contract liability	**1,997,796**	1,520,001
Difference between the actual lease payments and PFRS 16 related accounts	**1,497,410**	1,465,605
Accrued expenses	**933,643**	835,865
NOLCO	**14,538**	13,643
Unrealized foreign currency exchange loss	**–**	1,444
Others	**–**	25,838
	41,093,947	39,995,016
Net deferred tax liabilities	**₱481,158,125**	₱394,229,305

**Net of deferred income tax asset recognized in Other Comprehensive Income (including amounts attributable to noncontrolling interest) amounted to ₱5,753,715 and ₱11,086,693 as of May 31, 2022 and 2021, 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, 2021	Addition	Application	Expiration	May 31, 2022	Expiry Year
2022	₱–	₱515,704	₱–	₱–	₱515,704	2025
March 31, 2021	1,364,338	–	–	–	1,364,338	2026
2019	6,768,983	–	–	(6,768,983)	–	2022
	₱8,133,321	₱515,704	₱–	(₱6,768,983)	₱1,880,042	

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 2016, 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, 2021	Addition	Application	Expiration	May 31, 2022	Expiry Year
2022	₱–	₱6,857	₱–	₱–	₱6,857	2025
March 31, 2021	₱19,735	–	–	–	19,735	2024
2020	9,415	–	–	–	9,415	2023
2019	1,512	–	–	(1,512)	–	2022
	₱30,662	₱6,857	₱–	(₱1,512)	₱36,007	

As at May 31, 2021, March 31, 2021 and 2020, the Group did not recognize deferred tax assets on the following temporary differences deemed to be not recoverable:

	2022	2021
NOLCO	**₱426,172**	₱6,768,983
MCIT	**36,007**	30,662
	₱462,179	₱6,799,645

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 ₱4.82 million for the year ended May 31, 2022, ₱0.59 million for the two-month period ended May 31, 2021, and ₱2.3 million for the year ended March 31, 2021 (see Note 21).

As lessor, future minimum rentals under operating leases are shown below.

	2022	2021
Within 1 year	**₱3,731,366**	₱4,478,791
After 1 year but not more than 5 years	**8,256,576**	14,545,240
More than 5 years	**2,177,630**	2,428,866
	₱14,165,572	₱21,452,898

Accrued rental payments not yet billed as of May 31, 2022 and 2021 amounted to ₱6.60 million and ₱5.69 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 follows:

	2022	2021
Cost		
Balances at beginning and end of period	**₱205,121,481**	₱205,121,481
Accumulated Amortization		
Balances at beginning of period	**37,823,819**	34,914,295
Amortization (Note 15)	**17,457,147**	2,909,524
Balances at end of period	**55,280,966**	37,823,819
Net Book Value	**₱149,840,515**	₱167,297,662

The rollforward analysis of lease liability follows:

	2022	2021
Balances at beginning of period	**₱176,841,235**	₱179,142,645
Interest expense (Note 19)	**9,723,328**	1,698,590
Payments	**(24,000,000)**	(4,000,000)
Balances at end of period	**₱162,564,563**	₱176,841,235
Lease liability - current	**₱15,113,148**	₱14,276,673
Lease liability - noncurrent	**147,451,415**	162,564,562
	₱162,564,563	₱176,841,235

The following are the amounts recognized in the consolidated statements of income:

	May 31, 2022 (One year)	May 31, 2021 (Two months)	March 31, 2021 (One year)
Amortization expense of right-of-use asset (Note 16)	**₱17,457,148**	₱2,909,524	₱17,457,148
Interest expense on lease liability (Note 19)	**9,723,328**	1,698,590	10,640,885
Total amount recognized in consolidated statements of income	**₱27,180,476**	₱4,608,114	₱28,098,033

Shown below is the maturity analysis of the undiscounted lease payments:

	2022	2021
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	**86,000,000**	110,000,000
	₱206,000,000	₱230,000,000

19. **Interest Expense**

The account consists of the following:

	May 31, 2022 (One year)	May 31, 2021 (Two months)	March 31, 2021 (One year)
Interest from lease liability (Note 18)	**₱9,723,328**	₱1,698,590	₱10,640,885
Interest from deficiency taxes	**1,831,733**	–	1,240,768
	₱11,555,061	₱1,698,590	₱11,881,653

