



Financial Statements

VALLE VERDE COUNTRY CLUB, INC.
(A Non-Profit Proprietary Club)

September 30, 2020 and 2019



Certified Public Accountants

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Valle Verde Country Club, Inc.
(A Non-Profit Proprietary Club)

Captain Henry P. Javier St.
Barrio Ugong, Pasig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Valle Verde Country Club, Inc., (the "Club") which comprise the statements of financial position as at September 30, 2020 and 2019 and the statements of comprehensive income, statements of changes in members' equity and statements of cash flows for the years ended September 30, 2020 and 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Club as at September 30, 2020 and 2019, and its financial performance and its cash flows for the years ended September 30, 2020 and 2019 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

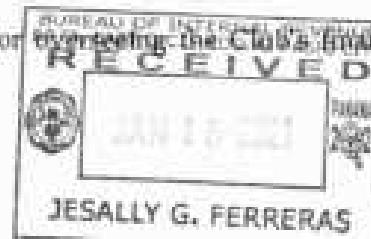
We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Club in accordance with the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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Club's financial reporting process.





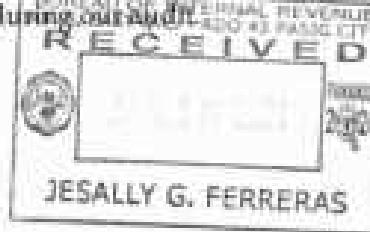
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Club's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Club to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information for the year ended September 30, 2020 required by the Bureau of Internal Revenue as disclosed in Note 22 of the financial statements is presented for purposes of additional analysis and is not a required part of the financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the management. The supplementary information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

AMC & ASSOCIATES


By: Joseph Cedric V. Calica
Partner

CPA Cert. No. 94541

TIN 163-257-226-000

PTR No. 8539845, Jan. 7, 2021, Makati City

BIR Accreditation No. 08-002582-1-2020

(Oct. 8, 2020 to Oct. 7, 2023)

BSP Accreditation (Category B)

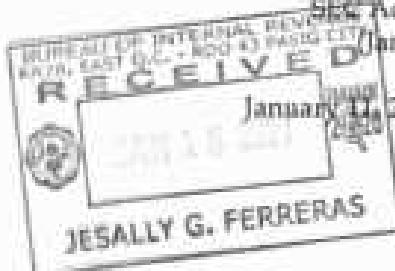
(valid until Dec. 31, 2020)

IC Accreditation No. 94541-IC (Group A)

(valid until Dec. 31, 2024)

SEC Accreditation No. 1805-A (Group A)

(Jan. 16, 2020 to Jan. 15, 2023)

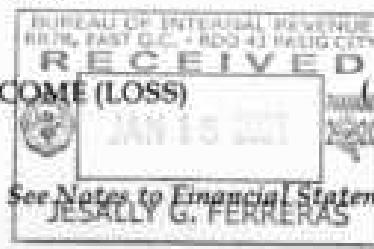


VALLE VERDE COUNTRY CLUB, INC.
(A Non-Profit Proprietary Club)
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019
(Amounts in Philippine Peso)

| | 2020 | 2019 |
|---|------------------|------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash (Note 4) | P 9,563,876 | P 5,180,936 |
| Trade and other receivables (Note 5) | 20,662,301 | 20,378,090 |
| Inventories (Note 6) | 367,787 | 698,462 |
| Prepayments and other current assets (Note 7) | 2,394,681 | 2,069,002 |
| Total Current Assets | 32,988,545 | 28,326,490 |
| NON-CURRENT ASSETS | | |
| Property and equipment (Note 8) | 35,626,290 | 38,282,200 |
| Intangible assets (Note 9) | 2,393,468 | 3,087,340 |
| Deferred tax asset (Note 15) | 5,368,694 | 5,712,567 |
| Total Non-current Assets | 43,388,452 | 47,082,107 |
| TOTAL ASSETS | P 76,376,997 | P 75,408,597 |
| LIABILITIES AND MEMBERS' EQUITY | | |
| CURRENT LIABILITY | | |
| Trade and other payables (Note 10) | P 26,300,580 | P 28,283,907 |
| NON-CURRENT LIABILITIES | | |
| Retirement benefit obligation (Note 11) | 17,895,649 | 19,041,894 |
| Deposit for membership fee certificates subscription (Note 16) | 27,479,806 | 27,479,806 |
| Total Non-current Liabilities | 45,375,455 | 46,521,700 |
| Total Liabilities | 71,676,035 | 74,805,607 |
| MEMBERS' EQUITY | | |
| Membership fee certificates (Note 16) | 46,642,857 | 46,642,857 |
| Additional paid-in (Note 16) | 13,738,789 | 9,311,082 |
| Accumulated comprehensive loss (Note 16) | (1,093,346) | (1,093,346) |
| Deficit | 54,587,338) | 54,257,603) |
| Members' Equity | 4,700,962 | 602,990 |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | P 76,376,997 | P 75,408,597 |

VALLE VERDE COUNTRY CLUB, INC.
(A Non-Profit Proprietary Club)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019
(Amounts in Philippine Peso)

| | 2020 | 2019 |
|---|--------------------|--------------------|
| REVENUES | | |
| Membership dues | P 57,566,584 | P 50,618,300 |
| Sale of food and beverages | 32,600,010 | 54,927,209 |
| Service fees | 5,635,221 | 11,668,322 |
| Rentals (Note 18) | 3,136,275 | 3,765,517 |
| Other revenues (Note 15) | <u>5,715,578</u> | <u>10,319,056</u> |
| | <u>104,653,668</u> | <u>131,298,404</u> |
| COST AND OTHER OPERATING EXPENSES | | |
| Salaries and employees' benefits (Note 11) | 46,112,997 | 53,614,828 |
| Cost of food and beverages (Note 12) | 13,870,576 | 19,623,416 |
| Outside services | 5,576,309 | 10,436,545 |
| Fuel, light and water | 7,126,436 | 12,002,027 |
| Depreciation and amortization (Notes 8 and 9) | 4,616,305 | 4,996,025 |
| Taxes and licenses (Note 22) | 5,692,576 | 6,375,991 |
| Other operating expenses (Note 13) | <u>22,117,837</u> | <u>18,996,068</u> |
| | <u>105,113,036</u> | <u>126,044,900</u> |
| PROFIT (LOSS) FROM OPERATIONS | (459,368) | 5,253,504 |
| FINANCE INCOME (Note 14) | <u>481,127</u> | <u>317,488</u> |
| PROFIT BEFORE TAX | 21,759 | 5,570,992 |
| TAX EXPENSE (Note 15) | <u>351,494</u> | <u>470,121</u> |
| PROFIT (LOSS) | (329,735) | 5,100,871 |
| OTHER COMPREHENSIVE INCOME | - - - | - - - |
| TOTAL COMPREHENSIVE INCOME (LOSS) | (P 329,735) | P 5,100,871 |



VALLE VERDE COUNTRY CLUB, INC.
(A Non-Profit Proprietary Club)
STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019
(Amounts in Philippine Peso)

| | Membership Fee Certificate | Additional Paid-in | Accumulated Comprehensive Loss | Deficit | Total |
|---|---------------------------------------|-------------------------------|---|------------------|---------------|
| Balance at October 1, 2019 (Note 16) | P 46,642,857 | P 9,711,082 | (P 1,093,246) | (P 54,257,603) | P 602,990 |
| Additions during the year | | P 4,427,707 | | | P 4,427,707 |
| Total comprehensive loss for the year | | | | (P 329,716) | (P 329,716) |
| Balance at September 30, 2020 (Note 16) | P 46,642,857 | P 13,738,799 | (P 1,093,246) | (P 54,587,339) | P 4,790,962 |
| Balance at October 1, 2018 (Note 16) | P 44,692,857 | P 7,716,223 | (P 1,093,246) | (P 59,358,474) | P 7,700,740 |
| Additions during the year | P 1,790,000 | P 1,584,899 | | | P 3,294,899 |
| Total comprehensive income for the year | | | | P 3,100,871 | P 3,100,871 |
| Balance at September 30, 2019 (Note 16) | P 46,642,857 | P 9,211,082 | (P 1,093,246) | (P 54,257,603) | P 602,990 |

See Notes to Financial Statements.

VALLE VERDE COUNTRY CLUB, INC.

(A Non-Profit Proprietary Club)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

(Amounts in Philippine Peso)

| | 2020 | 2019 |
|---|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | P 21,759 | P 5,570,992 |
| Adjustments for: | | |
| Depreciation (Note 8) | 3,922,433 | 4,291,052 |
| Amortization of intangible assets (Note 9) | 693,872 | 704,973 |
| Interest income from bank deposits (Note 14) | (38,099) | (22,108) |
| Operating profit before working capital changes | 4,599,965 | 10,544,909 |
| Increase in trade and other receivables | (284,111) | (2,032,725) |
| Decrease in inventories | 330,675 | 134,324 |
| Increase in prepayments and other current assets | (325,679) | (644,433) |
| Decrease in trade and other payables | (1,983,327) | (1,289,362) |
| Decrease in retirement benefit obligation | (1,146,245) | (1,225,820) |
| Cash generated from operations | 1,191,278 | 5,486,893 |
| Interest received | 38,099 | 22,108 |
| Cash paid for income taxes (Note 15) | (7,621) | (501,671) |
| Net Cash From Operating Activities | <u>1,221,756</u> | <u>5,007,330</u> |
| CASH FLOWS FROM INVESTING ACTIVITY | | |
| Acquisitions of property and equipment (Note 8) | (1,266,523) | (6,371,675) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from special assessment fund (Note 16) | 4,427,707 | - |
| Premiums received on issuance of cancelled membership certificates (Note 16) | - | 1,544,859 |
| Reissuance of membership fee certificates (Note 16) | - | 1,750,000 |
| Net Cash From Financing Activities | <u>4,427,707</u> | <u>3,294,859</u> |
| NET INCREASE IN CASH | 4,382,940 | 1,930,514 |
| CASH AT BEGINNING OF YEAR | 5,180,936 | 3,250,422 |
| CASH AT END OF YEAR (Note 4) | P 9,563,876 | P 5,180,936 |

VALLE VERDE COUNTRY CLUB, INC.
(A Non-Profit Proprietary Club)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019
(Amounts in Philippine Peso)

1. GENERAL INFORMATION

Corporate Information

Valle Verde Country Club, Inc. (the Club) is a proprietary membership club organized primarily to promote sports, recreational and social activities. The Club was incorporated in the Philippines on May 30, 1975, and started its commercial operations on April 1, 1978.

