COVER SHEET

SEC Registration Number

CS201014919

COMPANY NAME

ANVAYA COVE BEACH AND NATURE CLUB, INC. (A Not-for-profit Corporation)

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

ANVAYA COVE
Morong, Bataan

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	SEC	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.anvayacove.com	7793-9000	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
		FTY 2021

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
Neal C. Perez	perez.neal@anvayacove.com	7793-9000	0917-8044462

CONTACT PERSON's ADDRESS

Anvaya Cove Beach & Nature Club, 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.

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended December 31, 2021

2. SEC Identification Number CS200502332

3. BIR Tax Identification No. 005-862-442

4. Exact name of issuer as specified in its charter: ANVAYA COVE BEACH AND NATURE CLUB, INC. (the "*Club*")

5. Province, Country or other jurisdiction of incorporation or organization: Morong, Bataan, Philippines

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office: Anvaya Cove, Morong, Bataan, Philippines
   Postal Code: 2108

8. Issuer's telephone number, including area code: (02)7793-9000

9. Former name, former address, and former fiscal year, if changed since last report:
   NOT APPLICABLE

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common – Class B	1,950
Common – Class C	500
TOTAL	2,450

11. Are any or all of these securities listed on a Stock Exchange.
    Yes [ ] No [X]

    If yes, state the name of such stock exchange and the classes of securities listed therein:

    NOT APPLICABLE

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [X] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [ ] No [X]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form.

Class B Common Shares - Php 1,100,000.00 per share
Class C Common Shares - Php 1,400,000.00 per share

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

A. Business Development

Anvaya Cove Beach and Nature Club, Inc. (the "Club") was incorporated under the laws of the Republic of the Philippines and was registered with the Philippine Securities and Exchange Commission 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 in the Municipality of Morong, Province of Bataan, for the amusement, entertainment, recreational and athletic activities of its members on a not-for-profit basis.

The Club officially commenced its commercial operations on March 1, 2008 and its registered address and principal place of business is Morong, Bataan.

Bankruptcy, Receivership or Similar Proceedings

There are no bankruptcy, receivership or similar proceedings involving the Club.

Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (not ordinary)

There are no material reclassifications, mergers, consolidations, or purchases or sales of a significant amount of assets involving the Club.

B. Business of Issuer

Worldwide economic disruptions continued in 2021 due to the COVID-19 pandemic and the rise of new virulent variants such as Delta and Omicron. Along with this slump came deleterious effects to the hospitality and tourism sector, particularly in the Philippines. Already on its second year, the pandemic again caused a sharp decline on the number of Club visitors and a heavy toll on the revenue generation by the different outlets of the company.

By year-end, the Department of Health has reported 2.8 million total cases of COVID-19 in the Philippines since the pandemic started. The country was also logging record-high number of additional cases on a daily basis. At the Club level, stricter restrictions were imposed upon businesses operating in the Province of Bataan. At the start of the year, children 16 years old and below were prohibited from traveling to the province, including those who are 65 years old and above. Vaccines were not yet available in the country during these periods. By summer, those coming from Metro Manila and the neighboring provinces of the NCR Plus Bubble were also banned from entering the province for leisure purposes. There were also instances in August and September when the Local Government Unit of the Municipality of Morong in Bataan forced the closure of the Club due to a spike in the number of cases within the estate. It was only in November 1, 2021 when the government relaxed travel and health restrictions, enabling more visitors to access the Club once again.
The table below shows the quarantine classifications which the Province of Bataan was under and announcements released to Club Members throughout 2021.

Date	Quarantine Classification	Announcements
December 16, 2020	MGCQ	Additional Facilities open, including pools
January 2, 2021	MGCQ	Above 65, below 16 prohibited
February 17, 2021	MGCQ	Above 65, below 16 prohibited
March 27, 2021	MGCQ	Visitors from NCR Plus Bubble banned
April 19-21, 2021	MGCQ	Club closure due to staff COVID-19 cases
May 9, 2021	MGCQ	Visitors from NCR Plus Bubble banned
June 1, 2021	MGCQ	RT-PCR required for non-residents
June 16-30, 2021	MECQ	Below 18, above 60 prohibited
July 1, 2021	MECQ	Below 18, above 60 prohibited
July 15, 2021	MECQ	Below 18, above 65 prohibited
August 5, 2021	ECQ	Clubs closed
August 8-22, 2021	ECQ	Only take-out available
August 23, 2021	MECQ	Limited reopening, no kids allowed
August 30, 2021	MECQ	Limited reopening, no kids allowed
Sept. 14-19, 2021	MECQ	All Club facilities closed - Delta
September 20, 2021	MECQ	Limited reopening
September 21, 2021	MECQ	Morong LGU forced closure
September 28, 2021	MECQ	Limited reopening
October 1, 2021	MECQ	Limited reopening
November 1, 2021	Alert Level 3	Additional facilities open. Kids may enter.
November 15, 2021	Alert Level 2	No Walk-ins allowed. Kids may enter.
December 1, 2021	Alert Level 2	Indoor dining allowed. Kids may swim.

Responding to restrictive government-issued regulations on business entities in Bataan, the Club adopted capacity limits for its recreational and dining facilities. Indoor dining was generally limited, and aquatic facilities accommodated only a handful of swimmers. Overnight facilities at the Casitas accepted only 30 to 50 per cent of their capacity. However, relatively looser restrictions were enforced starting November 1, 2021 until after New Year's Eve contributing to a slight increase in revenues and addition of employees.

The Management complied with government-imposed restrictions on operations, travel, employment, access, and logistics. The Club treaded through the lockdowns with significantly reduced manpower. Major spending was temporarily ceased in the absence of revenue sources notwithstanding the continuous billing of monthly membership dues to Club Members.

COVID-19-related preventive measures of the Club include mandatory accomplishment of the Club's Health Declaration Form prior to entry, thermal body scanning at the main entrance (body temperature not exceeding 37.5 degrees Celsius), mandatory wearing of appropriate face mask, meticulous hand hygiene and use of disinfection mats, physical distancing at a minimum of 2 meters away from other individuals, and adherence to signages promoting physical distancing and directing flow of foot traffic.

The thrust of Management amid the pandemic was to continue collection of monthly dues from Members while deliberately and aggressively reducing operational costs. The same strategy has been successful for the Club throughout year 2020, allowing for more optimism on maintaining the Club's financial stability. This also buttressed continuous operations until restrictions were eased by the local governments. Bulk of the collections from Members was utilized for property maintenance and payroll. Spending on operational supplies remained conservative. Also, capital expenditures were put on hold.

In October 2021, Club Management was reorganized. Heidi Rosalie R. Hocson from Ten Knots Development, Corp. was seated as new General Manager of the Beach and Nature Club. A new Director for Finance, Neal Perez, was also assigned.

From offering online workout classes during the summer months, the Club featured a webinar to celebrate Earth Hour. Months after, about 15,000 people virtually attended another webinar, this time to celebrate the International Coastal Cleanup Day. People's Organizations, conservation groups, schools, and government agencies attended the 2-hour event. Towards the end of the year, the Club shifted from purely virtual-format events to in-person activities for Club Members, albeit smaller in scale. New Year's Eve was held in-person at the Club's Bamboo Plaza. Aqua Zumba was organized at the Pool Complex.

Principal Products or Services Contributing 10% or More to Sales or Revenues

Membership dues contributed 58.51% of total Club revenues.

Sale of goods which consists of sales of food, beverage and merchandise shared 18.85%.

Transfer fees pertains to earnings from transfer of member's ownership contributed 11.61% of the total Club revenues.

Service income consists of room accommodation, guest fees, spa and massage revenues, rental of water sports equipment, which collectively brought in 11.04% of the total Club revenues.

Percentage of Sales or Revenues Contributed by Foreign Sales

All income of the Club is derived from domestic sales of goods and services; hence, the Club has no foreign sales.

Distribution Methods of Products Services

As the Club is an exclusive membership club, updates of its products and services are sent by e-mail blasts to Club members as well as Club updates.

New Products or Services

The Club has not introduced new products or services other than as provided hereunder.

Competition

The leisure market has proved to be of interest amongst numerous land development organizations due to the extensive promotion of the industry, escalation of the market segment seeking vacation destinations, and increase in the interest of the natural environment and tourism. Several competitors are considered since they are well-known throughout the industry.

Belle Corporation's Tagaytay Highlands Country Club offers an array of various experiences for the entire family. The club complements the vacation residential development already set-up along the sprawling hills of Tagaytay. The primary attraction of the club is the highlands golf course.

Timberland Sports and Nature Club by Filinvest Land, Inc. is another development that is located in mountains and nature setting. The club offers nature treks and various sports with modern facilities. Membership in the club can only be acquired by referrals and invitations.

Hamilo Coast Beach and Country Club is a project of SM Investments Corporation which tries to provide a tropical destination that is also Eco-friendly. The club envisions the promotion of Eco-tourism in the Philippines.

Punta Fuego is a LandCo Pacific Corporation development that provides an exclusive resort that takes advantage of its strategic location by the sea. It has a number of sports and relaxation facilities that provide services for its members.

The abovementioned developers are just a few of the competitors in Central Luzon; however, there are two major competitors that must be considered because of their proximity to the Project. These are Subic Bay Yacht Club and Club Morocco.

Subic Bay Yacht Club (SBYC) is a membership club that offers berthing facilities for different types of seagoing vessels. It frequently hosts events such as regattas and other boat races. It has a clubhouse with dining facilities. SBYC was launched in April of 1997 with an offering of 3,000 shares. The membership club promotes its innovative design that creates the perfect ambience targeting the upper market. The segment targeted by the club includes primarily watersportsmen and businessmen with their families.

Club Morocco is a leisure development by Sta. Lucia Realty and Development Corporation that offers residential lots in a beach resort setting. It has water views and offers activities such as swimming, sailing and fishing. It has a hotel with 24-twin sharing rooms, 4 suites, coffee shops, restaurants, a gym, boutiques, a lake-type pool and game rooms. There are also expansion plans for an 18-hole championship golf course with a clubhouse and residential golf course community.

The Club intends to set itself apart from the foregoing clubs and other leisure clubs in the country by providing a unique interactive experience for its members in the context of a natural setting by making accessible in-nature facilities. It will also offer a wide variety of nature-based activities which the other clubs do not make available. The competitive advantage of the Club is in its setting which provides a dramatic landscape of foothills, forest and beach.

Sources and Availability of Raw Materials

The Club has no major existing supply contracts. Raw materials such as food and vegetables, beverage and drinks as well as operational supplies are sourced from the open market onsite and from Manila. Power is supplied by Penelco and water is supplied by Manila Water Philippine Ventures (MWPV) and through a deep well. Diesel and gasoline are supplied by local petrol stations located within the vicinity of the Club.

Customer Base

The business of the Club is in no way dependent upon a single customer or few customers the loss of any one or more of which would have a material adverse effect on the business of the Club. Being a membership Club, there are no major existing sales contracts by the Club with an individual or entity.

Transactions with Related Parties

The Club, in the normal course of business, entered into transactions with Ayala Land, Inc., a stockholder, and an affiliate, Anvaya Cove Golf and Sports Club Inc. (ACGSCI), consisting primarily of reimbursement of cost and expenses.

The Club entered into a Management Agreement with Ayala Land Club Management Inc. for the latter to provide management services over general management, administration, financial management, human resources management, and property management of the Club. Management fees include the basic management fee amounting to ₱100,000 per month with an escalation clause of 7.5% per annum and incentive fee equivalent to 3% of the Gross Operating Profit (GOP).

