



VALLE VERDE COUNTRY CLUB, INC.

Capt. Henry P. Javier St., Bo. Ugong, Pasig City

Trunkline: 8631-1711 to 13: 8634-3401 to 05

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

The management of **Valle Verde Country Club, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended September 30, 2025. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the management affirms that the attached audited financial statements for the year ended September 30, 2025 and the accompanying Annual Income Tax Return are in accordance with the books and records of **Valle Verde Country Club, Inc.**, complete and correct in all material respects. Management likewise affirms that:

- a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Club's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances; and,
- c) **Valle Verde Country Club, Inc.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

RODOLFO ENRICO A. LOZADA
Chairman of the Board/President

REYNALDO P. ORSOLINO
Treasurer



Report of Independent Certified Public Accountants to Accompany Income Tax Return

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

We have audited the financial statements of Valle Verde Country Club, Inc. (the Club) for the fiscal year ended September 30, 2025, on which we have rendered the attached report dated April 21, 2026.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or members of the Club.

PUNONGBAYAN & ARAULLO


By: **Niccolo Ian N. Unera**
Partner

CPA Reg. No. 0146692
TIN 428-513-274
PTR No. 10770776, January 6, 2026, Makati City
SEC Group A Accreditation
Partner - No. 146692-SEC (until financial period 2029)
Firm - No. 0002 (until financial period 2030)
BIR AN 08-002551-052-2023 (until November 23, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-021 (until August 12, 2027)

April 21, 2026



Report of Independent Auditors

The Board of Directors and Members
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 statement of financial position as at September 30, 2025 and the statement of comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Club as at September 30, 2025 and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards).

Basis for Opinion

We conducted our audit 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.

Other Matters

The financial statements of the Club as of and for the years ended September 30, 2024 and 2023 were audited by other auditors whose report, dated January 13, 2025 and December 21, 2023, respectively, expressed an unqualified opinion on those financial statements prior to restatements. As part of our audit of the 2025 financial statements, we also audited the relevant reclassifications described in Note 2 that were applied in the 2024 and 2023 financial statements. In our opinion, such reclassifications are appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to the 2024 and 2023 financial statements of the Club. Accordingly, we do not express an opinion or any other form of assurance on the 2024 and 2023 financial statements of the Club taken as a whole.

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 Accounting Standards, 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 audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the fiscal year ended September 30, 2025 required by the Bureau of Internal Revenue as disclosed in Note 25 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO



By: **Niccolo Ian N. Unera**
Partner

CPA Reg. No. 0146692
TIN 428-513-274
PTR No. 10770776, January 6, 2026, Makati City
SEC Group A Accreditation
Partner - No. 146692-SEC (until financial period 2029)
Firm - No. 0002 (until financial period 2030)
BIR AN 08-002551-052-2023 (until November 23, 2026)
BOA/PRC Cert. of Reg. No. 0002/P-021 (until August 12, 2027)

April 21, 2026

VALLE VERDE COUNTRY CLUB, INC.
(A Non-Profit Proprietary Club)
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2025
(With Comparative Figures as of September 30, 2024)
(Amounts in Philippine Peso)

| | Notes | 2025 | 2024 (As Restated – see Note 2) |
|--|-------|-----------------------|---------------------------------------|
| <u>A S S E T S</u> | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4 | P 23,208,661 | P 15,530,398 |
| Short-term investments | 5 | 5,966,389 | 5,173,761 |
| Trade and other receivables – net | 6 | 22,012,849 | 21,309,427 |
| Inventories | 8 | 2,298,025 | 1,863,051 |
| Prepayments and other current assets | 9 | 2,170,676 | 2,800,949 |
| Total Current Assets | | 55,656,600 | 46,677,586 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables – net | 6 | - | 378,242 |
| Financial assets at amortized cost | 7 | 2,000,000 | 2,000,000 |
| Property and equipment - net | 10 | 50,214,921 | 49,571,471 |
| Intangible assets - net | 11 | 686,222 | 384,493 |
| Deferred tax asset | 17 | 565,585 | 1,251,329 |
| Total Non-current Assets | | 53,466,728 | 53,585,535 |
| TOTAL ASSETS | | P 109,123,328 | P 100,263,121 |
| <u>LIABILITIES AND MEMBERS' EQUITY</u> | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | P 43,514,501 | P 39,531,054 |
| NON-CURRENT LIABILITIES | | | |
| Retirement benefit obligation | 13 | 2,827,925 | 6,256,644 |
| Deposit for membership fee certificates subscription | 18 | - | 27,479,806 |
| Total Non-current Liabilities | | 2,827,925 | 33,736,450 |
| Total Liabilities | | 46,342,426 | 73,267,504 |
| MEMBERS' EQUITY | | | |
| Membership fee certificates | 18 | 78,740,655 | 51,260,849 |
| Additional paid-in equity | 18 | 25,733,955 | 19,246,673 |
| Accumulated comprehensive loss | 18 | (5,036) | (2,129,610) |
| Deficit | | (41,688,671) | (41,382,295) |
| Total Members' Equity | | 62,780,902 | 26,995,617 |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | | P 109,123,328 | P 100,263,121 |

See Notes to Financial Statements.

VALLE VERDE COUNTRY CLUB, INC.
(A Non-Profit Proprietary Club)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(With Comparative Figures for the Years Ended of September 30, 2024 and 2023)
(Amounts in Philippine Peso)

| | Notes | 2025 | 2024 (As Restated – see Note 2) | 2023 (As Restated – see Note 2) |
|---|--------|---------------------|---------------------------------------|---------------------------------------|
| REVENUES | | | | |
| | 14 | | | |
| Sale of food and beverages | | P 93,098,510 | P 90,299,469 | P 77,711,856 |
| Membership dues | | 57,246,852 | 56,619,841 | 56,495,893 |
| Service fees | | 19,895,718 | 17,372,936 | 13,594,534 |
| Rentals | 10, 20 | 5,238,387 | 5,250,361 | 6,679,779 |
| Other revenues | | <u>10,620,618</u> | <u>7,326,712</u> | <u>7,663,768</u> |
| | | <u>186,100,085</u> | <u>176,869,319</u> | <u>162,145,830</u> |
| COSTS AND OPERATING EXPENSES | | | | |
| Salaries and employee benefits | 13 | 69,745,824 | 70,001,927 | 64,956,273 |
| Cost of food and beverages | 15 | 43,012,820 | 39,288,524 | 34,922,706 |
| Fuel, light and water | | 18,336,470 | 15,710,763 | 14,164,655 |
| Depreciation and amortization | 10, 11 | 7,735,692 | 7,409,348 | 6,988,014 |
| Taxes and licenses | | 7,567,657 | 6,504,189 | 5,242,786 |
| Outside services | | 4,102,611 | 4,309,144 | 3,739,684 |
| Other operating expenses | 15 | <u>35,042,117</u> | <u>28,826,817</u> | <u>28,872,554</u> |
| | | <u>185,543,191</u> | <u>172,050,712</u> | <u>158,886,672</u> |
| PROFIT FROM OPERATIONS | | 556,894 | 4,818,607 | 3,259,158 |
| FINANCE INCOME | 16 | <u>729,141</u> | <u>598,006</u> | <u>480,545</u> |
| PROFIT BEFORE TAX | | 1,286,035 | 5,416,613 | 3,739,703 |
| TAX EXPENSE | 17 | <u>1,592,411</u> | <u>2,219,862</u> | <u>561,747</u> |
| NET PROFIT (LOSS) | | (306,376) | 3,196,751 | 3,177,956 |
| OTHER COMPREHENSIVE INCOME | | | | |
| Actuarial gains on retirement benefit obligation | 13 | 2,832,765 | - | 2,382,419 |
| Tax expense | 17 | (708,191) | - | (595,605) |
| Remeasurement of deferred tax of accumulated other comprehensive loss | 17 | <u>-</u> | <u>141,974</u> | <u>270,560</u> |
| | | <u>2,124,574</u> | <u>141,974</u> | <u>2,057,374</u> |
| TOTAL COMPREHENSIVE INCOME | | P 1,818,198 | P 3,338,725 | P 5,235,330 |

See Notes to Financial Statements.

