COVER SHEET

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S.E.C. Registration Number

ANVAYA COVE BEACH AND NATURE CLUB, INC.

(Company's Full Name)

MORONG, BATAAN

(Business Address: No. Street City / Town / Province)

ATTY. SYDNEY GUADALUPE
Contact Person

584-1026 to 27; 5840704
Company Telephone Number

1 2	3 1
Month	Day

END OF FISCAL YEAR

SEC FORM 20-IS (Preliminary Information Statement)
FORM TYPE

July	30
Month	Day

ANNUAL STOCKHOLDERS' MEETING

N/A
Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purpose

NOTICE OF THE 2021 ANNUAL STOCKHOLDERS' MEETING

TO ALL STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the 2021 Annual Stockholders' Meeting of Anvaya Cove Beach and Nature Club, Inc. (the "*Corporation*") will be conducted virtually on **July 30, 2021, Friday at 9 a.m.** with the following agenda:

1. Call to Order
2. Certification of Notice and Determination of Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on September 25, 2020
4. Approval of the President's 2020 Annual Report
5. Ratification of all acts of the Board of Directors and Management since the last Annual Stockholders' Meeting
6. Election of Directors
7. Appointment of External Auditors and Fixing their Remuneration
8. Other Business as May Properly Come Before the Meeting
9. Adjournment

Only stockholders of record as of **May 31, 2021** are entitled to notice of, and vote at, this meeting.

Given the health and safety concerns arising from the Covid-19 pandemic, as well as the restrictions on travel and gatherings, stockholders may only attend the meeting by remote videoconferencing facilities and voting *in absentia*, or by appointing the Chairman of the meeting as their proxy. Stockholders interested to participate through any of these means should notify the Corporation by email to acbnc.agm@anvayacove.com not later than **July 20, 2021**. The guidelines for registration, attendance through remote videoconferencing, and voting *in absentia* or by proxy shall be sent by email to the interested stockholders. These guidelines will also be set out in the Information Statement which is available in the Corporation's website.

Any instrument authorizing a proxy to act as such shall be emailed to acbnc.agm@anvayacove.com on or before **July 20, 2021** at **5:00 pm**, addressed to the Corporate Secretary. Corporate shareholders are required to submit duly notarized Secretary's Certificates attesting to the resolution of the Board of Directors designating their proxies. Validation of proxies shall be on **July 21, 2021** at **11 a.m.** at the principal office of the Corporation. No proxy is being solicited.

Dated June 21, 2021.

ATTY. ANNA LIZA M. ANG-CO
Corporate Secretary

PROXY FORM

The undersigned, being a stockholder of ANVAYA COVE BEACH AND NATURE CLUB, INC. (the "Corporation"), hereby names, constitutes and appoints

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with right of substitution and revocation, to represent and vote all shares registered in my name or owned by me and/or such shares as I am authorized to represent and vote in my capacity as administrator, executor or attorney-in-fact in respect of any and all matters presented during the Annual Shareholders' Meeting of the Corporation as hereinafter set forth to be held on **July 30, 2021** and all adjournments and postponements thereof.

1. Election of Directors of the Corporation

Authority to vote for the following nominees is:

Granted	Withheld	
		Antonino T. Aquino
		Augusto D. Bengzon
		Jessie D. Cabaluna (independent director)
		Jocelyn F. De Leon
		Paullolindo A. Elauria
		Dindo R. Fernando
		Joseph Carmichael Z. Jugo
		Rex Maria A. Mendoza (independent director)
		Mercedita S. Nolledo
		Paolo O. Viray
		Jesus Emmanuel M. Yujuico (independent director)

2. Other Matters

For	Against	Abstain	
			Approval of the Minutes of the Annual Stockholders' Meeting held on September 25, 2020
			Approval of the President's 2020 Annual Report
			Ratification of all acts of the Board of Directors and Management since the last Annual Stockholders' Meeting
			Appointment of External Auditors and Fixing Their Remuneration

This proxy revokes all proxies which I may have previously executed concerning the above matters. This proxy shall be effective until withdrawn by me through notice in writing, or superseded by subsequent proxy, delivered to the Corporate Secretary at least three (3) business days before the date of the meeting or any adjournments and postponements thereof, but shall cease to apply in instances where I personally attend the meeting.

____ ____________________

Printed Name and Signature Date

No solicitation of votes is made by the registrant or by a person other than the registrant.

Important Notes:

A scanned copy of this proxy must be submitted to the Corporate Secretary at acbnc.agm@anvayacove.com on or before **July 20, 2021**, the deadline for submission of proxies. For corporate stockholders, please attach to this proxy form the Secretary's Certificate on the authority of the signatory to appoint the proxy and sign the form.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder. If no direction is made, this proxy will be voted for the election of the nominees and the approval of the matters stated above and such other matters as may properly come before the meeting in the manner described in the Information Statement and/or as recommended by the Chairman.

A stockholder granting a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder registers in the online registration and voting system.

All materials of the meeting, including the Information Statement and President's 2020 Annual Report, may be accessed by the stockholders at the Corporation's website at https://anvayacove.com/beach-nature-club/.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT OF

ANVAYACOVEBEACH AND NATURE CLUB, INC.

pursuant to Section 20 of the Securities Regulation Code

1. **Check the appropriate box:**

   [   ] Preliminary Information Sheet
   [√] Definitive Information Sheet

2. **Name of Registrant as specified in this Charter**:

   ANVAYA COVE BEACH AND NATURE CLUB, INC.

3. **Province, country and other jurisdiction of incorporation or organization:**

   MORONG, BATAAN, PHILIPPINES

4. **SEC Identification Number:** CS200502332

5. **BIR Tax Identification Code:** 005-862-442

6. **Address of Principal Office:** Anvaya Cove
   Municipality of Morong
   Bataan
   2108 Philippines

7. **Registrant's telephone number, including area code:**(63-2) 793-9000

8. **Date, time and place of the meeting of security holders:**

Date	-	30 July 2021
Time	-	9:00 am
Place	-	Anvaya Cove Morong, Bataan 2108

9. **Approximate date of which the Information Statement is first to be sent or given to security holders:**

   09 July 2021

10. In case of Proxy Solicitation:

Name of Person Filing the Statement/Solicitor:
Address and Telephone Number:

11. Securities registered pursuant to Section 8 of the SRC

a. Authorized Capital Stock

Title of Each Class		Authorized Capital Stock
Common – Class B		1,950
Common – Class C		500
	TOTAL	2,450

b. No. of Shares Outstanding as of 30 July 2021:

Title of Each Class		
Common – Class B		1,950
Common – Class C		500
	TOTAL	2,450

c. Amount of Debt Outstanding as of 30 July 2021 NIL

12. Are any or all of the registrant's securities listed in a Stock Exchange?

[ ] Yes [/] No

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A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

(a) Date, time and place of meeting of security holders:

Date	-	30 July 2021
Time	-	9:00 am
Place	-	Anvaya Cove Morong, Bataan 2108
Principal Office	-	Anvaya Cove Morong, Bataan 2108

(b) Approximate date on which the Information Statement is to be first sent or given to security holders:

09 July 2021

(c) Manner of dissemination of Notice and Agenda of Meeting

The national government's declaration of the enhanced community quarantine in Luzon and other parts of the country due to the Covid-19 pandemic has resulted in restricted movement and temporary business and work suspension which has affected the processes needed to produce the meeting materials as well as the physical distribution of the said materials to the stockholders. To address this, the Securities and Exchange Commission (SEC) issued the Notice dated April 20, 2020 ("SEC Notice") allowing an alternative mode for distributing and providing copies of the Notice of Meeting, Information Statement, and other documents in connection with annual stockholders' meetings of corporations for 2020.

In line with the guidelines in the said SEC Notice, the Board of Directors of the Anvaya Cove Beach and Nature Club, Inc. (hereinafter, the "Club" or "Corporation") resolved to allow the Notice and Agenda of the Annual Stockholders' Meeting of the Corporation to be published in the business section of two (2) newspapers of general circulation in print and online format for two (2) consecutive days, the last publication of which shall not be later than twenty-one (21) days prior to the scheduled Annual Stockholders' Meeting. In addition, the Corporation will send the said Notice and Agenda by electronic mail to all stockholders with an email address.

Electronic copies of the meeting materials, including this Information Statement (SEC 20-IS), Management Report, and Annual Report (SEC Form 17-A) may be accessed by the shareholders in the Corporation's website.

Item 2. Dissenters' Right of Appraisal

Under Section 80 of the Revised Corporation Code of the Philippines, a stockholder shall have the right to dissent and demand payment of the fair value of his shares in the following instances:

(1) In case an amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in

any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

(2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code;

(3) In case of merger or consolidation; and

(4) In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

There are no matters or proposed corporate actions which may give rise to a possible exercise by security holders of their appraisal rights under Title X of the Revised Corporation Code.

Item 3. Interest of Certain Persons in or Opposition Matters to be Acted Upon

(a) No current director or officer of the Corporation, or nominee for election as director of the Corporation nor any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than election to office.

(b) No director has informed the Corporation in writing that he intends to oppose any action to be taken by the registrant at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Number of Shares Outstanding as of 30 July 2021:

Title of Each Class

Common – Class A (Founders')		3,468
Common – Class B		1,950
Common – Class C		500
Common – Class D		702
Common – Class E		180
	TOTAL	6,800

Number of Votes Entitled: One (1) vote per share

(b) Record Date

All stockholders of record as of 31 May 2021 are entitled to notice of the Annual Stockholders' Meeting.

(c) Manner of Voting

All stockholders of record, regardless of the class of share held by a stockholder, shall have the right to vote in all matters requiring stockholders' approval, including the right to nominate and vote for the persons who shall serve as directors of the Corporation. However, only stockholders who are members in good standing shall have the right to be voted for as member of the Board of Directors of the Corporation. Nominations for membership in the Board of Directors has been submitted to the Nomination Committee in accordance with the procedure for nomination under the Corporation's By-laws and Manual of Corporate Governance.

Holders of Class A, Class B, Class C, Class D and Class E shares as of 31 May 2021 shall thus vote in the following manner:

> "**Section 6. <u>Manner of Voting</u>.** Subject to the Seventh Article of the Articles of Incorporation and Article II, Section 2(c) of this By-laws, a stockholder shall be allowed to vote in person or by proxy at all meetings of stockholders. Proxies shall be executed in writing by the stockholder or his duly authorized attorney-in-fact and shall be submitted to the Corporate Secretary at least three (3) business days prior to the scheduled date of the meeting. Except in those cases where the law provides for a higher voting requirement, all corporate acts requiring approval of the stockholders under the Corporation Code of the Philippines shall be approved by a majority of the entire subscribed capital stock; provided that, for the first five (5) years from the date of incorporation of the Club, the approval of holders of at least a majority (or in the event that the law requires a higher percentage for the approval of certain corporate acts, then such higher percentage) of the Founders' Shares shall be necessary for the approval of corporate acts requiring the approval of stockholders for their effectivity and validity."

Due to the health risks and hazards posed by the ongoing Covid-19 pandemic, the Corporation is encountering logistical and practical restrictions in holding the Annual Stockholders' Meeting in the usual manner. To ensure the health and safety of its shareholders, the Board of Directors of the Corporation, in the exercise of its authority under the By-laws, resolved on May 21, 2021 to adopt the guidelines promulgated in SEC Memorandum Circular No. 6, Series of 2020, allowing the Corporation to hold the Annual Stockholders' Meeting through video conferencing and other remote or electronic means of communication and voting *in absentia*, notwithstanding the absence of such provision in the By-laws. A stockholder voting electronically *in absentia* shall be deemed present for purposes of the quorum.

For the convenience of its shareholders, the Corporation issued and is making available to the shareholders internal rules of procedure embodying the mechanisms for registration of shareholders and their participation in the meeting through remote communication and voting *in absentia* or by proxy, a copy of which is attached hereto as **Annex A.**

(d) Security Ownership of Certain Record and Beneficial Owners and Management as of 31 May 2021:

(1) Security Ownership of Certain Record and Beneficial Owners (of more than 5%) of Common Shares as of 31 May 2021

Type of Class	Name	Name of Beneficial Owner & Relationship w/ Record Owner	Citizenship	No. of Shares	Record/ Beneficial Owner	Percentage to Total Class A Shares
Class A (Founders')	Ayala Land, Inc. 31/F Tower One & Exchange Plaza Ayala Avenue Makati City	Ayala Land, Inc. is both the beneficial and record owner.	Filipino	3,250	R/B	93.71%
Class A (Founders')	Subic Bay Development & Industrial Estate Corp. 8/F Vernida IV Condominium 128 L.P. Leviste St. SalcedoVillage Makati City	Subic Bay Development & Industrial Estate Corp. is both the beneficial and record owner.	Filipino	201	R/B	5.79%
	Total			**3,451**		**99.50%**

Type of Class	Name	Name of Beneficial Owner & Relationship w/ Record Owner	Citizenship	No. of Shares	Record/ Beneficial Owner	Percentage to Total Class B Shares
Class B	Ayala Land, Inc. (same address)	Ayala Land, Inc. is both beneficial and record owner.	Filipino	429	R/B	22.00%
Class B	Subic Bay Development & Industrial Estate Corp. (same address)	Subic Bay Development & Industrial Estate Corp. is both beneficial and record owner.	Filipino	13	R/B	0.66%
	Total			**442**		**22.66%**

Type of Class	Name	Name of Beneficial Owner & Relationship w/ Record Owner	Citizenship	No. of Shares	Record/ Beneficial Owner	Percentage to Total Class C Shares
Class C	Ayala Land, Inc. (same address)	Ayala Land, Inc. is both beneficial and record owner.	Filipino	354	R/B	70.80%
Class C	Subic Bay Development & Industrial Estate Corp. (same address)	Subic Bay Development & Industrial Estate Corp. is both beneficial and record owner.	Filipino	32	R/B	6.40%
	Total			**386**		**77.20%**

Type of Class	Name	Name of Beneficial Owner & Relationship w/ Record Owner	Citizenship	No. of Shares	Record/ Beneficial Owner	Percentage to Total Class D Shares
Class D	Ayala Land, Inc. (same address)	Ayala Land, Inc. is both beneficial and record owner.	Filipino	702	R/B	100.00%
	Total			**702**		**100.00%**

Type of Class	Name	Name of Beneficial Owner & Relationship w/ Record Owner	Citizenship	No. of Shares	Record/ Beneficial Owner	Percentage to Total Class E Shares
Class E	Ayala Land, Inc. (same address)	Ayala Land, Inc. is both beneficial and record owner.	Filipino	180	R/B	100.00%
	Total			**180**		**100.00%**

- The Board of Directors of Ayala Land, Inc. ("*ALI*") has the power to decide how ALI's shares in the Corporation are to be voted. The following are the incumbent members of the Board of Directors of ALI: Fernando Zobel de Ayala, Jaime Augusto Zobel de Ayala II, Antonino T. Aquino, Arturo G. Corpuz, Rizalina G. Mantaring, Bernard Vincent O. Dy, Sherisa P. Nuesa, Rex Ma. A. Mendoza, and Cesar V. Purisima. ALI appointed Joseph Carmichael Z. Jugo to vote the shares of ALI in the Corporation.

- The Board of Directors of Subic Bay Development & Industrial Estate Corp. ("*Sudeco*") has the power to decide how Sudeco's shares in the Corporation are to be voted. The following are the incumbent members of the Board of Directors of Sudeco: Paullolindo A. Elauria, Greta Y. Go, Christopher D. Dizon, Jocelyn F. De Leon, Karl Emmanuel F. Dy, Manuel Luis Zialcita, Rosie F. De Leon, Michael Stanley S. De Leon and Evelyn F. De Leon. Sudeco appointed Jocelyn F. De Leon to vote the shares of Sudeco in the Corporation.

(2) Security Ownership of Directors and Officers as of 31 May 2021

TYPE OF CLASS	NAME	POSITION	NO. OF SHARES	RECORD / BENEFICIAL OWNER	CITIZENSHIP	PERCENTAGE
Class A	Jaime E. Ysmael	Chairman & Director	1	R	Filipino	0.015%
Class A	Paullolindo A. Elauria	President & Director	1	R	Filipino	0.015%
Class B	Joseph Camichael Z. Jugo	Vice-Pres. & Director	1	R/B	Filipino	0.015%
Class A	Dindo R. Fernando	Treasurer & Director	1	R	Filipino	0.015%
Class A	George Bernard L. Cadhit	Managing Director & Director	1	R	Filipino	0.015%
Class A	Antonino T. Aquino	Director	1	R	Filipino	0.015%
Class A	Jocelyn F. De Leon	Director	1	R	Filipino	0.015%
Class A	Mercedita S. Nolledo	Director	1	R	Filipino	0.015%
Class B	Paolo O. Viray	Director	1	R/B	Filipino	0.015%
Class A	Ma. Katrina M. Yatco	Indep. Director (outgoing)	1	R	Filipino	0.015%
Class A	Rex Maria A. Mendoza	Indep. Director	1	R	Filipino	0.015%
Class A	Jessie D. Cabaluna	Indep. Director (incoming)	1	R	Filipino	0.015%
Class A	Jesus Emmanuel M. Yujuico	Indep. Director (incoming)	1	R	Filipino	0.015%
Security Ownership of all Directors and Officers			12			0.195%

None of the members of the Corporation's directors and management owns 2.0% or more of the outstanding capital stock of the Corporation.

(e) Voting Trust Holders of 5% or More

The Corporation knows of no person holding more than 5% of common shares under a voting trust or similar agreement.

(f) Change in Control

No change of control in the Corporation has occurred since the beginning of its last fiscal year.

Item 5. Directors and Executive Officers

Article VII, Section 1 (1st paragraph) of the Amended By-laws provides:

> "**Section 1. Composition of the Board**. The corporate powers of the Club shall be exercised, its operations managed, and its property controlled by a Board of Directors consisting of eleven (11) members. For the first five (5) years from the date of incorporation of the Club, each director must be a holder of a Founders' Share at the time of election and must remain as such during his tenure as director. Following the fifth anniversary of the date of incorporation of the Club, each director must be a stockholder who is a member in good standing at the time of election and must remain as such during his tenure as director. The directors shall be elected at the annual stockholders' meeting and shall hold office for one (1) year and until their successors are duly elected and qualified."

(a) Directors and Executive Officers – Please refer to **Annex B.**

(1) Directors, Independent Directors and Executive Officers

The following have been nominated to the Board of Directors of the Corporation by Miccael Naig, a Class B shareholder:

Antonino T. Aquino
Augusto D. Bengzon
Jessie D. Cabaluna
Jocelyn F. De Leon
Paullolindo A. Elauria
Dindo R. Fernando
Joseph Carmichael Z. Jugo
Rex Ma. A. Mendoza
Mercedita S. Nolledo
Paolo O. Viray
Jesus Emmanuel M. Yujuico

Rex Maria A. Mendoza, Jessie D. Cabaluna and Jesus Emmanuel M. Yujuico were nominated as independent directors in the Board of Directors for the ensuing year. Attached as **Annexes B-1, B-2 and B-3,** respectively, are their individual Certifications of Qualification of Independent Directors.

The Nomination Committee endorsed the above nominees for election at the forthcoming Annual General Stockholders' Meeting. The Chairman of the Nomination Committee is Atty. Paullolindo A. Elauria and the current members are Maria Katrina M. Yatco and George Bernard L. Cadhit.

The Corporation has adopted Rule 38 (Requirements on Nomination and Election of Independent Directors) of the Securities Regulation Code and compliance therewith has been made.

(2) Significant Employees

The Corporation values its human resources and considers its entire work force as significant employees. It expects each employee to do his or her share in achieving the Corporation's set goals.

(3) Family Relationships

None of the Directors and Executive Officers of the Corporation or the nominees for election as director is related up to the fourth civil degree either by consanguinity or affinity.

(4) Involvement in Legal Proceedings

For the past five years, none of the Directors and Executive Officers nor the nominees for election as director has been involved in any material pending legal proceedings in any court or administrative agency of the Government.

(b) Certain Relationships and Related Transactions

(1) Related Transactions

Ayala Land Club Management, Inc., a wholly owned subsidiary of Ayala Land, Inc., manages the operation of the Club under a Management Agreement.

The Corporation has a Reciprocity Agreement with Anvaya Cove Golf and Sports Club, Inc. ("Golf Club") wherein the members of the Corporation may use the sports facilities of the Golf Club, and the members of the Golf Club may use the beach and other facilities of the Corporation. The Golf Club is an affiliate of the Corporation, being commonly controlled by Ayala Land, Inc. and Subic Bay Development and Industrial Estate Corporation.

The Corporation undertook no other transaction in which any Director or Executive Officer, any nominee for election as director, any beneficial owner (direct or indirect), or any member of their immediate families was involved or had a direct or indirect material interest.

(2) Ownership Structure and Parent Company

As of 31 May 2021, ALI directly owns 72.27% of the total issued and outstanding capital stock of the Corporation and SUDECO directly owns 3.61% of the total issued and outstanding capital stock of the Corporation.

(3) Transactions with Promoters

The Corporation did not enter into any transactions with promoters.

(c) Resignation of Directors

To date, no director has resigned or declined to stand for re-election for the Board of Directors due to any disagreement with the Corporation relative to the Corporation's operations, policies and practices.

Item 6. Compensation of Directors and Executive Officers

(a) Executive Compensation

(1) Directors. Article VII, Section 1 (2nd paragraph) of the Corporation's Amended By-Laws provides:

" x x x Directors shall receive no salaries from the Club."

(2) Executive Officers

Ayala Land Club Management, Inc., a wholly owned subsidiary of Ayala Land, Inc., manages the operations of the Corporation under a Management Agreement.

The annual compensation of the key officers constituting the management team of the Corporation is as follows:

Name	Principal Position	2020	2019	2018
Cuberos, Jovelita	Human Resource Manager	12,491,760*	11,987,910*	11,852,910*
Gerinomo, Antonio	Food & Beverage Manager			
Lorilla, Vladimir	Executive Chef			
Mariscotes, Venus C.	Executive Housekeeper			
Mojica, Ulyses	Membership Manager			
Pagcu, Virgilio	Chief Engineer			
Reyes, Jovie	General Manager			
Sandoval, Raymond Jaye	Activity Manager			
Villarba, Emmanuel	Financial Controller			

*The total annual compensation is all paid in cash. The total annual compensation includes the basic salary and 13th month bonuses.

(3) Compensation of Directors

The Corporation has no standard arrangements with regard to the remuneration of its directors for any services provided as director. Nor are there any other arrangements, including consulting contracts, pursuant to which any Director was compensated for any service provided as Director. However, in consideration for their services, the monthly dues of the Directors are waived during their term of office.

(4) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

The foregoing key officers are covered by employment contracts with the Corporation. The terms of appointment of the Managing Director, George Bernard L. Cadhit, are covered by the Management Agreement of the Corporation with Ayala Land Club Management Inc.

(5) Warrants and Options Outstanding

The Corporation has not offered any stock warrants or stock options to any of its Directors, Executive Officers or employees.

Item 7. Independent Public Accountants

(a) Independent Public Accountant

The principal accountant and external auditor of the Corporation is the accounting firm of SyCip, Gorres, Velayo & Company ("SGV & Co."). The same accounting firm is being recommended for re-election at the scheduled annual meeting.

Representatives of SGV & Co. for the current year and for the most recently completed fiscal year are expected to be present at the Annual General Stockholders' Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Pursuant to the General Requirements of SRC Rule 68, Paragraph 3 (Qualifications and Reports of Independent Auditors), the Corporation has engaged SGV & Co. as external auditor of the Corporation with Jose Pepito E. Zabat III as Partner In-Charge, having assumed such position for the year 2019 and as signing partner in the 2020 Auditor's Report.

The Audit Committee of the Corporation consist of Rex Maria A. Mendoza (independent director) as Chairman, and Joseph Carmichael Z. Jugo and Mercedita S. Nolledo as members.

(b) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Corporation has engaged the services of SGV& Co. during the two most recent fiscal years. There were no disagreements with SGV & Co. on any matter of accounting and financial disclosure.

(c) External Audit Fees and Services

(i) Audit and Audit-Related Fees

The Corporation paid its external auditor the following fees (exclusive of value-added tax and out-of-pocket expenses) in the past 2 years:

	Audit & Audit-related Fees
2020	324,000.00
2019	307,650.00

(ii) Tax Fees

The Corporation did not engage the services of the external auditor for tax accounting, compliance, advice, planning and any other tax services in the past 2 years. No fees paid for these services.

(iii) All Other Fees

No other fees paid to the external auditors for the past 2 years.

Item 8. Compensation Plans

There is no matter or corporate action to be taken up in the meeting with respect to any compensation plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Otherwise than for Exchange

There is no matter or corporate action to be taken up in the meeting with respect to the authorization or issuance of securities.

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up in the meeting with respect to the modification of any class of the Corporation's securities or the issuance or authorization for issuance of one class of the Corporation's securities in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

The Management's Discussion and Analysis and Plan of Operations, Audited Financial Statements as of 31 December 2020 and Unaudited Interim Financial Statements as of 31 March 2021 are attached hereto as **Annexes C, D** and **E**, respectively**.**

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There are no matters or actions to be taken up in the meeting with respect to merger, consolidation, acquisition of securities or assets, sale or transfer of assets, or liquidation of the Corporation.

Item 13. Acquisition or Disposition of Property

There are no matters or actions to be taken up in the meeting with respect to acquisition or disposition by the Corporation of any property.

Item 14. Restatement of Accounts

The changes in accounting policies have no impact on the statement of accounts as shown in Note 2 of the 2020 Audited Financial Statements (attached hereto as **Annex D**) and neither do such changes result to a restatement of the 2019 Audited Financial Statements.

D. CORPORATE ACTIONS

Item 15. Action with Respect to Reports

Action shall be taken with respect to the following:

(a) Approval of the Minutes of the 2020 Annual Meeting of the Stockholders held on 25 September 2020 covering the following matters:

- i) President's Annual Report
- ii) Ratification of Acts of Directors and Management from the 2020 Annual Stockholders' Meeting up to the date of the meeting
- iii) Election of Directors
- iv) Election of External Auditors and Fixing their Remuneration

(b) Approval of the President's Annual Report for the year ending 31 December 2020

Item 16. Matters Not Required to be Submitted

All matters or actions to be taken up in the meeting will require the votes of the Class A, Class B, Class C, Class D and Class E shareholders.

Item 17. Amendment of Charter, By-laws or Other Documents

There are no matters or actions to be taken up in the meeting with respect to the amendment of the Corporation's Articles of Incorporation, By-laws or other documents.

Item 18. Other Proposed Actions

(a) Ratification of all acts of the Board of Directors and Management for the period covering 25 September 2020 up to the date of the meeting.

These acts are covered by Resolutions of the Board of Directors duly adopted in the normal course of trade or business, like:

i) Approval of budgets, operating and capital expenditures
ii) Approval of the Corporation's financial statements
iii) Approval of contracts in the course of business

(b) Election of Directors (including independent directors)

(c) Appointment of External Auditors and Fixing Their Remuneration.

The approval of holders of at least a majority of the total number of Class A, Class B, Class C, Class D, and Class E Shares where their holders constituting a quorum are present in the meeting by person or proxy shall be necessary for the approval the proposed corporate actions.

Item 19. Voting Procedures

(a) Vote Required

The vote of stockholders representing at least a majority of the issued and outstanding Class A, Class B, Class C, Class D and Class E shares entitled to vote is required.

(b) Method of Voting

Traditionally, the shares are voted by verbal motion and duly seconded during the meeting. A matter is carried and approved when there is no objection from the floor. However, for the 2021 Annual Stockholders' Meeting, voting will be done *in absentia* or by proxy pursuant to the SEC Memorandum Circular No. 6, Series of 2020. The requirements and procedure for electronic voting in absentia and participation by remote videoconferencing are attached hereto as **Annex A.**

Stockholders of record as of 31 May 2021 shall have the right to vote in all matters requiring shareholders' approval, including the right to nominate and vote for the persons who shall serve as directors of the Corporation.

E. OTHER MATTERS

Item 20. Membership

The Corporation had 1,742 members as of 31 December 2020. Of this total number, 1,687 members were in good standing as of 31 December 2020.

Item 21. Monthly Dues

The Corporation's monthly dues as of 31 December 2020 is ₱3,600.00, broken down as follows:

Basic monthly dues	₱3,000.00
Consumable	500.00
Environmental Fee	100.00
TOTAL	₱3,600.00

Item 22. Status of Operation of the Corporation

In view of the national government's restrictions to address the Covid-19 pandemic, the Corporation is only partly operational (see further discussions in Part I of **Annex C** on the Plan of Operation.)

Item 23. Properties of the Corporation

The facilities and amenities of the Corporation are situated on seven (7) adjoining parcels of land with an aggregate area of approximately 94,147 square meters. The Corporation is the registered owner of three (3) of the seven (7) parcels constituting approximately 65,147 square meters, while it has legal and physical possession of the remaining four (4) parcels through long-term lease agreements separately entered into with its registered owners, Ayala Land, Inc. and Subic Bay Development and Industrial Estate Corporation.

The total assets of the Corporation are valued at ₱758,685,120 in its Audited Financial Statements as of December 31, 2020 (see **Annex D**). All the facilities and amenities of the Corporation are fully completed.

[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK.

SIGNATURE PAGE FOLLOWS.]

