36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk

The Corporation's principal financial instruments comprise of cash and cash equivalents, restructured debt and advances to and from related parties. The main purpose of these financial instruments is to finance the Corporation's operations. The Corporation has various other financial assets and liabilities such as receivables and vouchers payable and accrued expenses (excluding statutory payables), which arise directly from its operations. The main risks arising from the Corporation's financial instruments are credit risk and liquidity risk. The Corporation's Board of Directors (BOD) and Management review and approve the policies for managing each of this risk.

The Corporation monitors market price risk arising from all financial instruments and regularly report financial management activities and the results of these activities to the BOD.

The Corporation's risk management policies are summarized below. The exposure to risk and how they arise, as well as the Corporation's objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Corporation maintains a level of cash deemed sufficient to finance its cash requirements. Operating expenses and working capital requirements are sufficiently funded through cash collections.

The extent and nature of exposures to liquidity risk and how they arise as well as the Corporation's objectives, policies and processes for managing the risk and the methods used to measure the risk are the same for 2021 and 2020.

The following table summarizes the maturity profile of the Corporation's financial assets and financial liabilities as of December 31, 2021 and 2020, based on contractual undiscounted cash flows:

	2021						
	<1 year	>1 to <5 years	>5 years	Total			
Financial Assets							
Cash	69,872,353	0	0	69,872,353			
Short term Investment	1,485,235,853	0	0	1,485,235,853			
Receivables	487,674,416			487,674,416			
	2,042,782,622			2,042,782,622			
Financial Liabilities							
Accounts payable	3,114,521	0	0	3,114,521			
Accrued Expense	16,375,770	0	0	16,375,770			
Other accounts payable	464,111	0	0	464,111			
Inter-agency payables	4,078,245	0	0	4,078,245			
Customer deposit	0	0	0	0			
Uneamed Income		91,021,045	0	91,021,045			
Other financial liabilities	258,002,200	1,032,008,800	9,032,002,216	10,322,013,216			
Other payables	64,511,011	94,801,914	0	159,312,925			
	346,545,858	1,217,831,759	9,032,002,216	10,596,379,833			
Liquidity gap	1,696,236,764	(1,217,831,759)	(9,032,002,216)	(8,553,597,211			
			2020				
	<1 year	>1 to <5 years	>5 years	Total			
Financial Assets							
Cash	124,993,787	0	0	124,993,787			
Short term investment	1,333,066,028	0	0	1,333,066,028			
Receivables	93,248,652	21,863,711	241,395,214	356,507,577			
	1,551,308,467	21,863,711	241,395,214	1,814,567,392			
inancial Liabilities							
accounts payable	4,069,829			4,069,829			
ccrued expenses	14,658,878			14,658,878			
ther accounts payable	504,685			504,685			
iter-agency payables	1,151,861			1,151,861			
ustomer deposit		125,548,854		125,548,854			
neamed income		120,647,452		120,647,452			
ther financial liabilities	258,002,200	1,032,008,800	8,774,000,016	10,064,011,016			
ther payables			2,768,583				
	278,387,453	1,278,205,106		2,768,583			
quidity gap	1,272,921,014	(1,256,341,395)		10,333,361,158			
	-,,,	(1,200,041,000)	(8,535,373,385)	(8,518,793,766)			

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation's exposure to credit risk arises from default of the counterparties which include certain financial institutions, real estate buyers and suppliers.

Credit risk management involves dealing only with institutions or individuals for which credit limits have been established, and with suppliers whose paying and performance capabilities are rigorously screened.

