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## CIRCULAR LETTER

**TO :** All General Insurance Companies and Professional Reinsurers  
Doing Business in the Philippines

**SUBJECT :** *Uniform Chart of Accounts for General Insurance Companies  
and Professional Reinsurer*

In line with the implementation of new accounting standards, a revised chart of accounts is attached enumerating the minimum accounts to be maintained in the company's books and indicating thereof the proper account name, definition and classification under the current accounting practice and Philippine Financial Reporting Standards (PFRS).

In view thereof, every general insurance company and professional reinsurer is enjoined to use this chart of accounts starting January 1, 2006.

Please be guided accordingly.

  
**EVANGELINE CRISOSTOMO-ESCOBILLO**  
Insurance Commissioner

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**cc: HON. MARGARITO B. TEVES**  
Secretary  
Department of Finance

## **CHART OF ACCOUNTS for GENERAL INSURANCE COMPANIES ASSETS**

### **1. CASH ON HAND**

This represents the total amount of undeposited collections and the different types of working funds in the custody of the cashier and/or fund custodian at the company's Head Office and branches. This may consist of:

1.1. Undeposited Collections - This represents Philippine currency notes and coins, checks, bank drafts, Postal Money Orders, and other cash items in favor of the company to be deposited in the bank on the following banking day. This does not include postdated checks and returned checks which have been dishonored by the bank due to insufficient funds.

1.2. Petty Cash Fund - This represents fund that is established to defray immediate minimal disbursements which are evidenced by duly accomplished and approved petty cash vouchers with the corresponding supporting receipts and other cash documents. This fund shall be maintained under an imprest system.

1.3. Commission Fund - This represents fund that is established for the purpose of paying commission to agents where the amounts are less than the minimum amount prescribed for check payments. This fund shall be maintained under an imprest system.

1.4. Documentary Stamps Fund - This represents fund that is set up for documentary stamps for affixture to legal documents, promissory notes, certificates of authority, etc. This fund shall be maintained under an imprest system.

### **2. CASH IN BANKS**

This represents non-interest and interest bearing account balances maintained in various banks by the company's Head Office and branches. At each financial reporting date, foreign currency denominated account balances shall be translated to the company's functional currency using the closing exchange rate (PDS or other equivalent rates).

- Cash in Banks – Current - This represents checking account balances in banks maintained by the company's Head Office and branches.
- Cash in Banks – Savings - This represents savings deposit account balances in banks maintained by the company's Head Office and branches

Time Deposits - This represents interest yielding bank account balances evidenced by a Time Deposit Certificate and available upon maturity

### **3. PREMIUMS RECEIVABLE**

This represents uncollected premiums on direct business including those by general agents and insurance brokers including taxes and other charges, provided these are properly segregated and the corresponding liabilities are set up.

3.1. Allowance for Impairment Losses - This represents the amount set up to provide for losses which may arise from non-collection of the premiums receivable.

### **4. DUE FROM CEDING COMPANIES**

This shall comprise of the following sub-accounts:

- Premiums Due from Ceding Companies – Treaty – This represents balances due to the company as a result of treaty acceptances from ceding companies.
- Premiums Due from Ceding Companies – Facultative – This represents balances due to the company as a result of facultative acceptances from ceding companies.

### **5. FUNDS HELD BY CEDING COMPANIES**

This represents amounts pertaining to a certain percentage of the total reinsurance premiums due within one year from date of retention being held by ceding companies.

### **6. LOSS RESERVE WITHHELD BY CEDING COMPANIES**

This shall comprise of the following sub-accounts:

- Loss Reserve Withheld by Ceding Companies – Treaty – This pertains to a portion of the reinsurance premium withheld by ceding companies under treaty agreements as reserve for losses.
- Loss Reserve Withheld by Ceding Companies – Facultative – This pertains to a portion of reinsurance premiums withheld by the ceding companies under facultative reinsurances as reserve for losses.

### **7. AMOUNTS RECOVERABLE FROM REINSURERS**

This shall comprise of the following sub-accounts:

- Reinsurance Recoverable on Paid Losses – Treaty – This represents the amount recoverable from reinsurers under treaty agreements as their share in paid losses and loss adjustment expenses net of salvage of recoveries.
- Reinsurance Recoverable on Paid Losses – Facultative – This represents the amount recoverable from reinsurers under facultative reinsurances as their share in paid losses and loss adjustments expenses net of salvage or recoveries.
- Reinsurance Recoverable on Unpaid Losses – Treaty – This represents the amount recoverable from reinsurers under treaty agreements as their share on unpaid losses and loss adjustment expense net of salvage or recoveries.
- Reinsurance Recoverable on Unpaid Losses – Facultative – This represents the amount recoverable from reinsurers under facultative reinsurances as their share on unpaid losses and loss adjustment expense net of salvage or recoveries.
- Allowance for Impairment Losses - This represents the amount set up to provide for losses which may arise from non-collection of the amounts recoverable from reinsurers.

## **8. OTHER REINSURANCE ACCOUNTS RECEIVABLE**

This represents all other reinsurance accounts receivable not classified under any of the foregoing reinsurance accounts receivable.

## **9. SURETY LOSSES RECOVERABLE**

This represents the estimated recoveries the company may have from losses on surety policies issued.

## **10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

This represents financial assets which are carried at fair value through profit and loss.

10.1. Securities Held for Trading - This represents debt and equity securities that are:

- (a) acquired principally for the purpose of selling or repurchasing it in the near term; or
- (b) part of a portfolio of identified securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

This shall comprise of the following sub-accounts based on the types of securities held:

- Trading Debt Securities - Government - This represents debt instruments issued by the government and its instrumentalities (government agencies, local governments, government owned and controlled corporations). This includes treasury bills, treasury notes and ROP bonds.
- Trading Debt Securities – Private - This represents debt instruments issued by private corporations, whether domestic or foreign, such as commercial papers, notes and bonds.
- Trading Equity Securities - This represents common and preferred shares of stock of companies other than those of subsidiaries, associates and joint ventures (see definitions below).
- Mutual, Unit Investment Trust and Other Funds - This represents units held in mutual funds and such other similar types which are generally redeemable any time and where the values are determined based on the daily net asset value per share or unit

10.2. Financial Assets Designated at Fair Value Through Profit or Loss - This represents financial assets which the company, upon initial recognition, has designated at fair value through profit or loss. This shall comprise of the following sub-accounts based on the types of securities held:

- Debt Securities – Government
- Debt Securities – Private
- Equity Securities
- Mutual Funds and Unit Investment Trusts
- Others

10.3. Derivative Assets - This represents the positive fair value of the company's derivatives which are not designated and considered effective hedging instruments. This shall comprise of the following sub-accounts based on the types of derivative contracts:

- Foreign exchange contracts - This represents contracts to purchase/sell foreign currencies at a future date at a fixed rate.
- Interest rate contracts - This represents contracts related to an interest bearing financial instrument or whose cash flows are determined by referencing interest rates or another interest rate contract.
- Equity contracts - This represents contracts where the returns are linked to the price of a particular equity or equity index.