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, 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	**801,135,987**	**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	144,689,480	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

As at and for year ended March 31, 2021

	Mendiola	Malolos	Makati-Buendia	Makati-Legaspi	Makati-Legaspi Hospital (Pre-operating)	CE-IS	CELPI	Adjustments	Total
Segment assets	₱3,474,512,891	₱1,452,916,258	₱257,682,630	₱612,467,547	₱32,248,617	₱159,723,886	₱58,045,877	₱47,605,695	₱6,095,203,401
Segment liabilities	504,729,606	25,791,036	249,386,205	569,986	347,937	37,446,270	7,823,329	731,119,140	1,557,213,509
Capital expenditures	7,994,218	4,505,287.00	59,239	36,805	–	3,063,915	2,380,263	–	18,039,727
Segment revenues	762,852,148	98,773,555	129,518,741	55,705,345	2,831,068	94,477,408	29,425,872	–	1,173,584,137
Expenses	613,925,565	111,151,610	146,751,609	67,323,496	2,370,759	50,054,535	31,200,088	–	1,022,777,662
Depreciation and amortization expense	53,670,973	11,216,089	26,189,412	13,695,317	–	817,150	3,247,675	–	108,836,616
Net income (loss)	148,926,583	(12,378,055)	(17,232,868)	(11,618,151)	460,309	44,422,873	(1,774,216)	4,449,752	155,256,227

For the year ended May 31, 2022, for the two-month period ended May 31, 2021 and for the year ended March 31, 2021, there were no intersegment revenues and all revenues are made to external customers.

As at May 31, 2022, May 31, 2021, and March 31, 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:

	May 31, 2022	May 31, 2021	March 31, 2021
Deferred tax liabilities - net	**₱481,158,125**	₱394,229,305	₱395,568,329
Retirement liability	**169,901,006**	219,492,741	226,530,163
Dividends payable	**116,979,801**	108,618,157	109,015,657
Income tax payable	**–**	–	4,991
	₱768,038,932	₱722,340,203	₱731,119,140

Net income for each segment does not include “Benefit from income tax” amounting to ₱0.47 million for the year ended May 31, 2022, ₱2.08 million for the two-month period ended May 31, 2021 and ₱4.45 million for the year ended March 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:

	As at and for the year ended May 31, 2022		
Category	**Amount/Volume**	**Outstanding Balance**	**Nature/Terms and Conditions**
PhilTrust Bank			
Cash	**₱27,771,387**	**₱137,661,407**	**Savings deposit; interest rate ranging from 0.05% to 1.50%**
Interest income	**237,063**	**–**	
Short-term deposits	**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	**3,412,785**	**156,032**	
Rent (Note 11)	**24,000,000**	**3,021,421**	**Rent of building in Makati; unsecured and noninterest bearing**
Manila Bulletin Publishing Corporation			
Advertisement (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**		
TH Coffee Services Philippine Corp.			
Rental income (Note 19)	**1,217,892**	**–**	**Rental of commercial space; payable the following month, unsecured and noninterest bearing**
Karate Kid Japanese Fastfood			
Rental income (Note 19)	**12,478**	**7,284**	**Rental of commercial space; payable the following month, unsecured and noninterest bearing**

Category	Amount/Volume	Outstanding Balance	Nature/Terms and Conditions
	As at and for the two-month period ended May 31, 2021		
Affiliates			
PhilTrust Bank			
Cash	₱56,928,198	₱109,955,840	Savings deposit; interest rate ranging from 0.10% to 0.38%
Interest income	135,891	–	
Short-term deposits	136,241	242,007,607	Money market placements; varying periods up to three months, interest ranging from 2.08% to 3.20%
Interest income	480,610	129,374	
Rent	4,000,000	3,021,421	Rent of building in Makati; unsecured and noninterest bearing
Manila Bulletin Publishing Corporation			
Advertisement (Note15)	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		
TH Coffee Services Philippine Corp.			
Rental income (Note 19)	152,341	199,620	Rental of commercial space; payable the following month, unsecured and noninterest bearing
Karate Kid Japanese Fastfood			
Rental income (Note 19)	–	20,160	Rental of commercial space; payable the following month, unsecured and noninterest bearing