After reasonable inquiry and to the best of our knowledge and belief, we certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City, Metro Manila on 08 July, 2021.

ANVAYA COVE BEACH AND NATURE CLUB, INC.

By:

JAIME E. YSMAEL
Chairman

PAULLOLINDO A. ELAURIA
President

<u>ANNEX A</u>

ANVAYA COVE BEACH AND NATURE CLUB INC.

2021 ANNUAL STOCKHOLDERS' MEETING
(the "Meeting")

REQUIREMENTS AND PROCEDURE FOR ELECTRONIC VOTING IN ABSENTIA AND PARTICIPATION BY REMOTE VIDEOCONFERENCING

I. <u>REGISTRATION</u>

1. Stockholders as of **May 31, 2021** ("Stockholders") who wish to attend the meeting by remote videoconferencing facilities and vote *in absentia* must register online. To register, Stockholders must send an email to acbnc.agm@anvayacove.com informing the Corporation of their intention to attend by remote communication and vote *in absentia*.

2. Within two (2) business days of receiving the email, the Stockholders will be given a link to the shareholder registration system. They should follow the instructions sent to their e-mail address, complete the online registration form and submit it for validation.

3. In addition to the online registration form, the following are needed for registration:

   (a) For individual Stockholders–

      (i) A recent photo of the Stockholder, with the face fully visible (in JPG format). The file size should be no larger than 2MB;
      (ii) A scanned copy of the front and back portions of the Stockholder's valid government- issued ID, preferably with residential address (in JPG format). The file size should be no larger than 2MB;
      (iii) A valid and active e-mail address;
      (iv) A valid and active contact number;

   (b) For Stockholders with joint accounts –

      (i) A scanned copy of an authorization letter signed by all Stockholders, identifying who among them is authorized to cast the vote for the account (in JPG format). The file size should be no larger than 2MB;

   (c) For Corporate Stockholders –

      (i) A secretary's certificate attesting to the authority of the representative to vote for, and on behalf of the Corporation (in JPG format). The file size should be no larger than 2MB;
      (ii) A recent photo of the stockholder's representative, with the face fully visible (in JPG format). The file size should be no larger than 2MB;
      (iii) A scanned copy of the front and back portions of the valid government-issued ID of the Stockholder's representative, preferably with residential address (in JPG format). The file size should be no larger than 2MB;

(iv) A valid and active e-mail address of the Stockholder's representative;
(v) A valid and active contact number of the Stockholder's representative.

Important Note: The submission of incomplete or inconsistent information may result in an unsuccessful registration in which case the Stockholder will not be allowed access to the remote Meeting and vote electronically *in absentia*. However, depending on the reason for the unsuccessful registration, the Stockholder who was not able to register successfully may still be allowed by the Corporation to vote through the Chairman of the Meeting as proxy by submitting a duly accomplished proxy form on or before **July 20, 2021**.

Considering the extraordinary circumstances due to COVID-19, the Corporation shall allow electronic signatures for the required documents, as applicable. Notarization shall also be dispensed with at this time. However, the Corporation reserves the right to request additional information, and original signed and notarized copies of these documents at a later time.

4. The validation process will be completed by the Corporation within three (3) business days from the date of the Stockholder's receipt of an e-mail from the Corporation acknowledging the registration. Once validated, the Stockholder will receive an e-mail confirmation on his or her successful registration.

II. VOTING IN ABSENTIA OR BY PROXY

1. Stockholders who have successfully registered will be given the link to the online voting system to provide them the opportunity to vote *in absentia*. The deadline for registration to vote *in absentia* is **July 20, 2021**. Beyond this date, Stockholders may no longer avail of the option to vote *in absentia*.

2. All agenda items indicated in the Notice of the Meeting will be set out in the digital absentee ballot and the registered Stockholder may vote as follows:

   (a) For items other than the Election of Directors, the registered Stockholder has the option to vote: For, Against, or Abstain. The vote is considered cast for all the registered Stockholder's shares.

   (b) For the Election of Directors, the registered Stockholder may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the Stockholder, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected.

3. Once voting on the agenda items is finished, the registered Stockholder can proceed to submit the accomplished ballot by clicking the 'Submit' button. The online system will prompt the Stockholder to confirm the submission of the ballot. The votes cast *in absentia* will have equal effect as votes cast in person or by proxy.

4. After the ballot has been submitted, Stockholders may no longer change their votes.

5. Stockholders who wish to vote by proxy will only need to submit the duly filled up and signed proxy form sent to them by email and send it by return email to acbnc.agm@anvayacove.com on or before **July 20, 2021**.

6. The office of the Corporate Secretary of the Corporation will count and tabulate the votes cast *in absentia* together with the votes cast by proxy.

III. PARTICIPATION BY REMOTE VIDEOCONFERENCING

1. Stockholders who are registered under the online system can attend the Meeting on **July 30, 2021** by remote videoconferencing by clicking the live feed access provided in the email.

2. Only Stockholders who have notified the Company of their intention to participate in the Meeting by remote videoconferencing will be included in determining the quorum, together with the Stockholders who voted *in absentia* and by proxy.

3. As the Meeting will be held via a one-way live webcast, stockholders who have questions or comments for Management must submit their questions not later than **July 28, 2021** by email to acbnc.agm@anvayacove.com in order that their questions could be taken up or addressed during the live webcast.

4. All materials of the meeting, including the Information Statement and President's 2019 Annual Report, may be accessed by the Stockholders at the Corporation's website at https://anvayacove.com/beach-nature-club/.

5. A link to the recorded webcast of the Meeting will be posted on the Company's website after the Meeting.

Important Note: The Definitive Information Statement, Statement of Management Responsibility, 2020 Annual Report, Minutes of the 2020 Annual General Stockholders' Meeting and other materials for the meeting may be accessed in the Corporation's website.

ANNEX B

BOARD OF DIRECTORS, CORPORATE OFFICERS AND KEY EXECUTIVE OFFICERS

The write-ups below include positions currently held by the directors, corporate officers, and nominees to the Board of Directors, as well as positions held during the past five (5) years.

Incumbent Board of Directors

Antonino T. Aquino	Rex Ma. A. Mendoza (independent)
George Bernard L. Cadhit (outgoing)	Mercedita S. Nolledo
Jocelyn F. De Leon	Paolo O. Viray
Paullolindo A. Elauria	Maria Katrina M. Yatco (independent/outgoing)
Dindo R. Fernando	Jaime E. Ysmael (outgoing)
Joseph Carmichael Z. Jugo	

Incoming Board of Directors

Augusto D. Bengzon	Jesus Emmanuel M. Yujuico (independent)
Jessie D. Cabaluna (independent)	

Incumbent Corporate Officers

Chairman	Jaime E. Ysmael
President	Paullolindo A. Elauria
Vice-President	Joseph Carmichael Z. Jugo
Treasurer	Dindo R. Fernando
Managing Director	George Bernard L. Cadhit
Corporate Secretary	Anna Liza M. Ang-Co
Assistant Corporate Secretary	Sydney Hershey C. Guadalupe

Antonino T. Aquino, 73, Filipino, has served as Director of the Club since 2009. He has also served as Director of Ayala Land Inc. (ALI) since April 2009. He is also a Director of Manila Water Company, Inc. (MWC), another publicly listed company, since 1999. He was the President of ALI from April 2009 to April 2014, MWC from April 1999 to April 2009, Ayala Property Management Corporation from 1989 to 1999. He is a member of the Multi Sectoral Advisory Board of the Philippine Army since 2014. He was named "Co Management Man of the Year 2009" by the Management Association of the Philippines for his leadership role in a very successful waterworks privatization and public-private sector partnership. He earned a degree in BS Management and Masters in Business from the Ateneo de Manila University in 1968 and 1975, respectively.

George Bernard L. Cadhit, 49, Filipino, has been with the Club since 2008, General Manager from 2010 to March 25, 2015, and Managing Director since March 26, 2015. He is concurrently the President of AyalaLand Club Management Inc., the club management arm of Ayala Land Premier and General Manager of Anvaya Cove Golf and Sports Club since 2014. Prior to his stint at ALI, he was the Director for Food and Beverage Division as well as the Director for Project Development for The Astoria Plaza Group. He holds a Bachelor of Science degree in Hotel and Restaurant Administration from the University of the Philippines.

Jocelyn F. De Leon, 61, Filipino, has served as Director of the Club since 2011. She is the Executive Vice President-Marketing and Director of SUDECO. She is presently Director of Philippine Petrochemical Products, Inc.; Executive Vice President and Director of Solar Plastics Corporation; Chief Executive Officer/Vice Chairman of the Board and Director of Subic West Integrated Dev. Corporation; Director of Seaport Development & Industrial Corporation; Corporate Secretary and Director of Zambales Farms & Forest Dev. Inc.; and Director of Silangguin Bay Corporation. She was formerly General Manager of PremierCreative Packaging Inc. until September 2003 and Business Manager and Accountant of Ekistic Mobility Consultant, Inc., a corporation domiciled in Torrance, California USA, a position she held until October 1993. She was also former General Manager of Lowell Cost Plus Inc., a corporation domiciled in Redondo Beach California, USA, and Corporate Planner in Phil. Petrochemical Products Inc. in Makati City, Philippines. Ms. De Leon graduated with a degree in Bachelor Science, Major in Marketing at the De La Salle University in Manila on March 1986 and took post-graduate studies at the same university in Masters in Business Administration.

Paullolindo A. Elauria, 55, Filipino, has served as Director of the Club since its incorporation in 2005. He has been the President of SUDECO since 2002. He is also the President of the Philippine Petrochemical Products, Inc., Subic West Integrated Development Corporation, Sideli International Trading Corporation, and a Director and Legal Counsel for Seaport Development Corporation. He holds a Bachelor of Laws Degree from the Manuel L. Quezon University and passed the bar in 1992. Atty. Elauria is also a Professor of Commercial, Civil, and Labor Laws, having taught at De La Salle University and Manuel L. Quezon University. He graduated with a Bachelor's degree in Mathematics for Teachers from the Philippine Normal University in 1986 and Bachelor of Laws at the Manuel L. Quezon University in 1992.

Dindo R. Fernando, 52, Filipino, was elected Director of the Club on March 14, 2017. He holds the position of Vice President of Ayala Land Inc. and is concurrently the Head of the External Affairs Division. He started his career with Ayala Land, Inc. in 1994 as part of its External Affairs Division. He became Head of this division in 2014. Presently, he is also the Chairman of the Real Estate Forum and Laguna Investment Promotion Board and sits as Vice-President of Avida Towers Makati West Condominium Corporation. He co-owns CDMI House Lessors, Inc. He holds a Bachelor of Arts degree in Political Science from Lyceum of the Philippines.

Joseph Carmichael Z. Jugo, 49, Filipino, has served as director of the Club since October 2018. He is currently the Vice-President of the Club. He is concurrently Vice-President and Managing Director in Ayala Land, Inc., having assumed such positions in January 1, 2018 and April 1, 2017, respectively. He is also currently the Chairman of Ayala Land Sales, Inc. and the Chairman and President of Ayala Land Premier Inc. Other significant positions include a member of the Board of Trustees of the Ayala Environmental Foundation Inc., and director of Ayala Land Club Management Inc., Anvaya Cove Golf and Sports Club Inc., Ayala Greenfield Golf and Leisure Inc., Ayala Greenfield Development Inc., and BG West Properties Inc. He earned his masteral degree in Business Management at the Asian Institute of Management.

Rex Maria A. Mendoza, 59, Filipino, is a Philippine businessperson who has been at the helm of 9 different companies and currently is Chairman, President & Chief Executive Officer of Rampver Financials & Insurance Agency, Inc. and President for Abrio Healthcare Solutions, Inc. He is also on the board of 17 other companies. In his past career he held the position of Chairman of Philam Foundation, Inc., President at Avida Sales Corp., Chief Executive Officer for AIA Group Ltd. President & Chief Executive Officer of Philippine American Life & General Insurance Co., Inc. and Vice Chairman & Chief Executive Officer of Philam Asset Management, Inc. (both are subsidiaries of AIA Group Ltd.), Senior VP, Head-Corporate Marketing & Sales at Ayala Land, Inc. Chairman & President at Ayala Land International Sales, Inc. and President of Ayala Land Sales, Inc. (both are subsidiaries of Ayala Land, Inc.), Professor at De La Salle University and member of Million Dollar Round Table. Rex Maria A. Mendoza received an undergraduate degree from the University of the Philippines and a graduate degree from Asian Institute of Management.

Mercedita S. Nolledo, 80, Filipino, has served as Director of the Club since 2005. Her other significant positions include: Director of Honda Cars Cebu, Inc., Honda Cars Makati, Inc., Isuzu Automotive Dealership, Inc., Isuzu Cebu, Inc., Ayala Land Commercial REIT, Inc., Bank of the Philippine Islands, BPI Capital Corporation, BPI Family Savings Bank, Michigan Holdings, Inc., Xurpas, Inc. and Prime Initiatives, Inc.; D&L Industries, Inc., member of the Board of Trustees of Ayala Foundation, Inc., BPI Foundation, Inc.; Chairman of BPI Investment Management, Inc.. She had her education at University of the Philippines and graduated Magna Cum Laude and Class Valedictorian in Bachelor of Science in Business Administration and Cum Laude and Class Valedictorian in Bachelor of Laws.

Paolo O. Viray, 41, Filipino, has served as director of the Club since October, 2018. He is currently the head of marketing and sales of Ayala Land Premier, President of Ayala Land Sales Inc., and General Manager of Ayala Land International Marketing. He is also the General Manager of Ayala Greenfield Development Corporation. Prior to assuming these positions, Paolo was Department Manager of the Project Development group in Ayala Land, Inc. He graduated from the De La Salle University with a Bachelor of Science degree in Civil Engineering, specializing in Transportation Engineering, and obtained his Masters' Degree in Business Administration and Management from the Hult International Business School.

Ma. Katrina M. Yatco, 65, Filipino, has served as Independent Director of the Club since her election as Director on 25 July 2014. She is engaged in real estate brokerage and consultancy, specializing in sales of land and condominiums. Prior to setting up her own real estate business, she occupied various middle management positions at Ayala Land, Inc., firstly as Division Head of Market Research and Planning where she set up tactical research for the Marketing Group, helped determine the market feasibility of and formulate the marketing plans for the Company's various development projects. She was then assigned as Division Manager of Special Projects, Division Manager of Residential Buildings Group, Division Manager of Corporate Planning, Division Head of Sales Administration and Customer Service, and finally as Division Head of Corporate Sales where she set up the corporate sales function. Ms. Yatco also served as President and as a Director of the Society of Industrial-Residential- Commercial Realty Organizations. She is a member of the Pasay-Makati Realtors Board. She attended St. Theresa's College Manila and holds a B.A degree in Economics from Ateneo de Manila University (1977). Under a scholarship and exchange program granted by that university, she attended International Christian University in Tokyo, Japan (1977 to 1978), specializing in the Japanese language. Ms. Yatco serves as Business Chair of the Leukemic Indigents Fund Endowment, Inc., a non-government organization devoted to the healing of poor children afflicted with leukemia and other blood disorders.

Jaime E. Ysmael, 60, Filipino, has served as Director of the Club since its incorporation in 2005. Mr. Ysmael is a Senior Vice President of Ayala Land, Inc. Concurrently, he is a Managing Director of Ayala Corporation. His other significant positions include: Chairman, President & CEO of OCLP Holdings, Inc.; Ortigas & Company, Limited Partnership and Concrete Aggregates Corporation; Chairman and President of Tower One & Exchange Plaza Condominium Corporation; Chairman of the Board of Anvaya Cove Golf and Sports Club, Inc. He is a member of Board of Directors of various Ayala Land subsidiaries and affiliates. Outside of the company, he is a trustee of Shareholders Association of the Philippines and CIBI Foundation, Inc.

Anna Liza M. Ang-Co, 52, Filipino, is the current Corporate Secretary of the Corporation. She is a Senior Partner of Co Ferrer Ang-Co & Gonzales Law Offices, a full-service Philippine law firm specializing in corporate law, taxation, estate planning and settlement, corporate rehabilitation, and real estate transactions. She is also a Director, Rehabilitation Receiver, and Corporate Secretary of other Philippine corporations. She graduated with a degree of Bachelor of Science in Computer Science from the Ateneo de Manila University in 1990 and earned her law degree from the University of the Philippines in 1994.

Sydney Hershey C. Guadalupe, 28, Filipino, is the current Assistant Corporate Secretary of the Corporation. She is an associate at Co Ferrer Ang-Co & Gonzales Law Offices, a full-service Philippine law firm. She graduated with a degree of Bachelor of Science in Business Administration in San Beda University - Manila in 2013 and earned her law degree from the same university in 2017.

INCOMING MEMBERS OF THE BOARD OF DIRECTORS

Augusto D. Bengzon, Filipino, 58, is currently the Senior Vice President, Chief Finance Officer, Chief Compliance Officer and Treasurer of Ayala Land Inc. He is a Director of AREIT, Inc. and Treasurer of Cebu Holdings Inc. and AyalaLand Logistics Holding Corp., the publicly listed subsidiaries of ALI. His other significant positions include: Chairman of Aprisa Business Process Solutions Inc.; Director and Chief Finance Officer of Altaraza Development Corporation; Director and Treasurer of ALI Eton Property Development Corp., Amaia Land Corp., Aurora Properties Inc., Avida Land Corp., Ayala Property Management Corp., Bellavita Land Corp., BGNorth Properties Inc., BGSouth Properties Inc., BGWest Properties Inc., Ceci Realty Inc., Philippine Integrated Energy Solutions Inc., Serendra Inc. and Vesta Property Holdings Inc.; Director & Assistant Treasurer of Ayala Greenfield Development Corp.; Director of AG Counselors Corporation, Alviera Country Club Inc., Alveo Land Corp., Ayala Land Premier, Inc., Makati Development Corp., Nuevocentro Inc., Northgate Hotel Ventures, Inc., Portico Land Corp., Station Square East Commercial Corp. and Southcrest Hotel Ventures, Inc.; Treasurer of Alabang Commercial Corporation, AKL Properties, Inc. and Hero Foundation, Inc.; Assistant Treasurer of Ayala Greenfield Golf & Leisure Club, Inc. and Trustee of Philippine National Police Foundation, Inc. He received his Bachelor of Science degree in Business Management from the Ateneo de Manila University and is a graduate of the Philippine Trust Institute. He was granted the Andres K. Roxas scholarship at the Asian Institute of Management where he received his Masters in Business Management degree.

Jessie D. Cabaluna, Filipino, 64, is a Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants. She has accumulated over twenty years of experience as a partner in the accounting firm, SyCip Gorres Velayo & Co., where she was Partner-in-Charge of the Bacolod Branch. Ms. Cabaluna holds a Bachelor of Science in Commerce (Major in Accounting) from the University of St. La Salle. She has also completed advanced management development programs conducted by the Asian Institute of Management and Harvard Business School.

Jesus Emmanuel M. Yujuico, Filipino, 53, has been a director of DDMP REIT Inc. since 2014, his family's real estate joint venture with Double Dragon Properties Corporation. He also manages his family's interests in commercial real estate. Previously, he co-founded a financial consulting firm in Silicon Valley and worked in Corporate Finance for Applied Materials in Santa Clara, California and Eaton Corporation in Cleveland, Ohio. He is a graduate of the Amos Tuck School of Business at Dartmouth in Hanover, New Hampshire and holds a Bachelor's degree in Economics from Bowdoin College in Brunswick Maine where he graduated with honors.

ANNEX B-1
Certificate of Qualification
Rex Maria A. Mendoza

CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, **REX MARIA A. MENDOZA**, Filipino, of legal age and a resident of No. 10 San Antonio Street, Magallanes Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of ANVAYA COVE BEACH AND NATURE CLUB, INC., (the "Corporation") and have been an Independent Director since December 2020;

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
AyalaLand Logistics Holdings Corp.*	Lead Independent Director	2016 to present
FLT Prime Insurance	Member, Board of Directors	2016 to present
TechnoMarine Enterprises Philippines, Inc.	Member, Board of Directors	2001 to present
Cullinan Group, Inc.	Member, Board of Directors	2008 to present
Seven Tall Trees Events Company, Inc.	Member, Board of Directors	2008 to present
Esquire Financing, Inc.	Member, Board of Directors	2013 to present
Rampver Financials Inc.	Member, Board of Directors	2014 to present
Globe Telecom Inc.*	Independent Director	2014 to present
National Reinsurance Corporation of the Philippines*	Independent Director	2019 to present
Seedbox Technologies, Inc.	Member, Board of Directors	2019 to present
Singapore Life Philippines, Inc.	Chairman, Board of Directors	2019 to present
Mobile Group, Inc.	Member, Board of Directors	July 30, 2020 to present
Ayala Land, Inc.*	Independent Director	April 22, 2020 to present

* Listed companies at the PSE

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of ANVAYA COVE BEACH AND NATURE CLUB, INC., as provided in Section 38 of the Securities Regulations Code, its implementing Rules and Regulations and other Securities and Exchange Commission (SEC) issuances.

4. I am not related to any director/officer/substantial shareholder of ANVAYA COVE BEACH AND NATURE CLUB, INC., and its subsidiaries and affiliates;

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceedings;

6. I am not in government service nor am I affiliated with a government agency or GOCC;

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of ANVAYA COVE BEACH AND NATURE CLUB, INC. of any changes in the abovementioned information within five days from its occurrence.

Done this 22 JUN 2021 at QUEZON CITY City, Philippines.

REX MARIA A. MENDOZA
Affiant

SUBSCRIBED AND SWORN to before me on 22 JUN 2021 at QUEZON CITY. Affiant exhibited to me his Passport No. P6999664A issued on May 2, 2018 in DFA Manila.

Doc. No. 435;
Page No. 86;
Book No. XLII;
Series of 2021.
/Anvaya-Cert of Qualification ID-Mendoza/Onedrive/CFA [Syd]

ATTY ELISEO S. CALMA, JR.
Notary Public for Q.C. /Until Dec. 31, 2021
Adm. Matter No. NP-067 (2020-2021)
PTR No. 0604702-D/01-04-2021 Q.C.
IBP No. 141058/01-04, 2021
Roll No. 50188
MCLE COMP. NO. VI-0012317 Valid Until 4-14-22
20 Kamagong St., Sapamanan Vill. East Fairview Q.C.
TIN No. 188-541-197-000

ANNEX B-2
Certificate of Qualification
Jessie D. Cabaluna

CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, **JESSIE D. CABALUNA**, Filipino, of legal age and a resident of 87 Molave Ave., Molave Park, Merville, Paranaque City after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of ANVAYA COVE BEACH AND NATURE CLUB, INC., (the "Corporation");
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY	POSITION/RELATIONSHIP	PERIOD OF SERVICE
N/A		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of ANVAYA COVE BEACH AND NATURE CLUB, INC., as provided in Section 38 of the Securities Regulations Code, its implementing Rules and Regulations and other Securities and Exchange Commission (SEC) issuances.
4. I am not related to any director/officer/substantial shareholder of ANVAYA COVE BEACH AND NATURE CLUB, INC., and its subsidiaries and affiliates;
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceedings;
6. I am not in government service nor am I affiliated with a government agency or GOCC;
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of ANVAYA COVE BEACH AND NATURE CLUB, INC. of any changes in the abovementioned information within five days from its occurrence.

Done this 22 JUN 2021 at QUEZON CITY City, Philippines.

JESSIE D. CABALUNA
Affiant

SUBSCRIBED AND SWORN to before me this 12 JUN 2021 day of ______________ at QUEZON CITY, affiant personally appeared before me and exhibited to me her Passport No. P3937505B issued at DFA, Bacolod City on 22 November 2019.

Doc. No. 435;
Page No. 86;
Book No. XLII;
Series of 2021.
/Anvaya-Cert of Qualification ID-Cabaluna/Onedrive/CFA [Syd]

ATTY. ELISEO S. DALMA, JR.
Notary Public for Q.C. Until Dec. 31, 2021
Adm. Matter No. NP-067 (2020-2021)
PTR No. 0694702-D/01-04-2021 Q.C.
IBP No. 141058/01-04, 2021
Roll No. 50183
MCLE COMP. NO. VI-0012817 Valid Until 4-14-22
20 Kamagong St., Sapamanai Vill. East Fairview Q.C.
TIN No. 138-541-197-000

ANNEX B-3
Certificate of Qualification
Jesus Emmanuel M. Yujuico

CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, **JESUS YUJUICO**, Filipino, of legal age and a resident of No. 15 Ryder Loop, Ayala Hillside Estates, Old Balara, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of ANVAYA COVE BEACH AND NATURE CLUB, INC., (the "Corporation");

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Istana Development Corporation	Chief Executive Officer	
Double Dragon Meridian Park Reit	Director	
Applied Materials Corporation	Operations Finance Manager	
Eaton Corporation	Finance Manager	

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of ANVAYA COVE BEACH AND NATURE CLUB, INC., as provided in Section 38 of the Securities Regulations Code, its implementing Rules and Regulations and other Securities and Exchange Commission (SEC) issuances.

4. I am not related to any director/officer/substantial shareholder of ANVAYA COVE BEACH AND NATURE CLUB, INC., and its subsidiaries and affiliates;

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceedings;

6. I am not in government service nor am I affiliated with a government agency or GOCC;

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of ANVAYA COVE BEACH AND NATURE CLUB, INC. of any changes in the abovementioned information within five days from its occurrence.

Done this JUN 17 2021 at Quezon City City, Philippines.

JESUS YUJUICO
Affiant

SUBSCRIBED AND SWORN to before me on JUN 17 2021 at Quezon City. Affiant exhibited to me his Philippine Passport No. P7882200A issued on 11 July 2018 in DFA Manila.

Doc. No. 3;
Page No. 2;
Book No. IX;
Series of 2021.
/Anvaya-Cert of Qualification ID-Yujuico/Onedrive/CFA [Syd]

ATTY. GERALD G. PRIETO
NOTARY PUBLIC
FOR QUEZON CITY
IBP OR NO. 100915, 1-4-2021 QC
PTR OR NO. 0598834D, 1-4-2021 QC
ATTORNEY'S ROLL NO. 50412
MCLE Compliance No. V-0001659

ANNEX C
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF FINANCIAL CONDITION AND PLAN OF OPERATION

I. PLAN OF OPERATION

The first half of 2021 saw an easing of COVID-19-related travel restrictions in the Province of Bataan. Tourists were encouraged to visit the province provided travel documents were submitted at the municipal checkpoints and minimum health standards were adhered to during their stay at different destinations. Following these developments, the Club was able to reopen more recreational facilities and food outlets. The number of visiting Members and guests grew but not to the same extent as prior to the pandemic. Notwithstanding, new confirmed cases of infection still drew hesitation among travelers. Although spikes in cases were not as prevalent as in 2020, targeted and localized lockdowns even in Morong, Bataan have hampered the steady improvement in arrivals at Anvaya Cove.

The government's vaccination program has rolled out with a few million doses being distributed among frontline workers, high-risk citizens, and the police force. Particularly in the Province of Bataan, inoculation activities have had a sluggish start. The municipal government has resorted to intermittent lockdowns to cope with the fluctuation in the number of confirmed COVID-19 cases.

At Anvaya Cove, more proactive measures to mitigate the spread of the virus included the following:

a. A swab testing program was initiated in February mandating all employees to undergo testing every month. All staff exhibiting symptoms underwent repeat testing and, if necessary, RT-PCR testing at the nearest testing facility in Subic Bay.

b. Additional safety marshals were engaged to conduct health screening for Members, guests, and employees.

c. Additional employees were engaged as team members of the Disinfection & Sanitation Group.

d. A dedicated isolation facility which can accommodate 12 persons was opened.

Before resumption of work, all employees were required to undergo a COVID-19 Awareness Briefing and were required by the Club to submit their Health Clearances from their respective Rural Health Units. Health Declaration Forms must also be submitted daily to the Club's Medical Team for evaluation. Employees were subject to thermal body scan and issued PPEs that must be worn throughout their shifts.

Facilities that were permitted by the municipal government to reopen from the start of the year until mid-2021 were the Welcome Pavilion, Casitas, Anvaya Shop, Pool Complex, Beach Area, Bamboo Café and Pawikan Beach Bar & Grill (both at 50 per cent capacity), Watersports Pavilion, Tennis Court, Bath Houses, and the Bike Park. Meanwhile, indoor amenities such as the Veda Spa and the Library Lounge remained closed.

There is no certainty whether the facilities mentioned will continue to be available for Members until year-end. Regulations will be predicated upon the protocols to be released by the Municipal Government of Morong. Capacity limits for both the restaurants and the Casitas remain in a state of flux, effecting more challenges in forecasting revenue for the remaining months of the year.

Banquet and corporate events, major sources of revenue for the Club, are yet to be allowed due to restrictions on social gatherings. Wedding and birthday arrangements have been temporarily ceased. Also, the Club has stopped organizing sports events and recreational programs for Club Members.

To attempt to reinvigorate dwindling revenue generation, incentives will be conferred to Members for visiting the Club. Members will be awarded with a free night of stay for every 2 nights booked in a Casita. Usage of unused consumables accumulated in 2020 and 2021 will be extended until December 31, 2021. They may use their consumables to buy Anvaya Shop items remotely. The restaurants will continue to launch promos to encourage Anvaya Cove residents and visitors to spend at the food outlets.