## **11. AVAILABLE-FOR-SALE (AFS) FINANCIAL ASSETS**

These represent non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held to maturity or financial assets at fair value through profit or loss.

### **11.1. AFS Debt Securities – Government**

11.1.a. Unamortized Discount/Premium - This represents the unamortized discount / premium on AFS government debt securities which shall be debited/credited monthly to this account. Amortization of premium/discount is based on the effective interest rate method.

### **11.2. AFS Debt Securities – Private**

#### **11.2.a. Unamortized Discount/Premium**

### **11.3. AFS Equity Securities**

11.4. Allowance for Impairment Losses - This represents the amount of impairment loss incurred on the AFS securities.

## **12. HELD-TO-MATURITY (HTM) INVESTMENTS**

This represents quoted debt securities with fixed or determinable payments and fixed maturity that the company has the positive intention and ability to hold to maturity other than:

- (a) those that the company upon initial recognition designates as at fair value through profit or loss;
- (b) those that the company designates as available for sale;
- (c) those that meet the definition of loans and receivables.

Investments intended to be held for an undefined period shall not be included in this classification.

### **12.1. HTM Debt Securities – Government**

12.1.a. Unamortized Discount/Premium - This represents the unamortized discount/premium on the HTM debt securities which shall be debited/credited monthly to this account. Amortization of premium/discount is based on the effective interest rate method.

### **12.2. HTM Debt Securities – Private**

#### **12.2.a. Unamortized Discount/Premium**

12.3. Allowance for Impairment Losses - This represents the amount of impairment loss incurred on the HTM securities.

### **13. LOANS AND RECEIVABLES**

This represents non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

- (a) those that the company intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the company upon initial recognition designates as at fair value through profit or loss;
- (b) those that the company upon initial recognition designates as available for sale; or.
- (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

Loans and receivables which are quoted shall be classified as debt securities.

Loans and Receivables shall be comprised of the following sub-accounts:

13.1. Real Estate Mortgage Loans - This represents the outstanding balances of loans secured by first mortgage on real estate properties.

13.2. Collateral Loans - This represents the outstanding balances of loans granted to companies or individuals secured by pledges of shares of stock, bonds and/or other securities.

13.3. Guaranteed Loans - This represents the outstanding balances of loans granted to companies or individuals which are covered by guarantees from other entities or individuals.

13.4. Chattel Mortgage Loans - This represents the outstanding balances of loans secured by mortgage of chattels or personal properties (i.e. car plan).

13.5. Notes Receivable - This represents interest bearing loans granted by the company and evidenced by duly approved and notarized Promissory Notes.

13.6. Housing Loans - This represents outstanding balances of loans granted to employees secured by a mortgage covering their house and lot.

13.7. Car Loans - This represents outstanding balances of loans granted to employees secured by a mortgage covering their cars.

13.8. Low Cost Housing - This represents the outstanding balances of loans granted to employees and other selected non-group employees for low cost housing projects as approved and participated upon by government agencies.

13.9. Sales Contract Receivables - This represents the uncollected portion of the consideration on the sale of real estate owned by the company, whereby title to the property sold has been transferred to the buyer, and subject of a deed of sale with mortgage.

13.10. Unquoted Debt Securities - This represents unquoted debt securities with fixed or determinable payments and fixed maturity.

13.11. Others Loans Receivable - This represents all other loans which can not be classified under any of the foregoing loan accounts.

13.12. Allowance for Impairment Losses - This represents the amount set up to provide for losses which may arise from non-collection of receivables.

#### **14. INVESTMENTS INCOME DUE AND ACCRUED**

This represents income earned but not yet received as of the end of the accounting period. This account consists of the following sub-accounts:

14.1. Accrued Interest Income – Cash in Banks

14.2. Accrued Interest Income - Financial Assets at FVPL

14.2.1. Securities Held for Trading

14.2.1.a. Debt Securities – Government

14.2.1.b. Debt Securities – Private

14.2.2. Financial Assets Designated at FVPL

14.2.2.a. Debt Securities – Government

14.2.2.b. Debt Securities – Private

14.3. Accrued Interest Income - Available for Sale Financial Assets

14.3.1. AFS Debt Securities – Government

14.3.2. AFS Debt Securities – Private

14.4. Accrued Interest Income - Held-to-Maturity Investments

14.4.1. HTM Debt Securities – Government

14.4.2. HTM Debt Securities – Private

14.5. Accrued Interest Income - Loans and Receivables

14.5.1. Real Estate Mortgage Loans

14.5.2. Collateral Loans

14.5.3. Guaranteed Loans

14.5.4. Chattel Mortgage Loans

14.5.5. Notes Receivable

14.5.6. Housing Loans

14.5.7. Car Loans

14.5.8. Low Cost Housing Loans

14.5.9. Sales Contract Receivable

14.5.10. Unquoted Debt Securities

14.5.11. Others

14.6. Accrued Dividends Receivable

14.6.1. FVPL Equity Securities

14.6.2. DFVPL Equity Securities

14.6.3. AFS Equity Securities

#### **15. ACCOUNTS RECEIVABLE**

This represents receivable from non-insurance transactions of the company. It may comprise of the following accounts:

15.1. Advances To Agents (Agents Accounts) / Employees - This represents advances to insurance agents and salary loans of officers and staff granted by the company to be liquidated thru regular deductions from commissions and salaries, respectively.

15.2. Operating Lease Receivables - This represents the amount of rent receivables arising from operating lease contracts. Lease income should be recognized on a straight-line basis.