Category	Amount/Volume	Outstanding Balance	Nature/Terms and Conditions
	As at and for the year ended March 31, 2021		
PhilTrust Bank			
Cash	₱38,287,191	₱141,006,795	Savings deposit; interest rate at 0.50%
Interest income	483,874	–	
Short-term deposits	42,076,597	73,168,015	Money market placements; varying periods up to three months, interest ranging from 0.30% to 2.80%
Interest income	2,868,934	161,456	
Rent (Note 12)	24,000,000	3,021,421	Rent of building in Makati; unsecured and noninterest bearing
Manila Hotel			
Expenses for co-curricular activities (Note 15)	39,900	–	Rental of room and facilities for commencement exercises; unsecured and noninterest bearing
Manila Bulletin Publishing Corporation			
Recruitment and placement (Note 15)	1,090,052	–	Advertising services; terms vary as to type and frequency of advertisements, unsecured and noninterest bearing
TH Coffee Services Philippine Corp.			
Rental income (Note 19)	189,117	47,279	Rental of commercial space; payable the following month, unsecured and noninterest bearing
Karate Kid Japanese Fastfood			
Rental income (Note 19)	60,480	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, 2022 and 2021:

	2022	2021
Beginning of the period	**₱159,362,040**	₱166,091,586
Interest income	**6,618,766**	1,229,091
Actual gain (loss) on plan assets (excluding interest)	**(5,627,438)**	2,028,591
Actual contributions	**30,016,248**	–
Benefits paid	**(29,725,832)**	(9,987,228)
End of the period	**₱160,643,784**	₱159,362,040

As at May 31, 2022 and 2021, the retirement fund has 8,072,299 shares or 2.17% interest in the University with a fair value of ₱55.30 million and ₱56.18 million, respectively. The total unrealized loss recognized from these investments amounted to ₱0.88 million and ₱2.83 million for the year ended May 31, 2022 and for the two-month period ended May 31, 2021, 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, 2022, for the two-month period ended May 31, 2021 and for the year ended March 31, 2021

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:

	May 31, 2022 (One year)	May 31, 2021 (Two months)	March 31, 2021 (One year)
Short-term employee salaries and benefits	**₱15,262,667**	₱3,009,311	₱15,237,289
Post-employment benefits	**5,298,825**	777,619	4,168,921
	₱20,561,492	₱3,786,930	₱19,406,210

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/disposal of assets - For the years ended May 31, 2022 and March 31, 2021, the University retired/disposed furniture and fixtures and laboratory equipment with aggregate cost of ₱0.40 million and ₱3.22 million, respectively (nil for the two-month period ended May 31, 2021), and accumulated depreciation of ₱0.40 million and ₱3.22 million, respectively (nil for the two-month period ended May 31, 2021) [see Note 9].

b. Transfer of software - For the year ended March 31, 2021, the University transferred software amounting to ₱3.06 million from construction in progress (nil for the year ended May 31, 2022 and for the two-month period ended May 31, 2021) [see Notes 9 and 11].

23. Basic/Diluted EPS

The income and share data used in the basic/diluted EPS computations are as follows:

	May 31, 2022 (One year)	May 31, 2021 (Two months)	May 31, 2021 (One year)
Net income (a)	**₱116,465,874**	₱41,396,930	₱152,556,823
Weighted average number of outstanding common shares (b)	**372,414,400**	372,414,400	372,414,400
Basic/diluted earnings per share (a/b)	**₱0.31**	₱0.11	₱0.41

There were no potential dilutive financial instruments for the year ended May 31, 2022, for the two-month period ended May 31, 2021 and for the year ended March 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 below summarize the carrying amounts and the fair values of the Group's financial and nonfinancial assets and liabilities as at May 31, 2022 and 2021.

	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**

	2021			
		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	₱94,680	₱94,680	₱–	₱94,680
Nonfinancial assets				
Land classified as property and equipment valued under revaluation model	3,487,593,002	–	3,487,593,002	3,487,593,002
	₱3,487,687,682	₱94,680	₱3,487,593,002	₱3,487,687,682

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	*Internal factors:*	
		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.

