

AFP RETIREMENT AND SEPARATION BENEFITS SYSTEM NOTES TO FINANCIAL STATEMENTS

*(All amounts in Philippine Peso unless otherwise stated)
(Under Liquidation)*

1. GENERAL INFORMATION

The Armed Forces of the Philippines Retirement and Separation Benefits System (AFPRSBS) was created and duly organized under and by virtue of Presidential Decree (PD) No. 361, promulgated on December 30, 1973. It was established as a funding mechanism to ensure the continuous payment of retirement and separation benefits due to the members of the Armed Forces of the Philippines (AFP). The AFPRSBS formally started its operations in 1976. To further strengthen the viability of its operations, certain provisions of PD No. 361 pertaining to membership and rate of contributions were amended by PD No. 1656 dated December 21, 1979 and PD No. 1909 dated March 22, 1984.

The AFPRSBS was not able to discharge its mandate originally set out in PD No. 361. Thus, Executive Order Nos. 590 and 590A were issued on December 15, 2006 and January 31, 2007, respectively, mandating the deactivation of the AFPRSBS and directing the transfer of its assets in trust to a Government Financial Institution (GFI). On April 8, 2016, Memorandum Order (MO) No. 90, s. 2016, was issued directing the abolition of the AFPRSBS, privatization of its subsidiaries, and for other purposes. The said MO repealed or modified all other issuances that are inconsistent with it.

Upon issuance of MO No. 90, the AFPRSBS Board of Trustees (BOT) acted as its Board of Liquidators (BOL), subject to oversight by the Governance Commission for GOCCs (GCG). The BOL consists of nine regular members, all appointed by the AFP Chief of Staff, who also appointed the President/Chief Executive Officer (CEO) and the Executive Vice President (EVP)/Chief Operating Officer (COO). The President/CEO, as well as the EVP/COO, take charge of the day-to-day affairs of the organization.

On May 27, 2024, the AFPRSBS BOL approved the retirement and/or separation of all its employees, granting benefits in accordance with MO No. 90, s. 2016. Consequently, the BOL resolved to reorganize the AFPRSBS and established a Liquidation Team (LT), consisting of an Administrator and 63 Contract of Service (COS) personnel, to oversee and manage the remaining affairs of the AFPRSBS.

The financial statements (FS) of the AFPRSBS as at and for the year ended December 31, 2024 (including the comparative FS as at and for the year ended December 31, 2023) were approved and authorized for issue by the BOL.

The registered business and office address of the AFPRSBS is at No. 424 Capinpin Avenue, Camp General Emilio Aguinaldo, Quezon City. It has no other offices within and outside the Philippines, except for a satellite office located at No. 70, Commission Civil Street corner Lincoln Street, Jaro, Iloilo City. The operations of the satellite office, however, will be terminated effective May 31, 2025.

2. STATUS OF OPERATIONS

In compliance with MO No. 90, the AFPRSBS continues to engage in various business activities essential for winding down its operations. These activities include management of funds and investments in real estate projects and foreclosed assets, the sale of real estate assets, the collection of indebtedness, and the refund of members' contributions (MCs).

During its meeting on April 19, 2016, the BOL approved the stoppage of the collection of five per cent MCs and the accrual of interest thereon, effective March 31, 2016 under Board Resolution (BR) No. SPL-01-2016.

The GCG clarified in its letter dated March 29, 2019 that the three-year period to liquidate a dissolved corporation can be extended until the liquidation is fully completed.

In August 2024, the AFPRSBS submitted its updated Liquidation Plan (LP) to the GCG wherein they will continue refunding the remaining MCs and liquidating its assets until their eventual transfer to the identified GFI. The updated LP also noted that AFPRSBS will continue to engage third-party service providers for the preservation and maintenance of its remaining real estate assets, pursue land use conversion for certain rawland properties, and complete its deliverables for ongoing projects. Furthermore, the AFPRSBS acknowledged that it cannot fully dispose of all its assets; thus, some of the real estate assets and equities intended for turnover to the identified GFI have already been determined.

As at December 31, 2024, a total of P12.494 billion in principal and interests was refunded to 115,930 members/claimants.

The AFPRSBS' FS as at December 31, 2024 and 2023 have been partially prepared on a liquidation basis of accounting considering that the amounts reflected in the Statement of Financial Position (SFP) are still carried at historical cost, except for the remaining stock investments which are valued at fair values. Currently, majority of the AFPRSBS' real estate properties, acquired assets, and property and equipment are still subject for appraisal, hence, reclassification and revaluation of the assets will be reflected in the CY 2025 FS. The current operation of the AFPRSBS is in consonance with the provisions of MO No. 90 geared towards the winding down objective of disposal/liquidation of the assets and refund of all MCs.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies used in the preparation of the FS, which are consistently applied to all the years presented unless otherwise stated, are summarized below.

3.1 Basis of Preparation of Financial Statements

a. Statement of compliance with Philippine Financial Reporting Standards

The FS of the AFPRSBS were prepared in accordance with Philippine Financial Reporting Standards (PFRS) and Philippine Accounting Standards (PAS). PFRS are adopted by the Philippine Financial and Sustainability

Reporting Standards Council and approved by the Philippine Board of Accountancy based on International Financial Reporting Standards issued by the International Accounting Standards Board.

b. Presentation of FS

The FS are presented in accordance with PAS 1, Presentation of FS. All items of income and expenses are presented in a single Statement of Comprehensive Income (SCI).

c. Basis of measurement

The FS are prepared on a historical cost basis, except for the equity securities, which are measured at fair value. The real estate properties and other assets of the AFPRSBS will be revalued at fair market values once appraisal of the properties are completed.

d. Accrual basis of accounting

In accordance with PAS 1, the FS, except for cash flow information, have been prepared using the accrual basis of accounting.

e. Functional and presentation currency

The FS are presented in Philippine Peso, which is the AFPRSBS' functional and presentation currency. All amounts are rounded off to the nearest peso, unless otherwise indicated.

3.2 Adoption of new and amended PFRSs

a. The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS, which the AFPRSBS adopted effective for annual periods beginning on or after January 1, 2024. Unless otherwise stated, these accounting policies do not affect and/or do not have material impact on the FS of the AFPRSBS.

- Amendments to PAS 1, *Non-current Liabilities with Covenants*. The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*. The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.
- Amendments to PAS 7 and PFRS 7, *Supplier Finance Arrangements*. The amendments were issued to add disclosure requirements and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

b. New and amended PFRSs issued but not yet effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the AFPRSBS does not expect that the future adoption of the said pronouncements will have a significant impact on its FS.

Effective for annual periods beginning on or after January 1, 2025 and thereafter:

- Amendments to PAS 21, *Lack of Exchangeability*. The amendment was issued to provide guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
- Amendments to the Sustainability Accounting Standards Board (SASB) standards. The amendment was issued to enhance their international applicability.
- Amendments to IFRS 9, Financial Instruments. The amendments include guidance on the classification of financial assets, including those with contingent features.

3.3 Revenue recognition

Revenue from contracts with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or overtime. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as AFPRSBS performs its obligations; (b) the AFPRSBS' performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the AFPRSBS' performance does not create an asset with an alternative use to the AFPRSBS and that it has an enforceable right to demand payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

Revenue from contracts with customers is recognized when control of the goods and services is transferred to the customer in an amount that reflects the consideration to which the AFPRSBS expected to be entitled in exchange for those goods and services.

The following specific recognition criteria must also be met before revenue is recognized:

a. Revenue from real estate sales

Real estate sales are accounted for under the full accrual method of accounting where revenue is recognized when: (a) the collectability of the sales price is reasonably assured; (b) the earnings process is virtually complete; and (c) the AFPRSBS does not have substantial continuing involvement with the subject properties.

The collectability of the sales price is considered reasonably assured when: (a) the buyers have actually confirmed the acceptance of the related loan

applications after the same have been delivered to and approved by banks, or other financing institutions for externally-financed accounts; or (b) the full payment/full downpayment required in the sales contract or comprising a substantial portion of the contract price is received and the capacity to pay and credit worthiness of buyers have been reasonably established for sales under the installment and deferred cash payment arrangement.

b. Rental income

Rental income from investment property is accounted for on a straight-line basis over the lease term.

c. Interest income

Interest income is recognized as the interest accrues, taking into account the effective yield of the financial instrument or the installment receivable from real estate sales.

d. Gain from sale of investment

Revenue is recognized upon consummation of the sale transaction. Under this method, gross profit is recognized when: (a) the collectability of the sales price is reasonably assured; (b) the earnings process and sales documentation are virtually complete; and (c) the AFPRSBS does not have substantial continuing involvement with the subject investment.

e. Dividend income

Dividend income is recognized when the right to receive payment is established.

f. Share from income of equity holdings

Revenue is recognized as equal to the AFPRSBS' percentage of ownership from its subsidiaries and controlled entities' declared net income for a specific period.