15.3. Allowance for Impairment Losses - This represents the total amount set up to provide for losses that may arise from non-collection of accounts receivable.

## **16. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

This shall comprise of the following accounts:

16.1. Investment in Subsidiaries - This represents the amount of the company's investments in the shares of stock of its subsidiaries. A subsidiary is an entity that is controlled by another entity (known as the parent).

16.2. Investment in Associates - This represents the cost of the company's investments in the shares of stock of its associates. An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

16.3. Investments in Joint Ventures - This represents the cost of the company's investments in joint ventures. A joint venture is a contractual arrangement whereby the company and one or more other parties undertake an economic activity which is subject to joint control.

## **17. PROPERTY AND EQUIPMENT**

This account represents tangible items that:

- (a) are held for use in the company's business operations or for administrative purposes; and

- (b) are expected to be used during more than one period.

This account shall have sub-accounts as follows based on the nature of the fixed assets:

17.1. Land – At cost - This represents the acquisition cost of the land. Acquisition cost shall consist of the purchase price and all expenditures incurred directly attributable to acquisition.

17.2. Building And Building Improvements – At cost - This represents acquisition / construction cost of the building and improvements, including costs incurred subsequent to initial recognition which meet the recognition criteria.

17.2.a. Accumulated Depreciation – Building And Building Improvements - This represents the aggregate of the depreciation on the building and building improvements charged by the company against current operations.

17.3. Leasehold Improvements – At cost - This represents the cost of additions, improvements and /or alterations on the company's leased office premises which are

incurred in making the property ready for use and occupancy. This should include the initial estimate of the costs of dismantling and removing the improvements and restoring the site, the obligation for which the company incurs when the property is leased.

17.3.a. Accumulated Depreciation - Leasehold Improvements

17.4. IT Equipment - At cost - This represents the cost of the information processing systems of the company including the computer hardware, customized software, and peripherals.

17.a. Accumulated Depreciation – IT Equipment

17.5. Transportation Equipment – At cost - This represents the cost of motor vehicle and other transportation equipment owned, operated, used, or to be used by the company in carrying out its business and/or insurance operations and as service vehicle of its officers and employees.

17.5.a. Accumulated Depreciation - Transportation Equipment

17.6. Office Furniture, Fixtures and Equipment – At cost - This represents the costs of office machines, equipments, furniture and fixtures.

17.6.a. Accumulated Depreciation - Office Furniture, Fixtures and Equipment

17.7. Property and Equipment Under Finance Lease - This represents the cost property and equipment leased by the company under a lease agreement which qualifies as a finance lease under PAS 17.

17.7. and 17.7.a. shall comprise of the following sub-accounts:

- (i) Land;
- (ii) Buildings and Building Improvements;
- (iii) Leasehold Improvements;
- (iv) IT Equipment;
- (v) Transportation Equipment;
- (vi) Office Furniture, Fixtures and Equipment

17.8. Revaluation Increment - This represents the revaluation increase in the carrying amount of the company's property and equipment under the revaluation model.

17.8.a. Accumulated Depreciation – Revaluation Increment

17.8. and 17.8.a. shall comprise of the following sub-accounts:

- (i) Land;
- (ii) Buildings and Building Improvements;
- (iii) Leasehold Improvements;
- (iv) IT Equipment;
- (v) Transportation Equipment;
- (vi) Office Furniture, Fixtures and Equipment

17.9. Accumulated Impairment Losses - This represents the cumulative amount of impairment loss incurred on property and equipment. This shall be accounted for in accordance with PAS 36.

## **18. INVESTMENT PROPERTY**

This represents property (land or building, or part of a building, or both) held (by the

owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the company's business operations or for administrative purposes; or
- (b) sale in the ordinary course of business.

This account shall be classified as follows:

- Land – at cost
- Building and Building Improvements – at cost
- Accumulated Depreciation – Building and Building Improvements
- Accumulated Impairment Loss
- Land – at fair value
- Building and Building Improvements – at fair value
- Foreclosed Properties - This represents real and other properties acquired by company in settlement of loans through foreclosure of mortgage loan arrangements.

#### **19. NON-CURRENT ASSETS HELD FOR SALE**

This represents assets available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. This generally pertains to non-current assets such as land, building and equipment, whose carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

#### **20. INTANGIBLE ASSETS**

This represents identifiable non-monetary assets without physical substance which qualify for capitalization in accordance with PAS 38.

20.1. Accumulated Amortization - This represents the accumulated amortization on intangible assets which are charged to current operations.

20.2. Accumulated Impairment Losses - This represents the impairment loss incurred on intangible assets which are accounted for in accordance for with PAS 36.

#### **21. SUBSCRIPTION RECEIVABLE**

This represents amounts receivable from stockholders who signified their intention to subscribe to the capital stock of the company and duly covered by a subscription agreement.

#### **22. SECURITY FUND CONTRIBUTION**

This refers to contribution of the company to the Security Fund - Non-Life Account as required by the Insurance Commission on all non-life insurance companies authorized to do business in the Philippines.

#### **23. PENSION ASSET**

This represents the excess of fund assets over the post-retirement benefit liability and is computed as the net total of the following amounts:

- (a) the present value of the defined benefit obligation at the balance sheet date;
- (b) plus any actuarial gains (less any actuarial losses) not recognized because of the application of the 10% corridor;
- (c) minus any past service cost not yet recognized;
- (d) minus the fair value at the balance sheet date of plan.

This shall be accounted for in accordance with PAS 19.

## **24. PREPAYMENTS**

This represents prepayment of expenses which may include the following accounts.

- Prepaid Commissions - This represents commissions on paid in advance to the members of the agency force.
- Prepaid Rent - This represents advance payment on leased properties.
- Rental Deposit - This represents rental deposits on leased properties which may be applied on the last period of occupancy or may be refunded upon termination of the lease contract.
- Input VAT - This represents the excess of the company's input VAT not yet claimed against the output VAT payable.
- Prepaid Tax - This represents income taxes which have been withheld from payments made to the company.
- Documentary Stamps Inventory - This represents the balance as of cutoff date of the documentary stamps machine. Documentary stamps in the metered machine are usually maintained for the main purpose of affixture to the insurance policies. This is not an admissible asset for MOS computation purposes.