<u>Credit Risk</u>
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, 2022 and May 31, 2021, the analysis of financial assets is shown below:

	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	**5,157,385**	**360,130,291**	**(136,905,626)**	**228,382,050**
Advances to employees	**39,730,100**	–	–	**39,730,100**
Accrued rent receivable	**6,602,099**	–	–	**6,602,099**
Accrued interest receivable	**156,808**	–	–	**156,808**
Other receivables	**11,713,365**	–	–	**11,713,365**
Refundable security deposits	**501,821**	–	–	**501,821**
Investments at FVOCI	**136,800**	–	–	**136,800**
	₱625,210,588	**₱360,130,291**	**(₱136,905,626)**	**₱848,435,253**

** Excluding cash on hand*

	May 31, 2021			
	Neither Past Due nor Impaired	Past Due	ECL	Gross of ECL
Loans and receivables:				
Cash and cash equivalents*	₱479,684,225	₱–	₱–	₱479,684,225
Tuition and other receivables				
Tuition fee receivables	9,650,745	292,545,243	(125,041,960)	177,154,028
Advances to employees	32,440,606	–	–	32,440,606
Accrued rent receivable	5,689,941	–	–	5,689,941
Accrued interest receivable	154,703	–	–	154,703
Other receivables	11,651,715	–	–	11,651,715
Refundable security deposits	1,268,161	–	–	1,268,161
Investments at FVOCI	94,680	–	–	94,680
	₱540,634,776	₱292,545,243	(₱125,041,960)	₱708,138,059

** 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, 2022 and 2021, 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, 2022 and May 31, 2021.

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**

As of May 31, 2021:

		Days Past Due			
	Current	< 1 quarter	1 to less 3 quarters	Over 3 quarters	Total
Estimated tuition fee receivable at default	₱9,650,745	₱116,540,263	₱25,450,487	₱150,554,493	₱302,195,988
Expected credit losses	₱–	₱7,303,973	₱3,670,238	₱105,309,594	₱116,283,805
Expected credit losses - lifetime	₱–	₱–	₱–	₱8,758,155	₱8,758,155

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, 2022 and May 31, 2021 based on contractual undiscounted receipts and payments as shown below:

	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	**39,730,100**	–	–	–	**39,730,100**
Nontrade	**10,140,716**	–	–	–	**10,140,716**
Accrued rent receivable	**6,602,099**	–	–	–	**6,602,099**
Other receivables	**1,572,649**	–	–	–	**1,572,649**
Refundable security deposits	–	–	–	**501,821**	**501,821**
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*	**238,710,415**	–	–	–	**238,710,415**
Accrued expenses	**24,764,620**	**76,021,342**	–	–	**100,785,962**
Payable to students	**44,616,962**	–	–	–	**44,616,962**
Deposits	**8,525,116**	–	–	–	**8,525,116**
Alumni fees payable	**4,167,701**	–	–	–	**4,167,701**
Lease liability**	–	–	**24,000,000**	**182,000,000**	**206,000,000**
Dividends payable	**116,979,801**	–	–	–	**116,979,801**
	437,764,615	**76,021,342**	**24,000,000**	**182,000,000**	**719,785,957**
Net undiscounted financial assets (liabilities)	**₱93,535,931**	**₱240,848,244**	**(₱24,000,000)**	**(₱181,361,379)**	**₱129,022,796**

** Excluding statutory payables of ₱28,012,915*
***Including interest to maturity amounting to ₱43,435,437*

	May 31, 2021				
	On Demand	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Cash on hand	₱363,500	₱–	₱–	₱–	₱363,500
Financial assets:					
Cash in banks and cash equivalents	235,629,675	244,054,550	–	–	479,684,225
Tuition and other receivables:					
Tuition fee receivables	177,154,028	–	–	–	177,154,028
Accrued interest receivable	–	154,703	–	–	154,703
Others:					
Advances to employees	32,440,606	–	–	–	32,440,606
Nontrade	10,133,423	–	–	–	10,133,423
Accrued rent receivable	5,689,941	–	–	–	5,689,941
Other receivables	1,518,292	–	–	–	1,518,292
Refundable security deposits	–	–	–	1,268,161	1,268,161
Financial assets at FVOCI	–	–	–	94,680	94,680
	462,929,465	244,209,253	–	1,362,841	708,501,559
Accounts payable and accrued expenses:					
Accounts payable*	245,998,268	–	–	–	245,998,268
Accrued expenses	20,960,812	66,758,439	–	–	87,719,251
Payable to students	46,724,553	–	–	–	46,724,553
Deposits	9,035,846	–	–	–	9,035,846
Alumni fees payable	2,951,440	–	–	–	2,951,440
Lease liability**	–	–	24,000,000	206,000,000	230,000,000
Dividends payable	108,618,157	–	–	–	108,618,157
	434,289,076	66,758,439	24,000,000	206,000,000	731,047,515
Net undiscounted financial assets (liabilities)	₱28,640,389	₱177,450,814	(₱24,000,000)	(₱204,637,159)	(₱22,545,956)