As the circumstances surrounding the Club's continuous operations have appeared to be unfavorable until the middle of 2021, the Club estimates that the financial position, operational performance, and cash flows of the company by year-end will not significantly improve vis-à-vis last 2020.

(a) Satisfaction of cash requirements and fund-raising plans

Operating Cash Requirement

The key sources of liquidity of the Corporation as of end-December, 2020 were generated from membership dues, guest fees, room accommodations, in addition to the food and beverage sales from the restaurants and bars. Given the cash position of the Corporation as of end-December, 2020, the Corporation will not require additional funding for its operations in the next twelve (12) months.

Project Development Cash Requirement

With respect to the cash requirement for project development, ALI had already infused additional paid-in capital in the amount of ₱550 million for the complete development of the facilities of the Corporation.

(b) Product research and development

No product research and development is planned. Architectural design planning for the various structures and facilities of the Corporation has been completed.

(c) Purchase or sale of plant and significant equipment

All the necessary and significant equipment of the Corporation for its full operations have been purchased.

(d) Significant changes in the number of employees

The Corporation has hired approximately three hundred twenty eight (328) permanent and contractual employees as of December 2020.

II. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

2020 vs 2019

A. Results of Operations

Total Club revenue for CY 2020 reached ₱ 105.81 million which was significantly lower than CY 2019 by ₱140.96 million or 57.13% lower.

- Membership dues recorded at ₱62.27 million or 58.84 % of the total revenues, higher by ₱306,000 or 0.49% as compared to last year.

- Service income amounted to ₱19.02 million or 17.98 % of total revenues, significantly decreased by ₱68.14 million or 78.18 % compared to last year.

- Sale of goods totaled ₱18.95 million or 17.91% of total club revenues, lower by ₱69.13 million or 78.49 % as compared to last year.

- Transfer Fee for the period reached ₱ 5.58 million or 5.27 % of the Total Revenues, lower by ₱ 4.03 million or 41.91% as compared to previous year.

Total cost and expenses for the year was recorded at ₱170.83 million which was ₱83.72 million lower as compared last year. The significant decrease was relative to decrease in revenues.

- Cost of services recorded at ₱48.34 million or 28.30 % of the total cost of sales. Lower by ₱34.88 million or 39.74 % compared to previous year.

- Cost of sales recorded at ₱46.49 million or 27.21% of total cost of sales, decrease of ₱ 46.99 million or 50.27% compared to previous year.

- General and administrative expenses amounted to ₱76.0 million or 44.49% of total cost of sales. Lower by ₱4.85 million as compared to previous year.

Other income computed at ₱11.74 million at the end of the year. Lower by ₱ 3.90 million as compared to CY 2019.

- A decrease in the Interest Income for the year ended 2020, recorded at ₱510,638 or 0.48% of total Club revenues, lower by ₱4.84 million or 90.45% as compared to last year.

- Miscellaneous income recorded at ₱11.23 million or 10.61 % of the total club revenues, increased by ₱0.93 million or 1.15% compared to previous year

Provision for income tax computed amounting to ₱10,949, significantly lower as compared to the previous year.

After the remeasurement loss on pension liabilities amounting to ₱938,770, the Club resulted to a Total Comprehensive Loss of ₱54.22 million in CY 2020.

B. Financial Condition

Total assets of the Club as of December 31, 2020 decreased to ₱758.69 million from last year's ₱816.61 million.

- Cash and cash equivalents from last year of ₱20.01 million decreased to ₱12.57 as of December 31, 2020, which is 1.66% of Total Assets.

- As of December 31, 2020, the Club investments in financial assets at fair value through profit or loss amounted to ₱108.59 million , which is 14.31% of total assets. Higher by ₱106.57 million due to transfer of fund from Intercompany Loan.

- A decrease in Accounts and other receivables from last year of ₱31.74 million to ₱25.93 million of December 31, 2020. Lower by ₱5.81 million or 18.29%.

- Receivables from affiliates significantly decreased to ₱ 7.57 million or 1% of total assets, from ₱122.34 million or 14.98% of Total Assets of December 31,2019. The decrease was due to the termination of intercompany loan.

- Inventories recorded at ₱ 2.73 million as of December 31, 2020, 0.36% of total assets, or 27.41% lower compared to ₱3.76 million a year ago.

- Other current assets amounted to ₱ 17.44 million, which is 2.30% of total assets, slightly lower by 0.46% as compared to previous year.

- Property and equipment (net of depreciation), which is 76.32% of total assets, amounted to ₱579.03 million as of December 31, 2020, or a decrease of 5.45% as against last year of ₱612.40 million.

- Deferred tax asset was recognized amounting to ₱ 353,438 for the year due to the net tax effect of remeasurement loss on pension liability.

- Advance and other noncurrent assets amounted to ₱4.47 million, or a decrease of 34.47% as compared with previous year of ₱6.83 million.

Total current liabilities of the Club 9.99% of total Liabilities & Equity, which amounted to ₱ 75.80 million, 7.28% lower than the previous year of ₱81.75 million.

- Accounts and other payables, recorded at ₱52.14 million or a decrease of about ₱10.49 million or 16.75 % compared to ₱62.63 million as of December 31,2019.

- Contract liabilities, higher by ₱2.15 million or 17.83 % as compared to previous year.

- Payables to Affiliates recorded an increase from ₱7.08 million as of December 31, 2019 to ₱9.47 million as of December 31, 2020. The increase of 33.77% pertains to the amount due to the Golf Club for charges incurred by Club members in the Golf Club and amounts due to ACMI for the support services.

Non-current liability which pertains to Pension Liability was recorded at ₱13.95 million or 19.79% higher compared to previous year of ₱11.65 million. The movement was due to assumption changes used to calculate the DBO.

B. Statement of Cash Flow

- Cash provided by operating activities for the year ended 2020 was recorded at ₱999,640.

- At the end of the year 2020, the cash balance amounted to ₱12.57 million.

Key Performance Indicators

The Club monitors its performance and benchmarks itself to prior years' results in terms of the following indicators:

		December 2020	December 2019
CURRENT RATIO =	Current Asset	174,824,618	197,375,438
	Current Liabilites	75,797,528	81,752,168
		2.31	**2.41**
DEBT RATIO =	Total Debt	89,748,078	93,446,960
	Total Asset	758,685,120	816,606,211
		11.8%	**11.4%**
DEBT-EQUITY RATIO =	Total Debt	89,748,078	93,446,960
	Total Equity	668,937,042	723,159,251
		13.4%	**12.9%**
GROSS PROFIT MARGIN =	Sales - Cost of Sales& Services	10,992,974	73,114,103
	Sales	105,818,438	246,813,755
		10.4%	**30%**
FREE CASH FLOW =	Cash Flow Provided by Operating Activities - Cash Flow in Investing and Financing Acitivities	999,640	46,315,238
		(8,439,437)	(44,812,133)
		(7,439,797)	1,503,105

Compared with CY 2019, the top five key Club performance indicators in CY 2020 are as follows:

Current Ratio of 2.31:1 decreased versus 2.41:1 in 2019, Debt Ratio of 11.8% was slightly higher compared to 11.4% in 2019. Debt-Equity Ratio increased to 13.4% compared to 12.9% in 2019. Gross Profit Margin of 10.4% was significantly lower than 2019 of 30%. Cash was use in investing activities amounting to ₱8.44 million.

There are no known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Club's liquidity increasing or decreasing in any material way.

The Club does not have, nor does it anticipate, any cash flow or liquidity problems. The Club is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments. There is no significant amount of the Club's trade payables which have not been paid within the stated trade terms.

There are no events that will trigger direct or contingent financial obligation that is material to the Club, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Club with unconsolidated entities created during the reporting period.

There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.

There is a known viral outbreak known as Novel Coronavirus (NCov) in mainland China that have resulted to unfavorable impact on net sales or revenues or income from operations.

There are no significant elements of income or loss that did not arise from the Club's operating activities.

There has not been any seasonal aspect that had a material effect on the financial condition or results of operations.

2019 vs. 2018

A. Results of Operations

Total Club revenue for the CY 2019 reached ₱ 246,813,755 which was higher than CY 2018 by ₱1.32 million or 0.54% higher.

- Service income amounted to ₱87.16 million or 35 % of total revenues, increased by ₱ 4.17 million or 5% compared to last year.

- Membership dues recorded at ₱61.96 million or 25% of the total revenues, higher by ₱ 1.73 million or 3% as compared to last year.

- Sale of goods totaled ₱88.08 million or 35.69% of total club revenues, lower by ₱5.36 million as compared to last year.

- Transfer Fee for the period reached ₱ 9.61 million or 3.9 % of the Total Revenues, higher by ₱ 0.81 million or 9%.

Total cost and expenses for the year was recorded at ₱254.55 million which was ₱6.89 million lower compared to last year. The significant increase was relative to increase in revenues.

- Cost of services recorded at ₱80.21 million or 31.5% of the total cost of sales. This is lower by ₱1.56 million or 1.91% compared to previous year.

- Cost of sales recorded at ₱93.49 million or 36.7% of total cost of sales, or a decrease of ₱6.6 million or 6.62% compared to previous year.

- General and administrative expenses amounted to ₱80.85 million or 31.8% of total cost of sales which is higher by ₱1.29 million compared to previous year.

Other income computed at ₱15,640,560 at the end of the year, 6.3% of total revenues, which is higher by ₱ 4.34 million as compared to CY 2018.

- An increase in the Interest Income for the year ended 2019, recorded at ₱5.35 million or 2.17% of total Club revenues, higher by ₱2.08million or 63.7% as compared to last year.

- Miscellaneous income recorded at ₱10.29 million or 4.17 % of the total club revenues, increased by ₱2.25 million or 28% compared to previous year

Provision for income tax computed amounting to ₱929,958 was lower by 43% as compared to the previous year.

After the remeasurement loss on pension liabilities amounting to ₱1.93 million, the Club's financials resulted in a Total Comprehensive Gain of ₱5.05 million in CY 2019.

B. Financial Condition

Total assets of the Club as of December 31, 2019 increased to ₱816,606,211 from last year's ₱809,708,132.

- Cash and cash equivalents from last year of ₱18,509,490 increased to ₱20,012,595 as of December 31, 2019, which is 2.45% of Total Assets.

- As of December 31, 2019, the Club investments in financial assets at fair value through profit or loss amounted to ₱2,015,995, which is 0.25% of Total Assets.

- An increase in Accounts and Other Receivables from last year of ₱28,367,372 to ₱31,736,626 as of December 31, 2019 shows an increase of ₱3.37 million or 11.88%.

- Receivables from affiliates significantly increased from ₱105,600,934 as of December 31, 2018 to ₱122,337,265 or 15% of Total Assets of December 31, 2019.

- Inventories recorded at ₱3,755,341 as of December 31,2019, 0.46 % of Total Assets or 2.69% higher compared to ₱3,657,273 a year ago.

- Other current assets amounted to ₱17,517,616, which is 2.15% of total assets, higher by 22.28% as compared to previous year.

- Property and equipment (net of depreciation), which is 75% of Total Assets, amounted to ₱612,404,748 as of December 31, 2019, or a decrease of 2.06% as against last year of ₱625,274,893.

- Advance and other noncurrent assets amounted to ₱6,826,025, or an increase of 8.53% as compared with the previous year of ₱6,289,473.

Total Current Liabilities of the Club is 10.02% of total Liabilities & Equity, which amounted to ₱81,752,168. This is 1.79% lower than the previous year's ₱83,240,034.

- Accounts and other payables, recorded at ₱62,630,851 shows a decrease of about ₱5.08 million or 7.40 % compared to ₱68,714,914 as of December 31, 2018.

- Contract liabilities is 14.74% of total current liabilities, higher by ₱3.02 million or 33.50% as compared to previous year.

- Payables to Affiliates recorded an increase from ₱5,502,612 as of December 31, 2018 to ₱7,076,267 as of December 31, 2019. The increase of 28.6% pertains to the amount due to the Golf Club for charges incurred by Club members in the Golf Club and amounts due to ACMI for the support services.

Non-current liability which pertains to Pension Liability was recorded at ₱11,645,900 or 55.75% higher compared to previous year of ₱7,477,537 and Deferred Tax Liabilities recorded at ₱48,892 as of December 31,2019. The movement was due to assumption changes used to calculate the DBO.

C. Statement of Cash Flow

- Cash provided by operating activities for the year ended 2019 was recorded at ₱46,369,652.

- At the end of the year 2019, the cash balance amounted to ₱20,012,595.

Key Performance Indicators

The Club monitors its performance and benchmarks itself to prior years' results in terms of the following indicators:

		December 2019	December 2018
CURRENT RATIO =	Current Asset	197,375,438	178,143,766
	Current Liabilites	81,752,168	83,240,034
		2.41	**2.14**
DEBT RATIO =	Total Debt	93,446,960	91,594,010
	Total Asset	816,606,211	809,708,132
		11.4%	**11.3%**
DEBT-EQUITY RATIO =	Total Debt	93,446,960	91,594,010
	Total Equity	723,159,251	718,114,122
		12.9%	**12.8%**
GROSS PROFIT MARGIN =	Sales - Cost of Sales& Services	73,114,103	63,618,542
	Sales	246,813,755	245,498,464
		30%	**26%**
FREE CASH FLOW =	Cash Flow Provided by Operating Activities - Cash Flow in Investing	46,369,652	15,028,051
		(44,866,547)	(101,893,031)
		1,503,105	(86,864,980)

Compared with CY 2018, the top five key Club performance indicators in CY 2019 are as follows:

Current Ratio of 2.41:1 increased versus 2.14:1 in 2018, Debt Ratio of 11.4% was slightly higher compared to 11.3% in 2018. Debt-Equity Ratio increased to 12.9% compared to 12.8% in 2018. Gross Profit Margin of 30% was higher than 2018 of 26%. Cash was invested amounting to ₱44.86 million.

There are no known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Club's liquidity increasing or decreasing in any material way.

The Club does not have, nor does it anticipate, any cash flow or liquidity problems. The Club is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments. There is no significant amount of the Club's trade payables which have not been paid within the stated trade terms.

There are no events that will trigger direct or contingent financial obligation that is material to the Club, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Club with unconsolidated entities created during the reporting period.

There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.

There is a known viral outbreak known as Novel Coronavirus (NCov) that originated in Mainland China which triggered a global pandemic and which may result to an unfavorable impact on the net sales or revenues or income from operations.

There are no significant elements of income or loss that did not arise from the Club's operating activities.

There has not been any seasonal aspect that had a material effect on the financial condition or results of operations.

2018 vs. 2017

A. Results of Operations

Total Club revenues for the CY 2018 reached ₱256,803,942 which was higher than CY 2017 by ₱20.52 million or 9% higher.

Cost of Services amounted to ₱81,768,719 in CY 2018, an increase of about ₱2.9million or 4% compared to ₱78,865,662in CY 2017.

General and administrative expenses of ₱79,555,669 jumped by 4% compared to ₱76,804,549 in CY 2017.

After considering the revenue, cost and expenses, and the provision for income tax amounting to ₱1,630,493, the Total Comprehensive Loss of the Club resulted to ₱4,429,638 in CY 2018.

B. Financial Condition

Total assets of the Club as of December 31, 2018 decreased to ₱809,708,132 from last year's ₱822,696,103.

Cash and cash equivalents from last year of ₱105,374,470 decreased to ₱18,509,490 as of December 31, 2018. The fund was invested in intercompany loans which yield a higher interest as compared to bank rate/s.

As of December 31, 2018, the Club investments in financial assets at fair value through profit or loss amounted to ₱1,931,836.

There was an increase in Accounts and Other Receivables from last year of ₱26,781,865 to ₱28,367,372 of December 31, 2018.

Receivables from affiliates significantly increased from ₱13,602,809 as of December 31, 2017 to ₱105,600,934 of December 31,2018, attributed to the increase in due from Avida Land.

Inventories recorded at ₱3,657,273as of December 31,2018, 2% lower compared to ₱3,730,710a year ago.

Property and equipment (net of depreciation) amounted to ₱625,274,893 as of December 31, 2018, decrease of 3% as against last year of ₱646,461,967.

Other noncurrent assets amounted to ₱6,289,473, which was almost in line with the previous year of ₱6,293,468.

Total current liabilities of the Club consist of accounts and other payables and Payable to Affiliates amounting to₱83,240,034, which was 9% lower than the previous year of ₱91,550,363.
Accounts and other payables, recorded at ₱77,737,422, a decrease of about ₱7.3 million or 9% compared to ₱85,034,264 as of December 31,2017.

Payables to Affiliates recorded a decrease from ₱6,516,099as of December 31, 2017 to ₱5,502,612 as of December 31, 2018. The decrease of 16% pertains to the amount due to the Golf Club for charges incurred by Club members in the Golf Club and amounts due to ACMI for the support services.

Noncurrent liability which pertains to Pension Liability was recorded at ₱7,477,537 or 12% lower compared to previous year of ₱8,510,900 and Deferred Tax Liabilities recorded at ₱876,439 as of December 31,2018. The movement was due to assumption changes used to calculate the DBO.

D. Statement of Cash Flow

Cash provided by operating activities for the year ended 2018 was recorded at ₱ 15,024,056.

At the end of the year 2018, the cash balance amounted to ₱18,509,490.

Key Performance Indicators

The Club monitors its performance and benchmarks itself to prior years' results in terms of the following indicators:

		December 2018	December 2017
CURRENT RATIO =	Current Asset	178,143,766	169,940,668
	Current Liabilites	83,240,034	91,550,363
		2.14:1	1.86:1
DEBT RATIO =	Total Debt	91,594,010	100,152,343
	Total Asset	809,708,132	822,696,103
		11.3%	12.2%
DEBT-EQUITY RATIO =	Total Debt	91,594,010	100,152,343
	Total Equity	718,114,122	722,543,760
		12.8%	13.9%
GROSS PROFIT MARGIN =	Sales - Cost of Sales& Services	74,924,020	57,315,174
	Sales	256,803,942	236,283,252
		29%	24%
FREE CASH FLOW =	Cash Flow Provided by Operating Activities -	15,024,056	30,979,005
	Cash Flow in Investing Activities	(101,889,036)	47,437,792
		(86,864,980)	78,416,797

Compared with CY 2017, the top five key Club performance indicators in CY 2018 are as follows:

Current Ratio of 2.14:1 increased versus 1.86:1 in 2017, Debt Ratio of 11.3% was lower compared to 12.2% in 2017. Debt-Equity Ratio decreased to 12.8% compared to 13.9% in 2017. Gross Profit Margin of 29% was higher than 2017 of 24%. Cash was invested amounting to ₱101,889,036.

There are no known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Club's liquidity increasing or decreasing in any material way.

The Club does not have, nor does it anticipate, any cash flow or liquidity problems. The Club is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments. There is no significant amount of the Club's trade payables which have not been paid within the stated trade terms.

There are no events that will trigger direct or contingent financial obligation that is material to the Club, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Club with unconsolidated entities created during the reporting period.

There is no material commitment for capital expenditures other than those performed in the ordinary course of trade or business.

There are no known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from operations.

There are no significant elements of income or loss that did not arise from the Club's operating activities.

There has not been any seasonal aspect that had a material effect on the financial condition or results of operations.

<u>Interim Period as of 31 March 2021</u>

For the 1st Quarter 2021

Total Club Revenue for the period ended March 31,2021 reached to ₱22.84 million which was lower by 57.95% compared to the same period last year. The significant decreased in the club revenue was due to the limited operation of the Club owing to the impact of COVID-19 pandemic.

- Membership Dues recorded at ₱ 15.59 million (68.2% of the Total Revenue). This figure was just higher by ₱15,000 or 0.10% as compared against last year of the same period.

- Sale of Goods amounted to ₱ 2.42 million (10.6% of Total Revenue). A decrease of ₱ 15.76 million or 86.67% as compared to ₱ 18.19 million of the same period last year.

- Service Income recorded at ₱ 2.04 million (8.9 % of Total Revenue). There was a decrease of about ₱16.63 million or 89.06% as compared to ₱18.67 million of the same period last year.

- Transfer Fee amounted to ₱2.79 million (12.2% of the Total Revenue) and was higher by 48 % as compared to the same period last year recorded at ₱ 1.89 million.

Total Cost of Sales resulted to ₱38.67 million, lower by 37.52 % as compared with the previous period recorded at ₱ 61.89 million. The decrease was due to the following factors:

- Cost of Sales amounted to ₱9.99 million (25.8 % of the Total Cost of Sales) which was lower by ₱ 12.27 million or 55.13 % compared to the same period last year.

- Cost of Services recorded at ₱12.40 million (32.1 % of the Total Cost of Sales) which was lower by ₱ 6.96 million as compared to the same period last year of ₱ 19.35 million.

- General and Administrative Expenses amounted to ₱16.28 million (42.1% of the Total Cost of Sales) which was lower by ₱ 4.0 million or 19.73 % as compared to previous year same period last year.

Other Income recorded at ₱ 1.58 million (6.9 % of Total Revenue), lower by ₱ 1.07 million or 40.39% as compared to previous year.

- Interest Income amounted to ₱19.881 (0.1% of the Total Revenue) and was lower by ₱ 445,597 or 95.73 % as compared to the same period last year. This was due to the retirement of the fund from Intercompany Lending.

- Miscellaneous Income reached to ₱1.56 million (6.8% of the Total Revenue). This amount was lower by 28.58 % compared to same period last year.

Provision for Income Tax computed at ₱ 921 versus a year ago of ₱ 86,950.

Financial Condition – March 31,2021 versus December 31, 2020

Total Assets reached to ₱756.20 million, lower by ₱2.49 million as compared to December 31, 2020. The changes were attributed to the following major components:

- Cash and cash equivalents ended at ₱9.44 million or 1.25 % of the Total Assets, which is a decrease of about ₱3.13 million or 24.9% compared to December 31, 2020.

- Financial Asset at FVTPL recorded at ₱108.71 million as of March 31,2021, which is 14.38% of the Total Asset. Slightly higher by 0.1% million compared to December 31,2020.

- Accounts & Other receivables were recorded at ₱27.17million (3.59 % of total assets), higher by ₱1.24million or 4.8% compared to ₱25.93 million of December 31, 2020.

- Receivables from Affiliates (1.47% of the Total Assets) recorded at ₱11.12 million, an increase of ₱3.55 million or 46.9% versus ₱ 7.57 million.

- Inventories recorded at ₱2.69 million (0.36 % of total assets), lower by 1.5% compared to last period of ₱ 2.73 million.

- Other Current Assets of ₱19.60 million (2.59 % of the Total Assets) showed an increase of about ₱2.16 million or 12% compared to previous year of ₱17.44 million.

- Property, Plant and Equipment recorded at ₱569.72 million (75.34% of the Total Assets), decreased of ₱9.31 million or 1.6% as compared to previous year due to depreciation.

- Other Noncurrent Asset in the current period amounted to ₱7.40 million, (0.98% of the Total Assets) or ₱2.93 million higher as compared to previous year of ₱4.47 million. The changes pertain to the Club's amortization of deferred input VAT arising from purchases of capital goods.

Total Liabilities of the Club reached to ₱101.51 million (13.42% of Total Liabilities & Member's Equity). There was an increase of ₱ 11.76 million or 13.1% compared to last year of ₱89.75 million. The changes were attributed to the following components:

- Accounts and other payables amounted to ₱53.11 million (7.02 % of Total Liabilities and Member's Equity) was lower by ₱0.97 million or 1.9% as compared to last year of ₱52.14 million.

- Contract liabilities recorded at ₱22.88 million (3.03% of Total Liabilities and Member's Equity), higher by ₱8.69 million compared to ₱ 14.19 million of previous year.

- Payables to Affiliates totaled ₱11.02 million which is 1.46% of the Total Liabilities and Member's Equity. Higher by ₱1.55 million or 16.4% as compared to last year.

- Pension liabilities recorded at ₱14.50 million, increase by 3.9% as compared to previous year.

Cash Flows – Period Ended March 31,2021 vs. March 31, 2020

- Cash provided/used by operating activities for the period ended March 31,2021 settled at a negative ₱2.42 million

- At the end of March 31,2021 cash balance amounted to ₱ 9.44 million.

Key Performance Indicators

		March 31,2021	December 2020
CURRENT RATIO =	Current Asset	178,722,469	174,824,619
	Current Liabilites	87,013,156	75,797,528
		2.05	**2.31**
DEBT RATIO =	Total Debt	101,511,106	89,748,079
	Total Asset	756,197,279	758,685,119
		13.4%	11.8%
DEBT-EQUITY RATIO =	Total Debt	101,511,106	89,748,079
	Total Equity	654,686,173	668,937,041
		15.5%	13.4%
		March 31	
		2021	**2020**
GROSS PROFIT MARGIN =	Sales - Cost of Sales& Services	453,447	12,715,662
	Sales	22,838,735	54,318,533
		2%	23%
		March 31	
		2021	**2020**
FREE CASH FLOW =	Cash Flow Provided by Operating Activities - Cash Flow in Investing Activities	(2,422,249)	107,174,299
		(711,902)	(108,620,102)
		(3,134,151)	(1,445,803)

The Club monitors its performance and benchmarks itself to prior years' results in terms of the following indicators:

The Current Ratio as of March 31,2021 is 2.05:1 compared to 2.31:1 as of December 2020. The Debt Ratio computed at 13.4 %, higher compared with 11.8% for the year ending 2020, while the Debt-Equity Ratio stood at 15.5%, higher compared to 13.4% of December 31,2020.

The Club's Gross Profit Margin is 2%, significantly lower as compared to previous year same period. A negative net effect of ₱3.13 million in cash flow after deducting investing activities to the cash provided (used) by operating activities.

III. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Corporation has engaged the services of SGV & Co. during the two most recent fiscal years. There were no disagreements with SGV & Co. on any matter of accounting and financial disclosure.

IV. MARKET PRICE OF AND DIVIDENDS ON REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

A. Market Information

ALI and Sudeco sell their shares in the secondary market primarily through GG&A Club Shares Brokers, Inc. The shares of the Club are not being traded in the stock exchange.

The following table shows the selling prices of the shares of the Club for each quarter of the last two (2) fiscal years:

Quarter of Fiscal Year	Class B Share Price	Class C Share Price
Q1 2019	₱900,000	₱ 1,250,000
Q2 2019	₱900,000	₱ 1,250,000
Q3 2019	₱900,000	₱ 1,250,000
Q4 2019	₱900,000	₱ 1,250,000
Q1 2020	₱950,000	₱ 1,300,000
Q2 2020	₱950,000	₱ 1,300,000
Q3 2020	₱950,000	₱ 1,300,000
Q4 2020	₱950,000	₱ 1,300,000

B. Holders

There are approximately 1,637 holders of the Corporation's shares as of May 31, 2021 (based on number of accounts registered with the Stock Transfer Agent) consisting in 19 holders of Class A shares, 1,504 holders of Class B shares, 112 holders of Class C shares, 1 holder of Class D shares, and 1 holder of Class E shares.

The following are the top holders of each class of common equity securities of the Corporation:

	Stockholder Name	No. of Shares	Percentage
	Class A (Founders')		
1.	Ayala Land, Inc.	3,250	93.71%
2.	Subic Bay Development & Industrial Estate Corp.	201	5.79%
The remainder of the Class A shareholders own 1 share each.			
	Class B		
1.	Ayala Land, Inc.	429	22.00%
2.	Subic Bay Development & Industrial	13	0.66%

	Estate Corp.		
4.	Hans Hendrick Glenn Imson	2	0.10%
5.	Maida Binoya Bruce	2	0.10%
6.	Nancy Alviola Valera	2	0.10%
7.	Sps. George Lim Siy and Susana Chua Siy	2	0.10%
9.	Rajawali Resources and Holdings, Inc.	2	0.10%
11.	Amelia R. Abaya	2	0.10%
The remainder of the Class B shareholders own 1 share each.			
	Class C		
1.	Ayala Land, Inc.	354	70.80%
2.	Subic Bay Development & Industrial Estate Corp.	32	6.40%
3.	Shoemaker's Shop Inc.	2	0.40%
4.	Creative Affairs Team, Inc.	2	0.40%
5.	Ever Fortune Thermoplus Corporation	2	0.40%
6.	Ability Telecom Services, Inc.	2	0.40%
The remainder of the Class C shareholders own 1 share each.			
	Class D		
1.	Ayala Land, Inc.	702	100.00%
	Class E		
2.	Ayala Land, Inc.	180	100.00%

C. Dividends

Article Seventh, Paragraph B(2) of the Corporation's Amended Articles of Incorporation provides, "x xx No profit shall inure to the exclusive benefit of any of its shareholders, hence, no dividends shall be declared in their favor. Shareholders shall only be entitled to a pro-rata share of the assets of the Corporation at the time of the dissolution or liquidation thereof."

D. Recent Sales of Unregistered or Exempt Securities

There was no sale of unregistered securities of the Corporation nor the issuance of securities of the Corporation constituting an exempt transaction in 2017.