## **25. DERIVATIVE ASSETS HELD FOR HEDGING**

This represents the positive fair value of derivatives that are designated and considered effective hedging instruments.

- Fair Value Hedge - This represents the positive fair value of derivatives that are designated and considered effective fair value hedging instruments. Fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.
- Cash Flow Hedge - This represents the positive fair value of derivatives that are designated and considered effective cash flow hedging instruments. Cash flow hedge is a hedge of the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and (ii) could affect profit or loss.

- Hedges of a Net Investment in Foreign Operation - This represents the positive fair value of derivatives that are designated and considered effective hedging instruments for hedges of a net investment in foreign operation.

## **26. OTHER ASSETS**

This represents other assets which cannot be classified in any of the foregoing accounts.

## **LIABILITIES**

### **1. LOSSES AND CLAIMS PAYABLE**

It is divided into the following categories:

- Outstanding Claims Reserve - the outstanding liability for claims which have already been reported and not settled.
- IBNR Reserves – Reserve required to cover the future liability for claims arising from incidents that have occurred but have not been reported to the company.
- Catastrophe Reserve - Occasionally a single event or combination of events (e.g., earthquake) may give rise to multiple claims of huge total dimensions far beyond that would be regarded as adequate provision for claims to be expected within normal experience. The catastrophe could put a severe strain or even extinguish the assets of the company, especially if the company is operating on a worldwide basis.
- Claims Equalization Reserve - This is in addition to the specific provisions already detailed and its purpose is to cushion any large year to year fluctuations in the actual claims experience. By definition the large claim at the tail of the frequency distribution is a rare event but must happen some time. One year may well have more than another and without a cushion, the company's accounts would progress irregularly. This reserve including catastrophe reserve may not be held explicitly but may in practice be represented by the stockholders' equity or in the case of a mutual company, excess assets.
- Claims Resisted - This represents the amount at the end of a particular accounting period which is the sum of the individual amounts claimed on which the company has been notified that its decision to deny liability, either in whole or in part, is being challenged and on which the contest has not yet been resolved as long as it meets the conditions under PAS 37.

The account shall comprise of the following sub-accounts:

- Losses and Claims Payable – Direct - This represents the total amount of losses and claims due and payable to policyholders and other claimants.
- Losses Adjustment Expenses Payable – Direct - This represents adjustment expenses already incurred but not yet paid in connection with the settlement of losses and claims.

- Losses and Claims Payable to Ceding Companies – Treaty - This represents the losses and claims due and payable to ceding companies under treaty agreements.
- Losses Adjustment Expenses Payable to Ceding Companies – Treaty - This represents the unpaid share of the company in the loss adjustment expenses incurred in connection with its treaty agreements.
- Losses and Claims Payable to Ceding Companies – Facultative - This represents the losses and claims payable to ceding companies on assumed facultative business.
- Loss Adjustment Expenses Payable to Ceding Companies – Facultative - This represents the unpaid share of the company in the loss adjustment expenses incurred in connection with its facultative reinsurances.

## **2. RESERVE FOR UNEARNED PREMIUM**

This represents the unearned portion of premium income recognized from policies in force as at report date. This shall be divided into the following categories:

- Unexpired Premium Reserve - The reserve for that portion of the premium received which is attributable to a period of risk falling beyond the valuation date.
- Unexpired Risk Reserve - An estimate of the total liability (including expenses) in respect of the exposed to risk after the valuation date of policies written prior to that date could show that the reserve required was greater or smaller than the unexpired premium reserve. If the required reserve is greater then an additional reserve is needed.

## **3. RESERVE FOR CATASTROPHE LOSS**

This represents the company's reserve for allied perils caused by catastrophic events.

## **4. DUE TO REINSURERS**

This shall comprise of the following sub-accounts:

- Premiums Due to Reinsurers – Treaty – This represents reinsurance premiums payable by the company to all its treaty reinsurers
- Premiums Due to Reinsurers – Facultative – This represents reinsurance premiums payable by the company to all its facultative reinsurers.

## **5. FUNDS HELD FOR REINSURERS**

This shall comprise of the following sub-accounts:

- Premium Reserve Withheld for Reinsurers – Treaty – This represents a portion of the reinsurance premium ceded to reinsurers which was withheld by the company in accordance with treaty agreements and/or laws, rules and regulations.

- Premium Reserve Withheld for Reinsurers – Facultative – This represents a portion of the reinsurance premium ceded to reinsurers which was withheld by the company in accordance with facultative agreements and/or laws, rules and regulations.

## **6. COMMISSIONS PAYABLE**

This represents unpaid commissions on the company's direct business, payable to ordinary agents, general agents and insurance brokers.

## **7. RETURN PREMIUMS PAYABLE**

This represents the aggregate premiums to be refunded to the insured due to endorsements or cancellation of the policies.

## **8. TAXES PAYABLE**

This shall be comprised of the following sub-accounts:

- Premiums Tax Payable - This represents the unpaid and un-remitted balances of the premium tax liability.
- Documentary Stamps Tax Payable - This represents documentary stamps not yet affixed as of cut-off date on policies already issued or in force and on original issues of stock certificates.
- Income Tax Payable - This represents income taxes due and payable to the government net of creditable taxes and/or whatever income tax payments made on a quarterly basis.
- Withholding Tax Payable - This represents income taxes withheld from the salaries of employees and creditable taxes withheld from source under the expanded withholding tax system from the remunerations of agents, brokers, general agents, medical examiners and other agencies/corporations for services rendered. These shall be remitted to the BIR on a monthly basis.
- FST Payable - This represents the unpaid balance of the Fire Service Tax liability.
- Other Taxes & Licenses Payable - This represents all unpaid taxes and licenses other than income and premium taxes due the government.

## **9. DEPOSIT FOR REAL ESTATE UNDER CONTRACT TO SELL**

This represents the installment payments received by the company on real estate sold under contract to sell, titles to which is still in the name of the company.