The Club has a Reciprocity Agreement with Anvaya Cove Golf and Sports Club, Inc. ("Golf Club") wherein the members of the Club 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 Club.

Intellectual Property and Other Rights

The Club has secured the registration of the stylized version of its name "Anvaya Cove Beach and Nature Club" on January 2, 2020 from the Philippine Intellectual Property Office. The Club has not entered into any franchises, concessions and royalty agreements.

Government Approvals

The principal product and service of the Club consists in the provision of amenities for leisure and recreation for its members. No special government approvals are required for the provision of such services.

The Club renews annually its business permit with the Municipality of Morong.

Effect of Government Regulations

"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 ₱5million and with total assets not exceeding ₱100million (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.

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.

Development Activities

No amounts were spent by the Club on development activities.

Environmental Compliance

The Club allocates a portion of the membership dues for the Environmental Fund which is utilized for environmental initiatives of the Club. For the year 2021, the Club collected a total of ₱2.08 million for the Environmental Fund. The Club has spent ₱4.46 million to cover the costs and expenditures for its different programs for the protection and conservation of the environment (discussed in more detail under *Item 1-B. Business of Issuer* above).

Club Employees

As of December 2021, the Club was operated through its complement of approximately three hundred twenty eight (285) permanent and contractual employees, the breakdown of which is as follows:

	Organic	Non-organic	Total
Managers	16		16
Rank and file	30	239	269
Total	**46**	**239**	**285**

Of the 46 organic employees, 13 perform administrative functions, 4 perform clerical functions, and 29 perform operational functions.

Of the 239 non-organic employees, 11 perform clerical functions, and 228 perform operational functions.

There are no Collective Bargaining Agreements entered into by the Club with its employees. The Club's employees have not been on strike in the past 3 years nor have they threatened to strike.

The employees are entitled to the thirteenth-month pay and performance bonus.

Risks in Business of the Club

As a leisure club located along the beach and forested areas of Bataan, the business of the Club is vulnerable to natural calamities and adverse weather conditions. To encourage member and guest attendance during the lean season, the Club offers lower rates for room accommodations, a flexible approach during weekends of allowing guests of members to have access to the services of the Club even if unaccompanied by members, and more aggressive event, food and beverage promotions. In all instances, the Club ensures a manageable number of members and guests coming to visit.

Item 2. Properties

The facilities and amenities of the Club lie on seven (7) adjoining parcels of land with an aggregate area of approximately 94,147 square meters. The Club 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 lease agreements respectively provide for a term of 25 years, renewable for another 25 years at the option of the Club, in consideration for the payment by the Club of real property tax and other assessments. The lease agreements respectively grant to the Club the rights of full usage and possession of the leased parcels and provide that Ayala Land, Inc. and Subic Bay Development and Industrial Estate Corporation are committed to respect the rights of the Club, its members, guests, customers and employees to use and enjoy the leased parcels and the facilities and improvements built thereon.

The structures and improvements belonging to the Club consist of the constructed facilities and amenities. Currently, these consist in the Welcome Pavilion, Bridge-way, Main Pavilion, Game

Lounge, Library Lounge, Music Lounge, Convenience Shop, Clinic, Function Rooms, The Great Lawn, Lagoon, The Pools at Anvaya, bathhouses, Seahorse Kiddie Pavilion, Beach Cabanas, Pawikan Beach Bar and Grill, Pawikan Barbecue House, Tower and Bar, Veda Spa, Sunset Bar and 40 units constituting the multi-dwelling units as well as 5 units constituting the Managers' Quarters.

The property, plant and equipment are properly maintained as the Club is setting aside a restricted fund for its maintenance and improvements. Depreciation of property and equipment commences once the property and equipment are available for use and is computed on straight-line basis over the estimated useful lives of the property and equipment as follows:

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

There is no mortgage, lien or encumbrance on the properties owned by the Club.

Item 3. Legal Proceedings

There are no material pending legal proceedings to which the Club is a party or of which any of its properties is subject.

Item 4. Submission of Matters to a Vote of Security Holders

A general annual meeting of stockholders was held virtually on July 30, 2021. The following actions were approved by a vote of at least majority of the shareholders present to vote at such meeting:

(a) Approval of the Minutes of the 2019 Annual General Stockholders' Meeting held on September 25, 2020

(b) Approval of the 2020 President's Annual Report and 2019 Audited Financial duly adopted in the normal course of trade or business such as the following key resolutions:

(i) Election of Officers and Committee Members for the 2020 to 2021 calendar year;

(ii) Treasury matters;

(iii) Budget and funding plan;

(iv) Operational plans and projects;

(v) Suspension of membership rights and privileges of member who violated the by-laws and rules and regulations of the Club;

(vi) Matters covered by disclosures to the Commission.

(d) Election of the members of the Board of Directors, including independent directors, for the ensuing calendar year for 2020 to 2021. The following shareholders were nominated and voted as members of the Board of Directors of the Club for the ensuing year or until their successors are duly elected and qualified:

AYALA LAND, INC. (ALI)

1. Antonino T. Aquino
2. Augusto D. Bengzon
3. Dindo R. Fernando

4. Joseph Carmichael Z. Jugo
5. Mercedita S. Nolledo
6. Paolo O. Viray

SUDECO
1. Jocelyn F. De Leon
2. Paullolindo A. Elauria

INDEPENDENT DIRECTOR
1. Jessie D. Cabaluna
2. Rex Ma. M. Mendoza
3. Jesus Emmanuel M. Yujuico

(e) Election of SGV & Co. as external auditors and the fixing of their remuneration

There were no votes cast against or withheld, nor were there abstentions, on the foregoing actions. No proxies were solicited in respect of the voting of any of the outstanding shares entitled to vote at the meeting.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer'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 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
Q1 2021	₱950,000	₱ 1,300,000
Q2 2021	₱950,000	₱ 1,300,000
Q3 2021	₱950,000	₱ 1,300,000
Q4 2021	₱1,100,000	₱ 1,400,000

As of the end of December 2021, the Club has sold the following number of shares:

Share	Volume	Value
Class B	1,950	₱1,950,000
Class C	500	500,000
Total	**2,450**	**₱2,450,000**

B. Stockholders

The Club has a total of about 1,623 stockholders as of December 31, 2021.

	Stockholder Name	No. of Shares	Percentage per Class of Shares
	Class A (Founders')		
1.	Ayala Land, Inc.	3,250	93.71%
2.	Subic Bay Development & Industrial Estate Corp.	201	5.80%
The 17 remainder of the Class A shareholders own 1 share each.			
	Class B		
1.	Ayala Land, Inc.	432	22.15%
2.	Subic Bay Development & Industrial Estate Corp.	15	0.77%
3.	Others (1,497 Shareholders)	1,503	77.08%
	Class C		
1.	Ayala Land, Inc.	352	70.40%
2.	Subic Bay Development & Industrial Estate Corp.	32	6.40%
3.	Others (112 Shareholders)	116	23.20%
	Class D		
1.	Ayala Land, Inc.	702	100.00%
	Class E		
1.	Ayala Land, Inc.	180	100.00%

C. Dividends

Article Seventh, Paragraph B(2) of the Club'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 Club 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 Club nor the issuance of securities of the Club constituting an exempt transaction in 2021.

Item 6. Management's Discussion and Analysis

A. Results of Operations

Total Club revenue for CY 2021 reached ₱ 106.67 million which was slightly higher than CY 2020 by ₱0.85 million or 0.81% lower.

- Membership dues recorded at ₱62.42 million or 58.51 % of the total revenues, higher by ₱ 0.15 million or 0.24% as compared to last year.

- Sale of goods totaled ₱20.10 million or 18.85% of total club revenues, higher by ₱1.54 million or 6.09 % as compared to last year.

- Transfer Fee for the period reached ₱12.38 million or 11.61% of the total revenues, higher by ₱6.80 million or 121.84% as compared to previous year.

- Service income amounted to ₱11.77 million or 11.04% of total revenues, significantly decreased by ₱7.25 million or 38.12% compared to last year.

Total cost and expenses for the year was recorded at ₱159.70 million which was ₱11.13 million lower as compared last year.

- Cost of services recorded at ₱46.46 million or 29.09 % of the total cost and expenses. Lower by ₱1.88 million or 3.89 % compared to previous year.

- Cost of sales recorded at ₱42.44 million or 26.58% of total cost and expenses, a decrease of ₱4.05 million or 8.70% compared to previous year.
- General and administrative expenses amounted to ₱70.80 million or 44.33% of total cost and expenses. Lower by ₱5.20 million as compared to previous year.

Other income computed at ₱22.57 million at the end of the year. Higher by ₱10.83 million as compared to CY 2020.

- A decrease in the interest income for the year ended 2021, recorded at ₱0.06 million or 0.06% of total Club revenues, lower by ₱0.45 million or 87.74% as compared to last year.

- Miscellaneous income recorded at ₱22.51 million or 21.10 % of the total Club revenues, increased by ₱11.28 million or 100.50% compared to previous year

Provision for income tax computed amounting to ₱3,979, significantly lower as compared to the previous year.

After the remeasurement gain on pension liabilities amounting to ₱3.95 million, the Club resulted to a Total Comprehensive Loss of ₱26.51 million in CY 2021.

B. Financial Condition

Total assets of the Club as of December 31, 2021 decreased to ₱725.68 million from last year's ₱758.69 million.

- Cash and cash equivalents from last year of ₱12.57 million increased to ₱24.90 million as of December 31, 2021, which is 3.43% of total assets.

- As of December 31, 2021, the Club investments in financial assets at fair value through profit or loss amounted to ₱99.73 million, which is 13.74% of total assets. Lower by ₱8.86 million due to withdrawal of ₱ 10.0 million from the fund to finance the operational requirements.

- A decrease in Accounts and other receivables from last year of ₱25.93 million to ₱23.17 million of December 31, 2021. Lower by ₱2.76 million or 10.64%.

- Receivables from affiliates increased to ₱10.74 million or 1.48% of total assets, from ₱7.57 million of the prior year. Higher by ₱3.17 million as compared to CY 2020.

- Inventories recorded at ₱3.39million as of December 31, 2021, 0.47% of total assets, or 24.49% higher compared to ₱2.73 million a year ago.

- Other current assets amounted to ₱17.42 million, 2.40% of total assets, almost inline compared to previous year balance of ₱17.44 million.

- Property and equipment (net of depreciation), which is 74.73% of total assets, amounted to ₱542.30 million as of December 31, 2021, or a decrease of 6.34% as against last year of ₱579.03 million.

- Advance and other noncurrent assets amounted to ₱4.02 million, or a decrease of 10.07% as compared with previous year of ₱4.47 million.

Total current liabilities of the Club recorded at 9.96% of total Liabilities & Equity, which amounted to ₱72.26 million, 4.67% lower than the previous year of ₱75.98million.

- Accounts and other payables, recorded at ₱41.35 million, a significant decrease of about ₱10.79 million or 21% compared to ₱52.14million as of December 31,2020.

- Contract liabilities recorded at ₱23.24 million, higher by ₱9.05 million or 64% as compared to previous year of ₱14.19 million

- Payables to affiliates recorded a decrease of ₱1.80 million from ₱9.47million as of December 31, 2020 to ₱7.67 million as of December 31, 2021. The decrease of 18.99% pertains to the significant payment to Beach Club for charges incurred of the Club and amounts due to ACMI for the support services.

Non-current liability recorded at ₱10.99 million or 1.51% of the Total Liabilities and Equity.

- Pension liability computed at ₱10.02 million or 1.38%, a decrease of ₱3.93 million as compared to prior year of ₱13.95 million. The movement was due to assumption changes used to calculate the DBO.