** Excluding statutory payables of ₱29,102,282*
***Including interest to maturity amounting to ₱53,158,765*

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, 2022 and 2021 in USD:

	2022	2021
Cash in banks	**$64,433**	$20,455
Short-term deposits	**118,192**	117,846
	$182,625	$138,301

In translating the foreign currency-denominated accounts to Peso amounts, the exchange rate used was ₱52.37 to $1.00 and ₱47.70 to $1.00 as at May 31, 2022 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.

	May 31, 2022		May 31, 2021	
Percentage change in exchange rate	**4.97%**	**-4.97%**	1.02%	-1.02%
Effect on net income before tax	**₱475,470**	**(₱475,470)**	₱67,275	(₱67,275)

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 year ended May 31, 2022, for the two-month period ended May 31, 2021 and for the year ended March 31, 2021. 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, 2022 and 2021.

	2022	2021
Accounts payable and other current liabilities (Note 12)	**₱530,611,109**	₱439,335,804
Lease liability (Note 19)	**162,564,563**	176,841,235
Total debt (a)	**₱693,175,672**	₱616,177,039
Total equity (b)	**₱5,389,626,957**	₱4,591,312,610
Debt-to-equity ratio (a/b)	**₱0.13:1**	₱0.13:1

As of May 31, 2022 and 2021, the Group was able to meet its capital management objectives and was successful in achieving its capital management policies.

26. Changes in Liabilities Arising from Financing Activities

Changes in the Group's liabilities arising from financing activities are presented below:

	May 31, 2022		May 31, 2021		March 31, 2021	
	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	**₱108,618,157**	**₱176,841,235**	₱109,015,657	₱179,142,645	₱105,755,874	₱192,501,760
Interest expense (Notes 18 and 19)	–	**9,723,328**	–	1,698,590	–	10,640,885
Dividend declaration including dividends to NCI (Note 12)	**152,715,760**	–	–	–	3,975,000	–
Cash payments including dividends to NCI (Note 12)	**(144,354,116)**	**(24,000,000)**	(397,500)	(4,000,000)	(715,217)	(24,000,000)
	₱116,979,801	**₱162,564,563**	₱108,618,157	₱176,841,235	₱109,015,657	₱179,142,645

27. 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, 2022 (FY2023 for the Group)

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a 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*
  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

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*

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 Group continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to May 31, 2022 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.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the consolidated financial statements of Centro Escolar University (the "University") as at May 31, 2022 and 2021, and for the year ended May 31, 2022, for the two-month period ended May 31, 2021 and for the year ended March 31, 2021, on which we have rendered the attached report dated September 27, 2022.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the University has one thousand five (1,005) shareholders owning one hundred (100) or more shares each.

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. 8853496, January 3, 2022, Makati City

September 27, 2022

SGV
Building a better
working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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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, 2022 and 2021 and for the year ended May 31, 2022, for the two-month period ended May 31, 2021 and for the year ended March 31, 2021, included in this Form 17-A and have issued our report thereon dated September 27, 2022. 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.