3.4 Cash and cash equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

3.5 Financial assets

a. Financial assets at fair value through other comprehensive income (FVOCI)

These financial assets are carried at fair values and are presented in the non-current assets section of the AFPRSBS' SFP. Changes in the fair value of such assets are recognized in other comprehensive income and presented

within reserves in the unrealized gain or loss on FVOCI financial assets portion. When an equity instrument classified at FVOCI is derecognized, the cumulative gains or losses cannot be transferred/recycled to profit or loss anymore. While when a debt instrument classified at FVOCI is derecognized, the gain or loss is transferred to profit or loss. For the remaining stock investments of AFPRSBS, the AFPRSBS elected to measure these financial assets at FVOCI.

b. Financial assets at amortized cost

These instruments are financial assets with fixed or determinable payments and fixed maturities. It meets both of the following conditions and is not designated as at fair value through profit or loss (FVPL):

- It is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The AFPRSBS' cash and cash equivalents, short-term investments (money market placements), loans and receivables, and long-term bonds are included under this category.

The following table shows the original classification categories under PAS 39 and the new classification categories under PFRS 9 for each class of the AFPRSBS financial assets as at January 1, 2024 (in thousands):

	PAS 39 measurement category				PFRS 9 measurement category	
	Cash and cash equivalents	Available for sale	Held to maturity	Loans and receivables	FVOCI*	Amortized cost
Cash and cash equivalents	265,740					265,740
Stock investment		16,505			16,505	
Investment in bonds			2,297,164			2,297,164
Short-term investments			1,331,685			1,331,685
Loans and receivables				3,788,894		3,788,894

c. Financial assets at FVPL

Financial assets at FVPL are subsequently measured at fair value. The unrealized gains and losses and dividend income are recognized directly in the SCI.

d. Impairment of financial assets

The AFPRSBS partially adopts the expected credit loss model in measuring credit impairment in accordance with PFRS 9 pending the updating of its policy on impairment of financial assets. In this respect, it shall recognize credit impairment/allowance for credit losses even before an objective evidence of impairment becomes apparent. The amount of the loss shall be recognized in profit or loss.

e. Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of similar financial assets) is derecognized when:

- The rights to receive cash flow from the asset have expired; and
- The AFPRSBS 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 asset.

Where the AFPRSBS has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the AFPRSBS' continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset or the maximum amount of consideration that the AFPRSBS could be required to repay.

In the event that the transaction qualifies for the derecognition of equity instruments classified as FVOCI by the AFPRSBS, the difference between the consideration received and the carrying amount of financial assets is recognized as realized gain/loss and reported in the SCI while the cumulative unrealized gain/loss reported in Other Comprehensive Income (OCI) account remains within the equity.

3.6 Real estate inventories

Inventories are carried at historical cost. The average cost method is used in calculating the actual cost per square meter (sqm) of the inventories. The average cost method is calculated by dividing the actual total cost by the total number of sellable area for each project. Inventories will be revalued once the appraisals are available.

3.7 Supplies and materials inventory

Supplies and materials inventory are valued at cost determined on a moving average basis. This include semi-expendable equipment costing less than P50,000, which are recognized as expense once issued, transferred, or disposed.

3.8 Investments in associates

Investments in associates are accounted for at carrying amounts equivalent to the percentage of the entities' net assets or equity. The AFPRSBS recognizes, in its SCI, its equity share in the net earnings or losses of associates since dates of acquisition. Dividends received are recognized in the profit or loss section of the separate FS of the AFPRSBS when the right to receive the dividend is established.

An allowance is set up for any substantial and presumably permanent decline in the carrying values of the investments in shares of stock.

3.9 Investments in real estate

Investments in real estate are carried at cost and presented in the SFP. These include raw land properties which are not available for sale within one year period. The properties will be revalued at net realizable values once the appraisals are available.

3.10 Investment property

The investment property account is carried at cost less any accumulated depreciation and any impairment in value. Depreciation is computed using the straight-line method over its estimated useful life. The average useful life of the asset is 20 years. In June 2020, the AFPRSBS has already stopped depreciating the buildings located at Industrial Park Management Office (IPMO) since the asset has reached its estimated useful life.

3.11 Property and equipment

Property and equipment account is stated at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition and to the location for its intended use.

Expenditures incurred after the properties and equipment have been put into operations, such as repairs and maintenance, are normally charged to expenses in the period the costs are incurred. When assets are sold, retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is credited or charged to current operations.

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

Assets	Estimated useful life
Building and improvements/land improvements	10 - 30 years
Furniture and equipment, computer hardware	5 -10 years
Machinery and equipment	10 years
Transportation equipment (motor vehicle)	7 years

3.12 Acquired assets

Assets acquired in full or partial settlement of loans are recorded at book value or bid price, whichever is lower. Holding costs subsequent to the foreclosure, acquisition or consolidation of the properties are charged to operations if the book value is already equal or higher than the market value.

The AFPRSBS closes the loan account in its books after consolidation and

consequently records the foreclosed property as a new acquired asset.

An allowance for probable losses is set up for any anticipated significant decline in value of the property based on the appraisal reports and current negotiations and programs to dispose of these properties to interested parties.

3.13 Provisions

Provisions are recognized under the following conditions: (a) when the AFPRSBS has a present obligation, whether 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.

In prior years, provisions for contingencies were accrued and will still continue to accrue when it is probable that a liability had been incurred at SFP date and the amount can be reasonably estimated. Otherwise, the loss contingency was disclosed only.

3.14 Contingencies

Contingent liabilities are not recognized in the FS. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the FS but disclosed when an inflow of economic benefits is probable.

3.15 Related parties

Parties are considered to be 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. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

3.16 Events after the reporting date

Post year-end events that provide additional information about the AFPRSBS' financial position at the end of reporting date (adjusting events) are reflected in the FS. Post year-end events that are not adjusting events are disclosed in the Notes to FS when material.

4. CASH AND CASH EQUIVALENTS

This account consists of the following:

	2024	2023
Cash on hand	0	444,990
Cash in banks	42,973,457	48,295,306
Cash equivalents	570,000,000	217,000,000
	612,973,457	265,740,296

Cash in banks consists of deposits that earns interest based on respective bank deposit interest rates. The cash in banks are unrestricted and immediately available for use.

Cash equivalents consist of short-term investments with maturities of three months or less, which earn interest based on respective short-term deposit interest rates. The increase in this account in the amount of P347.233 million during the year was due to reinvestment of funds coming from maturities of long-term bonds. Further, the P3 million cash equivalents pertaining to the 90-day fixed-income security with AFP Savings and Loan Association, Inc., used as security/collateral to AFP General Insurance Corporation (AFPGIC) in relation to legal cases pending at the Human Settlement Adjudication Commission (HSAC), formerly Housing and Land Use Regulatory Board, was already closed and proceeds of the same was remitted to the AFPRSBS in August 2024. The AFPRSBS submitted Development Bank of the Philippines (DBP) Certificate of Time Deposit No. 1544176 amounting to P2.200 million to the AFPGIC, as a replacement for the original collateral.

5. INVESTMENTS

This account consists of the following:

	2024	2023
Current:		
Financial assets - Domestic investments		
Marketable securities	1,205,000,000	1,329,000,000
Financial assets - Held to maturity		
Investment in bonds - Local	385,562,876	873,456,428
	1,590,562,876	2,202,456,428
Non-current:		
Financial assets - Held to maturity		
Investment in bonds - Local	2,036,439,525	1,423,707,518
Investments in associates	1,317,050,036	1,317,050,036
Financial assets at FVOCI		
Investments in stocks	14,860,696	16,505,212
Financial assets - Domestic investments		
Money market placements	4,966,267	2,684,827
Investments in subsidiaries	2,772,455	5,875,359
	3,376,088,979	2,765,822,952
	4,966,651,856	4,968,279,380

5.1 Financial assets – Domestic investments

Marketable securities refers to investments that earn interest at quoted rates ranging from 3.00 to 5.95 per cent and 2.50 to 5.30 per cent per annum for CYs 2024 and 2023, respectively.

Money market placement refers to the account with DBP in the amount of P4.966 million. A total of P2.766 million was used as a collateral in the pending case with Department of Labor and Employment. The AFPRSBS is a respondent to the labor case filed by the employees of a security agency whose service was contracted by

the AFPRSBS. The account also includes P2.200 million used as a collateral replacement to AFGIC. This is in relation to the legal case pending at HSAC, as discussed in Note 4. As at December 31, 2024, these cases are still awaiting resolution of the appeal.