The registered office of the Club, which is also its principal place of business, is located at Captain Henry P. Javier Street, Barrio Ugong, Pasig City.

Approval of Financial Statements

The financial statements of the Club as at and for the year ended September 30, 2020 (including the comparatives as at and for the year ended September 30, 2019) were authorized for issue by the Board of Directors (BOD) on January 11, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation of Financial Statements

a. *Statement of Compliance with Philippine Financial Reporting Standards*

The financial statements of the Club have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS is adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy (BOA).

The financial statements have been prepared using the measurement bases specified by PFRS for each type of assets, liabilities, income and expense. The measurement bases are more fully described in the accounting policies that follow.

b. *Presentation of Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Club presents all items of income and expenses in a single statement of comprehensive income.

The Club presents the third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

c. Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Club's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Club are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Club operates.

Adoption of New and Amended to PFRS

a. Effective in the fiscal year 2020 that are Relevant to the Club

For the fiscal year 2020, the Club adopted for the first time the following amendments and interpretation to PFRS that are relevant to the Club and effective for financial statements for the annual period beginning on or after January 1, 2020:

| | |
|--------------------|---|
| PAS 1 (Amendments) | : Presentation of Financial Statements and PAS 8 (Amendments), Accounting Policies, Changes in Accounting Estimates and Errors -Definition of Material |
|--------------------|---|

Revised Conceptual Framework for Financial Reporting

Discussed below is the relevant information about these amended standards:

1. *PAS 1 (Amendments), Presentation of Financial Statements and PAS 8 (Amendments), Accounting Policies, Changes in Accounting Estimates and Errors -Definition of Material.* The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's circumstances). The definition of material in PAS 8 has been accordingly replaced by a reference to the new definition in PAS 1.

In addition, an amendment has also been made in other standards that contain a definition of material or refer to the term 'material' to ensure consistency. The amendment has no material impact on the Club's financial statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2019.

ii. Revised Conceptual Framework for Financial Reporting. The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and guidance derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised framework.

The revision has no material impact on the Club's conceptual framework.

b. *New and Revised PFRSs in Issue but Not Yet Effective Subsequent to Fiscal Year 2020*

The Club will adopt the following standards and interpretations enumerated below when they become effective. Except as otherwise indicated, the Club does not expect the adoption of these new and amended PFRSs to have a significant impact on the separate financial statements.

Standard Adopted by FRSC and Approved by the Board of Accountancy (BOA)

PFRS 17, Insurance Contracts. PFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. It requires an entity that issues insurance contracts to report them on the balance sheet as the total of the fulfilment cash flows and the contractual service margin. It requires an entity to provide information that distinguishes two ways insurers earn profits from insurance contracts: the insurance service result and the financial result. It requires an entity to report as insurance revenue the amount charged for insurance coverage when it is earned, rather than when the entity receives a premium. It requires that insurance revenue exclude the deposits that represent the investment of the policyholder, rather than an amount charged for services. Similarly, it requires the entity to present deposit repayments as settlements of liabilities rather than as insurance expense.

PFRS 17 is effective for annual periods beginning on or after January 1, 2021. Early application is permitted for entities that apply PFRS 9, *Financial Instruments* and PFRS 15, *Revenue from Contracts with Customers* on or before the date of initial application of PFRS 17.

An entity shall apply PFRS 17 retrospectively unless impracticable, except that an entity is not required to present the quantitative information required by paragraph 28(f) of PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and an entity shall not apply the option in paragraph B115 for periods before the date of initial application of PFRS 17. If, and only if, it is impracticable, an entity shall apply either the modified retrospective approach or the fair value approach.

Standard Adopted by FRSC but pending Approval of the BOA

PFRS 10 and PAS 28 (Amendments), *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*. The amendments clarify the treatment of the sale or contribution of assets between an investor and its associate and joint venture. This requires an investor in its financial statements to recognize in full the gains and losses arising from the sale or contribution of assets that constitute a business while recognizing partial gains and losses if the assets do not constitute a business (i.e. up to the extent only of unrelated investor share).

On January 13, 2016, the FRSC decided to postpone the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Financial Instruments

a. Financial Assets

Financial assets are recognized when the Club becomes a party to the contractual terms of the financial instrument. Financial assets are classified into the following categories: Financial assets at Fair Value Through Profit or Loss (FVTPL), Financial assets at fair value through other comprehensive income (FVOCI) and Financial assets at Amortized cost. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

The foregoing categories of financial instruments of the Club are more fully described below:

i. Financial assets at fair value through profit or loss (FVTPL)

This category comprises only in-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Club does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

As at September 30, 2020 and 2019, the Club does not have financial assets designated at FVTPL.

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

IFRS 9 requires all equity investments to be measured at fair value. The default approach is for all changes in fair value to be recognized in profit or loss.

For equity investments that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination, entities can make an irrevocable election at initial recognition to classify the instruments as FVOCI, with all subsequent changes in fair value being recognized in other comprehensive income (OCI). This election is available for each separate investment.

Under this new FVOCI category, fair value changes are recognized in OCI while dividends are recognized in profit or loss (unless they represent a recovery of part of the cost of the investment).

On disposal of the investment the cumulative change in fair value is not recycled to profit or loss. However, the Club has the ability to transfer amounts between reserves within equity (i.e. between the FVOCI reserve and retained earnings).

As at September 30, 2020 and 2019, the Club does not have financial assets designated at FVOCI.

iii. *Financial Assets at Amortized Cost*

A financial asset is classified as subsequently measured at amortized cost if it meets both of the following criteria: hold to collect business model test - the asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows; and solely payments of principal and interest (SPPI) contractual cash flow characteristics test - the contractual terms of the financial asset give rise to cash flows that are SPPI on the principal amount outstanding on a specified date.

The Club's financial assets measured at amortized cost comprise Cash and Trade and other receivables in the statements of financial position.

Cash include cash on hand and in banks held to meet short-term cash commitments rather than for investment or other purposes.

Trade and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Club provides money or services directly to a debtor with no intention of trading the receivables. Included in this category are those arising from direct loans to customers and all receivables from customers and other companies.

Trade and other receivables are subsequently measured at amortized cost using the effective interest method, less impairment losses, if any. Any change in their value is recognized in profit or loss. Increases in estimates of future cash receipts from such financial assets shall be recognized as an adjustment to the effective interest rate from the date of the change in estimate rather than as an adjustment to the carrying amount of the financial asset at the date of the change in estimate.

b. Subsequent Measurement of Financial Assets

i. Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

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

The Club accounts for financial assets at FVOCI if the assets meet the following conditions:

- a. they are held under a business model whose objective is held to collect the associated cash flows and sell; and,
- b. the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognized in OCI will be recycled upon derecognition of the asset.

iii. Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

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

This category includes non-derivative financial assets like trade and other receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Club's cash and trade and other receivables fall into this category of financial instruments.

c. Impairment of Financial Assets

IFRS 9's new impairment requirements use more forward-looking information to recognize expected credit losses - the 'expected credit loss' (ECL) model. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Club first identifying a credit loss event. Instead, the Club considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- I. financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and,
- II. financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Club's financial assets fall into this category.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Club makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Club uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

d. Financial Liabilities

Financial liabilities are classified as financial liabilities at FVTPL, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Club determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

As at September 30, 2020 and 2019, the Club did not have financial liabilities at FVTPL or derivative liabilities designated as hedging instruments.

The Club's financial liabilities include Trade and other payables [excluding Output Value-added Tax (VAT) payable shown under Other payables].

Trade and other payables are recognized initially at their fair value and subsequently measured at amortized cost for maturities beyond one year, less settlement payments.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss in the statement of comprehensive income.

e. Offsetting Financial Instruments

Financial assets and liabilities are set-offs and the resulting net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Inventories

At the end of the reporting period, inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition is accounted for at purchase cost on a weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Prepayments and Other Current Assets

Prepayments and other current assets pertain to other resources controlled by the Club as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Prepayments and other current assets include prepaid expenses which are paid in advance and recorded as an asset before these are utilized, deposits that pertain to advance payments to suppliers to be applied for future purchases, and prepaid income tax, which will be applied in the following year against corporate income tax. Prepaid expenses are amortized over time and recognized as an expense as the benefit is derived from the asset. Prepayments and other current assets are recognized and measured at transaction cost or the amount of cash paid. Subsequently, these are charged to income as they are consumed in operations or expire with the passage of time.