- Recorded a deferred tax liability of ₱0.96 million for the year, tax impact of the pension liability recalculation.

C. Statement of Cash Flow

- Cash provided by operating activities for the year ended 2021 was recorded at ₱4.90 million.

    - At the end of the year 2021, the cash balance amounted to ₱24.90 million.

Key Performance Indicators

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

		December 2021	December 2020
CURRENT RATIO =	Current Asset	179,358,744	174,824,618
	Current Liabilites	72,261,135	75,797,528
		2.48	**2.31**
DEBT RATIO =	Total Debt	83,249,497	89,748,078
	Total Asset	725,679,877	758,685,120
		11.5%	**11.8%**
DEBT-EQUITY RATIO =	Total Debt	83,249,497	89,748,078
	Total Equity	642,430,380	668,937,042
		13.0%	**13.4%**
GROSS PROFIT MARGIN =	Sales - Cost of Sales& Services	17,772,265	10,992,974
	Sales	106,670,861	105,818,438
		16.7%	**10.4%**
FREE CASH FLOW =	Cash Flow Provided by Operating Activities - Cash Flow in Investing and Financing Acitivities	4,895,375	999,640
		7,434,285	(8,439,437)
		12,329,660	(7,439,797)

Compared with CY 2020, the top five key Club performance indicators in CY 2021 are as follows:

Current Ratio of 2.48:1 increased versus 2.31:1 in 2020, Debt Ratio of 11.5% was slightly lower compared to 11.8% in 2020. Debt-Equity Ratio decreased to 13.0% compared to 13.4% in 2020. Gross Profit Margin of 16.7% was significantly higher than 2020 of 10.4%. A net cash increase of ₱12.33 million for 2021

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.

Item 7. Financial Statements

The 2021 Audited Financial Statements are attached hereto and form an integral part hereof as **Annex A**.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Club 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.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The information on the directors, corporate officers and key executive officers of the Club is attached hereto as **Annex B**.

Significant Employees

The Club considers its entire work force as significant employees. Everyone is expected to work together as a team to achieve the Club's goals and objectives.

Family Relationships

None of the Directors, Executive Officers or Corporate Officers are related to each other.

Involvement in Certain Legal Proceedings (over the past 5 years)

None of the directors or executive officers is involved in any material pending legal proceeding in any court or administrative agency of the government.

a. None of them has been involved in any bankruptcy petition.

b. None of them has been convicted by final judgment in a criminal proceeding or being subject to a pending criminal proceeding, both domestic and foreign.

c. None of them has been subject to any order, judgment or decree of any court of competent jurisdiction (domestic or foreign) permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities.

d. None of them has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

Item 10. Executive Compensation

(a) **Executive Compensation**

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

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

(2) Executive Officers

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

Below is the summary of the aggregate compensation paid or accrued during the last two (2) years and the ensuing fiscal year to the Company's President and other most highly compensated executive officers (excludes other managers):

Name	Principal Position	*(Projected)* 2022	2021	2020
Paullolindo A. Elauria	President	-	-	-
Joseph Carmichael Z. Jugo	Vice President	-	-	-
Dindo R. Fernando	Treasurer	-	-	-
Marie Jovie B. Reyes*	General Manager	*N/A*	2,302,000	3,942,000

Emmanuel G. Villarba**	Financial Controller			
Heidi Rosalie Hocson***	General Manager	-	-	-
Neal C. Perez****	Finance Director	5,696,788	2,619,800	-
Vladimir S. Lorilla	Executive Chef			
All other officers as a group unnamed*****		5,760,660	5,694,072	8,549,760

*Until October 31,2021 only.
**Until July 31,2021 only.
***Effective November 11, 2021 and hired under ACMI.
****Effective October 1, 2021.
*****Other officers and managers.

Mr. Paullolindo A. Elauria, Mr. Joseph Carmichael Z. Jugo, and Mr. Dindo R. Fernandez are not directly employed by the Club and thus receive no compensation from the Club.

(3) Compensation of Directors

The Club 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.

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

Only Marie Jovie B. Reyes and Emmanuel G. Villarba were direct hires of the Club but are no longer employed.

(5) Warrants and Options Outstanding

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

(a) **Security Ownership of Certain Record and Beneficial Owners (of more than 5%) of Common Shares as of 31 December 2021***

Type of Class	Name	Name of Beneficial Owner & Relationship w/ Record Owner	Citizenship	No. of Shares	Record/ Beneficial Owner	Percentage per Class of Shares
Class A (Founders')	Ayala Land, Inc. 31/F Tower One & Exchange Plaza Ayala Avenue Makati City	Ayala Land, Inc. is both 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. Salcedo Village Makati City	Subic Bay Development & Industrial Estate Corp. is both beneficial and record owner.	Filipino	201	R/B	5.80%
	Total			**3,451**		**99.51%**
Type of Class	**Name**	**Name of Beneficial Owner & Relationship w/ Record Owner**	**Citizenship**	**No. of Shares**	**Record/ Beneficial Owner**	**Percentage per Class of Share**
Class B	Ayala Land, Inc. (same address)	Ayala Land, Inc. is both beneficial and record owner.	Filipino	432	R/B	21.15%
Class B	Subic Bay Development & Industrial Estate Corp. (same address)	Subic Bay Development & Industrial Estate Corp. is both beneficial and record owner.	Filipino	15	R/B	0.77%
	Total			**447**		**21.92%**
Type of Class	**Name**	**Name of Beneficial Owner & Relationship w/ Record Owner**	**Citizenship**	**No. of Shares**	**Record/ Beneficial Owner**	**Percentage per Class of Share**
Class C	Ayala Land, Inc. (same address)	Ayala Land, Inc. is both beneficial and record owner.	Filipino	352	R/B	70.40%
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			**384**		**76.80%**
Type		**Name of Beneficial**			**Record/ Beneficial**	

of Class	Name	Owner & Relationship w/ Record Owner	Citizenship	No. of Shares	Owner	Percentage per Class of Share
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 per Class of Share**
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%**

**as recorded in the books of the Stock and Transfer Agent*

- The Board of Directors of Ayala Land, Inc. ("*ALI*") has the power to decide how ALI's shares in the Club 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, Antonino T. Aquino, Arturo G. Corpuz, Jaime C. Laya, Delfin L. Lazaro, Rizalina G. Mantaring, Cesar V. Purisima, and Bernard Vincent O. Dy.

- The Board of Directors of Subic Bay Development & Industrial Estate Corp. ("*Sudeco*") has the power to decide how Sudeco's shares in the Club 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, Carlos L. Agustin and Evelyn F. De Leon.

(b) **Security Ownership of Management as of 31 December 2021**

TYPE OF CLASS	NAME	POSITION	NO. OF SHARES	RECORD / BENEFICIAL OWNER	CITIZENSHIP	PERCENTAGE
Class A	Augusto D. Bengzon	Chairman of the Board	1	R	Filipino	0.029%
Class A	Paullolindo A. Elauria	President & Director	1	R	Filipino	0.029%
Class B	Joseph Carmichael Z. Jugo	Vice-President & Director	1	R/B	Filipino	0.051%
Class A	Dindo R. Fernando	Treasurer & Director	1	R	Filipino	0.029%

Class A	Antonino T. Aquino	Director	1	R	Filipino	0.029%
Class A	Jocelyn F. De Leon	Director	1	R	Filipino	0.029%
Class A	Mercedita S. Nolledo	Director	1	R	Filipino	0.029%
Class B	Paolo O. Viray	Director	1	R/B	Filipino	0.051%
Class A	Rex Ma. A. Mendoza	Indep. Director	1	R	Filipino	0.029%
Class A	Jessie D. Cabaluna	Indep. Director	1	R	Filipino	0.029%
Class A	Jesus Emmanuel M. Yujuico	Indep. Director	1	R	Filipino	0.029%
Security Ownership of all Directors and Officers			11			0.392%

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

(c) Voting Trust Holders of 5% or More

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

(d) Change in Control

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

Item 12. Certain Relationships and Related Transactions

Please refer to Note 17, *Related Party Transactions*, of the Notes to Financial Statements of the 2021 Audited Financial Statements, which is incorporated herein in the accompanying Index to Exhibits.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Club amended the Manual of Corporate Governance on July 8, 2020 in accordance with the provisions of SEC Memorandum Circular No. 24, Series of 2019. The Club is attentive to the rules of the Securities and Exchange Commission ("*SEC*") so that improvements to its corporate governance policies may be faithfully adopted and implemented.

(a) By resolution of the Board of Directors on December 10, 2020, the Club organized the Corporate Governance Committee and elected 3 members to the Committee, a majority of whom are independent directors.

(b) The Club organized a Nomination Committee in accordance with Section 38 of the Securities and Regulation Code. The creation of this committee was ratified in the July 31, 2009 annual stockholders' meeting. The amendment of the By-laws to create the Nomination Committee was approved by the Securities and Exchange Commission as of January 26, 2010.

(b) The Club organized an Executive Committee that will exercise 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 as of January 26, 2010.

(c) The Club's Management 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 Club to fully comply with the adopted leading practices on good corporate governance.

(d) There were no deviations from the Club's Manual of Corporate Governance.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) <u>Exhibits</u>

Attached hereto are the following exhibits:

Annex A: Audited Financial Statements as of December 31, 2021
Annex A-1: Schedules A-G – Supplementary Schedules Required by SRC 68-E
Annex B: Directors, Corporate Officers, and Key Executive Officers

(b) <u>Reports on SEC Form 17-C</u>

The following reports on SEC Form 17-C, as amended, was filed during the six (6)-month period immediately preceding the period covered by this report:

<u>SEC Form 17-C dated June 16, 2020</u>: disclosing the resolutions of the Executive Committee of the Board of Directors in its meeting of June 15, 2020 regarding the following matters:

(a) the postponement of the Annual General Stockholders' Meeting to September 25, 2020 in view of the health risks and hazards posed by the Covid-19 pandemic;

(b) the participation of the stockholders in the 2020 Annual General Stockholders' Meeting through remote communication via online streaming or other alternative modes of communication in accordance with the Securities and Exchange Commission (SEC) Memorandum Circular No. 6, series of 2020;

(c) the attendance and participation of the Corporation's stockholders of record in the 2020 Annual General Stockholders' Meeting and their option to exercise their right to vote upon any agenda item through remote communication or *in absentia*;

(d) the engagement of the services of third-party service providers to install and implement the remote communication system to be utilized during the 2020 Annual General Stockholders' Meeting; and

(e) the authorization of the Corporate Secretary to formulate internal rules and procedures on the attendance, participation and voting of the stockholders at the meeting and to coordinate with the third-party service providers in ensuring that such rules and procedures are effectively implemented.

SEC Form 17-C dated September 25, 2020: disclosing the resolutions approved and ratified by the stockholders at the Annual General Stockholders' Meeting held on September 25, 2020 as discussed in Part I - Item 4 above.

SEC Form 17-C dated December 15, 2020: disclosing the following resolutions of the Board of Directors in its organizational meeting on December 15, 2020: (a) appointment of the officers and committee members of the Board of Directors; (b) resignation of Purisimo S. Buyco as independent director and the appointment of Rex A. Mendoza as new independent director in his place; and (c) creation of a Corporate Governance Committee and appointment of its members, a majority of whom are independent directors.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned; thereunto duly authorized, in the City of Makati on the ________________.

By:

Signature and Title	:	**AUGUSTO D. BENGZON** Chairman
Signature and Title	:	**PAULLOLINDO A. ELAURIA** President
Signature and Title	:	**DINDO R. FERNANDO** Treasurer
Signature and Title	:	**NEAL C. PEREZ** Finance Director & Compliance Officer
Signature and Title	:	**SOLOMON M. HERMOSURA** Corporate Secretary

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
Makati City) SS.