VALLE VERDE COUNTRY CLUB, INC.
(A Non-Profit Proprietary Club)
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(With Comparative Figures for the Years Ended of September 30, 2024 and 2023)
(Amounts in Philippine Peso)

| | Membership Fee Certificate <i>(see Note 18)</i> | Additional Paid-in Equity <i>(see Note 18)</i> | Accumulated Comprehensive Loss <i>(see Note 18)</i> | Deficit | Total |
|---|---|--|---|--------------------------------|----------------------------|
| Balance at October 1, 2024 | P 51,260,849 | P 19,246,673 | (P 2,129,610) | (P 41,382,295) | P 26,995,617 |
| Additional paid-in equity | - | 6,487,282 | - | - | 6,487,282 |
| Effect of reclassification (see Note 1) | 27,479,806 | - | - | - | 27,479,806 |
| Total comprehensive income for the year | <u>-</u> | <u>-</u> | <u>2,124,574</u> | <u>(306,376)</u> | <u>1,818,198</u> |
| | | | | | |
| Balance at September 30, 2025 | <u>P 78,740,655</u> | <u>P 25,733,955</u> | <u>(P 5,036)</u> | <u>(P 41,688,671)</u> | <u>P 62,780,902</u> |
| | | | | | |
| Balance at October 1, 2023 | P 51,260,849 | P 19,246,673 | (P 2,271,584) | (P 44,579,046) | P 23,656,892 |
| Total comprehensive income for the year | <u>-</u> | <u>-</u> | <u>141,974</u> | <u>3,196,751</u> | <u>3,338,725</u> |
| | | | | | |
| Balance at September 30, 2024 | <u>P 51,260,849</u> | <u>P 19,246,673</u> | <u>(P 2,129,610)</u> | <u>(P 41,382,295)</u> | <u>P 26,995,617</u> |
| | | | | | |
| Balance at October 1, 2022 | P 50,807,799 | P 16,489,722 | (P 4,328,958) | (P 47,757,002) | P 15,211,561 |
| Additional paid-in equity | 453,050 | 2,756,951 | - | - | 3,210,001 |
| Total comprehensive income for the year | <u>-</u> | <u>-</u> | <u>2,057,374</u> | <u>3,177,956</u> | <u>5,235,330</u> |
| | | | | | |
| Balance at September 30, 2023 | <u>P 51,260,849</u> | <u>P 19,246,673</u> | <u>(P 2,271,584)</u> | <u>(P 44,579,046)</u> | <u>P 23,656,892</u> |

See Notes to Financial Statements.

VALLE VERDE COUNTRY CLUB, INC.
(A Non-Profit Proprietary Club)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2025
(With Comparative Figures for the Years Ended of September 30, 2024 and 2023)
(Amounts in Philippine Peso)

| | Notes | 2025 | 2024 (As Restated – see Note 2) | 2023 (As Restated – see Note 2) |
|---|-------|---------------|---------------------------------------|---------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit before tax | | P 1,286,035 | P 5,416,613 | P 3,739,703 |
| Adjustments for: | | | | |
| Depreciation expense | 10 | 7,557,077 | 6,934,761 | 6,322,697 |
| Retirement expense | 13 | 2,411,617 | 3,043,830 | 2,653,639 |
| Interest income | 16 | (729,141) | (497,596) | (201,710) |
| Impairment and other losses | 6, 9 | 666,668 | 2,591 | 11,422 |
| Amortization of intangible assets | 11 | 178,614 | 474,587 | 665,317 |
| Operating profit before working capital changes | | 11,370,870 | 15,374,786 | 13,191,068 |
| Increase in trade and other receivables | | (325,181) | (2,900,721) | (1,283,529) |
| Increase in short-term investments | 5 | (792,628) | (141,539) | (5,032,222) |
| Decrease (increase) in inventories | | (434,974) | 184,560 | (671,563) |
| Decrease (increase) in prepayments and other current assets | | (1,516,583) | (276,171) | 24,074 |
| Increase (decrease) in trade and other payables | | 3,983,447 | (7,149,097) | 12,681,133 |
| Cash generated from operations | | 12,284,951 | 5,091,818 | 18,908,961 |
| Interest received | | 729,141 | 497,596 | 201,710 |
| Retirement benefit paid | | (1,607,571) | (4,838,916) | (844,023) |
| Contributions to retirement fund | 13 | (1,400,000) | (2,600,000) | (4,800,000) |
| Cash paid for income taxes | | (134,670) | (666,285) | (344,817) |
| Net Cash From (Used in) Operating Activities | | 9,871,851 | (2,515,787) | 13,121,831 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Additions to property and equipment | 10 | (8,200,527) | (7,519,992) | (11,008,432) |
| Additions to intangible assets | 11 | (480,343) | (357,143) | - |
| Additions to financial assets at amortized cost | 7 | - | (2,000,000) | - |
| Net Cash Used In Investing Activities | | (8,680,870) | (9,877,135) | (11,008,432) |
| CASH FLOWS USED IN A FINANCING ACTIVITY | | | | |
| Proceeds from special assessment fund | 18 | 6,487,282 | - | 2,756,951 |
| Reissuance of membership fee certificates | 18 | - | - | 453,050 |
| Net Cash From Financing Activities | | 6,487,282 | - | 3,210,001 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | 7,678,263 | (12,392,922) | 5,323,400 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | | 15,530,398 | 27,923,320 | 22,599,920 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | P 23,208,661 | P 15,530,398 | P 27,923,320 |

See Notes to Financial Statements.

VALLE VERDE COUNTRY CLUB, INC.
(A Non-profit Proprietary Club)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2025
(With Corresponding Figures as of September 30, 2024)
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Incorporation

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.

Republic Act (RA) No. 11232, also known as the Revised Corporation Code of the Philippines, took effect on March 8, 2019. Under said law, a corporation, including a club, is automatically granted perpetual existence, unless its Articles of Incorporation explicitly provide for a limited duration.

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.

1.2 Membership Fee Certificates

The Club was incorporated in 1975 with an authorized membership of 1,500 represented by membership fee certificates.

In 1979, the Club’s Board of Directors adopted a resolution authorizing the issuance of an additional five hundred (500) membership fee certificates.

Since 1979, the Club has operated on the basis of a total of 2,000 authorized membership fee certificates, and a total of 1,938 membership certificates have been issued. The Club’s records, including stock transfer book (STB) and other official documents, have historically reflected the 2,000 authorized membership certificates. Furthermore, the holders of these membership certificates have consistently exercised the rights appurtenant to such membership, including the payment of membership dues, assessments, and participation in Club activities.

In its 2013 financial statements, the Club began classifying the amounts received from the issuance of 438 membership certificates, arising from the additional 500 authorized certificates, as part of liability in the statement of financial position, in compliance with the requirements of the Financial Reporting Bulletin (FRB) as the application for increase in authorized membership was yet to be filed with the Securities and Exchange Commission (SEC).

In October 2024, the Regional Trial Court (RTC) of Pasig, Branch 158, in its Consolidated Decision in Commercial Case Nos. 13-202 and 14-207, entitled *Teodorico P. Fernandez v. Francisco C. Eizemendi et al. and Valle Verde Country Club, Inc.*, and *Jose Ernesto C. Villaluna, Jr. v. Francisco C. Eizemendi et al. and Valle Verde Country Club, Inc.*, recognized and affirmed the authority of the Board of Directors (BOD) to increase the number of outstanding membership fee certificates in accordance with the Club's By-Laws. The Club was further enjoined from using the 1,500 membership certificates instead of 1,938 as base for quorum computation and from submitting for ratification the proposed increase of membership to 2,000.

Consequently, the Club classified the proceeds from the issuance of the said 438 membership certificates as part of Membership Fee Certificates under Members' Equity in the 2025 statement of financial position.

Furthermore, the Club sought formal guidance from the Securities and Exchange Commission on how to properly reflect the increase in membership certificates to 2,000 in the Club's By-Laws, and eventually, the Club's Articles of Incorporation. As of the date of the approval of the financial statements, the Club is still in the process of seeking guidance from the SEC.

1.3 Approval of Financial Statements

The financial statements of the Club as of and for the fiscal year ended September 30, 2025 (including the comparative financial statements as of September 30, 2024 and for the fiscal years ended September 30, 2024, and 2023) were authorized for issue by the Club's Board of Directors (BOD) on April 21, 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that has been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 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 Accounting Standards). PFRS Accounting Standards are adopted by the Financial Sustainability and Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, 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, expenses and other comprehensive income in a single statement of comprehensive income.

The Club presents a 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) *Reclassification of Accounts*

In 2025, the Club corrected the presentation of certain financial assets which qualify as cash equivalents but previously presented separately as financial assets at amortized cost. In the same year, the Club also corrected the presentation of sales discount as a reduction of revenue from food and beverages but was previously presented as part of operating expenses.