5.2 Financial assets – Held to maturity

The *Investment in bonds* earns an average yield of 6.163 per cent interest per annum with terms ranging from 2 to 3 years. The current portion of the long-term investments for CYs 2024 and 2023 are broken down as follows:

	2024	2023
Retail Treasury Bonds (RTB)	0	73,985,089
Treasury Bonds	385,562,876	799,471,339
	385,562,876	873,456,428

Investments in Treasury Bonds amounting to P385.563 million will mature in CY 2025, hence, these were reclassified from non-current to current this year.

5.3 Investments in associates

The *Investments in associates* of the AFPRSBS, which are booked at carrying amounts, consist of the following:

	Percentage of ownership	2024	2023
Investments in associates-acquisition cost			
Bay Resources and Dev't Corp. (BRADCO)	49.00	402,000,000	402,000,000
Marilaque Land, Inc. (MLI)	40.91	609,000,000	609,000,000
Amtrust Holdings, Inc. (AHI)	10.92	127,000,000	127,000,000
Advent Capital and Finance Corporation (ACF)	14.02	71,183,811	71,183,811
First Dominion Prime Holdings, Inc. (FDPHI)	00.93	15,418,269	15,418,269
CEMX, Inc. (CEMX)	24.00	6,000,000	6,000,000
Cyquest, Inc.	40.00	2,000,000	2,000,000
		1,232,602,080	1,232,602,080
Net adjustments			
Accumulated equity in net earnings		394,332,639	394,332,639
Liquidating dividend – BRADCO		(17,499,478)	(17,499,478)
Liquidating dividend – CEMX		(3,880,500)	(3,880,500)
Allowance for decline in value		(288,504,705)	(288,504,705)
		84,447,956	84,447,956
		1,317,050,036	1,317,050,036

On November 23, 2023, the AFPRSBS BOL approved the proposed capital call, waiving its right to subscribe to the additional equity shares of BRADCO and giving its partner, D.M. Wenceslao and Associates, Inc. (DMWAI), the prerogative to exercise its right of first refusal to subscribe solely to additional shares of 164,106 valued at P232.167 million to fund the necessary improvements and developments in BRADCO's properties. With that, the ownership of AFPRSBS in BRADCO decreased from 50 per cent to 49 per cent. The AFPRSBS lost its control over

the said corporation, and DMWAI became the major shareholder. This entitled DMWAI to an additional board seat, resulting in four board seats for DMWAI and three board seats for AFPRSBS. There was no movement in the account for CY 2024.

5.4 Financial assets at FVOCI

Investments in stocks are measured at FVOCI, inclusive of the cumulative unrealized gain/(loss) on financial assets in the amount of P5.420 million and P5.638 million for CY 2024 and CY 2023, respectively. All stock investments are listed and traded on the Philippine Stock Exchange (PSE).

The following shows the fair value of each stock investment at the end of the reporting period:

	2024	2023
Philippine Airlines, Inc.	14,759,896	15,117,712
Premium Leisure Corporation (PLC)	0	1,266,300
Ionics Manufacturing, Inc. (IMI)	100,800	121,200
	14,860,696	16,505,212

In May 2024, the AFPRSBS disposed all its 2,010,000 shareholdings in PLC at P0.85 per share, net of applicable charges.

Dividends on FVOCI equity instruments are recognized in profit or loss when the right to receive payments is established. During the year, the AFPRSBS did not recognize any cash dividends from its remaining stock investments.

5.5 Investments in subsidiaries – net

This account refers to the AFPRSBS' investments in various subsidiaries. The investments are booked at carrying amounts equivalent to the percentage of the entities' net assets or equity.

During the year, the account decreased by P3.103 million due to receipt of the P484,798 liquidating dividend from Aguinaldo Theater Enterprises, Inc.(ATEI) and adjustment of the remaining investment balance of P2.618 million. The ATEI was formally dissolved on December 31, 2022 and has completed its winding down operations on December 31, 2024.

The AFPRSBS does not prepare consolidated FS for all its other subsidiaries following PAS 27-Separate Financial Statements wherein investments accounted for at cost or using the equity method accounted for in accordance with PFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*. Investments accounted for in accordance with PFRS 5 are measured at lower of carrying amount and fair value less cost to sell. Also, the majority of the latest audited FS of its subsidiaries are either closed or have ceased operations for more than 25 years.

6. RECEIVABLES

This account consists of the following:

	2024	2023
Current:		
Loans and receivables	2,522,172,883	2,591,008,598
Lease receivables	257,661,395	244,952,702
Other receivables	1,136,768,266	1,157,480,365
	3,916,602,544	3,993,441,665
Allowance for impairment	(317,368,150)	(317,568,852)
	3,599,234,394	3,675,872,813
Non-current:		
Loans and receivables	252,661,859	195,465,659
Inter-agency receivables	22,531,791	22,388,846
	275,193,650	217,854,505
Allowance for impairment	(87,808,316)	(104,833,602)
	187,385,334	113,020,903
	3,786,619,728	3,788,893,716

6.1 Loans and receivables

	2024	2023
Current:		
Loans receivable	1,039,877,333	1,088,519,963
Interests and dividends receivable	1,447,600,385	1,468,509,108
Receivables from joint ventures	23,014,764	23,129,322
Accounts receivable	11,680,401	10,850,205
	2,522,172,883	2,591,008,598
Allowance for impairment	(246,883,783)	(247,084,485)
	2,275,289,100	2,343,924,113
Non-current:		
Installment sales receivable	252,661,859	195,465,659
Allowance for impairment	(71,619,101)	(88,644,387)
	181,042,758	106,821,272

a. Loans receivable

	2024	2023
Accounts under litigation	775,700,493	775,700,493
Commercial loans	140,000,000	184,124,874
Past due commercial loans	115,942,928	115,983,414
Past due small business loans	3,607,927	3,808,629
Employee salary loans	422,678	3,536,768
Past due car loans	1,747,648	2,814,507
Past due, other loans	2,370,068	2,394,858
Past due salary loans	85,591	85,591
Member small business loans	0	70,829

	2024	2023
	1,039,877,333	1,088,519,963

Accounts under litigation represents past due accounts with ongoing legal cases/court hearings. The bulk of this account pertains to the receivable from Philippine Asia Pacific Corporation (PAPC) amounting to P714.128 million, which is equivalent to 92 per cent of the total portfolio. The collaterals for the same have already been foreclosed and titles are being consolidated in the name of AFPRSBS. In CY 2023, AFPRSBS and PAPC have ongoing negotiations for a compromise agreement. PAPC proposed to settle the case amicably by offering to pay their past due loan. The compromise settlement, however, did not materialize on the ground of PAPC's failure to settle their proposal. As at December 31, 2024, the foreclosure proceedings before the Regional Trial Court (RTC) Branch 21, Manila, are at the trial stage, with hearings currently ongoing.

Further, included in this category is the P36.670 million past due loan granted by the AFPRSBS to RCJ Bus Line, Inc. As at December 31, 2023, the petition for review filed by RCJ Bus Line, Inc. and AFPRSBS before the Supreme Court (SC) was dismissed for lack of merit. RCJ Bus Line, Inc. was directed to pay AFPRSBS the following:

- (a) the sum of P32.232 million as the principal restructured loan obligation;
- (b) legal interest of 12 per cent per annum of the principal amount of P32.232 million reckoned from February 17, 1994 until June 30, 2013;
- (c) legal interest of six per cent per annum of the principal amount of P32.232 million from July 1, 2013 to the date when the SC Decision became final and executory; and
- (d) six per cent per annum interest on the total of the monetary awards from the finality of the SC Decision until full payment thereof.

As at December 31, 2024, the AFPRSBS is still awaiting the Finality of the Court of Appeals (CA) Decision for the execution of the RTC Decision after an Entry of Judgment is made.

Commercial loans represent the loan extended by AFPRSBS to Riviera Golf Club, Inc. (RGCI) amounting to P140 million, for the payment of its real estate tax delinquencies for the years 2006 to 2013. The loan was released on a staggered basis from October 2014 to November 2019, and the same was secured by RGCI's lots serving as collateral. The loan has matured in October 2020. However, RGCI failed to settle the outstanding principal amount of P140 million and subsequently requested for the restructuring of the loan. On January 27, 2022, the AFPRSBS BOL approved the request for restructuring, resulting in an increase of the outstanding loan by P44.125 million due to capitalized unpaid penalties and interest, bringing the total outstanding principal balance of the loan of RGCI to the AFPRSBS to P184.125 million. The restructuring of the RGCI loan, however, was not consummated, hence, the capitalized interest and penalties was reversed in December 2024 reverting the total loan to its original amount of P140 million.