## **10. ACCOUNTS PAYABLE**

This represents obligations of the company arising from non-insurance/reinsurance transactions. This may include the following accounts:

- SSS Premiums Payable - This represents to SSS premiums/contributions withheld from the salaries of officers and staff representing employees' contributions to the SSS.
- SSS Loans Payable - This represents the SSS salary loan amortizations deducted from the salaries of officers and staff with outstanding loan accounts with the SSS

- Pag-ibig Payable - This represents the contributions to the Home Development Mutual Fund (HDMF Pag-ibig) deducted from the salaries of officers and staff and remitted by the company to HDMF every month.
- Pag-ibig Loans Payable – This represents the Pag-ibig loan amortizations deducted from the salaries of officers and staff with outstanding loan accounts with the Pag-ibig.
- Operating lease liability - This represents the amounts payable arising from lease contract which is classified as an operating lease in accordance with PAS 17. Lease payments shall be recognized as an expense on a straight-line basis over the term of the lease.

## **11. DIVIDENDS PAYABLE**

This represents cash dividends already declared but still unpaid and due to the stockholders of the company.

## **12. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

This represents financial liabilities which are carried at fair value through profit and loss.

- Financial Liabilities Held for Trading - This represents financial liabilities that are:
  - (a) acquired principally for the purpose of selling or repurchasing it in the near term; or
  - (b) part of a portfolio of identified securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.
- Financial Liabilities Designated At Fair Value Through Profit Or Loss - This represents financial liabilities which the company, upon initial recognition, has designated at fair value through profit or loss.
- Derivative Liabilities - This represents the negative fair value of the company's derivatives which are not designated and effective hedging instruments. This shall comprise of the following sub-accounts based on the types of derivative contracts:
  - Foreign exchange contracts - This represents contracts to purchase/sell foreign currencies at a future date at a fixed rate.
  - Interest rate contracts - This represents contracts related to an interest bearing financial instrument or whose cash flows are determined by referencing interest rates or another interest rate contract.
  - Equity contracts - This represents contracts where the returns are linked to the price of a particular equity or equity index.

## **13. NOTES PAYABLE**

This represents long-term and short-term notes payable or any kind of indebtedness duly covered by promissory notes and which are interest-bearing. Payment of interest and principal is based on predetermined amortization schedule on due dates duly agreed upon in the loan agreement. This shall be carried at amortized cost using the effective interest rate method.

**14. FINANCE LEASE LIABILITY**

This represents the company's future minimum lease payments relating to finance leases accounted for in accordance with PAS 17.

**15. POST-EMPLOYMENT BENEFIT OBLIGATION**

This represents the company's obligation with respect to the retirement and other post-employment benefits granted to employees. This is calculated as the net total of the following amounts:

- (a) the present value of the defined benefit obligation at the balance sheet date;
- (b) plus any actuarial gains (less any actuarial losses) not recognized because of the application of the 10% corridor;
- (c) minus any past service cost not yet recognized;
- (d) minus the fair value at the balance sheet date of plan.

This shall be accounted for in accordance with PAS 19.

**16. ACCRUAL FOR OTHER LONG TERM EMPLOYEE BENEFITS**

This represents accruals for the company's obligation for other types of long-term benefits provided to its employees other than those arising from post employment benefits.

**17. ASSET RETIREMENT OBLIGATION**

This represents the company's obligations for dismantling, removing and restoring the site on which an item is located that are incurred during a particular period as a consequence of having used the item for property and equipment during that period.

**18. DEFERRED TAX LIABILITY**

This represents the total amount of deferred tax on taxable temporary differences, except those arising from:

- the initial recognition of goodwill;
- goodwill for which amortization is not deductible for tax purposes;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit (tax loss).

**19. PROVISIONS**

This represents the amount recognized by a company for a liability which is uncertain in amount or timing.

A provision shall be recognized when:

- (a) the company has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

## **20. CASH-SETTLED SHARE BASED PAYMENT**

This represents liability arising from cash-settled share based payments. Until the liability is settled, the company shall re-measure the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognized in the income statement for the period.

## **21. ACCRUED EXPENSES**

This represents expenses incurred for the period and shall be accrued by the company. This shall be further comprised of the following sub-accounts:

- Accrued Utilities - This represents accruals for utilities consumed by the company during the reporting period which have not yet been paid. This includes accruals for electricity, water and communications.
- Accrued Services - This represents accruals for services rendered to the company such as janitorial, security, professional fees and others.
- Accrual for Unused Compensated Absences - This represents the company's liability relating to unused compensated absences, incurred when the employees render service.

## **22. OTHER LIABILITIES**

This represents other liabilities which cannot be appropriately classified under the foregoing liability accounts. This may comprise of the following accounts:

- Deferred Income - This represents income received during the accounting period but not yet earned for which recognition as income is deferred.
- Agency retirement plan - This refers to the outstanding liability of the Company under the retirement plan it administers for the members of its agency force.
- Agency Group Hospitalization Plan - This represents the outstanding liability of the company pertaining to the group hospitalization coverage of member of the agency force and their dependents.
- Agents Cash Bond Deposit - This represents the outstanding liability of the company pertaining to the cash bond deposits of members of the agency force.

## **23. DERIVATIVE LIABILITIES HELD FOR HEDGING**

This represents the negative fair value of derivatives that are designated and considered effective hedging instruments.

- Fair Value Hedge - This represents the negative fair value of derivatives that are designated and considered effective fair value hedging instruments. Fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

- **Cash Flow Hedge** - This represents the negative fair value of derivatives that are designated and effective cash flow hedging instruments. Cash flow hedge is a hedge of the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and (ii) could affect profit or loss.
- **Hedges of a Net Investment in Foreign Operation** - This represents the negative fair value of derivatives that are designated and considered effective hedging instruments for hedges of a net investment in foreign operation.

## **EQUITY**

### **1. CAPITAL STOCK**

This represents ownership of the stockholders in the company composed of capital stocks issued and outstanding as at report date. This shall be further subdivided as follows:

- **Preferred Stock** - This represents shares which provide the shareholders preference as to dividends and upon liquidation. The features of the preferred shares are varying and should be carefully analyzed whether these qualify as capital stock or creates an obligation on the part of the company. In the latter case, the preferred shares issued should be classified as part of liabilities.
- **Common Stock** - This represents shares of stock issued to shareholders which have the residual equity interest in the company.

### **2. CAPITAL STOCK SUBSCRIBED**

This represents the par value of the total number of shares of capital stock subscribed by the stockholders of the company and duly covered by subscriptions agreements.