V. CORPORATE GOVERNANCE

By resolution of its Board of Directors on July 8, 2020, the Corporation approved the amendments to its Manual of Corporate Governance in compliance with SEC Memorandum Circular No. 24, Series of 2019. These amendments include the following:

a. Additional qualifications for independent directors;
b. Limitations on the holding of directorships by non-executive directors in other public companies and registered issuers;
c. Adoption by the Board of Directors of a Code of Business Conduct and Ethics, policies on related party transactions, and retirement policies for key directors and officials;
d. Adoption by the Audit and Risk Committee of an Audit and Risk Committee Charter;
e. Creation of a Corporate Governance Committee;
f. Appointment of a Compliance Officer of senior rank who is not a member of the Board of Directors and other than the Corporate Secretary; and

g. Establishing other mechanisms to strengthen the corporate governance best practices of the Corporation in accordance with the said SEC memorandum circular.

The Club has an Audit Committee which performs oversight financial management and audit functions, including oversight of its internal and external auditor.

The Club has a Nomination Committee in accordance with Section 38 of the Securities and Regulation Code which accepts and screens qualifications of candidates for nominations for membership to the Board of Directors.

The Corporation has an Executive Committee that exercises the powers of the Board in the day-to-day management of the business and affairs of the Corporation. The amendment of the By-laws to create the Executive Committee was approved by the Securities and Exchange Commission on January 26, 2010.

The Corporation has the Membership Committee which approves and disapproves applications for membership based on the qualifications of applicants established in the By-laws and its general management policies.

The Corporation faithfully observes and implements the corporate governance policies of the Securities and Exchange Commission. Management continues to evaluate existing company policies and procedures in light of the recently amended Manual of Corporation Governance to ensure the Corporation's conformity thereto.

The Corporation measures guest patronage through comment cards distributed to members and guests who availed of the facilities of the Club. The results of these comment cards are regularly submitted to the Executive Committee and the Board of Directors for proper evaluation and feedback. These measures shall continue to be undertaken by the Corporation to fully comply with the adopted leading practices on good corporate governance.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE CORPORATION UNDERTAKES TO FURNISH SAID STOCKHOLDER WITH A COPY OF SEC FORM 17-A, FREE OF CHARGE. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED TO THE FOLLOWING:

ANVAYA COVE BEACH AND NATURE CLUB, INC.
ANVAYA COVE, MORONG, BATAAN
PHILIPPINES 2108

ATTENTION: GEORGE L. CADHIT
MANAGING DIRECTOR

SEC FORM 17-A IS ALSO ACCESSIBLE IN THE CLUB'S WEBSITE.

ANNEX D
2020 Audited Financial Statements

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	5	2	3	3	2	

C O M P A N Y   N A M E

ANVAYA COVE BEACH AND NATURE CLUB, INC.

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

Anvaya Cove, Morong, Bataan

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
www.anvayacove.com	793-9000	0917 510 4653

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,638	9/25	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Emmanuel G. Villarba	manny.villarba @anvayacove.com	793-9000	0917 513 5248

CONTACT PERSON's ADDRESS

Anvaya Cove, Morong, Bataan

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Anvaya Cove Beach and Nature Club, Inc.
Anvaya Cove, Morong, Bataan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Anvaya Cove Beach and Nature Club, Inc. (the Club), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Club as at December 31, 2020 and 2019, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's 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 audit 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.

Emphasis of Matter: Effects of the COVID-19 Pandemic

We draw attention to Note 1 to the financial statements, which discusses the impact of the COVID-19 Pandemic and that its consequences have significantly reduced travel, and demand for room accommodation and food and beverage outlets, leading to significant decline in revenues which have impacted the Club's business, operations, and financial results. As stated in Note 1, the severity and duration of the impact of the COVID-19 Pandemic remains uncertain as mobility, travel and social distancing restrictions are still in place. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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 PFRSs, 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.

Auditor's 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 auditor's 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 PSAs 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.

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As part of an audit in accordance with PSAs, 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 auditor's 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 auditor's 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 21 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Anvaya Cove Beach and Nature Club, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jose Pepito E. Zabat

Jose Pepito E. Zabat III
Partner
CPA Certificate No. 85501
Accreditation No. 85501-SEC (Group A)
Valid to cover audit of 2020 to 2024
financial statements of SEC covered institutions
Tax Identification No. 102-100-830
BIR Accreditation No. 08-001998-060-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534388, January 4, 2021, Makati City

May 26, 2021

ANVAYA COVE BEACH AND NATURE CLUB, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash (Note 4)	**₱12,572,798**	₱20,012,595
Financial assets at fair value through profit or loss (FVPL; Note 5)	**108,588,902**	2,015,995
Accounts and other receivables (Note 6)	**25,931,401**	31,736,626
Receivables from related parties (Note 17)	**7,567,990**	122,337,265
Inventories (Note 7)	**2,726,135**	3,755,341
Other current assets (Note 8)	**17,437,392**	17,517,616
Total Current Assets	**174,824,618**	197,375,438
Noncurrent Assets		
Property and equipment – net (Note 9)	**579,034,190**	612,404,748
Deferred tax asset (Notes 15 and 16)	**353,438**	–
Advances and other noncurrent assets (Note 8)	**4,472,874**	6,826,025
Total Noncurrent Assets	**583,860,502**	619,230,773
TOTAL ASSETS	**₱758,685,120**	₱816,606,211
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 10)	**₱52,139,498**	₱62,630,851
Contract liabilities (Note 10)	**14,192,262**	12,045,050
Payables to related parties (Note 17)	**9,465,768**	7,076,267
Total Current Liabilities	**75,797,528**	81,752,168
Noncurrent Liabilities		
Pension liability (Note 15)	**13,950,550**	11,645,900
Deferred tax liability (Notes 15 and 16)	**–**	48,892
Total Noncurrent Liabilities	**13,950,550**	11,694,792
	89,748,078	93,446,960
Equity		
Paid-in capital (Note 11)	**359,966,055**	359,966,055
Additional paid-in capital (Note 11)	**550,000,000**	550,000,000
Remeasurement gain (loss) on pension liability (Note 15)	**(824,690)**	114,080
Deficit (Note 11)	**(240,204,323)**	(186,920,884)
Total Equity	**668,937,042**	723,159,251
TOTAL LIABILITIES AND EQUITY	**₱758,685,120**	₱816,606,211

See accompanying Notes to Financial Statements

ANVAYA COVE BEACH AND NATURE CLUB, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2020	2019	2018
REVENUES (Note 12)			
Membership dues	**₱62,265,000**	₱61,959,000	₱60,231,780
Service income	**19,022,731**	87,163,353	83,002,458
Sale of goods	**18,950,350**	88,084,259	93,465,119
Transfer fees	**5,580,357**	9,607,143	8,799,107
	105,818,438	246,813,755	245,498,464
COSTS AND EXPENSES (Note 14)			
Cost of services	**48,336,322**	80,212,296	81,768,719
Cost of sales	**46,489,142**	93,487,356	100,111,203
General and administrative expenses	**76,002,147**	80,848,632	79,555,669
	170,827,611	254,548,284	261,435,591
OTHER INCOME			
Interest income (Notes 4, 6 and 17)	**510,638**	5,347,316	3,266,224
Miscellaneous income (Note 13)	**11,226,045**	10,293,244	8,039,254
	11,736,683	15,640,560	11,305,478
INCOME (LOSS) BEFORE INCOME TAX	**(53,272,490)**	7,906,031	(4,631,649)
PROVISION FOR INCOME TAX (Note 16)	**10,949**	929,958	1,630,493
NET INCOME (LOSS)	**(53,283,439)**	6,976,073	(6,262,142)
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified to profit or loss:			
Remeasurement gain (loss) on pension liability – net of tax (Note 15)	**(938,770)**	(1,930,944)	1,832,504
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱54,222,209)**	₱5,045,129	(₱4,429,638)

See accompanying Notes to Financial Statements

ANVAYA COVE BEACH AND NATURE CLUB, INC.
STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31		
	2020	2019	2018
PAID-IN CAPITAL (Note 11)			
Class A - 3,468 shares	**₱3,468,000**	₱3,468,000	₱3,468,000
Class B - 1,950 shares	**1,950,000**	1,950,000	1,950,000
Class C - 500 shares	**500,000**	500,000	500,000
Class D - 702 shares	**281,793,330**	281,793,330	281,793,330
Class E - 180 shares	**72,254,725**	72,254,725	72,254,725
	359,966,055	359,966,055	359,966,055
ADDITIONAL PAID-IN CAPITAL (Note 11)			
Class B	**437,755,102**	437,755,102	437,755,102
Class C	**112,244,898**	112,244,898	112,244,898
	550,000,000	550,000,000	550,000,000
REMEASUREMENT GAIN (LOSS) ON PENSION LIABILITY (Note 15)			
Balance at beginning of year	**114,080**	2,045,024	212,520
Net changes during the year	**(938,770)**	(1,930,944)	1,832,504
Balance at the end of the year	**(824,690)**	114,080	2,045,024
DEFICIT (Note 11)			
Balance at beginning of year	**(186,920,884)**	(193,896,957)	(187,634,815)
Net income (loss)	**(53,283,439)**	6,976,073	(6,262,142)
Balance at end of year	**(240,204,323)**	(186,920,884)	(193,896,957)
	₱668,937,042	₱723,159,251	₱718,114,122

See accompanying Notes to Financial Statements

ANVAYA COVE BEACH AND NATURE CLUB, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2020	2019	2018
OPERATING ACTIVITIES			
Income (loss) before income tax	**(₱53,272,490)**	₱7,906,031	(₱4,631,649)
Adjustments for:			
Depreciation (Notes 9 and 14)	**41,903,778**	41,536,694	41,437,248
Unrealized gain on financial assets at FVPL (Notes 5 and 13)	**(2,572,907)**	(84,159)	(49,510)
Net movement in pension liability (Note 15)	**963,550**	1,409,872	1,584,500
Interest income (Notes 4, 6 and 17)	**(510,638)**	(5,347,316)	(3,266,224)
Gain on sale of property and equipment (Notes 9 and 13)	**(93,783)**	(50,000)	(357,143)
Operating income (loss) before changes in working capital	**(13,582,490)**	45,371,122	34,717,222
Decrease (increase) in:			
Accounts and other receivables	**5,805,225**	(3,449,375)	(1,585,507)
Receivables from related parties	**10,769,275**	5,263,669	(9,998,125)
Inventories	**1,029,206**	(98,068)	73,437
Other current assets	**80,224**	(3,190,757)	(1,456,403)
Advances and other noncurrent assets	**2,353,151**	(536,552)	3,995
Increase (decrease) in:			
Accounts and other payables	**(10,491,353)**	(6,084,063)	(8,091,999)
Contract liabilities	**2,147,212**	3,022,542	795,157
Payables to related parties	**2,389,501**	1,573,655	(1,013,487)
Cash generated from operations	**499,951**	41,872,173	13,444,290
Interest received	**510,638**	5,373,023	3,214,254
Income tax paid	**(10,949)**	(929,958)	(1,630,493)
Net cash from operations	**999,640**	46,315,238	15,028,051
INVESTING ACTIVITIES			
Additions to:			
Financial assets at FVPL (Note 5)	**(104,000,000)**	–	–
Property and equipment (Note 9)	**(8,534,686)**	(28,666,549)	(20,250,174)
Proceeds from sale of property and equipment (Note 9)	**95,249**	50,000	357,143
Maturities of time deposits (Note 17)	**–**	5,804,416	–
Net cash used in investing activities	**(112,439,437)**	(22,812,133)	(19,893,031)
FINANCING ACTIVITIES			
Collection of loans to related parties (Note 17)	**104,000,000**	–	20,000,000
Loans to related parties (Note 17)	**–**	(22,000,000)	(102,000,000)
Net cash from (used in) financing activities	**104,000,000**	(22,000,000)	(82,000,000)
NET INCREASE (DECREASE) IN CASH	**(7,439,797)**	1,503,105	(86,864,980)
CASH AT BEGINNING OF YEAR	**20,012,595**	18,509,490	105,374,470
CASH AT END OF YEAR (Note 4)	**₱12,572,798**	₱20,012,595	₱18,509,490

See accompanying Notes to Financial Statements

ANVAYA COVE BEACH AND NATURE CLUB, INC.
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Anvaya Cove Beach and Nature Club, Inc. (the Club) was incorporated in the Republic of the Philippines and was registered with the Philippine Securities and Exchange Commission (SEC) on March 28, 2005.

The Club was organized primarily to maintain, operate, manage and carry on the business and operation of a beach and nature club and its facilities, for the amusement, entertainment, recreational and athletic activities of its members on a not-for-profit basis.

The Club is a public interest entity, and is 72.26% owned by Ayala Land, Inc. (ALI). ALI's parent company is Ayala Corporation (AC), a publicly-listed company. Both ALI and AC are publicly-listed companies incorporated in the Republic of the Philippines.

The Club is exempt from payment of income tax on income received from social, recreational, and athletic activities on a nonprofit basis provided that no part of the Club's income shall inure to the benefit of any of its members, trustees and officers. Under Section 30 (E) of the Tax Reform Act of 1997, an organization organized for recreational, sports and athletic activities shall be exempt from payment of income tax on income received from aforementioned activities.

On August 3, 2012, the Bureau of Internal Revenue (BIR) has issued Revenue Memorandum Circular (RMC) No. 35-2012 clarifying that clubs organized and operated exclusively for pleasure, recreation and other non-profit purposes are subject to income tax and value-added tax (VAT) on their income from whatever source, including but not limited to membership fees, assessment dues, rental income, and service fees.

On August 13, 2019, the Supreme Court (SC) declared 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 VAT". Starting January 1, 2020, the Club did not collect the related output VAT for membership fees and fees of similar nature.

The Club's registered address and principal place of business is Anvaya Cove, Morong, Bataan.

The accompanying financial statements were approved and authorized for issuance by the Board of Directors (BOD) on May 26, 2021.

Status of Operations
On March 11, 2020, the World Health Organization declared COVID-19 as a global pandemic. In a move to contain the pandemic, the Philippine Government has taken measures in order to contain the effect of COVID-19, including the issuance of a Memorandum directive to impose stringent social distancing measures in National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an Enhanced Community Quarantine throughout the entire island of Luzon. Subsequently, additional issuances and community quarantine modifications have been imposed. To date, Bataan is still in quarantine under MGCQ.

During the course of the community quarantine in the country, the DOT and IATF allowed certain outdoor non-contact sports and other forms of exercise such as but not limited to walking, jogging, running, biking, golf, swimming, tennis, badminton, equestrian, range shooting, diving, and skateboarding are allowed. Provided, that the minimum public health standards such as the wearing of masks and the maintenance of social distancing protocols, and no sharing of equipment where applicable, are observed. Provided, further, that operations of the relevant clubhouses or similar establishments, if any, shall be limited to basic operations and restaurants and cafés therein are hereby allowed to operate at thirty percent (30%) venue capacity provided that it allows for social distancing protocols and that such establishments are compliant with the proper protocols prescribed by the DTI.

These measures resulted in mobility, border and travel restrictions, which negatively impacted the Club's operations, causing temporary closure of room accommodation, restaurants and events, driving down hospitality, travel and tourism for business and leisure, and temporary employment adjustment such as flexible working arrangements. This further deteriorated the Club's performance including decline in occupancy rates, revenues, gross operating profit and eventually, cash flows.

The severity and duration of the impact of COVID-19 remains uncertain as mobility, travel and social distancing restrictions are still in place including the customers' readiness to travel when these restrictions are lifted. As such, the impact of COVID-19 on the Club's business and operations continues to evolve and is expected to negatively affect the Club's financial operations and performance.

The Club incurred net loss of ₱53,283,439 in 2020 and deficit of ₱240,204,323 as of December 31, 2020.

The Club's plan for future action is to:

a. effective cost-reduction strategies, including flexible working arrangements and reduced work hours, determining the optimum manpower requirement, as well as offering early retirement to eligible employees.

b. implement effective cash conservation efforts by maximizing credit terms provided by suppliers and creditors.

As a result, the financial statements have been prepared on a going concern basis and as such, the financial statements do not include any adjustment relating to the recoverability, classification of asset carrying amounts or the amount and classification of liabilities.

2. Basis of Preparation, Statement of Compliance, Changes in Accounting Policies and Summary of Significant Accounting Policies

Basis of Preparation

The financial statements of the Club have been prepared using the historical cost basis, except for financial assets at FVPL that have been measured at fair value. The Club's functional currency is the Philippine Peso (₱) and all amounts are rounded off to the nearest peso, unless otherwise indicated.

Statement of Compliance
The financial statements of the Club have been prepared in compliance with the Philippine Financial Reporting Standards (PFRSs).

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2020. The Club has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Club.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*

  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Club enter into any business combinations.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

- Amendments to PAS 1, *Presentation of Financial Statements,* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 Pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

Standards Issued But Not Yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Club does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Club intends to adopt the following pronouncements when they become effective:

Effective beginning on or after January 1, 2021
- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

Effective beginning on or after January 1, 2022
- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023
- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- PFRS 17, *Insurance Contracts*

Deferred effectivity
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

Current versus Noncurrent Classification
The Club presents assets and liabilities in the statements of financial position based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- Is due to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Club classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Cash
Cash includes cash on hand and in banks. Cash on hand are funds readily available into cash. Cash in banks is stated at face amount and earns interest at the prevailing bank deposit rates.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Club.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Club uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Club determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting period, the Club analyzes the movement in value of the assets which are required to be remeasured or reassessed based on the Club's accounting policies. For this analysis, the Club verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Club, in conjunction with the external valuers, also compares the change in the fair value of each asset with relevant external resources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Club has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

<u>Financial Instruments</u>
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

<u>Financial assets</u>
Initial recognition and measurement
Financial assets are classified at fair value, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Club's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Club has applied the practical expedient, the Club initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Club has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Club's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Club commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

The financial assets of the Club as at December 31, 2020 and 2019 consist of financial assets at amortized cost (debt instruments) and financial assets at FVPL.

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Club. The Club measures financial assets at amortized cost if both of the following conditions are met:
- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Club's financial assets at amortized cost includes cash, accounts and other receivables, and receivables from related parties.

Financial assets at FVPL
Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statements of financial position at fair value with net changes in fair value recognized in the statements of comprehensive income. This category includes investment in Unit Investment Trust Funds (UITF).

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL and other financial liabilities at amortized cost. The initial measurement of financial liabilities, except for designated at FVPL, includes transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the statement of income when the liabilities are derecognized as well as through amortization process.

This accounting policy relates primarily to the Club's accounts and other payables, except government payables, contract liabilities and payables to related parties and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable).

After initial recognition, the Club's accounts and other payables, except government payables, contract liabilities and payables to related parties are subsequently measured at amortized cost using the effective interest rate method.

Impairment of Financial Assets

The Club recognizes an allowance for ECLs for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Club expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For cash, the Club applies the low credit risk simplification. At every reporting date, the Club evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Club reassesses the internal credit rating of the debt instrument. In addition, the Club considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

For receivables, the Club applies a simplified approach in calculating ECLs. Therefore, the Club does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Club has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Club considers a receivable in default when contractual payments are 60 days past due. However, in certain cases, the Club may also consider a receivable to be in default when internal or external information indicates that the Club is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Club. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Definition of default
The Club considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Club, in full (without taking into account any collaterals held by the Club).

Irrespective of the above analysis, the Club considers that default has occurred when a financial asset is more than 120 days past due unless the Club has reasonable and supportable information to demonstrate that a more conservative default criterion is more appropriate.

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event;
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having
d) granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
e) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
f) the disappearance of an active market for that financial asset because of financial difficulties.

The Club implements a policy on its receivables, wherein members in the delinquent list or those with accounts that are past due for more than 120 days are reported to the BOD. The respective shares of the members or of the juridical entities they represent shall be ordered sold by the BOD, through an auction, to satisfy the claims of the Club.

<u>Offsetting of Financial Instruments</u>
Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The Club assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Club and all of the counterparties.

<u>Derecognition of Financial Instruments</u>
Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Club has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Club has transferred substantially all the risks and rewards of the asset, or (b) the Club has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Club has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Club continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Club also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Club has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Club could be required to repay.

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

Inventories
Inventories are stated at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. The cost of inventories is determined using the moving average method.

An allowance for inventory losses is provided for slow-moving, obsolete and defective inventories based on management's physical inspection and evaluation.

Other Assets
Other assets are recognized in the statements of financial position when it is probable that the future economic benefits will flow to the Club and the assets have cost or value that can be measured reliably. These assets are regularly evaluated for any impairment in value. Other assets include supplies, value-added tax, creditable withholding taxes, supplies and advances to suppliers.

Prepaid Expenses
Prepaid expenses represent costs not yet incurred but already paid. Prepaid expenses are initially recorded as assets and measured at cost, which is the amount of cash paid. Subsequently, these are charged to profit and loss as they are consumed in operations or expire with the passage of time.

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

For its VAT-registered activities, when VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position up to the extent of the recoverable amount.

For its non-VAT registered activities, the amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

Property and Equipment
Property and equipment, except for land, are carried at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use.

Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Club and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

Projects in progress are also capitalized as part of property and equipment under separate account, projects in progress. These projects will form part of building improvements and furniture, fixtures and equipment. Items under the account are not depreciated until completed and proper reclassification is made.

Depreciation of property and equipment commences once the property and equipment are available for use and is computed on a straight-line basis over the estimated useful lives of the property and equipment as follows:

	Years
Buildings	35
Land improvements	25
Furniture, fixtures and equipment	5

The assets' estimated useful lives and depreciation method are reviewed periodically to ensure that the amounts, periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated property and equipment are retained in the accounts while still in use although no further depreciation is charged to current operations.

Impairment of Nonfinancial Assets
This accounting policy applies primarily to the Club's property and equipment. The Club assesses at each reporting date whether there is an indication that nonfinancial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Club makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value-in-use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining estimated useful life.

Pension Costs

The liability recognized in the statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the reporting date less fair value of the plan assets, if any. The present value of the DBO is determined by using risk-free interest rates of long-term government bonds that have terms to maturity approximating the terms of the related pension liabilities or applying a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

Pension costs of the DBO is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur.

Defined benefit cost includes:

- Service costs
- Net interest on the net defined benefit liability or asset;
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in statements of comprehensive income.

Remeasurements, comprising of actuarial gains or losses, the effect of the asset ceiling, excluding net interest cost and the return on plan assets (excluding net interest), if any, are recognized immediately in the statements of financial position with a corresponding debit or credit to other comprehensive income (OCI) in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Equity

Paid-in Capital

Paid-in Capital is measured at stated value for all shares subscribed, issued and outstanding. When the shares are sold at premium, the difference between the proceeds and the stated value is credited to "Additional paid-in capital" account. Direct costs incurred related to original equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. When the Club issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Retained Earnings (Deficit)

Retained earnings (deficit) represents the cumulative balance of periodic net income (loss), dividend distribution, prior period adjustments, effect of changes in accounting policy and other capital adjustments. When the retained earnings account has a debit balance, it is called "deficit". A deficit is not an asset but a deduction from equity.

Revenue from Contracts with Customers

The Club's revenue from contracts with customers primarily consist of membership dues, service income, and sale of goods. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Club expects to be entitled in exchange for those goods or services. The Club has generally concluded that it is the principal in its revenue arrangements.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

The following are the Club's performance obligations:

Membership dues

Revenue from membership dues is recognized over the time the members are provided access to the Club's room accommodation, game rooms, restaurants and other Club amenities. Transaction price is determined to be the BOD-approved rate for monthly membership dues. Each monthly membership dues are considered as a single performance obligation, therefore it is not necessary to allocate the transaction price. Any advance payments are recorded under "Contract liabilities" account in the statements of financial position.

Service income

Service income includes revenue from providing room accommodation, guest fees and income from the use of the Club's facilities and amenities such as spa and massage facilities, libraries, game rooms and other Club amenities. Revenue is recognized over the time the services are rendered and/or facilities and amenities are used.

Sale of goods

Revenue from sale of food and beverages and merchandise are recognized when control of the goods is transferred to the customers, generally when goods are delivered to and accepted by the customers.

Transfer fees

Transfer fees pertains to earnings from transfer of member's ownership recorded upon initiation of transfer process. Revenue is recorded at point in time when the services are rendered.

Contract balances

Trade receivables
A receivable represents the Club's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Club has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Club transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Club performs under the contract. Membership dues and consumables collected in advance are recognized as contract liabilities in the statements of financial position.

Other Income Recognition

Interest income
Interest income is recognized as it accrues using the effective interest method.

Miscellaneous income
Miscellaneous income pertains to ancillary services provided by the Club such as laundry services and rental of club equipment. These are recognized when earned and when the related services are rendered.

Costs and Expenses

Costs and Expenses are recognized when the decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Expenses are recognized in the statements of comprehensive income:

- On the basis of a direct association between costs incurred and earning specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or,
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statements of financial position as an asset.

Leases

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

Leases of low-value assets. The Club applied the lease of low-value assets recognition exemption to its lease of office equipment. These are recognized as expense on a straight-line basis over the lease term.

Taxes

Current income tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of the reporting period.

Current income tax for current and prior periods shall, to the extent unpaid, be recognized as a liability and is presented as income tax payable in the statements of financial position. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset and is presented as part of other current assets in the statements of financial position.

Deferred tax
Deferred tax is provided, using the liability method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority. Income tax relating to items recognized directly in equity is recognized in equity and not in the statements of comprehensive income.

Uncertainty over income tax treatments
The Club assesses at the end of each reporting period whether it has any uncertain tax treatments by reviewing the assumptions about the examination of tax treatments by the taxation authority, determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and considering changes in relevant facts and circumstances. The Club then evaluates how likely is it that a certain tax treatment will be accepted by the taxation authority. If it is probable that the taxation authority will accept a certain tax treatment, the Club concludes that it has no uncertain tax treatment and will measure tax amounts in line with the income tax filings. If it is not probable that the taxation authority will accept a certain tax treatment, the Club measures tax amounts based on the 'most likely amount' method (better predicts uncertainty if the possible outcomes are binary or are concentrated on one value) or 'expected value' method (better predicts uncertainty if there is a range of possible outcomes that are neither binary nor concentrated on one value). The Club presents uncertain tax liabilities as part of current tax liabilities or deferred tax liabilities.

Provisions
Provisions are recognized when the Club has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Club expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

Events after the End of the Reporting Period
Post year-end events up to the date when the financial statements are authorized for issue that provide additional information about the Club's financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the accompanying financial statements in conformity with PFRSs requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. The estimates used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

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

Identification of contract with customers under PFRS 15
The Club applies PFRS 15 guidance to a portfolio of contracts with similar characteristics as the Club reasonably expects that the effects on the financial statements if applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts within that portfolio. Hence, the Club viewed each transaction receipt as one contract.

Identifying performance obligations
The Club identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Club's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

Determining whether the Club is acting as a principal or agent
The Club assesses its revenue arrangements against specific criteria in order to determine if it's acting as principal or agent. The following criteria indicate whether the Club is acting as a principal or an agent:

- The Club has the primary responsibility for providing services to the customer;
- The Club has latitude in establishing price, either directly or indirectly, for example by providing additional services; and,
- The Club bears the customer's credit risk for the amount receivable from the customer.

The Club has concluded that generally, it is acting as a principal in its revenue arrangements.

Determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates
The Club has assessed whether it has any uncertain tax treatments. The Club applies significant judgement in identifying uncertainties over its income tax treatments. The Club assessed whether the Interpretation had an impact on its financial statements. The Club determined, based on its tax assessment, in consultation with its tax counsel, that it has no uncertain tax treatments. Accordingly, the interpretation did not have significant impact on the financial statements.

Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of impact to the carrying amount of assets and liabilities are discussed below:

Estimating allowance for expected credit losses (ECL)
The Club uses a provision matrix to calculate ECLs for trade receivables and receivables from related parties. The provision rates are based on days past due. The provision matrix is initially based on the Club's historical observed default rates. The Club calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The provision for ECL on the Club's trade receivables amounted to ₱9,843,375 in 2020 (see Notes 6 and 14). The carrying value of the Club's receivables amounted to ₱25,931,401 and ₱31,736,626 as at December 31, 2020 and 2019, respectively (see Note 6). The carrying value of the Club's receivables from related parties amounted to ₱7,567,990 and ₱122,337,265 as at December 31, 2020 and 2019, respectively (see Note 17).

Evaluating asset impairment
The Club reviews property and equipment, and other nonfinancial current and noncurrent asset for impairment in value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends, taking into consideration the impact of COVID-19 Pandemic.

Internal and external sources of information are reviewed at each statement of financial position date to identify indications that the Club's nonfinancial asset may be impaired, or an impairment loss previously recognized no longer exists or may be decreased. If any such indication exists, the recoverable amount of the nonfinancial asset is estimated.

As described in the accounting policy, the Club estimates the recoverable amount as the higher of the fair value less cost of disposal and value-in-use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Club is required to make estimates and assumptions that may affect other current and noncurrent assets, and property and equipment. An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

As a consequence of the COVID-19 Pandemic, the Club's operations was severely affected by the mandatory quarantine periods, community lockdowns, restrictions on mobility and domestic and international travels, events cancellations, social distancing guidance and fear of spread, driving down hospitality, travel and tourism for business and leisure leading to sharp decline in revenues. Management has considered the significant underperformance relative to expected historical or projected future operating results and COVID-19 impact as indicators for impairment of its property and equipment. Accordingly, property and equipment has been subjected to impairment testing.