Past due commercial loans represents uncollected balances of loans that

remained unpaid for more than 180 days. These loans, including accounts under litigation, are secured by real estate mortgages, except for a few accounts. Some of the accounts are still for provision of additional allowance for doubtful accounts. This also includes the remaining outstanding balance of the multi-purpose and discounting of commutation of leave credits loans extended by the AFPRSBS to its members. These loans bear interest rates comparable to the prevailing market rates. After the issuance of MO No. 90 on April 8, 2016, the AFPRSBS had stopped granting all loans to members except for the advance refund. The same, however, was also stopped effective January 2019 due to the implementation of the Accelerated Refund of MCs both to retired and active military personnel.

b. Interests and dividends receivable

	2024	2023
Accrued interest income, others	1,375,565,917	1,371,509,941
Accrued interest income, short term investment	13,356,669	49,372,971
Accrued interest income, long term investment	53,791,368	42,787,860
Accrued interest income on installment contract receivable	4,886,188	4,838,093
Dividends receivable	243	243
	1,447,600,385	1,468,509,108

Accrued interest on loans and investments refers to interest earned on various commercial papers, with payments due quarterly, annually, or upon maturity. This category also includes the legal interest recognized on the proceeds from the sale of the 120 Chinatown Steel Towers, Inc. (CSTI) condominium units amounting to P1.364 billion, computed at 12 per cent interest rate from September 1999 to June 2013 and at six per cent from July 2013 to December 2023. The same was set-up as receivable from RGV Development Corporation (RGVDC) and its majority owner. As at December 31, 2024, no settlement was made out of the total collectible from RGVDC.

c. Receivables from joint ventures

	2024	2023
Due from joint venture office or partner	16,562,626	17,944,107
Accounts receivables joint venture, memorial	4,877,303	3,610,380
Accounts receivables joint venture, residential	1,574,835	1,574,835
	23,014,764	23,129,322

Receivable from joint venture (JV) partners includes collections made by various JV partners from the sale of various real estate inventories that are for remittance to the AFPRSBS.

d. Accounts receivables

	2024	2023
Accounts receivable trade, real estate buyers	3,509,893	3,957,145
Accounts receivable trade, 2 nd real estate mortgage	2,888,574	2,888,574
Accounts receivable trade, others-beginning	3,968,314	2,690,866
Accounts receivable trade, financing retention	303,539	303,539
Accounts receivable, discounted	1,010,081	1,010,081
	11,680,401	10,850,205

Accounts receivable trade accounts represent the amounts collectible from customers and buyers arising from various real estate transactions.

Accounts receivable, discounted pertains to the loan extended by AFPRSBS to its subsidiary Goodfit Manufacturing Corporation on a short-term fixed income security basis.

e. Installment sales receivables (ISR)

	2024	2023
Installment sales receivable	163,164,556	106,895,505
Installment sales receivable, past due	85,353,703	84,426,554
Installment sales receivable, acquired assets	4,143,600	4,143,600
	252,661,859	195,465,659

The *ISR* accounts represents the balances of contract receivables arising from the sale of real estate inventories and acquired assets, which were financed by the AFPRSBS through an in-house financing scheme. The receivables are collectible within a period of one to 15 years, with interest at prevailing market rates. The transactions are covered by Contracts to Sell and corresponding titles to the real estate sold are released to the buyers only upon full payment of the contract price.

The bulk of the increase in ISR from sale of real estate inventory is due to set-up of the receivable balance on the sale of various Village East III and Orchard lots during the year.

In CY 2024, real estate sales by the AFPRSBS were either on a spot cash basis or through installment sales with a maximum term of 2.5 years.

Past due ISR represents the uncollected balance that has remained unpaid for more than 180 days. The amount is not fully provided with an allowance.

6.2 Lease receivables

This account includes receivables from various tenants at the IPMO and Global Tower Condominium for the rental fees. The rental payments are recognized as income on a straight-line basis over the lease term.

6.3 Inter-agency receivables

	2024	2023
Due from affiliates/subsidiaries	22,531,791	22,388,846
Allowance for impairment losses	(16,189,215)	(16,189,215)
	6,342,576	6,199,631

This account consists of non-interest bearing cash advances to the AFPRSBS' subsidiaries.

In CY 2024, a total of P142,945 was disbursed as cash advances to MDC to cover the payment of audit fee.

6.4 Other receivables

	2024	2023
Accounts receivables, others	1,103,707,422	1,122,731,794
Accounts receivables, non-trade	31,250,392	32,883,119
Advances to contractors	1,750,452	1,750,452
Advances to suppliers	60,000	115,000
	1,136,768,266	1,157,480,365
Allowance for impairment losses	(70,484,367)	(70,484,367)
	1,066,283,899	1,086,995,998

Other receivables includes advances to employees and suppliers. This also includes receivables from the persons liable amounting to P250.318 million resulting from the issued Notice of Disallowance on the Calamba project, which has become final and executory under SC Decision in GR No. 217948 dated January 12, 2016. The AFPRSBS has already referred/turned over the case to the Office of the Government Corporate Counsel (OGCC) in September 2022 for filing of appropriate case(s) against the persons liable involved in the acquisition of the project.

Furthermore, in December 2020, the AFPRSBS derecognized the value of the Lot-X properties in General Santos City from its books amounting to P175.070 million. The SC's Decision declaring the property as part of the Magsaysay Public Park became final and executory, and the Writ of Execution was implemented in May 2020. The amount of P153.843 million was recorded as receivable from the accountable persons, and the unpaid amount of P21.227 million to the lot owner(s) was reversed. As at December 31, 2024, no settlement out of the set-up receivable has yet been made.

This category also includes receivables from RGVDC and its majority owner representing the proceeds from the sale of 120 condominium units of CSTI amounting to P596.942 million, based on the SC Decision dated August 9, 2023 denying the petition for review on certiorari of the AFPRSBS and MDC, appealing the Decision and Resolution of the CA dated February 28, 2019 and September 19, 2019, respectively. The CA's decision nullified the sale of the Batulao Property from RGVDC to MDC and ordered the reconveyance of the subject property to Group Developers, Inc. (GDI). The property is covered by TCT No. T-82447 under the name of MDC.

With the finality of the decision on the case, MDC is left with no asset, which is the subject of the AFPRSBS' investment in MDC. The AFPRSBS, on the other hand, lost the value of its investment in MDC and is left with receivables from RGVDC and its majority owner in the amount equivalent to the proceeds from the sale of the 120 condominium units of CSTI, including legal interest from September 1999 until full payment.

6.5 Allowance for impairment loss

The roll-forward analysis of allowance for doubtful accounts is as follows:

	December 31, 2023	Additional provision	Recovery/ reversal	December 31, 2024
Current:				
Loans and receivables	247,084,485	0	(200,702)	246,883,783
Other receivables	70,484,367	0	0	70,484,367
	317,568,852	0	(200,702)	317,368,150
Non-current:				
Loans and receivables	88,644,387	0	(17,025,286)	71,619,101
Inter-agency receivables	16,189,215	0	0	16,189,215
	422,402,454	0	(17,025,286)	405,176,466

The decrease in the allowance for doubtful accounts for loans receivable amounting to P17.226 million pertains to the reversal of the provided allowance for various receivables from fully paid lot buyers and adjustment of allowance for past due – small business loan accounts as a result of the reconciliation that was made.

7. INVENTORIES

This account pertains to real estate inventories held for sale in the ordinary course of business and consists of the following:

	2024	2023
Club share inventories	999,721,840	1,003,422,733
Other inventories	2,552,388,564	2,569,600,667
	3,552,110,404	3,573,023,400
Allowance for impairment loss	(67,008,039)	(70,893,191)
	3,485,102,365	3,502,130,209

Club share inventories represents the AFPRSBS' shareholdings in golf clubs and sports and country clubs. These clubs were built inside the premises of the AFPRSBS' commercial and residential subdivision projects and serve as additional amenities of the project. The AFPRSBS exercises the voting rights of the shares during the annual stockholder's meeting of the clubs.

One of the clubs in which the AFPRSBS has invested is the Riviera Golf Club, Inc. (RGCI), which collects membership fees, assessment dues, and similar charges from its members. On January 5, 2001, RGCI adopted new by-laws that exempted originally issued shares from the payment of such fees. These by-laws were subsequently approved by the Securities and Exchange Commission (SEC) on February 1, 2001, prompting the AFPRSBS to cease payment of membership dues.