The effects of the restatements in the statement of financial position as at September 30, 2024 are summarized below.

| <i>(Amounts in PHP)</i> | <u>As Previously Presented</u> | <u>Reclassification</u> | <u>As Restated</u> |
|-----------------------------------|------------------------------------|-------------------------|--------------------|
| <i>Changes in Current Assets:</i> | | | |
| Cash and cash equivalents | 11,184,450 | 4,345,948 | 15,530,398 |
| Financial asset at amortized cost | <u>4,345,948</u> | <u>(4,345,948)</u> | <u>-</u> |
| Net effect in equity | | <u><u>-</u></u> | |

The effects of the restatements in the statement of comprehensive income in 2024 and 2023 are summarized below.

| <i>(Amounts in PHP)</i> | <u>As previously presented</u> | <u>Reclassification</u> | <u>As Restated</u> |
|---|------------------------------------|-------------------------|--------------------|
| September 30, 2024 | | | |
| <i>Changes in Revenues – Sale of food and beverages</i> | 94,758,951 | (4,459,482) | 90,299,469 |
| <i>Changes in Costs and Operating Expenses – Other operating expenses</i> | (33,286,299) | <u>4,459,482</u> | (28,826,817) |
| Net effect in total comprehensive income | | <u>-</u> | |
| September 30, 2023 | | | |
| <i>Changes in Revenues Sale of food and beverages</i> | 81,681,489 | (3,969,633) | 77,711,856 |
| <i>Changes in Costs and Operating Expenses Other operating expenses</i> | (32,842,187) | <u>3,969,633</u> | (28,872,554) |
| Net effect in total comprehensive income | | <u>-</u> | |

The effect of the restatements in the statement of cash flows in 2024 and 2023 are summarized below and in the succeeding page.

| <i>(Amounts in PHP)</i> | <u>As previously presented</u> | <u>Reclassification</u> | <u>As restated</u> |
|---|------------------------------------|-------------------------|--------------------|
| September 30, 2024 | | | |
| <i>Cash flows from operating activities – Additions to Financial assets at amortized cost</i> | <u>11,184,450</u> | <u>4,345,948</u> | <u>15,530,398</u> |
| Total effect in cash flows from operating activities | | <u><u>4,345,948</u></u> | |

| <i>(Amounts in PHP)</i> | <u>As previously presented</u> | <u>Reclassification</u> | <u>As restated</u> |
|---|------------------------------------|-------------------------|--------------------|
| September 30, 2023 | | | |
| <i>Cash flows from operating activities –</i> | | | |
| Additions to Financial assets at amortized cost | <u>21,819,596</u> | <u>6,103,724</u> | <u>27,923,320</u> |
| Total effect in cash flows from operating activities | | <u><u>6,103,724</u></u> | |

(d) *Functional and Presentation Currency*

The 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.

2.2 Adoption of Amended PFRS Accounting Standards

(a) *Effective in Fiscal Year 2025 that are Relevant to the Club*

The Club adopted for the first time the following amendments and annual improvements to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2024, for its annual reporting period beginning October 1, 2024:

| | | |
|----------------------------------|---|--|
| PAS 1 (Amendments) | : | Presentation of Financial Statements – Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants |
| PAS 7 and PFRS 7 (Amendments) | : | Statement of Cash Flows, and Financial Instruments: Disclosures – Supplier Finance Arrangements |
| PFRS 16 (Amendments) | : | Leases – Lease Liability in a Sale and Leaseback |

Discussed below are the relevant information about these pronouncements.

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*. The amendments provide guidance on whether a liability should be classified as either current or non-current. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and that the classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The application of these amendments had no significant impact on the Club's financial statements.
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants*. The amendments specify that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period for the purposes of classifying a liability as current or non-current. For non-current liabilities subject to conditions, whether the entity would comply with the conditions based on its circumstances at the reporting date and whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested. The application of these amendments had no significant impact on the Club's financial statements.
- (iii) PAS 7 and PFRS 7 (Amendments), *Statement of Cash Flows, Financial Instruments: Disclosures – Supplier Finance Arrangements*. The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The application of these amendments had no significant impact on the Club's financial statements.
- (iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback*. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The application of these amendments had no significant impact on the Club's financial statements.

(b) *Effective Subsequent to Fiscal Year 2025 but not Adopted Early*

There are amendments and improvements to existing standards effective for annual periods subsequent to fiscal year 2025, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Club's financial statements:

- (i) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)
- (ii) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)
- (iii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management defined performance measures. The new standard however, does not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

2.3 *Financial Instruments*

(a) *Financial Assets*

Classification and Measurement of Financial Assets

The financial asset category currently relevant to the Club are financial assets at amortized cost.

The Club's financial assets at amortized cost are presented in the statement of financial position as Cash and Cash Equivalents, Short-term Investments, Trade and Other Receivables (except advances to officers and employees and other receivables, with respect to advances to suppliers) and Financial Assets at Amortized Cost.

For purposes of cash flow reporting and presentation, cash includes cash on hand, cash in banks, and cash equivalents that are readily available for use in the Club's operations and are subject to insignificant risk of changes in value. Cash in banks generally earns interest based on daily bank deposit rates.

Impairment of Financial Assets

The Club uses the simplified approach to calculate expected credit loss (ECL) for trade and other receivables. This approach considers and includes reasonable approximation of probable and estimable future losses determined by applying historical credit loss with forward-looking qualitative information (i.e., forecast of economic condition).

(b) *Financial Liabilities*

The Club's financial liabilities include Trade and Other Payables (excluding tax-related liabilities) which are recognized when the Club becomes a party to the contractual agreements of the instrument.

2.4 Inventories

Inventories are measure at weighted average cost. At the end of each reporting period, inventories are valued at the lower of cost or net realizable value (NRV).

2.5 Property and Equipment

Except for land which is not depreciated, all other items of property and equipment are stated at cost less accumulated depreciation, amortization and any impairment in value. Land held for use is stated at cost less any impairment losses.

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

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

Construction in progress represents properties under construction. This account is not depreciated until such time that the asset is completed and available for use.

2.6 Intangible Assets

Intangible assets of the Club include acquired licenses and software which are accounted for under the cost model. 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.

2.7 Revenue and Expense Recognition

The Club's revenue comes from the sale of food and beverages, membership dues and the rendering of services.

The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1(b). If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

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

- (a) *Membership dues* – Revenue from membership dues is recognized over time as the performance obligation is satisfied throughout the membership period. The Club provides continuous access to facilities and member privileges over the term of the membership; accordingly, dues are recognized monthly as the related services are rendered and the fees become due.
- (b) *Sale of food and beverages* – Revenue is recognized when control of the goods or services are transferred to the customer or member.
- (c) *Service fees* – Revenue is recognized when sports training services have been rendered.
- (d) *Patronage fees* – Revenue is recognized when paid consumable of the member have been forfeited.
- (e) *Transfer and processing fees* – Revenue is recognized as the service fees become due upon member's payment for processing of documents relative to memberships.
- (f) *Late payment charges* – Revenue is recognized as the fees become due upon billing to Club members.

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

2.8 Leases – Club as a Lessor

Revenue from the lease of building is recognized and accounted for in profit or loss on a straight-line basis over the lease term.

The Club applies judgement in determining whether a lease contract is a finance or operating lease

2.9 Impairment of Non-financial Assets

The Club's property and equipment, intangible assets and other non-financial assets are subject to impairment testing.

2.10 Employee Benefits

The Club provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits.

The Club's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Club's financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect 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 the circumstances. Actual results may ultimately differ from these estimates.

3.1 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 have the most significant effect on the amounts recognized in the financial statements.

(a) Determination of the Appropriate Presentation of Membership Certificates

The Club is still in the process of formalizing the increase in its authorized membership fee certificates with the SEC. Although the requirements of the FRB in presenting amounts received for future equity subscriptions as part of equity have not been met, the Club presented the proceeds from the issuance of the 438 membership certificates in excess of the 1,500 authorized certificates as part of equity as an RTC already recognized and affirmed the authority of the BOD to increase the number of outstanding membership fee certificates. Given this decision, the Club assessed that the previously issued 438 membership certificates are valid and should therefore be presented as part of the Club's total Membership Fees Certificates in the statement of financial position.

While the decision is still subject to appeal, no final resolution has been made by an appellate court as of the date of approval of the financial statements, as such RTC's decision remains valid.

(b) Determination of Lease Term of Contracts with Renewal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated and the renewal of the contract is not subject to mutual agreement of both parties.

The Club did not include the renewal period as part of the lease term for lease of its office space due to the provision in its contracts that requires mutual agreement of both parties on the terms and agreements of the renewal and termination of the lease contract.

The lease term is reassessed if an option is actually exercised or not exercised or the Club becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Club.

(c) *Determination of Timing of Satisfaction of Performance Obligations*

(i) *Membership dues*

Revenue from membership dues is recognized on a monthly basis over the membership term; as the Club provides members access to its facilities overtime.

(ii) *Service fees and Rentals*

Revenue is recognized over time as the performance of contractually agreed services has been substantially rendered. In making its judgment, the Club considers the timing of receipt and consumption of benefits provided by the Club to its customers.

(iii) *Food and beverage sales*

The Club determines that its revenue from sale of food and beverage is recognized over time as the services are being rendered to the customers.

(iv) *Other revenues*

The Club determines that its revenue from penalties shall be recognized at a point in time when penalties and surcharges are received from delinquent shareholders.