No impairment losses were recognized for the Club's nonfinancial assets. As at December 31, 2020 and 2019, the carrying values of the nonfinancial assets follow:

	2020	2019
Property and equipment (Note 9)	**₱579,034,190**	₱612,404,748
Other current assets (Note 8)	**17,437,392**	17,517,616
Other noncurrent assets (Note 8)	**4,472,874**	6,826,025

Estimating pension cost and liability
The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These assumptions are described in Note 15, and include, among others, the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

The Club's net pension liability as at December 31, 2020 and 2019 amounted to ₱13,950,550 and ₱11,645,900, respectively (see Note 15).

Recognizing deferred tax assets
Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which these can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized. These assets are periodically reviewed for realization. Periodic reviews cover the nature and amount of all deductible temporary differences, expected timing when assets will be used or liabilities will be required to be reported, reliability of historical profitability of businesses expected to provide future earnings and tax planning strategies which can be utilized to increase the likelihood that tax assets will be realized.

As at December 31, 2020, the deferred tax asset related to the pension liability amounting to ₱353,438 was recognized. Deferred tax assets related to NOLCO and MCIT totaling to ₱100,174,658 and ₱53,831,632, respectively, have not been recognized since the management assessed that it is likely that future taxable profits will not be sufficient to realize the carryforward benefits of the NOLCO and MCIT (see Note 16).

4. Cash

This account consists of:

	2020	2019
Cash on hand	**₱444,288**	₱2,030,859
Cash in banks (Note 17)	**12,128,510**	17,981,736
	₱12,572,798	₱20,012,595

Interest income earned on cash in banks amounted to ₱54,745, ₱61,728 and ₱78,106 in 2020, 2019 and 2018, respectively (see Note 17).

5. Financial Assets at FVPL

Below is the rollforward of financial assets at FVPL:

	2020	2019
At January 1	**₱2,015,995**	₱1,931,836
Additions	**104,000,000**	–
Unrealized gain (Notes 13 and 17)	**2,572,907**	84,159
At December 31	**₱108,588,902**	₱2,015,995

Financial assets at FVPL pertains to investments in BPI Money Market Fund (the Fund). The Fund, which is structured as a money market UITF, aims to generate liquidity and stable income by being invested in a diversified portfolio of primarily short-term fixed income instruments. It has no minimum holding period. As at December 31, 2020 and 2019, the Club has 416,880 and 7,947 units with total Net Asset Value of ₱108,588,902 and ₱2,015,995, respectively.

The fair value of the Club's investment is determined by using the net asset value per unit, which is considered the market value per unit of an investment fund. The fair value measurement of the financial assets at FVPL is categorized under Level 1.

6. Accounts and Other Receivables

This account consists of:

	2020	2019
Trade receivables – net	**₱24,935,465**	₱29,503,648
Receivables from employees	**241,459**	83,282
Other receivables	**754,477**	2,149,696
	₱25,931,401	₱31,736,626

Trade receivables pertain to unpaid membership dues, sale of food, beverages and merchandise from souvenir shop, charges for room accommodations and rental of water sports equipment. These are non-interest bearing and are due and demandable. The receivables from members are collateralized by a preferential lien on the Club shares owned by the said members. Trade receivables of the Club as at December 31, 2020 amounted to ₱24,935,401, net of allowance for ECL amounting to ₱9,843,375 (Note 14).

Receivable from employees are salary loans granted to the Club's employees. These are collected through salary deduction. Interest income earned from loans to employees under other receivables amounted to ₱37,691 in 2020.

Other receivables represent interest receivable and claims from/against service providers. These are non-interest bearing and are due to be settled within one year.

7. Inventories

This account consists of:

	2020	2019
At cost:		
Food and beverage	**₱1,796,048**	₱3,005,049
Merchandise	**930,087**	750,292
	₱2,726,135	₱3,755,341

Food and beverage consist of goods in the form of ingredients and supplies consumed in the production of food and beverages at the Club's cafes and bars.

The following table sets forth the cost of food and beverages recognized as cost of sales and cost of services (see Note 14):

	2020	2019	2018
Cost of sales	**₱7,399,302**	₱31,141,028	₱37,310,637
Cost of services	**381,345**	1,778,011	2,150,673
	₱7,780,647	₱32,919,039	₱39,461,310

Merchandise pertains to items for sale at the Club's shop. In 2020, 2019 and 2018 merchandise recognized as part of cost of sales and amounted to ₱133,782, ₱424,173 and ₱441,087, respectively (see Note 14).

8. **Other Assets**

Other current assets

Details of this account are as follows:

	2020	2019
Creditable withholding taxes	**₱7,043,812**	₱5,651,685
Supplies	**5,220,992**	5,938,576
Deferred input VAT − current portion	**1,995,020**	2,122,123
Advances to suppliers	**1,992,825**	832,617
Input VAT	**1,003,264**	–
Prepaid expenses	**181,479**	2,972,615
	₱17,437,392	₱17,517,616

Creditable withholding taxes are available for application against income tax payable in future periods.

Supplies include medical supplies, general storeroom, and china and crockery.

Deferred input VAT pertains purchases of capital goods in which the aggregate amount exceeds ₱1,000,000 and is expected to be amortized in 2021.

Advances to suppliers are advances made by the Club to vendors and applied against invoices from the vendor upon delivery of goods.

Prepaid expenses mainly include advance members' consumables (consumed but not yet billed to their respective accounts) and prepayments for maintenance, dues, taxes and licenses and insurance.

Advances and other noncurrent assets

	2020	2019
Deferred input VAT − noncurrent portion	**₱3,248,751**	₱4,341,722
Advances to suppliers	**1,224,123**	2,484,303
	₱4,472,874	₱6,826,025

Deferred input VAT arising from purchases of capital goods. Advances pertain to payments made in advance to suppliers intended for purchase of property and equipment.

9. Property and Equipment

Below is the rollforward of this account:

	2020				
	Land and Land Improvements	**Buildings**	**Furniture, Fixtures and Equipment**	**Project in Progress**	**Total**
Cost					
Balances at beginning of year	**₱223,966,685**	**₱620,467,805**	**₱279,632,241**	**₱639,404**	**₱1,124,706,135**
Additions	**–**	**2,914,669**	**5,253,620**	**366,397**	**8,534,686**
Disposals	**–**	**–**	**(987,541)**	**–**	**(987,541)**
Reclassifications	**–**	**821,448**	**184,353**	**(1,005,801)**	**–**
Balances at end of year	**223,966,685**	**624,203,922**	**284,082,673**	**–**	**1,132,253,280**
Accumulated depreciation					
Balances at beginning of year	**96,692,315**	**173,224,794**	**242,384,278**	**–**	**512,301,387**
Depreciation	**8,942,667**	**18,564,897**	**14,396,214**	**–**	**41,903,778**
Disposals	**–**	**–**	**(986,075)**	**–**	**(986,075)**
Balances at end of year	**105,634,982**	**191,789,691**	**255,794,417**	**–**	**553,219,090**
Net Book Value at December 31	**₱118,331,703**	**₱432,414,231**	**₱28,288,256**	**₱–**	**₱579,034,190**

	2019				
	Land and Land Improvements	Buildings	Furniture, Fixtures and Equipment	Project in Progress	Total
Cost					
Balances at beginning of year	₱223,844,685	₱599,787,792	₱265,084,756	₱9,394,474	₱1,098,111,707
Additions	122,000	108,569	15,664,306	12,771,674	28,666,549
Disposals	–	(955,300)	(1,116,821)	–	(2,072,121)
Reclassifications		21,526,744	–	(21,526,744)	–
Balances at end of year	223,966,685	620,467,805	279,632,241	639,404	1,124,706,135
Accumulated depreciation					
Balances at beginning of year	87,753,308	156,035,173	229,048,333	–	472,836,814
Depreciation	8,939,007	18,144,921	14,452,766	–	41,536,694
Disposals	–	(955,300)	(1,116,821)	–	(2,072,121)
Balances at end of year	96,692,315	173,224,794	242,384,278	–	512,301,387
Net Book Value at December 31	₱127,274,370	₱447,243,011	₱37,247,963	₱639,404	₱612,404,748

The project in progress pertains to the presidential duplex and casitas renovation of the Club, as well as staff locker for its employees.

The following table sets forth the allocation of depreciation expense (see Note 14):

	2020	2019	2018
Cost of services	**₱20,472,277**	₱19,883,357	₱19,739,384
Cost of sales	**16,406,057**	16,396,260	15,970,621
General and administrative expenses	**5,025,444**	5,257,077	5,727,243
	₱41,903,778	₱41,536,694	₱41,437,248

The total cost of the Club's fully depreciated property and equipment that are still in use as at December 31, 2020 and 2019 amounted to ₱223,021,886 and ₱206,677,439, respectively.

The Club disposed various property and equipment items with an aggregate cost amounting to ₱969,952, ₱2,072,121 and ₱1,267,857 as of December 31, 2020, 2019 and 2018, respectively, and with carrying values amounting to ₱1,466, nil and nil as of December 31, 2020, 2019 and 2018, respectively. The proceeds from these disposals amounting to ₱95,249, ₱50,000 and ₱357,143 resulted in gains amounting to ₱93,783, ₱50,000 and ₱357,143 in 2020, 2019 and 2018, respectively, presented under other income (see Note 13).

10. Accounts and Other Payables

	2020	2019
Trade payables	**₱23,495,193**	₱27,363,078
Accrued expenses:		
Insurance	**13,510,322**	13,513,336
Contract services	**4,486,920**	1,870,501
Payroll	**2,726,448**	6,258,775
Utilities	**838,914**	3,330,564
Professional fees	**489,685**	388,415
Management fee	**304,252**	698,408
Repairs and maintenance	**263,831**	263,831
Others	**106,277**	80,000
Funds held for environmental activities	**4,268,034**	3,496,446
Taxes payable	**524,470**	1,299,292
Vouchers payable	**487,588**	899,890
Service charge payable	**123,838**	1,267,739
Due to employees	**21,974**	841,715
Other payables	**491,752**	1,058,861
	₱52,139,498	₱62,630,851

Trade payables represent operational costs incurred and amount due to suppliers for purchases of goods and services. These are non-interest bearing and are normally settled on 30-day credit terms.

Accrued expenses consist mainly of accruals for salaries and wages, and utilities which are noninterest-bearing and are normally settled within 30- to 60-days and the details are as follows:

Funds held for environmental activities pertain to collections from members set aside for the environmental activities of the Club. These are utilized upon commencement of actual environmental activities.

Taxes payable represents withholding taxes from salaries and wages, expanded withholding taxes from purchases with suppliers and VAT payable. These are non-interest bearing and are normally settled within one year.

Vouchers payable pertains to net proceeds from auction of shares that will be used for paying incidental expenses related to transfer of shares' ownership.

Service charge payable pertains to service charges due to employees on top of their regular salaries. These are non-interest bearing and are due to be settled within one year.

Due to employees pertains to collections from members set aside for the employee welfare fund to be used for employees' trainings, seminars and events.

Other payables include reversal of liabilities due to stale checks and liabilities to government agencies, which are non-interest bearing and are normally settled within one year.

The Club identified unearned membership dues as contract liabilities as at December 31, 2020 and 2019. These represent payments received from members in who usually settle their dues annually. Contract liabilities also include advances received for membership dues, consumables and booked functions and events.

The movements in the contract liabilities are as follows:

	2020	2019
Balance at beginning of year	**₱12,045,050**	9,022,508
Additions	**30,391,047**	53,619,250
Recognized as revenue	**(28,243,835)**	(50,596,708)
Balance at end of year	**₱14,192,262**	₱12,045,050

11. **Equity**

The details of the number of shares of the Club as at December 31, 2020, 2019 and 2018 follows:

	Stated Value	Authorized	Issued	Amount	Additional Paid-In Capital
Class A	₱1,000	3,468	3,468	₱3,468,000	₱–
Class B	1,000	1,950	1,950	1,950,000	437,755,102
Class C	1,000	500	500	500,000	112,244,898
Class D	401,415	702	702	281,793,330	–
Class E	401,415	180	180	72,254,725	–
		6,800	6,800	₱359,966,055	₱550,000,000

The details of the Club's registered capital stock with the SEC as at December 31, 2020 and 2019 follow:

	Number of Shares Registered	Issue Price	Date of Approval
Class B	1,950	₱1,000	June 23, 2005
Class C	500	1,000	June 23, 2005

As at December 31, 2020 and 2019, the total number of stockholders are 1,638 and 1,643, respectively.

Class A shares
Class A shares are issued to the original subscribers of the Club and shall have the status of Founders' Shares with all the rights and privileges ascribed to Founders' shares. Founder's shares are subjected to the rights and restrictions within a period of five years from date of incorporation: (a) has sole and exclusive right to nominate persons who shall serve as director of the Club; (b) are prohibited from selling or transferring founder's share to third persons; (c) usage right without the need for activation fee; and (d) application and qualification of its nominee for membership to the Club.

Class B shares
Each class B shares shall be entitled to one usage right which shall be exercised by the holder thereof or its nominee in the manner set forth in the by-laws of the Club.

Holders of Class B shares shall not enjoy preemptive rights to subscribe to any or all original issues of Class A shares, Class D shares, and Class E shares of the Club.

Class C shares
Each Class C share shall be entitled to two usage rights which shall be exercised by its nominees in the manner set forth in the by-laws of the Club.

Holders of Class C shares shall not enjoy preemptive rights to subscribe to any or all original issues of Class A shares, Class D shares, and Class E shares of the Club.

Class D shares
Each Class D share shall be entitled to one usage right which shall be exercised by the holder thereof or its nominee in the manner set forth in the by-laws of the Club.

Class E shares
Each Class E share shall be entitled to two usage rights which shall be exercised by its nominees in the manner set forth in the by-laws of the Club.

In view of the issuance of Founders' shares, the voting rights pertaining to the Class B, C, D and E shares shall be suspended for the period commencing from the date of incorporation of the Club up to and including the date prior to the fifth anniversary of such date of incorporation. On the fifth anniversary of the date of incorporation of the Club, the voting rights of all Class B, C, D and E shares shall be automatically reinstated and shall be equal in all respects to those of the holders of all the other classes of shares. The voting rights of Classes B and C were reinstated on June 2, 2010, following the expiration of the five-year voting right exclusivity given to Class A shares.

Capital Management
The primary objectives of the Club's capital management policies are to afford the financial flexibility to support its business initiatives and to maximize stakeholder value. The Club manages its capital structure and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes for the years ended December 31, 2020 and 2019.

The Club considers equity, excluding remeasurement gain on pension liability, as its capital as follows:

	2020	2019
Paid-in capital	**₱359,966,055**	₱359,966,055
Additional paid-in capital	**550,000,000**	550,000,000
Deficit	**(240,204,323)**	(186,920,884)
	₱669,761,732	₱723,045,171

The Club is not subject to externally imposed capital requirements.

12. **Revenue from Contracts with Customers**

Disaggregated Revenue Information

The table shows the disaggregation of revenues of the Club by major sources:

	2020	2019	2018
Membership dues	**₱62,265,000**	₱61,959,000	₱60,231,780
Service income:			
Room accommodation	**12,391,234**	53,096,554	53,937,141
Guest fees	**3,936,122**	23,013,739	17,941,656
Spa and massage revenue	**1,424,665**	6,336,325	6,236,089
Use of water sports equipment	**1,270,710**	4,716,735	4,887,572
Sale of goods:			
Food and beverages	**18,431,607**	86,245,176	91,350,870
Merchandise	**518,743**	1,839,083	2,114,249
Transfer fees	**5,580,357**	9,607,143	8,799,107
	₱105,818,438	₱246,813,755	₱245,498,464

Contract Balances

As of December 31, contract balances are as follows:

	2020	2019
Trade receivables (Note 6)	**₱24,935,465**	₱29,503,648
Contract liabilities (Note 10)	**14,192,262**	12,045,050

13. **Miscellaneous Income**

Miscellaneous income consists of:

	2020	2019	2018
Consultancy fees (Note 17)	**₱4,111,100**	₱3,344,852	₱3,249,764
Surcharge revenue	**328,832**	802,293	875,957
Gain on disposal of property and equipment (Note 9)	**93,783**	50,000	357,143
Unrealized gain on financial assets at FVPL (Note 5)	**2,572,907**	84,159	49,510
Other income	**4,119,423**	6,011,940	3,506,880
	₱11,226,045	₱10,293,244	₱8,039,254

Other income includes corkage fees and sale of scrap items.

14. **Costs and Expenses**

Cost of services consists of:

	2020	2019	2018
Depreciation (Note 9)	**₱20,472,277**	₱19,883,357	₱19,739,384
Salaries, wages and employee benefits	**12,863,293**	24,896,767	24,058,317
Heat, light and water	**3,351,867**	8,467,262	8,738,480
Repairs and maintenance	**2,809,118**	5,459,715	5,394,938
Communications	**2,445,532**	2,970,739	3,248,594
Cleaning and other supplies	**1,251,222**	4,306,040	5,102,135
Contract services	**763,029**	3,380,958	3,283,063
Laundry	**623,075**	2,091,525	2,468,606
Food and beverages (Note 7)	**381,345**	1,778,011	2,150,673
Recreational supplies	**371,757**	2,773,521	1,991,010
Office supplies	**293,226**	858,448	830,156
Transportation	**203,718**	571,265	673,314
Representation	**53,870**	69,248	84,709
Others	**2,452,993**	2,705,440	4,005,340
	₱48,336,322	₱80,212,296	₱81,768,719

Others include costs incurred for the Club's anniversary, triathlon event, and medical expenses.

Cost of sales consists of:

	2020	2019	2018
Depreciation (Note 9)	**₱16,406,057**	₱16,396,260	₱15,970,621
Salaries, wages and employee benefits	**14,773,139**	29,793,937	28,610,194
Food and beverages (Note 7)	**7,399,302**	31,141,028	37,310,637
Heat, light and water	**5,092,955**	9,044,589	10,323,655
Cleaning and other supplies	**890,913**	3,181,348	3,430,688
Communication	**444,614**	237,009	266,888
Equipment rental	**325,717**	341,765	91,340
Transportation	**176,087**	526,378	581,399
Office supplies	**101,094**	288,782	305,728
Merchandise (Note 7)	**133,782**	424,173	441,087
Others	**745,482**	2,112,087	2,778,966
	₱46,489,142	₱93,487,356	₱100,111,203

Others include costs incurred for the Club's repairs and maintenance, recreational and laundry expenses.

General and administrative expenses consist of:

	2020	2019	2018
Salaries, wages and employee benefits	**₱18,771,342**	₱24,615,131	₱24,271,692
Provision for ECL (Note 6)	**9,843,375**	–	–
Heat, light and water	**9,393,750**	11,543,909	9,487,024
Security	**6,658,480**	8,143,397	8,174,057
Depreciation (Note 9)	**5,025,444**	5,257,077	5,727,243
Taxes and licenses	**3,689,456**	3,407,736	3,159,919
Management fees (Note 17)	**3,187,332**	4,427,668	3,833,470
Professional fees	**2,997,899**	1,769,883	1,610,166
Contract services	**2,870,376**	4,530,837	4,722,490
Insurance	**2,339,192**	1,928,150	1,780,502
Corporate expense	**2,311,393**	2,313,528	3,290,433
Repairs and maintenance	**2,218,481**	3,455,554	3,634,924
Collection charges	**1,527,920**	3,941,807	3,603,352
Transportation	**701,411**	1,918,418	2,124,840
Communication	**468,170**	474,943	525,521
Office supplies	**380,369**	1,007,298	1,106,876
Cleaning and other supplies	**269,531**	464,219	397,395
Representation	**132,751**	401,059	618,924
Others	**3,215,475**	1,248,018	1,486,841
	₱76,002,147	₱80,848,632	₱79,555,669

Others include costs incurred for the Club's telecommunication expenses and employee uniforms.

15. **Pension Cost**

The Club has an unfunded, noncontributory defined benefit plan covering substantially all of its regular employees.

Republic Act 7641, *The New Retirement Law*, requires a provision for retirement to pay qualified private sector employees in the absence of any retirement plan in the entity. The law does not require minimum funding of the plan.

The following tables summarize the components of pension liability recognized in the statements of comprehensive income and amounts recognized in the statements of financial position.

The components of retirement expense (included in cost of sales, cost of services and general and administrative expenses under salaries, wages and employee benefits) in Note 14 to the financial statements follow:

	2020	2019	2018
Current service cost	**₱1,409,500**	₱968,769	₱1,116,400
Interest cost	**582,300**	598,203	468,100
Total retirement expense	**₱1,991,800**	₱1,566,972	₱1,584,500

The remeasurement effects recognized in other comprehensive income (OCI) follow:

	2020	2019	2018
Actuarial gain (loss) due to:			
Changes in demographic assumptions	**₱753,000**	(₱2,409,700)	₱2,993,157
Experience adjustment	**(2,094,100)**	(348,791)	(375,294)
	(1,341,100)	(2,758,491)	2,617,863
Income tax effect	**402,330**	827,547	785,359
Remeasurement gain (loss) in other comprehensive income	**(₱938,770)**	(₱1,930,944)	₱1,832,504

Cumulative re-measurement effect recognized in OCI included in equity under remeasurement gain on pension liability in the statements of financial position:

	2020	2019
Balances at beginning of year	**₱162,972**	₱2,921,463
Re-measurement gain (loss) on defined benefit obligation	**(1,341,100)**	(2,758,491)
	(1,178,128)	162,972
Income tax effect (Note 16)	**353,438**	(48,892)
Total amount recognized in OCI at end of year	**(₱824,690)**	₱114,080

Changes in the present value of the defined benefit obligation are as follows:

	2020	2019
Balance at January 1	**₱11,645,900**	₱7,477,537
Current service cost	**1,409,500**	968,769
Interest cost	**582,300**	598,203
Contributions paid	**(1,028,250)**	(157,100)
Remeasurement loss	**1,341,100**	2,758,491
Balance at December 31	**₱13,950,550**	₱11,645,900

The cost of defined benefit pension plans and other post-employment benefits as well as the present value of defined benefit obligations are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension and post-employment benefit obligations for the defined benefit plans are as follows:

	2020	2019
Discount rate	**3.50%**	5.00%
Salary increase rate	**7.00%**	7.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the DBO as of the end of the reporting period, assuming if all other assumptions were held constant:

	Increase (Decrease) in rates	Effect on DBO 2020	2019
Discount rate	**+1.0%**	**(₱1,452,944)**	(₱960,787)
	-1.0%	**1,725,558**	1,192,540
Salary rate	**+1.0%**	**₱1,647,668**	₱1,155,273
	-1.0%	**(1,421,488)**	(952,635)

The defined benefits obligation typically exposes the Club to a number of risks such as interest rate risk, longevity and salary risk.

Interest rate risk
The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement liability. An increase in government bond yields will decrease the defined benefit obligation. Hence, the present value of defined benefit obligation is directly affected by the discount rate to be applied by the Club.

Longevity and Salary Risks
The present value of the defined benefit obligation is calculated by reference to the best estimates of: (1) the mortality of the plan participants, and (2) the future salaries of the plan participants. Consequently, increases in life expectancy and salary of the plan participants will result in an increase in the defined benefit obligation.

Shown below is the maturity analysis of the DBO based on undiscounted benefit payments as at December 31, 2020 and 2019:

	2020	2019
Year 1	**₱–**	₱–
Year 2 to 5	**3,196,300**	4,549,600
Year 6 to 10	**8,340,800**	8,603,100

The weighted average duration of the defined benefit obligation is 10.16 years and 10.89 years as of December 31, 2020 and 2019, respectively.

16. Income Tax

Provision for income tax consists of:

	2020	2019	2018
Current	**₱–**	₱906,730	₱1,497,611
Final tax	**10,949**	23,228	132,882
	₱10,949	₱929,958	₱1,630,493

Provision for current income tax in 2020, 2019 and 2018 pertains to MCIT.

The reconciliation of the provision for (benefit from) income tax computed using the statutory income tax rate to the provision for income tax shown in profit or loss follows:

	2020	2019	2018
Provision for (benefit from) income tax at statutory income tax rate	**(₱15,981,747)**	₱2,371,809	(₱1,389,495)
Tax effects of:			
Changes in unrecognized deferred tax assets	**13,119,362**	4,794,551	83,046
Expired NOLCO and MCIT	**7,116,535**	1,141,517	3,018,236
Nontaxable income	**(4,237,727)**	(7,366,305)	(14,853)
Interest income subjected to final tax	**(5,474)**	(11,614)	(66,441)
Provision for income tax	**₱10,949**	₱929,958	₱1,630,493

Deferred tax assets are recognized only to the extent that taxable profit will be available against which the deferred tax assets can be used or when there are sufficient taxable temporary differences which are expected to reverse in the same period as the expected reversal of the deductible temporary differences. The Club assesses the unrecognized deferred tax assets and will recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow all or part of the deferred tax assets to be recovered.

The Club has deductible temporary differences, NOLCO and MCIT, for which no deferred tax assets were recognized follows:

	2020	2019	2018
NOLCO	**₱75,567,271**	₱39,221,657	₱23,751,681
Pension liability	**12,359,671**	11,086,283	9,791,800
Allowance for ECL	**9,843,375**	–	–
MCIT	**2,404,341**	3,523,692	3,758,479
	₱100,174,658	₱53,831,632	₱37,301,960

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

As of December 31, 2020, the Club has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three consecutive taxable years, as follows:

Year Incurred	Amount	Expired	Balance	Expiry Year
2017	₱19,990,612	₱19,990,612	₱–	2020
2018	3,761,069	–	3,761,069	2021
2019	15,469,976	–	15,469,976	2022
	₱39,221,657	₱19,990,612	₱19,231,045	

As of December 31, 2020, the Club has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Amount	Expired	Balance	Expiry Year
2020	₱56,336,226	₱–	₱56,336,226	2025

The excess of MCIT against RCIT follows:

Year Incurred	Amount	Expired	Balance	Expiry Year
2017	₱1,119,351	₱1,119,351	–	2020
2018	1,497,611	–	1,497,611	2021
2019	906,730	–	906,730	2022
	₱3,523,692	₱1,119,351	₱2,404,341	

“Corporate Recovery and Tax Incentives for Enterprises Act” or “CREATE” Bill
President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Club:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity’s office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Club would have been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020.

- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Club for CY2020 is 27.5%. There is no impact for current income tax for the year ended December 31, 2020 and income tax payable as of December 31, 2020 as the Club’s current income tax and income tax payable for 2020 is nil.

- This will result in lower deferred tax asset as of December 31, 2020 and provision for deferred tax for the year then ended by ₱58,906 and nil, respectively. These reductions will be recognized in the 2021 financial statements.

As at December 31, 2020 the Club's deferred tax asset from remeasurement loss on pension liability amounted to ₱353,438 while deferred tax liability from remeasurement gain on pension liability amounted to ₱48,892 as at December 31, 2019 (see Note 15).

In 2020, 2019 and 2018, the Club did not avail the optional standard deduction.

17. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with the Club, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Club. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Club that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Club and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

Terms and Conditions of Transactions with Related Parties
The Club, in the normal course of business, entered into transactions with related parties consisting primarily of the construction of the Club's leisure and recreational facilities, and charges for the use of the Club's facilities and services. Transactions with related parties are made at terms and prices agreed by the parties. Outstanding balances at year-end are unsecured, non-interest bearing and are normally settled in cash.

The transactions and balances of accounts with related parties follow:

a. Outstanding balances owed by related parties:

	2020		2019			
	Amount/ Volume	**Outstanding Balance**	Amount/ Volume	Outstanding Balance	Terms	Conditions
Immediate parent company						
ALI	**₱2,541,021**	**₱4,732,630**	₱2,295,997	₱3,630,833	Due and demandable; non-interest bearing	Unsecured; no impairment
ALI (Loan)	**–**	**–**	94,000,000	94,000,000	48 days; Interest bearing	Unsecured; no impairment
ALI (Interest)	**378,098**	**–**	999,123	236,958	Due and demandable	Unsecured; no impairment
Entities under common control						
ACGSCI	**13,969,307**	**2,360,936**	76,161,098	14,214,070	Due and demandable; non-interest bearing	Unsecured; no impairment
Makati Development Corporation (MDC)	**658,350**	**368,552**	–	–	Due and demandable; non-interest bearing	Unsecured; no impairment
Ayala Property Management Corporation (APMC)	**₱161,968**	**₱105,872**	₱836,671	₱159,055	Due and demandable; non-interest bearing	Unsecured; no impairment
Avida Land Corporation (Avida)	**–**	**–**	22,000,000	–	19-45 days; Interest bearing	Unsecured; no impairment
Cebu Holdings, Inc. (CHI; Loan)	**–**	**–**	10,000,000	10,000,000	62 days; Interest bearing	Unsecured; no impairment
CHI (Interest)	**40,104**	**–**	352,693	96,349	Due and demandable	Unsecured; no impairment
	₱–	**₱7,567,990**	₱–	₱122,337,265		

The Club in the ordinary course of business, has entered into transactions with these related parties which consists mainly of the following:

Receivables from ALI includes loan, unsecured non-interest bearing charges, and unpaid membership dues from ALI nominees. Loan to ALI has a 48-day term subject to interest rate of 4.32%. Total amount of interest income from the loan recognized in 2020 and 2019 amounted to ₱378,098 and ₱999,123, respectively.

Receivable from ACGSCI pertains to charges incurred by ACGSCI members and guests on the use of the Club's facilities and availment of its services and inventory transfers. It also includes fees received in the amount of ₱4,111,100, ₱3,344,852 and ₱3,249,764 for consultancy services rendered to ACGSCI in 2020, 2019 and 2018, respectively (see Note 13).