On July 2, 2006, two shareholders filed a complaint against RGCI and AFPRSBS, challenging the validity of the provisions of by-laws that granted exemptions from the payment of monthly dues, fees, and other assessments. The Regional Trial Court (RTC) ruled that the said provisions were null and void due to their inconsistency with the Club's Articles of Incorporation. Both AFPRSBS and the opposing party filed separate appeals, but the Court of Appeals (CA) upheld the RTC's Decision. The case was then elevated to the Supreme Court (SC), which issued a Resolution on July 1, 2015, denying the petition filed by the AFPRSBS. A Motion for Reconsideration was subsequently filed but was likewise denied on November 15, 2015, rendering the CA's decision final and executory.

The CA Decision did not include any monetary award nor specify when AFPRSBS should begin paying monthly dues to RGCI. Consequently, on January 30, 2023, AFPRSBS sought the opinion of the OGCC on whether RGCI has the right to collect such dues based on the court's ruling. On May 10, 2023, the OGCC opined that RGCI is indeed entitled to collect monthly dues from AFPRSBS pursuant to the final court decision. However, it clarified that AFPRSBS' obligation to pay shall only commence upon the issuance by the SEC of the amended by-laws of RGCI, or a certification confirming their compliance with the Revised Corporation Code.

As at December 31, 2024, negotiations between AFPRSBS and RGCI remain ongoing. The amount of the obligation has yet to be determined and mutually agreed upon by both parties. Accordingly, AFPRSBS has not recognized any liability for the unpaid membership dues to RGCI.

Other inventories consists of:

- a. Commercial and residential subdivision projects, which represent real estate projects developed either solely by the AFPRSBS or through a JV arrangement with reputable real estate developers.

These projects include residential estates, memorial parks, golf courses, and commercial areas. The AFPRSBS sells its inventories from these projects through accredited marketing companies and real estate brokers.

- b. Member-related projects such as condominium and apartment units located in various AFP camps built by AFPRSBS-

These units are leased out by the AFP to qualified AFP officers and enlisted

personnel, whose quarterly allowances are used to pay for the monthly rentals. The rental fees remitted by the AFP to AFPRSBS are recognized as income. Once the AFP pays the cost of a building to AFPRSBS, the ownership is transferred to the AFP. As at December 31, 2024, the remaining units to be transferred to the AFP are located in Gamu Isabela, Fort Magsaysay, Manaoag Pangasinan, Jamindan Capiz, Bukidnon, Cagayan De Oro, Zamboanga Del Sur and Awang, Maguindanao.

The AFPRSBS' member-related projects, which consist of on-base housing units under a lease-purchase arrangement with the AFP, are depreciated using the straight-line method over the estimated useful lives of an average of 25 years.

8. OTHER ASSETS

This account consists of the following:

	2024	2023
Current:		
Prepaid tax	42,543,837	8,348,641
Prepaid commissions	6,900,464	5,330,837
Prepaid supplies and materials	1,274,199	1,071,776
Prepaid insurance	415,841	406,898
Prepaid rental	97,000	97,000
Prepaid repairs and maintenance	45,496	47,113
	51,276,837	15,302,265
Non-current:		
Acquired assets –net	299,212,636	327,800,702
Deposits and others assets	9,327,582	8,781,903
	308,540,218	336,582,605
	359,817,055	351,884,870

8.1 Prepaid tax

This account pertains to the advance payment of real property taxes on various properties of AFPRSBS. The increase in the account amounting to P34.195 million mainly consist of the real estate tax payments for the Riviera Project as a result of the increase in assessed values of the properties.

8.2 Prepaid commissions

This account pertains to the partial payment of commissions to brokers/marketing agents relative to the sale of the AFPRSBS' real estate inventories. The same is recorded as expense upon full payment of the commission.

8.3 Prepaid insurance

This account pertains to the payments of insurance premiums of AFPRSBS' properties, which are being amortized over the covered period.

8.4 Prepaid rental

This account pertains to the AFPRSBS' security deposit for the office space being leased by the AFPRSBS in Iloilo City and the lease of a safety deposit box at LandBank of the Philippines – Buendia Branch.

8.5 Acquired assets – net

	2024	2023
Acquired assets	443,824,832	469,043,644
Allowance for probable losses	(144,612,196)	(141,242,942)
	299,212,636	327,800,702

Acquired assets include residential lots, memorial parks and condominium units which the AFPRSBS foreclosed to satisfy the outstanding unpaid balances of loans granted to various companies and individuals. In CY 2024, there was a net decrease of P28.588 million mainly due to reclassification of the Village East III lots from Acquired Assets to Inventories. The corresponding allowances pertaining to the lots were also adjusted accordingly.

8.6 Deposits and other assets

The account consists of various assets/properties donated by AFPRSBS to the AFP, which have been provided with an allowance and will be requested for write-off. Also, the account includes cash advances granted to some employees to defray the necessary expenses during official travels, or for the accomplishment of important transactions, or corporate activities.

9. INVESTMENT PROPERTY

This account consists of the following:

	2024	2023
Landbanking assets	1,739,168,690	1,738,043,765
Accumulated impairment losses	(19,232,230)	(19,232,230)
	1,719,936,460	1,718,811,535
Building and building improvements at the industrial park	129,061,550	129,061,550
Accumulated depreciation/amortization	(110,454,571)	(110,198,571)
	18,606,979	18,862,979
	1,738,543,439	1,737,674,514

The *Landbanking assets* refers to the undeveloped real estate properties of the AFPRSBS located in various parts of the country. These assets are not yet being offered for sale to the public. The increase in the account of P1.125 million was mainly due to release of the 15 per cent down payment for the construction of perimeter fence at the 13.2 hectares property located in Sta. Rosa, Nueva Ecija.

For CY 2024, there was no movement in the *Accumulated impairment loss* on the Riviera property. The impairment loss was recognized due to an ongoing legal case concerning the AFPRSBS' petition for the nullification of a second owner's copy of TCT No. T-104948, which pertains to the property acquired from the seller. The copy was issued pursuant to the court's decision on the ground that the owner's copy was missing. Defendants of the case claim that the Special Power of Attorney and Deed of Sale relative to the sale of the property to the AFPRSBS are fake. The lower court has already decided in favor of AFPRSBS but the case was elevated to the CA. The CA rendered a decision declaring the second owner's copy of TCT No. T-104948 as null and void, and ordering the Registry of Deeds of the Province of Cavite to cancel the same. The CA remanded the case to RTC Imus, Cavite for further proceedings. All parties are currently awaiting the Notice of Hearing.

The investment property account also consists of the cost of buildings and building improvements constructed inside the AFPRSBS' IPMO located in Taguig City, Metro Manila. The buildings constructed are being leased to private companies at competitive rental rates. While AFPRSBS does not own the land outright, it has acquired perpetual rights from the Philippine Government to use the property for its own use and purpose.

In CY 2014, the AFPRSBS executed a contract with HMRID Property, Inc. for the lease of a 40,000 sqm. open space located in the AFPRSBS' Industrial Park. The term of the lease is for a period of 25 years for a monthly rental of P80 per sqm, or P3.200 million monthly. The AFPRSBS incurred a direct cost of P6.400 million for the lease of the said property, which was added to the cost of the project and amortized monthly over the term of the lease in accordance with PFRS 16 on *Leases*. As at December 31, 2024, the minimum rentals for the remaining lease term amounted to P1.019 billion.

10. PROPERTY AND EQUIPMENT

This account consists of the following:

	Building and improvements	Office equipment	Transportation equipment	Furniture and fixtures	Total
Cost					
Balance, 1/1/2024	92,010,465	65,260,593	5,500,000	2,736,253	165,507,311
Adjustments	0	(562,942)	0	(165,615)	(728,557)
Balance, 12/31/2024	92,010,465	64,697,651	5,500,000	2,570,638	164,778,754
Accumulated depreciation					
Balance, 1/1/2024	76,141,073	59,330,805	4,637,854	3,081	140,112,813
Depreciation during the year	658,875	315,145	0	0	974,020
Adjustments	354,112	(1,551,882)	391,135	2,551,258	1,744,623
Balance, 12/31/2024	77,154,060	58,094,068	5,028,989	2,554,339	142,831,456
Net book value, 12/31/2024	14,856,405	6,603,583	471,011	16,299	21,947,298
Cost					
Balance, 1/1/2023	89,739,305	89,042,329	7,577,198	5,479,131	191,837,963
Additions	1,877,703	0	0	0	1,877,703
Adjustments	393,457	(23,781,736)	(2,077,198)	(2,742,878)	(28,208,355)
Balance, 12/31/2023	92,010,465	65,260,593	5,500,000	2,736,253	165,507,311
Accumulated depreciation					
Balance, 1/1/2023	75,866,542	82,178,107	6,706,890	2,738,474	167,490,013
Depreciation during the year	274,531	315,145	0	0	589,676
Adjustments	0	(23,162,447)	(2,069,036)	(2,735,393)	(27,966,876)
Balance, 12/31/2023	76,141,073	59,330,805	4,637,854	3,081	140,112,813
Net book value, 12/31/2023	15,869,392	5,929,788	862,146	2,733,172	25,394,498

The AFPRSBS uses cost method in the recording of its property and equipment.