### **3. CONTRIBUTED SURPLUS / HOME OFFICE INWARD REMITTANCES**

This represents original contributions of the shareholders as provided under the Insurance Code. For foreign companies, the equivalent account for Contributed Surplus is Home Office Inward Remittances.

### **4. CONTINGENCY SURPLUS**

This represents contributions of the stockholders to cover any deficiency in the Margin of Solvency as required under the Insurance Code and can be withdrawn only upon the approval of the Insurance Commission.

### **5. CAPITAL PAID IN EXCESS OF PAR**

This represents payment for the shares of stock of the company bought or paid for in excess of its par value.

### **6. RETAINED EARNINGS / HOME OFFICE ACCOUNT**

This represents the accumulated earnings of the company reduced by whatever losses the company may incur during a certain accounting period or by dividend declarations. For foreign companies, the equivalent account for Retained Earnings is home office account.

## **7. COST OF SHARED BASED PAYMENT**

This represents the cumulative amount of expenses recognized by the company arising from equity-settled share-based payment transactions.

## **8. RESERVE ACCOUNTS**

8.1. Reserve for AFS Securities - This represents gains or losses arising from fair value changes of available for sale securities.

8.2. Reserve for Cash Flow Hedge - This represents gains or losses arising from fair value changes of hedging instruments in a cash flow hedge.

8.3. Reserve for Hedge of a Net Investment in Foreign Operations - This represents gains or losses arising from change in fair value of hedging instruments in a hedge of a net investment in foreign operations.

8.4. Cumulative Foreign Currency Translation - This represents gains or losses arising from foreign currency translations on the following:

- (i) foreign currency denominated non-monetary items, where such gains or losses are recognized directly in equity, and,
- (ii) translation of foreign operations with different functional currency.

## **9. RESERVE FOR APPRAISAL INCREMENT – PROPERTY AND EQUIPMENT**

This represents the appraisal increment on property and equipment when the company applies the revaluation model of PAS 16.

## **10. TREASURY STOCK**

This represents stocks already issued but reacquired by the company.

## **11. MINORITY INTEREST IN SUBSIDIARIES**

This represents the portion of the net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent in the line by line consolidated financial statements.

# **INCOME ACCOUNTS**

## **1. GROSS PREMIUMS – DIRECT BUSINESS**

This represents the aggregate premiums arising from direct business of the company for the period being reported.

## **2. REINSURANCE PREMIUMS ASSUMED - TREATY**

This represents the aggregate premiums assumed from ceding companies under treaty agreements.

## **3. REINSURANCE PREMIUMS ASSUMED – FACULTATIVE**

This represents the aggregate premiums assumed from ceding companies under facultative agreements.

#### **4. RETURNS AND CANCELLATIONS**

This represents premiums on policies cancelled or partially modified.

#### **5. REINSURANCE PREMIUMS CEDED - TREATY**

This represents premium on outward cessions under treaty agreements with reinsurers.

#### **6. REINSURANCE PREMIUMS CEDED – FACULTATIVE**

This represents premium on outward cessions under facultative agreements with reinsurers.

#### **7. COMMISSION INCOME - TREATY**

This represents commissions due to the company for its outward cessions under treaty agreements.

#### **8. COMMISSION INCOME – FACULTATIVE**

This represents commissions due to the company for its outward cessions under facultative agreements.

#### **9. OTHER UNDERWRITING INCOME**

This represents underwriting income not classifiable under any of the foregoing underwriting income accounts. The account also includes changes in fair value of FVTPL financial assets and gain or loss from liability adequacy test.

#### **10. INTEREST INCOME**

This represents interest income due and accrued which is earned by the company from its various investments. This shall be comprised of the following sub-accounts:

10.1. Interest Income – Cash in Banks - This represents interest income earned from savings accounts and time deposits.

10.2. Interest Income - Financial Assets at FVPL

10.2.1. Securities Held for Trading

10.2.1.a. Debt Securities – Government

10.2.1.b. Debt Securities – Private

10.2.2. Financial Assets Designated at FVPL

10.2.2.a. Debt Securities – Government

10.2.2.b. Debt Securities – Private

10.3. Interest Income - Available for Sale Financial Assets

10.3.1. AFS Debt Securities – Government - This account represents interest received and/or accrued arising from investments in government securities (such as Treasury Bills, Treasury Notes, government bonds). These shall be classified into two: Non-taxable (NT) and those subject to Final tax (FT).

10.3.2. AFS Debt Securities – Private - This represents interest income received and/or accrued arising from investments in debt instruments issued by the private sector such as commercial papers, corporate notes and bonds.

10.4. Interest Income - Held-to-Maturity Investments

10.4.1. HTM Debt Securities – Government

10.4.2. HTM Debt Securities – Private

10.5. Interest Income - Loans and Receivables

10.5.1. Real Estate Mortgage Loans - This represents interest earned during the period from real estate mortgage loans.

10.5.2. Collateral Loans - This represents interest earned during the period from collateral loans.

10.5.3. Guaranteed Loans - This represents interest earned during the period from guaranteed loans.

10.5.4. Chattel Mortgage Loans - This represents interest earned during the period pertaining to interest bearing loans duly secured by a mortgage on chattels, such as cars or motor vehicles.

10.5.5 Notes Receivable - This represents interest earned during the period derived from interest bearing promissory notes.

10.5.6 Housing Loans - This represents interest earned during the period derived from housing loans.

10.5.7 Car Loans - This represents interest earned during the period derived from car loans.

10.5.8 Low Cost Housing Loans - This represents interest earned during the period arising from low cost housing loans.

10.5.9 Sales Contracts Receivables - This represents interest earned on purchase money mortgages.

10.5.10 Unquoted Debt Securities - This represents interest earned on unquoted debt securities which are classified as loans and receivables.

10.5.11. Others - This represents interest income earned which are not otherwise classified under any of the other accounts. Included in this account are the interest earned from the Security Deposit Fund held by the Insurance Commission; special loans; etc.

**11. DIVIDEND INCOME**

This represents income derived from cash dividend declaration on stock investments, including those accrued or earned but not yet received.