The table below shows the maximum exposure to credit risk for the components of the statements of financial position as of December 31, 2021 and 2020:

	2021	2020
Cash	69,872,353	124,993,787
Receivables	487,674,416	356,507,577
	557,546,769	481,501,364

As of December 31, 2021, and 2020, the aging analysis per class of receivables is as follows:

<u>2021</u>	Neither Past					Impaired	
	Due Nor		Past Due But Not Impaired			Financial	
	Impaired	<30 days	30-60 days	60-90 days	>90 days	Assets	Total
Accounts Receivable:							
Contract related							
receivables	9,839,053	5,462,200	5,355,972	7,479,589	45,411,879	78,178,474	151,727,167
Advances to the Bureau of							
the Treasury (BTr)	150,000,000	0	0	0	0	0	150,000,000
Accounts receivable - trade	157,955,719	0	0	0	7,098,281	0	165,054,000
Accounts receivable -							
subsidiaries and							
affiliates	0	0	0	0	0	886,825	886,825
Advances to suppliers	215,170	58,000	0	0	217,753	3,690	494,613
3Advances to CESLA	2,402	10,684	3,933	1,409	145,829	0	164,257
Advances for SSS/EC							
benefits	0	0	0	0	6,160	0	6,160
Other accounts receivable	3,691,783	0	0	0	2,092,500	12,537,904	18,322,187
	321,704,127	5,530,884	5,359,905	7,480,998	54,972,402	91,606,893	486,655,209
Receivables from officers and		CAAOEE		2047	207 054	2 450	4 040 207
Officers and employees	101,725	644,255		2,917	267,854	2,456	1,019,207
	101,725	644,255	0	2,917	267,854	2,456	1,019,207
	321,805,852	6,175,139	5,359,905	7,483,915	55,240,256	91,609,349	487,674,416

<u>2020</u>	Neither Past Due Nor						
	Impaired	<30 days	30-60 days	60-90 days	>90 days	Assets	Total
Accounts Receivable: Contract related							
receivables	42,987,436	0	0	0	12,790,451	78,178,474	133,956,361
Advances to the Bureau of the Treasury (BTr)	150,000,000	0					150,000,000

	227,551,696	895,890	6,334	513,054	36,145,389	91,395,214	356,507,577
	112,465	136,000	3,564	7,300	643,451	2,456	905,236
Officers and employees	112,465	136,000	3,564	7,300	643,451	2,456	905,236
Receivables from officers an	d employees:						
	227,439,231	759,890	2,770	505,754	35,501,938	91,392,758	355,602,341
Other accounts receivable	5,962,131			500,000	1,592,500	12,310,840	20,365,471
Advances for SSS/EC benefits		61,250	0		8,160	0	69,410
Advances to CESLA	10,250	1,081	2,770	5,754	129,627		149,482
Advances to suppliers	62,438	17,740	0	0	58,214	3,690	142,082
Accounts receivable - subsidiaries and affiliates		2,042				899,754	901,796
Accounts receivable - trade	28,416,976	677,777	0		20,922,986		50,017,739

Fair Values

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the statements of financial position as of December 31, 2021 and 2020.

	Carrying	Amount	Fair Value		
	2021	2020	2021	2020	
Financial assets					
Cash	69,872,353	124,993,787	69,872,353	124,993,787	
Short-term investments	1,485,235,853	1,333,066,028	1,485,235,853	1,333,066,028	
Receivables	487,674,416	356,507,577	487,674,416	356,507,577	
	2,042,782,622	1,814,567,392	2,042,782,622	1,814,567,392	
Financial liabilities					
Accounts payable	3,114,521	4,069,829	3,114,521	4,069,829	
Accrued expense	16,375,770	14,658,878	16,375,770	14,658,878	
Other accounts payable	464,111	504,685	464,111	504,685	
Inter-agency payable	4,078,245	1,151,861	4,078,245	1,151,861	
Customer deposit		125,548,854		125,548,854	
Unearned income	91,021,045	120,647,452	91,021,045	120,647,452	
Other financial liabilities	10,322,013,216	10,064,011,016	10,322,013,216	10,064,011,016	
Other payables	159,312,925	2,768,583	159,312,925	2,768,583	
	10,596,379,833	10,333,361,158	10,596,379,833	10,333,361,158	

Cash and Accounts and Other Payables – carrying amounts approximate fair values due to the relatively short-term maturities of these investments.

Receivables – carrying amounts approximate fair values due to the short-term nature of the receivables.