Property and Equipment

Land is stated at cost. All other property and equipment are stated at cost less accumulated depreciation, amortization 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 for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|-------------------------------------|----------------|
| Clubhouse | 10 to 53 years |
| Building furniture and fixtures | 10 to 15 years |
| Land improvements | 10 to 25 years |
| Kitchen, office and other equipment | 5 to 10 years |

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation, amortization and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

Intangible Assets

Intangible assets of the Club include acquired licenses and software which are accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire an asset at the time of its acquisition or production. Capitalized costs are amortized on a straight-line basis over the estimated useful lives (ranging from 5 to 7 years) as the lives of these intangible assets are considered finite.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software and those costs associated with research activities are recognized as an expense in profit or loss as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

The Club recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Club satisfies a performance obligation before it receives the consideration, the Club recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Income that was recognized under the above criteria are discussed as follows:

- a. *Sale of food and beverages* - Revenue is recognized when control of the goods or services are transferred to the customer or member at an amount that reflects the consideration to which the Club expects to be entitled in exchange for those goods or services.
- b. *Membership dues* - Revenue is recognized monthly as the fees become due upon billing to Club members of their monthly dues.
- c. *Rentals* - Revenue from the lease of land and building is recognized and accounted for in profit or loss on a straight-line basis over the lease term.
- d. *Service fees* - Revenue is recognized when sports training services have been rendered.
- e. *Patronage fees* - Revenue is recognized when the paid consumables of the member have been forfeited.
- f. *Transfer and processing fees* - Revenue is recognized as the service fees become due upon members' payment for processing of documents relative to memberships.
- g. *Late payment charges* - Revenue is recognized as the fees become due upon billing to Club members.
- h. *Interest* - Revenue is recognized as the interest accrues (taking into account the effective yield on the asset).

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in the profit or loss on an accrual basis.

Leases - Club as a Lessor

Leases that do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized as income in profit or loss on a straight-line basis over the lease.

The Club determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Impairment of Non-financial Assets

The Club's property and equipment are subject to impairment testing.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset or cash generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use, based on an internal evaluation of discounted cash flow. Impairment loss is charged pro-rata to the other assets in the cash-generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

Employee Benefits

The Club provides short term benefits and post-employment benefits to employees through a defined benefit plan, as well as various defined contribution plans.

a. Short-term Benefits

Wages, salaries and bonuses are recognized as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognized when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognized when the absences occur.

b. Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Club, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Club's post-employment defined benefit plan covers all regular full-time employees. The post-employment plan is tax-qualified, noncontributory and administered by a trustee.

The liability recognized in the statement of financial position for post-employment benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated every two years by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return of plan assets (excluding amount included in net interest) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of retirement benefits in the statement of comprehensive income.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment and curtailment.

As at September 30, 2020 and 2019, the Club recognized its liability for a post-employment benefit plan based on the provisions of the Collective Bargaining Agreement with its employees at the end of the reporting period less the fair value of plan assets.

c. Defined Contribution Plan

A defined-contribution plan under which the Club pays fixed contributions into an independent entity such as Social Security System (SSS), Philhealth and Pag-ibig. The Club has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

d. Termination Benefits

Termination benefits are payable when employment is terminated by the Club before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Club recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in member's equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is provided, using the liability method, on temporary differences at the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that the future taxable profit will be available to allow such deferred tax assets to be reassessed.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting periods. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Club expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the profit or loss. Only changes in deferred tax assets or liabilities that relate to a change in the value of assets or liabilities are charged or credited directly to a member's equity.

Deferred tax assets and deferred tax liabilities are offset if the Club has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes related to the same entity and the same taxation authority.

Related Party Transactions and Relationships

Related party transactions are the transfer of resources, services or obligations between the Club and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Club; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Club that gives them significant influence over the Club and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Members' Equity

Membership fee certificates represent the nominal value of certificates that have been issued adjusted for any cancellations and re-issuances.

Additional paid-in includes any premiums received on the issuance of cancelled membership certificates and special assessment funds.

Accumulated comprehensive loss represents the accumulated actuarial losses of retirement benefit obligation, net of applicable tax.

Deficit includes all current and prior period results of operations as reported in profit or loss in the statement of comprehensive income.

Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Club's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Club's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

Critical Management Judgments in Applying Accounting Policies

In the process of applying the Club's accounting policies, management has made the following judgments, apart from those involving estimation, which has the most significant effect on the amounts recognized in the financial statements:

a. Determination of Functional Currency

The Club has determined that its functional currency is the Philippine peso, which is the currency of the primary environment in which the Club operates.

b. *Distinction between Operating and Finance Leases*

The Club has entered into various lease agreements as a lessor. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Based on management judgment, current lease arrangements were determined to be operating leases.

c. *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of relevant provisions and contingencies are discussed in Notes 2 and 18, respectively.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next reporting period.

a. *Impairment of Trade and Other Receivables*

The Club uses a provision matrix to calculate ECL for trade and other receivables. The provision rates are based on days past due for groupings of various members. The Club evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Club's relationship with the members, the members' current credit status, the average age of accounts, collection experience and historical loss experience.

The provision matrix is based on the Club's historical observed default rates. The Club's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Club's trade and other receivables and its carrying value are shown in Note 5.

b. *Determination of Net Realizable Value of Inventories*

In determining the net realizable value of inventories, management takes into account the most reliable evidence available at the dates the estimates are made as well as the factors that affect the realizability of inventories.

c. Estimation of Useful Lives of Property and Equipment

The Club estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment and investment property would increase recorded operating expenses and decrease non-current assets.

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

| | |
|-------------------------------------|----------------|
| Clubhouse | 10 to 53 years |
| Building furniture and fixtures | 10 to 15 years |
| Land improvements | 10 to 25 years |
| Kitchen, office and other equipment | 5 to 10 years |

The carrying amounts of property and equipment are analyzed in Note 8.

d. Determination of Realizable Amount of Deferred Tax Asset

The Club reviews its deferred tax asset at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax asset relating to minimum corporate income tax (MCIT) and allowance for impairment of receivables was not recognized as management believes that it cannot be utilized in the foreseeable future.

The carrying value of deferred tax assets as at September 30, 2020 and 2019 is disclosed in Note 15.

e. Valuation Post-employment Defined Benefit Obligation

Prior to 2018, the determination of the Club's obligation and cost of the post-employment benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 11 and include, among others, discount rates, expected rate of return on plan assets, salary increase rate and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

In 2020 and 2019, the Club computed its retirement benefit obligation based on the provisions of the Club's Collective Bargaining Agreement (CBA) with its employees.

The Club's CBA is in compliance with the minimum provisions of Republic Act 7641, Retirement Pay Law.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of the post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 11.

f. Determination of Termination Benefits

The determination of the Club's obligation for termination benefits is measured based on the number of employees that are expected to receive them and the amount of benefits each employee is to receive based on management's decision. For involuntary termination plans, the entity establishes the number of employees whose services will be terminated. The measurement of the Club's obligation for termination payments in case of an offer made to encourage voluntary termination is based on the number of employees expected to accept the offer or where management intends to reduce staff numbers by a given amount, the cost of doing so.

g. Impairment of Non-Financial Assets

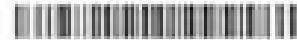
Except for intangible assets with indefinite useful lives, PFRS requires that an impairment review be performed when certain impairment indicators are present. The Club's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

4. CASH

The details of this account are as follows:

| | <u>2020</u> | <u>2019</u> |
|---------------|--------------------|--------------------|
| Cash in banks | P 9,486,876 | P 5,103,936 |
| Cash on hand | <u>77,000</u> | <u>77,000</u> |
| | <u>P 9,563,876</u> | <u>P 5,180,936</u> |

Cash in banks generally earns interest at rates based on daily bank deposit rates.



5. TRADE AND OTHER RECEIVABLES

The details of this account are as follows:

| | <u>2020</u> | <u>2019</u> |
|--------------------------|---------------------|---------------------|
| Trade | P 12,420,014 | P 12,842,208 |
| Others | <u>8,604,467</u> | <u>7,898,162</u> |
| | <u>21,024,481</u> | <u>20,740,370</u> |
| Allowance for impairment | (362,280) | (362,280) |
| | <u>P 20,662,201</u> | <u>P 20,378,090</u> |

The outstanding trade receivables as at September 30, 2020 and 2019 pertains to the dues and charges from members which are due within one month from the billing date.

Other receivables include P1,200,000 representing unauthorized payment of attorney's fees and expenses made by previous Boards of Directors (BOD). On November 18, 2013, the Club has sent a demand letter to immediately pay, jointly and solidarily the said amount against the previous BOD and their legal counsel. No impairment loss was provided as the Club has some available recourse to settle such account.

There is no additional allowance for impairment provided in 2020 and 2019. All of the Club's trade and other receivables have been reviewed for indicators of impairment. Certain trade and other receivables which mostly due from delinquent members were found to be impaired; hence, adequate amounts of allowance for impairment have been recognized. The By-Laws states that if the proceeds derived from the sale of the Certificates are not sufficient to pay in full the indebtedness of the member, the member shall continue to be obligated to the Club for the unpaid balance.

6. INVENTORIES

This account represents the following:

| | <u>2020</u> | <u>2019</u> |
|---------|------------------|------------------|
| Food | P 224,379 | P 577,761 |
| Deggies | <u>143,408</u> | <u>120,701</u> |
| | <u>P 367,787</u> | <u>P 698,462</u> |

The cost of inventories recognized as an expense in 2020 and 2019 are shown in Note 12. There were no expenses recognized related to the impairment of inventories in both years.

7. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of this account are as follows:

| | 2020 | 2019 |
|--------------------|--------------------|--------------------|
| Prepaid income tax | P 1,039,685 | P 870,982 |
| Deposits | 771,400 | 772,579 |
| Unused supplies | 549,706 | 391,551 |
| Prepaid expenses | <u>33,890</u> | <u>33,890</u> |
| | P 2,394,681 | P 2,062,002 |

8. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2020 and 2019 are shown below:

| | Kitchen, Office and Other Equipment | Buildings, Furniture and Fixtures | Land Improvements | Land | Total |
|--|--|---|----------------------|-----------------|---------------------|
| September 30, 2020 | | | | | |
| Cost | P 71,863,875 | P 40,392,382 | P 48,998,803 | P 1,034,488 | P 160,202,448 |
| Accumulated depreciation and amortization | (61,461,085) | (31,251,507) | (36,281,479) | (1,034,488) | (138,076,159) |
| Net carrying amount | P 11,255,190 | P 11,140,775 | P 12,717,323 | P - | P 33,426,220 |
| September 30, 2019 | | | | | |
| Cost | P 71,863,875 | P 39,202,987 | P 48,852,575 | P 1,034,488 | P 160,200,928 |
| Accumulated depreciation and amortization | (61,421,967) | (30,669,047) | (36,090,462) | (1,034,488) | (138,205,726) |
| Net carrying amount | P 12,241,928 | P 8,533,940 | P 11,762,113 | P 67,000 | P 34,232,200 |

The reconciliations of the carrying amounts at the beginning and end of 2020 and 2019, of property and equipment are shown below:

| | Kitchen, Office and Other Equipment | Buildings, Furniture and Fixtures | Land Improvements | Land | Total |
|---|--|---|----------------------|-----------------|---------------------|
| Balance October 1, 2019 | | | | | |
| net of accumulated depreciation and amortization | P 12,241,928 | P 8,533,940 | P 11,762,113 | P 67,000 | P 38,282,200 |
| Additions for the year | 1,189,295 | 77,228 | - | - | 1,266,523 |
| Depreciation for the year | (1,019,000) | (1,252,350) | (67,000) | - | (2,332,350) |
| Balance at September 30, 2020 | | | | | |
| net of accumulated depreciation and amortization | P 11,255,190 | P 11,140,775 | P 12,717,323 | P - | P 33,426,220 |
| Balance October 1, 2019 | | | | | |
| net of accumulated depreciation and amortization | P 12,241,928 | P 8,533,940 | P 11,762,113 | P 67,000 | P 38,282,200 |
| Additions for the year | 1,189,295 | 4,984,461 | - | - | 6,171,656 |
| Depreciation for the year | (1,019,000) | (1,252,350) | (67,000) | - | (1,320,352) |
| Balance at September 30, 2019 | | | | | |
| net of accumulated depreciation and amortization | P 12,241,928 | P 8,533,940 | P 11,762,113 | P 67,000 | P 34,232,200 |

The land under Transfer Certificate of Title No. 438487 is covered by Restrictive Covenants as follows:

- a. The land shall not be subdivided and that it shall be used exclusively for artistic, sports, recreational and social as well as entertainment purposes.
- b. No portion of the land or any rights and interests thereto shall be mortgaged, leased or encumbered in any manner, directly or indirectly, before December 2025 without the knowledge and express written consent of Ortigas & Company Allied Partnership (Ortigas).
- c. In the event that the Club is dissolved before December 2025, for any cause whatsoever, or if the Club fails to complete the construction of the proposed buildings for the use of the Club, Ortigas, its successor or assigns, has the absolute option to repurchase the land from the Club, or its assigns the sum of not exceeding P4,600,000 without interest, free from liens and encumbrances.
- d. Should the Club decide to sell or dispose the land at any time before December 2025, Ortigas, its successors or assigns, shall be entitled and has the first absolute and unconditional option to reacquire or repurchase the entire property for an amount proportional to the area being sold, if only a portion of said property is involved.
- e. Should Ortigas choose to repurchase the property pursuant to the foregoing covenants, the existing improvements on the land shall be removed by and at the expense of the owner/claimant thereof within six months from the receipt of notice thereon, unless Ortigas decides to reimburse the owner/claimant the value thereof which shall be fixed at the price equivalent to the actual cost of construction or acquisition, less depreciation at the rate of 20% per year.

The Club's portion of the clubhouse with a total floor area of 588.75 square meters was held for lease. Total rentals amounted to P3,136,275 and P3,765,517 in 2020 and 2019, respectively, and are shown as Rentals in the statements of comprehensive income (see Note 18).

As at September 30, 2020 and 2019, there were no property and equipment have been pledged as security for liabilities. In addition, there were no recognized impairment losses relating to these assets in both years.

9. INTANGIBLE ASSETS

Intangible assets pertain to computer software and licenses acquired by the Club. The reconciliation of intangible assets is shown below:

| | 2020 | 2019 |
|------------------------------|------------------|------------------|
| Cost | P 5,007,537 | P 5,007,537 |
| Accumulated amortization | | |
| Balance at beginning of year | 1,920,197 | 1,215,224 |
| Amortization for the year | <u>693,872</u> | <u>704,973</u> |
| Balance at end of year | <u>2,614,069</u> | <u>1,920,197</u> |
| Net carrying amounts | P 2,393,468 | P 3,087,340 |

10. TRADE AND OTHER PAYABLES

This account is composed of the following:

| | 2020 | 2019 |
|---------------------|----------------|------------------|
| Trade | P 15,525,705 | P 16,499,160 |
| Accrued expenses | 4,549,628 | 3,639,588 |
| Refundable deposits | 5,383,516 | 5,666,727 |
| Other payables | <u>841,731</u> | <u>2,478,432</u> |
| | P 26,300,560 | P 28,283,907 |

Accrued expenses comprise outstanding payables related to manpower services, 13th month salaries and other accruals. Accrued expenses in 2020 also include accrued litigation expenses that were settled in November 2020 amounting to P3,782,298 (see Note 18).

Refundable deposits pertain to badminton funds and deposits for breakages.

Other payables consist of outstanding payables related to withholding taxes, Social Security System, Philhealth and other contributions.



11. EMPLOYEE BENEFITS

Salaries and Employees' Benefits

Expenses recognized for salaries and employees' benefits are presented below:

| | 2020 | 2019 |
|---------------------------------|---------------------|---------------------|
| Short-term benefits | P 44,540,990 | P 48,107,628 |
| Post-employment defined benefit | <u>1,572,007</u> | <u>5,507,200</u> |
| | <u>P 46,112,997</u> | <u>P 53,614,828</u> |

Impact of COVID-19 Pandemic

The Club is not exempted from the effects brought by the COVID-19 pandemic. Due to community quarantine imposed all over the country, limited movement and difficulty in delivering the products to various businesses were experienced. Measures to prevent transmission of the virus include limiting the movement of people, restricting flights and other travel, temporarily closing businesses and schools, and cancelling events. This will have an immediate impact on businesses such as tourism, transport, retail and entertainment. It will also begin to affect supply chains and the production of goods throughout the world and lower economic activity is likely to result in reduced demand for many goods and services. Financial services entities such as banks that lend to affected entities, insurers that provide protection to affected individuals and businesses, and funds or other investors that invest in affected entities are also likely to be affected. Not only in the Philippines, but it has also interrupted the movement of people and goods throughout the world, and many levels of government are instituting restrictions on individuals and businesses. Travel documents including proper identification cards were requested to avoid inconvenience during check points.

No Work, No Pay was observed for employees during Enhanced Community Quarantine. This contributes to the significant reduction in salaries and employee benefits of the Club.

Post-employment Defined Benefit Plan

a. Characteristics of the Defined Benefit Plan

The Club's employees retirement plan is a non-contributory and defined benefit type which provides a retirement benefit equivalent to one hundred percent (100%) of Plan Salary for every year of credited service. Benefits are paid in a lump sum upon retirement or separation in accordance with the terms of the Plan.

The normal retirement age is 60 with a minimum of 5 years of credited service. The plan also provides for early retirement with a minimum of 15 years of credited service and late retirement after age 60 but not beyond the age of 65, both subject to the approval of the Club's BOD.

b. *Explanation of Amounts Presented in the Financial Statements*

Actuarial valuations are made every two years to update the retirement benefit costs and the amount of contributions. All amounts presented below are computed based on the Club's Collective Bargaining Agreement (CBA) to its employees.

The amounts of retirement benefit obligation recognized in the statements of financial position are as follows:

| | 2020 | 2019 |
|---------------------------------|---------------------|---------------------|
| Present value of the obligation | P 26,848,798 | P 26,014,953 |
| Fair value of plan assets | (8,953,149) | (6,973,059) |
| Retirement benefit obligation | <u>P 17,895,649</u> | <u>P 19,041,894</u> |

The movements in the present value of the retirement benefit obligation recognized in the books are as follows:

| | 2020 | 2019 |
|------------------------------|---------------------|---------------------|
| Balance at beginning of year | P 26,041,953 | P 22,026,401 |
| Adjustments | (46,800) | 750,000 |
| Current service | 1,572,007 | 4,960,780 |
| Interest costs | - | 660,792 |
| Benefits paid | (718,362) | (2,383,020) |
| Balance at end of year | <u>P 26,848,798</u> | <u>P 26,014,953</u> |

The movement in the fair value of plan assets is presented below:

| | 2020 | 2019 |
|-----------------------------------|--------------------|--------------------|
| Balance at beginning of year | P 6,973,059 | P 1,758,687 |
| Re-measurement loss on plan asset | (19,910) | (14,889) |
| Expected return on plan assets | - | 129,261 |
| Contributions | 2,000,000 | 5,100,000 |
| Balance at end of year | <u>P 8,953,149</u> | <u>P 6,973,059</u> |

The composition of the fair value of plan assets at the end of the reporting period by category and risk characteristics is shown below:

| | 2020 | 2019 |
|------|--------------------|--------------------|
| Cash | <u>P 8,953,149</u> | <u>P 6,973,059</u> |

The plan assets of the Club consist of a special cash deposit account placed in a local bank.