For CY 2024, no additional capital outlay was procured by the AFPRSBS.

11. FINANCIAL LIABILITIES

This account consists of the following:

	2024	2023 Restated
Members' contributions payable	1,215,184,679	1,225,570,455
Payables	251,233,849	286,660,991
Other financial liabilities	132,688,782	176,147,648
	1,599,107,310	1,688,379,094

11.1 Members' contributions payable

This account pertains to the remaining amount of contributions payable to retiring members of the AFP within the one-year period. In April 2016, all contributions of the members previously lodged in equity were reclassified to liability. The transfer was made since the contributions of the members are all due for refund upon the implementation of the Accelerated Refund of MCs.

On April 19, 2016, the BOL approved the stoppage of the collection of five per cent MCs effective March 31, 2016 per Board Resolution No. SPL-01-2016. Hence, no new contributions were received by AFPRSBS, except for some supplementary contributions pertaining to prior months.

The MCs payable account amounting to P1.215 billion and P1.226 billion as at December 31, 2024 and 2023, respectively, are all considered current obligations of the AFPRSBS. Out of the total outstanding MCs, a total of P86.490 million is projected to be refunded by the end of CY 2025. Continuous reconciliation of the account is being done.

11.2 Payables

	2024	2023
Accounts payable	203,801,738	197,898,717
Accrued benefits payable	39,733,077	81,018,950
Payables to joint venture	7,699,034	7,743,324
	251,233,849	286,660,991

a. Accounts payable

	2024	2023
Accounts payable, trade - land owners	94,126,660	94,126,660
Buyers' refund payable	28,684,731	29,953,214
Reserve for real estate development	23,725,542	22,747,117
Retention payable	22,190,814	22,103,727
Accounts payable, trade - real estate brokers	24,073,898	18,368,762
Accounts payable, contractors	10,500,237	10,599,237
Past service cost payable	499,856	0
	203,801,738	197,898,717

Accounts payable, trade - landowners account includes the remaining payables to various tenants for the lot acquisitions made for the Riviera rawlands in the previous years.

Reserve for real estate development account is composed of the remaining liabilities of the AFPRSBS to its various contractors and the estimated costs to complete the Sta. Rosa Homes Subdivision and San Lorenzo South Subdivision projects. The account is being reviewed periodically to assess the sufficiency of the estimates and to account for any additional costs that may arise in the course of completing the projects.

b. Accrued benefits payable

Accrued employee benefits mainly consist of the remaining balance of the provision for employee separation benefits totaling P26.298 million and other benefits of P13.435 million. The account will be adjusted once all claims for separation benefits will be settled/released by AFPRSBS.

c. Payables to joint venture

Payables to joint venture partners consist mainly of the remittances made by the AFPRSBS' Joint Venture Partner for the Villa Caceres Estate (VCE) Project, Moldex Realty Inc. (MRI), amounting to P7.699 million that are still for reconciliation. The amount is composed of the downpayments and amortization payments of various VCE buyers.

11.3 Other financial liabilities

	2024	2023 As restated
Accrued expenses	24,107,165	28,856,543
Accrued consultant and retainer fees	1,200,000	1,806,910
Accounts payable, non-trade	1,330,978	1,744,992
Accounts payable, others	106,050,639	143,739,203
	132,688,782	176,147,648

Accrued expenses represent the costs of maintenance and other operating expenses that were already incurred but not yet paid as at year-end. This includes accruals of security services, janitorial, repairs and maintenance, utilities, communication, ground maintenance and other related expenses.

Accrued consultant fees mainly consist of accruals of fees for the special legal services rendered by the OGCC and for audit services in relation to the annual audit of the AFPRSBS FS.

Accounts payable, non-trade account pertains to the remaining payable of P443,814 to a contractor for services rendered to the AFPRSBS and other payables of P0.887 million. During the year, the P0.840 million payable in relation to the acquisition of a property located in General Santos City from Bulaong Enterprises was adjusted to Lanbanking assets to close the unsettled accounts.

Accounts payable, others account consists of the payable set-up for the Capital Gains Tax and/or Expanded Withholding Taxes in relation to the disposal of various real estate inventories. In CY 2024, the AFPRSBS settled the payables to various AFP service units, representing overpayments of members, which were deducted from their refunds of contributions.

12. INTER-AGENCY PAYABLES

This account consists of the following:

	2024	2023
Due to Bureau of Internal Revenue (BIR)	21,271,395	10,431,289
Due to SSS and Philhealth	0	61,720
Due to Pag-IBIG	0	57,925
	21,271,395	10,550,934

12.1 Due to BIR

	2024	2023
VAT output tax	20,231,612	9,775,086
Employees withholding tax payable	(131,238)	236,433
Brokers withholding tax payable	531,719	182,414
VAT withholding tax , 5% or 6%	292,606	167,360
Contractors/consultants withholding tax payable	193,110	61,514
Creditable VAT/percentage tax	153,586	8,482
	21,271,395	10,431,289

12.2 Due to SSS, Philhealth and Pag-IBIG

Effective July 1, 2024, all members of the LT handling the remaining activities of the AFPRSBS are engaged under COS, except for the Administrator. Under these contracts, no employer-employee relationship exists between the parties, thereby exempting the

AFPRSBS from liabilities related to SSS, PhilHealth, and Pag-IBIG contributions. All obligations incurred prior to the separation of former employees were duly remitted to the respective government agencies on or before their due dates. As to the Administrator, no deductions were made as he is already eligible to receive benefits from the aforementioned agencies.

13. PROVISIONS

This account pertains to estimated liability on earnings of MCs. Movements in the accounts are as follows:

	2024	2023
Balance, beginning	771,325,036	785,430,616
Payments made (net of adjustments)	(3,027,111)	(14,105,580)
Balance, end	768,297,925	771,325,036

The AFPRSBS started granting four per cent interest on MCs in accordance with Standard Operating Procedure No. 11-92, which is compounded annually effective January 1992 and will accrue to the members' account until they retire or separate from the service.

The interest is paid out together with the refund of MCs to the members. Effective January 1996, the interest on MCs was increased to six per cent per annum, compounded annually.

In November 2010, the BOT approved the adoption of simple interest per annum on MCs from 1992 onwards, effective for those retiring from January 2011 onwards.

In April 2016, the AFPRSBS stopped computing interests on MCs in compliance with the provision of MO No. 90 providing for the abolition of the AFPRSBS. In CY 2024, the account decreased by only P3.027 million mainly due to refunds of contributions to the members. Continuous reconciliation of the account is being done.

14. TRUST LIABILITIES

This account consists of the following:

	2024	2023
Buyers deposits, in house	62,455,625	48,672,304
Rental deposits	36,811,610	36,187,050
Construction deposits	20,175,800	21,185,800
Buyers deposits, joint venture	8,168,867	9,153,982
Buyers deposits, external	2,498,359	2,498,360
	130,110,261	117,697,496

Buyers deposits, in-house/joint venture/external accounts represent reservation fees, and partial and full down payments paid by real estate buyers for properties acquired from the AFPRSBS.

Rental deposits consist of the amount collected from lessees of IPMO, Global Tower Condominium and General Santos City as deposits for the duration of their contract of stay.

Construction deposits mainly consist of the amount collected from buyers of the Riviera Residential Estate and San Lorenzo South Subdivision Projects as deposits for the house construction.

15. DEFERRED CREDITS/UNEARNED INCOME

	2024	2023
Unearned interests	117,267,326	117,267,326
Unapplied collections	1,167,459	477,789
Unearned income, discounted members refund	138,791	138,791
Unapplied receipts	0	1,717,916
	118,573,576	119,601,822

Unearned interests represent interests from the *dacion* in payment of finished and unfinished condominium units made by PAPC to the AFPRSBS in CY 2001. The properties have already been foreclosed and consolidation of titles in the name of the AFPRSBS is currently in process.

Unapplied collections represents collections that are directly credited to the bank accounts of AFPRSBS but not yet posted in the ledgers. During the year, the account increased by P0.690 million as a result of several deposits made to the LBP and DBP accounts. The payees and nature of the transactions cannot be identified, thus, the deposits were temporarily lodged to this account until the time that the same are identified.