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
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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, 2022 and 2021 and for the year ended May 31, 2022, for the two-month period ended May 31, 2021 and for the year ended March 31, 2021, and have issued our report thereon dated September 27, 2022. 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 (PFRS) 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 PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at May 31, 2022 and 2021, and for the year ended May 31, 2022, for the two-month period ended May 31, 2021 and for the year ended March 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Djole S. Garcia

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
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PTR No. 8853496, January 3, 2022, Makati City

September 27, 2022

CENTRO ESCOLAR UNIVERSITY

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Ratio	Formula				**May 31, 2022**	May 31, 2021	March 31, 2021
Current ratio		**May 31, 2022**	May 31, 2021	March 31, 2021	**1.38:1.00**	1.41:1.00	1.23:1.00
	Total Current Asset	**₱957,799,560**	₱791,452,479	₱930,952,678			
	Divided by: Total Current Liabilities	**695,805,729**	562,230,634	757,109,229			
		1.38	1.41	1.23			
Acid-test ratio		**May 31, 2022**	May 31, 2021	March 31, 2021	**1.22:1.00**	1.26:1.00	1.13:1.00
	Total Quick Asset (current assets less inventories and other current assets)	**₱848,170,132**	₱707,138,718	₱855,842,974			
	Divided by: Total Current Liabilities	**695,805,729**	562,230,634	757,109,229			
		1.22	1.26	1.13			
Solvency ratio		**May 31, 2022**	May 31, 2021	March 31, 2021	**4.58:1.00**	4.40:1.00	3.91:1.00
	Total Asset	**₱6,894,844,469**	₱5,943,249,450	₱6,095,203,401			
	Divided by: Total Liabilities	**1,505,217,512**	1,351,936,840	1,557,213,509			
		4.58	4.40	3.91			
Debt-to-equity ratio		**May 31, 2022**	May 31, 2021	March 31, 2021	**0.28:1.00**	0.29:1.00	0.34:1.00
	Total Liability	**₱1,505,217,512**	₱1,351,936,840	₱1,557,213,509			
	Divided by: Total Equity	**5,389,626,957**	4,591,312,610	4,537,989,892			
		0.28	0.29	0.34			
Asset-to-equity ratio		**May 31, 2022**	May 31, 2021	March 31, 2021	**1.28:1.00**	1.29:1.00	1.34:1.00
	Total Asset	**₱6,894,844,469**	₱5,943,249,450	₱6,095,203,401			
	Divided by: Total Equity	**5,389,626,957**	4,591,312,610	4,537,989,892			
		1.28	1.29	1.34			
Interest rate coverage ratio		**May 31, 2022**	May 31, 2021	March 31, 2021	**11.26 times**	24.22 times	13.69 times
	Income Before Interest and Tax	**₱130,133,905**	₱41,144,770	₱162,688,128			
	Divided by: Interest Expense	**11,555,061**	1,698,590	11,881,653			
		11.26	24.22	13.69			
Return on equity		**May 31, 2022**	May 31, 2021	March 31, 2021	**2%**	1%	3%
	Net Income	**₱119,052,481**	₱41,529,541	₱155,256,227			
	Divided by: Total Equity	**5,389,626,957**	4,591,312,610	4,537,989,892			
		2%	1%	3%			

Ratio	Formula				**May 31, 2022**	May 31, 2021	March 31, 2021
Return on assets		**May 31, 2022**	May 31, 2021	March 31, 2021	**2%**	1%	3%
	Net Income	**₱119,052,481**	₱41,529,541	₱155,256,227			
	Divided by: Total Asset	**6,894,844,469**	5,943,249,450	6,095,203,401			
		2%	1%	3%			
Net profit margin		**May 31, 2022**	May 31, 2021	March 31, 2021	**9%**	21%	14%
	Net income	**₱119,052,481**	₱41,529,541	₱155,256,227			
	Divided by: Total Revenue	**1,306,511,951**	201,604,389	1,142,260,258			
		9%	21%	14%			