The components of amounts recognized in the profit or loss in respect of the retirement benefit obligation are as follows:

| | 2020 | 2019 |
|------------------------------------|----------------------|-------------|
| <i>Reported in profit or loss:</i> | | |
| Current service costs | P 1,572,007 | P 4,960,780 |
| Net interest costs | - <hr/> | 546,420 |
| | <hr/> P 1,572,007 | P 5,507,200 |

Current service and interest costs were allocated and presented as part of operating expenses in the statements of comprehensive income.

In determining the amounts of the retirement benefit obligation, the following significant assumptions were used in 2019:

| | |
|-----------------------------------|----|
| Discount rates | 3% |
| Expected rate of salary increases | 3% |

Mortality assumptions are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 65 is 68 for males and 22 for females. The average age of the employees is 44.3 years for 2019, while the average years of service are 15.7 years for 2019. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero-coupon government bonds with terms to maturity approximating to the terms of the retirement benefit obligation. Other assumptions are based on management's historical experience.

Risks Associated with the Retirement Plan

The plan exposes the Club to actuarial risks such as longevity risk and salary risk. The present value of the retirement benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants during their employment and to their future salaries. Consequently, increases in the salary of the plan participants will result in an increase in the plan obligation.

Asset-liability Matching Strategies

The Club's retirement plan has no specific matching strategy between the plan assets and the plan liabilities.

Funding Arrangements and Expected Contributions

In 2020, The Club make a contribution of P2,000,000 to the plan.

The maturity profile of undiscounted expected benefit payments from the plan follows:

| | |
|-------------|-------------|
| 2021 | P 2,445,793 |
| 2022 | 850,334 |
| 2023 | 5,625,334 |
| 2024 | 4,140,384 |
| 2025 - 2029 | 15,554,093 |

12. COST OF FOOD AND BEVERAGES

The details of this account are shown below:

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Inventories at beginning of year | P 698,462 | P 832,786 |
| Purchases - net | 13,539,901 | 19,489,092 |
| Inventories at end of year (see Note 6) | (367,787) | (698,462) |
| | <u>P 13,870,576</u> | <u>P 19,423,416</u> |

13. OTHER REVENUES AND OPERATING EXPENSES

Other Revenues

The breakdown of this account is as follows:

| | 2020 | 2019 |
|------------------------------|--------------------|---------------------|
| Late payment charges | P 1,397,787 | P 4,296,583 |
| Patronage fees | 2,722,568 | 2,256,211 |
| Transfer and processing fees | 1,036,161 | 2,684,833 |
| Miscellaneous | 559,062 | 1,081,429 |
| | <u>P 5,715,578</u> | <u>P 10,319,056</u> |

Miscellaneous revenues include income from parking fees, car stickers, and late payment charges.

Other Operating Expenses

This account consists of the following:

| | 2020 | 2019 |
|----------------------------------|---------------------|---------------------|
| Litigation expense (see Note 18) | P 3,782,298 | P - |
| Repairs and maintenance | 2,674,315 | 2,828,186 |
| Professional fees | 2,356,411 | 3,677,756 |
| Supplies and other consumables | 2,393,750 | 3,211,206 |
| Advertising and promotion | 1,644,696 | 1,793,737 |
| Postage, telephone and telegraph | 961,809 | 1,257,352 |
| Transportation and gasoline | 889,082 | 925,627 |
| Service fees | 354,885 | 1,185,384 |
| Representation and entertainment | 314,560 | 451,067 |
| Insurance | 191,155 | 363,108 |
| Linen and laundry | 158,849 | 353,711 |
| Losses | 127,199 | 26,352 |
| Miscellaneous | 6,268,828 | 2,922,582 |
| | <u>P 22,117,837</u> | <u>P 18,996,068</u> |

Supplies and other consumables include printing expenses and office, cleaning and supplies.

Miscellaneous expenses include the credit card charges, equipment rentals payments to pianists, concessionaire food suppliers, choir, flowers for mass, sponsorship to tennis committee, penalties and other legal fees and other petty expenses.

14. FINANCE INCOME

The finance income are composed of the following:

| | 2020 | 2019 |
|---|------------------|------------------|
| Interest income - loans and receivables | P 443,028 | P 295,380 |
| Interest income - banks | <u>38,099</u> | <u>22,108</u> |
| | <u>P 481,127</u> | <u>P 317,488</u> |

15. INCOME TAX

Tax Exemption

On June 26, 2019, in the case of Association of Non-profit Clubs, Inc. vs. Bureau of Internal Revenue (GR No. 228539) the Supreme Court promulgated and declared as invalid the Revenue Memorandum Circular 35-2012 issued by the BIR. The Court declares that membership fees, assessment dues and fees of similar nature collected by clubs which are organized and operated exclusively for pleasure, recreation, and other nonprofit purposes do not constitute as : (a) the income of recreational clubs from whatever source that are subject to income tax, and (b) part of the gross receipts of recreational clubs that are subject to Value Added Tax. Accordingly, RMC 35-2012 should be interpreted in accordance with the Decision. Hence, the Club applied the Decision of the Supreme Court for the fiscal year ended September 30, 2020.

Current And Deferred Taxes

The components of tax expense as reported in the statements of comprehensive income are presented below:

| | 2020 | 2019 |
|--|------------------|------------------|
| <i>Reported in profit or loss</i> | | |
| Current tax expense: | | |
| Minimum corporate income tax (MCIT) at 2% | P - | 97,952 |
| Final tax at 20% | <u>7,620</u> | <u>4,422</u> |
| | <u>7,620</u> | <u>102,374</u> |
| Deferred tax expense relating to origination and reversal of temporary differences | <u>343,874</u> | <u>367,747</u> |
| | <u>P 351,494</u> | <u>P 470,121</u> |

The reconciliations of tax on pretax profit computed at the applicable statutory rate to income tax in the statement of comprehensive income are as follows:

| | | 2020 | 2019 |
|---|---|----------------|------------------|
| Tax on pretax profit at 30% | P | 6,528 | P 1,671,298 |
| Adjustment for income subjected to lower tax rate | (| 3,810) | (2,211) |
| Tax effects of: | | | |
| Non-taxable revenue | (| 17,269,975) | (17,279,915) |
| Non-deductible expenses | | 10,646,314 | 7,447,597 |
| Unrecognized net operating loss carry-over (NOLCO) | | 6,358,397 | 7,230,399 |
| Origination and reversal of temporary differences | | 614,040 | 1,305,001 |
| Unrecognized MCIT | | - | 97,952 |
| Tax expense reported in the profit and loss. | P | <u>351,494</u> | P <u>470,121</u> |

As at September 30, 2020 and 2019, the Club's deferred tax asset on retirement benefit obligation amounted to P5,368,694 and P5,712,567, respectively. Based on management's assessments, the carrying value of deferred tax asset relating to the Club's retirement benefit obligation as at September 30, 2020 and 2019 is fully recoverable upon payment of retirement benefits to retiring employees.

The Club is subject to MCIT which is computed at 2% of gross income, as defined under the tax regulations. The details of excess MCIT, which can be applied as a deduction from the Club's future regular income tax payable three years from the year the MCIT was paid, are shown below:

| Year Incurred | Original Amount | Expired Balance | Remaining Balance | Valid Until |
|------------------|--------------------|--------------------|----------------------|----------------|
| 2019 | P 97,952 | P - | P 97,952 | 2022 |
| 2018 | 447,543 | - | 447,543 | 2021 |
| 2017 | <u>929,466</u> | <u>929,466</u> | - | 2020 |
| | <u>P 1,474,961</u> | <u>P 929,466</u> | <u>P 545,495</u> | |

The deferred tax asset amounting to P545,499 in 2020 and P1,474,961 in 2019 pertaining to MCIT was not recognized as management believes that the Club will not be able to generate sufficient taxable income in the foreseeable future against which deferred tax asset on MCIT can be utilized.

Moreover, the Club has not recognized the deferred tax asset relating to NOLCO and allowance for impairment of receivables as management believes that the Club may not be able to realize the related tax benefits in the foreseeable future. As at September 30, the temporary differences for which the related deferred tax assets have not been recognized are shown below:

| | 2020 | 2019 |
|--------------------------|---------------------|--------------------|
| Allowance for impairment | P 108,684 | P 108,684 |
| NOLCO | <u>13,588,796</u> | <u>7,230,399</u> |
| | <u>P 13,697,480</u> | <u>P 7,339,083</u> |

The details of the Company's NOLCO and its respective availment period is presented below:

| Year Incurred | Amount | Valid Until |
|------------------|---------------------|-------------|
| 2020 | P 21,194,657 | 2025 |
| 2019 | <u>24,101,330</u> | 2022 |
| | <u>P 45,295,987</u> | |

On September 30, 2020, the BIR issued Revenue Regulation No. 25-2020 which prescribes the rules and regulations to implement Section 4 of Republic Act (RA) No. 11494 (Bayanihan to Recover as One Act) relative to NOLCO under Section 34 (D)(3) of the National Internal Revenue Code (NIRC) of 1997, as amended. Unless otherwise disqualified from claiming the deduction, the business or enterprise which incurred a net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss. The net operating loss for said taxable years may be carried over as a deduction even after the expiration of RA No. 11494 provided the same are claimed within the next five (5) consecutive taxable years immediately following the year of such loss.

16. MEMBERS' EQUITY

Membership Fee Certificates

The Club has an authorized 1,500 proprietary membership fee certificates without par value consisting of 1,200 regular and 300 corporate certificates, of which amounting to P46,642,857 were issued and outstanding as at September 30, 2020 and 2019.