Amounts owed from MDC are related to meals and diesel charges incurred by employees of MDC in the Club during the mandatory lockdown period.

Receivables from APMC are unsecured non-interest bearing charges from consumption of the Club's fuel and other costs incurred from availment of services of the Club.

In 2019, as agreed with ALI, loans to Avida were transferred to ALI and CHI amounting to ₱94,000,000 and ₱10,000,000, respectively. These loans were subsequently collected in 2020. Interest income earned from the loan amounted to nil, ₱3,879,357 and ₱2,601,814 in 2020, 2019 and 2018, respectively.

Receivable from CHI includes loan transferred from Avida which has a 62-day term subject to interest rate of 4.46% in 2020. Interest income earned from the loan amounted to ₱40,104 and ₱352,694 in 2020 and 2019, respectively.

b. Outstanding balances owed to related parties:

	2020		2019			
	Amount/ Volume	**Outstanding Balance**	Amount/ Volume	Outstanding Balance	Terms	Conditions
Entities under common control						
ACMI (a)	**₱3,187,332**	**₱5,655,697**	₱4,427,668	₱3,712,502	Due and demandable; non-interest bearing	Unsecured
ACMI (b)	**2,219,658**	**₱2,775,545**	2,017,871	724,043	Due and demandable; non-interest bearing	Unsecured
ALI	**593,300**	**593,300**	–	–	Due and demandable; non-interest bearing	Unsecured
ACGSCI	**5,332,184**	**441,226**	13,473,776	2,639,722	Due and demandable; non-interest bearing	Unsecured
	₱–	**₱9,465,768**	₱–	₱7,076,267		

The Club in the ordinary course of business, has entered into transactions with these related parties which consists mainly of the following:

Payable to ACMI pertains to the following:

(a) Management fees, as agreed upon, include basic management fee amounting to ₱100,000 per month with an escalation clause of 7.50% per annum and incentive fee equivalent to 3.00% of gross operating profit per month included as part of total management fees in general and administrative expense. Total management fees amounted to ₱3,187,332, ₱4,427,668 and ₱3,833,470 in 2020, 2019 and 2018, respectively (see Note 14).

(b) System cost at a monthly fixed amount of ₱184,972 and ₱168,156 in 2020 and 2019, respectively, included as part of corporate expenses in general and administrative expenses.

Amount owed to ALI pertains to costs incurred for property insurance recorded as part of insurance in general and administrative expenses.

Payable to ACGSCI pertains to charges incurred by Club members in ACGSCI and inventory transfers.

Outstanding balances at year-end are unsecured, non-interest bearing and are normally settled in cash, except otherwise indicated. The amounts receivable from and payable to related parties are not offset since they differ in nature and are billed and paid separately rather than settled on a net basis.

Transactions with BPI
The Club maintains the transactions below with BPI (an associate of ALI):

	2020			2019		
	Balance	**Income Earned**	**Unrealized gain**	Balance	Income Earned	Unrealized gain
Cash in banks (Note 4)	**₱12,128,510**	**₱54,745**	**₱–**	₱17,981,736	₱61,728	₱–
Short-term investments	**–**	**–**	**–**	–	54,414	–
Financial assets at FVPL (Note 5)	**108,588,902**	**–**	**2,572,907**	2,015,995	–	84,159
	₱120,717,412	**₱54,745**	**₱2,572,907**	₱19,997,731	₱116,142	₱84,159

The Club's short-term investments amounting to ₱5,750,002 matured in 2019 while its cash equivalents matured in 2018. Interest income generated in 2018 from short-term investments and cash equivalents amounted to ₱51,970 and ₱534,334, respectively.

Compensation of key management personnel
The key management personnel of the Club are employees of ALI. The compensation of the said employees is paid by ALI and as such, the disclosures required under PAS 24, *Related Party Disclosures*, are included in ALI's financial statements.

18. **Financial Instruments**

Fair Value Information
The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash, accounts and other receivables, receivables from related parties, accounts and other payables, and payables to related parties – Carrying amounts approximate fair values due to the relatively short-term nature of these accounts.

Financial assets at FVPL – These are investments in UITF. Fair value is based on net asset values as at each reporting date.

Fair Value Hierarchy
The Club classified financial assets at FVPL under Level 1 of the fair value hierarchy (see Note 5).

There have been no transfers between different categories.

Financial Risk Management Objectives and Policies

The Club's principal financial instruments comprise of cash, financial assets at FVPL, accounts and other receivables, receivables from related parties, accounts and other payables, and payables to related parties. The main purpose of the Club's financial instruments is to fund operational and capital expenditures.

The Club's financing and treasury function operates as a centralized service for managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding for the Club.

The main risks arising from the use of financial instruments are credit risk and liquidity risk. The management reviews and approves the policies for managing each of these risks and they are summarized as follows:

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Club's maximum exposure to credit risk as of December 31, 2020 and 2019 is the carrying amounts of the financial assets. The Club's maximum exposure for cash excludes the carrying amount of cash on hand. The table below shows the maximum exposure of the Club:

	2020	2019
Cash in banks	**₱12,128,510**	₱17,981,736
Financial assets at FVPL	**108,588,902**	2,015,995
Accounts and other receivables		
Trade receivables	**24,935,465**	29,503,648
Receivable from employees	**241,459**	83,282
Others	**754,477**	2,149,696
Receivables from related parties	**7,567,990**	122,337,265
	₱154,216,803	₱174,071,622

Impairment of financial assets

The Club has the following financial assets measured at amortized cost that are subject to the ECL model under PFRS 9:

- Cash in banks
- Accounts and other receivables
- Receivables from related parties

Cash in banks

The investment of the Club's cash resource is managed so as to minimize risk while seeking to enhance yield. Credit risk management involves entering into financial instruments only with counterparties with acceptable credit standing. The Club transacts only with bank which have demonstrated financial soundness for the past five years.

Accounts and other receivables

The Club is exposed to credit risk from its operating activities, primarily on its trade receivables. To manage credit risks, the Club maintains defined credit policies and monitors its exposure to credit risks on a continuous basis.

The Club's trade receivables generally pertain to membership dues and club charges. The Club bills and collects from members on a monthly basis. It is the Club's policy to impose surcharge fees on members for any delinquency in payment. Once an account is tagged as delinquent, appropriate actions are taken by the Club such as prohibition of the use of Club's facilities and services. The Club assesses long-outstanding member's receivable account periodically as to future collectability. Club shares of members with long-outstanding balances are placed to public auction for bidding at the management's own terms and minimum pricing to ensure that outstanding balances are delinquent members are recovered.

The Club defines a financial asset as in default when contractual payments are 60 days past due. However, in certain cases, the Club may also consider a receivable to be in default when internal or external information indicates that the Club is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Club.

Receivables from related parties
The Club applies a simplified approach in calculating ECLs. Therefore, the Club does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Club has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit quality per class of financial asset
The Club classifies its financial assets based on credit history and on other credit information which are available as at the reporting date. High grade financial assets are those that are current and collectible. The medium grade financial assets pertain to receivables with up to 3 defaults in payment and low grade pertains to receivables with more than 3 defaults in payment which need to be consistently followed up but are still collectible.

The table below shows the credit quality of the Club's financial assets that are neither past due nor impaired:

	2020				
	Neither past due nor impaired				
	High Grade	**Medium Grade**	**Low Grade**	**Impaired**	**Total**
Cash in banks	**₱12,128,510**	**₱–**	**₱–**	**₱–**	**₱12,128,510**
Financial assets at FVPL	**108,588,902**	**–**	**–**	**–**	**108,588,902**
Accounts and other receivables					
Trade receivables	**11,212,715**	**5,519,124**	**8,203,626**	**9,843,375**	**34,778,840**
Receivable from employees	**241,459**	**–**	**–**	**–**	**241,459**
Other receivables	**754,477**	**–**	**–**	**–**	**754,477**
Receivables from related parties	**7,567,990**	**–**	**–**	**–**	**7,567,990**
	₱140,494,053	**₱5,519,124**	**₱8,203,626**	**₱9,843,375**	**₱164,060,178**

	2019			
	Neither past due nor impaired			
	High Grade	Medium Grade	Low Grade	Total
Cash in banks	₱17,981,736	₱–	₱–	₱17,981,736
Financial assets at FVPL	2,015,995	–	–	2,015,995
Accounts and other receivables		–		
Trade receivables	18,121,877	1,343,885	10,037,886	29,503,648
Receivable from employees	83,282	–	–	83,282
Other receivables	2,149,696	–	–	2,149,696
Receivables from related parties	122,337,265	–	–	122,337,265
	₱162,689,851	₱1,343,885	₱10,037,886	₱174,071,622

Cash in banks and financial assets at FVPL – These pertains to high grade deposits or placements to counter parties with good credit rating or bank standing based on the credit standing or rating of the counterparty.

Accounts and other receivables – high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to three defaults in payment; and low grade pertains to receivables with more than three defaults in payment.

Receivables from related parties – high grade pertains to receivables with related parties with ongoing operations and that are collectible based on past experiences.

Liquidity risk
Liquidity risk is defined by the Club as the risk of losses arising from funding difficulties due to deterioration in market conditions and/or the financial position of the Club that make it difficult for the Club to raise the necessary funds. This may result from either the inability to sell financial assets quickly at their fair values; or a counterparty failing on repayment of a contractual obligation; or the inability to generate cash inflows as anticipated.

The Club employs scenario analysis and contingency planning to actively manage its liquidity position and guarantee that all operating, investing and financing needs are met. The Club applies a prudent approach to liquidity through the prudent management of cash.

The tables below summarize the aging analysis and maturity profile of the Club's financial assets and financial liabilities, respectively, based on undiscounted contractual cash flows:

	2020				
	On demand	**Less than 3 months**	**3 to 12 months**	**More than 1 year**	**Total**
Financial Assets					
Cash	**₱12,572,798**	**₱–**	**₱–**	**₱–**	**₱12,572,798**
Financial assets at FVPL	**108,588,902**	**–**	**–**	**–**	**108,588,902**
Accounts and other receivables					
Trade receivables	**20,859,970**	**4,075,495**	**–**	**–**	**24,935,465**
Receivables from employees	**241,459**	**–**	**–**	**–**	**241,459**
Other receivables	**754,477**	**–**	**–**	**–**	**754,477**
Receivables from related parties	**7,567,990**	**–**	**–**	**–**	**7,567,990**
	₱150,585,596	**₱4,075,495**	**₱–**	**₱–**	**₱154,661,091**
Financial Liabilities					
Accounts and other payables					
Trade payables	**₱23,495,193**	**₱–**	**₱–**	**₱–**	**₱23,495,193**
Accrued expenses	**–**	**22,726,649**	**–**	**–**	**22,726,649**
Funds held for environmental activities	**4,268,034**	**–**	**–**	**–**	**4,268,034**
Service charge payable	**–**	**123,838**	**–**	**–**	**123,838**
Vouchers payable*	**487,588**	**–**	**–**	**–**	**487,588**
Due to employees	**–**	**21,974**	**–**	**–**	**21,974**
Other payables*	**352,469**	**–**	**–**	**–**	**352,469**
Contract liabilities	**–**	**14,192,262**	**–**	**–**	**14,192,262**
Payables to related parties	**9,465,768**	**–**	**–**	**–**	**9,465,768**
	₱38,069,052	**₱37,064,723**	**₱–**	**₱–**	**₱75,133,775**

**Excluding statutory liabilities amounting to ₱139,283*

	2019				
	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
Financial Assets					
Cash	₱20,012,595	₱–	₱–	₱–	₱20,012,595
Financial assets at FVPL	2,015,995	–	–	–	2,015,995
Accounts and other receivables					
Trade receivables	25,052,238	4,451,410	–	–	29,503,648
Receivables from employees	83,282	–	–	–	83,282
Other receivables	2,149,696	–	–	–	2,149,696
Receivables from related parties	18,337,265	104,000,000	–	–	122,337,265
	₱67,651,071	₱108,451,410	₱–	₱–	₱176,102,481
Financial Liabilities					
Accounts and other payables					
Trade payables	₱27,363,078	₱–	₱–	₱–	₱27,363,078
Accrued expenses	26,403,830	–	–	–	26,403,830
Funds held for environmental activities	3,496,446	–	–	–	3,496,446
Service charge payable	–	1,267,739	–	–	1,267,739
Vouchers payable*	642,654	–	–	–	642,654
Due to employees	–	841,715	–	–	841,715
Other payables*	893,720	–	–	–	893,720
Payables to related parties	–	12,045,050	–	–	12,045,050
Payables to related parties	7,076,267	–	–	–	7,076,267
	₱65,875,995	₱ 14,154,504	₱–	₱–	₱80,030,499

**Excluding statutory liabilities amounting to ₱422,377*

19. Supplementary Note to the Statements of Cash Flows

Disclosed below is the rollforward of liability under financing activity:

	January 1, 2020	**Collections**	**Non-cash changes**	**December 31, 2020**
Loan to related parties:				
ALI	**₱94,000,000**	**₱94,000,000**	**₱–**	**₱–**
CHI	**10,000,000**	**10,000,000**	**–**	**–**

	January 1, 2019	Additions	Non-cash changes	December 31, 2019
Loan to a related party:				
Avida	₱82,000,000	₱22,000,000	(₱104,000,000)	₱–
ALI	–	–	94,000,000	94,000,000
CHI	–	–	10,000,000	10,000,000

20. Other Matters

The Club is currently involved in a legal proceeding. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Club's management, in consultation with its legal counsel, believes that the outcome of these legal proceedings will not have a material adverse effect on the Club's financial position or operating results. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings. The information usually required by PAS 37, *Provision, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the outcome of the ongoing legal proceeding.

21. Supplementary Tax Information Required Under Revenue Regulations (RR) No. 15-2010

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

Details of the Club's net sales/receipts, output VAT and input VAT accounts are as follows:

VAT
Net Sales/Receipt and Output VAT declared in the Club's VAT returns for the year 2020:

	Net Sales/ Receipts	Output VAT
Taxable sales:		
Sale of services	53,741,543	6,448,985
Sale of goods	17,635,438	2,116,253
	₱1,422,974,764	₱8,565,238

Sale of services subject to VAT pertains to gross receipts/collections on revenues from room accommodation, guest fees, spa services and rental of recreational equipment.

On the other hand, sale of goods pertains to gross receipts/collections on revenues from sale of food, beverage and merchandise in the Club's restaurants and shop.

The Club has exempt sales amounting to ₱66,812,125 pursuant to Supreme Court (SC) Ruling G.R. No. 228539 [*Association of Non-Profit Clubs, Inc. (ANCP) vs. Bureau of Internal Revenue (BIR)*] dated August 13, 2019.

The amount of VAT input taxes claimed are broken down as follows:

Balance at beginning of year	₱–
Input tax carried over	5,988,500
Current year's domestic purchases of:	
I. Goods for resale or further processing	2,631,999
II. Capital goods subject to amortization	512,092
III. Capital goods not subject to amortization	419,204
IV. Services lodged under other accounts	3,684,501
Total input VAT available	13,236,296
Less input tax on capital goods subject to amortization, deferred for the succeeding period	4,312,886
Less input tax allocable to exempt sales	2,079,175
Total input tax claimed during the current year	6,844,235
Less claims against output VAT	5,840,971
Balance at end of year	₱1,003,264

Documentary Stamp Tax
There was no documentary stamp tax paid or due to the BIR in 2020.

Other Taxes and Licenses
This includes all other taxes, local and national, included under the taxes and licenses account under general and administrative expenses. Details of other taxes and licenses in 2020 follow:

Local	
Licenses and permits	₱1,883,582
Real property taxes	1,794,874
Community tax certificate	10,500
	3,688,956
National	
BIR annual registration fee	500
	₱3,689,456

Withholding Taxes
Details of withholding taxes in 2020 follows:

	Paid	Accrued	Total
Expanded withholding taxes	₱1,898,650	₱177,472	₱2,076,122
Withholding taxes on compensation and benefits	3,386,555	93,305	3,479,860
Final withholding taxes	10,949	–	10,949
	₱5,296,154	₱270,777	₱5,566,931

Tax Contingencies
The Club has currently no deficiency tax assessments, whether protested or not and has not received any final assessment notice and/or formal letter of demand from the BIR as of December 31, 2020.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Anvaya Cove Beach and Nature Club, Inc.
Anvaya Cove, Morong, Bataan

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Anvaya Cove Beach and Nature Club, Inc. (the Club) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated May 26, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules required under Annex 68-J of the Revised Securities Regulation Code (SRC) Rule 68 are the responsibility of the Club's management. These schedules are presented for purposes of complying with the Revised SRC Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jose Pepito E. Zabat

Jose Pepito E. Zabat III
Partner
CPA Certificate No. 85501
Accreditation No. 85501-SEC (Group A)
Valid to cover audit of 2020 to 2024
financial statements of SEC covered institutions
Tax Identification No. 102-100-830
BIR Accreditation No. 08-001998-060-2020,
December 3, 2020, valid until December 2, 2023
PTR No. 8534388, January 4, 2021, Makati City

May 26, 2021

ANVAYA COVE BEACH AND NATURE CLUB, INC.
SUPPLEMENTARY SCHEDULES REQUIRED UNDER ANNEX 68-J
OF THE REVISED SRC RULE 68
AS AT DECEMBER 31, 2020

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Amount shown in the statements of financial position	Income received and accrued	Unrealized gain on financial asset at FVPL
Loans and Receivables			
A. Cash in banks			
Bank of the Philippine Islands (BPI)	**₱12,128,510**	**₱54,745**	**₱–**
B. Short-term investments	–	–	
C. Financial assets at FVPL	**108,588,902**	–	**2,572,907**
D. Accounts and other receivables			
Trade receivables	**24,935,465**	–	–
Receivable from employees	**241,459**	–	–
Other receivables	**754,477**	**37,691**	–
E. Receivables from related parties	**7,567,990**	**418,202**	–
	₱154,216,803	**₱510,638**	**₱2,572,907**

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Name and designation of debtor	Balance at beginning of period	Additions	Deductions		Current	Not current	Balance at end of period
			Amounts collected	Amounts written off			
Employees	₱83,282	₱680,163	₱521,986	₱–	₱241,459	₱–	₱241,459

Schedule C. Amounts Receivable from Related Parties which are eliminated during consolidation of Financial Statements

Name and designation of debtor	Balance at beginning of period	Additions	Deductions		Current	Not current	Balance at end of period
			Amounts collected	Amounts written off			
Not applicable							

Schedule D. Long-term Debt

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related statements of financial position	Amount shown under "Long-Term Debt" in related statements of financial position
Not applicable			

Schedule E. Indebtedness to Related Parties (Long-term Loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period
Not applicable		

Schedule F. Guarantees of Securities Other Issuers

Name of issuing entity of securities guaranteed by the Club for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
Not applicable				

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related statements of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common Stock:						
Class A	3,468	3,468	N/A	3,250	201	17
Class B	1,950	1,950	N/A	428	13	1509
Class C	500	500	N/A	354	32	114
Class D	702	702	N/A	702	–	–
Class E	180	180	N/A	180	–	–
Total	**6,800**	**6,800**	N/A	4,914	246	1,640

ANVAYA COVE
Beach & Nature Club

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Anvaya Cove Beach & Nature Club, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the Philippine Financial Reporting 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.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Director's reviews and approves the financial statements including the schedules attached therein, and submits the same to the members.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the members has audited the financial statements of the Club in accordance with Philippine Standards on Auditing, and in its report to the members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Jaime E. Ysmael	**Paullolindo A. Elauria**	**Dindo R. Fernando**
Chairman of the Board	President	Treasurer

SUBSCRIBED AND SWORN TO BEFORE THIS 30 MAR 2021
MAKATI CITY AFFIANT EXHIBITED TO ME HIS/HER
ISSUED AT

DOC. NO. 74
PAGE NO. 16
BOOK NO. 144
SERIES OF 2021

RUBEN T. M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2021
IBP NO. 142536 /01-04-21 CY 2021
ROLL NO. 28947/ MCLE 6 /3-22-19
PTR NO. MKT.8533046/1-4-21 APPT NO. M-162

From: eafs@bir.gov.ph
Sent: Friday, 28 May 2021 5:05 pm
To: Carol Hizola
Cc: Carol Hizola
Subject: Your BIR AFS eSubmission uploads were received

Hi ANVAYA COVE BEACH AND NATURE CLUB INC,

Valid files

- EAFS005862442AFSTY122020.pdf
- EAFS005862442TCRTY122020-03.pdf

Invalid files

- EAFS005862442TCRTY122020-01.pdf
- EAFS005862442OTHTY122020.pdf
- EAFS005862442ITRTY122020.pdf
- EAFS005862442RPTTY122020.pdf
- EAFS005862442TCRTY122020-02.pdf

Warning: Please resubmit the invalid files in the expected PDF format.

Transaction Code: **AFS-0-B89CBD8F0Z4VVTN2N4Q2TPSP066J8GAFC**
Submission Date/Time: **May 28, 2021 04:51 PM**
Company TIN: **005-862-442**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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ANNEX E
Interim Unaudited Financial Statements
As of March 31, 2021

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited financial statements as of March 31,2021 and for the three-month ended March 31,2020 and the audited balance sheet as of December 31, 2020 and the related notes to unaudited financial statements of Anvaya Cove Beach and Nature Club, Inc. (referred to as "the Club") are filed as part of this Form 17-Q as Appendix I.

There are no other material events subsequent to the end of this interim period that had not been reflected in the unaudited financial statements filed as part of this report.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Result of Operations

For the 1st Quarter 2021

Total Club Revenue for the period ended March 31,2021 reached to ₱22.84 million which was lower by 57.95% compared to the same period last year. The significant decreased in the club revenue was due to the limited operation of the Club owing to the impact of COVID-19 pandemic.

- Membership Dues recorded at ₱ 15.59 million (68.2% of the Total Revenue). This figure was just higher by ₱15,000 or 0.10% as compared against last year of the same period.

- Sale of Goods amounted to ₱ 2.42 million (10.6% of Total Revenue). A decrease of ₱ 15.76 million or 86.67% as compared to ₱ 18.19 million of the same period last year.

- Service Income recorded at ₱ 2.04 million (8.9 % of Total Revenue). There was a decrease of about ₱16.63 million or 89.06% as compared to ₱18.67 million of the same period last year.

- Transfer Fee amounted to ₱2.79 million (12.2% of the Total Revenue) and was higher by 48 % as compared to the same period last year recorded at ₱ 1.89 million.

Total Cost of Sales resulted to ₱38.67 million, lower by 37.52 % as compared with the previous period recorded at ₱ 61.89 million. The decrease was due to the following factors:

- Cost of Sales amounted to ₱9.99 million (25.8 % of the Total Cost of Sales) which was lower by ₱ 12.27 million or 55.13 % compared to the same period last year.

- Cost of Services recorded at ₱12.40 million (32.1 % of the Total Cost of Sales) which was lower by ₱ 6.96 million as compared to the same period last year of ₱ 19.35 million.

- General and Administrative Expenses amounted to ₱16.28 million (42.1% of the Total Cost of Sales) which was lower by ₱ 4.0 million or 19.73 % as compared to previous year same period last year.

Other Income recorded at ₱ 1.58 million (6.9 % of Total Revenue), lower by ₱ 1.07 million or 40.39% as compared to previous year.

- Interest Income amounted to ₱19.881 (0.1% of the Total Revenue) and was lower by ₱445,597 or 95.73 % as compared to the same period last year. This was due to the retirement of the fund from Intercompany Lending.

- Miscellaneous Income reached to ₱1.56 million (6.8% of the Total Revenue). This amount was lower by 28.58 % compared to same period last year.

Provision for Income Tax computed at ₱ 921 versus a year ago of ₱ 86,950.

Financial Condition – March 31,2021 versus December 31, 2020

Total Assets reached to ₱756.20 million, lower by ₱2.49 million as compared to December 31, 2020. The changes were attributed to the following major components:

- Cash and cash equivalents ended at ₱9.44 million or 1.25 % of the Total Assets, which is a decrease of about ₱3.13 million or 24.9% compared to December 31, 2020.

- Financial Asset at FVTPL recorded at ₱108.71 million as of March 31,2021, which is 14.38% of the Total Asset. Slightly higher by 0.1% million compared to December 31,2020.

- Accounts & Other receivables were recorded at ₱27.17million (3.59 % of total assets), higher by ₱1.24million or 4.8% compared to ₱25.93 million of December 31, 2020.

- Receivables from Affiliates (1.47% of the Total Assets) recorded at ₱11.12 million, an increase of ₱3.55 million or 46.9% versus ₱ 7.57 million.

- Inventories recorded at ₱2.69 million (0.36 % of total assets), lower by 1.5% compared to last period of ₱ 2.73 million.

- Other Current Assets of ₱19.60 million (2.59 % of the Total Assets) showed an increase of about ₱2.16 million or 12% compared to previous year of ₱17.44 million.

- Property, Plant and Equipment recorded at ₱569.72 million (75.34% of the Total Assets), decreased of ₱9.31 million or 1.6% as compared to previous year due to depreciation.

- Other Noncurrent Asset in the current period amounted to ₱7.40 million, (0.98% of the Total Assets) or ₱2.93 million higher as compared to previous year of ₱4.47 million. The changes pertain to the Club's amortization of deferred input VAT arising from purchases of capital goods.

Total Liabilities of the Club reached to ₱101.51 million (13.42% of Total Liabilities & Member's Equity). There was an increase of ₱ 11.76 million or 13.1% compared to last year of ₱89.75 million. The changes were attributed to the following components:

- Accounts and other payables amounted to ₱53.11 million (7.02 % of Total Liabilities and Member's Equity) was lower by ₱0.97 million or 1.9% as compared to last year of ₱52.14 million.

- Contract liabilities recorded at ₱22.88 million (3.03% of Total Liabilities and Member's Equity), higher by ₱8.69 million compared to ₱ 14.19 million of previous year.

- Payables to Affiliates totaled ₱11.02 million which is 1.46% of the Total Liabilities and Member's Equity. Higher by ₱1.55 million or 16.4% as compared to last year.

- Pension liabilities recorded at ₱14.50 million, increase by 3.9% as compared to previous year.

Cash Flows – Period Ended March 31,2021 vs. March 31, 2020

- Cash provided/used by operating activities for the period ended March 31,2021 settled at a negative ₱2.42 million

- At the end of March 31,2021 cash balance amounted to ₱ 9.44 million.

Key Performance Indicators

		March 31,2021	December 2020
CURRENT RATIO =	Current Asset	178,722,469	174,824,619
	Current Liabilites	87,013,156	75,797,528
		2.05	**2.31**
DEBT RATIO =	Total Debt	101,511,106	89,748,079
	Total Asset	756,197,279	758,685,119
		13.4%	11.8%
DEBT-EQUITY RATIO =	Total Debt	101,511,106	89,748,079
	Total Equity	654,686,173	668,937,041
		15.5%	13.4%
		March 31	
		2021	**2020**
GROSS PROFIT MARGIN =	Sales - Cost of Sales& Services	453,447	12,715,662
	Sales	22,838,735	54,318,533
		2%	23%
		March 31	
		2021	**2020**
FREE CASH FLOW =	Cash Flow Provided by Operating Activities - Cash Flow in Investing Activities	(2,422,249)	107,174,299
		(711,902)	(108,620,102)
		(3,134,151)	(1,445,803)

The Club monitors its performance and benchmarks itself to prior years' results in terms of the following indicators:

The Current Ratio as of March 31,2021 is 2.05:1 compared to 2.31:1 as of December 2020. The Debt Ratio computed at 13.4 %, higher compared with 11.8% for the year ending 2020, while the Debt-Equity Ratio stood at 15.5%, higher compared to 13.4% of December 31,2020.

The Club's Gross Profit Margin is 2%, significantly lower as compared to previous year same period. A negative net effect of ₱3.13 million in cash flow after deducting investing activities to the cash provided (used) by operating activities.

Discussion and Analysis of Material Events and Uncertainties Known to Management

We confirm that there have been no events, including events related to COVID-19 pandemic, subsequent to the period end which require adjustment of or disclosure in the financial statements that would address the past and would have impact on the future operations on the following:

1. Any trends, demands, commitments, events or uncertainties that will have a material impact of the Club's liquidity;

2. Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

3. Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with other entities/persons created during the reporting period;

4. Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures;

5. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales/revenues/income from continuing operations. Presently, the COVID 19 pandemic have an unfavorable impact in the Club's operation.

6. Any significant elements of income or loss that did not arise from the Club's continuing operations;

7. Any seasonal aspects that had a material effect on the financial condition and results of operations. Presently, the Club's operation has been significantly impacted by the COVID 19 pandemic and is currently operating at limited capacity.

Plan of Operation for the 2nd Quarter 2021

Government travel restrictions in response to the COVID-19 pandemic will continue to impede in the increase of arrivals on the second quarter of the year. Hitherto, there have been no major developments in the national vaccination program. It is expected that revenue generation in all outlets of the Beach and Nature Club will fall short against earlier projections.