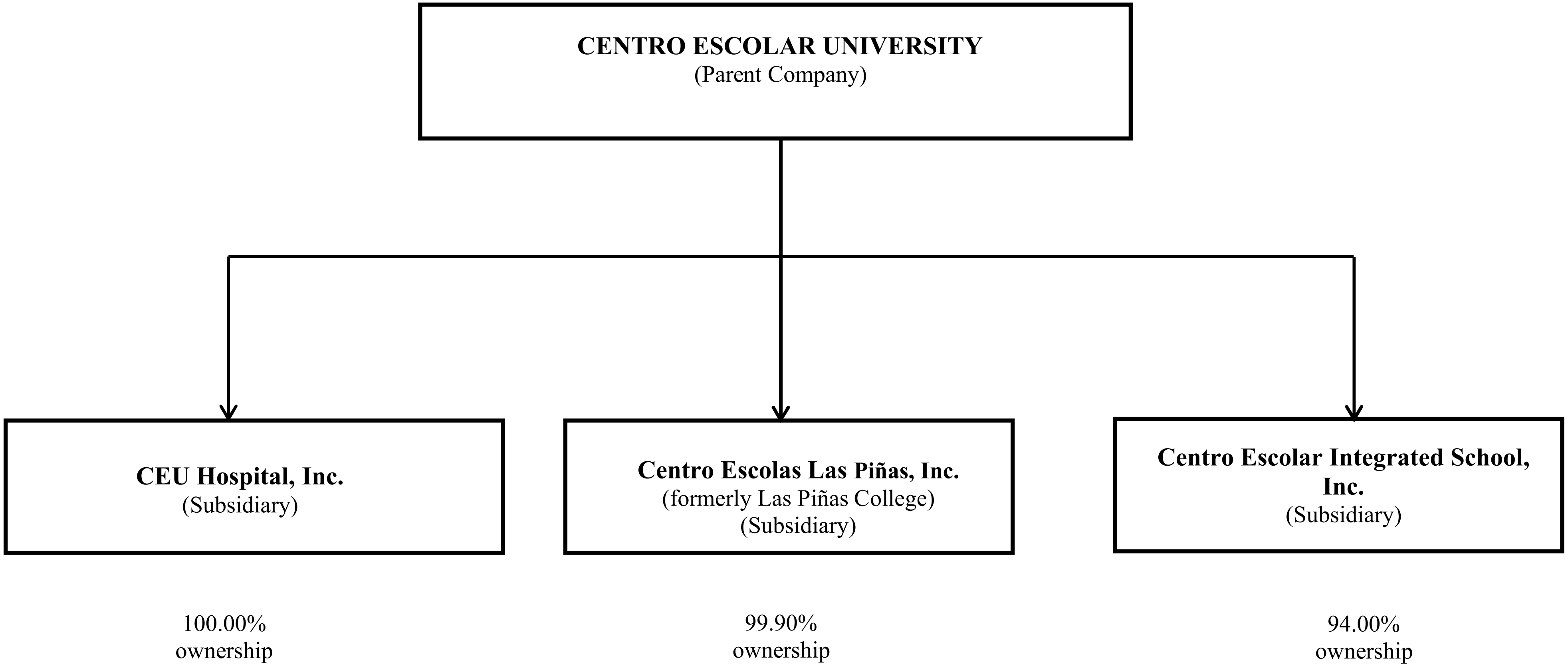
CENTRO ESCOLAR UNIVERSITY

INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

CENTRO ESCOLAR UNIVERSITY AND SUBSIDIARIES

THE MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE UNIVERSITY AND ITS SUBSIDIARIES

MAY 31, 2022



Centro Escolar University

Schedule A - Financial Assets

May 31, 2022

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)
Investments at FVOCI				
Casino Español de Manila	₱1	₱–	₱–	₱–
PLDT- Common	72	136,800	136,800	(42,120)
Polymedic General Hospital	80	–	–	–
PLDT- Preferred	9,500	–	–	–
PLDT Comm & Energy Ventures, Inc. (formerly Pilipino Telephone Corp.)	300	–	–	–
Total	₱9,953	₱136,800	₱136,800	(₱42,120)

Centro Escolar University

*Schedule B - Amounts Receivable from Directors, Officers, Employees and Principal Stockholders (Other than Affiliates)**