BEFORE ME, a Notary Public for and in the City of Makati, this APR 13 2022, personally appeared the following:

Anvaya Cove Beach & Nature Club, Inc.
represented by:

Name	Passport No.	Date & Place of Issue
Augusto D. Bengzon	P4323352B	Jan. 8, 2020/DFA NCR East
Paullolindo A Elauria	NO4-96-359311	Dec 20,2021/NCR
Dindo R. Fernando	P53899687B	Aug. 7,2020/ DFA NCR
Neal C. Perez	C09-93-048756	June 14, 2019/ Manila
Solomon M. Hermosura	P3081434B	Oct. 14, 2019/DFA NCR East

who are personally known to me and identified by me through competent evidence of identity to be the same persons described in the foregoing instrument, who acknowledged before me that their respective signatures on the instrument were voluntarily affixed by them for the purposes stated therein, and who declared to me that they have executed the instrument as their free and voluntary act and deed and that they have the authority to sign on behalf of their respective principals.

WITNESS MY HAND AND NOTARIAL SEAL affixed at the place and on the date first above written.

Doc. No. 115 ;
Page No. 24 ;
Book No. XXX ;
Series of 2022.

Notarial DST pursuant to
Sec. 188 of the Tax Code
affixed on Notary Public's copy.

MARIA PAULA G. ROMERO-BAUTISTA
NOTARY PUBLIC
ROLL NO. 58335
MAKATI CITY, PHILS.

MARIA PAULA G. ROMERO-BAUTISTA
Notary Public – Makati City
Appt. No. M-079 until December 31, 2023
Roll of Attorneys No. 58335
IBP No. 170527 – 12/16/2021 – Makati City
PTR No. 8852359MJ – 01/03/2022 – Makati City
MCLE Compliance No. VI – 0009490 - 06/20/2018
4th Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

Audited Financial Statements as of December 31, 2021

Annex A-1
Schedules A-G – Supplementary Schedules
Required by SRC 68-E

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

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

Incumbent Corporate Officers

Chairman	Augusto D. Bengzon
President	Paullolindo A. Elauria
Vice-President	Joseph Carmichael Z. Jugo
Treasurer	Dindo R. Fernando
Finance Director & Compliance Officer	Neal C. Perez
General Manager	Heidi Rosalie R. Hocson
Corporate Secretary	Solomon M. Hermosura
Assistant Corporate Secretary	Maria Paula G. Romero-Bautista
Data Protection Officer	Amelia Ann T. Alipao

Augusto D. Bengzon, Filipino, 59, has served as Director of the Club since its incorporation, as Treasurer and Compliance Officer since March 15, 2017 until September 24, 2021, and was then elected as Chairman of the Board on September 25, 2021. He was elected as Chairman of Anvaya Cove Beach and Nature Club, Inc. on July 30, 2021. He 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 ACE Enexor, Inc. and Treasurer of AyalaLand Logistics Holding Corp., publicly listed companies under the Ayala Group. 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., AyalaLand-Tagle Properties, Inc., 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 of Anvaya Cove Golf and Sports Club, Inc., Ayala Greenfield Development Corp., 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.; Trustee of Philippine National Police Foundation, Inc. and Director of Financial Executives Institute of the Philippines. 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.

Paullolindo A. Elauria, 56, 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.

Antonino T. Aquino, 74, 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, of MWC from April 1999 to April 2009, and of Ayala Property Management Corporation from 1989 to 1999. He was connected with IBM Philippines, Inc. since 1968 and was Business Unit manager when he left in 1980. He has been with the Ayala Group in various capacities for the past forty-one (41) years and has held the position of Senior Managing Director in Ayala Corporation. Currently, he is a Director the following non-listed companies: AIA Philippines Life & General Insurance Co., Nuevocentro, Inc., and Mano Amiga Academy, Inc. He is a member of the Sectoral Advisory Board of the Philippine Army and the Multi Sector Governance Council of the Armed Forces of the Philippines. He is in the Advisory Board of Hero Foundation. 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. In 2015. Recently he was conferred as Honorary Fellow by the Institute of Corporate Directors (ICD). He earned a degree in BS Management and completed academic requirements for Masters in Business from the Ateneo de Manila University in 1968 and 1975, respectively.

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.

Joseph Carmichael Z. Jugo, 47, Filipino, has served as director of the Club since October 2018. He is currently the Vice-President of the Club. He is concurrently President & Director of Ayalaland Premier, Inc. and BGWest Properties Inc.; Chairman & President of Roxas Land Corp., OLC Development Corp., Southportal Properties, Inc.; Vice Chairman & President of Ayala Hotels, Inc.; President of Ayalaland-Tagle Properties, Inc.; Chairman of Ayalaland Sales, Inc., Ayalaland Club Management, Inc., Verde Golf Development Corp., Anvaya Environmental Foundation, Inc; Director, President, & Chief Executive Officer of Ayala Greenfield Development Corp., Ayala Greenfield Golf & Leisure Club, Inc.; Director and President of Anvaya Cove Golf and Sports Club Inc.; President of Garden Towers Condo Corp.; Director of Amicassa Process Solutions, Inc., Serendra, Inc., Ayala Center Estate Association, and Algofil Inc. In his 20 years in the company, he has been a part of and handled various business lines including business development for the retail and malls group, project development for the residential business group, project development for the leisure group and sales for the local and international markets. He graduated from the Ateneo de Manila with a degree in Management Economics in 1997 and completed his MBM from the Asian Institute of Management (with Distinction) in 2002. He attended the International Graduate Student Exchange Program at the Tuck School of

Business, Dartmouth College in 2002 and completed the INSEAD Asian International Executive Programme (AIEP) in 2015.

Paolo O. Viray, 42, Filipino, has served as director of the Club since October, 2018. He is currently the Head of Sales and Marketing for Ayala Land Premier. He is concurrently the President of Ayala Land Sales, Inc.; a Director of Ayala Land International Sales, Inc. and Anvaya Cove Golf and Sports Club Inc.; and, a Director and Vice President of Ayala Greenfield Golf and Leisure Club, Inc. He served as General Manager for Ayala Land International Marketing, USA, and General Manager for Ayala Greenfield Development Corporation, and Project Development Manager for Ayala Land Premier. He joined Ayala Land in 2004 and has been involved in various residential and special projects handling business development and project development. He holds a degree in Civil Engineering from De La Salle University, Manila and a Master's Degree in Business Administration from Hult International Business School, San Francisco, California

Mercedita S. Nolledo, 81, Filipino, has served as Director of the Club since 2005. She is currently a member of the Board of Trustees of Ayala Foundation, Inc., BPI Foundation, Inc., Advisory Board of Ayala Land, Inc. and the BPI Advisory Council. She also served as member of the Board of Directors of BPI for thirty years from 1991 to 2021. She likewise served as the Chairman of the BPI's Retirement & Pension Committee and a member of the Corporate Governance Committee. She was a member of the Board of Directors of Ayala Corporation from 2004 until September 2010. Mrs. Nolledo is a Non-Executive Director of Xurpas, Inc. and an Independent Director of D&L Industries, Inc., both PSE-listed companies. She serves as Director of Ayala Land Commercial REIT, Inc. and Michigan Holdings, Inc. as well as Vice-President of Sonoma Properties, Inc. Ms. Nolledo graduated with the degree of Bachelor of Science in Business Administration major in Accounting (magna cum laude) from the University of the Philippines in 1960 and placed second at the Certified Public Accountant Licensure Board Examination administered in the same year. In 1965, she obtained her Bachelor of Laws degree (cum laude) also from the University of the Philippines where she also placed second at the Bar Examination held in the same year.

Dindo R. Fernando, 53, 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. Presently, he is a Board Member of the Makati Parking Authority, Corporate Secretary of Santa Rosa (Laguna) Business Club, Board Member of the Calamba City Business Club and Vice President of Avida Towers Makati West Condominium Corporation. Prior to joining ALI, he was Head of Political Research at the Makati Business Club where he oversaw congressional research, analysis and publication. He graduated with a degree in AB Political Science from the Lyceum of the Philippines in 1989.

Rex Ma. A. Mendoza, 59, Filipino, has served as the Independent Director of Ayala Land, Inc. since April 22, 2020. He is the President & CEO of Rampver Financials, a dynamic player in financial services specializing in investments, and one of the biggest distributors of mutual funds in the Philippines. He currently serves as the lead independent director of Globe Telecom, Inc., a publicly listed company and an independent director of the National Reinsurance Corporation of the Philippine, also publicly listed companies. He is also a director of the Cullinan Group, Esquire Financing, Inc., Mobile Group, Inc., Seven Tall Trees Events Company, Inc., and TechnoMarine Philippines. He is a member of Bro. Bo Sanchez' Mastermind Group, and is cited by many as one of the best leadership, business strategy, investments, marketing and sales speakers in the country. He is the author of two books, Trailblazing Success and Firing On All Cylinders, both certified national bestsellers. He served as the President & CEO of Philam Life, one of the country's most trusted financial services conglomerates and was Chairman of its affiliates and subsidiaries. He was also Senior Adviser to the Chief Executive Officer of the AIA Group. Prior to this, he was previously Senior Vice President and Chief Marketing and Sales Officer of ALI. He was also Chairman of Ayala Land International Sales, Inc., President of Ayala Land Sales, Inc., and Avida Sales Corporation. He has a Master's Degree in Business Management with distinction from the Asian Institute of Management. He was one of the 10

Outstanding Graduates of his batch at the University of the Philippines where he obtained a BSBA degree with a double major in marketing and finance. He was awarded Most Distinguished Alumnus of the UP Cesar Virata School of Business. He is also a Fellow with Distinction at the Life Management Institute of Atlanta, Georgia, USA, a Registered Financial Planner (RFP) and a four-time member of the Million Dollar Round Table (MDRT). He was a professor of Marketing and Computational Finance at the De La Salle University Graduate School of Business. He taught strategic marketing, services marketing and services strategy. He has served as Chairman of the Marketing Department and was awarded as one of the University's most outstanding professors.

Jessie D. Cabaluna, Filipino, 65, is presently the Assurance Partner and Head of Market Circle–1 - Bacolod Branch of SyCip Gorres Velayo & Co. (SGV), an Independent Director of AllHome Corp., AllDay Marts, Inc., and AREIT, Inc. She is a Certified Public Accountant. She joined SGV in 1978 and was a partner from 1997 to 2017. She graduated with a degree in Bachelor of Science in Commerce, major in Accounting from University of St. La Salle in 1977. She also completed the Management Development Program from the Asian Institute of Management in 1988, and Advance Management Program from the Harvard Business School in 2012. She also completed Finance for Corporate Directors Program in 2017.

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.

Neal C. Perez, Filipino, 48, has been elected as Compliance Officer and Finance Director of the Club effective November 11, 2021. He has multiple certifications, both local and international, namely: Certified Public Accountant (CPA), Certified Management Accountant (CMA), Certified Internal Auditor (CIA), Certified Forensic Accountant (CrFA), Certified Internal Controls Auditor (CICA) and Certification in Risk Management Assurance (CRMA). He has an impeccable professional track record as Finance and Compliance Director, Finance Controller, Finance Manager and Internal Auditor in various sectors including hospitality, gaming, real estate, utilities, consumer electronics and government services. As an ISO Quality Management Representative (QMR), he successfully initiated and implemented the ISO 9001 Quality Management System (QMS) program in frontline services and back office functions. Mr. Perez holds a Master's Degree in Business Management from the University of the Philippines - Diliman and double Bachelor's Degrees in Commerce and Accountancy from Saint Louis University where he graduated Magna Cum Laude and Cum Laude, respectively.