(d) *Determination of ECL on Trade and Other Receivables*

The Club uses the simplified approach to calculate ECL for trade and other receivables. This approach considers and includes reasonable approximation of probable and estimable future losses determined by applying historical credit loss with forward-looking qualitative information (i.e., forecast of economic condition). While there may be an assessed default occurring in these receivables over the membership term, the amount of required allowance for ECL is minimized as these financial assets generally do not have any loss given default since the Club can offset these receivables to member's credit balance and the Club has the right to recover the asset by repossession of the related membership shares through *dacion en pago* in the event of default and resell the asset at an amount sufficient to cover the unpaid outstanding obligations, accordingly no allowance is required to be provided.

(e) *Recognition of Provisions and Contingencies*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources, and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 20.

3.2 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 a material adjustment to the carrying amounts of assets and liabilities within the next reporting period. The Club based its assumptions and estimates on events and conditions available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Club. Such changes are reflected in the assumptions when they occur.

(a) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Management also applies judgement in the estimation of the contractual cash flows due from counterparties that the Club would expect to receive from the realization of any credit enhancements, including the discounting factor for recoveries beyond one year. Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 21.2.

(b) Determination of NRV of Inventories

In determining the NRV of inventories, management takes into account the most reliable evidence available at the times the estimates are made as well as the factors that affect the realizability of inventories. Moreover, future realization of the carrying amounts of inventories as presented in Note 8 is affected by the price changes in different market segments of food and beverage.

(c) Estimation of Useful Lives of Property and Equipment and Intangible Assets

The Club estimates the useful lives of property and equipment and intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets 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.

The carrying amounts of property and equipment, and intangible assets are presented in Notes 10 and 11, respectively. Based on management's assessment as at September 30, 2025 and 2024, there is no change in estimated useful lives of property and equipment and intangible assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(d) *Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. 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.

The Club assessed that the recoverable amounts of property and equipment, intangible assets and other non-financial assets as of September 30, 2025 and 2024 are higher than their carrying values.

(e) *Determination of Realizable Amount of Deferred Tax Assets*

The Club reviews its deferred tax assets 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 assets to be utilized. The Club did not recognize deferred tax assets as of September 30, 2025 and 2024 as management believes that the Club may not be able to realize the related tax benefit as disclosed in Note 17.

(f) *Valuation of Post-employment Defined Benefit*

The determination of the Club's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by the independent actuary in calculating such amounts. Those assumptions include, among others, discount rates and salary increase 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.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 13.2.

4. CASH AND CASH EQUIVALENTS

The details of this account are as follows:

| <i>(Amounts in PHP)</i> | 2025 | 2024 [As restated – see Note 2.1(c)] |
|-------------------------|-------------------|--|
| Cash on hand | 430,000 | 430,000 |
| Cash in banks | 20,239,560 | 10,754,450 |
| Cash equivalents | 2,539,101 | 4,345,948 |
| | 23,208,661 | 15,530,398 |

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

Cash equivalents pertains to short-term deposits with original maturities between 88 to 90 days in 2025 and between 30 to 90 days in 2024. These earn interest at an annual rate between 4% to 5% in 2025, between 4.5% to 4.7% in 2024 and 4% in 2023.

Interest earned on cash and cash equivalents is presented as part of Finance Income in the statement of comprehensive income (see Note 16).

5. SHORT-TERM INVESTMENTS

This account pertains to debt securities and time deposits with a local bank amounting to P5,966,389 and P5,173,761 as at September 30, 2025 and 2024, respectively, with average terms between 181 to 183 days, earning an effective annual interest rate of 4.6% in 2025, 5.3% in 2024 and 4.0% in 2023.

The interest earned on the investment is presented as part of Finance Income in the statement of comprehensive income (see Note 16).

6. TRADE AND OTHE RECEIVABLES

The details of this account are as follows:

| <i>(Amounts in PHP)</i> | <u>2025</u> | <u>2024</u> |
|--------------------------|-------------------|-------------------|
| Current: | | |
| Trade | 16,011,165 | 11,536,163 |
| Advances to employees | 2,311,805 | 3,138,028 |
| Others | 4,052,159 | 6,997,516 |
| | <u>22,375,129</u> | <u>21,671,707</u> |
| Allowance for impairment | (362,280) | (362,280) |
| | <u>22,012,849</u> | <u>21,309,427</u> |
| Non-current – | | |
| Others | - | 378,242 |
| | <u>22,012,849</u> | <u>21,687,669</u> |

The outstanding trade receivables as at September 30, 2025 and 2024 pertains to the dues and charges from members which are due within one month from the billing date.

Advances to employees represent loans to employees with maturities ranging from one year to three years, bearing annual interest ranging from 6% to 12% per annum in 2025 and 2024.

Other receivables pertains to receivables for certain expenses and payments made by the Club on behalf of previous members of the BOD.

All of the Club's trade and other receivables have been reviewed for indicators of impairment. Certain trade and other receivables which are mostly due from delinquent members were found to be impaired; hence, adequate amounts of allowance for impairment have been recognized.

Based on management's evaluation, the Club recognized impairment loss on other receivables amounting to nil in 2025, P2,591 in 2024 and P11,422 in 2023 (see Note 15.2).

7. FINANCIAL ASSETS AT AMORTIZED COST

This account consists of treasury bonds amounting to P2,000,000 with a term of 5 years with a fixed coupon rate of 6.5%.

The interest earned on these investments is presented as part of Finance Income in the statement of comprehensive income (see Note 16).

8. INVENTORIES

The details of inventories are shown below.

| <i>(Amounts in PHP)</i> | <u>2025</u> | <u>2024</u> |
|-------------------------|-------------------------|-------------------------|
| Food | 1,741,056 | 1,490,628 |
| Beverages | <u>556,969</u> | <u>372,423</u> |
| | <u>2,298,025</u> | <u>1,863,051</u> |

The cost of inventories recognized as an expense in 2025, 2024 and 2023 are shown in Note 15. There were no expenses recognized related to the impairment of inventories in 2025, 2024 and 2023.

9. PREPAYMENTS AND OTHER CURRENT ASSETS

This details of this account are as follows:

| <i>(Amounts in PHP)</i> | <u>2025</u> | <u>2024</u> |
|-------------------------|-------------------------|-------------------------|
| Prepaid income tax | 856,608 | 1,525,046 |
| Deposits | 753,689 | 753,688 |
| Supplies | <u>560,379</u> | <u>522,215</u> |
| | <u>2,170,676</u> | <u>2,800,949</u> |

In 2025, the Club wrote off prepaid income tax amounting to P666,668. The related loss is recorded as part of Impairment and other losses under Other Operating Expenses in the 2025 statement of comprehensive income (see Note 15.2). There was no similar transaction in 2024 and 2023.

10. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of fiscal years 2025 and 2024 are shown in below.

| <i>(Amount in PHP)</i> | <u>Clubhouse</u> | <u>Kitchen, Office and Other Equipment</u> | <u>Building, Furniture and Fixture</u> | <u>Land Improvement</u> | <u>Land</u> | <u>Construction in Progress</u> | <u>Service Vehicle</u> | <u>Total</u> |
|---|-------------------------|--|--|-------------------------|-------------------------|---------------------------------|------------------------|--------------------------|
| September 30, 2025 | | | | | | | | |
| Cost | 73,865,876 | 57,843,443 | 72,763,483 | 2,069,975 | 4,600,000 | 620,239 | 644,643 | 212,407,658 |
| Accumulated depreciation and amortization | <u>(67,735,683)</u> | <u>(41,329,501)</u> | <u>(50,556,650)</u> | <u>(2,055,189)</u> | - | - | <u>(515,714)</u> | <u>(162,192,737)</u> |
| Net carrying value | <u>6,130,193</u> | <u>16,513,942</u> | <u>22,206,833</u> | <u>14,786</u> | <u>4,600,000</u> | <u>620,239</u> | <u>128,929</u> | <u>50,214,921</u> |
| September 30, 2024 | | | | | | | | |
| Cost | 73,865,876 | 54,329,948 | 67,816,641 | 2,069,975 | 4,600,000 | 880,048 | 644,643 | 204,207,131 |
| Accumulated depreciation and amortization | <u>(66,716,684)</u> | <u>(38,413,568)</u> | <u>(47,006,066)</u> | <u>(2,048,092)</u> | - | - | <u>(451,250)</u> | <u>(154,635,660)</u> |
| Net carrying value | <u>7,149,192</u> | <u>15,916,380</u> | <u>20,810,575</u> | <u>21,883</u> | <u>4,600,000</u> | <u>880,048</u> | <u>193,393</u> | <u>49,571,471</u> |
| October 1, 2023 | | | | | | | | |
| Cost | 73,865,876 | 50,285,985 | 64,534,055 | 2,069,975 | 4,600,000 | 686,605 | 644,643 | 196,687,139 |
| Accumulated depreciation and amortization | <u>(65,697,684)</u> | <u>(35,929,585)</u> | <u>(43,645,850)</u> | <u>(2,040,994)</u> | - | - | <u>(386,786)</u> | <u>(147,700,899)</u> |
| Net carrying value | <u>8,168,192</u> | <u>14,356,400</u> | <u>20,888,205</u> | <u>28,981</u> | <u>4,600,000</u> | <u>686,605</u> | <u>257,857</u> | <u>48,986,240</u> |