Unapplied receipts represents collections that are done over the counter but not yet posted in the ledgers. For CY 2024, the AFPRSBS has already reconciled all the transactions affecting the account and the corresponding adjustment was already made during the year.

16. FUND EQUITY

Pursuant to PD No. 361, the AFPRSBS was established for the purpose of providing a separate fund or scheme to ensure payment of retirement and separation benefits to the members of the AFP.

Accordingly, the AFPRSBS was funded mainly through the following: (a) appropriation remitted by the Philippine Government, with a total commitment of P200 million; (b) contributions from officers and enlisted personnel in active service, set at four percent of their monthly base and longevity pay; and (c) income from investment operations.

On August 12, 2003, the SC declared the AFPRSBS as a government entity, and that its funds are in the nature of public funds. The decision became final and executory on December 10, 2003. The SC likewise stated that the AFPRSBS, created by PD No. 361, shares a similar purpose and function to the Government Service Insurance System and Social Security System.

In April 2016, the AFPRSBS reclassified the MCs as part of its liabilities (previously treated as equity) in the 2016 FS. It was embodied in the issued MO No. 90 that the said contributions would be refunded as they fall due. However, the GCG approved the request of the AFPRSBS to accelerate the refund of MCs to both retiring and active military personnel in view of the three-year winding down activities of AFPRSBS. The implementation of the same was made effective in January 2019.

As at December 31, 2024, the remaining Fund Equity of the AFPRSBS is composed of the P200 million government contribution, retained earnings of P12.129 billion, and other comprehensive income of P5.420 million, representing cumulative gain on changes in fair value of investments.

17. RETAINED EARNINGS

This account consists of the following:

	2024	2023 As restated
Balances at beginning of year	11,726,805,355	11,421,350,330
Prior period adjustments	0	(25,674,023)
Net income	402,069,045	331,129,048
Balances at end of year	12,128,874,400	11,726,805,355

18. SERVICE AND BUSINESS INCOME

This account consists of the following:

	2024	2023 As restated
Fund management operations		
Income from long-term investments	160,522,438	91,428,713
Interest on MMP/deposit in banks/treasury bills	63,719,455	70,792,351
Income from stocks/dividends	281,400	113,055
	224,523,293	162,334,119
Real estate rentals		
Rentals from IPMO	139,073,540	136,483,133
Rentals from real estate properties	2,481,302	6,179,186
	141,554,842	142,662,319
Real estate operations		
Sale of real estate inventories	327,936,807	209,848,674
Income from acquired assets	16,585,772	242,634
Other income	3,023,578	4,032,121

	2024	2023 As restated
	347,546,157	214,123,429
	713,624,292	519,119,867

19. OTHER NON-OPERATING INCOME

This account consists of the following:

	2024	2023 As restated
Lending operations		
Interest on ISRs	3,436,531	7,976,462
Interest on employee loans	124,688	316,109
Other income	10,254,896	2,590,301
	13,816,115	10,882,872
Equity holdings in subsidiaries and associates		
Interest income	0	35,816,518
	13,816,115	46,699,390

Other income from lending operations consists of fines and penalties from accounts in default, forfeiture of payments from cancelled sales contracts and processing fees.

In CY 2023, interest income of P35.817 million was recognized representing current portion of legal interest arising from its receivables from RGVDC and its majority owner in relation to the proceeds of the 120 condominium units of CSTI. For CY 2024, AFPRSBS did not recognize additional interest for CY 2024 since the account is already considered past due accounts or more than 180 days.

20. DIRECT COSTS- REAL ESTATE

This expense account category consists of various expenses, which are directly identifiable to various real estate projects, IPMO and acquired assets only. Breakdown of the same is as follows:

	2024	2023
Real estate inventories	96,865,742	59,404,262
Acquired assets	2,038,582	2,242,501
IPMO	2,151,946	2,153,576
	101,056,270	63,800,339

20.1 Realestate inventories

	2024	2023
Cost of real estate, memorial park	22,198,690	21,622,479
Sales returns/cancellations	16,239,228	11,429,183

	2024	2023
Cost of real estate property, residential/ commercial	18,125,094	8,865,640
Cost of real estate property, landbank	18,792,631	8,165,408
Cost of real estate, club shares	3,589,172	5,307,059
Real estate sales discount	17,920,927	4,014,493
	96,865,742	59,404,262

20.2 Acquired assets

	2024	2023
Taxes and licenses	657,257	454,657
Miscellaneous expenses	1,381,325	1,787,844
	2,038,582	2,242,501

20.3 IPMO

	2024	2023
Taxes and licenses	1,809,676	1,809,176
Miscellaneous expenses	256,000	258,130
Insurance expense	86,270	86,270
	2,151,946	2,153,576

21. PERSONNEL SERVICES

This account consists of the following:

	2024	2023 As restated
Salaries and wages	15,486,609	33,900,846
Employee benefits	85,836,755	38,129,772
SSS, Medicare and Pag-IBIG contributions	1,493,310	3,154,645
	102,816,674	75,185,263

22. MAINTENANCE AND OTHER OPERATING EXPENSES

This account consists of the following:

	2024	2023 As restated
Investment and operating expenses	70,362,999	48,527,333
General and administrative expenses	50,161,399	46,587,598
	120,524,398	95,114,931

22.1 Investment and operating expenses

	2024	2023 As restated
Taxes and licenses	37,136,253	40,237,603
Consultant and retainer fees	30,699,863	4,971,573
Meetings and conferences	1,751,556	1,972,909
Evaluation, legal and collection	775,327	1,240,141
Member info-related expenses	0	105,107
	70,362,999	48,527,333

22.2 General and administrative expenses

	2024	2023 As restated
Repairs and maintenance	26,798,414	25,460,751
Utilities	5,345,754	4,958,001
Janitorial	1,884,075	1,877,867
Supplies and materials	1,455,043	1,677,930
Transportation/Delivery	1,060,864	1,251,767
Communication	1,269,735	1,316,495
Advertising and publication	320,603	616,140
Insurance	360,735	289,245
Travel	161,321	151,764
Miscellaneous	11,504,855	8,978,938
	50,161,399	46,578,898

Miscellaneous expense account consist of the following:

	2024	2023 As restated
Subscriptions/membership fee	5,889,599	5,530,596
Corporate affairs	1,350,725	2,169,858
Rent expense	309,242	399,817
Bank charges	36,370	30,790
Others	3,918,919	856,577
	11,504,855	8,987,638

23. NON-CASH EXPENSES

This account refers to the periodic depreciation of property and equipment using the straight-line method amounting to P974,020 and P589,676 in CYs 2024 and 2023, respectively.

24. EMPLOYEE BENEFITS

The AFPRSBS separated all its 79 employees effective June 30, 2024 for a total separation cost of P104.076 million, inclusive of other separation benefits due to the employees. As at December 31, 2024, the balance of the accruals amounted to P39.733 million. The figure will be adjusted once all claims for separation benefits are settled by AFPRSBS.

24.1 Compensation of key management personnel

The key management personnel refer to the executive team, comprising individuals with the ranks of Vice President and up to the President. These individuals bear the authority and responsibility for planning, directing, and controlling the activities of the AFPRSBS. The aggregate compensation of the executive officers and BOLs for CYs 2024 and 2023, are as follows:

	2024	2023
Salaries and wages	2,377,136	2,537,775
Other benefits	897,598	1,006,140
	3,274,734	3,543,915

The payments to the subject personnel for CY 2024 cover only the period from January to June 2024. Beginning July 2024, only the compensation and benefits of the Administrator are charged to the Salaries and Wages and Other Benefits accounts.

25. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities.

The AFPRSBS enters into various transactions with its subsidiaries, associates and JV partners. Significant transactions with subsidiaries, associates and JV partners consist of non-interest bearing cash advances, as well as interest bearing loans receivable and payables.

25.1 Other related party transactions

The year-end balances in respect to related parties included in the FS are as follows:

	2024	2023
Management fees	2,673,074	2,673,074
Receivable from JV partner	26,859,424	28,240,906
Commercial loans	140,422,678	187,732,471

	2024	2023
Advances to subsidiaries - net	6,342,576	14,920
Accounts payable and accrued expenses	47,432,111	88,762,274
	223,729,863	307,423,645

26. CONTINGENCIES

The AFPRSBS was summoned by the Senate Committees on Accountability of Public Offices and Investigation (Blue Ribbon) and National Defense and Security (NDS), joined by the Joint Committees on Banks and Financial Institutions and Currencies and NDS, for an investigation regarding the deterioration of the AFPRSBS' financial condition and alleged discrepancies in the purchase price of certain real estate acquisitions.