Heidi Rosalie R. Hocson, Filipino, 46, has been elected as the General Manager of the Club effective October 15, 2021. She brings with her more than twenty-five (25) years of expertise in the hospitality industry. With a strong background in Food & Beverage, she has successfully handled properties in El Nido as Resort Manage under Ayala Hotels and Resorts. Her portfolio includes certifications as Certified Guest Service Professional (CGSP) and Certified Hotel Administrator (CHA) from the American Hotel and Lodging Education Institute. She finished her BS Psychology and AB Guidance and Counselling at St. Scholastica's College, Manila.

Solomon M. Hermosura, Filipino, 59, has served as the Corporate Secretary of the Company since April 2011. e is the Group General Counsel of the ALI since April 2015. He is a Managing Director of Ayala Corporation and a member of its Management Committee since 2009 and the Ayala Group Management Committee since 2010. He is the Group Head of Corporate Governance, Chief Legal Officer, Compliance Officer, Corporate Secretary and Data Protection Officer of Ayala Corporation. He is the CEO of Ayala Group Legal. He also serves as Corporate Secretary of Globe Telecom, Inc., Integrated Micro-Electronics, Inc., Ayala Foundation, Inc., AREIT, Inc. and AC Energy Philippines, Inc. He also serves as a Corporate Secretary and a member of the Board of Directors of a number of companies in the Ayala group. Mr. Hermosura is currently a member of the faculty of the College of Law of San Beda University. He graduated valedictorian with Bachelor of Laws degree from San Beda College in 1986 and placed third in the 1986 Bar Examination.

Maria Paula G. Romero-Bautista, Filipino, 37, has served as Assistant Corporate Secretary of the Club since 29 September 2018. She is a Counsel at Ayala Group Legal since June 2016, assigned to the Corporate Services and Compliance Unit. She handles various corporate and assistant corporate secretarial functions for several companies within the Ayala Group. Prior to joining Ayala Group Legal, she worked at Gatchalian Castro &Mawis Law Office and Cruz Marcelo & Tenefrancia Law Office. She graduated with a Juris Doctor degree from Ateneo de Manila University in 2009 and for her undergraduate studies, from De La Salle University Manila with a degree in Bachelor of Science in Commerce Majoring I Legal Management in 2005.

Amelia Ann T. Alipao, Filipino, 59, has served as Data Protection Officer of the Club since September 26, 2020. She is currently a Vice President and the Chief Information Officer (CIO) of Ayala Land Inc. She is also the Group Data Protection Officer for ALI Group of Companies and presently a member of the Data Privacy Council for Real Estate of the National Privacy Commission. She is a Director of APRISA Business Process Solutions, Inc. and HCX Technology Partners Inc. She is also Vice President for Ka-uSAP inc, a non-profit organization for SAP User Group of the Philippines. She is currently a member of the ALI Corporate Bidding Committee. She previously occupied this role in 2009-2011 and acted as Chairperson. Before joining ALI, she took on dual roles in SAP Philippines as Account Manager, handling government accounts, and project manager for SAP Implementation. She served as Assistant Vice President in Coca-Cola Bottlers Philippines, Inc., where she held various IT systems implementation projects. She started her IT career as an IT Instructor in I/Act of SyCip Gorres Velayo & Co. She holds a Bachelor of Arts in Biology and a Bachelor of Science in Business Management from De La Salle University.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	5	2	3	3	2	

COMPANY NAME

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

COMPANY INFORMATION

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
Neal Perez	perez.neal@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.*

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
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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, 2021 and 2020, 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, 2021, 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, 2021 and 2020, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2021 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.

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, 2021, 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, 2021 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.

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.

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- 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.

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
Tax Identification No. 102-100-830
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 85501-SEC (Group A)
Valid to cover audit of 2020 to 2024 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-060-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854391, January 3, 2022, Makati City

March 2, 2022

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

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash (Note 4)	**₱24,902,458**	₱12,572,798
Financial assets at fair value through profit or loss (FVPL; Note 5)	**99,727,184**	108,588,902
Accounts and other receivables (Note 6)	**23,171,958**	25,931,401
Receivables from related parties (Note 17)	**10,739,023**	7,567,990
Inventories (Note 7)	**3,393,842**	2,726,135
Other current assets (Note 8)	**17,424,279**	17,437,392
Total Current Assets	**179,358,744**	174,824,618
Noncurrent Assets		
Property and equipment – net (Note 9)	**542,298,687**	579,034,190
Advances and other noncurrent assets (Note 8)	**4,022,446**	4,472,874
Deferred tax assets (Notes 15 and 16)	**–**	353,438
Total Noncurrent Assets	**546,321,133**	583,860,502
TOTAL ASSETS	**₱725,679,877**	₱758,685,120
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 10)	**₱41,354,497**	₱52,139,498
Contract liabilities (Note 12)	**23,238,240**	14,192,262
Payables to related parties (Note 17)	**7,668,398**	9,465,768
Total Current Liabilities	**72,261,135**	75,797,528
Noncurrent Liabilities		
Pension liability (Note 15)	**10,024,350**	13,950,550
Deferred tax liability (Notes 15 and 16)	**964,012**	–
Total Noncurrent Liabilities	**10,988,362**	13,950,550
Total Liabilities	**83,249,497**	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)	**3,127,660**	(824,690)
Deficit (Note 11)	**(270,663,335)**	(240,204,323)
Total Equity	**642,430,380**	668,937,042
TOTAL LIABILITIES AND EQUITY	**₱725,679,877**	₱758,685,120

See accompanying Notes to Financial Statements

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

	Years Ended December 31		
	2021	2020	2019
REVENUES (Note 12)			
Membership dues	**₱62,415,000**	₱62,265,000	₱61,959,000
Sale of goods	**20,104,602**	18,950,350	88,084,259
Transfer fees	**12,379,464**	5,580,357	9,607,143
Service income	**11,771,795**	19,022,731	87,163,353
	106,670,861	105,818,438	246,813,755
COSTS AND EXPENSES (Note 14)			
Cost of services	**46,455,858**	48,336,322	80,212,296
Cost of sales	**42,442,738**	46,489,142	93,487,356
General and administrative expenses	**70,797,761**	76,002,147	80,848,632
	159,696,357	170,827,611	254,548,284
OTHER INCOME			
Interest income (Notes 4, 6 and 19)	**62,598**	510,638	5,347,316
Miscellaneous income (Note 13)	**22,507,865**	11,226,045	10,293,244
	22,570,463	11,736,683	15,640,560
INCOME (LOSS) BEFORE INCOME TAX	**(30,455,033)**	(53,272,490)	7,906,031
PROVISION FOR INCOME TAX (Note 16)	**3,979**	10,949	929,958
NET INCOME (LOSS)	**(30,459,012)**	(53,283,439)	6,976,073
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will not be reclassified to profit or loss:			
Remeasurement gain (loss) on pension liability – net of tax (Note 15)	**3,952,350**	(938,770)	(1,930,944)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱26,506,662)**	(₱54,222,209)	₱5,045,129

See accompanying Notes to Financial Statements

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

	Years Ended December 31		
	2021	2020	2019
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	**(824,690)**	114,080	2,045,024
Net changes during the year	**3,952,350**	(938,770)	(1,930,944)
Balance at the end of the year	**3,127,660**	(824,690)	114,080
DEFICIT (Note 11)			
Balance at beginning of year	**(240,204,323)**	(186,920,884)	(193,896,957)
Net income (loss)	**(30,459,012)**	(53,283,439)	6,976,073
Balance at end of year	**(270,663,335)**	(240,204,323)	(186,920,884)
	₱642,430,380	₱668,937,042	₱723,159,251

See accompanying Notes to Financial Statements

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

	Years Ended December 31		
	2021	2020	2019
OPERATING ACTIVITIES			
Income (loss) before income tax	**(₱30,455,033)**	(₱53,272,490)	₱7,906,031
Adjustments for:			
Depreciation (Notes 9 and 14)	**39,045,200**	41,903,778	41,536,694
Net movement in pension liability (Note 15)	**1,343,600**	963,550	1,409,872
Unrealized gain on financial assets at FVPL (Notes 5 and 13)	**(882,264)**	(2,572,907)	(84,159)
Interest income (Notes 4, 6 and 19)	**(62,598)**	(510,638)	(5,347,316)
Gain on disposal of property and equipment (Notes 9 and 13)	**–**	(93,783)	(50,000)
Operating income (loss) before changes in working capital	**8,988,905**	(13,582,490)	45,371,122
Decrease (increase) in:			
Accounts and other receivables	**2,759,443**	5,805,225	(3,449,375)
Receivables from related parties	**(3,171,033)**	10,769,275	5,263,669
Inventories	**(667,707)**	1,029,206	(98,068)
Advances and other noncurrent assets	**450,428**	2,353,151	(536,552)
Other current assets	**13,113**	80,224	(3,190,757)
Increase (decrease) in:			
Accounts and other payables	**(10,785,001)**	(10,491,353)	(6,084,063)
Contract liabilities	**9,045,978**	2,147,212	3,022,542
Payables to related parties	**(1,797,370)**	2,389,501	1,573,655
Cash generated from operations	**4,836,756**	499,951	41,872,173
Interest received	**62,598**	510,638	5,373,023
Income tax paid	**(3,979)**	(10,949)	(929,958)
Net cash from operations	**4,895,375**	999,640	46,315,238
INVESTING ACTIVITIES			
Additions to:			
Property and equipment (Note 9)	**(2,309,697)**	(8,534,686)	(28,666,549)
Financial assets at FVPL (Note 5)	**(256,018)**	(104,000,000)	–
Proceeds from:			
Financial assets at FVPL (Note 5)	**10,000,000**	–	–
Disposal of property and equipment (Note 9)	**–**	95,249	50,000
Maturities of time deposits	**–**	–	5,804,416
Net cash from (used in) investing activities	**7,434,285**	(112,439,437)	(22,812,133)
FINANCING ACTIVITIES			
Collection of loans to related parties (Note 19)	**–**	104,000,000	–
Loans to related parties	**–**	–	(22,000,000)
Net cash from (used in) financing activities	**–**	104,000,000	(22,000,000)
NET INCREASE (DECREASE) IN CASH	**12,329,660**	(7,439,797)	1,503,105
CASH AT BEGINNING OF YEAR	**12,572,798**	20,012,595	18,509,490
CASH AT END OF YEAR (Note 4)	**₱24,902,458**	₱12,572,798	₱20,012,595

See accompanying 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.

Prior to 2012, 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 March 2, 2022.

Status of Operations

The Club incurred net losses amounting to ₱30,459,012 and ₱53,283,439 in 2021 and 2020, respectively, resulting in deficit amounting to ₱270,663,335 and ₱240,204,323 as of December 31, 2021 and 2020, respectively.

Worldwide economic disruptions continued in 2021 due to the COVID-19 pandemic and the rise of new virulent variants such as Delta and Omicron. Already on its second year, the pandemic again caused a decline on the number of club visitors and a heavy toll on the revenue generation.

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. optimize revenue streams during peak periods and offer promotional rates during lean seasons.

Management has assessed that the Club is still able to maintain sufficient liquidity, to enable the Club to continue as a going concern for at least the next 12 months from the date of these financial statements.

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 in 2021. 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.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides 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, 2022; 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 amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Club shall also disclose information about:

  - The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

<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, 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 – Cost of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standard, 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 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as a Current or Non-current*

Effective beginning on or after January 1, 2025
- 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 initial recognition, as 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. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model.