A reconciliation of the carrying amounts of property and equipment at the beginning and end of fiscal years 2025 and 2024 is shown below.

| <i>(Amount in PHP)</i> | <u>Clubhouse</u> | <u>Kitchen, Office and Other Equipment</u> | <u>Building, Furniture and Fixture</u> | <u>Land Improvement</u> | <u>Land</u> | <u>Construction in Progress</u> | <u>Service Vehicle</u> | <u>Total</u> |
|---|-------------------------|--|--|-------------------------|-------------------------|---------------------------------|------------------------|--------------------------|
| Balance at October 1, 2024, net of accumulated depreciation and amortization | 7,149,192 | 15,916,380 | 20,810,575 | 21,883 | 4,600,000 | 880,048 | 193,393 | 49,571,471 |
| Additions | - | 3,513,495 | 4,687,032 | - | - | - | - | 8,200,527 |
| Reclassification | - | - | 259,809 | - | - | (259,809) | - | - |
| Depreciation and amortization for the year | <u>(1,018,999)</u> | <u>(2,915,933)</u> | <u>(3,550,584)</u> | <u>(7,097)</u> | - | - | <u>(64,464)</u> | <u>(7,557,077)</u> |
| Balance at September 30, 2025, net of accumulated depreciation and amortization | <u>6,130,193</u> | <u>16,513,942</u> | <u>22,206,833</u> | <u>14,786</u> | <u>4,600,000</u> | <u>620,239</u> | <u>128,929</u> | <u>50,214,921</u> |
| Balance at October 1, 2023, net of accumulated depreciation and amortization | 8,168,192 | 14,356,400 | 20,888,205 | 28,981 | 4,600,000 | 686,605 | 257,857 | 48,986,240 |
| Additions | - | 4,043,963 | 3,282,586 | - | - | 193,443 | - | 7,519,992 |
| Depreciation and amortization for the year | <u>(1,019,000)</u> | <u>(2,483,983)</u> | <u>(3,360,216)</u> | <u>(7,098)</u> | - | - | <u>(64,464)</u> | <u>(6,934,761)</u> |
| Balance at September 30, 2024, net of accumulated depreciation and amortization | <u>7,149,192</u> | <u>15,916,380</u> | <u>20,810,575</u> | <u>21,883</u> | <u>4,600,000</u> | <u>880,048</u> | <u>193,393</u> | <u>49,571,471</u> |
| Balance at October 1, 2022, net of accumulated depreciation and amortization | 9,187,191 | 12,336,747 | 13,415,127 | - | 4,600,000 | 4,761,440 | - | 44,300,505 |
| Additions | - | 4,035,459 | 6,292,843 | 35,487 | - | - | 644,643 | 11,008,432 |
| Depreciation and amortization for the year | <u>(1,018,999)</u> | <u>(2,015,806)</u> | <u>(2,894,600)</u> | <u>(6,506)</u> | - | <u>(4,074,835)</u> | <u>(386,786)</u> | <u>(6,322,697)</u> |
| Balance at September 30, 2023, net of accumulated depreciation and amortization | <u>8,168,192</u> | <u>14,356,400</u> | <u>20,888,205</u> | <u>28,981</u> | <u>4,600,000</u> | <u>686,605</u> | <u>257,857</u> | <u>48,986,240</u> |

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 proportions 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%.

The Club's portion of the clubhouse with a total floor area of 588.75 square meters is being leased out to a tenant. Total rentals amounted to P5,238,387, P5,250,362 and P6,679,779 in 2025, 2024 and 2023 respectively and are shown as Rentals in the statements of comprehensive income (see Note 14 and 20).

As at September 30, 2025 and 2024, there are no property and equipment have been pledged as security for liabilities. In addition, there were no recognized impairment losses relating to these assets in 2025, 2024 and 2023.

11. INTANGIBLE ASSETS

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

| <i>(Amounts in PHP)</i> | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|------------------------------|------------------|------------------|------------------|
| Cost: | | | |
| Balance at beginning of year | 5,346,530 | 4,989,387 | 5,007,537 |
| Additions | 480,343 | 357,143 | - |
| Adjustments | - | - | (18,150) |
| Balance at end of year | <u>5,826,873</u> | <u>5,346,530</u> | <u>4,989,387</u> |
| Accumulated amortization: | | | |
| Balance at beginning of year | 4,962,037 | 4,487,450 | 3,822,133 |
| Amortization for the year | 178,614 | 474,587 | 665,317 |
| Balance at end of year | <u>5,140,651</u> | <u>4,962,037</u> | <u>4,487,450</u> |
| | <u>686,222</u> | <u>384,493</u> | <u>501,937</u> |

12. TRADE AND OTHER PAYABLES

This account consists of the following:

| <i>(Amounts in PHP)</i> | <u>2025</u> | <u>2024</u> |
|-------------------------|-------------------|-------------------|
| Trade payables | 16,439,571 | 18,212,505 |
| Accrued expenses | 13,950,385 | 9,834,316 |
| Refundable deposits | 8,719,473 | 8,351,917 |
| Other payables | 4,405,072 | 3,132,320 |
| | <u>43,514,501</u> | <u>39,531,058</u> |

Trade payables are non-interest bearing and are normally settled within 30 days to 120 days term. Trade payables arise from the purchase of goods and supplies from third parties and are generally paid within 3 to 12 months after the end of the financial reporting period.

Accrued expenses comprise of outstanding payables to members for their auctioned shares and other accruals.

Refundable deposits pertain to deposit for playing rights, rental deposit, and deposits for breakages.

Other payables consist of outstanding payables related to output value-added tax, withholding taxes, Social Security System, PhilHealth and other contributions which are remitted an average term of 10-15 days after end of the financial reporting period.

13. EMPLOYEE BENEFITS

13.1 Salaries and Employees Benefits

Expenses recognized for salaries and employee benefits are presented below:

| <i>(Amounts in PHP)</i> | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|---------------------------------|--------------------------|-------------------|-------------------|
| Short-term benefits | 67,334,207 | 66,958,097 | 62,302,634 |
| Post-employment defined benefit | <u>2,411,617</u> | <u>3,043,830</u> | <u>2,653,639</u> |
| | <u>69,745,824</u> | <u>70,001,927</u> | <u>64,956,273</u> |

13.2 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 that 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 statement of financial position are as follows:

| <i>(Amounts in PHP)</i> | <u>2025</u> | <u>2024</u> |
|---------------------------------|----------------------------|---------------------|
| Present value of the obligation | 21,199,619 | 22,612,221 |
| Fair value of plan assets | <u>(18,371,694)</u> | <u>(16,355,577)</u> |
| Retirement benefit obligation | <u>2,827,925</u> | <u>6,256,644</u> |

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

| <i>(Amounts in PHP)</i> | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|---------------------------------|--------------------------|--------------------------|--------------------------|
| Balance at beginning of year | 22,612,221 | 24,407,307 | 24,068,319 |
| Current service | 2,020,481 | 3,043,830 | 1,964,238 |
| Interest cost | 1,469,794 | - | 1,217,857 |
| Actuarial gain | (2,373,624) | - | (1,999,084) |
| Benefits paid from plan assets | (921,682) | - | - |
| Benefits paid from book reserve | (1,607,571) | (4,838,916) | (844,023) |
| Balance at end of year | <u>21,199,619</u> | <u>22,612,221</u> | <u>24,407,307</u> |

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

| <i>(Amounts in PHP)</i> | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|-----------------------------------|--------------------------|--------------------------|--------------------------|
| Balance at beginning of year | 16,355,577 | 13,755,577 | 8,043,786 |
| Contributions | 1,400,000 | 2,600,000 | 4,800,000 |
| Expected return on plan assets | 1,078,658 | - | 528,456 |
| Benefits paid | (921,682) | - | - |
| Return on plan assets | 459,141 | - | - |
| Re-measurement loss on plan asset | - | - | 383,335 |
| Balance at end of year | <u>18,371,694</u> | <u>16,355,577</u> | <u>13,755,577</u> |

As at September 30, the plan assets of the Club consist entirely of cash maintained in a special deposit account with a local bank.

The components of amounts recognized in profit of loss and in other comprehensive income in respect of the defined benefit post-employment plan are follows:

| <i>(Amount in PHP)</i> | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|---|---------------------------|------------------|------------------|
| <i>Reported in profit or loss:</i> | | | |
| Current service costs | 2,020,481 | 3,043,830 | 1,964,238 |
| Net interest cost | 391,136 | - | 689,401 |
| | <u>2,411,617</u> | <u>3,043,830</u> | <u>2,653,639</u> |
| <i>Reported in other comprehensive income:</i> | | | |
| Actuarial gains (loss) arising from changes in: | | | |
| Financial assumptions | 189,093 | - | 2,397,920 |
| Experience adjustments | (2,562,717) | - | (398,836) |
| Remeasurement gain – plan assets | (459,141) | - | 383,335 |
| | <u>(2,832,765)</u> | <u>-</u> | <u>2,382,419</u> |

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

In determining the amounts of the retirement benefit obligation, the following significant assumptions were used in 2025, 2024 and 2023:

| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|----------------------|--------------|-------------|-------------|
| Discount rates | 6.38% | 7.06% | 6.50% |
| Salary increase rate | 3.00% | 2.50% | 3.00% |

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 19 years for both males and females.

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 a zero-coupon government bonds with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Club to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan assets falls below this rate, it will create a deficit in the plan. Currently, the plan comprises of cash and debt securities. Due to the long-term nature of the plan obligation, a level of continuing debt investment is an appropriate element of the Club's long-term strategy to manage the plan efficiently.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Club's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described in the below and in the succeeding page.

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of September 30, 2025 and 2024.

| <i>(Amounts in PHP)</i> | Impact on Retirement Benefit Obligation | | |
|---------------------------|--|-------------------------------|-------------------------------|
| | Change in Assumption | Increase in Assumption | Decrease in Assumption |
| September 30, 2025 | | | |
| Discount rate | 100 basis points | (1,712,204) | 1,481,427 |
| Salary growth rate | 100 basis points | 1,754,448 | (1,540,492) |
| September 30, 2024 | | | |
| Discount rate | 100 basis points | (1,582,855) | 1,831,590 |
| Salary growth rate | 100 basis points | 1,876,814 | (1,650,692) |

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

The Club's retirement plan has no specific matching strategy between plan assets and plan liabilities. Plan assets are invested primarily in cash and cash equivalents, which management believes provide reasonable long-term returns at an acceptable level of risk. The investment composition is periodically reviewed in relation to the expected retirement obligations.

There has been no change in the Club's strategies to manage its risks from previous periods.

(i) Funding Arrangements and Expected Contributions

The maturity profile of undiscounted expected benefit payments from the plan for the next 10 years as of September 30 are as follows:

| <i>(Amounts in PHP)</i> | <u>2025</u> | <u>2024</u> |
|----------------------------------|--------------------------|--------------------------|
| Within one year | - | 8,496,000 |
| More than one year to five years | 11,860,228 | 9,371,536 |
| More than five years to 10 years | 11,635,167 | 12,293,251 |
| | <u>23,495,395</u> | <u>30,160,787</u> |

14. REVENUES

14.1 Operating Revenues

The breakdown of this account is as follows.

| <i>(Amounts in PHP)</i> | <u>2025</u> | <u>2024</u> [As Restated – see Note 2.1(c)] | <u>2023</u> [As Restated – see Note 2.1(c)] |
|----------------------------|---------------------------|---|---|
| Sale of food and beverages | 98,433,137 | 94,758,951 | 81,681,489 |
| Sales discount | <u>(5,334,627)</u> | <u>(4,459,482)</u> | <u>(3,969,633)</u> |
| | 93,098,510 | 90,299,469 | 77,711,856 |
| Membership dues | 57,246,852 | 56,619,841 | 56,495,893 |
| Service fees | 19,895,718 | 17,372,936 | 13,594,534 |
| Rentals | <u>5,238,387</u> | <u>5,250,361</u> | <u>6,679,779</u> |
| | 82,380,957 | 79,243,138 | 76,770,206 |
| | <u>175,479,467</u> | <u>169,542,607</u> | <u>154,482,062</u> |

Sales discount pertains to statutory discounts granted to senior citizens and persons with disabilities.

14.2 Other Revenues

The breakdown of this account is as follows.

| <i>(Amounts in PHP)</i> | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|------------------------------|-------------------|------------------|------------------|
| Transfer and processing fees | 6,272,054 | 3,870,568 | 3,934,245 |
| Patronage fees | 1,756,050 | 1,331,278 | 1,732,311 |
| Late payment charges | 444,990 | 311,100 | 369,948 |
| Miscellaneous | <u>2,147,524</u> | <u>1,813,766</u> | <u>1,627,264</u> |
| | 10,620,618 | 7,326,712 | 7,663,768 |

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

15. COSTS AND OTHER OPERATING EXPENSES

15.1 Cost of Food and Beverages

This account consists of:

| <i>(Amounts in PHP)</i> | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|-------------------------------|--------------------|--------------------|--------------------|
| Inventories beginning of year | 1,863,051 | 2,047,611 | 1,376,048 |
| Purchases - net | 43,447,794 | 39,103,964 | 35,594,269 |
| Inventories at end of year | <u>(2,298,025)</u> | <u>(1,863,051)</u> | <u>(2,047,611)</u> |
| | 43,012,820 | 39,288,524 | 34,922,706 |

15.2 Other Operating Expenses

The breakdown of this account is as follows.

| <i>(Amounts in PHP)</i> | <u>Notes</u> | <u>2025</u> | <u>2024</u> [As restated – see Note 2.1(c)] | <u>2023</u> [As restated – see Note 2.1 (c)] |
|--|--------------|--------------------------|---|--|
| Professional fees | | 10,596,371 | 6,421,976 | 4,696,764 |
| Repairs and maintenance | | 5,718,046 | 6,170,743 | 6,659,765 |
| Supplies and other consumables | | 5,415,830 | 5,621,269 | 5,564,595 |
| Events and promotion | | 3,015,391 | 1,952,249 | 4,341,076 |
| Linen and laundry | | 1,459,661 | 975,668 | 603,246 |
| Representation and entertainment | | 1,131,118 | 892,569 | 855,949 |
| Postage, telephone and telegraph | | 1,105,552 | 1,050,242 | 1,753,272 |
| Impairment and other losses | 6, 9 | 666,668 | 2,591 | 11,422 |
| Transportation and gasoline | | 654,736 | 762,958 | 886,083 |
| Advertising | | 556,806 | 285,786 | 351,634 |
| Insurance | | 363,105 | 366,129 | 385,146 |
| Trainer's fee | | 312,822 | 558,056 | 713,992 |
| Losses and breakages – food and beverages | | 35,197 | 108,944 | 93,364 |
| Miscellaneous | | 4,010,814 | 3,657,639 | 1,956,246 |
| | | <u>35,042,117</u> | <u>28,826,817</u> | <u>28,872,554</u> |

Miscellaneous expenses include bank charges, equipment rentals, payments to pianists, concessionaires, food suppliers, choir, flowers for mass, Christmas decorations and sponsorship.

16. FINANCE INCOME

The finance income is composed of the following:

| <i>(Amount in PHP)</i> | <u>Notes</u> | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|---|--------------|-----------------------|----------------|----------------|
| Interest income – loans and receivables | 6 | 164,126 | 100,410 | 278,835 |
| Interest income – banks short-term investments financial asset at amortized cost | 4, 5, 7 | 565,015 | 497,596 | 201,710 |
| | | <u>729,141</u> | <u>598,006</u> | <u>480,545</u> |

17. INCOME TAX

17.1 Tax Exemption

On June 26, 2019, in the case of Association 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, Revenue Memorandum Circular 35-2012 should be interpreted in accordance with the Decision. The Club applies the Decision of the Supreme Court in 2025 and 2024 in calculating its income tax.