Counter-COVID-19 measures at the Club will be further strengthened throughout the summer season as cases are forecasted to sore amid news of worsening healthcare conditions in Metro Manila. First, more Isolation Facilities for Club employees will be opened. More stringent protocols will be enforced for Members and guests entering the premises. Also, additional Safety Officers will be hired to implement the Club's safety protocols. RT-PCR test results will be required from all visitors. Visitors may only access the Clubs if they have prior reservations, declared and coordinated with the municipal local government. Most importantly, Club employees will be mandated to undergo monthly swab testing shouldered by the company.

As for Club events, there will be several activities to be featured online. Every weekend of April, the Club will be inviting fitness experts from Segovia Strength Philippines to guide Members through a wide range of physical exercise activities, i.e., Dynamic Flow, K-Pop Aero Dance, and Rocket Strength. Also, Earth Hour activities will include a live online show capped off by an interactive game. Students from a number of schools in Morong, Bataan will be enjoined to submit their entries for the Earth Hour poster-making and essay-writing competitions. Their outputs will be featured both at Anvaya Cove's Main Pavilion and at the Morong Municipal Hall. Cash prizes will be doled out by the Club.

In April, the newly rehabilitated Greenhouse structure will be operational to supply herbs for the kitchens. Initially, it will produce about 10 types of herbs exclusively for Club use. Meanwhile, divers of the Club will be actively scouring the reefs in May to pluck out corallivores such as crown-of-thorns starfish to help the reef recover. Mooring buoys will also be set up along the reefs to prevent fishers from dropping their anchors that destroy the corals underneath.

Towards the end of the quarter, the Club will engage more online activities for Members. An online Zumba class will be featured via Zoom, while a live cooking show that will highlight signature dishes of the Club will be offered by the chefs. A booth that will educate visitors on the importance of plants will be launched at the Main Pavilion. It will also provide an opportunity for kids to participate through quizzes and other games.

(a) Satisfaction of cash requirements and fund raising plans

Operating Cash Requirement

The key sources of liquidity of the Club are the revenues generated from membership dues, guests' fees, room accommodations, sale of food and beverage, banquets and other Club related activities. Given the current cash position of the Club, the Corporation will not need additional funding for its operations in the 2nd quarter of 2021.

(b) Product research and development

No product research and development is planned. Architectural design planning for the various structures and facilities of the Club substantially has been completed.

(c) Purchase or sale of plant and significant equipment

All necessary and significant equipment of the Corporation for its full operation have been purchased.

(d) Significant changes in the number of employees

The Club has already hired 328 employees as of March 31,2021.

Part II – OTHER INFORMATION

Item 3. 1st Quarter 2021 Developments

A. New project or investments in another line of business or corporation	None.
B. Composition of Board of Directors (As of March 31,2021)	Jaime E. Ysmael Paullolindo A. Elauria Joseph Carmichael Z. Jugo Dindo R. Fernando Antonino T. Aquino Jocelyn D. De Leon Mercedita S. Nolledo Maria Katrina M. Yatco George Bernard L Cadhit Paolo S. Viray Anna Liza M.Ang-co
C. Performance of the corporation or result/progress of operations	Please see unaudited financial statements and management's discussion on results of operations.
D. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements	None.
E. Offering of rights, granting of Stock Options and corresponding plans therefore	None.

F. Acquisition of additional mining claims or other capital assets or patents, formula, real estate	None.
G. Other information, material events or happenings that may have affected or may affect market price of security	None.
H. Transferring of assets, except in normal course of business	None.

Item 4. Other Notes to 1st Quarter 2021 Operations and Financials

I. Nature and amount of items affecting assets, liabilities, equity, or net income that are unusual because of their nature, size, or incidents	Please see Notes to Unaudited Financial Statements.
J. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period	None.
K. New financing through loans / Issuances, repurchases, and repayments of debt and equity securities	None.
L. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period	None.
M. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations	None.
N. Changes in contingent liabilities or contingent assets since the last annual balance sheet date	None.
O. Other material events or transactions during the interim period	None.
P. Existence of material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation	None.
Q. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period	None.
R. Material commitments for capital expenditures, general purpose and expected sources of funds	None.
S. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations	COVID-19 pandemic.
T. Significant elements of income or loss that did not arise from continuing operations	None.

U. Causes for any material change/s from period to period in one or more line items of the financial statements	Please see Notes to Unaudited Financial Statements.
V. Seasonal aspects that had material effect on the financial condition or results of operations	COVID-19 pandemic & operation at limited capacity

Reciprocity Agreement

Currently, all members of the Beach and Nature Club are welcome to use the facilities of the Golf and Sports Club after its Grand Opening on December 7, 2013.

The facilities include a fantastic golf course, a main club house with restaurants, function and meeting rooms, golf pro-shop, and shower areas, a sports complex with coffee shop, swimming pools, fitness gym, badminton court, basketball court, and game lounge.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer	:	**ANVAYA COVE BEACH AND NATURE CLUB, INC**.
Signature and Title	:	**Jaime E. Ysmael** Chairman of the Board
Date:	:	March 31,2021
Signature and Title	:	**Dindo R. Fernando** Treasurer
Date	:	March 31,2021

Anvaya Cove Beach and Nature Club, Inc.

Unaudited Financial Statements
March 31,2021 and March 31,2020 and Year Ended December 31, 2020,

ANVAYA COVE BEACH AND NATURE CLUB, INC.
STATEMENTS OF FINANCIAL POSITION

	Mar.31,2021	Dec.31,2020
ASSETS		
Current Assets		
Cash (Note 4)	**₱ 9,438,647**	₱12,572,798
Financial assets at fair value through profit or loss (FVPL; Note 5)	**108,705,629**	108,588,902
Accounts and other receivables (Note 6)	**27,174,056**	25,931,401
Receivables from related parties (Note 17)	**11,117,540**	7,567,990
Inventories (Note 7)	**2,686,061**	2,726,135
Other current assets (Note 8)	**19,600,537**	17,437,392
Total Current Assets	**178,722,469**	174,824,618
Noncurrent Assets		
Property and equipment – net (Note 9)	**569,722,859**	579,034,190
Deferred tax asset (Notes 15 and 16)	**353,438**	353,438
Advances and other noncurrent assets (Note 8)	**7,398,513**	4,472,874
Total Noncurrent Assets	**577,474,810**	583,860,502
TOTAL ASSETS	**₱756,197,279**	₱758,685,120
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 10)	**₱53,109,153**	₱52,139,498
Contract liabilities (Note 10)	**22,884,399**	14,192,262
Payables to related parties (Note 17)	**11,019,604**	9,465,768
Total Current Liabilities	**87,013,156**	75,797,528
Noncurrent Liabilities		
Pension liability (Note 15)	**14,497,950**	13,950,550
Total Noncurrent Liabilities	**14,497,950**	13,950,550
	101,511,106	89,748,078
Equity		
Paid-in capital (Note 11)	**359,966,055**	359,966,055
Additional paid-in capital (Note 11)	**550,000,000**	550,000,000
Remeasurement gain (loss) on pension liability (Note 15)	**(824,690)**	(824,690)
Deficit (Note 11)	**(254,455,192)**	(240,204,323)
Total Equity	**654,686,173**	668,937,042
TOTAL LIABILITIES AND EQUITY	**₱756,197,279**	₱758,685,120

ANVAYA COVE BEACH AND NATURE CLUB, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	March 2021	March 2020
REVENUES (Note 12)		
Membership dues	**₱15,585,000**	₱15,570,000
Service income	**2,043,179**	18,673,222
Sale of goods	**2,424,841**	18,186,918
Transfer fees	**2,785,714**	1,888,393
	22,838,735	54,318,533
COSTS AND EXPENSES (Note 14)		
Cost of services	**12,399,597**	19,350,044
Cost of sales	**9,985,691**	22,252,827
General and administrative expenses	**16,281,992**	20,283,542
	38,667,280	61,886,413
OTHER INCOME		
Interest income (Notes 4, 6 and 17)	**19,881**	465,478
Miscellaneous income (Note 13)	**1,558,717**	2,182,554
	1,578,598	2,648,032
INCOME (LOSS) BEFORE INCOME TAX	**(14,249,947)**	(4,919,848)
PROVISION FOR INCOME TAX (Note 16)	**921**	86,950
NET INCOME (LOSS)	**(14,250,868)**	(5,006,798)
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified to profit or loss:		
Remeasurement gain (loss) on pension liability – net of tax (Note 15)	**–**	–
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱14,250,868)**	(₱5,006,798)

See accompanying Notes to Financial Statements.

ANVAYA COVE BEACH AND NATURE CLUB, INC.
STATEMENTS OF CHANGES IN EQUITY

	Period Ended March 31	
	2021	2020
PAID-IN CAPITAL (Note 11)		
Class A - 3,468 shares	**₱3,468,000**	₱3,468,000
Class B - 1,950 shares	**1,950,000**	1,950,000
Class C - 500 shares	**500,000**	500,000
Class D - 702 shares	**281,793,330**	281,793,330
Class E - 180 shares	**72,254,725**	72,254,725
	359,966,055	359,966,055
ADDITIONAL PAID-IN CAPITAL (Note 11)		
Class B	**437,755,102**	437,755,102
Class C	**112,244,898**	112,244,898
	550,000,000	550,000,000
REMEASUREMENT GAIN (LOSS) ON PENSION LIABILITY (Note 15)		
Balance at beginning of year	**(824,690)**	114,080
Net changes during the year	**–**	–
Balance at the end of the year	**(824,690)**	114,080
DEFICIT (Note 11)		
Balance at beginning of year	**(240,204,324)**	(186,920,886)
Net income (loss)	**(14,250,868)**	(5,006,798)
Balance at end of year	**(254,455,192)**	(191,927,684)
	₱654,686,173	₱718,152,451

See accompanying Notes to Financial Statements.

ANVAYA COVE BEACH AND NATURE CLUB, INC.
STATEMENTS OF CASH FLOWS

	Period Ended March 31	
	2021	2020
OPERATING ACTIVITIES		
Income (loss) before income tax	**(₱14,249,947)**	(₱4,919,848)
Adjustments for:		
Depreciation (Notes 9 and 14)	**10,023,232**	10,663,065
Unrealized gain on financial assets at FVPL (Notes 5 and 13)	**(116,726)**	(300,911)
Net movement in pension liability (Note 15)	**547,400**	497,949
Interest income (Notes 4, 6 and 17)	**(19,881)**	(465,478)
Operating income (loss) before changes in working capital	**(3,815,922)**	5,474,777
Decrease (increase) in:		
Accounts and other receivables	**(1,242,655)**	4,146,742
Receivables from related parties	**(3,549,550)**	102,141,774
Inventories	**(40,075)**	(984,633)
Other current assets	**(2,163,145)**	(7,504,597)
Advances and other noncurrent assets	**(2,925,639)**	(187,145)
Increase (decrease) in:		
Accounts and other payables	**969,655**	(3,787,163)
Contract liabilities	**8,692,137**	7,276,086
Payables to related parties	**1,553,835**	136,996
Cash generated from operations	**(2,441,209)**	106,712,837
Interest received	**19,881**	465,478
Income tax paid	**(921)**	(4,017)
Net cash from operations	**(2,422,249)**	107,174,299
INVESTING ACTIVITIES		
Additions to:		
Financial assets at FVPL (Note 5)	–	104,000,000
Property and equipment (Note 9)	**(711,902)**	(4,620,102)
Net cash used in investing activities	**(711,902)**	(108,620,102)
NET INCREASE (DECREASE) IN CASH	**(3,134,151)**	(1,445,803)
CASH AT BEGINNING OF YEAR	**12,572,798**	20,012,593
CASH AT END OF YEAR (Note 4)	**₱9,438,647**	₱18,566,790

1. Corporate Information

Anvaya Cove Beach and Nature Club, Inc. (the Club) was incorporated in the Republic of the Philippines and was registered with the Philippine Securities and Exchange Commission (SEC) on March 28, 2005.

The Club was organized primarily to maintain, operate, manage and carry on the business and operation of a beach and nature club and its facilities, for the amusement, entertainment, recreational and athletic activities of its members on a not-for-profit basis.

The Club is a public interest entity, and is 72.26% owned by Ayala Land, Inc. (ALI). ALI's parent company is Ayala Corporation (AC), a publicly-listed company. Both ALI and AC are publicly-listed companies incorporated in the Republic of the Philippines.

The Club is exempt from payment of income tax on income received from social, recreational, and athletic activities on a nonprofit basis provided that no part of the Club's income shall inure to the benefit of any of its members, trustees and officers. Under Section 30 (E) of the Tax Reform Act of 1997, an organization organized for recreational, sports and athletic activities shall be exempt from payment of income tax on income received from aforementioned activities.

On August 3, 2012, the Bureau of Internal Revenue (BIR) has issued Revenue Memorandum Circular (RMC) No. 35-2012 clarifying that clubs organized and operated exclusively for pleasure, recreation and other non-profit purposes are subject to income tax and value-added tax (VAT) on their income from whatever source, including but not limited to membership fees, assessment dues, rental income, and service fees.

On August 13, 2019, the Supreme Court (SC) declared 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 VAT". Starting January 1, 2020, the Club did not collect the related output VAT for membership fees and fees of similar nature.

The Club's registered address and principal place of business is Anvaya Cove, Morong, Bataan.

Status of Operations
On March 11, 2020, the World Health Organization declared COVID-19 as a global pandemic. In a move to contain the pandemic, the Philippine Government has taken measures in order to contain the effect of COVID-19, including the issuance of a Memorandum directive to impose stringent social distancing measures in National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an Enhanced Community Quarantine throughout the entire island of Luzon. Subsequently, additional issuances and community quarantine modification has been imposed. To date, Bataan is still in quarantine under Modified GCQ (MGCQ).

During the course of the community quarantine in the country, the DOT and IATF allowed certain outdoor non-contact sports and other forms of exercise such as but not limited to walking, jogging, running, biking, golf, swimming, tennis, badminton, equestrian, range shooting, diving, and skateboarding are allowed. Provided, that the minimum public health standards such as the wearing of masks and the maintenance of social distancing protocols, and no sharing of equipment where applicable, are observed. Provided, further, that operations of the relevant clubhouses or similar establishments, if any, shall be limited to basic operations and restaurants and cafés therein are hereby allowed to operate at thirty percent (30%) venue capacity provided that it allows for social distancing protocols and that such establishments are compliant with the proper protocols prescribed by the DTI.

These measures resulted in mobility, border and travel restrictions, which negatively impacted the Club's operations, causing temporary closure of room accommodation, restaurants and events, driving down hospitality, travel and tourism for business and leisure, and temporary employment adjustment such as flexible working arrangements. This further deteriorated the Club's performance including decline in occupancy rates, revenues, gross operating profit and eventually, cash flows.

The severity and duration of the impact of COVID-19 remains uncertain as mobility, travel and social distancing restrictions are still in place including the customers' readiness to travel when these restrictions are lifted. As such, the impact of COVID-19 on the Club's business and operations continues to evolve and is expected to negatively affect the Club's financial operations and performance.

The Club's plan for future action is to:

a. effective cost-reduction strategies, including flexible working arrangements and reduced work hours, determining the optimum manpower requirement, as well as offering early retirement to eligible employees.

b. implement effective cash conservation efforts by maximizing credit terms provided by suppliers and creditors.

c. ensure the availability of cash for working capital requirements and for maturing obligations as they fall due, by obtaining continuing financial support committed by the Parent Company to the Club.

As a result, the financial statements have been prepared on a going concern basis and as such, the financial statements do not include any adjustment relating to the recoverability, classification of asset carrying amounts or the amount and classification of liabilities.

2. Basis of Preparation, Statement of Compliance, Changes in Accounting Policies and Summary of Significant Accounting Policies

Basis of Preparation

The financial statements of the Club have been prepared using the historical cost basis, except for financial assets at FVPL that have been measured at fair value. The Club's functional currency is the Philippine Peso (₱) and all amounts are rounded off to the nearest peso, unless otherwise indicated.

Statement of Compliance
The financial statements of the Club have been prepared in compliance with the Philippine Accounting Standards (PAS).

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2020. The Club has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Club.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*

  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Club enter into any business combinations.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

- Amendments to PAS 1*, Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

<u>Standards Issued But Not Yet Effective</u>
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Club does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Club intends to adopt the following pronouncements when they become effective:

Effective beginning on or after January 1, 2021
- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

Effective beginning on or after January 1, 2022
- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023
- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- PFRS 17, *Insurance Contracts*

Deferred effectivity
- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

Current versus Noncurrent Classification
The Club presents assets and liabilities in the statements of financial position based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- Is due to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Club classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Cash
Cash includes cash on hand and in banks. Cash on hand are funds readily available into cash. Cash in banks is stated at face amount and earns interest at the prevailing bank deposit rates.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Club.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Club uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Club determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting period, the Club analyzes the movement in value of the assets which are required to be remeasured or reassessed based on the Club's accounting policies. For this analysis, the Club verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Club, in conjunction with the external valuers, also compares the change in the fair value of each asset with relevant external resources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Club has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
Initial recognition and measurement
Financial assets are classified at fair value, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Club's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Club has applied the practical expedient, the Club initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Club has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Club's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Club commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

The financial assets of the Club as at December 31, 2020 and 2019 consist of financial assets at amortized cost (debt instruments) and financial assets at FVPL.

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Club. The Club measures financial assets at amortized cost if both of the following conditions are met:
- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Club's financial assets at amortized cost includes cash, accounts and other receivables, and receivables from related parties.

Financial assets at FVPL
Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statements of financial position at fair value with net changes in fair value recognized in the statements of comprehensive income. This category includes investment in Unit Investment Trust Funds (UITF).

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL and other financial liabilities at amortized cost. The initial measurement of financial liabilities, except for designated at FVPL, includes transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the statement of income when the liabilities are derecognized as well as through amortization process.

This accounting policy relates primarily to the Club's accounts and other payables, except government payables, contract liabilities and payables to related parties and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable).

After initial recognition, the Club's accounts and other payables, except government payables, contract liabilities and payables to related parties are subsequently measured at amortized cost using the effective interest rate method.

Impairment of Financial Assets

The Club recognizes an allowance for ECLs for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Club expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For cash, the Club applies the low credit risk simplification. At every reporting date, the Club evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Club reassesses the internal credit rating of the debt instrument. In addition, the Club considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

For receivables, the Club applies a simplified approach in calculating ECLs. Therefore, the Club does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Club has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Club considers a receivable in default when contractual payments are 60 days past due. However, in certain cases, the Club may also consider a receivable to be in default when internal or external information indicates that the Club is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Club. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Definition of default
The Club considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Club, in full (without taking into account any collaterals held by the Club).

Irrespective of the above analysis, the Club considers that default has occurred when a financial asset is more than 120 days past due unless the Club has reasonable and supportable information to demonstrate that a more conservative default criterion is more appropriate.

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event;
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having
d) granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
e) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
f) the disappearance of an active market for that financial asset because of financial difficulties.

The Club implements a policy on its receivables, wherein members in the delinquent list or those with accounts that are past due for more than 120 days are reported to the BOD. The respective shares of the members or of the juridical entities they represent shall be ordered sold by the BOD, through an auction, to satisfy the claims of the Club.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The Club assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Club and all of the counterparties.

Derecognition of Financial Instruments
Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Club has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Club has transferred substantially all the risks and rewards of the asset, or (b) the Club has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Club has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Club continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Club also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Club has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Club could be required to repay.

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

Inventories
Inventories are stated at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. The cost of inventories is determined using the moving average method.

An allowance for inventory losses is provided for slow-moving, obsolete and defective inventories based on management's physical inspection and evaluation.

Other Assets
Other assets are recognized in the statements of financial position when it is probable that the future economic benefits will flow to the Club and the assets have cost or value that can be measured reliably. These assets are regularly evaluated for any impairment in value. Other assets include supplies, value-added tax, creditable withholding taxes, supplies and advances to suppliers.

Prepaid Expenses
Prepaid expenses represent costs not yet incurred but already paid. Prepaid expenses are initially recorded as assets and measured at cost, which is the amount of cash paid. Subsequently, these are charged to profit and loss as they are consumed in operations or expire with the passage of time.

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

For its VAT-registered activities, when VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position up to the extent of the recoverable amount.

For its non-VAT registered activities, the amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

Property and Equipment
Property and equipment, except for land, are carried at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use.

Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Club and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

Constructions in progress are also capitalized as part of property and equipment under separate account, projects in progress. These projects will form part of building improvements and furniture, fixtures and equipment. Items under the account are not depreciated until completed and proper reclassification is made.

Depreciation of property and equipment commences once the property and equipment are available for use and is computed on a straight-line basis over the estimated useful lives of the property and equipment as follows:

	Years
Buildings	35
Land improvements	25
Furniture, fixtures and equipment	5

The assets' estimated useful lives and depreciation method are reviewed periodically to ensure that the amounts, periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated property and equipment are retained in the accounts while still in use although no further depreciation is charged to current operations.

Impairment of Nonfinancial Assets
This accounting policy applies primarily to the Club's property and equipment. The Club assesses at each reporting date whether there is an indication that nonfinancial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Club makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value-in-use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining estimated useful life.

<u>Pension Costs</u>
The liability recognized in the statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the reporting date less fair value of the plan assets, if any. The present value of the DBO is determined by using risk-free interest rates of long-term government bonds that have terms to maturity approximating the terms of the related pension liabilities or applying a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

Pension costs of the DBO is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur.

Defined benefit cost includes:
- Service costs
- Net interest on the net defined benefit liability or asset;
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in statements of comprehensive income.

Remeasurements, comprising of actuarial gains or losses, the effect of the asset ceiling, excluding net interest cost and the return on plan assets (excluding net interest), if any, are recognized immediately in the statements of financial position with a corresponding debit or credit to other comprehensive income (OCI) in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Equity

Paid-in Capital

Paid-in Capital is measured at stated value for all shares subscribed, issued and outstanding. When the shares are sold at premium, the difference between the proceeds and the stated value is credited to "Additional paid-in capital" account. Direct costs incurred related to original equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. When the Club issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Retained Earnings (Deficit)

Retained earnings (deficit) represents the cumulative balance of periodic net income (loss), dividend distribution, prior period adjustments, effect of changes in accounting policy and other capital adjustments. When the retained earnings account has a debit balance, it is called "deficit". A deficit is not an asset but a deduction from equity.

Revenue from Contracts with Customers

The Club's revenue from contracts with customers primarily consist of membership dues, service income, and sale of goods. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Club expects to be entitled in exchange for those goods or services. The Club has generally concluded that it is the principal in its revenue arrangements.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

The following are the Club's performance obligations:

Membership dues

Revenue from membership dues is recognized over the time the members are provided access to the Club's room accommodation, game rooms, restaurants and other Club amenities. Transaction price is determined to be the BOD-approved rate for monthly membership dues. Each monthly membership dues are considered as a single performance obligation, therefore it is not necessary to allocate the transaction price. Any advance payments are recorded under "Contract liabilities" account in the statements of financial position.

Service income

Service income includes revenue from providing room accommodation, guest fees and income from the use of the Club's facilities and amenities such as spa and massage facilities, libraries, game rooms and other Club amenities. Revenue is recognized over the time the services are rendered and/or facilities and amenities are used.

Sale of goods

Revenue from sale of food and beverages and merchandise are recognized when control of the goods is transferred to the customers, generally when goods are delivered to and accepted by the customers.

Transfer fees

Transfer fees pertains to earnings from transfer of member's ownership recorded upon initiation of transfer process. Revenue is recorded at point in time when the services are rendered.

Contract balances

Trade receivables

A receivable represents the Club's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Club has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Club transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Club performs under the contract. Membership dues and consumables collected in advance are recognized as contract liabilities in the statements of financial position.

Other Income Recognition

Interest income

Interest income is recognized as it accrues using the effective interest method.

Miscellaneous income

Miscellaneous income pertains to ancillary services provided by the Club such as laundry services and rental of club equipment. These are recognized when earned and when the related services are rendered.

Costs and Expenses

Costs and Expenses are recognized when the decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Expenses are recognized in the statements of comprehensive income:

- On the basis of a direct association between costs incurred and earning specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or,
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statements of financial position as an asset.

Leases

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

Leases of low-value assets. The Club applied the lease of low-value assets recognition exemption (e.g. ₱250,000 and below) to its lease of office equipment. These are recognized as expense on a straight-line basis over the lease term.

Taxes

Current income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the end of the reporting period.

Current income tax for current and prior periods shall, to the extent unpaid, be recognized as a liability and is presented as income tax payable in the statements of financial position. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset and is presented as part of other current assets in the statements of financial position.

Deferred tax
Deferred tax is provided, using the liability method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority. Income tax relating to items recognized directly in equity is recognized in equity and not in the statements of comprehensive income.

Uncertainty over income tax treatments
The Club assesses at the end of each reporting period whether it has any uncertain tax treatments by reviewing the assumptions about the examination of tax treatments by the taxation authority, determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and considering changes in relevant facts and circumstances. The Club then evaluates how likely is it that a certain tax treatment will be accepted by the taxation authority. If it is probable that the taxation authority will accept a certain tax treatment, the Club concludes that it has no uncertain tax treatment and will measure tax amounts in line with the income tax filings. If it is not probable that the taxation authority will accept a certain tax treatment, the Club measures tax amounts based on the 'most likely amount' method (better predicts uncertainty if the possible outcomes are binary or are concentrated on one value) or 'expected value' method (better predicts uncertainty if there is a range of possible outcomes that are neither binary nor concentrated on one value). The Club presents uncertain tax liabilities as part of current tax liabilities or deferred tax liabilities.

Provisions
Provisions are recognized when the Club has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Club expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

Events after the End of the Reporting Period
Post year-end events up to the date when the financial statements are authorized for issue that provide additional information about the Club's financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the accompanying financial statements in conformity with PAS's requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. The estimates used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Judgments

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

Identification of contract with customers under PFRS 15

The Club applies PFRS 15 guidance to a portfolio of contracts with similar characteristics as the Club reasonably expects that the effects on the financial statements if applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts within that portfolio. Hence, the Club viewed each transaction receipt as one contract.

Identifying performance obligations

The Club identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Club's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

Determining whether the Club is acting as a principal or agent

The Club assesses its revenue arrangements against specific criteria in order to determine if it's acting as principal or agent. The following criteria indicate whether the Club is acting as a principal or an agent:

- The Club has the primary responsibility for providing services to the customer;
- The Club has latitude in establishing price, either directly or indirectly, for example by providing additional services; and,
- The Club bears the customer's credit risk for the amount receivable from the customer.

The Club has concluded that generally, it is acting as a principal in its revenue arrangements.

Determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates

The Club has assessed whether it has any uncertain tax treatments. The Club applies significant judgement in identifying uncertainties over its income tax treatments. The Club assessed whether the Interpretation had an impact on its financial statements. The Club determined, based on its tax assessment, in consultation with its tax counsel, that it has no uncertain tax treatments. Accordingly, the interpretation did not have significant impact on the financial statements.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of impact to the carrying amount of assets and liabilities are discussed below:

Estimating allowance for ECL

The Club uses a provision matrix to calculate ECLs for trade receivables and receivables from related parties. The provision rates are based on days past due. The provision matrix is initially based on the Club's historical observed default rates. The Club calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Evaluating asset impairment
The Club reviews property and equipment, and other nonfinancial current and noncurrent asset for impairment in value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends, taking into consideration the impact of coronavirus pandemic.

Internal and external sources of information are reviewed at each statement of financial position date to identify indications that the Club's nonfinancial asset may be impaired, or an impairment loss previously recognized no longer exists or may be decreased. If any such indication exists, the recoverable amount of the nonfinancial asset is estimated.

As described in the accounting policy, the Club estimates the recoverable amount as the higher of the fair value less cost of disposal and value-in-use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Club is required to make estimates and assumptions that may affect other current and noncurrent assets, and property and equipment. An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

As a consequence of the coronavirus pandemic, the Club's operations was severely affected by the mandatory quarantine periods, community lockdowns, restrictions on mobility and domestic and international travels, events cancellations, social distancing guidance and fear of spread, driving down hospitality, travel and tourism for business and leisure leading to sharp decline in revenues. Management has considered the significant underperformance relative to expected historical or projected future operating results and COVID-19 impact as indicators for impairment of its property and equipment. Accordingly, property and equipment has been subjected to impairment testing.

No impairment losses were recognized for the Club's nonfinancial assets. As at March 31,2021 and December 31, 2020, the carrying values of the nonfinancial assets follow:

	March 31,2021	2020
Property and equipment (Note 9)	**₱569,722,859**	₱579,034,190
Other current assets (Note 8)	**19,600,537**	17,437,392
Other noncurrent assets (Note 8)	**7,398,513**	4,472,874

Estimating pension cost and liability
The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These assumptions are described in Note 15, and include, among others, the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Recognizing deferred tax assets
Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which these can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized. These assets are periodically reviewed for realization. Periodic reviews cover the nature and amount of all deductible temporary differences, expected timing when assets will be used or liabilities will be required to be reported, reliability of historical profitability of businesses expected to provide future earnings and tax planning strategies which can be utilized to increase the likelihood that tax assets will be realized.