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. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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, 2021 and 2020 consist of financial assets at amortized cost (debt instruments) and financial assets at FVPL.

Financial assets at amortized cost (debt instruments)
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 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).

Derecognition
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.

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 and financial assets at FVPL, the Club applies the low credit risk simplification. At every reporting date, the Club evaluates whether the debt instruments are 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 instruments. 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 accounts and other 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 120 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.

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.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Club's financial liabilities include 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).

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at FVPL
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the Club. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of income when the liabilities are derecognized as well as through EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense in the statement of income.

Derecognition

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.

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.

Inventories
Inventories are valued 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 prepaid expenses, 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 stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. 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

Advances and other noncurrent assets

The Club provides allowance for impairment losses on advances and other noncurrent assets when they can no longer be realized. The amounts and timing of recorded expenses for any period would differ if the Club made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease advances and other noncurrent assets.

Recovery of impairment losses recognized in prior year is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or has decreased. The recovery is recorded in the statement of income. However, the increase in carrying amount of an asset due to recovery of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined had there been no impairment loss recognized for that asset in prior year.

Property and equipment

The Club assesses at each reporting date whether there is an indication that property and equipment may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Club estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) 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. When the carrying amount of an asset or CGU 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 to determine whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 the statement of profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

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 and its 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 is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities
A contract liability is recognized if a payment is received or payment is due (whichever is earlier) from a customer before the Club transfers the related goods or services. 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 Club assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of low-value assets
The Club applied the lease of low-value assets recognition exemption to its lease of office equipment that are considered to be low value. Lease payments on lease of low-value assets is 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.

<u>Provisions</u>
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. When the Club expects some or all of 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 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:

Going concern assessment
The use of the going concern assumption involves management making judgments, at a particular point in time, about the future outcome of events or conditions that are inherently uncertain. The underlying assumption in the preparation of financial statements is that the Club has neither the intention nor the need to liquidate. Management takes into account a whole range of factors which include, but not limited to, Parent Company's ability to provide financial support, expected operations and profitability and potential sources of additional financing. Management prepares the financial statements on a going concern basis as management has future plans regarding the Club, as discussed in Note 1.

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.

<u>Estimates</u>
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) of receivables
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 ₱2,550,269 and ₱9,843,375 in 2021 and 2020, respectively (see Note 6). The carrying value of the Club's receivables amounted to ₱23,171,958 and ₱25,931,401 as at December 31, 2021 and 2020, respectively (see Note 6). The carrying value of the Club's receivables from related parties amounted to ₱10,739,023 and ₱7,567,990 as at December 31, 2021 and 2020, 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.

In 2021, the Club recognized allowance on impaired noncurrent assets amounting to ₱688,282 (see Note 8). As at December 31, 2021 and 2020, the carrying values of the nonfinancial assets follow:

	2021	2020
Property and equipment (Note 9)	**₱542,298,687**	₱579,034,190
Other current assets (Note 8)	**17,424,279**	17,437,392
Other noncurrent assets (Note 8)	**4,022,446**	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.

The Club’s net pension liability as at December 31, 2021 and 2020 amounted to ₱10,024,350 and ₱13,950,550, 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, 2021 and 2020, the Company did not recognized deferred tax assets on NOLCO, pension liability, allowance for ECL and MCIT totaling to ₱141,657,418 and ₱100,174,658, respectively, because management assessed that it is likely that future taxable profits will not be sufficient to realize the carry forward benefits of the NOLCO, pension liability, allowance for ECL and MCIT (see Note 16).

4. Cash

This account consists of:

	2021	2020
Cash on hand	**₱559,802**	₱444,288
Cash in banks (Note 17)	**24,342,656**	12,128,510
	₱24,902,458	₱12,572,798

Interest income earned on cash in banks amounted to ₱19,894, ₱54,745 and ₱61,728, gross of final tax, in 2021, 2020 and 2019, respectively (see Note 17).

5. Financial Assets at FVPL

Below is the rollforward of financial assets at FVPL:

	2021	2020
At January 1	**₱108,588,902**	₱2,015,995
Additions	**–**	104,000,000
Withdrawals	**(10,000,000)**	–
Unrealized gain (Notes 13 and 17)	**882,264**	2,572,907
Realized gain (Notes 13 and 17)	**256,018**	–
At December 31	**₱99,727,184**	₱108,588,902

Financial assets at FVPL pertains to investments in Bank of the Philippine Islands (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, 2021 and 2020, the Club has 378,514 and 416,880 units with total Net Asset Value of ₱99,727,184 and ₱108,588,902, 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:

	2021	2020
Trade receivables – net	**₱21,758,906**	₱24,935,465
Receivables from employees	**151,869**	241,459
Other receivables	**1,261,183**	754,477
	₱23,171,958	₱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.

The movement in allowance for ECL follows:

	2021	2020
Balance at beginning of year	**₱9,843,375**	₱–
Provision (Note 14)	**2,550,269**	9,843,375
Balance at end of year	**₱12,393,644**	₱9,843,375

Receivables from employees are salary loans granted to the Club's employees. These are collected through salary deduction. Interest income earned from loans to employees amounted to ₱42,704, ₱37,691 and ₱54,414 in 2021, 2020 and 2019, respectively.

Other receivables represent 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:

	2021	2020
At cost:		
Food and beverage	**₱2,565,604**	₱1,796,048
Merchandise	**828,238**	930,087
	₱3,393,842	₱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):

	2021	2020	2019
Cost of sales	**₱6,685,170**	₱7,399,302	₱31,141,028
Cost of services	**226,462**	381,345	1,778,011
	₱6,911,632	₱7,780,647	₱32,919,039

Merchandise pertains to items for sale at the Club's shop. In 2021, 2020 and 2019 merchandise recognized as part of cost of sales and amounted to ₱264,834, ₱133,782 and ₱424,173, respectively (see Note 14).

8. Other Assets

Other current assets
Details of this account are as follows:

	2021	2020
Creditable withholding taxes	**₱8,246,042**	₱7,043,812
Supplies	**5,159,438**	5,220,992
Prepaid expenses	**2,449,416**	181,479
Advances to suppliers	**822,363**	1,992,825
Deferred input VAT − current portion	**664,562**	1,995,020
Input VAT	**82,458**	1,003,264
	₱17,424,279	₱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.

Prepaid expenses mainly include prepayments for maintenance, dues, taxes and licenses and insurance which will be amortized for three to12 months at the end of the reporting period.

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

Deferred input VAT pertains to purchases of capital goods in which the aggregate amount exceeds ₱1,000,000.

Advances and other noncurrent assets

	2021	2020
Deferred input VAT − noncurrent portion	**₱2,829,962**	₱3,248,751
Advances to suppliers	**1,192,484**	1,224,123
	₱4,022,446	₱4,472,874

Deferred input VAT arising from purchases of capital goods.

Advances to suppliers pertain to payments intended for purchase of supplies and payment for services to be rendered. Advances to suppliers as of December 31, 2021 and 2020 amounted to ₱1,192,484 and ₱1,224,123, net of allowance amounting to ₱688,282 and nil, respectively (see Note 14).

9. Property and Equipment

Below is the rollforward of this account:

	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	**–**	**1,112,700**	**1,101,912**	**95,085**	**2,309,697**
Balances at end of year	**223,966,685**	**625,316,622**	**285,184,585**	**95,085**	**1,134,562,977**
Accumulated depreciation					
Balances at beginning of year	**105,634,982**	**191,789,691**	**255,794,417**	**–**	**553,219,090**
Depreciation	**8,942,667**	**18,629,976**	**11,472,557**	**–**	**39,045,200**
Balances at end of year	**114,577,649**	**210,419,667**	**267,266,974**	**–**	**592,264,290**
Net Book Value at December 31	**₱109,389,036**	**₱414,896,955**	**₱17,917,611**	**₱95,085**	**₱542,298,687**

	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

(Forward)

	2020				
	Land and Land Improvements	Buildings	Furniture, Fixtures and Equipment	Project in Progress	Total
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 renovation of the Club's kitchen and cafeteria.

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

	2021	2020	2019
Cost of services	**₱19,108,940**	₱20,472,277	₱19,883,357
Cost of sales	**15,090,421**	16,406,057	16,396,260
General and administrative expenses	**4,845,839**	5,025,444	5,257,077
	₱39,045,200	₱41,903,778	₱41,536,694

The total cost of the Club's fully depreciated property and equipment that are still in use as at December 31, 2021 and 2020 amounted to ₱235,473,359 and ₱223,021,886, respectively.

There were no disposals in 2021. The Club disposed various property and equipment items with an aggregate cost amounting to ₱987,541 and ₱2,072,121 as of December 31, 2020 and 2019, respectively, and with carrying values amounting to ₱1,466, and nil as of December 31, 2020 and 2019, respectively. The proceeds from these disposals amounting to ₱95,249 and ₱50,000 resulted in gains amounting to ₱93,783 and ₱50,000 in 2020 and 2019, respectively, presented under other income (see Note 13).

10. Accounts and Other Payables

	2021	2020
Trade payables	**₱24,878,772**	₱23,495,193
Accrued expenses:		
Payroll	**3,210,735**	2,726,448
Utilities	**3,056,209**	838,914
Contract services	**2,752,098**	4,486,920
Professional fees	**1,576,988**	489,685
Management fee	**488,065**	304,252
Repairs and maintenance	**43,259**	263,831
Insurance	**–**	13,510,322
Others	**720,541**	106,277
Funds held for environmental activities	**1,890,809**	4,268,034
Taxes payable	**913,269**	524,470
Service charge payable	**772,210**	123,838
Vouchers payable	**487,588**	487,588
Due to employees	**9,708**	21,974
Other payables	**554,246**	491,752
	₱41,354,497	₱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 non-interest bearing and are normally settled within 30 to 60 days. In 2021, the Club settled ₱1,279,536 of the outstanding accrual for insurance and reversed the remaining portion resulting in other income of ₱12,230,786 (see Note 13).

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.

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.

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

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.

11. **Equity**

The details of the number of shares of the Club as at December 31, 2021, 2020 and 2019 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, 2021 and 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, 2021 and 2020, the total number of stockholders are 1,628 and 1,638, 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, 2021 and 2020.

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

	2021	2020
Paid-in capital	**₱359,966,055**	₱359,966,055
Additional paid-in capital	**550,000,000**	550,000,000
Deficit	**(270,663,335)**	(240,204,323)
	₱639,302,720	₱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:

	2021	2020	2019
Membership dues	**₱62,415,000**	₱62,265,000	₱61,959,000
Service income:			
Room accommodation	**8,281,444**	12,391,234	53,096,554
Guest fees	**2,079,289**	3,936,122	23,013,739
Use of water sports equipment	**1,153,017**	1,270,710	4,716,735
Spa and massage revenue	**258,045**	1,424,665	6,336,325
Sale of goods:			
Food and beverages	**19,249,565**	18,431,607	86,245,176
Merchandise	**855,037**	518,743	1,839,083
Transfer fees	**12,379,464**	5,580,357	9,607,143
	₱106,670,861	₱105,818,438	₱246,813,755

Timing of Revenue Recognition
The Club has recognized revenues earned over time amounting to ₱74,186,795 and ₱81,287,731 as of December 31, 2021 and 2020, respectively.

Revenues recognized from sale of goods and transfer fees earned at a point in time amounted to ₱32,484,066 and ₱24,530,707 in 2021 and 2020, respectively.