May 31, 2022

			Deductions		Ending Balance		
Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
Housing Loan							
Rosales, Ricky - Middle Manager	₱244,806	₱–	₱94,618	₱–	₱150,188	₱–	₱150,188
Travel Loan							
Lumarque, Lilian - Faculty	28,219	–	25,653	–	2,565	–	2,566
Co, Welyn - Faculty	28,219	–	25,653	–	2,565	–	2,566
Separo, Perla - Faculty	28,219	–	25,653	–	2,565	–	2,566
Suto, Vivian - Faculty	82,090	–	43,610	–	43,611	–	38,480
So, Rosemarie - Faculty	79,526	–	-	–	79,526	–	79,526
Albano, Heidi Rosario - Faculty	22,222	–	–	–	22,222	–	22,222
De Leon, Julius - Faculty	6,019	–	–	–	6,019	–	6,019
Galang, Sharon - Faculty	6,784	–	–	–	6,784	–	6,784
Ramirez, Eufrecina - Faculty	67,858	–	–	–	67,858	–	67,858
Anacio, Marcial - Faculty	33,928	–	–	–	33,928	–	33,928
Villanueva, Jean Marie - Faculty	2,260	–	–	–	2,260	–	2,260
Villanueva, Angelina - Faculty	2,260	–	–	–	2,260	–	2,260
Dee, Annabelle - Faculty	2,260	–	–	–	2,260	–	2,260
Mijarez, Luzette - Faculty	2,260	–	–	–	2,260	–	2,260
Cortado, Christopher Jay - Faculty	41,985	–	–	–	41,985	–	41,985
Andoy, Maria Corazon - Faculty	20,356	–	–	–	20,356	–	20,356
Dizon, Maria Carmen - Faculty	20,356	–	–	–	20,356	–	20,356
Fabian, Bella Marie - AVP Admin	20,356	–	–	–	20,356	–	20,356
Orlina, Jericho AVP - Business Affairs	20,356	–	–	–	20,356	–	20,356
Olaer, Carlito - VP Student Affairs	20,356	–	–	–	20,356	–	20,356
Huan, Edwin - Faculty	140,553	–	–	–	140,553	–	140,553
Grino, Nicanor Jerry Head - Security Dept.	36,617	–	–	–	36,617	–	36,617
Garcia, Nancy - Faculty	12,206	–	–	–	12,206	–	12,206
Martinez, Maria Wanda - Faculty	38,048	–	28,481	–	9,567	–	9,567

(Forward)

Name and Designation of debtor	Balance at beginning of period	Additions	Deductions: Amounts collected	Deductions: Amounts written off	Ending Balance: Current	Ending Balance: Not current	Balance at end of period
CE-IS Stockholders							
Ma. Cristina D. Padolina - President	₱250,000	₱–	₱–	₱–	₱250,000	₱–	₱250,000
Corazon M. Tiongco	250,000	–	–	–	250,000	–	250,000
	₱1,508,119	₱–	₱243,836	₱–	₱1,269,579	₱–	₱1,264,451

Note: *This schedule pertains to advances originally made amounting to ₱100,000 and above only.

Centro Escolar University

Schedule C - Amounts Receivable from Related Parties which are eliminated during the Consolidation of financial assets

May 31, 2022

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.	₱12,051,732	₱1,014,429	₱–	₱–	₱13,066,161	₱–
Centro Escolar Integrated School, Inc.	137,976,241	38,484,282	–	–	176,460,523	–
Centro Escolar University Hospital, Inc.	20,629,492	3,607,265	20,629,492	–	3,607,265	–
TOTAL	₱170,657,465	₱43,105,976	₱20,629,492	₱–	₱193,133,949	₱–

Centro Escolar University

Schedule D - Intangible Assets - Other Assets

May 31, 2022

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	₱–	₱–	₱–	₱–	₱47,605,695
Software	1,922,917	–	1,068,750			854,167
TOTAL	₱49,707,740	₱–	₱179,128	₱–	₱–	₱48,459,862

Centro Escolar University

Schedule E - Long-term Debt

May 31, 2022

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	₱15,113,148	₱147,451,415

Centro Escolar University

Schedule F - Indebtedness to Related Parties (Long-Term Loans from Related Companies)

May 31, 2022

			Deductions		Ending balance	
Name of Related Companies	Balance at beginning of period	Additions	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, 2022

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, 2022, the University has no guaranteed securities by other issuers.

Centro Escolar University
Schedule H - Capital Stock
May 31, 2022

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, 2022

Unappropriated parent company retained earnings, beginning of year	₱490,610,243
Add (deduct):	
Expiration of appropriation of retained earnings	530,000,000
Appropriation of retained earnings during the year	(450,000,000)
Net income actually earned/realized during the year	140,198,517
Unappropriated parent company retained earnings, adjusted before dividend declaration	710,808,760
Deduct: Dividends declared during the year	(148,965,760)
Unappropriated parent company retained earnings, as adjusted to available for dividend declaration, end of year	₱561,843,000

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.