17.2 Current And Deferred Taxes

The components of tax expense reported in the statement of comprehensive income for the fiscal years ended September 30 are presented below:

| <i>(Amounts in PHP)</i> | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|---|------------------|-------------|-------------|
| <i>Reported in profit or loss:</i> | | | |
| Current tax expense | | | |
| Minimum corporate income tax (MCIT) at 2% in 2025 and 1.83% in 2024 and 1.25% in 2023 | 1,480,188 | 566,766 | 304,475 |
| Final tax at 20% | 134,670 | 99,519 | 40,342 |
| | 1,614,858 | 666,285 | 344,817 |
| Deferred tax expense relating to origination and reversal of temporary differences | (22,447) | 1,553,577 | 216,930 |
| | 1,592,411 | 2,219,862 | 561,747 |
| <i>Reported in other comprehensive Income:</i> | | | |
| Deferred tax expense relating to origination and reversal of temporary differences. | (708,191) | 141,974 | (325,045) |

The reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in the statements of comprehensive income is as follows:

| <i>(Amounts in PHP)</i> | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|--|-------------------------|-------------------------|-----------------------|
| Tax on pretax profit at 20% | 257,207 | 1,083,323 | 934,926 |
| Adjustment for income subjected to lower income tax rate | - | - | (10,085) |
| Income subject to final tax | 134,670 | - | - |
| MCIT | 1,480,188 | 566,766 | 304,475 |
| Tax effects of: | | | |
| Non-deductible expenses | | | |
| allocated to membership dues | 12,125,277 | 10,510,825 | 14,276,644 |
| Non-taxable membership dues | (11,449,370) | (11,323,968) | (14,123,973) |
| Origination and reversal of temporary differences | (955,561) | 585,794 | 8,299 |
| Unrecognized net operating loss carry-over (NOLCO) | - | 797,122 | - |
| Applied NOLCO | - | - | (828,539) |
| Tax expense | <u>1,592,411</u> | <u>2,219,862</u> | <u>561,747</u> |

As of September 30, 2025 and 2024, the Club's deferred tax asset on retirement benefit obligation amounted to P565,585 and P1,251,329, 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, 2025 and 2024 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 following are the details of the Club's MCIT as of September 30, 2025 and the applicable years these are deductible from taxable income:

| <i>(Amounts in PHP)</i> | | | | |
|-------------------------|-------------------------|----------------------|-------------------------|--------------------|
| <u>Year Incurred</u> | <u>Amount</u> | <u>Expired</u> | <u>Balance</u> | <u>Valid Until</u> |
| 2025 | 1,480,188 | - | 1,480,188 | 2028 |
| 2024 | 566,766 | - | 566,766 | 2027 |
| 2023 | 304,475 | - | 304,475 | 2026 |
| 2022 | 34,502 | 34,502 | - | 2025 |
| | <u>2,385,931</u> | <u>34,502</u> | <u>2,351,429</u> | |

The deferred tax asset amounting to P1,480,188 in 2025 and P566,766 in 2024 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:

The details of NOLCO are as follows:

| <i>(Amounts in PHP)</i> | | | | |
|-------------------------|-------------------|----------------|-------------------|--------------------|
| <u>Year Incurred</u> | <u>Amount</u> | <u>Expired</u> | <u>Balance</u> | <u>Valid Until</u> |
| 2025 | 5,109,382 | - | 5,109,382 | 2028 |
| 2024 | 3,985,612 | - | 3,985,612 | 2027 |
| 2023 | 9,380,992 | - | 9,380,992 | 2026 |
| | 18,385,986 | - | 18,385,986 | |

18. MEMBERS' EQUITY

18.1 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 certificates amounting to P51,260,849 were issued and outstanding as at September 30, 2024.

In October 2024, following an RTC decision that recognized and affirmed the authority of the Club's BOD in increasing the number of membership fee certificates, the Club reclassified the proceeds from the issuance of additional 438 membership certificates, previously presented as Deposit for Membership Fee Certificates Subscription under liability, as part of Membership Fee Certificates under equity (see Note 1.2). As at September 30, 2025, the Club has 1,938 issued and outstanding membership fee certificates.

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.

As of September 30, 2025 and 2024, the Club has only one member owning 100 or more of the Club's membership fee certificates.

18.2 Additional Paid-in Equity

This account composed of the following as of September 30:

| <i>(Amounts in PHP)</i> | <u>2025</u> | <u>2024</u> |
|--|-------------------|-------------|
| Premiums received from issuance of cancelled membership certificates | 8,068,540 | 8,068,540 |
| Special assessment fund | 17,665,415 | 11,178,133 |
| | 25,733,955 | 19,246,673 |

18.3 Special Assessment Fund

On October 2024, the Board of Directors approved a special assessment fund to be used for renovation amounting to P6,487,282 and is presented as a special assessment fund under Additional Paid-in Capital in the statements of members' equity.

In March and June 2023, the Club recorded additional net special assessment funds totaling P2,756,951, which are presented as a Special Assessment Fund under Additional Paid-in Capital in the statements of members' equity.

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

| <i>(Amounts in PHP)</i> | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|------------------------------|--------------------------|-------------------|-------------------|
| Balance at beginning of year | 11,178,133 | 11,178,133 | 8,421,182 |
| Additions | <u>6,487,282</u> | <u>-</u> | <u>2,756,951</u> |
| Balance at end of year | <u>17,665,415</u> | <u>11,178,133</u> | <u>11,178,133</u> |

19. RELATED PARTY TRANSACTIONS

The summary of the Club's transactions with its related parties as of and for the fiscal years ended September 30, 2025 and 2024 are as follows:

| <i>(Amounts in PHP)</i> | <u>2025</u> | | <u>2024</u> | |
|--|-------------------------------|----------------------------|-------------------------------|----------------------------|
| | <u>Amount of Transactions</u> | <u>Outstanding Balance</u> | <u>Amount of Transactions</u> | <u>Outstanding Balance</u> |
| Officers and employees | | | | |
| Cash advances | <u>188,685</u> | <u>370,137</u> | <u>224,845</u> | <u>404,422</u> |
| Member | | | | |
| Deposit for membership fee certificates subscription | <u>27,479,806</u> | <u>-</u> | <u>27,479,806</u> | <u>-</u> |
| Key Management Personnel | | | | |
| Compensation | <u>3,713,195</u> | <u>-</u> | <u>4,594,163</u> | <u>-</u> |

The Club's outstanding payables to related parties are unsecured, noninterest-bearing and expected to be settled within 12 months either through cash or offsetting.

The Club's transactions with its related parties are further described below.

19.1 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 P370,137 and P404,422 as at September 30, 2025 and 2024, respectively. These are included as part of Others under Trade and other receivables account in the statements of financial position (see Note 6).

19.2 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 disclosed in Note 13.

| <i>(Amounts in PHP)</i> | <u>2025</u> | <u>2024</u> |
|--------------------------|------------------|------------------|
| Short-term benefits | 3,427,560 | 4,240,766 |
| Post-employment benefits | <u>285,630</u> | <u>353,307</u> |
| | <u>3,713,195</u> | <u>4,594,163</u> |

20. COMMITMENTS AND CONTINGENCIES

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

20.1 Operating Lease Commitment – Club as Lessor

The Club is a lessor under operating leases covering certain Club space. The rentals from these operating leases amounted to and P5,238,387 in 2025 and P5,250,362 in 2024, respectively, and are shown as Rentals in the statement of comprehensive income. (See Note 14.1)

20.2 Legal and Tax Contingencies

As of September 30, the Club is involved in various legal and tax-related proceedings. Based on the evaluation of management, no provisions have been recognized, as it is not probable that these matters will result in a material impact in the financial statements.

(a) Labor Cases

Ma. Alberta Carolina A. Del Rosario vs. VVCCI, et al. (NLRC LAC No. 08-002708-17)

The NLRC reversed the Labor Arbiter’s ruling and dismissed the complaint against the Club for lack of merit. The complainant elevated the matter to the Court of Appeals (CA) via a Petition for Certiorari, after which the Club’s bond amounting to P2.075 million was refunded. The CA dismissed the petition, and the complainant has filed an appeal with the Supreme Court. The case remains pending as of the approval of the financial statements.

Rocky D. Lagman vs. VVCCI (NLRC-NCR Case No. 04-00684-25)

This case pertains to a complaint for illegal dismissal filed by a former employee of the Club. On December 23, 2025, the NLRC Regional Arbitration NCR Branch ruled in favor of the Club. The complainant elevated the matter to the CA and the case remains pending as of the approval of the financial statements.

Voluntary Arbitration Case – VVCCI Employees Union vs. VVCCI (CA-GR SP No. 170914)

This case pertains to differing interpretations of provisions in the Collective Bargaining Agreement relating to rice subsidy and union leave benefits. The Voluntary Arbitrator ruled in favor of the Club. The Union's Petition for Review before the CA was denied. A Motion for Reconsideration remains pending.

Management assessed that none of the outstanding labor cases has a potential material impact on the financial statements of the Club.

(b) Commercial Case

Jose Ernesto Villaluna, Victor Salta and Fortunato Dee vs. Francisco Eizmendi, et al., and VVCCI

This case involves a dispute among members of the Board of Directors (BOD) regarding the validity of actions taken during the Club's 2013 and 2014 membership and annual meetings, including the approval of minutes, financial statements, suspension and expulsion of members, election of the BOD, approval of by-law amendments, and related matters. The plaintiffs seek, among others, (a) the nullification of the actions of the BOD; (b) declarations regarding the right of certain parties to hold over as directors; (c) reinstatement of plaintiffs and co-plaintiffs as hold-over directors; and (d) damages.

On October 21, 2024, the RTC of Pasig, Branch 158 issued a decision on the case (see Note 1.2).

20.3 Others

There are other commitments, guarantees, litigations and contingent liabilities that may arise in the normal course of the Club's operations which are not reflected in the financial statements. As of September 30, 2025 and 2024, management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Club's financial statements.

21. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Club's principal financial instrument comprises mainly of cash in banks. The main purpose of this financial instrument is to finance the Club's operations. The Club has other financial assets and liabilities such as receivables and trade and other payables.

The main risks arising from the Club's financial instruments are market risk, credit risk, and liquidity risk. The Board of Directors and management review and agree on the policies for managing each of these risks and they summarized below.

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

21.1 Market Risk

The Club is exposed to market risk through its use of financial instruments and specifically to interest rate risk which result from both its operating, investing and financing activities. The Club has limited exposure to interest rate risk from cash in banks, which are subject to variable interest rates. Interest rates have historically shown insignificant changes. All other financial assets and liabilities have fixed rates.

21.2 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Club. The Club is exposed to this risk for various financial instruments, for example by sales on account to members and placing deposits.

The Club continuously monitors defaults of members and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Club's policy is to deal only with creditworthy counterparties.

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

| <i>(Amounts in PHP)</i> | <u>Notes</u> | <u>2025</u> | 2024 (As restated – see Note 2) |
|---------------------------------------|--------------|--------------------------|---------------------------------------|
| Cash and cash equivalents | 4 | 23,208,661 | 15,530,398 |
| Short-term investments | 5 | 5,966,389 | 5,173,761 |
| Trade and other receivables | 6 | 22,012,849 | 21,309,427 |
| Financial assets at amortized cost | 7 | <u>2,000,000</u> | <u>2,000,000</u> |
| | | <u>53,187,899</u> | <u>44,013,586</u> |

None of Club's the financial assets are secured by collateral or other credit enhancements except for cash as described below and in the succeeding page.

(a) Cash and Cash Equivalents and Short term investments

The credit risk for cash and cash equivalents and short-term investments are considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P1.0 million for every depositor per banking institution.

(b) *Trade and Other Receivables*

The Club uses simplified approach to calculate ECL for membership dues and other receivables. This approach is based on historical analysis of the Club's trade receivables portfolio, which calculates the receivables' loss experience over a reasonable observation period and apply such information to project what the portfolio will look like going forward.

The management determined that there is no required additional ECL to be recognized on the Club's membership due receivables as it is secured to the extent of the fair value of the membership shares sold once repossessed through dacion en pago. Therefore, there is no expected loss given default as the recoverable amount from subsequent resale of the membership shares is sufficient. 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.

The Club's membership dues are regularly monitored to identify the delinquent accounts and are regularly assessed to determine the probability of their collection.

(c) *Other Receivables*

The Club applies simplified approach in measuring ECL which uses a lifetime expected loss allowance for receivables with forward-looking information such as forecast economic conditions. Other receivables are evaluated by the Club for impairment and assessed that no ECL should be provided based on historical information about the third parties' ability to pay, management considers the credit quality of receivable to be good and has concluded that there is no need for provision for expected credit loss in fiscal years 2025 and 2024.

(d) *Financial Asset at Amortized Cost*

The Club's investments in treasury bonds are exposed to credit risk. These instruments are issued by the Philippine government, which management assesses as having minimal credit risk. Accordingly, the expected credit loss is considered insignificant, and no ECL allowance has been recognized.

21.3 Liquidity Risk

The Club manages its liquidity needs by carefully monitoring scheduled debt servicing payments for its lease liabilities as well as cash outflows due on a day-to-day business.

The Club's objective is to provide sufficient cash balance at any given time to settle its obligations to all its suppliers. The Club monitors its cash position to ensure that all payments to suppliers and other creditors are covered by funds for no less than a month's requirements.

The table below shows the maturity profile of the Club's financial liabilities based on the contractual undiscounted cash flows.

| <i>(Amount in PHP)</i> | Current | | Non-current |
|---|------------------------|-----------------------|-------------------------|
| | Within 6 months | 6 to 12 months | More than 1 year |
| <u>September 30, 2025</u> | | | |
| Trade and other payables | <u>25,159,044</u> | <u>4,405,072</u> | <u>-</u> |
| | <u>25,159,044</u> | <u>4,405,072</u> | <u>-</u> |
| <u>September 30, 2024</u> | | | |
| Trade and other payables | 26,564,421 | 3,132,320 | - |
| Deposits for membership fee certificates subscription | - | - | <u>27,479,806</u> |
| | <u>26,564,421</u> | <u>3,132,320</u> | <u>27,479,806</u> |

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 liquidity requirement for up to a 60-day period.

22. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

22.1 Carrying Amounts and Fair Values by Category

Due to their short-term nature, the management assessed that the carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are equal for both 2025 and 2024. Fair value for cash is at quoted prices, however fair values of all other financial instruments are traded in an active market.

A description of the Club's risk management objectives and policies for financial instruments is provided in Note 21.

22.2 Offsetting of Financial Assets and Financial Liabilities

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements above, each agreement between the Club and counterparties (i.e., related parties) allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

23. FAIR VALUE MEASUREMENT AND DISCLOSURES

In accordance with PFRS 13, *Fair Value Measurements*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can assess at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset 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.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Except for cash and cash equivalent which are under Level 1, all of the financial assets and liabilities of the Club are under Level 3.

The Club has no financial assets and financial liabilities measured at fair value as of September 30, 2025 and 2024.

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of the financial assets and financial liabilities included in Level 3 which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

24. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Club's objectives when managing capital are to safeguard the Club's ability to continue as a going concern in order to provide better services to members and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Club may return capital to members, issue new shares, charge additional assessment to members or sell assets to reduce liabilities.

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

25. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented in the succeeding pages is the supplementary information required by the Bureau of Internal Revenue (BIR) under RR No. 15-2010 and RR No. 34-2020 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

25.1 Requirements under RR No. 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year are as follows:

(a) Output VAT

In the fiscal year 2025, the Club declared output VAT as follows:

| <i>(Amount in PHP)</i> | <u>Tax Base</u> | <u>Output VAT</u> |
|------------------------|---------------------------|--------------------------|
| Rendering of services: | | |
| VATable sales | 119,357,470 | 14,322,896 |
| Exempt sales | <u>75,246,332</u> | <u>-</u> |
| | <u>194,603,802</u> | <u>14,322,896</u> |

The Club's output VAT for fiscal year 2025 amounted to P14,322,896, representing VAT on taxable sales of goods and services. The Club also reported exempt sales/receipts totaling P75,246,332, consisting primarily of membership dues, assessment fees, and similar charges collected from members.

These collections of membership dues are not subject to VAT pursuant to the Supreme Court decision in *Association of Non-Profit Clubs, Inc. v. Bureau of Internal Revenue* (G.R. No. 228539, June 26, 2019), which held that membership fees, assessments, and dues collected by non-profit recreational clubs do not constitute sale of services under Section 108 of the Tax Code. Consequently, such receipts do not form part of the Club's gross receipts subject to Value-Added Tax and are appropriately classified as VAT-exempt.

(b) *Input VAT*

The movements in input VAT in fiscal year 2025 are summarized below.

(Amount in PHP)

| | |
|-------------------------------|--------------------|
| Domestic purchase of goods | 1,677,835 |
| Domestic purchase of services | 5,371,059 |
| Deductions from input VAT | (2,683,290) |
| Applied against output VAT | <u>(4,365,605)</u> |
| Balance at end of year | <u>-</u> |

(c) *Landed Cost, Custom Duties and Tariff Fees*

The Club did not have any transactions which were subject to custom duties and tariff fees in fiscal year 2025.

(d) *Excise Tax*

The Club did not have excise tax in 2025 since it did not have any transactions which are subject to excise tax.

(e) *Documentary Stamp Tax (DST)*

The Club did not have any transactions subject to DST.

(f) *Taxes and Licenses*

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

(Amounts in PHP)

| | |
|------------------------------------|-------------------------|
| Business permits | 3,690,244 |
| Real estate taxes | 3,242,836 |
| Annual registration | 568,531 |
| Management information system fees | <u>66,046</u> |
| | <u>7,567,657</u> |

(g) *Withholding Taxes*

The details of total withholding taxes for the year ended September 30, 2025 are shown below.

(Amounts in PHP)

| | |
|---------------------------|-------------------------|
| Expanded withholding | 1,397,203 |
| Compensation and benefits | <u>773,906</u> |
| | <u>2,171,109</u> |

There were no transactions entered into by the Club that were subjected to final taxes during the year.

(b) Deficiency Tax Assessment and Tax Cases

As at September 30, 2025, the Club neither has tax assessment received with the BIR nor tax case outstanding or pending in courts or bodies outside the BIR in any of the open years.

25.2 Requirements under RR No. 34-2020

On December 18, 2020, the BIR issued RR34-2020 which prescribed the guidelines and procedures for the submission of BIR Form No 1709, Transfer Pricing Documentation (TPD) and other supporting documents. As at September 30, 2025, the Club is not covered by the requirements and procedures for related party transactions under this RR.