A final report was subsequently submitted by the Joint Committees recommending, among others, the establishment of a conservatorship committee to preserve the AFPRSBS' assets, the further actuarial study of the AFPRSBS' financial condition, the passage of a law revising or creating a new AFPRSBS' Charter, and the prosecution or censure of former or current officers of the AFPRSBS.

Various lawsuits, claims and proceedings, including an action filed for the cancellation of titles of certain properties, have been or may be instituted or asserted against the AFPRSBS. While the amounts may be substantial, the ultimate liability cannot presently be determined because of the considerable uncertainties that exist. Therefore, it is possible that the results of operations or liquidity in a particular period could be materially affected by certain contingencies.

However, based on facts currently available, Management believes that the disposition of matters that are pending or asserted will not have a material effect on the financial position of the AFPRSBS.

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Liabilities to the members	2024	2023
Balance, January 1	1,996,895,491	2,070,872,392
Cash flows from financing activities		
Payment of contributions and interests	(16,223,707)	(74,559,258)
Non-cash financing activities		
Adjustment of matured loans/set-up of unreleased checks/other adjustments	2,810,820	582,357
Balance, December 31	1,983,482,604	1,996,895,491

28. RESTATEMENTS

Below is the summary of the prior period adjustments as reflected in the beginning balance of the CY 2023 Retained Earnings:

Particulars	Amount
Adjustment due to reversal of capitalized interests and penalties on RGC Commercial Loan (non-consummation of restructuring)	55,172,366
Adjustment due to recognition and payment of expenses prior to CY 2023	35,780,201
Adjustment due to reconciliation of accounts (ISRs, Receivables & Payables)	(33,076,838)
Adjustment due to reversal of provision for Village East III lots	(24,297,460)
Adjustment due to recognition of costs on previously disposed inventories	(7,904,246)
	25,674,023

29. EXEMPTION FROM TAX

Pursuant to Section 2(c) of PD No. 361, as amended by PD No. 1656, all earnings of the AFPRSBS shall not be subject to any tax whatsoever. The AFPRSBS has likewise secured an affirmation of its tax exemption from the BIR pursuant to Section 60(B) of the National Internal Revenue Code. The latest affirmation was issued on August 11, 2009.

30. COMPLIANCE WITH REVENUE REGULATIONS (RR) No.15-2010

In compliance with the requirements set forth in BIR RR No. 15-2010, hereunder are the information on taxes, duties and license fees paid or accrued during the taxable years 2024 and 2023.

30.1 Withholding Taxes

	2024	2023
Expanded withholding taxes	4,882,152	2,332,250
Tax on compensation and benefits	1,127,467	2,448,258
Value-added taxes	83,576,154	1,465,694
Percentage taxes	911,705	75,550
	90,497,478	6,321,752

30.2 Other Taxes

	2024	2023 As restated
<i>Local</i>		
Capital gains taxes	18,411,828	22,023,056
Real property taxes	20,888,424	18,190,783
Transfer taxes/others	298,477	2,268,700
<i>National</i>		
BIR annual registration	0	500
	39,598,729	42,483,039

On August 10, 2017, the AFPRSBS received the Preliminary Assessment Notice (PAN) arising from the extra-judicial foreclosure of the land and 329 condominium units. Subsequently, on August 18, 2017, the AFPRSBS filed a protest/opposition to the PAN, asserting that it has no liability to pay deficiency taxes, penalties, and surcharges. A Final Assessment Notice from the BIR was issued on October 3, 2017, hence, the protest was impliedly denied. Prior to this, the AFPRSBS filed a request for re-zonal or re-evaluation to the Assessment Division of BIR on June 17, 2013 considering that the subject property is composed of both finished and unfinished condominium units. The AFPRSBS has also applied for the Abatement/Cancellation of its tax liabilities and has continuously coordinated with the BIR for any developments. As at December 31, 2024, the AFPRSBS is still awaiting result of the application for abatement from the BIR.

31. STATUS OF LAWSUITS

The AFPRSBS is involved as a defendant in several lawsuits pending for resolution that could materially affect its financial position. Among these lawsuits are the following:

Case No./ Court	Description	Pecuniary amount or liability involved	Status
RTC, Branch 21, Manila December 18, 2015 (PAPC)	Annulment of extrajudicial foreclosure of real estate mortgage, specific performance and damages with prayer for temporary restraining order and preliminary injunction	Book value: P714.128 million	Hearing is ongoing. PAPC filed a TRO on the implementation of the foreclosure. In CY 2023, AFPRSBS and PAPC have ongoing negotiation for a compromise agreement. PAPC proposed to settle the case amicably by offering to pay their past due loan. The compromise settlement, however, did not materialize on the ground of PAPC's failure to settle their proposal. As at December 31, 2024, the foreclosure proceedings before the RTC Branch 21 Manila is on the trial stage and hearing is ongoing.
Civil Case No. 988 RTC, Nasugbu, Batangas (MDC)	Reconveyance of Property with damages in relation to the JV entered into by AFPRSBS and a developer for the construction and marketing of a 24- storey condominium building	P344.562 million	With decision rendered in favor of Group Developers, Inc. The OGCC, on behalf of the defendants, filed the appeal to the CA on June 9, 2017. The Motion for Reconsideration (MR) filed by MDC was denied by the CA. Awaiting the finality of the decision of the CA regarding its favorable decision on AFPRSBS, that it is not liable. An MR was filed on October 14, 2020 in relation to the SC

Case No./ Court	Description	Pecuniary amount or liability involved	Status
RTC, Branch 37, General Santos City	Quieting of titles and/or cancellation of titles	Book value: P175.070 million	<p>resolution. In CY 2023, the SC denied with finality the AFP-RSBS and MDC's MR. As at December 31, 2024, the Motion for the Issuance of Writ of Execution in RTC Nasugbu, Batangas by the OGCC was submitted for Resolution.</p> <p>Mediation was terminated and the case was reverted to RTC. AFPRSBS filed a manifestation/compliance to Court's Order to file Pre-Trial Brief by manifesting that it had previously filed its Pre-Trial Brief way back in 2015. The case is considered dismissed without prejudice to give the parties enough room for legal remedies to protect rights per Order of the Court dated October 3, 2023. The Petitioners sought for reconsideration, however, the RTC denied the same in its Order dated June 25, 2024.</p>
RTC, Branch 93, Quezon City	Specific performance, sum of money and damages with prayer for writ of preliminary attachment	P45.657 million	<p>Decision was implemented and judgment amount was duly satisfied by garnishing the amount of P45,656,843 from the deposit of AFPRSBS. However, the CA finds that the garnishment is invalid. The case was elevated to the SC, and has a favorable decision. The AFPRSBS filed a motion for restitution of the garnished amount. On June 29, 2021, the OGCC received an Order from RTC, Branch 23, Quezon City, directing AFPRSBS to file Opposition to Plaintiff's Motion for Reconsideration. The AFPRSBS filed its Comment/Opposition on July 05, 2021. As at December 31, 2024, AFPRSBS is in the process of locating properties of Lexber for the implementation of the Restitution Order dated April 7, 2021.</p>

Case No./ Court	Description	Pecuniary amount or liability involved	Status
Civil Case No. Q-05-56150, RTC, National Capital Judicial Region, Branch 105, Quezon City (RCJ Bus Lines, Inc.)	Annulment of Contracts/Promissory Notes (PNs) and/or Declaration of Nullity of Contracts/PNs, Real Estate Mortgage (REM), Declaration of the Period to Enforce Loan Agreements, PNs, REM as Prescribed, Accounting, Damages With Prayer for Preliminary Injunction and/or Temporary Restraining Order	Book value: P36.670 million	Both RCJ and AFPRSBS appealed the RTC's decision. AFPRSBS submitted all the required briefs in the CA. Case was submitted for resolution. As at December 31, 2023, the petition for review filed by RCJ Bus Line, Inc. and AFPRSBS before the SC was denied/dismissed for lack of merit. RCJ was directed to pay AFPRSBS the sum of P32.232 million representing the principal restructured loan obligation plus legal interest. As at December 31, 2024, the AFPRSBS is still awaiting the Finality of the CAs Decision for the execution of the RTC Decision after an Entry of Judgment is made.

The AFPRSBS is involved as party litigant to 26 ejectment cases, 18 of which are pending for execution/implementation. On the other hand, there are 45 cases related to HSAC, eight Land Registration/Reconveyance/Reconstitution cases, eight expropriation cases, six extrajudicial foreclosure, three criminal cases, and eight civil cases. Lastly, 47 various cases are being handled by the OGCC.