**12. GAIN/LOSS ON SALE OF INVESTMENTS**

This represents gains/losses realized on sale of the company's investments. This shall be composed of the following sub-accounts:

14.1. Financial Assets and Liabilities Held for Trading

14.2. Financial Assets and Liabilities Designated at Fair Value through Profit and Loss

14.3. Available for Sale Financial Assets

14.4. Investment Property

14.5. Others - This represents gains derived from the disposal or sale of assets other than those classified above.

### **13. GAIN ON SALE OF PROPERTY AND EQUIPMENT**

This represents gain realized on sale of property and equipment.

### **14. UNREALIZED GAIN ON INVESTMENTS**

This represents unrealized gains or losses arising from fair value changes of assets which are carried at fair values. This shall be comprised of the following sub-accounts:

- 14.1. Financial Assets and Liabilities Held for Trading
- 14.2. Financial Assets and Liabilities Designated at Fair Value through Profit and Loss
- 14.3. Derivative Assets/Liabilities
- 14.4. Investment Property

### **15. RENT INCOME**

This represents income generated from the rental of investment property. Rent income shall be recognized on a straight-line basis over the lease term.

### **16. MISCELLANEOUS INCOME**

This represents income received or earned from various sources which cannot be properly classified under any of the income accounts. It includes, among other things, income derived from SSS collection fee, proceeds from sale of old newspapers, recoveries from accounts receivables, and other collections.

## **UNDERWRITING EXPENSE ACCOUNTS**

### **1. LOSSES – DIRECT BUSINESS**

This represents the aggregate losses and claims the company has incurred on its direct business.

### **2. LOSSES ON REINSURANCE ASSUMED - TREATY**

This represents the aggregate losses and claims the company has incurred on its acceptances under treaty agreements.

### **3. LOSSES ON REINSURANCES ASSUMED - FACULTATIVE**

This represents the aggregate losses and claims the company has incurred on its acceptances under facultative reinsurances.

### **4. SALVAGE RECOVERIES / LOSS RECOVERIES ON DIRECT BUSINESS**

This represents the aggregate net amount recovered or recoverable on account of losses on direct business.

### **5. LOSS RECOVERIES ON REINSURANCE CEDED – TREATY**

This represents the aggregate share of the reinsurers on the claims and losses and adjustment expenses of the company on business ceded under treaty agreements.

### **6. LOSS RECOVERIES ON REINSURANCE CEDED – FACULTATIVE**

This represents the aggregate share of the reinsurers on the claims and losses and adjustments expenses of the company on business ceded under facultative reinsurances.

**7. LOSS ADJUSTMENT EXPENSES – DIRECT**

This represents the gross expenses for the adjustment of claims and losses against the company arising out of direct business.

**8. LOSS ADJUSTMENT EXPENSES ON REINSURANCE ASSUMED – TREATY**

This represents the expenses for the adjustment of claims and losses arising out of the company's share on reinsurance acceptances under treaty agreements.

**9. LOSS ADJUSTMENT EXPENSES ON REINSURANCE ASSUMED – FACULTATIVE**

This represents the expenses for the adjustment of claims and losses arising out of the company's share on reinsurance acceptances under facultative reinsurances.

**10. INCREASE/DECREASE IN RESERVE FOR UNEARNED PREMIUM**

This represents the net change in the reserves from the previous reporting period.

**11. RETROCESSION COMMISSION**

This represents commissions paid to the reinsurers on their acceptance of the reinsurance business.

**12. COMMISSION EXPENSE - DIRECT**

This represents the commissions given to insurance intermediaries for direct business solicited by the company.

**13. COMMISSION EXPENSES ON REINSURANCE ASSUMED – TREATY**

This represents commissions given to ceding companies under treaty agreements.

**14. COMMISSION EXPENSES ON REINSURANCE ASSUMED – FACULTATIVE**

This represents commissions given to ceding companies under facultative reinsurances.

**15. OTHER UNDERWRITING EXPENSES**

This represents underwriting expenses not classifiable under any of the foregoing underwriting expense accounts.

**16. INCOME TAX EXPENSE / BENEFIT**

This represents the amount set up for the estimated current income tax for the report period and on deferred tax assets or liabilities.

**17. OTHER TAX EXPENSE**

This represents taxes not classifiable under any of the foregoing tax expense accounts.

**18. AGENCY EXPENSE**

This represents expenses incurred by an agency such as cost of training and retirement, office supplies, allowances and other operating expenses of the agency which are shouldered by the company.

**ADMINISTRATIVE EXPENSES**

**19. SALARIES AND WAGES**

This represents basic salaries, wages and allowances, including bonuses and 13<sup>th</sup> month pay of all company officers and staff.

**20. SSS CONTRIBUTIONS**

This represents the company's share in the contribution to the SSS for the benefit of the officers and staff of the company.

**21. MEDICARE CONTRIBUTIONS**

This represents the company's share in the contribution for the Medicare benefits of officers and staff.

**22. PAG-IBIG CONTRIBUTION**

This represents the company's share in the contribution for the Pag-ibig Fund or the Home Development Mutual Fund for the benefit of the employees of the company.

**23. EMPLOYEES COMPENSATION AND MATERNITY CONTRIBUTIONS**

This represents the company's share in the contribution to the SSS for the maternity, sickness and disability benefits of all company employees.

**24. HOSPITALIZATION CONTRIBUTION**

This represents the company's contribution for the employee's hospitalization benefits under the group insurance coverage.

**25. MEDICAL SUPPLIES**

This represents expenses incurred by the company for the purchase of medicines and other medical supplies for the use of or issuance to the employees.

**26. EMPLOYEE'S WELFARE**

This represents other benefits given to the employees by the company including uniform, service awards, annual excursion expenses, Christmas party benefits, expenses incurred during company meetings, and others not specifically classified under any of the other foregoing accounts.

**27. EMPLOYEE BENEFITS**

This represents other employee benefits granted to employees such as compensated absences (sick leaves, vacation leaves, emergency leaves), cost of share based payment transactions and other long-term employee benefits other than post employment benefits. These shall be accounted for under PAS 19.

**28. POST-EMPLOYMENT BENEFIT COST**

This represents the retirement benefits of the company's employees for services rendered. It shall comprise of the following items:

- (a) current service cost

- (b) interest cost
- (c) the expected return on any plan assets and on any reimbursement rights
- (d) actuarial gains and losses,
- (e) past service cost, and,
- (f) the effect of any curtailments or settlements.

#### **29. PROFESSIONAL AND TECHNICAL DEVELOPMENT**

This represents the expenses in developing the professional and technical capabilities of the officers and staff of the company.