Regular proprietary members, who can either be natural or juridical persons, can designate only one representative who may vote and avail of all the Club's privileges. Corporate proprietary members can designate three representatives but are entitled to only one vote. Each representative may avail of all of the Club's privileges except to hold office.

Additional Paid-in

This account is composed of the following:

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|--------------------|
| Premiums received - issuance of cancelled membership certificates | P 8,068,540 | P 8,068,540 |
| Special assessment fund | <u>5,670,249</u> | <u>1,242,542</u> |
| | <u>P 13,738,789</u> | <u>P 9,311,082</u> |

Premiums Received - Issuance of Cancelled Membership Certificates

The changes in premiums received - issuance of cancelled membership certificates during the year are as follows:

| | <u>2020</u> | <u>2019</u> |
|--|--------------------|--------------------|
| Balance at beginning of year | P 8,068,540 | P 6,523,681 |
| Donation | - | 1,455,000 |
| Net gain on auction shares during the year | <u>-</u> | <u>89,859</u> |
| Balance at end of year | <u>P 8,068,540</u> | <u>P 8,068,540</u> |

In 2019, the Board of Directors approved to auction shares from the cancelled shares at the minimum bid price of P300,000, which were open to the public. All of these shares were awarded to the highest bidder. The corresponding gain amounting to P89,859 in 2019 was charged to Additional paid-in capital. The details of these certificates from delinquent members are as follows:

| <u>Date Sold</u> | <u>No. of Shares</u> | <u>Total Bid Amount</u> |
|--------------------|----------------------|-------------------------|
| March 16, 2019 | 12 | P 3,217,886 |
| July 28, 2019 | 5 | 1,846,000 |
| September 28, 2019 | 5 | 1,790,000 |
| | <u>22</u> | <u>P 6,813,886</u> |

Special Assessment Fund

On November 2019, the Board of Directors approved the holding of members' Christmas Party in which all members will have a special assessment in the form of ticket selling, the net proceeds of such were used in the renovation of the Main Ballroom. The net special assessment fund amounting to P4,427,707 is presented as a special assessment fund under Additional Paid-in in the statements of members' equity.

On August 29, 2015, the Board of Directors approved the special assessment for all members and assignees in the form of compulsory ticket selling, the proceeds of such were used in the improvement of Lanai. The net special assessment fund amounting to P1,242,542 is presented as a special assessment fund under Additional Paid-in in the statements of members' equity.

The changes in special assessment fund during the year are as follows:

| | 2020 | 2019 |
|------------------------------|------------------|-------------|
| Balance at beginning of year | P 1,242,542 | P 1,242,542 |
| Additions | <u>4,427,707</u> | - |
| Balance at end of year | P 5,670,249 | P 1,242,542 |

Deposit for Membership Fee Certificates Subscription

In a meeting held on June 22, 1979, the Board of Directors approved the increase in the Club's authorized membership fee certificates from 1,500 to 2,000. The said increase was initially filed with the Securities and Exchange Commission (SEC). However, the SEC requires the approval of the members to effect the said increase in membership certificates. Due to the Writ of Preliminary Mandatory Injunction issued by the Regional Trial Court (RTC) of Pasig City to the current Board of Directors as petitioned by the previous Board of Directors, the Club cannot hold annual membership meeting and cannot be acted upon the requirements of the said increase as of to date. On October 1, 2019, the current Board of Directors filed Petition for Review of the assailed decision rendered by the RTC of Pasig City to the Court of Appeals praying the petition be given due course. Hence, the amount received from the members amounting to P27,479,806 is presented as Deposits for membership fee certificates subscriptions under Non-current liabilities in the statements of financial position.

Accumulated Comprehensive Loss

This account pertains to the actuarial losses on retirement benefit obligation.

As at September 30, 2020 and 2019, details of accumulated comprehensive loss is shown below:

| | Gross Amount | Tax Effect | Net |
|----------------|---------------|------------|---------------|
| Ending Balance | (P 1,561,923) | P 468,577 | (P 1,093,346) |

17. RELATED PARTY TRANSACTIONS

The Club's related parties include its officers and employees. The summary of the Club's transactions and outstanding balances with its related parties follows:

| | 2020 | | 2019 | | Terms and Condition |
|---------------------------------------|------------------------|---------------------|------------------------|---------------------|--|
| | Amount of Transactions | Outstanding Balance | Amount of Transactions | Outstanding Balance | |
| Officers and employees | | | | | |
| Cash advances | (P 12,800) | P 180,331 | P 7,362 | P 106,131 | Non-interest bearing, payable in demand, unsecured, no impairment loss |
| Key Management Personnel Compensation | P 9,612,816 | P 9,349,267 | - | - | |

Advances to Officers and Employees

The Club extends unsecured non-interest bearing cash advances to its officers and employees. The outstanding balance of these advances amounted to P183,331 and P196,131 as at September 30, 2020 and 2019, respectively. These are included as part of Others under Trade and other receivables account in the statements of financial position (see Note 5).

Key Management Compensation

Presented below are the details of the compensation of the Club's key management personnel which are presented as part of Salaries and employees' benefits as disclosed in Note 11.

| | 2020 | 2019 |
|--------------------------|--------------------|--------------------|
| Short-term benefits | P 8,801,050 | P 8,672,445 |
| Post-employment benefits | <u>611,766</u> | <u>676,942</u> |
| | <u>P 9,412,816</u> | <u>P 9,349,387</u> |

18. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Club:

Operating Leases - Club as Lessor

The Club is a lessor under operating leases covering certain Club spaces. The leases have terms ranging from one to five years and with renewal options. The future minimum rentals under these operating leases as at September 30 are as follows:

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Within one year | P 4,153,195 | P 3,928,670 |
| After one year but not more than five years | <u>11,468,479</u> | <u>15,621,674</u> |
| | <u>P 15,621,674</u> | <u>P 19,550,344</u> |

Total rentals from these operating leases amounted to P3,136,275 and P3,765,517 in 2020 and 2019, respectively, and are shown as Rentals in the statements of comprehensive income.

Labor Cases

Ma. Alberta Carolina Del Rosario, a former general manager, filed a case for illegal dismissal, non-payment of salaries and holiday pay with damages before National Labor Relation Commission (NLRC). A favourable decision was obtained from the NLRC which reversed and set aside the Labor Arbitrator's Decision, and accordingly, dismissed the complaint against the Club for lack of merit. Complainant elevated the case to the Court of Appeals via a Petition for Cetiorari where the case is pending resolution. Relative to this case, the Club posted a cash bond amounting to P2,075,000 presented as part of trade and other receivables in the statements of financial position.

In 2017, the Club's then Sous Chef Flordeliza Solquio filed a case for illegal dismissal with money claims and damages against the Club which was resolved by the Labor Arbiter in favor of the complainant. The Club's external legal counsel filed an appeal complete with an appeal cash bond of P1.099 million. This case is currently awaiting resolution.

There is also an ongoing labor lawsuit against the Club relating to a complaint filed by the Club's Employees Union with the Office of the Secretary of Department of Labor and Employment claiming the wage differentials between the wage increases provided in the Collective Bargaining Agreement vis-a-vis the wage increases provided by NCR Wage Order Nos. 11, 12 and 13 in March 2008. On November 18, 2020, the Club and the Club's Employees Union executed a Compromise Agreement wherein the Club paid and the Union acknowledges having received an amount of P3,782,298 as full and complete settlement and satisfaction of the Voluntary Arbitrator Decision of the instant case. This amount was accrued and recognized as litigation expenses in 2020 (see Note 13).

Tax Refund/Issuance of Tax Credit Certificate

On July 14, 2020, the Club filed an application for tax refund/issuance of tax credit certificate to the BIR for the erroneous payments of Value Added Tax (VAT) as results of compliance with Revenue Memorandum Circular 35-2012 which eventually declared as invalid by the Supreme Court in the case of Association of Non-profit Clubs, Inc. vs. Bureau of Internal Revenue (GR No. 228539) for taxable period January 1, 2018 to July 31, 2019 amounting to P9,222,817.83. On July 22, 2020, the filed Petition for Review of the case to the Court of Tax Appeals. On December 9, 2020, the Club received a letter from the BIR denying the said application. The petition for review that was filed with the Court of Tax Appeal is currently on-going.

Others

There are no other commitments and contingent liabilities that may arise in the normal course of the Club's operations which are not reflected in the Club's financial statements. Management believes that losses, if any, these events and conditions will not have a material effect on the Club's financial statements.

19. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Club is exposed to certain financial risks that arise in the normal course of the Club's business activities. The Club's risk management is coordinated with the Board of Directors, and focuses on actively securing the Club's short to medium-term cash flows by minimizing the exposure to financial risks.

The Club does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The financial risks to which the Club is exposed are described below and in the succeeding pages.

Foreign Exchange and Interest Rate Risks

The Club does not have financial instruments denominated in foreign currencies. Also, the Club does not have financial instruments subject to floating interest rate, except cash, which has historically shown insignificant changes in interest rates. As such, the Club's management believes that the interest rate risks are not material.

Credit Risk

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statements of financial position (or in the detailed analysis provided in the notes to financial statements), are summarized below:

| | 2020 | 2019 |
|-----------------------------------|---------------------|---------------------|
| Cash in banks | P 9,486,876 | P 5,103,936 |
| Trade and other receivables - net | <u>20,662,201</u> | <u>20,378,090</u> |
| | <u>P 30,149,077</u> | <u>P 25,482,026</u> |

The Club's trade and other receivables are actively monitored to avoid significant concentrations of credit risk.