4. Cash

This account consists of:

	March 31,2021	2020
Cash on hand	**₱550,001**	₱444,288
Cash in banks (Note 17)	**8,888,646**	12,128,510
	₱9,438,647	₱12,572,798

5. Financial Assets at FVPL

Below is the rollforward of financial assets at FVPL:

	Mar. 31,2021	2020
At January 1	**₱108,588,902**	₱2,015,995
Additions	–	104,000,000
Unrealized gain (Notes 13 and 17)	**116,726**	2,572,907
At December 31	**₱108,705,628**	₱108,588,902

Financial assets at FVPL pertains to investments in BPI Money Market Fund (the Fund). The Fund, which is structured as a money market UITF, aims to generate liquidity and stable income by being invested in a diversified portfolio of primarily short-term fixed income instruments. It has no minimum holding period.

The fair value of the investment in UITF is determined by using market-to-market method. This valuation technique maximizes the use of observable market data where it is available such as quoted market prices or dealer quotes for similar instruments. Thus, the fair value measurement is categorized under Level 1 of the fair value hierarchy.

6. Accounts and Other Receivables

This account consists of:

	Mar, 31,2021	2020
Trade receivables	**₱35,436,280**	₱34,778,840
Less allowance for credit losses (Note 14)	**9,843,375**	9,843,375
Trade receivables – net	**25,592,905**	24,935,465
Receivables from employees	**219,652**	241,459
Other receivables	**1,361,499**	754,477
	₱27,174,056	₱25,931,401

Trade receivables pertain to unpaid membership dues, sale of food, beverages and merchandise from souvenir shop, charges for room accommodations and rental of water sports equipment. These are non-interest bearing and are due and demandable. The receivables from members are collateralized by a preferential lien on the Club shares owned by the said members.

Receivable from employees are salary loans granted to the Club's employees. These are collected through salary deduction.

Other receivables represent interest receivable and claims from/against service providers. These are non-interest bearing and are due to be settled within one year.

7. Inventories

This account consists of:

	Mar. 31,2021	2020
At cost:		
Food and beverage	**₱1,769,709**	₱1,796,048
Merchandise	**916,352**	930,087
	₱2,686,061	₱2,726,135

Food and beverage consist of goods in the form of ingredients and supplies consumed in the production of food and beverages at the Club's cafes and bars.

The following table sets forth the cost of food and beverages recognized as cost of sales and cost of services (see Note 14):

	Mar 31,2021	Mar. 31,2020
Cost of sales	**₱991,514**	₱6,857,849
Cost of services	**94,408**	247,584
	₱1,085,922	₱7,205,433

Merchandise pertains to items for sale at the Club's shop.

8. Other Assets

Other current assets
Details of this account are as follows:

	Mar. 31,2021	2020
Creditable withholding taxes	**₱7,220,430**	₱7,043,812
Supplies	**5,089,927**	5,220,992
Deferred input VAT – current portion	**2,039,429**	2,998,284
Advances to suppliers	**1,839,896**	1,992,825
Prepaid expenses	**3,410,855**	181,479
	₱19,600,537	₱17,437,392

Creditable withholding taxes are available for application against income tax payable in future periods.

Supplies include medical supplies, general storeroom, and china and crockery.

Deferred input VAT pertains purchases of capital goods in which the aggregate amount exceeds ₱1,000,000 and is expected to be amortized in 2021.

Advances to suppliers are advances made by the Club to vendors and applied against invoices from the vendor upon delivery of goods.

Prepaid expenses mainly include advance members' consumables (consumed but not yet billed to their respective accounts) and prepayments for maintenance, dues, taxes and licenses and insurance.

Advances and other noncurrent assets

	Mar. 31,2021	2020
Deferred input VAT – noncurrent portion	**₱4,741,834**	₱3,248,751
Advances to suppliers	**2,656,679**	1,224,123
	₱7,398,513	₱4,472,874

Deferred input VAT arising from purchases of capital goods. Advances pertain to payments made in advance to suppliers intended for purchase of property and equipment.

9. Property and Equipment

Below is the rollforward of this account:

March 31,2021

	Land and Land Improvements	**Buildings**	**Furniture, Fixtures and Equipment**	**Project in Progress**	**Total**
Cost					
Balances at beginning of year	**₱223,966,685**	**₱624,203,922**	**₱284,082,673**	**₱–**	**₱1,132,253,280**
Additions	**–**	**–**	**711,036**	**866**	**711,902**
Balances at end of year	**₱223,966,685**	**₱624,203,922**	**₱284,793,709**	**₱866**	**₱1,132,965,181**
Accumulated depreciation					
Balances at beginning of year	**₱105,634,982**	**₱191,789,692**	**₱255,794,417**	**–**	**₱553,219,090**
Depreciation	**2,235,667**	**4,648,508**	**3,139,058**	**–**	**10,023,232**
Balances at end of year	**107,870,649**	**196,438,200**	**258,933,474**	**–**	**563,242,322**
Net Book Value at December 31	**₱116,096,036**	**₱427,765,721**	**₱25,860,235**	**₱–866**	**₱569,722,859**

2020

	Land and Land Improvements	Buildings	Furniture, Fixtures and Equipment	Project in Progress	Total
Cost					
Balances at beginning of year	₱223,966,685	₱620,467,805	₱279,632,241	₱639,404	₱1,124,706,135
Additions	–	2,914,669	5,253,620	366,397	8,534,686
Disposals	–	–	(987,541)	–	(987,541)
Reclassifications	–	821,448	184,353	(1,005,801)	–
Balances at end of year	₱223,966,685	₱624,203,922	₱284,082,673	₱–	₱1,132,253,280
Accumulated depreciation					
Balances at beginning of year	₱96,692,315	₱173,224,794	₱242,384,278	₱–	₱512,301,387
Depreciation	8,942,667	18,564,897	14,396,214	–	41,903,778
Disposals	–	–	(986,075)	–	(986,075)
Balances at end of year	105,634,982	191,789,691	255,794,417	–	553,219,090
Net Book Value at December 31	₱118,331,703	₱432,414,231	₱28,288,256	₱–	₱579,034,190

The project in progress pertains to the presidential duplex and casitas renovation of the Club, as well as staff locker for its employees.

The following table sets forth the allocation of depreciation expense (see Note 14):

	Mar. 31,2021	Mar. 31,2020
Cost of services	**₱4,881,625**	₱5,249,018
Cost of sales	**3,930,188**	4,138,384
General and administrative expenses	**1,211,419**	1,275,663
	₱10,023,232	₱10,663,065

10. Accounts and Other Payables

	Mar. 31,2021	2020
Trade payables	**₱24,786,364**	₱23,495,193
Accrued expenses:		
Insurance	**13,198,100**	13,510,322
Contract services	**3,601,694**	4,486,920
Payroll	**2,401,095**	2,726,448
Utilities	**931,451**	838,914
Repairs and maintenance	**384,203**	263,831
Management fee	**304,252**	304,252
Professional fees	**253,017**	489,685
Others	**651,470**	106,277
Funds held for environmental activities	**4,365,964**	4,268,034
Taxes payable	**1,094,907**	524,470
Vouchers payable	**733,748**	487,588
Service charge payable	**–**	123,838
Due to employees	**8,469**	21,974
Other payables	**394,417**	491,752
	₱53,109,153	₱52,139,498

Trade payables represent operational costs incurred and amount due to suppliers for purchases of goods and services. These are non-interest bearing and are normally settled on 30-day credit terms.

Accrued expenses consist mainly of accruals for salaries and wages, and utilities which are noninterest-bearing and are normally settled within 30- to 60-days and the details are as follows:

Funds held for environmental activities pertain to collections from members set aside for the environmental activities of the Club. These are utilized upon commencement of actual environmental activities.

Taxes payable represents withholding taxes from salaries and wages, expanded withholding taxes from purchases with suppliers and VAT payable. These are non-interest bearing and are normally settled within one year.

Vouchers payable pertains to net proceeds from auction of shares that will be used for paying incidental expenses related to transfer of shares' ownership.

Service charge payable pertains to service charges due to employees on top of their regular salaries. These are non-interest bearing and are due to be settled within one year.

Due to employees pertains to collections from members set aside for the employee welfare fund to be used for employees' trainings, seminars and events.

Other payables include reversal of liabilities due to staled checks and liabilities to government agencies, which are non-interest bearing and are normally settled within one year.

The Club identified unearned membership dues as contract liabilities as at December 31, 2020 and 2019. These represent payments received from members in who usually settle their dues annually. Contract liabilities also include advances received for membership dues, consumables and booked functions and events.

11. **Equity**

The details of the number of shares of the Club as at March 31,2021 and December 31, 2020 follows:

	Stated Value	Authorized	Issued	Amount	Additional Paid-In Capital
Class A	₱1,000	3,468	3,468	₱3,468,000	₱–
Class B	1,000	1,950	1,950	1,950,000	437,755,102
Class C	1,000	500	500	500,000	112,244,898
Class D	401,415	702	702	281,793,330	–
Class E	401,415	180	180	72,254,725	–
		6,800	6,800	₱359,966,055	₱550,000,000

The details of the Club's registered capital stock with the SEC as at March 31,2021 and December 31, 2020 follow:

	Number of Shares Registered	Issue Price	Date of Approval
Class B	1,950	₱1,000	June 23, 2005
Class C	500	1,000	June 23, 2005

As at December 31, 2020 and 2019, the total number of stockholders are 1,651 and 1,643, respectively.

Class A shares
Class A shares are issued to the original subscribers of the Club and shall have the status of Founders' Shares with all the rights and privileges ascribed to Founders' shares. Founder's shares are subjected to the rights and restrictions within a period of five years from date of incorporation: (a) has sole and exclusive right to nominate persons who shall serve as director of the Club; (b) are prohibited from selling or transferring founder's share to third persons; (c) usage right without the need for activation fee; and (d) application and qualification of its nominee for membership to the Club.

Class B shares
Each class B shares shall be entitled to one usage right which shall be exercised by the holder thereof or its nominee in the manner set forth in the by-laws of the Club.

Holders of Class B shares shall not enjoy preemptive rights to subscribe to any or all original issues of Class A shares, Class D shares, and Class E shares of the Club.

Class C shares
Each Class C share shall be entitled to two usage rights which shall be exercised by its nominees in the manner set forth in the by-laws of the Club.

Holders of Class C shares shall not enjoy preemptive rights to subscribe to any or all original issues of Class A shares, Class D shares, and Class E shares of the Club.

Class D shares
Each Class D share shall be entitled to one usage right which shall be exercised by the holder thereof or its nominee in the manner set forth in the by-laws of the Club.

Class E shares
Each Class E share shall be entitled to two usage rights which shall be exercised by its nominees in the manner set forth in the by-laws of the Club.

In view of the issuance of Founders' shares, the voting rights pertaining to the Class B, C, D and E shares shall be suspended for the period commencing from the date of incorporation of the Club up to and including the date prior to the fifth anniversary of such date of incorporation. On the fifth anniversary of the date of incorporation of the Club, the voting rights of all Class B, C, D and E shares shall be automatically reinstated and shall be equal in all respects to those of the holders of all the other classes of shares. The voting rights of Classes B and C were reinstated on June 2, 2010, following the expiration of the five-year voting right exclusivity given to Class A shares.

Capital Management
The primary objectives of the Club's capital management policies are to afford the financial flexibility to support its business initiatives and to maximize stakeholder value. The Club manages its capital structure and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes for the years ended December 31, 2020 and 2019.

The Club considers equity, excluding remeasurement gain on pension liability, as its capital as follows:

	Mar.31,2021	2020
Paid-in capital	**₱359,966,055**	₱359,966,055
Additional paid-in capital	**550,000,000**	550,000,000
Deficit	**(254,455,192)**	(240,204,323)
	₱655,510,863	₱669,761,732

The Club is not subject to externally imposed capital requirements.

12. Revenue from Contracts with Customers

Disaggregated Revenue Information
The table shows the disaggregation of revenues of the Club by major sources:

	Mar.31,2021	Mar.31,2020
Membership dues	**₱15,585,000**	₱15,570,000
Service income:		
Room accommodation	**1,786,125**	12,118,869
Guest fees	**91,072**	3,885,229
Spa and massage revenue	–	1,424,665
Use of water sports equipment	**165,982**	1,244,459
Sale of goods:		
Food and beverages	**2,280,390**	17,666,404
Merchandise	**144,452**	520,514
Transfer fees	**2,785,714**	1,888,393
	₱22,838,735	₱54,318,533

	Mar. 31,2021	Mar. 31,2020
Consultancy fees (Note 17)	₱1,135,946	₱987,275
Surcharge revenue	77,909	216,595
Unrealized gain on financial assets at FVPL (Note 5)	116,726	300,911
Other income	228,136	677,773
	₱1,558,717	₱2,182,554

Other income includes corkage fees and sale of scrap items.

14. **Costs and Expenses**

Cost of services consists of:

	March 31,2021	March 31,2020
Depreciation (Note 9)	**₱4,881,625**	₱5,249,018
Salaries, wages and employee benefits	**3,025,591**	6,668,569
Cleaning and other supplies	**1,002,117**	880,805
Heat, light and water	**849,745**	2,217,664
Communications	**799,550**	808,041
Repairs and maintenance	**452,169**	801,833
Contract services	–	655,710
Laundry	**105,192**	347,376
Food and beverages (Note 7)	**94,408**	247,584
Transportation	**85,951**	110,041
Office supplies	**80,328**	190,042
Recreational supplies	**50,610**	436,951
Representation	**3,545**	38,797
Others	**968,766**	697,973
	₱9,985,691	₱19,350,044

Others include costs incurred for the Club's anniversary, triathlon event, and medical expenses.

Cost of sales consists of:

	March 31,2021	March 31,2020
Depreciation (Note 9)	**₱3,930,188**	₱4,138,384
Salaries, wages and employee benefits	**3,221,936**	7,607,906
Food and beverages (Note 7)	**991,514**	6,857,849
Heat, light and water	**962,855**	2,147,585
Cleaning and other supplies	**176,438**	743,908
Equipment rental	**120,000**	–
Transportation	**70,345**	90,983
Communication	**57,317**	64,475
Merchandise (Note 7)	**40,929**	105,526
Office supplies	**26,402**	58,574
Others	**379,193**	437,635
	₱9,985,691	₱22,252,827

Others include costs incurred for the Club's repairs and maintenance and miscellaneous expenses.

General and administrative expenses consist of:

	March 31,2021	March 31,2020
Salaries, wages and employee benefits	**₱4,918,913**	₱6,465,032
Heat, light and water	**2,411,409**	2,907,043
Security	**1,292,855**	2,061,535
Depreciation (Note 9)	**1,211,419**	1,275,663
Taxes and licenses	**1,115,311**	901,476
Service contract	**1,005,000**	1,185,000
Professional fees	**809,473**	220,517
Management fees (Note 17)	**768,124**	1,071,611
Corporate expense	**652,303**	538,545
Repairs and maintenance	**463,576**	995,420
Collection charges	**340,415**	1,066,029
Transportation	**303,912**	362,195
Insurance	**147,316**	171,593
Communication	**115,994**	129,671
Office supplies	**92,174**	218,311
Cleaning and other supplies	**54,476**	108,056
Representation	**42,514**	81,671
Others	**536,807**	1,524,176
	₱16,281,992	₱20,283,542

Others include costs incurred for the Club's telecommunication expenses and employee uniforms.

15. Pension Cost

The Club has an unfunded, noncontributory defined benefit plan covering substantially all of its regular employees.

Republic Act 7641, *The New Retirement Law*, requires a provision for retirement to pay qualified private sector employees in the absence of any retirement plan in the entity. The law does not require minimum funding of the plan.

16. Income Tax

Provision for income tax consists of:

	March 31,2021	March 31,2020
Current	₱–	₱82,933
Final tax	921	4,017
	₱921	₱86,950

17. **Related Party Transactions**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with the Club, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Club. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Club that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Club and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

Terms and Conditions of Transactions with Related Parties

The Club, in the normal course of business, entered into transactions with related parties consisting primarily of the construction of the Club's leisure and recreational facilities, and charges for the use of the Club's facilities and services. Transactions with related parties are made at terms and prices agreed by the parties. Outstanding balances at year-end are unsecured, non-interest bearing and are normally settled in cash.

The transactions and balances of accounts with related parties follow:

a. Outstanding balances owed by related parties:

	March 2021		**2020**			
	Amount/ Volume	**Outstanding Balance**	Amount/ Volume	Outstanding Balance	Terms	Conditions
Immediate parent company						
ALI	**₱214,388**	**₱4,261,784**	₱2,541,021	₱4,732,630	Due and demandable; non-interest bearing	Unsecured; no impairment
ALI (Interest)	–	–	378,098	–	Due and demandable	Unsecured; no impairment
Entities under common control						
ACGSCI	**5,124,389**	**6,370,998**	13,969,307	2,360,936	Due and demandable; non-interest bearing	Unsecured; no impairment
Makati Development Corporation (MDC)	**26,673**	**395,225**	658,350	368,552	Due and demandable; non-interest bearing	Unsecured; no impairment
Ayala Property Management Corporation (APMC)	**44,665**	**89,533**	161,968	105,872	Due and demandable; non-interest bearing	Unsecured; no impairment
		₱11,117,540		₱7,567,990		

The above companies and the Club are related parties under common control. The Club in the ordinary course of business, has entered into transactions with these related parties which consists mainly of the following:

Receivables from ALI includes loan, unsecured non-interest bearing charges, and unpaid membership dues from ALI nominees. Loan to ALI has a 48-day term subject to interest rate of 4.32%.

Receivable from ACGSCI pertains to charges incurred by ACGSCI members and guests on the use of the Club's facilities and availment of its services and inventory transfers.

Amounts owed from MDC are related to meals and diesel charges incurred by employees of MDC in the Club during the mandatory lockdown period.

Receivables from APMC are unsecured non-interest bearing charges from consumption of the Club's fuel and other costs incurred from availment of services of the Club.

b. Outstanding balances owed to related parties:

	March 31 2021		2020			
	Amount/ Volume	**Outstanding Balance**	Amount/ Volume	Outstanding Balance	Terms	Conditions
Entities under common control						
ACMI	**₱1,543,953**	**₱8,865,333**	₱6,731,115	₱8,431,241	Due and demandable; non-interest bearing	Unsecured
ALI	**563,304**	**1,101,407**	593,300	593,300	Due and demandable; non-interest bearing	Unsecured
ACGSCI	**838,628**	**1,052,864**	5,332,184	441,227	Due and demandable; non-interest bearing	Unsecured
		₱11,019,604		₱9,465,768		

The above companies and the Club are related parties under common control. The Club in the ordinary course of business, has entered into transactions with these related parties which consists mainly of the following:

Payable to ACMI pertaining to systems costs, fixed at ₱207,168 per month for 2020 and management fees, as agreed upon, include basic management fee amounting to ₱100,000 per month with an escalation clause of 7.50% per annum, and incentive fee equivalent to 3.00% of gross operating profit per month.

Amount owed to ALI pertains to billings related to the Club's property insurance.

Payable to ACGSCI pertains to charges incurred by Club members in ACGSCI and inventory transfers.

Outstanding balances at year-end are unsecured, non-interest bearing and are normally settled in cash, except otherwise indicated. The amounts receivable from and payable to related parties are not offset since they differ in nature and are billed and paid separately rather than settled on a net basis.

Transactions with BPI

The Club maintains the transactions below with BPI (an associate of ALI):

	March 31,2021		**2020**	
	Balance	**Income Earned**	Balance	Income Earned
Cash in banks (Note 4)	**₱8,888,646**	**₱4,605**	₱12,128,510	₱54,745
Short-term investments	–	–	–	–
Financial assets at FVPL (Note 5)	**108,705,629**	**116,726**	108,588,902	2,572,907
	₱1117,594,275	**₱121,331**	₱19,997,731	₱200,301

Compensation of key management personnel

The key management personnel of the Club are employees of ALI. The compensation of the said employees is paid by ALI and as such, the disclosures required under PAS 24, *Related Party Disclosures*, are included in ALI's financial statements.

18. **Financial Instruments**

Fair Value Information
The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash, accounts and other receivables, receivables from related parties, accounts and other payables, and payables to related parties – Carrying amounts approximate fair values due to the relatively short-term nature of these accounts.

Financial assets at FVPL – These are investments in UITF. Fair value is based on net asset values as at each reporting date.

Fair Value Hierarchy
The Club classified financial assets at FVPL under Level 1 of the fair value hierarchy (see Note 6).

There have been no transfers between different categories.

Financial Risk Management Objectives and Policies
The Club's principal financial instruments comprise of cash, financial assets at FVPL, accounts and other receivables, receivables from related parties, accounts and other payables, and payables to related parties. The main purpose of the Club's financial instruments is to fund operational and capital expenditures.

The Club's financing and treasury function operates as a centralized service for managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding for the Club.

The main risks arising from the use of financial instruments are credit risk, liquidity risk and interest rate risk. The management reviews and approves the policies for managing each of these risks and they are summarized as follows:

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Club's maximum exposure to credit risk as of March 31,2021 and December 31, 2020 is the carrying amounts of the financial assets. The Club's maximum exposure for cash excludes the carrying amount of cash on hand. The table below shows the maximum exposure of the Club:

	March 31,2021	2020
Cash in banks	**₱8,888,646**	₱12,128,510
Financial assets at FVPL	**108,705,629**	108,588,902
Accounts and other receivables		
Trade receivables	**25,592,905**	34,778,840
Receivable from employees	**219,652**	241,459
Others	**1,361,499**	754,477
Receivables from related parties	**11,117,540**	7,567,990
	₱155,885,871	₱164,060,178

Impairment of financial assets
The Club has the following financial assets that are subject to the expected credit loss model under PFRS 9:

- Cash in banks
- Accounts and other receivables
- Receivables from related parties

Cash in banks
The investment of the Club's cash resource is managed so as to minimize risk while seeking to enhance yield. Credit risk management involves entering into financial instruments only with counterparties with acceptable credit standing. The Club transacts only with bank which have demonstrated financial soundness for the past five years.

Accounts and other receivables
The Club is exposed to credit risk from its operating activities, primarily on its trade receivables. To manage credit risks, the Club maintains defined credit policies and monitors its exposure to credit risks on a continuous basis.

The Club's trade receivables generally pertain to membership dues and club charges. The Club bills and collects from members on a monthly basis. It is the Club's policy to impose surcharge fees on members for any delinquency in payment. Once an account is tagged as delinquent, appropriate actions are taken by the Club such as prohibition of the use of Club's facilities and services. The Club assesses long-outstanding member's receivable account periodically as to future collectability. Club shares of members with long-outstanding balances are placed to public auction for bidding at the management's own terms and minimum pricing to ensure that outstanding balances are delinquent members are recovered.

The Club defines a financial asset as in default when contractual payments are 60 days past due. However, in certain cases, the Club may also consider a receivable to be in default when internal or external information indicates that the Club is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Club.

Receivables from related parties
The Club applies a simplified approach in calculating ECLs. Therefore, the Club does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Club has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit quality per class of financial asset
The Club classifies its financial assets based on credit history and on other credit information which are available as at the reporting date. High grade financial assets are those that are current and collectible. The medium grade financial assets pertain to receivables with up to 3 defaults in payment and low grade pertains to receivables with more than 3 defaults in payment which need to be consistently followed up but are still collectible.

The table below shows the credit quality of the Club's financial assets that are neither past due nor impaired:

March 31,2021

	Neither past due nor impaired				
	High Grade	**Medium Grade**	**Low Grade**	**Impaired**	**Total**
Cash in banks	**₱8,888,646**	**₱–**	**₱–**	**₱–**	**₱8,888,646**
Financial assets at FVPL	**108,705,629**	–	–	–	**108,705,629**
Accounts and other receivables					
Trade receivables	**8,163,351**	**5,252,096**	**2,334,083**	**9,843,375**	**25,592,905**
Receivable from employees	**219,652**	–	–	–	**219,652**
Other receivables	**1,361,499**	–	–	–	**1,361,499**
Receivables from related parties	**11,117,540**		–	–	**11,117,540**
	₱138,456,317	**₱5,,252,096**	**₱2,334,083**	**₱9,843,375**	**₱155,885,871**

2020

	Neither past due nor impaired				
	High Grade	Medium Grade	Low Grade	Impaired	Total
Cash in banks	₱12,128,510	₱–	₱–	₱–	₱12,128,510
Financial assets at FVPL	108,588,902	–	–	–	108,588,902
Accounts and other receivables					
Trade receivables	11,212,715	5,519,124	8,203,626	9,843,375	34,778,840
Receivable from employees	241,459	–	–	–	241,459
Other receivables	754,477	–	–	–	754,477
Receivables from related parties	7,567,990	–	–	–	7,567,990
	₱140,494,053	₱5,519,124	₱8,203,626	₱9,843,375	₱164,060,178

Cash in banks and financial assets at FVPL – These pertains to high grade deposits or placements to counter parties with good credit rating or bank standing based on the credit standing or rating of the counterparty.

Accounts and other receivables – high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to three defaults in payment; and low grade pertains to receivables with more than three defaults in payment.

Receivables from related parties – high grade pertains to receivables with related parties with ongoing operations and that are collectible based on past experiences.

Liquidity risk
Liquidity risk is defined by the Club as the risk of losses arising from funding difficulties due to deterioration in market conditions and/or the financial position of the Club that make it difficult for the Club to raise the necessary funds. This may result from either the inability to sell financial assets quickly at their fair values; or a counterparty failing on repayment of a contractual obligation; or the inability to generate cash inflows as anticipated.

The Club employs scenario analysis and contingency planning to actively manage its liquidity position and guarantee that all operating, investing and financing needs are met. The Club applies a prudent approach to liquidity through the prudent management of cash.

The tables below summarize the maturity profile of the Club's financial assets and liabilities as of December 31 based on contractual undiscounted payments:

March 31,2021

	On demand	Less than 3 months	3 to 12 months	No term	Total
Financial Assets					
Cash	₱9,438,647	₱–	₱–	₱–	₱9,438,647
Financial assets at FVPL	–	–	108,705,629	–	108,705,629
Accounts and other receivables					
Trade receivables	**10,992,530**	**6,502,634**	**8,097,741**	**–**	**25,592,905**
Receivables from employees	**219,652**	**–**	**–**	**–**	**219,652**
Other receivables	**1,361,499**	**–**	**–**	**–**	**1,361,499**
Receivables from related parties	**11,117,540**	**–**	**–**	**–**	**11,117,540**
	₱33,129,868	**₱6,502,634**	**₱116,803,370**	**₱–**	**₱156,435,872**
Financial Liabilities					
Accounts and other payables					
Trade payables	**₱24,786,364**	**₱–**	**₱–**	**₱–**	**₱24,786,364**
Accrued expenses	**21,725,283**	**–**	**–**	**–**	**21,725,283**
Funds held for environmental activities	**–**	**–**	**4,365,964**	**–**	**4,365,964**
Vouchers payable*	**733,748**	**–**	**–**	**–**	**733,748**
Due to employees	**–**	**8,469**	**–**	**–**	**8,469**
Other payables*	**215,796**	**–**	**–**	**–**	**215,796**
Contract Liabilities	**22,884,399**	**–**	**–**	**–**	**22,884,399**
Payables to related parties	**11,019,604**	**–**	**–**	**–**	**11,019,604**
	₱81,365,194	**₱8,469**	**₱4,365,964**	**₱–**	**₱85,739,627**

2020

	On demand	**Less than 3 months**	**3 to 12 months**	**No term**	**Total**
Financial Assets					
Cash	**₱12,572,798**	**₱–**	**₱–**	**₱–**	**₱12,572,798**
Financial assets at FVPL	**–**	**–**	**108,588,902**	**–**	**108,588,902**
Accounts and other receivables					
Trade receivables	**11,212,715**	**5,519,124**	**8,203,626**	**–**	**24,935,465**
Receivables from employees	**241,459**	**–**	**–**	**–**	**241,459**
Other receivables	**754,477**	**–**	**–**	**–**	**754,477**
Receivables from related parties	**7,567,990**	**–**	**–**	**–**	**7,567,990**
	₱32,349,439	**₱5,519,124**	**₱116,792,528**	**₱–**	**₱154,661,091**
Financial Liabilities					
Accounts and other payables					
Trade payables	**₱23,404,543**	**₱–**	**₱–**	**₱–**	**₱23,404,543**
Accrued expenses	**23,029,218**	**–**	**–**	**–**	**23,029,218**
Funds held for environmental activities	**–**	**–**	**4,268,034**	**–**	**4,268,034**
Service charge payable	**–**	**123,838**	**–**	**–**	**123,838**
Vouchers payable*	**487,588**	**–**	**–**	**–**	**487,588**
Due to employees	**–**	**21,974**	**–**	**–**	**21,974**
Other payables*	**352,471**	**–**	**–**	**–**	**352,471**
Contract Liabilities	**14,192,262**	**–**	**–**	**–**	**14,192,262**
Payables to related parties	**9,163,199**	**–**	**–**	**–**	**9,163,199**
	₱70,629,281	**₱145,812**	**₱4,268,034**	**₱–**	**₱75,043,127**

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Club's exposure to the risk of changes in market interest rates relates primarily to the Club's loans to its related parties.

The Club opted not to disclose sensitivity analysis on interest rate risk since all of the Club's loans to related parties are at a fixed interest rate.

19. **Other Matters**

The Club is currently involved in a legal proceeding. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Club's management, in consultation with its legal counsel, believes that the outcome of these legal proceedings will not have a material adverse effect on the Club's financial position or operating results and that current provision in the accounts are adequate. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings. The information usually required by PAS 37, *Provision, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the outcome of these claims and assessments.