#### **30. REPRESENTATION AND ENTERTAINMENT**

This represents the cost of representation and entertainment incurred by the officers and staff for the promotion of the business of the company.

#### **31. TRANSPORTATION AND TRAVEL EXPENSES**

This represents expenses for travel and transportation of the directors, officers, employees in connection with the business operations.

#### **32. INVESTMENT MANAGEMENT FEES**

This represents fees paid to investment management consultants for the handling of the company's investment portfolio and other special projects.

#### **33. DIRECTOR'S FEES AND ALLOWANCES**

This represents fees and allowance granted to the members of the Board of Directors for their attendance in the monthly and annual meetings or whatever special meetings that the Board may have.

#### **34. CORPORATE SECRETARY'S FEES**

This represents fees granted to the corporate secretary for services rendered during the monthly Board of Directors' meetings, annual stockholders' meetings or any other special meetings that the Board of Directors or the stockholders may hold.

#### **35. AUDITORS' FEES**

This represents professional fees paid to the external auditors for the year-end audit/examination of the company's books of accounts. It also includes the monthly retainers fees, charges for the auditors' out of pocket expenses and fees for any special audit examination or consultations, including any audit and tax consultations which may be required by the company from time to time.

#### **36. ACTUARIAL FEES**

This represents professional fees paid to the external actuaries for whatever actuarial services that they may render for the company.

#### **37. SERVICE FEES**

This represents fees paid to certain authorized individuals for services rendered to the company on a contractual or temporary basis.

**38. LEGAL FEES**

This represents retainer fees and other professional fees paid to external lawyers and the company's legal counsel for whatever legal services that they may render. It includes fees for the legal assistance that they may extend in handling court cases, court settlements, notarial fees, consultancy fees, and other legal matters.

**39. ASSOCIATION DUES**

This represents membership and monthly dues and fees paid to various professional organizations/association such as PIRA, Personal Management Association of the Philippines, Insurance Institute of Asia and the Pacific, Actuarial Society of the Philippines, Philippine Insurance Institute, Business Club, MIB, Philippine Institute of Certified Public Accountants, etc.

**40. LIGHT AND WATER**

This represents the cost of power and water consumption of the company's Head Office and its branches.

**41. COMMUNICATION AND POSTAGE**

This represents the cost of telephone and cellphone services both local and long distance toll charges; telegrams and mailing expenses, including postages and freight charges for the delivery of mails or cargoes sent to or received from the branches.

**42. PRINTING, STATIONERY AND SUPPLIES**

This represents expenses incurred by the company for the printed forms/materials, stationery and office supplies used in the business operations.

**43. BOOKS AND PERIODICALS**

This represents the cost of books and reference materials for office use and subscriptions to newspapers, magazines, etc.

**44. ADVERTISING AND PROMOTIONS**

This represents expenses for advertising and publicity to promote the business of the company including introduction of new plans and publication of the synopsis of the company's annual report.

**45. CONTRIBUTIONS AND DONATIONS**

This represents donations given to civic associations, government agencies and contributions to charitable institutions and fund raising drives.

**46. RENTAL EXPENSE**

This represents rental expense incurred on leased properties. Rental expense shall be recognized on a straight-line basis over the lease term.

**47. INSURANCE EXPENSES**

This represents premiums paid on insurance coverage of office furniture, fixtures and equipments, IT equipments, company cars and others. It also includes premium charges on the guarantee or fidelity bond of accountable officers and staff as may be required by the Insurance Commission.

**48. TAXES AND LICENSES**

This represents taxes which are allowable deductions or expenses for income tax

computation such as payment of business license, mayor's permit, etc. It does not include taxes not deductible for income tax purposes, such as income tax assessments and penalty charges and renewal of the agent's certificates of authority.

#### **49. BANK CHARGES**

This represents the cost of checkbooks and charges imposed by the banks for overdrafts and bounced checks, payment of safety deposit box (if any), charges for the regional clearing of provincial checks and other such charges.

#### **50. INTEREST EXPENSES**

This represents interest expense incurred by the company.

#### **51. REPAIRS AND MAINTENANCE - MATERIALS**

This represents the cost of materials used in the repair and maintenance of company assets.

#### **52. REPAIRS AND MAINTENANCE - LABOR**

This represents the cost of labor pertaining to the repairs and maintenance of company assets.

#### **53. DEPRECIATION AND AMORTIZATION**

This represents the periodic depreciation and amortization of the asset cost of the company's depreciable fixed assets. It represents an estimate of the decline in service potential of the asset occurring during the period.

#### **54. SHARE IN PROFIT/LOSS OF ASSOCIATES AND JOINT VENTURES**

This represents the company's share in the profit or loss of its associates or joint ventures under the equity method of accounting.

#### **55. PROVISION FOR IMPAIRMENT LOSSES**

This represents provisions for losses that may arise from loans and receivables, accounts receivables, and other financial and non-financial assets. This shall be comprised of the following sub-accounts:

- 55.1. Due from Ceding Companies
- 55.2. Amounts Recoverable from Ceding Companies
- 55.3. Available for Sale Financial Assets
- 55.4. Held to Maturity Investments
- 55.5. Loans and Receivables
- 55.6. Accounts Receivables
- 55.7. Property and Equipment
- 55.8. Investment Property
- 55.9. Intangible Assets
- 55.10. Others

#### **56. MISCELLANEOUS EXPENSE**

This represents other operating or administrative expenses which cannot be specifically classified under any of the other expense accounts.

## **57. PROVISION FOR INCOME TAX**

### **57.1. Provision for Income Tax – Final**

This represents final taxes withheld from sale of shares of stock and from interest earned during the year on investments in government securities and savings deposits.

### **57.2. Provision for Income Tax – Current**

This represents the corporate income tax of the company for the period based on its taxable income.

### **57.3. Provision for Income Tax – Deferred**

This represents provision for deferred tax assets and liabilities.

## **58. SUSPENSE**

This represents a temporary classification of nominal accounts pending clarification of certain aspects of the transaction or compliance of certain requirements, documentation or otherwise. This account could be either a debit or a credit and needs to be reclassified subsequently as to their proper accounts. All transactions under this classification must be properly cleared out and reclassified every end of the accounting period.