In addition to impaired receivables, some of the unimpaired trade receivables are past due. The age of financial assets that are past due but not impaired as at September 30, 2020 and 2019 is as follows:

| | 2020 | 2019 |
|---|--------------------|---------------------|
| Not more than 30 days | P 1,862,626 | P 6,980,663 |
| More than 30 days but not more than 60 days | <u>2,030,358</u> | <u>2,943,518</u> |
| More than 60 days | <u>2,766,694</u> | <u>1,317,996</u> |
| | <u>P 6,659,678</u> | <u>P 11,342,177</u> |

Liquidity Risk

As at September 30, 2020 and 2019, the Club's maximum liquidity risk is the carrying amount of the trade and other payables of P26,300,580 in 2020 and P28,283,907 in 2019.

As at September 30, the financial liability have contractual maturities which are presented below:

| | 2020 | | | |
|--------------------------|---------------------|-------------------|-----------------|------------------|
| | Current | | Non-current | |
| | Within 6 Months | 6 to 12 Months | 1 to 5 Years | Later 3 Years |
| Trade and other payables | P 24,618,191 | P 840,638 | P - | P - |
| | <u>P 24,618,191</u> | <u>P 840,638</u> | <u>P -</u> | <u>P -</u> |

| | 2019 | | | |
|--------------------------|--------------------|-------------------|-----------------|--------------------------|
| | Current | | Non-current | |
| | Within 6 Months | 6 to 12 Months | 1 to 5 Years | Later than 5 Years |
| Trade and other payables | P 25,038,775 | P 26,700 | P - | P - |
| | P 25,038,775 | P 26,700 | P - | P - |

The Club manages its liquidity needs by liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly. The Club maintains cash to meet its liquidity requirements for up to a 60-day period.

20. CATEGORIES AND FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the statements of financial position are shown below:

| | 2020 | | 2019 | |
|--|--------------------|----------------|--------------------|----------------|
| | Carrying Values | Fair Values | Carrying Values | Fair Values |
| <i>Financial Assets</i> | | | | |
| Financial assets at amortized cost: | | | | |
| Cash | P 9,563,876 | P 9,563,876 | P 5,180,936 | P 5,180,936 |
| Trade and other receivables | 20,662,201 | 20,662,201 | 20,740,370 | 20,378,090 |
| | P 30,226,077 | P 30,226,077 | P 25,921,306 | P 25,559,026 |
| <i>Financial Liabilities</i> | | | | |
| Financial liability at amortized cost: | | | | |
| Trade and other payables | P 26,300,580 | P 26,300,580 | P 28,283,907 | P 28,283,907 |

The methods and assumptions used by the Club in estimating the fair value of the financial instruments are as follows:

i. Cash

The carrying amounts approximate fair values given the short-term nature of the instruments.

ii. Trade and other receivables

Trade and other receivables are net of impairment losses. The estimated fair value of trade and receivables represents the discounted amount of estimated future cash flows expected to be received. The carrying amounts approximate fair values given the short-term duration of the receivables.

iii. *Trade and other payables*

Trade and other payables are recognized initially at their fair value and subsequently measured at amounts to which they are to be paid. Fair value of these short-term liabilities approximates their carrying values.

Financial assets and liabilities measured at fair value in the statement of financial position are categorized in accordance with the fair value hierarchy based on PFRS 7. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the resource or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

There have been no significant transfers among Levels 1, 2 and 3 in the reporting periods.

As at September 30, 2020 and 2019, there were no financial assets measured at fair value.

21. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Club's goal in capital management is to keep its current liabilities level at a minimum. The Club sustained its operations through internally generated funds and sound working capital management (i.e., proper balancing between receivables and payables).

To maintain or adjust the capital structure, the Club may return capital to members, issue new certificates, or sell assets to reduce liabilities.

The Club is not subject to any externally imposed capital requirements.

The Club monitors capital based on the carrying amount of which member's equity amounted to P4,700,962 as at September 30, 2020. As mentioned in Note 16, the Club received the deposit for membership fee certificates subscription of P27,479,806, presented as non-current liabilities in the statements of financial position. Had the said deposit for membership fee certificates subscription been included as part of equity, this will result to a positive Members' equity of P32,180,768 as at September 30, 2020.

22. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)

Presented below is the supplementary information which is required by the BIR under its existing revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PPFS.

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR 15-2010 issued on November 25, 2010 are as follows:

a. *Output VAT*

In taxable year 2020, the Club declared output VAT amounted to P5,907,328 relating to taxable sales of goods and services amounting to P49,227,732. The Club's exempt sales/receipts pursuant to Section 109, VAT Exempt Transactions, of the 1997 National Internal Revenue Code amounted to P64,903,888.

The outstanding output VAT payable amounting to P288,616 as at September 30, 2020 is net of input VAT which is presented as part of Other payables under Trade and other payables account in the 2020 statement of the financial position (see Note 10).

b. *Input VAT*

The movements in input VAT in the taxable year 2020 are summarized below:

| | |
|-------------------------------|--------------|
| Domestic purchase of goods | P 1,337,338 |
| Domestic purchase of services | 1,859,328 |
| Deductions from input VAT | (1,585,388) |
| Applied against output VAT | (1,611,278) |
| Balance at end of year | P - |

c. *Landed Cost, Customs Duties and Tariff Fees*

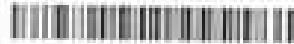
The Club did not have any transactions which were subject to customs duties and tariff fees in the taxable year 2020.

d. *Excise Tax*

The Club did not have excise tax in the taxable year 2020 since it did not have any transactions which are subject to an excise tax.

e. *Documentary Stamp Tax (DST)*

The Club did not have documentary stamp tax in the taxable year 2020.



f. Taxes and Licenses

The details of taxes and licenses account are broken down as follows:

| | |
|------------------------------------|-------------|
| Real property taxes | P 3,361,739 |
| Business permit | 1,855,657 |
| Capital gains | 339,750 |
| Management Information System fees | 61,304 |
| Annual registration | 500 |
| Motor registration | 436 |
| Others | 73,190 |
| | <hr/> |
| | P 5,692,576 |

g. Withholding Taxes

The details of total withholding taxes for the taxable year ended September 30, 2020 are shown below:

| | |
|--------------|---------------|
| Compensation | P 1,681,104 |
| Expanded | <hr/> 638,538 |
| | P 2,319,642 |

h. Deficiency Tax Assessments and Tax Cases

As at September 30, 2020, the Club neither has tax assessment received with the BIR nor tax case outstanding or pending in courts or bodies outside of the BIR in any of the open years.



Certified Public Accountants

REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEC SCHEDULES FILED SEPARATELY
FROM THE BASIC FINANCIAL STATEMENTS

The Board of Directors
Valle Verde Country Club, Inc.
(A Non-Profit Proprietary Club)
Captain Henry P. Javier St.
Barrio Ugong, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Valle Verde Country Club, Inc. for the year ended September 30, 2020, on which we have rendered our report dated January 11, 2021. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Tabular Schedule of Standards and Interpretations as of September 30, 2020 is presented for purposes of additional analysis in compliance with the requirements of Securities Regulation Code Rule 68, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

AMC & ASSOCIATES

A handwritten signature in black ink, appearing to read 'Joseph Cedric V. Calica'.

By: Joseph Cedric V. Calica
Partner
CPA Cert. No. 94541
TIN 163-257-226-000
PTR No. 8539845, Jan. 7, 2021, Makati City
BIR Accreditation No. 08-002582-1-2020
(Oct. 8, 2020 to Oct. 7, 2023)
BSP Accreditation (Category B)
(valid until Dec. 31, 2020)
IC Accreditation No. 94541-IC (Group A)
(valid until Dec. 31, 2024)
SEC Accreditation No. 1805-A (Group A)
(Jan. 16, 2020 to Jan. 15, 2023)

January 11, 2021

FIRM ACCREDITATION

Aquino, Mata, Calica & Associates

BOA Accreditation No. 4275 - valid until June 28, 2025

BIR Accreditation No. 08-002582-001-2020 - valid until October 7, 2023

SEC Accreditation No. 0296-F (Group A) - January 16, 2020 to January 15, 2023

IC Accreditation No. 4279-IC (Group A) - valid until December 31, 2024

BSP Accreditation Category B - valid until December 31, 2020

CDA CEA No. 0071-AF - March 20, 2018 to March 19, 2021

VALLE VERDE COUNTRY CLUB INCORPORATION
Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as of September 30, 2020



| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS | | Adopted | Not Adopted | Not Applicable |
|--|--|---------|-------------|----------------|
| Framework for the Preparation and Presentation of Financial Statements | | ✓ | | |
| Conceptual Framework Phase A: Objectives and Qualitative Characteristics | | ✓ | | |
| Revised Conceptual Framework for Financial Reporting | | ✓ | | |
| Practice Statement: Management Commentary | | ✓ | | |
| Philippine Financial Reporting Standards (PFRS) | | | | |
| First-time Adoption of Philippine Financial Reporting Standards | | | | ✓ |
| Amendments to PFRS 1: Additional Exemptions for First-time Adopters | | | | ✓ |
| Amendments to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters | | | | ✓ |
| Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters | | | | ✓ |
| Amendments to PFRS 1: Government Loans | | | | ✓ |
| Amendments to PFRS 1: Delays of Short-term Enterprises | | | | ✓ |
| Share-based Payment | | | | ✓ |
| Amendments to PFRS 2: Vesting Conditions and Cancellations | | | | ✓ |
| Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions | | | | ✓ |
| Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions | | | | ✓ |
| Business Combinations | | | | ✓ |
| Amendments to PFRS 3: Reclassification of Previously Held Interests in a Joint Operation | | | | ✓ |
| Amendment to PFRS 3: Definition of a Business | | | | ✓ |
| Insurance Contracts | | | | ✓ |
| Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts | | | | ✓ |
| Amendments to PFRS 4: Applying PFRS 9, Financial Instruments, with PFRS 4, Insurance Contracts | | | | ✓ |
| Non-current Assets Held for Sale and Discontinued Operations | | | | ✓ |
| Exploration for and Evaluation of Mineral Resources | | | | ✓ |
| Financial Instruments: Disclosures | | | ✓ | |
| Amendments to PFRS 7: Transition | | | | ✓ |
| Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets | | | | ✓ |
| Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition | | | | ✓ |
| Amendments to PFRS 7: Improving Disclosure about Financial Instruments | | | ✓ | |
| Amendments to PFRS 7: Disclosures – Transfers of Financial Assets | | | | ✓ |
| Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities | | | | ✓ |
| Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures | | | | ✓ |
| PFRS 8: Operating Segments | | | | ✓ |
| PFRS 9: Financial Instruments (2016) | | | ✓ | |
| Amendments to PFRS 9: Dispayment Features with Negative Compensation | | | | ✓ |
| Consolidated Financial Statements | | | | ✓ |
| Amendments to PFRS 10: Transition Guidance | | | | ✓ |
| Amendments to PFRS 10: Investment Entities | | | | ✓ |
| Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely) | | | | ✓ |
| Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception | | | | ✓ |
| Joint Arrangements | | | | ✓ |
| Amendments to PFRS 11: Transition Guidance | | | | ✓ |
| Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations | | | | ✓ |
| Amendment to PFRS 11: Reclassification of Previously Held Interests in a Joint Operation | | | | ✓ |
| Disclosure of Interests in Other Entities | | | | ✓ |
| Amendments to PFRS 12: Transition Guidance | | | | ✓ |
| Amendments to PFRS 12: Investment Entities | | | | ✓ |
| Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception | | | | ✓ |
| PFRS 13: Fair Value Measurement | | | ✓ | |
| PFRS 14: Regulatory Deferred Accounts | | | | ✓ |
| PFRS 15: Revenue from Contracts with Customers | | | | ✓ |
| PFRS 16: Leases | | | | ✓ |
| PFRS 17: Insurance Contracts* (effective January 1, 2021) | | | | ✓ |



| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS | | Adopted | Not Adopted | Not Applicable |
|--|--|---------|-------------|----------------|
| Philippine Accounting Standards (PAS) | | | | |
| PAS 1 (Revised) | Presentation of Financial Statements | ✓ | | |
| | Amendments to PAS 32 and PAS 1: Financial Instruments and Obligations Arising on Liquidation | | ✓ | |
| | Amendments to PAS 1: Presentation of Items of Other Comprehensive Income | | ✓ | |
| | Amendments to PAS 1: Disclosure Initiative | | ✓ | |
| | Amendments to PAS 1: Definition of Material | | ✓ | |
| | Investments | ✓ | | |
| PAS 7 | Statement of Cash Flows | ✓ | | |
| | Amendments to PAS 7: Disclosure Initiative | ✓ | | |
| PAS 8 | Accounting Policies, Changes in Accounting Estimates and Errors | ✓ | | |
| | Amendments to PAS 8: Definition of Material | ✓ | | |
| PAS 10 | Events After the Reporting Period | ✓ | | |
| | Income Taxes | ✓ | | |
| | Amendments to PAS 12 - Deferred Tax Recovery of Underlying Assets | | ✓ | |
| PAS 12 | Amendments to PAS 12 - Recognition of Deferred Tax Assets for Unutilized Losses | | ✓ | |
| | Amendment to PAS 12 - Tax Consequences of Dividends | | ✓ | |
| | Property, Plant and Equipment | ✓ | | |
| PAS 16 | Amendments to PAS 16: Bearer Plants | | ✓ | |
| | Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization | ✓ | | |
| PAS 18 (Revised) | Employee Benefits | ✓ | | |
| | Amendments to PAS 18: Defined Benefit Plans - Employer Contributions | ✓ | | |
| PAS 20 | Accounting for Government Grants and Disclosure of Government Assistance | | ✓ | |
| PAS 21 | The Effects of Changes in Foreign Exchange Rates | | ✓ | |
| | Amendments: Net Investment in a Foreign Operation | | ✓ | |
| PAS 23 (Revised) | Borrowing Costs | | ✓ | |
| | Amendment to PAS 23: Eligibility for Capitalization | | ✓ | |
| PAS 24 (Revised) | Related Party Disclosures | ✓ | | |
| PAS 26 | Accounting and Reporting by Retirement Benefit Plans | ✓ | | |
| PAS 27 (Revised) | Separate Financial Statements | ✓ | | |
| | Amendments to PAS 27: Investment Entities | | ✓ | |
| | Amendments to PAS 27: Equity Method in Separate Financial Statements | | ✓ | |
| | Investments in Associates and Joint Ventures | | ✓ | |
| | Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely) | | ✓ | |
| PAS 28 (Revised) | Amendments to PAS 28: Investment Entities - Applying the Consolidation Exception | | ✓ | |
| | Amendments to PAS 28: Measurement of Investments in Associates at Fair Value through Profit or Loss | | ✓ | |
| | Amendments to PAS 28: Long-term Interest in Associates and Joint Venture | | ✓ | |
| | Financial Reporting in Hyperinflationary Economies | | ✓ | |
| PAS 32 | Financial Instruments: Presentation | ✓ | | |
| | Amendments to PAS 32 and PAS 1: Financial Instruments and Obligations Arising on Liquidation | | ✓ | |
| | Amendments to PAS 32: Classification of Rights Issues | | ✓ | |
| | Amendments to PAS 32: Offering Financial Assets and Financial Liabilities | | ✓ | |
| | Earnings Per Share | | ✓ | |
| | Interim Financial Reporting | | ✓ | |
| PAS 36 | Impairment of Assets | ✓ | | |
| | Amendments to PAS 36: Recreivable Amount Disclosures for Non-financial Assets | | ✓ | |
| PAS 37 | Provisions, Contingent Liabilities and Contingent Assets | ✓ | | |
| | Intangible Assets | ✓ | | |
| PAS 38 | Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization | ✓ | | |
| PAS 39 | Financial Instruments: Recognition and Measurement | ✓ | | |
| | Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities | | ✓ | |
| | Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions | | ✓ | |
| | Amendments to PAS 39: The Fair Value Option | | ✓ | |
| | Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts | | ✓ | |
| | Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets | | ✓ | |
| | Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition | | ✓ | |
| | Amendments to Philippine Interpretation IFRIC 4 and PAS 39: Embedded Derivatives | | ✓ | |
| | Amendments to PAS 39: Eligible Hedged Items | | ✓ | |
| | Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting | | ✓ | |



| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS | | Adopted | Not Adopted | Not Applicable |
|---|---|---------|-------------|----------------|
| PAS-40 | Investment Property | ✓ | | |
| | Amendments to PAS-40: Reclassification to and from Investment Property | | ✓ | |
| PAS-41 | Agriculture | | ✓ | |
| | Amendments to PAS-41: Bearer Plans | | ✓ | |
| <i>Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)</i> | | | | |
| IFRIC 1 | Changes in Existing Decommissioning, Restoration and Similar Liabilities** | | ✓ | |
| IFRIC 2 | Members' Share in Co-operative Entities and Similar Instruments | | ✓ | |
| IFRIC 3 | Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds** | | ✓ | |
| IFRIC 4 | Liabilities Arising from Participating in a Specific Market - Wind, Electrical and Electronic Equipment | | ✓ | |
| IFRIC 7 | Applying the Restatement Approach under PAS 26, Financial Reporting in Hyperinflationary Economies | | ✓ | |
| IFRIC 10 | Interest Financial Reporting and Impairment | | ✓ | |
| IFRIC 12 | Service Compensation Arrangements | | ✓ | |
| IFRIC 13 | Customer Loyalty Programmes | | ✓ | |
| | PAS 19 - The Liabilities on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction | | ✓ | |
| IFRIC 16 | Amendments to Philippine Interpretations (IFRIC - 16, Prepayments of a Minimum Funding Requirement and their Interaction)** | | ✓ | |
| IFRIC 18 | Hedges of a Net Investment in a Foreign Operation | | ✓ | |
| IFRIC 17 | Distributions of Non-cash Assets to Owners** | | ✓ | |
| IFRIC 18 | Transfers of Assets from Customers** | | ✓ | |
| IFRIC 19 | Easing Financial Liabilities with Equity Instruments** | | ✓ | |
| IFRIC 20 | Shipping Costs in the Production Phase of a Surface Mine** | | ✓ | |
| IFRIC 21 | Leases | | ✓ | |
| IFRIC 22 | Foreign Currency Transactions and Advance Consideration | | ✓ | |
| IFRIC 23 | Uncertainty Over Income Tax Treatments | | ✓ | |
| <i>Philippine Interpretations - Standard Interpretations Committee (SIC)</i> | | | | |
| SIC-7 | Introduction of the Euro | | ✓ | |
| SIC-10 | Government Assistance - No Specific Relation to Operating Activities | | ✓ | |
| SIC-13 | Solely Controlled Entities - Non-Monetary Contributions by Ventures | | ✓ | |
| SIC-20 | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders** | | ✓ | |
| SIC-26 | Service Compensation Arrangements: Disclosures | | ✓ | |
| SIC-32 | Intangible Assets - Web Site Costs** | | ✓ | |

* These standards will be effective for periods subsequent to 2010 and are not early adopted by the Club.

** These standards have been adopted in the preparation of financial statements but the Club has no significant transactions covered in both years presented.