Contract Balances
As of December 31, contract balances are as follows:

	2021	2020
Trade receivables (Note 6)	**₱21,758,906**	₱24,935,465
Contract liabilities (Note 10)	**23,238,240**	14,192,262

The Club identified unearned membership dues as contract liabilities as at December 31, 2021 and 2020. 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:

	2021	2020
Balance at beginning of year	**₱14,192,262**	₱12,045,050
Additions	**57,237,006**	30,391,047
Recognized as revenue	**(48,281,028)**	(28,243,835)
Balance at end of year	**₱23,238,240**	₱14,192,262

13. Miscellaneous Income

Miscellaneous income consists of:

	2021	2020	2019
Reversal of property insurance accrual (Note 10)	**₱12,230,786**	₱–	₱–
Consultancy fees (Note 17)	**3,825,735**	4,111,100	3,344,852
Surcharge revenue	**1,732,929**	328,832	802,293
Unrealized gain on financial assets at FVPL (Note 5)	**882,264**	2,572,907	84,159
Realized gain on financial asset at FVPL (Note 5)	**256,018**	–	–
Gain on disposal of property and equipment (Note 9)	–	93,783	50,000
Others	**3,580,133**	4,119,423	6,011,940
	₱22,507,865	₱11,226,045	₱10,293,244

Others include corkage fees and sale of scrap items.

14. Costs and Expenses

Cost of services consists of:

	2021	2020	2019
Depreciation (Note 9)	**₱19,108,940**	₱20,472,277	₱19,883,357
Salaries, wages and employee benefits	**12,056,118**	12,863,293	24,896,767
Heat, light and water	**3,637,970**	3,351,867	8,467,262
Communications	**2,978,978**	2,445,532	2,970,739
Repairs and maintenance	**2,291,799**	2,809,118	5,459,715
Cleaning and other supplies	**1,763,161**	1,251,222	4,306,040
Transportation	**320,736**	203,718	571,265
Laundry	**259,827**	623,075	2,091,525
Food and beverages (Note 7)	**226,462**	381,345	1,778,011
Office supplies	**197,808**	293,226	858,448
Contract services	**130,335**	763,029	3,380,958
Recreational supplies	**102,247**	371,757	2,773,521
Representation	**13,172**	53,870	69,248
Others	**3,368,305**	2,452,993	2,705,440
	₱46,455,858	₱48,336,322	₱80,212,296

Others include costs incurred for the Club’s hygiene supplies and medical expenses.

Cost of sales consists of:

	2021	2020	2019
Depreciation (Note 9)	**₱15,090,421**	₱16,406,057	₱16,396,260
Salaries, wages and employee benefits	**13,744,492**	14,773,139	29,793,937
Food and beverages (Note 7)	**6,685,170**	7,399,302	31,141,028
Heat, light and water	**4,114,583**	5,092,955	9,044,589
Cleaning and other supplies	**873,197**	890,913	3,181,348
Merchandise (Note 7)	**264,834**	133,782	424,173
Transportation	**254,856**	176,087	526,378
Communication	**229,061**	444,614	237,009
Office supplies	**89,609**	101,094	288,782
Equipment rental	**89,389**	325,717	341,765
Others	**1,007,126**	745,482	2,112,087
	₱42,442,738	₱46,489,142	₱93,487,356

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

General and administrative expenses consist of:

	2021	2020	2019
Salaries, wages and employee benefits	**₱20,149,991**	₱18,771,342	₱24,615,131
Heat, light and water	**10,251,397**	9,393,750	11,543,909
Security	**5,146,094**	6,658,480	8,143,397
Depreciation (Note 9)	**4,845,839**	5,025,444	5,257,077
Taxes and licenses	**4,361,782**	3,689,456	3,407,736
Professional fees	**4,296,903**	2,997,899	1,769,883
Management fees (Note 17)	**3,829,732**	3,187,332	4,427,668
Provision for ECL (Note 6)	**2,550,269**	9,843,375	–
Contract services	**3,151,650**	2,870,376	4,530,837
Corporate expense	**2,559,330**	2,311,393	2,313,528
Repairs and maintenance	**2,219,829**	2,218,481	3,455,554
Insurance	**1,936,018**	2,339,192	1,928,150
Collection charges	**1,581,609**	1,527,920	3,941,807
Transportation	**1,191,983**	701,411	1,918,418
Provision on advances (Note 8)	**688,282**	–	–
Communication	**492,492**	468,170	474,943
Office supplies	**354,048**	380,369	1,007,298
Representation	**162,423**	132,751	401,059
Cleaning and other supplies	**159,622**	269,531	464,219
Others	**868,468**	3,215,475	1,248,018
	₱70,797,761	₱76,002,147	₱80,848,632

Others include costs incurred for the Club's laundry supplies, hygiene supplies and employee uniforms.

15. **Pension Cost**

The Club engaged an independent actuary to calculate the amount of retirement benefit obligation based on the provisions of PAS 19, *Employee Benefits*. The Club's liability for retirement benefits is based solely on the requirements under Republic Act No. 7641, otherwise known as The Philippine Retirement Pay Law of the Philippines, as the Club does not have a formal retirement plan. The latest valuation report of the retirement plan was made as at December 31, 2021.

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

The components of pension 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:

	2021	2020	2019
Current service cost	**₱1,685,100**	₱1,409,500	₱968,769
Interest cost	**504,500**	582,300	598,203
Total retirement expense	**₱2,189,600**	₱1,991,800	₱1,566,972

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

	2021	2020	2019
Actuarial gain (loss) due to:			
Changes in demographic assumptions	**₱3,379,900**	₱753,000	(₱2,409,700)
Experience adjustment	**1,889,900**	(2,094,100)	(348,791)
	5,269,800	(1,341,100)	(2,758,491)
Income tax effect	**(1,317,450)**	402,330	827,547
Remeasurement gain (loss) in OCI	**₱3,952,350**	(₱938,770)	(₱1,930,944)

Cumulative remeasurement effect recognized in OCI included in equity under remeasurement gain (loss) on pension liability in the statements of financial position:

	2021	2020
Balances at beginning of year	**(₱1,178,128)**	₱162,972
Remeasurement gain (loss) on defined benefit obligation	**5,269,800**	(1,341,100)
	4,091,672	(1,178,128)
Income tax effect on actuarial gain	**(964,012)**	353,438
Total amount recognized in OCI at end of year	**₱3,127,660**	(₱824,690)

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

	2021	2020
Balance at January 1	**₱13,950,550**	₱11,645,900
Current service cost	**1,685,100**	1,409,500
Interest cost	**504,500**	582,300
Contributions paid	**(846,000)**	(1,028,250)
Remeasurement loss (gain)	**(5,269,800)**	1,341,100
Balance at December 31	**₱10,024,350**	₱13,950,550

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. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate and future salary increases. The principal assumptions used in determining pension and post-employment benefit obligations for the defined benefit plans are as follows:

	2021	2020
Discount rate	**5.00%**	3.50%
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**	
		2021	2020
Discount rate	**+1.0%**	**(₱1,016,469)**	(₱1,452,944)
	-1.0%	**1,203,924**	1,725,558
Salary rate	**+1.0%**	**₱1,167,837**	₱1,647,668
	-1.0%	**(1,007,447)**	(1,421,488)

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, 2021 and 2020:

	2021	2020
Year 1	**₱–**	₱–
Year 2 to 5	**2,419,100**	3,196,300
Year 6 to 10	**6,535,300**	8,340,800

The weighted average duration of the defined benefit obligation is 11.56 years and 10.16 years as of December 31, 2021 and 2020, respectively.

16. **Income Tax**

“Corporate Recovery and Tax Incentives for Enterprises Act” or “CREATE” Act
President Rodrigo Duterte signed into law on March 26, 2021 the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. 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.

Pursuant to the CREATE Act, the Club has adopted the following changes effective July 1, 2020:

- Regular corporate income tax (RCIT) rate is reduced from 30% to 25%
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

Provision for current income tax pertaining to MCIT follows:

	2021	2020	2019
Current	**₱–**	₱–	₱906,730
Final tax	**3,979**	10,949	23,228
	₱3,979	₱10,949	₱929,958

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

	2021	2020	2019
Provision for (benefit from) income tax at statutory income tax rate (25% in 2021 and 30% in 2020 and 2019)	**(₱7,613,758)**	(₱15,981,747)	₱2,371,809
Tax effects of:			
Changes in unrecognized deferred tax assets	**9,059,428**	13,119,362	4,794,551
Nontaxable membership dues	**(4,066,628)**	(4,237,727)	(7,366,305)
Expired NOLCO and MCIT	**2,437,878**	7,116,535	1,141,517
Effect of change in tax rate	**188,054**	–	–
Interest income subjected to final tax	**(995)**	(5,474)	(11,614)
Provision for income tax	**₱3,979**	₱10,949	₱929,958

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:

	2021	2020	2019
NOLCO	**₱113,119,491**	₱75,567,271	₱39,221,657
Pension liability	**14,549,271**	12,359,671	11,086,283
Allowance for ECL (Note 6)	**12,393,644**	9,843,375	–
Provision on advances (Note 8)	**688,282**	–	–
MCIT	**906,730**	2,404,341	3,523,692
	₱141,657,418	₱100,174,658	₱53,831,632

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, 2021 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
2018	₱3,761,069	₱3,761,069	₱–	2021
2019	15,469,976	–	15,469,976	2022
	₱19,231,045	₱3,761,069	₱15,469,976	

As of December 31, 2021, the Club has incurred NOLCO in taxable years 2021 and 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
2021	41,313,289	–	41,313,289	2026
	₱97,649,515	₱–	₱97,649,515	

The excess of MCIT against RCIT follows:

Year Incurred	Amount	Expired	Balance	Expiry Year
2018	₱1,497,611	₱1,497,611	–	2021
2019	906,730	–	906,730	2022
	₱2,404,341	₱1,497,611	₱906,730	

As at December 31, 2021, the Club's deferred tax liability from remeasurement gain on pension liability amounted to ₱964,012 while deferred tax asset from remeasurement loss on pension liability amounted to ₱353,438 as at December 31, 2020 (see Note 15).

In 2021, 2020 and 2019, 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 on terms equivalent to those that prevail in arm's length transactions. 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:

	2021		2020			
	Amount/ Volume	**Outstanding Balance**	Amount/ Volume	Outstanding Balance	Terms	Conditions
Immediate parent company						
ALI	**₱1,025,973**	**₱2,126,503**	₱2,541,021	₱4,732,630	Due and demandable; non-interest bearing	Unsecured; no impairment
ALI (Interest) (Note 19)	–	–	378,098	–	Due and demandable	Unsecured; no impairment
Entities under common control						
ACGSCI	**21,345,978**	**8,612,520**	13,969,307	2,360,936	Due and demandable; non-interest bearing	Unsecured; no impairment
Makati Development Corporation (MDC)	**26,673**	–	658,350	368,552	Due and demandable; non-interest bearing	Unsecured; no impairment
Ayala Property Management Corporation (APMC)	–	–	161,968	105,872	Due and demandable; non-interest bearing	Unsecured; no impairment
CHI (Interest) (Note 19)	–	–	40,104	–	Due and demandable	Unsecured; no impairment
		₱10,739,023		₱7,567,990		

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 unsecured non-interest bearing charges and unpaid membership dues from ALI nominees.
- 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 ₱3,825,735, ₱4,111,100, and ₱3,344,852 for consultancy services rendered to ACGSCI in 2021, 2020 and 2019, respectively (see Note 13).
- Receivables 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:

	2021		2020			
	Amount/ Volume	**Outstanding Balance**	Amount/ Volume	Outstanding Balance	Terms	Conditions
Entities under common control						
ACMI (a)	**₱3,829,732**	**₱3,829,732**	₱3,187,332	₱5,655,697	Due and demandable; non-interest bearing	Unsecured
ACMI (b)	**2,441,628**	**2,346,081**	2,219,664	₱2,775,545	Due and demandable; non-interest bearing	Unsecured
ALI	**508,107**	**–**	593,300	593,300	Due and demandable; non-interest bearing	Unsecured
ACGSCI	**4,092,036**	**1,492,585**	5,332,184	441,226	Due and demandable; non-interest bearing	Unsecured
		₱7,668,398		₱9,465,768		

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 ₱3,829,732, ₱3,187,332, and ₱4,427,668 in 2021, 2020 and 2019, respectively.
  (b) System cost at a monthly fixed amount of ₱203,469 and ₱184,972 in 2021 and 2020, 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):

	2021			2020		
	Balance	**Income Earned**	**Realized/ Unrealized gain**	Balance	Income Earned	Unrealized gain
Cash in banks (Note 4)	**₱24,342,656**	**₱19,894**	**₱–**	₱12,128,510	₱54,745	₱–
Financial assets at FVPL (Note 5)	**99,727,184**	**–**	**1,138,282**	108,588,902	–	2,572,907
	₱124,069,840	**₱19,894**	**₱1,138,282**	₱120,717,412	₱54,745	₱2,572,907

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 Instruments 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, 2021 and 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 credit risk exposure of the Club:

	2021	2020
Cash in banks	**₱24,342,656**	₱12,128,510
Financial assets at FVPL	**99,727,184**	108,588,902
Accounts and other receivables		
Trade receivables	**34,152,550**	34,778,840
Receivable from employees	**151,869**	241,459
Others	**1,261,183**	754,477
Receivables from related parties	**10,739,023**	7,567,990
	₱170,374,465	₱164,060,178

Impairment of financial assets
The Club's financial assets that are subject to the ECL model consists of cash in banks, accounts and other receivables, and receivables from related parties.

Cash in banks and financial assets at FVPL
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.

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.

Identified impairment losses for cash in banks and due from related parties are immaterial.

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 120 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.

Below is the information about the credit risk exposure on the Club's trade receivables using a provision matrix:

December 31, 2021

	Current	< 30 days	< 90 days	Over 90 but < 360 days	Over 360 days	Credit impaired	Total
ECL rate	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**100%**	
Estimated total gross carrying amount of accounts receivable	**₱5,226,165**	**₱1,886,058**	**₱735,789**	**₱2,661,650**	**₱11,249,244**	**₱12,393,644**	**₱34,152,550**
ECL	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱12,393,644**	**₱12,393,644**

December 31, 2020

	Current	< 30 days	< 90 days	Over 90 but < 360 days	Over 360 days	Credit impaired	Total
ECL rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Estimated total gross carrying amount of accounts receivable	₱4,846,435	₱2,278,822	₱2,872,959	₱9,415,262	₱15,365,362	₱–	₱34,778,840
ECL	₱–	₱–	₱–	₱–	₱–	₱–	₱–

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:

	2021				
	On demand	**Less than 3 months**	**3 to 12 months**	**More than 1 year**	**Total**
Financial Assets					
Cash	**₱24,902,458**	**₱–**	**₱–**	**₱–**	**₱24,902,458**
Financial assets at FVPL	**99,727,184**	**–**	**–**	**–**	**99,727,184**
Accounts and other receivables					
Trade receivables	**5,226,163**	**2,374,529**	**2,908,969**	**11,249,245**	**21,758,906**
Receivables from employees	**151,869**	**–**	**–**	**–**	**151,869**
Other receivables	**1,261,183**	**–**	**–**	**–**	**1,261,183**
Receivables from related parties	**10,739,023**	**–**	**–**	**–**	**10,739,023**
	₱142,007,880	**₱2,374,529**	**₱2,908,969**	**₱11,249,245**	**₱158,540,623**
Financial Liabilities					
Accounts and other payables					
Trade payables	**₱24,878,772**	**₱–**	**₱–**	**₱–**	**₱24,878,772**
Accrued expenses	**–**	**11,847,895**	**–**	**–**	**11,847,895**
Funds held for environmental activities	**1,890,809**	**–**	**–**	**–**	**1,890,8109**
Service charge payable		**772,210**	**–**	**–**	**772,210**
Vouchers payable	**487,588**	**–**	**–**	**–**	**487,588**
Due to employees	**–**	**9,708**	**–**	**–**	**9,708**
Other payables*	**340,998**		**–**	**–**	**340,998**
Contract liabilities	**–**	**23,238,240**	**–**	**–**	**23,238,240**
Payables to related parties	**7,668,398**	**–**	**–**	**–**	**7,668,398**
	₱35,266,565	**₱35,868,053**	**₱–**	**₱–**	**₱71,134,618**
Liquidity Position (Gap)	**₱106,741,315**	**(₱33,493,524)**	**₱2,908,969**	**₱11,249,245**	**₱87,406,005**

**Excluding statutory liabilities amounting to ₱213,248*

	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
Liquidity Position (Gap)	₱112,516,544	(₱32,989,228)	₱–	₱–	₱79,527,316

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

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	–	–

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 ₱3,879,357 in 2019.

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 2021, 2020 and 2019 amounted to nil, ₱378,098 and ₱999,123, respectively (see Note 17).

Loan to CHI has a 62-day term subject to interest rate of 4.46%. Interest income earned from the loan amounted to nil, ₱40,104 and ₱352,694 in 2021, 2020 and 2019, respectively (see Note 17).

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 2021:

	Net Sales/ Receipts	Output VAT
Taxable sales:		
Sale of services	42,276,924	5,073,231
Sale of goods	18,591,182	2,230,942
	₱60,868,106	₱7,304,173

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 ₱62,415,000 pursuant to 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	₱1,003,264
Input tax carried over	4,312,886
Current year's domestic purchases of:	
I. Goods for resale or further processing	2,300,345
II. Capital goods subject to amortization	495,036
III. Capital goods not subject to amortization	75,963
IV. Services lodged under other accounts	4,374,690
Total input VAT available	12,562,184
Less input tax on capital goods subject to amortization, deferred for the succeeding period	2,829,962
Less input tax allocable to exempt sales	2,515,435
Total input tax claimed during the current year	7,216,787
Less claims against output VAT	7,134,329
Balance at end of year	₱82,458

Documentary Stamp Tax
There was no documentary stamp tax paid or due to the BIR in 2021.

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 2021 follow:

Local	
Real property taxes	₱3,518,244
Licenses and permits	832,538
Community tax certificate	10,500
	4,361,282
National	
BIR annual registration fee	500
	₱4,361,782

Withholding Taxes
Details of withholding taxes in 2021 follows:

	Paid	Accrued	Total
Expanded withholding taxes	₱2,211,652	₱282,821	₱2,494,473
Withholding taxes on compensation and benefits	2,969,061	105,805	3,119,866
Final withholding taxes	3,979	–	3,979
	₱5,184,692	₱388,626	₱5,618,318

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, 2021.

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

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

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, 2021 and 2020 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated March 2, 2022. 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
Tax Identification No. 102-100-830
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 85501-SEC (Group A)
Valid to cover audit of 2020 to 2024 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-060-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854391, January 3, 2022, Makati City

March 2, 2022

ANVAYA COVE BEACH AND NATURE CLUB, INC.
SUPPLEMENTARY SCHEDULES REQUIRED UNDER ANNEX 68-J
OF THE REVISED SRC RULE 68
AS AT DECEMBER 31, 2021

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)	**₱24,342,656**	**₱19,894**	**₱–**
B. Short-term investments	**–**	**–**	
C. Financial assets at FVPL	**99,727,184**	**–**	**882,264**
D. Accounts and other receivables			
Trade receivables	**21,758,906**	–	–
Receivable from employees	**151,869**	–	–
Other receivables	**1,261,183**	**42,704**	–
E. Receivables from related parties	**10,739,023**	–	–
	₱157,980,821	**₱62,598**	**₱882,264**

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	₱241,459	₱403,598	₱493,188	₱–	₱151,869	₱–	₱151,869

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	212	6
Class B	1,950	1,950	N/A	429	13	1508
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	4,915	257	1,628

From: eafs@bir.gov.ph
Sent: Saturday, 28 May 2022 10:04 am
To: Carol Hizola
Cc: Carol Hizola
Subject: Your BIR AFS eSubmission uploads were received

Hi ANVAYA COVE BEACH AND NATURE CLUB INC,

Valid files

- EAFS005862442TCRTY122021-02.pdf
- EAFS005862442AFSTY122021.pdf
- EAFS005862442OTHTY122021.pdf
- EAFS005862442TCRTY122021-03.pdf

Invalid files

- EAFS005862442ITRTY122021.pdf
- EAFS005862442RPTTY122021.pdf
- EAFS005862442TCRTY122021-01.pdf

Warning: Please resubmit the invalid files in the expected PDF format.

Transaction Code: **AFS-0-6GECCJC0M1ZXVS4RPP1VMNX307E6F7ACG**
Submission Date/Time: **May 28, 2022 09:47 AM**
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.

This is a system-generated e-mail. Please do not reply.

ANVAYA COVE
Beach & Nature Club

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Anvaya Cove Beach & Nature Club, Inc.** (the Club) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as of December 31, 2021 and 2020 and for the years ended December 31, 2021, 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 (BOD) is responsible for overseeing the Club's financial reporting process.

The BOD 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 for the periods December 31, 2021 and 2020, 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.

Augusto D. Bengzon	**Paullolindo A. Elauria**	**Dindo R. Fernando**
Chairman of the Board	President	Treasurer

Anvaya Cove Beach & Nature Club
Morong, Bataan, 2108
Tel: (02) 793 9000 Fax: (02) 793 9088 Mobile: (0917) 826 8292
Email: members@anvayacove.com
Website: www.anvayacove.com

ANVAYA COVE
Beach & Nature Club

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
Makati City) SS.

BEFORE ME, a Notary Public for and in the City of Makati, this APR 13 2022, personally appeared the following:

Anvaya Cove Beach & Nature Club, Inc.
represented by:

Name	Passport No.	Date & Place of Issue
Augusto D. Bengzon	P4323352B	Jan. 8, 2020/DFA NCR East
Paullolindo A Elauria	NO4-96-359311	Dec 20,2021/NCR
Dindo R. Fernando	P53899687B	Aug. 7,2020/ DFA NCR

who are personally known to me and identified by me through competent evidence of identity to be the same persons described in the foregoing instrument, who acknowledged before me that their respective signatures on the instrument were voluntarily affixed by them for the purposes stated therein, and who declared to me that they have executed the instrument as their free and voluntary act and deed and that they have the authority to sign on behalf of their respective principals.

WITNESS MY HAND AND NOTARIAL SEAL affixed at the place and on the date first above written.

Doc. No. 116;
Page No. 25;
Book No. XXV;
Series of 2022.

Notarial DST pursuant to
Sec. 188 of the Tax Code
affixed on Notary Public's copy.

MARIA PAULA G. ROMERO-BAUTISTA
NOTARY PUBLIC
ROLL NO. 58335
MAKATI CITY, PHILS.

MARIA PAULA G. ROMERO-BAUTISTA
Notary Public – Makati City
Appt. No. M-079 until December 31, 2023
Roll of Attorneys No. 58335
IBP No. 170527 – 12/16/2021 – Makati City
PTR No. 8852359MJ – 01/03/2022 – Makati City
MCLE Compliance No. VI – 0009490 - 06/20/2018
4th Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines