COVER SHEET

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ANVAYA COVE GOLF AND SPORTS CLUB, INC.

(Company's Full Name)

ANVAYA COVE, MORONG, BATAAN

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

ATTY. SOLOMON M. HERMOSURA

Contact Person

908-3841

Company Telephone Number

Definitive

Fiscal Year		Form Type	Annual Meeting	
12	31	20-IS	09	29
Month	*Day*		*Month*	*Day*

Secondary License Type, if Applicable

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. Of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Notice is hereby given that the Annual Meeting of the Stockholders of **ANVAYA COVE GOLF AND SPORTS CLUB, INC.** will be conducted virtually via Zoom on Saturday, September 25, 2021 at 9:00 a.m. with the following

AGENDA

1. Call to order
2. Certification of notice and quorum
3. Approval of minutes of previous meeting
4. Ratification of the acts of the Board of Directors and Management beginning September 26, 2020 until September 25, 2021
5. President's report
6. Approval of the delegation of authority to amend, repeal or adopt new by-laws to the Board of Directors
7. Election of directors (including the independent directors)
8. Appointment of external auditor and fixing of its remuneration
9. Consideration of such other business that may properly come before the meeting
10. Adjournment

Only stockholders of record as of August 6, 2021 are entitled to notice of, and to vote at, this meeting.

Given the current circumstances, stockholders may only attend the meeting by remote communication, by voting *in absentia*, or by appointing the Chairman of the meeting as their proxy. Stockholders intending to participate by remote communication should notify the Company on or before September 20, 2021.

Duly accomplished proxies shall be submitted on or before September 15, 2021 to the Office of the Corporate Secretary by email to corporatesecretary.GSC@anvayacove.com. Validation of proxies is set for September 20, 2021 at 9:00 a.m.

Stockholders may vote by remote communication, or *in absentia* subject to validation procedures. The procedures for participating in the meeting through remote communication and for casting of votes *in absentia* will be set forth in the Information Statement.

Stockholders of record as of August 6, 2021 owning at least 5% of the total outstanding capital stock of the Company may submit proposals on items for inclusion in the agenda on or before September 18, 2021.

All communications should be sent by email to corporatesecretary.GSC@anvayacove.com on or before the designated deadlines.

Makati City, August 5, 2021.

NIMFA AMBROSIA L. PEREZ-PARAS
Assistant Corporate Secretary

PROXY

The undersigned stockholder of **ANVAYA COVE GOLF AND SPORTS CLUB, INC.** (the "Company") hereby appoints the Chairman of the meeting, as *attorney-in-fact* and *proxy,* to represent and vote all shares registered in his/her/its name at the annual meeting of stockholders of the Company on September 25, 2021 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of minutes of previous meeting
   ☐ Yes ☐ No ☐ Abstain
2. Ratification of the acts of the Board of Directors and Management beginning September 26, 2020 until September 25, 2021
   ☐ Yes ☐ No ☐ Abstain
3. President's Report
   ☐ Yes ☐ No ☐ Abstain
4. Approval of the delegation of authority to amend, repeal or adopt new by-laws to the Board of Directors
5. Election of Directors

	No. of Votes
Augusto D. Bengzon	______________
Joseph Carmichael Z. Jugo	______________
Dante M. Abando	______________
Jocelyn F. de Leon	______________
Paullolindo A. Elauria	______________
Jose Emmanuel H. Jalandoni	______________
Robert S. Lao	______________
Paolo O. Viray	______________
Independent Directors:	
George Edwin T. Lee	______________
Agustin R. Montilla IV	______________
Bernadine T. Siy	______________

6. Appointment of SyCip Gorres Velayo & Co. as the external auditor and fixing of its remuneration
   ☐ Yes ☐ No ☐ Abstain
7. At his/her discretion, the proxy named above is authorized to vote upon such other matters as may properly come before the meeting.
   ☐ Yes ☐ No

____
PRINTED NAME OF STOCKHOLDER

____
SIGNATURE OF STOCKHOLDER / AUTHORIZED SIGNATORY

____
DATE

A SCANNED COPY OF THIS PROXY MUST BE SUBMITTED TO THE CORPORATE SECRETARY AT corporatesecretary.gsc@anvayacove.com ON OR BEFORE **SEPTEMBER 15, 2021**, THE DEADLINE FOR SUBMISSION OF PROXIES. FOR CORPORATE STOCKHOLDERS, PLEASE ATTACH TO THIS PROXY FORM THE SECRETARY'S CERTIFICATE ON THE AUTHORITY OF THE SIGNATORY TO APPOINT THE PROXY AND SIGN THIS FORM.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, NO VOTES WILL BE CAST.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER PARTICIPATES IN THE MEETING AND SUBMITS HIS BALLOT.

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT OF
ANVAYA COVE GOLF AND SPORTS CLUB, INC.
(the "Corporation" or "Club")

Pursuant to Section 20 of the Securities Regulation Code

1. **Check the appropriate box:**

   [ ] Preliminary Information Statement
   [✓] Definitive Information Statement

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

   ANVAYA COVE GOLF AND SPORTS CLUB, INC.

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

   REPUBLIC OF THE PHILIPPINES

4. **SEC Identification Number:** CS201014919

5. **BIR Tax Identification Code:** 007-875-261

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

   Postal Address: **c/o Ayala Land, Inc.**
   2/F Tower One and Exchange Plaza
   Ayala Triangle
   Ayala Avenue, Makati City 1226

7. **Registrant's telephone number, including area code:** Tel No. (632) 7943-4400
   Fax No. (632) 7759-4411

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

Date	September 25, 2021
Time	9:00 A.M.
Place	Stockholders may attend the meeting by remote communication through the Zoom Meeting Link to be provided to each stockholder upon registration pursuant to Annex "A," the Requirements and Procedures for Voting in Absentia and Participation by Remote Communication. Stockholders may also vote *in absentia* in accordance with Annex "A."

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

September 4, 2021

10. Proxy solicitation

Name of Person:	Jaime E. Ysmael
Address and Telephone Number:	2nd Floor, Tower One and Exchange Plaza, Ayala Triangle Ayala Avenue, Makati City/ 7908-3865 or 7908-3657

11. Securities registered pursuant to Section 8 of the SRC

a. Shares of Stock

Title of Each Class	
Common – Class A	5,420
Common – Class B	2,846
Common – Class C	154
Common – Class D	80
TOTAL	8,500

b. Amount of Debt Outstanding as of June 30, 2021 Not Applicable

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

[ ] Yes [✓] No

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders (hereafter, the "annual stockholders' meeting" or "meeting")

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

Date		September 25, 2021
Time		9:00 a.m.
Place		To be conducted virtually through Zoom
Principal Office	-	Anvaya Cove Morong, Bataan, 2108

(b) Approximate date on which the Information Statement is to be first sent or given to security holders at least twenty-one (21) calendar days prior to meeting date:

September 4, 2021

Item 2. Dissenters' Right of Appraisal

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

(a) In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

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

(c) In case of merger or consolidation; and

(d) In case of investment of corporate funds for any purpose other than the primary purpose for which the Corporation was organized.

No matters or actions that may give rise to a possible exercise by stockholders of their appraisal rights will be taken up at the meeting.

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

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

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

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Number of Shares Outstanding as of June 30, 2021:

Title of Each Class		
Common – Class A		5,420
Common – Class B		2,846
Common – Class C		154
	TOTAL	8,420

Number of Votes Entitled: One (1) vote per Class A, Class B and Class C shares

(b) Record Date

All stockholders of record as of August 6, 2021 are entitled to notice and to vote at the annual stockholders' meeting.

(c) Manner of Voting

Section A (1) of the Seventh Article of the Articles of Incorporation states that Class A shares, when initially issued to the original subscribers of the Corporation shall have the status of Founders' Shares. Within a period of five (5) years from the date of incorporation of the Corporation, the holders of Founders' Shares shall have the sole and exclusive right to the exclusion of holders of Class B, Class C and Class D Shares: (i) to nominate and vote for persons who shall serve as directors of the Corporation, (ii) to vote on any other matter requiring the vote of stockholders, and (iii) in case of natural persons, to be voted as directors of the Corporation, provided that, the expiry of such five (5)-year period shall automatically cause the shares to lose their character as Founders' Shares and the holder shall, for all intents and purposes, be deemed to be a holder of a regular Class A share, in which event, the voting rights of the holders of the Class A shares shall be equal in all respects to the voting rights of all the other classes of shares and, provided further, that these rights shall at all times be exercised in accordance with the By-Laws.

Section 23 of the RCC states in part, "xxx stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or (c) distribute them on the same principle among as many candidates as he may be seen fit."

On July 29, 2020, the Board of Directors approved and authorized participation and voting by remote communication in all meetings of the Board of Directors and of the stockholders of the Corporation in accordance with regulations issued by the Securities and Exchange Commission and with the internal guidelines of the Corporation. Please refer to Annex A (I) and (II) for the detailed instruction on participation and voting by remote communication. On July 26, 2021, The Board of Directors approved the adoption of the said internal guidelines for this year's Meeting.

(d) Security Ownership of Certain Record and Beneficial Owners and Management as of June 30, 2021:

(1) Security Ownership of Certain Record and Beneficial Owners (of more than 5%) as of June 30, 2021:

Title of Class	Name & Address of Record Owner & Relationship w/ Issuer	Name of Beneficial Owner & Relationship w/ Record Owner	Citizenship	No. of Shares	Percentage
Class A Class B Class C	Ayala Land, Inc. (ALI) 31/F Tower One & Exchange Plaza, Ayala Ave. Makati City ALI is the parent of the Corporation	ALI is both the beneficial and record owner of the Issuer.	Filipino	4,326 1,918 106	75.42%
Class A Class B Class C	Subic Bay Development and Industrial Estate Corp. (SUDECO) 8/F Vernida IV Condominium 128 L.P. Leviste St., Salcedo Village, Makati City SUDECO is a stockholder of the Corporation	SUDECO is both the beneficial and record owner of the Issuer.	Filipino	1,082 226 7	15.62%

- The Board of Directors of ALI has the power to decide how ALI's shares in the Corporation are to be voted. Messrs. Jaime E. Ysmael, Joseph Carmichael Z. Jugo, Augusto D. Bengzon, George Bernard L. Cadhit, Paolo O. Viray, Dante M. Abando, and Robert S. Lao have been named and appointed to exercise the voting power.

- The Board of Directors of SUDECO has the power to decide how SUDECO's shares in the Corporation are to be voted. Mr. Paullolindo A. Elauria and Ms. Jocelyn F. de Leon have been named and appointed to exercise the voting power.

(2) Security Ownership of Directors and Officers as of June 30, 2021:

Title of Class	Name	Position	Amount & Nature of Ownership	Citizenship	Percentage
Class A	Jaime E. Ysmael	Chairman of the Board of Directors	1 (record owner)	Filipino	0.0119%
Class A	Joseph Carmichael Z. Jugo	Director & President	1 (record owner)	Filipino	0.0119%
Class A	Augusto D. Bengzon	Director, Treasurer & Compliance Officer	1 (record owner)	Filipino	0.0119%
Class A	George Bernard L. Cadhit	Director and Managing Director*	1 (record owner)	Filipino	0.0119%

Class A	Paolo O. Viray	Director	1 (record owner)	Filipino	0.0119%
Class A	Dante M. Abando	Director	1 (record owner)	Filipino	0.0119%
Class A	Paullolindo A. Elauria	Director & Vice President for Operations	1 (record owner)	Filipino	0.0119%
Class A	Jocelyn F. de Leon	Director	1 (record owner)	Filipino	0.0119%
Class A	Robert S. Lao	Director	1 (record owner)	Filipino	0.0119%
Class A	Purisimo S. Buyco	Independent Director	1 (record and beneficial owner)	Filipino	0.0119%
Class A	George Edwin T. Lee	Independent Director	1 (record and beneficial owner)	Filipino	0.0119%
	Solomon M. Hermosura	Corporate Secretary	0	Filipino	N/A
	Nimfa Ambrosia L. Perez-Paras	Assistant Corporate Secretary	0	Filipino	N/A
	Maria Paula G. Romero-Bautista	Assistant Corporate Secretary	0	Filipino	N/A
	Amelia Ann T. Alipao	Data Protection Officer	0	Filipino	N/A
Security Ownership of all Directors and Officers			**11**		**0.1309%**

**Until July 26, 2021.*

No director or member of the Corporation's management owns 2% or more of the outstanding capital stock of the Corporation.

(e) Voting Trust Holders of 5% or More

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

(f) Change in Control

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

Item 5. Directors and Executive Officers

(a) Directors and Executive Officers

(1) Directors, Independent Directors and Executive Officers

The following have been nominated to the Board of Directors of the Corporation:

Dante M. Abando
Augusto D. Bengzon
Jose Emmanuel H. Jalandoni
Joseph Carmichael Z. Jugo
Jocelyn F. de Leon
Paullolindo A. Elauria
Robert S. Lao
Paolo O. Viray
George Edwin T. Lee
Agustin R. Montilla IV
Bernadine T. Siy

Messrs. George Edwin T. Lee and Agustin R. Montilla IV, and Ms. Bernadine T. Siy were nominated as independent directors of the Corporation for the ensuing year by Mr. Paolo O. Viray. Mr. Viray is not related to the nominees for independent directors.

The Corporate Governance and Nomination Committee of the Corporation (composed of Mr. Purisimo S. Buyco, Chairman, and Messrs. Paullolindo A. Elauria, and George Edwin T. Lee, Members) evaluated the qualifications of the nominees and prepared the final list of nominees in accordance with SRC Rule 38 (Requirements on Nomination and Election of Independent Directors) of the Securities Regulation Code and the By-Laws of the Corporation. The Corporation has adopted the SRC Rule 38 and compliance therewith has been made.

Only nominees whose names appear in the final list of candidates are eligible for election as directors. No nominations will be entertained or allowed on the floor during the annual stockholders' meeting.

The above-named nominees are expected to attend the annual stockholders' meeting.

A summary of the qualifications of the incumbent directors, nominees for directors for election at the annual stockholders' meeting and incumbent officers is set forth in Annex B. The certifications on the qualifications of independent directors are attached hereto as Annex B-1.

The officers of the Corporation are elected annually by the Board during its organizational meeting.

(2) Significant Employees

The Corporation attributes its continued success to the collective efforts of its employees, all of whom contribute significantly to the business in various ways.

(3) Family Relationships

None of the directors and executive officers of the Corporation nor the nominees for election as director is related up to the fourth civil degree either by consanguinity or affinity.

(4) Involvement in Legal Proceedings

There are no material pending legal proceedings, bankruptcy petition, conviction by final judgment, order, judgment or decree or any violation of a securities or commodities law for the past five (5) years to which the Corporation or any of its directors, executive officers and nominees for election as director is a party or of which any of its material properties is subject in any court or administrative agency of the Government.

(b) Certain Relationships and Related Transactions

(1) Related Transactions

None of the directors, executive officers, and members of their immediate family owns ten percent (10%) or more of total outstanding shares in the Corporation.

No transactions shall be entered into by the Corporation in which any director, executive officer, nominee for election as director, security holder in the Corporation, or immediate family member of any of the foregoing, shall have a direct or indirect material interest.

(2) Ownership Structure and Parent Company

Ayala Land, Inc. is the parent company of the Corporation which owns 75.42% of the total outstanding capital stock of the Corporation as of June 30, 2021. SUDECO, a significant stockholder of the Corporation, owns 15.62% of the total outstanding capital stock of the Corporation as of June 30, 2021.

(3) Transactions with Promoters

The Corporation did not enter into any transactions with promoters.

(c) Resignation of Directors

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

Item 6. Compensation of Directors and Executive Officers

(a) Executive Compensation

Ayala Land Club Management, Inc. (ACMI), a wholly owned subsidiary of ALI, manages the operation of the Club under a Management Agreement which was renewed on January 1, 2019 and shall be effective until January 1, 2022.

ACMI and ALI did not charge any cost pertaining to the compensation of the Corporation's directors and officers for its management and operation.

(b) Compensation of Directors

(1) Standard Arrangement (Current Compensation)

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

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

(2) Other Arrangement

None of the directors, in their personal capacity, has been contracted and compensated by the Corporation for services other than those provided as a director.

The Corporation has no other arrangement with regard to the remuneration of its existing directors and officers aside from the compensation received as herein stated.

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

The employment of the executive officers is covered by letters of appointment executed by the Corporation stating therein their respective job functionalities, among others.

(d) Warrants and Options Outstanding

The Corporation has not offered any stock warrants or stock options to any of its directors, executive officers or employees.

Item 7. Independent Public Accountants

(a) Independent Public Accountant

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

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

Pursuant to the General Requirements of SRC Rule 68, Paragraph 3 (Qualifications and Reports of Independent Auditors), the Corporation has engaged SGV & Co. as external auditor, and Mr. Pepito E. Zabat III has been the Partner-in-Charge since audit year 2019.

The Corporation has formed the Audit and Risk Oversight Committee composed of Mr. George Edwin T. Lee, as Chairman, and Messrs. Purisimo S. Buyco and Augusto D. Bengzon as members.

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

The Corporation has engaged the services of SGV & Co. during the two (2) most recent fiscal years. There were no disagreements with SGV & Co. on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure.

(c) Audit and Audit-Related Fees

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

	Audit & Audit-related Fees*	**Tax Fees**	**Other Fees**
2020	PhP158,000	-	-
2019	PhP153,825	-	-

** Pertains to audit fees; no fees for other assurance and related services*

SGV & Co. was engaged by the Corporation to audit its financial statements.

The Audit and Risk Oversight Committee recommends to the Board the appointment of the external auditor and the fixing of the audit fees. The Board then recommends to the stockholders, for their approval, the said recommendation.

Item 8. Compensation Plans

There is no action to be taken up during the meeting pertaining to compensation plans.

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

No matter or action concerning authorization or issuance of securities will be taken up during the meeting.

Item 10. Modification or Exchange of Securities

The Corporation will not be presenting any matter or act involving the modification of any class of the Corporation's securities or the issuance or authorization for issuance of one (1) class of the Corporation's securities in exchange for outstanding securities of another class during the meeting.

Item 11. Financial and Other Information

The Management's Discussion and Analysis, audited financial statements as of December 31, 2020, SEC Form 17-Q for the quarters ending March 2021 and June 2021, and other data related to the Corporation's financial information are attached hereto as Annex C.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There is no proposed merger, consolidation, acquisition of securities or assets, sale or transfer of assets, or liquidation of the Corporation that will be presented during the meeting.

Item 13. Acquisition or Disposition of Property

There are no matters or actions to be taken up in the meeting with respect to acquisition or disposition by the Corporation of any property requiring stockholders' approval under the Revised Corporation Code.

Item 14. Restatement of Accounts

The changes in accounting policies have no impact on the statement of accounts as shown in Note 2 of the 2020 audited financial statements and neither do such changes result to a restatement of the 2019 audited financial statements.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

(a) Approval of the minutes of the 2020 Annual Stockholders' Meeting held on September 26, 2020 covering the following matters:

(i) Approval of the minutes of the 2019 Annual Stockholders' Meeting held on September 28, 2019;
(ii) Ratification of the acts of the Board of Directors and Management beginning September 28, 2019 until September 26, 2020;
(iii) President's report;
(iv) Election of Directors, including independent directors; and
(v) Appointment of external auditor and fixing of its remuneration.

The Minutes of the 2020 Annual Stockholders' Meeting is uploaded to the Corporation's website or may be viewed through the following link: *https://drive.google.com/file/d/1ROFd8NoNEQvYebjCtRunlHfMu-nARvRw/view*.

(b) Approval of the President's report for the year ending December 31, 2020, including the 2020 audited financial statements.

Item 16. Matters Not Required to be Submitted

All matters or actions to be taken up in the meeting will require the vote of the stockholders as of the record date.

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

There are no matters or actions to be submitted in the meeting that will not require the vote of common stockholders as of the record date.

Item 18. Other Proposed Actions

(a) Ratification of the acts of the Board of Directors and Management beginning September 28, 2019 until September 26, 2020.

The resolutions of the Board of Directors and the Executive Committee include –

(i) Election of officers;
(ii) Appointment of Chairmen and members of the Board Committees;
(iii) 2021 budget;
(iv) Staff Christmas fund;
(v) Extension of usage of monthly consumables;
(vi) Appointment of Attorneys-in-Fact for legal proceedings;
(vii) Updated list of Attorneys-in-Fact for general transactions;
(viii) 2020 audited financial statements;
(ix) First quarter results of operations;
(x) Extension of usage of gift certificates and monthly consumables;
(xi) Extension of waiving of surcharges for unpaid membership dues;
(xii) Prohibition of commercial use of share;
(xiii) Management incentives;
(xiv) Registration with the Online Facility of the Securities and Exchange Commission for the submission of required documents;
(xv) Issuance of Guidelines on Accepting Proposals from Stockholders on Agenda Items for Stockholders' Meetings;
(xvi) Participation and voting by remote communication in all meetings of the Board of Directors and stockholders;

(xvii) Delegation of authority to the Corporate Governance and Nomination;
(xviii) Committee to approve the final list of nominees to the Board of Directors; and,
(xix) Delegation to the Board of Directors of the authority to amend the By-Laws.

(b) Approval of the delegation of authority to amend, repeal or adopt new By-Laws to the Board of Directors;

(c) Election of the members of the Board of Directors, including independent directors, for the ensuing calendar year; and

(d) Appointment of external auditor and fixing of its remuneration.

Item 19. Voting Procedures

(a) Vote Required

The affirmative vote of at least a two-thirds (2/3) of the outstanding capital stock is required for the approval of the delegation of authority to the Board of Directors to amend, repeal of adopt new By-Laws. The majority of the issued and outstanding capital stock entitled to vote and represented at the annual stockholders' meeting is required for the approval of all other matters presented to the stockholders for decision. The election of directors is by plurality of votes.

For the first five (5) years from the date of incorporation of the Club, the right to vote in all matters requiring stockholders' approval, including the right to nominate and vote for the persons who shall serve as directors of the Club, shall rest solely and exclusively with the holders of Founders' Shares. In addition, the right to be voted for as member in the Board of Directors of the Club during such five (5)-year period shall rest solely and exclusively with the holders of Founders' Shares who are natural persons.

On the fifth anniversary of the incorporation of the Club (September 21, 2015), all stockholders of record, regardless of the class of share held by a stockholder, shall have the right to vote in all matters requiring stockholders' approval, including the right to nominate and vote for the persons who shall serve as directors of the Club, provided that, in all matters regarding the construction or improvement of the golf course and structures within the Club parcels, the prior written approval of ALI as developer and its successors shall further be required. However, only stockholders who are members in good standing shall have the right to be voted for as member of the Board of Directors of the Club. Nominations for membership in the Board of Directors shall be submitted to the Corporate Governance and Nomination Committee by the qualified stockholder in accordance with the rules prescribed by the Corporate Governance and Nomination Committee.

(b) Method of Voting

Straight and cumulative voting.

Each share of stock entitles its registered owner as of the Record Date to one (1) vote.

Subject to Seventh Article of the Articles of Incorporation and Article II, Section 2(c) of the By-Laws, a stockholder shall be allowed to vote in person or by proxy at all meetings of stockholders.

For this year's Meeting, stockholders shall be allowed to vote by proxy (by appointment of the Chairman as such) and by sending the ballots via electronic mail to corporatesecretary.GSC@anvayacove.com prior to the meeting or until the end of the Meeting. The ballot/s submitted by the stockholders shall be considered as votes made *in absentia*. Stockholders who participate through remote communication or who vote *in absentia* or by appointing the Chairman as proxy shall likewise be deemed present for purposes of quorum subject to the guidelines attached as Annex A (I).

Proxies shall be in writing, signed and filed by the stockholders, in the form provided in this DIS, and shall be received by the Corporate Secretary at corporatesecretary.GSC@anvayacove.com on or before September 15, 2021, 5:00 p.m. or the original proxy forms containing the wet signature/s of the signatory/ies may be submitted to the Administration Office, Anvaya Cove Golf and Sports Club Clubhouse, Morong, Bataan on or before the said date.

All votes will be counted and tabulated by the Office of the Corporate Secretary.

Item 20. Participation of Shareholders by Remote Communication

To comply with applicable regulations limiting mass gatherings and/or requiring social distancing to prevent the spread of COVID-19 and to ensure the safety and welfare of our stockholders, the Club will dispense with the physical attendance of stockholders or their proxies at the meeting and will allow attendance only by remote communication and by appointment of the Chairman as proxy, as set forth below, and by voting *in absentia*, as provided in Item 19 above.

To enable the Corporation to perform validation procedures, identify the shareholders participating by remote communication and record their presence for purposes of quorum, the shareholders shall inform the Corporation by email to corporatesecretary.GSC@anvayacove.com on or before September 20, 2021, of their intention to participate in the meeting by remote communication. Stockholders may send in their questions to corporatesecretary.GSC@anvayacove.com not later than fifteen (15) minutes from the start of the Annual Stockholders' Meeting. The detailed instructions for participation through remote communication are attached as Annex A (II).

Item 21. Acceptance of Stockholder Proposals on Agenda item

Stockholders of record as of August 6, 2021 owning at least 5% of the total outstanding capital stock of the Corporation may submit proposals on items for inclusion in the agenda on or before September 18, 2021.[1]

[1] The inclusion of the proposed agenda item shall be in accordance with SEC Memorandum Circular No. 14, Series of 2020, and the Corporation's internal guidelines.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on September 1, 2021.

ANVAYA COVE GOLF AND SPORTS CLUB, INC.
By:

SOLOMON M. HERMOSURA
Corporate Secretary

ANNEX "A"

2021 ANNUAL STOCKHOLDERS' MEETING
OF
ANVAYA COVE GOLF COVE AND SPORTS CLUB, INC.
(the "Meeting")

REQUIREMENTS AND PROCEDURES FOR
VOTING IN ABSENTIA
AND
PARTICIPATION BY REMOTE COMMUNICATION

I. <u>VOTING IN ABSENTIA</u>

1. Stockholders who may not be able to attend the meeting via remote communication may submit the ballots prior to the Meeting or until the end of the Meeting via electronic mail to corporatesecretary.GSC@anvayacove.com.

2. Stockholders shall notify the Chairman of the Board and the Corporate Secretary by email to corporatesecretary.GSC@anvayacove.com of his/her/its intention to exercise his/her/its right to vote in absentia by September 20, 2021.

3. Subject to validation procedures, the stockholders shall receive the official ballot which shall be used to elect members of the Board and vote on the agenda items.

4. Only ballots received from the registered e-mail addresses of the stockholders shall be accepted as valid votes and included in the tabulation.

5. Only one (1) ballot shall be accepted from each stockholder. In case of multiple e-mails from a single registered e-mail address of a member is received, the earliest ballot received shall be considered as valid and tabulated.

6. The ballots will be collected and the votes cast will be tabulated by the Office of the Corporate Secretary and the Corporate Secretary shall present the results to the stockholders during the Meeting.

II. <u>PARTICIPATION BY REMOTE COMMUNICATION</u>

1. Stockholders, as of August 6, 2021, are encouraged to attend the Meeting via the video conference platform Zoom.

2. Stockholders shall notify the Chairman of the Board and the Corporate Secretary by email to corporatesecretary.GSC@anvayacove.com of his/her/its intention to attend the Meeting via remote communication by September 20, 2021.

3. Only notifications received from the registered e-mail addresses of the stockholders shall be accepted as valid registration.

4. Subject to validation procedures, the stockholders shall receive from corporatesecretary.GSC@anvayacove.com the Zoom Meeting Link and official ballot within three days (3) from registration.

5. Stockholders attending the Meeting via remote communication, but failed to submit their ballots before the meeting, may still exercise their right to vote by sending their ballots via electronic mail to corporatesecretary.GSC@anvayacove.com during the meeting.

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

ANNEX B

BOARD OF DIRECTORS AND CORPORATE OFFICERS

The information below includes 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, and personal data as of June 30, 2021 of the directors, corporate officers and nominees to the Board of Directors.

Incumbent Board of Directors

Jaime E. Ysmael	Jocelyn F. de Leon
Joseph Carmichael Z. Jugo	Paullolindo A. Elauria
Dante M. Abando	George Edwin T. Lee
Augusto D. Bengzon	Robert S. Lao
Purisimo S. Buyco	Paolo O. Viray
George Bernard L. Cadhit	

Incumbent Corporate Officers

Jaime E. Ysmael	Chairman
Joseph Carmichael Z. Jugo	President
Paullolindo A. Elauria	Vice President for Operations
Augusto D. Bengzon	Treasurer & Compliance Officer
George Bernard L. Cadhit*	Managing Director
Jose P. Dagdagan**	General Manager
Solomon M. Hermosura	Corporate Secretary
Nimfa Ambrosia L. Perez-Paras	Assistant Corporate Secretary
Maria Paula G. Romero-Bautista	Assistant Corporate Secretary
Amelia Ann T. Alipao	Data Protection Officer

**Until July 26, 2021.*
***Effective July 26, 2021.*

Jaime E. Ysmael, Filipino, 61, has served as the Chairman of the Board of the Club since August 6, 2016. He is the President and Chief Executive Officer of QualiMed Health Network (an AC Health Company). His other significant positions include: President and Chief Executive Officer of Healthway Philippines, Inc. (an AC Health Company). He served as the Chairman of the Board of Directors of Anvaya Cove Beach and Nature Club, Inc. until July 30, 2021. Outside of the Ayala Group, he is serves as a Trustee and President of the Shareholders Association of the Philippines, and a Trustee of FINEX Research and Development Foundation, FINEX Academy and CIBI Foundation. He is also a Trustee and Chairman of the Board of Trustees of the Alumni Tree Project. He holds a degree in Business Administration, Major in Accounting (Summa Cum Laude) at the University of the East, Manila, Philippines and is a Certified Public Accountant. He earned an MBA, Major in Finance, at The Wharton School and an MA in International Studies at The School of Arts and Sciences of the University of Pennsylvania in Philadelphia, USA, as a fellow of The Joseph H. Lauder Institute of Management and International Studies.

Joseph Carmichael Z. Jugo, Filipino, 47, has served as a Director and President of the Club since July 6, 2017. He is a Vice President of Ayala Land, Inc. 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.; 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., Anvaya Cove Golf & Sports Club, Inc.; Director & Vice President of Anvaya Cove Beach & Nature 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 almost 19 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.

Dante M. Abando, Filipino, 57, has served as a Director of the Club since its incorporation. He is a Senior Vice President and Member of the Management Committee of ALI. He is concurrently the President of Makati Development Corporation. He is also the Chairman of MDC BuildPlus, Inc., MDC Concrete, Inc., MDC Equipment Solutions, Inc. and MDBI Construction Corp., a joint venture of Makati Development Corporation and Bouygues Batiment International. He is currently a Board Member of Avida Land Corporation, Serendra, Inc., and Ayala Property Management Corporation. He was the President of Alveo Land Corporation. He served as Chairman and President of the Philippine Constructors Association from 2016 to 2017 and a member of the Board of Trustees of the University of the Philippines Alumni Engineers from 2015 to 2018. He graduated with a degree in Bachelor of Science in Civil Engineering from the University of the Philippines in 1986 and earned his Master's Degree in Business Administration in 1995 from the same university. In 2012, he completed the Executive Program on Real Estate Management at Harvard University Graduate School of Design.

Augusto D. Bengzon, Filipino, 58, has served as Director of the Club since its incorporation, and as Treasurer and Compliance Officer since March 15, 2017. 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 Treasurer of Cebu Holdings Inc. and AyalaLand Logistics Holding Corp., the publicly listed subsidiaries of ALI. His other significant positions include: Chairman of Aprisa Business Process Solutions Inc.; Director and Chief Finance Officer of Altaraza Development Corporation; Director and Treasurer of ALI Eton Property Development Corp., Amaia Land Corp., Aurora Properties Inc., Avida Land Corp., Ayala Property Management Corp., Bellavita Land Corp., BGNorth Properties Inc., BGSouth Properties Inc., BGWest Properties Inc., Ceci Realty Inc., Philippine Integrated Energy Solutions Inc., Serendra Inc. and Vesta Property Holdings Inc.; Director & Assistant Treasurer of Ayala Greenfield Development Corp.; Director of AG Counselors Corporation, Alviera Country Club Inc., Alveo Land Corp., Ayala Land Premier Inc., Makati Development Corp., Nuevocentro Inc., Northgate Hotel Ventures, Inc., Portico Land Corp., Station Square East Commercial Corp. and Southcrest Hotel Ventures, Inc.; Treasurer of Alabang Commercial Corporation, AKL Properties, Inc. and Hero Foundation, Inc.; Assistant Treasurer of Ayala Greenfield Golf & Leisure Club, Inc. and Trustee of Philippine National Police Foundation, Inc. He received his Bachelor of Science degree in Business Management from the Ateneo de Manila University and is a graduate of the Philippine Trust Institute. He was granted the Andres K. Roxas scholarship at the Asian Institute of Management where he received his Masters in Business Management degree.

Purisimo S. Buyco, Filipino, 64, has served as Independent Director of the Club since October 2011. He is currently a Senior Partner and Practicing Lawyer at the law firm of Picazo Buyco Tan Fider & Santos. He has served as Corporate Secretary for Toyota Makati, Inc., Toyota San Fernando Pampanga, Inc., Toyota Cabanatuan City, Inc., Toyota Nueva Ecija, Inc., and Alorica Philippines Inc.; Director and Corporate Secretary for Lifestyles (Asia Pacific) Philippines, Inc., and Mirait Philippines, Inc.; and Director and Treasurer for Celestial Corporation and Kroll and Associates. He has also served as a Professional Lecturer in the College of Law, University of the Philippines, and in the Lyceum University of the

Philippines. He earned his Bachelor of Laws degree cum laude from the University of the Philippines in 1980 and placed 4th in the 1980 Bar Examination. He is a member of the Employers' Confederation of the Philippines and the Philippine Association of Voluntary Arbitrators.

George Bernard L. Cadhit, Filipino, 49, has served as a Director of the Club since August 2016. He served as the Managing Director of the Club from 2016 to July 26, 2021. He is currently the Director for Operations of Residential Business Group of the Ayala Property Management Corporation. He is also the President of AyalaLand Club Management, Inc., the club management arm of Ayala Land Premier. His other significant positions include: Director of Ayala Greenfield Golf & Leisure Club, Inc.; President of Verde Golf Development Corporation; Trustee of The Sea Breeze Verandas at Anvaya Cove Condominium Corporation; Trustee of the Anvaya Cove Seascape Ridge Condominium Corporation, Treasurer of the Anvaya Cove Neighborhoods Homeowners Association.; and Treasurer of Anvaya Environmental Foundation, Inc. He served as the General Manager of Anvaya Cove Beach and Nature Club from 2010 to March 25, 2015. Prior to his stint at ALI, he was the Director for Food and Beverage Division as well as the Director for Project Development for The Astoria Plaza Group. He holds a Bachelor of Science degree in Hotel and Restaurant Administration from the University of the Philippines.

Jocelyn F. De Leon, Filipino, 60, has served as a Director of the Club since December 2014. She is the Chairman of the Board and Director of SUDECO. She is presently Chairman of the Board and Director of Philippine Petrochemical Products, Inc.; Chairman of the Board and Director of Solar Plastics Corporation, Subic West Integrated Dev. Corporation, Zambales Farms & Forest Dev. Inc.; Chairman of the Board and Director of Seaport Development & Industrial Corporation and Silangguin Bay Corporation. She was formerly General Manager of Premier Creative 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 Philippine Petrochemical Products, Inc. in Makati City, Philippines. Ms. De Leon graduated with a degree in Bachelor of Science, Major in Marketing at the De La Salle University in Manila on March 1986 and took post-graduate studies at the same university in Masters in Business Administration.

Paullolindo A. Elauria, Filipino, 55, has served as Director of the Club since its incorporation. He has also served as Director of the Anvaya Cove Beach and Nature Club, Inc. since its incorporation on March 28, 2005. He is the President of SUDECO (since 2002), Philippine Petrochemical Products, Inc., Subic West Integrated Development Corp., and Philippine Mariculture Systems Corp. He is also the President and Legal Counsel for Seaport Development Corporation since 2018. He holds a Bachelor of Laws Degree from The Manuel L. Quezon University and passed the bar in 1992. He also holds Bachelor's degree in Mathematics for Teachers from the Philippine Normal University. He is the Founder, President and Commissioner of the Professional Chess Association of the Philippines, the first government-licensed professional chess league in the world.

George Edwin T. Lee, Filipino, 58, has been elected as an Independent Director of the Club on January 28, 2020. He is a Vice President of Armstrong Realty Investments, Inc. since 1990. Prior to joining Armstrong Realty Investments, Inc., he was a marketing analyst at Philip Morris USA. He was the Vice Chairman of Ortigas Center Association, Inc. in 2010 to 2018 and served as President in 2006 to 2010. He is currently the Chairman of the Board of Solana Resorts. He is a director of Greenhills West Association and was President from 2006 to 2010 and Vice Chairman from 2010 to 2018. Mr. Lee is currently a Director of Perla Insurance and of Ortigas Center Association, Inc. and was the latter's Chairman from 2011 to 2016 and President from 2009 to 2011. He is also a member of the Membership Committee of Sta. Elena Golf & Country Club. He graduated from Ateneo de Manila University in 1984 with a degree in AB Economics and finished his Master's in Business Administration from Fordham University in New York in 1989.

Robert S. Lao, Filipino, 47, has served as a Director of the Club since October 12, 2017. He is a Senior Vice President of ALI and a member of its Management Committee since April 19, 2017. He is also the Group Head of Ayala Land's Residential Business Group and the Group Head of the Central Land Acquisition Unit. He is concurrently the Chairman of Amicassa Process Solutions Inc., Solinea, Inc., AyalaLand Premier, Inc. and Ayala Land International Sales, Inc., President of AKL Properties Inc., Alveo Land Corp, Amaia Land Corp., Amaia Southern Properties Inc., Avencosouth Corp., Bellavita Land Corporation and BGSouth Properties, Inc., Chairman and President of Serendra, Inc. and Avida Land Corp., President and Chief Operating Officer of Portico Land Corp., Vice Chairman of Alveo-Federal Land Communities Inc. and a Director in BGNorth Properties, Inc. Prior to joining Ayala Land, Inc., he served as a Senior Process Engineer of Fujitsu Computer Products Corporation of the Philippines and Lead Process Engineer of PT. Quantum Electronics in Indonesia. He is a licensed Real Estate Broker. He studied at the University of Santo Tomas and graduated cum laude in Bachelor of Science in Industrial Engineering in 1995. He completed his Master's in Business Management degree in 2001 from the Asian Institute of Management and attended the International Student Exchange Program from University of Cologne in Germany.

Paolo O. Viray, Filipino, 41, has served as a Director of the Club since March 17, 2017. He is currently the Head of Sales and Marketing for Ayala Land Premier. He is concurrently the President of Ayala Land Sales, Inc. and is a Director of Anvaya Cove Beach and Nature Club, Inc and Ayala Greenfield Golf and Leisure Club. He served as the 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 ALI in 2004 and has been involved in various residential, leisure 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.

Jose P. Dagdagan, Filipino, 67, has served as the General Manager of the Club since July 26, 2021. He was the Operations Manager of AyalaLand Club Management, Inc. since 2012. Concurrently, he is a member of the Board of Trustees and Chairman, Golf Club Management and Sustainability of the National Golf Association of the Philippines; General Manager of Verde Golf Development Corporation; and President and General Manager of Capitol Hills Golf & Country Club, Inc. He was also the General Manager of Ayala Greenfield Golf & Leisure Club, Inc. Prior to his retirement from the Armed Forces of the Philippines in 1996, Mr. Dagdagan was a Drill Instructor and Academic Chief at the Marine Training Center, a Program Manager of the International Military Education and Training Program of the Joint United States Military Advisory Group, and the Chairman of the Oversight Committee of the AFP Commissary & Exchange Service. In 1982, he was the AFP Soldier of the Year and the Philippine Marines' Marine of the Year. He had his Masters in Public Administration at Makati University and a graduate of AB Political Science at Fort Andres Bonifacio College.

Solomon M. Hermosura, Filipino, 59, has served as the Corporate Secretary of the Club since its incorporation. He has been a Managing Director of Ayala Corporation since 1999 and a member of the Ayala Corporation Management Committee since 2009 and the Ayala Group Management Committee since 2010. He is also the Group Head of Corporate Governance, Chief Legal Officer, Compliance Officer, Data Protection Officer, and Corporate Secretary of Ayala Corporation. He also serves as Corporate Secretary and Group General Counsel of ALI; Corporate Secretary of Globe Telecom, Inc., Integrated Micro-Electronics, Inc., AC Energy Corporation, AREIT, Inc. and Ayala Foundation, 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. He 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 3rd in the 1986 Bar Examination.

Nimfa Ambrosia L. Perez-Paras, Filipino, 55, has served as Assistant Corporate Secretary of the Club since October 10, 2014. She is a Senior Counsel at Ayala Group Legal. She is the Assistant Corporate Secretary of publicly listed companies, namely: Cebu Holdings, Inc. and AyalaLand Logistics Holdings Corp. She handles various corporate secretarial functions for a number of companies within the Ayala Group. She was the Assistant Corporate Secretary of Integrated Micro-Electronics, Inc. from April 2014 to April 2015 and Ayala Land, Inc. from April 2015 to April 2021. Prior to joining Ayala Group Legal in February 2014, she was a State Counsel at the Department of Justice. She also worked at the Regional Trial Courts of Makati City and Quezon City. In the private sector, she worked as Legal Counsel for Coca-Cola Bottlers Philippines, Inc., RFM Corporation, and Roasters Philippines, Inc. She graduated with a Bachelors of Law degree from Manuel L. Quezon School of Law in 1990. She finished the Program on Negotiation and Leadership at Harvard Law School in 2018.

Maria Paula G. Romero-Bautista, Filipino, 37, has served as Assistant Corporate Secretary of the Club since September 28, 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 in Legal Management in 2005.

Amelia Ann T. Alipao, Filipino, 58, 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. As CIO, she is responsible for strategic planning for the enterprise information technology and provide oversight on all the digital initiatives of the Ayala Land Group. She is also the Group Data Protection Officer for ALI Group of Companies and currently a member of the Data Privacy Council for Real Estate of the National Privacy Commission. She is also a member of the Board of Aprisa Business Process, Inc. Last year, she was appointed back as a member of the ALI Corporate Bidding Committee, a role she previously occupied in 2009-2011 and acted as Chairperson. Last February 2020, she recently joined HCX as member of the Board of Directors. Prior to joining ALI, she took on dual roles in SAP Philippines as Account Manager handling government accounts and as Project Manager for SAP Implementation. She also served as Assistant Vice President in Coca-Cola Bottlers, Inc where she handled various IT systems implementation and delivery. She also seats in the Board of Philippine SAP Users, Inc, a non-profit organization with the aim of strengthening the SAP community in the Philippines through sharing of collective experiences of SAP users. Her IT career started as an IT Instructor in I/Act of SGV. Her experience combines agile exposure as an IT practitioner for over 2 decades. She holds a Bachelor in Arts in Biology and Bachelor of Science in Business Management from De La Salle University.

Nominees to the Board of Directors for election at the stockholders' meeting:

All incumbent directors, except Messrs. Jaime E. Ysmael, George Bernard L. Cadhit, and Purisimo S. Buyco, with the addition of Messrs. Jose Emmanuel H. Jalandoni and Agustin R. Montilla IV, and Ms. Bernadine T. Siy.

***Jose Emmanuel H. Jalandoni**,* Filipino, 53, He is a Senior Vice President and a member of the Management Committee, and the Group Head of commercial businesses including malls, offices, hotels, resorts of Ayala Land, Inc. He is Chairman of AyalaLand Logistics Holdings Corp. and AREIT, Inc. and Director of Cebu Holdings, Inc., publicly listed subsidiaries of ALI. His other significant positions are: Chairman of the Board of ALI Capital Corporation, ALI Commercial Center, Inc., ALI Makati Hotel and Residences, Inc., ALI Makati Hotel Property, Inc., ALI Triangle Hotel Ventures, Inc., Arca South Hotel Ventures, Inc., AsiaTown Hotel Ventures, Inc., Ayala Hotels, Inc., AyalaLand Hotels and Resorts

Corporation, AyalaLand Medical Facilities Leasing, Inc., AyalaLand Offices, Inc., Bacuit Bay Development Corporation, Bay Area Hotel Ventures, Inc., Bonifacio Hotel Ventures, Inc., Capitol Central Hotel Ventures, Inc., Cebu Insular Hotel Company, Inc., Central Bloc Hotel Ventures, Inc. Chirica Resorts Corporation, Circuit Makati Hotel Ventures, Inc., Direct Power Services, Inc., Ecoholdings Company Inc., Econorth Resort Ventures, Inc., EcoSouth Hotel Ventures, Inc., Enjay Hotels, Inc., Greenhaven Property Ventures, Inc., Integrated Eco-Resort, Inc., Lio Resort Ventures, Inc., Lio Tourism Estate Management Corporation, Makati North Hotel Ventures, North Eastern Commercial Corporation, North Liberty Resort Ventures, Inc., North Triangle Hotel Ventures., Inc., Northgate Hotel Ventures, Inc., One Makati Hotel Ventures, Inc., Pangulasian Island Resort Corporation, Paragua Eco-Resort Ventures, Inc., Regent Horizons Conservation Company, Inc., Sentera Hotel Ventures, Inc., Sicogon Island Tourism Sicogon Town Hotel, Inc., Estate Corporation, Soltea Commercial Corporation, Southcrest Hotel Ventures, Inc., Ten Knots Development Corporation, Ten Knots Philippines, Inc., Whiteknight Holdings, Inc. and One Makati Residential Ventures, Inc. He is also Director of the following companies: Accendo Commercial Corporation, Alabang Commercial Corporation, Arca South Integrated Terminal, Inc., Ayagold Retailers, Inc., Ayala Property Management Corporation, Cagayan de Oro Gateway Corporation, Columbus Holdings, Inc., Fort Bonifacio Development Corporation, Makati Cornerstone Leasing Corporation, Makati Development Corporation, Philippine FamilyMart CVS, Inc., Philippine Integrated Energy Solutions, Inc., Station Square East Commercial Corporation. He joined ALI in 1996 and held various positions in the Company. He graduated with a degree of Bachelor of Science in Legal Management from Ateneo de Manila University. He earned his Master's Degree in Business Administration from Asian Institute of Management. He is a Chartered Financial Analyst.

Agustin R. Montilla IV**,** Filipino, 51, has been nominated as an independent director of the Club for the ensuing year. He joined Romulo Mabanta Buenaventura Sayoc & de los Angeles as an Associate in 1996 and has been a Senior Partner since 2016. He is also a Director of Lex Mundi, one of the largest global networks of independent law firms; a member of the Board of Trustees of the Beacon International School Foundation, Inc. and Manila Polo Club, Inc.; member of the Board of Trustees and Secretary of the Cancer Resource and Wellness (Carewell) Community Foundation, Inc.; and the Corporate Secretary of The Asia Society Foundation Philippines. He has served as a Lecturer in Law at Ateneo De Manila University School of Law from 1999 to 2004 and graduated with honors from the same school in April 1995. In May 2002, he earned his Legum Magister from Columbia Law School in New York.

Bernadine T. Siy*,* Filipino, 62, has been nominated as an independent director of the Club for the ensuing year. She currently serves as an independent director of Cebu Air, Inc. since February 2021 and of PLDT Inc. since June 2021. Concurrently, she is also a director in Epicurean Partners Exchange Inc., Coffee Masters Inc., Fil-Pacific Apparel Corporation, and Authentic American Apparel Corporation. She also holds the following positions in several non-profit institutions and organizations: Chairperson/member of the Ateneo de Manila University Board of Trustees; member of the board of the Foundation for Economic Freedom; and member of the Management Association of the Philippines. She has served as a President and CEO of Epicurean Partners Exchange Inc., Coffee Masters Inc. and Fil-Pacific Apparel Corporation. Her past positions also include being a member of the Board of Trustees of Habitat for Humanity Philippines, a director in the Garment Business Association of the Philippines, and a director in Hands-On Manila. She earned her Bachelor of Arts in Economics at Ateneo De Manila University and graduated Magna Cum Laude in March 1980. In June 1984, she finished her Masters in Management with Majors in Finance and Accounting at the J.L. Kellogg Graduate School of Management, Northwestern University in Chicago, Illinois.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, AGUSTIN R. MONTILLA, IV, Filipino, of legal age and a resident of 42 Magdalena Street, Magallanes Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Anvaya Cove Golf and Sports Club, Inc.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Romulo Mabanta Buenaventura Sayoc & De Los Angeles	Senior Partner	2016 to Present
Lex Mundi	Director	2019 to Present
Beacon International School Foundation, Inc.	Member of the Board of Trustees	2009 to Present
Manila Polo Club, Inc.	Member of the Board of Trustees	2020 to Present
Cancer Resource and Wellness (Carewell) Community Foundation, Inc	Member of the Board of Trustees and Secretary	2005 to Present
The Asia Society Foundation Philippines	Corporate Secretary	2016 to Present

I am not affiliated with any of Government-Owned and Controlled Corporation.

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of Anvaya Cove Golf and Sports Club, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any of the director/officer/substantial shareholder of Anvaya Cove Golf and Sports Club, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

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

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

7. I shall inform the Corporate Secretary of Anvaya Cove Golf and Sports Club, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this AUG 25 2021 day of __________, at MAKATI CITY

AGUSTIN R. MONTILLA
Independent Director

SUBSCRIBED AND SWORN to before me this _____ day of AUG 25 2021 at ____________________, affiant personally appeared before me and exhibited to me his PASSPORT - issued on MARCH 04, 2019 AT DFA NCR SOUTH.
P0898713B

Doc. No. 443;
Page No. 90;
Book No. XXXVII;
Series of 2021.

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

ROBERTO T. ONGSIAKO
NOTARY PUBLIC
ROLL NO. 37041
MAKATI CITY, PHILIPPINES

ROBERTO T. ONGSIAKO
Notary Public – Makati City
Appt. No. M-149 until December 31, 2022
Roll of Attorneys No. 37041
Lifetime IBP No. 02163 – RSM Chapter
PTR No. 8533973ME – 01/04/2021 - Makati City
MCLE Compliance No. VII – 0000267 – 07/30/2022
4th Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **BERNADINE T. SIY**, Filipino, of legal age and a resident of No. 5 San Ignacio St., Urdaneta Village, Makati City 1225, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Anvaya Cove Golf and Sports Club, Inc.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
FIL-PACIFIC APPAREL CORPORATION (FPAC)	Director	1987 to present
AUTHENTIC AMERICAN APPAREL CORPORATION (AAA)	Director	1993 to present
EPICUREAN PARTNERS EXCHANGE INC.	Director	1994 to present
COFFEE MASTERS, INC.	Director	2000 to present
CEBU AIR INC.	Independent Director	February 2021 to present
PLDT INC.	Independent Director	June 2021 to present

I am not affiliated with any of Government-Owned and Controlled Corporation.

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of Anvaya Cove Golf and Sports Club, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any of the director/officer/substantial shareholder of Anvaya Cove Golf and Sports Club, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

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

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

7. I shall inform the Corporate Secretary of Anvaya Cove Golf and Sports Club, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this _25_ day of _August__2021_, at _Makati City, Philippines. MAKATI CITY

BERNADINE T. SIY
Independent Director

SUBSCRIBED AND SWORN to before me this _____ day of AUG 25 2021 at MAKATI CITY, affiant personally appeared before me and exhibited to me his P5789993A - issued on JANUARY 27, 2021 DFA NCR NORTHEAST

Doc. No. 444;
Page No. 90;
Book No. XXXVII;
Series of 2021.

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

ROBERTO T. ONGSIAKO
NOTARY PUBLIC
ROLL NO. 37041
MAKATI CITY, PHILIPPINES

ROBERTO T. ONGSIAKO
Notary Public – Makati City
Appt. No. M-149 until December 31, 2022
Roll of Attorneys No. 37041
Lifetime IBP No. 02163 – RSM Chapter
PTR No. 8533973ME – 01/04/2021 - Makati City
MCLE Compliance No. VII – 0000267 – 07/30/2019
4th Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

CERTIFICATION OF INDEPENDENT DIRECTOR

I, George Edwin T. Lee, Filipino, of legal age and a resident of 358 G. Araneta Avenue, Brgy. Doña Imelda, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Anvaya Cove Golf and Sports Club, Inc. for its Annual Stockholders' Meeting on September 25, 2021 and have been its independent director since January 28, 2020.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Armstrong Realty Investments, Inc.	Vice President	1990 to present
Ortigas Center Association, Inc.	Director	2005 to present
Greenhills West Association, Inc.	Director	2018 to present
Sta. Elena Golf & Country Club	Member, Membership Committee	2008 to present
Perla Insurance	Director	2011 to present
Solana Resorts	Chairman of the Board	2021 to present

I am not affiliated with any of Government-Owned and Controlled Corporation.

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of Anvaya Cove Golf and Sports Club, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any of the director/officer/substantial shareholder of Anvaya Cove Golf and Sports Club, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

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

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

7. I shall inform the Corporate Secretary of Anvaya Cove Golf and Sports Club, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this AUG 2 7 2021 day of ____________, at MAKATI CITY.

George Edwin T. Lee
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of AUG 2 7 2021 at MAKATI CITY, affiant personally appeared before me and exhibited to me his DRIVER LICENCE NO:- N07-84-018404 valid until JUL 19, 2022.

Doc. No. 457;
Page No. 93;
Book No. XXXVII;
Series of 2021.

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Makati City, Philippines

ANNEX C

FINANCIAL INFORMATION

PART I

Overview

The Club was organized and registered with the Philippine Securities and Exchange Commission (SEC) on September 21, 2010 and has been fully operational since it started its commercial operations on October 16, 2013. The primary purpose of the Club is to purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, exchange, develop or otherwise dispose of real property, such as but not limited to clubhouses, lands and buildings, hotels, condominium units, with all the facilities, equipment and apparatus relative thereto, and to offer and issue proprietary shares.

On October 20, 2010, the Club and the Subic Bay Development and Industrial Estate Corporation (SUDECO) executed a Deed of Assignment which transfers seventeen (17) adjoining parcels of land with an aggregate area of approximately 817,624 square meters to the Club. In exchange for the land, the Club issued 5,420 Class A shares, 2,846 Class B shares and 154 Class C shares. The facilities and amenities of the Club will lie on these parcels of land. Facilities and amenities of the Club include a Sports Center, a Golf Clubhouse and an 18-hole Championship Golf Course.

All the facilities and amenities of the Club are substantially completed.

The Club's properties are valued at ₱802,935,769 in its Audited Financial Statements as of December 31, 2020.

Membership

The Club had 1,342 members as of 31 December 2020. Of this total number, 1,283 members were in good standing as of December 31, 2020.

The Club's monthly membership fee is ₱5,600 broken down as follows:

Membership Dues	₱5,000.00
Consumables	500.00
Environmental Fee	100.00
Total	**₱5,600.00**

In 2020, the total membership fees collected by the Club amounted to ₱70,984,400.

Cancellation or disclosure of an account

The cancellation or disclosure of an account shall be governed by the Article XIII (Suspension and Expulsion) of the Club's By-laws.

Item 1. Financial Statements

Please refer to the attached financial statements as of December 31, 2020 and June 30, 2020.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

For the 2nd Quarter 2021

The Club posted Revenues of ₱51.44 million for the period ended June 30, 2021, lower by ₱11.36 million or 18% compared to same period last year.

- Membership Dues slightly grew by ₱0.28 million or 0.70% to ₱40.13 million (78.01% of the Total Club Revenues) on account of the increase in number of members.

- Service Income amounted to ₱3.89 million (7.56% of the Total Revenues), ₱9.18 million lower than the ₱13.07 million generated in the first half of 2020. Decline in revenue attributed to restrictions in operations brought about by the COVID19 pandemic.

- Sale of Goods recorded at ₱2.28 million (4.43% of Total Revenues), decreased by ₱4.89 million or 68.24% compared to same period last year.

- Transfer fee almost doubled to ₱5.14 million from ₱2.71 million

Total Cost and Expenses for the period registered at ₱78.85 million, a decrease of ₱4.60 million or 5.51% against same period last year. The reduction in cost was attributed to the following:

- Cost of Services recorded at ₱48.64 million (61.69% of the Total Cost and Expenses), lower by ₱ 3.04 million or 5.88% compared to same period last year.

- Cost of Sales reduced by 42.90% to ₱4.42 million (5.61% of the Total Cost and Expenses).

- General and Administrative Expenses amounted to ₱25.79 million (32.71% of Total Cost and Expenses), higher by 7.34% compared to the same period of prior year.

Interest Income for the period amounted to ₱12,431 (0.02% of the Total Revenues) lower by ₱130,786 or 91.32% compared to previous period.

Miscellaneous income declined to ₱1.08 million, 16.57% lower compared to same period last year.

Provision for Income Tax at ₱1,631 lower as compared to ₱12,020 last year.

Financial Condition –June 30,2021 versus December 31, 2020

Total Assets amounted to ₱904.58 million as of June 30,2021, lower by ₱ 6.48 million or 0.7% compared to December 31, 2020. The changes were attributed to the following:

- Cash increased to ₱17.94 million (2.0% of Total Assets) from ₱9.79 million as of December 31, 2020.

- Financial Asset at FVTPL recorded at ₱22.67 million (2.5% of Total Assets), ₱156,411 higher compared to December 31, 2020.

- Accounts and other receivables amounted to ₱37.67 (4.2% of the Total Assets). A decrease of ₱76,298 compared to ₱37.74 million of previous year.

- Receivables from related parties increased from ₱316,924 of the previous year to ₱10.93 million (1.2% of the Total Assets) as of June 30, 2021.

- Inventories recorded at ₱1.02 million, a decrease of ₱0.17 million or 14.5 % as compared to last year.

- Other current assets at ₱27.27 million (3.0% of Total Assets), increased by ₱4.08 million or 17.6% compared to last year.

- Property and equipment, net of depreciation at ₱782.43 million (86.7% of Total Assets), lower by ₱18.51 million compared to December 31,2020.

- Advances and other noncurrent assets amounted to ₱2.66 million (0.3% of Total Assets), higher by ₱0.21 million or 8.7% compared to previous year of ₱2.45 million. The changes pertain to the recognition of Deferred Input VAT and deposit to suppliers.

Total Liabilities of the Club increased to ₱184.24 million (20.4% of Total Liabilities and Member's Equity), ₱19.85 million or 12.1% higher compared to ₱164.39 million last year. The changes were attributed to the following:

- Accounts and other payables amounted to ₱55.25 million (6.1 % of Total Liabilities and Member's Equity), increased by 5.42 million or 10.9% compared to last year of ₱49.83 million.

- Contract liabilities at ₱ 23.81 million (2.6% of Total Liabilities and Member's Equity), ₱ 8.80 million or 58.6% higher than previous year.

- Payables to related parties increased to ₱103.33 million (11.4% of Total Liabilities and Member's Equity), ₱5.46 million or 5.6% higher compared to previous period.

- Pension liability at ₱1.62 million, slightly higher by ₱165,200 compared to previous year.

Cash Flows – Period Ended June 30,2021 vs. June 30,2020

- The Club generated ₱8.20 million net cash flows from operating activities at the end of June 30, 2021.

- Cash at the end of the period recorded at ₱17.94 million, lower by ₱19.50 million as compared to same period last year.

Key Performance Indicators

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

Current Ratio as of June 30, 2021 increased to 0.67:1 compared to 0.65:1 as of end of 2020. Quick ratio is likewise higher compared to last year. Debt-Equity Ratio was at 0.28:1, higher compared to 0.22:1 as of December 31, 2020. Asset to Equity ratio computed at 1.28:1 as of June 30, 2020. The Club has a net profit (loss) margin of (51%) as against (31%) of the same period last year.

		June 2021	Dec 31,2020
CURRENT RATIO =	Current Asset	117,485,743	105,666,494
	Current Liabilities	182,382,616	162,699,877
		.67:1	.65:1
QUICK RATIO =	Quick Asset	89,196,208	81,286,165
	Current Liabilities	182,382,616	162,699,877
		53%	50%
DEBT-EQUITY RATIO =	Total Debt	184,236,338	164,388,399
	Total Equity	720,338,712	746,664,012
		.28:1	.22:1
ASSET TO EQUITY RATIO =	Total Asset	904,575,050	911,052,411
	Total Equity	720,338,712	746,664,012
		1.28:1	1.22:1
		June	
		2021	2020
NET INCOME MARGIN =	Net Loss	(26,325,300)	(19,228,763)
	Revenue	51,438,901	62,801,144
		-51%	-31%

Discussion and Analysis of Material Events and Uncertainties Known to Management

The Management of the Club is not aware of any material events/and uncertainties that would address the past and would have impact on future operations of the following except for items # 5&7:

1. Any trends, demands, commitments, events or uncertainties that will have a material impact of the Club's liquidity;

2. Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

3. Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with other entities/persons created during the reporting period;

4. Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures;

5. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales/revenues/income from continuing operations. Presently, the COVID 19 pandemic have an unfavorable impact in the Club's operation.

6. Any significant elements of income or loss that did not arise from the Club's continuing operations;

7. Any seasonal aspects that had a material effect on the financial condition and results of operations. Presently, the Club's operation has been significantly impacted by the COVID 19 pandemic and is currently operating at limited capacity.

Plan of Operation for the 3rd Quarter 2021

Local protocols on travel, entry, and business operations have remained stringent across the Province of Bataan since January 2021 due to the COVID-19 pandemic. In effect, rate of Club arrivals has sharply fallen. Major sources of revenue have all dwindled, if not, completely ceased. Revenues from functions, food and beverage, gym fees, room rentals, green fees, golf cart rentals, and guest fees have all drastically dropped. While a handful of Members had been able to play golf, Club Management resorted to downsizing of Club operations due to insufficient arrivals. It has relied heavily on those revenue sources to keep the Club running. The Club will continue to charge Membership dues monthly and impose penalties and surcharges for late payments.

Entering the lean months of July to September, the Club will be focused on golf course rehabilitation, facility maintenance, golf club sustainability, and expense reduction. At the golf course, heavy sodding will be administered in various points at the greens and fairways to improve playing quality. An environmental project connected to the operations of the golf course will be launched in partnership with the Department of Environment and Natural Resources and the National Golf Association of the Philippines. The project will entail adoption of a 50-hectare site outside of Anvaya Cove to serve as the course's carbon sink, essentially reabsorbing carbon emitted by continuous maintenance activities at the course.

In July, Club events will include online exercise activities. Virtual Zumba will be launched online for Members while an online cooking class will be held with the help of the company's Executive Chef.

With a new General Manager, the Club Management will be adopting a Sustainable Golf Club Management Framework to serve as the overarching guideline for Club operations. This framework will include prioritization of the following areas: (1) playing quality, (2) stewardship of the environment, (3) CSR, and (4) financial sustainability.

As arrivals are forecasted to stay at a low level, the Club will continue to operate under reduced manpower and capacity. While regular employees will be retained, only a handful of contracted staff will remain. Other cost-cutting measures will include temporary closure of facilities that do not generate revenue or enough foot traffic, reduction of shuttle schedules, and establishment of a bidding committee to vet and ensure that procurement practices consider only the most reasonably priced products or services.

As for the Club's counter-COVID-19 measures, the Club will continue to test its employees monthly. The Medical Team will be fully manned to support this effort. The same holds true with the Safety & Sanitation Team that cleans and disinfects facilities 24/7. The company's liaison officer will closely coordinate with the local government for any matter related to travel, health, and safety restrictions.

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

Operating Cash Requirement

The key sources of liquidity of the Club are the revenues generated from green fees, membership dues, guests' fees, room accommodations, sale of food and beverage, banquets and other Club-related activities. Given the current cash position of the Club, the Corporation will not need additional funding for its operation in the 3rd quarter of the current year.

(b) Product research and development

No product research and developments are planned. Architectural design planning for the golf course, structures and facilities of the Club have been substantially completed.

(c) Purchase or sale of plant and significant equipment

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

(d) Significant changes in the number of employees

The Club has already hired 191 employees as of June 30,2021.

2020 vs 2019

<u>Results of Operations</u>

Total Club Revenues was recorded at ₱108.84 million for the year ended 2020, lower by ₱60.49 million or 35.72% as compared to previous year.

- Membership dues recorded at ₱79.92 million or 73.42% of the total revenues, higher by ₱2.28 million or 2.94% as compared to last year.

- Service income amounted to ₱14.62 million or 13.43 % of total revenues, decreased by ₱41.13 million or 73.78% as compared to last year.

- Sale of goods totaled ₱7.71 million or 7.09 % of total club revenues, lower by ₱22.56 million or 74.52% as compared to last year.

- Transfer Fee for the period reached ₱6.59 million or 6.06 % of the Total Revenues, higher by ₱ 0.92 million. This refers to required fee for the processing of change of nominees.

Total cost and expenses for the year was recorded at ₱146.76 million which was ₱61.78 million lower as compared last year.

- Cost of services recorded at ₱88.50 million or 60.31% of the total cost and expenses. Lower by ₱37.34 million or 29.67% compared to previous year of ₱125.85 million.

- Cost of sales recorded at ₱10.43 million or 7.11% of total cost and expenses, decreased of ₱17.32 million or 62.43% compared to previous year.

- General and administrative expenses amounted to ₱47.83 million or 32.59% of total cost and expenses. Lower by ₱7.11 million as compared to previous year.

Other Income, 3.11% of total revenues, recorded at ₱ 3,387,879. Lower by ₱ 2.24 million or 39.78%

- A decrease in the Interest Income for the year ended 2020, recorded at ₱164,767 or 0.15% of total Club revenues, lower by ₱ 1.36 million or 89.22% as compared to last year.

- Miscellaneous income recorded at ₱3.22 million or 2.96 % of the total club revenues, decreased by ₱874,984 or 21.35% compared to previous year

Provision for income tax computed amounting to ₱16,330 was lower by ₱ 14,306 as compared to the previous year. Other comprehensive loss recorded at ₱46,200.

Financial Condition

Total Assets amounted to ₱911.05 million which was lower by ₱40.87 million or 4.29 % as compared to previous year. The changes were attributed to the following major components:

- Cash and cash equivalent which amounted to ₱ 9.79 million or 1.07% of the Total Assets. Recorded a decrease of ₱6.51 million or 39.94% compared to previous year.

- Financial asset at fair value was recorded at ₱ 22.51 million or 2.47% of the Total Assets, higher by ₱ 20.54 million as compared to previous year.

- Accounts and other receivables recorded at ₱ 37.74 million or 4.14% of the total assets, decreased by ₱ 2.8 million or 6.83% compared to last year.

- Receivables from affiliates computed at ₱ 11.24 million, which was 1.23% of the total assets, recorded a decrease of ₱21.04 million compared to previous year.

- Inventories recorded at ₱ 1.20 million or 0.13% of Total Asset, decreased from ₱ 1.86 million of previous year.

- Other current asset of ₱23.18 million, 2.54% of Total Sales, lower by ₱3.74 million or 19.22% as compared to 2019.

- Property and equipment recorded at ₱802.94 million or 88.13% of the total assets. There was a decrease of ₱34.98 million or 4.17% as compared to previous year.

- As of the year ended 2020, advances and other noncurrent asset recorded at ₱2.45 million, higher by ₱823,281 compared to previous year.

Total Liabilities of the Club amounted to ₱164.39 million or 18.04% of Total Liabilities and Member's Equity. There was a decrease of ₱6.28 million or 3.68% as compared to last year's ₱ 170.66 million. The changes were attributed to the following major components:

- An increase of ₱1.54 million in accounts and other payables or 3.18% as compared to previous year.

- Contract liabilities, 1.65% of total liabilities and equity, amounted to ₱ 15.01 million, lower by 5.51% as compared to CY 2019.

- Recorded a ₱7.31 million or 6.95% decrease as of December 31,2020 on due to affiliates compared to previous year.

Statement of Cash Flow

- Cash provided/used by operating activities for the year ended 2020 was recorded at a negative ₱2,430,688.

- At the end of the year 2020, the cash balance amounted to ₱9,792,001.

Key Performance Indicators

The Club looks closely at the following to determine its overall performance:

	2020	2019
1. Current Ratios	**64.95%**	**66.36%**
2. Quick Ratios	**49.96%**	**53.78%**
3. Asset-to-Equity Ratio	**122.02%**	**121.84%**
4. Net Income Margin	**(31.74%)**	**(19.85%)**
5. Return on Total Assets	**(3.71%)**	**(3.46%)**
6. Return on Equity	**(4.52%)**	**(4.21%)**

Current ratio
Current ratio indicates the ability of the Club to pay its current liabilities using its current assets. It is calculated by dividing total current assets over current liabilities.

	2020	2019
Current Ratios		
Current Assets	₱105,666,493	₱112,378,133
Current Liabilities	162,699,872	169,351,520
	64.95%	**66.36%**

Quick ratio
Quick ratio is an indicator of the Club's short-term liquidity. It measures the Club's ability to meet its short-term obligations with its most liquid assets. The quick ratio compares the total current assets after excluding inventories to the amount of current liabilities.

	2020	2019
Quick Ratios		
Quick Assets	₱81,286,164	₱91,072,110
Current Liabilities	162,699,872	169,351,520
	49.96%	**53.78%**

Asset to Equity
Asset-to-equity ratio shows the relationship of the total assets to the portion owned by shareholders. It is the ratio of total assets divided by stockholders' equity.

	2020	2019
Asset-to-Equity Ratio		
Total Assets	₱911,052,411	₱951,920,038
Total Equity	746,664,017	781,256,596

	122.02%	**121.84%**

Net Income (loss) Margin
Net margin is a measure of the Club's profitability. It is calculated by finding the net profit (loss) as a percentage of revenue.

	2020	2019
Net Income (Loss) Margin		
Net income (loss) after tax	(₱34,546,379)	(₱33,612,793)
Revenue	108,840,555	169,332,256
	(31.74%)	**(19.85%)**

Return on Total Assets
Return on total assets is a ratio that measures the Club's earnings before interest and taxes (EBIT) against its total net assets. The ratio is considered the indicator of how effectively the Club is using its assets to generate earnings before contractual obligations must be paid. The return on assets ratio formula is calculated by dividing net income by average total assets.

	2020	2019
Return on Total Assets		
Net income (loss) after tax	(₱34,546,379)	(₱33,612,793)
Total Assets - Current year	911,152,411	951,920,038
Total Assets - Prior year	951,920,038	989,769,507
Average Total Assets	931,536,225	970,844,773
	(3.71%)	**(3.46%)**

Return on Equity
Return on equity tests the productivity of the owner's investments. The return on equity ratio formula is calculated by dividing net income by shareholder's equity.

	2020	2019
Return on Equity		
Net income (loss) after tax	(₱34,546,379)	(₱33,612,793)
Total Equity - Current Year	746,664,017	781,256,596
Total Equity - Prior Year	781,256,596	814,963,429
Average Total Equity	763,960,307	798,110,013
	(4.52%)	**(4.21%)**

(a) Satisfaction of cash requirements and fund raising plans

Operating Cash Requirement

No operating cash is required since the Club has started commercial operations and construction of the Club's facilities is being financed by capital infusion.

Project Development Cash Requirement

With respect to the cash requirement for project development, ALI had infused additional paid-in capital in the amount of ₱763.88 million for the complete development of the Club.

(b) **Product research and development**

No plan for product research and development. Architectural design planning for the golf course, structures and facilities of the Club are already complete.

(c) **Purchase or sale of plant and significant equipment**

All of the necessary and significant equipment of the Club has been purchased since the course and the structures of the Club are already completed.

(d) **Significant changes in the number of employees**

The Club already has 191 hired employees as of December 2020.

Others

As of the year ended December 31, 2020, there are no material events and uncertainties known to management that would have an impact on future operations except on item C:

(a) Known trends, demands, commitments, events, or uncertainties that would have an impact on the Club;

(b) Material commitments for capital expenditures, the general purpose of such commitment and the expected sources of funds for such expenditures;

(c) There is a known viral outbreak known as Covid 19 pandemic that may result to the unfavorable impact on the net sales or revenues or income from operation.

(d) Significant elements of income or loss that did not arise from the Club's continuing operations;

(e) Causes for any material changes from period to period in one or more line item of the Club's financial operations;

(f) Seasonal aspects that had a material effect on the financial condition or results of the operations;

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.

2019 vs 2018

<u>Results of Operations</u>

Total Club Revenues was recorded at ₱169,332,256 for the year ended 2019, higher by ₱1.16million or 0.69% as compared to previous year.

- Service income amounted to ₱55.75 million or 32.92 % of total revenues, decreased by ₱ 1.65million compared to last year.

- Membership dues recorded at ₱77.63 million or 45.85% of the total revenues, higher by ₱3.79 million as compared to last year.

- Sale of goods totaled ₱30.27 million or 17.3 % of total club revenues, lower by ₱6.15 million as compared to last year.

- Transfer Fee for the period reached ₱5.68 million or 3.36 % of the Total Revenues, higher by ₱ 5.17 million. This refers to required fee for the processing of change of nominees.

Total cost and expenses for the year was recorded at ₱208.54 million which was ₱1.58 million higher as compared last year.

- Cost of services recorded at ₱125.85million or 60.35% of the total cost and expenses. Higher by ₱1.26 million or 1.02% compared to previous year of ₱124.58 million.

- Cost of sales recorded at ₱27.75 million or 13.31% of total cost and expenses, decreased of ₱ 4.81 million or 14.77% compared to previous year.

- General and administrative expenses amounted to ₱54.94 million or 26.35% of total cost and expenses. Higher by ₱5.13 million as compared to previous year.

Other Income, 3.33% of total revenues, recorded at ₱ 5,625,841. Higher by ₱ 1.61 million or 39.97%

- An increase in the Interest Income for the year ended 2019, recorded at ₱1.53 million or 0.91% of total Club revenues, higher by ₱843,066 or 123% as compared to last year.

- Miscellaneous income recorded at ₱4.10 million or 2.42 % of the total club revenues, increased by ₱763,264 or 22.89% compared to previous year

Provision for income tax computed amounting to ₱30,636 was lower by ₱276,521 as compared to the previous year. Other comprehensive income recorded at ₱94,040.

<u>Financial Condition</u>

Total Assets amounted to ₱951.92 million which was lower by ₱37.85 million or 3.83% as compared to previous year. The changes were attributed to the following major components:

- Cash and cash equivalent which amounted to ₱16,303,425 or 1.72% of the Total Assets. Recorded a decrease of ₱368,085 or 2% compared to previous year.

- Financial asset at fair value was recorded at ₱ 1,972,108, higher by ₱ 82,326 as compared to previous year.

- Accounts and other receivables recorded at ₱40.51million or 4.26% of the total assets, increased by ₱2.5 million or 6.59% compared to last year.

- Receivables from affiliates which was 3.4% of the total assets, recorded a decrease of ₱1.14 million compared to previous year.

- Other current asset of ₱19.45 million is lower by ₱1.79 million or 8.46% as compared to 2018.

- Property and equipment were recorded at ₱837.92 million or 88% of the total assets. There was a decrease of ₱36.98 million or 4.23% as compared to previous year.

- As of the year ended 2019, advances and other noncurrent asset recorded at ₱1.63 million, higher by ₱1.17 million compared to previous year due.

Total Liabilities of the Club amounted to ₱170.66 million or 17.93% of Total Liabilities and Member's Equity. There was a decrease of ₱4.14 million or 2.37% as compared to last year's ₱174.81 million. The changes were attributed to the following major components:

- A decrease of ₱1.10 million in accounts and other payables or 2.24% as compared to previous year.

- Contract liabilities, 1.67% of total liabilities and equity, amounted to ₱ 15.88 million, higher by 42.7% as compared to CY 2018.

- Recorded a ₱8.14 million or 7.19% decrease as of December 31,2019on due to affiliates compared to previous year.

Statement of Cash Flow

- Cash provided by operating activities for the year ended 2019 was recorded at ₱4,550,932.

- At the end of the year 2019, the cash balance amounted to ₱16,303,425.

Key Performance Indicators

The Club looks closely at the following to determine its overall performance:

	2019	2018
1. Current Ratios	**66.36%**	**65.82%**
2. Quick Ratios	**53.78%**	**51.77%**
3. Asset-to-Equity Ratio	**121.84%**	**121.45%**
4. Net Income Margin	**(19.21%)**	**(20.37%)**
5. Return on Total Assets	**(3.46%)**	**(3.50%)**
6. Return on Equity	**(4.21%)**	**(4.21%)**

Current ratio
Current ratio indicates the ability of the Club to pay its current liabilities using its current assets. It is calculated by dividing total current assets over current liabilities.

	2019	2018
Current Ratios		
Current Assets	₱112,378,133	₱114,424,007
Current Liabilities	169,351,520	173,844,836
	66.36%	**65.82%**

Quick ratio
Quick ratio is an indicator of the Club's short-term liquidity. It measures the Club's ability to meet its short-term obligations with its most liquid assets. The quick ratio compares the total current assets after excluding inventories to the amount of current liabilities.

	2019	2018
Quick Ratios		
Quick Assets	₱91,072,110	₱90,000,547
Current Liabilities	169,351,520	173,844,836
	53.78%	**51.77%**

Asset to Equity
Asset-to-equity ratio shows the relationship of the total assets to the portion owned by shareholders. It is the ratio of total assets divided by stockholders' equity.

	2019	2018
Asset-to-Equity Ratio		
Total Assets	₱951,920,038	₱989,769,507
Total Equity	781,256,596	814,963,429
	121.84%	**121.45%**

Net Income (loss) Margin
Net margin is a measure of the Club's profitability. It is calculated by finding the net profit (loss) as a percentage of revenue.

	2019	2018
Net Income (Loss) Margin		
Net income (loss) after tax	(₱33,612,793)	(₱35,072,650)
Revenue	169,332,256	168,172,985
	(19.85%)	**(20.86%)**

Return on Total Assets
Return on total assets is a ratio that measures the Club's earnings before interest and taxes (EBIT) against its total net assets. The ratio is considered the indicator of how effectively the Club is using its assets to generate earnings before contractual obligations must be paid.The return on assets ratio formula is calculated by dividing net income by average total assets.

	2019	2018
Return on Total Assets		
Net income (loss) after tax	(₱33,612,793)	(₱35,072,650)
Total Assets - Current year	951,920,038	989,769,507
Total Assets - Prior year	989,769,507	1,014,657,336
Average Total Assets	970,844,773	1,002,213,422
	(3.46%)	**(3.50%)**

Return on Equity
Return on equity tests the productivity of the owner's investments. The return on equity ratio formula is calculated by dividing net income by shareholder's equity.

	2019	2018
Return on Equity		
Net income (loss) after tax	(₱33,612,793)	(₱35,072,650)
Total Equity - Current Year	781,256,596	814,963,429
Total Equity - Prior Year	814,963,429	849,636,881
Average Total Equity	798,110,013	832,300,155
	(4.21%)	**(4.21%)**

(b) Satisfaction of cash requirements and fund raising plans

Operating Cash Requirement
No operating cash is required since the Club has started commercial operations and construction of the Club's facilities is being financed by capital infusion.

Project Development Cash Requirement

With respect to the cash requirement for project development, ALI had infused additional paid-in capital in the amount of ₱763.88 million for the complete development of the Club.

(b) **Product research and development**

No plan for product research and development. Architectural design planning for the golf course, structures and facilities of the Club are already complete.

(c) **Purchase or sale of plant and significant equipment**

All of the necessary and significant equipment of the Club has been purchased since the course and the structures of the Club are already completed.

(d) **Significant changes in the number of employees**

The Club already has 197 hired employees as of December 2019.

Others

As of the year ended December 31, 2019, there are no material events and uncertainties known to management that would have an impact on future operations except on item C:

(g) Known trends, demands, commitments, events, or uncertainties that would have an impact on the Club;

(h) Material commitments for capital expenditures, the general purpose of such commitment and the expected sources of funds for such expenditures;

(i) There is a known viral outbreak known as Novel Coronavirus (NCov) in mainland China that may result to the unfavorable impact on the net sales or revenues or income from operation.

(j) Significant elements of income or loss that did not arise from the Club's continuing operations;

(k) Causes for any material changes from period to period in one or more line item of the Club's financial operations;

(l) Seasonal aspects that had a material effect on the financial condition or results of the operations;

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.

2018 vs 2017

Results of Operations

Total Club Revenues was recorded at ₱172,192,496 for the year ended 2018, higher by ₱9.61million or 5.91% as compared to previous year.

- Service income amounted to ₱57.39 million or 33.33 % of total revenues, increased by ₱ 2.34million compared to last year.
- Membership dues recorded at ₱73.85 million or 42.88% of the total revenues, higher by ₱4.5 million as compared to last year.

- Sale of goods totaled ₱36.42 million or 21.15 % of total club revenues, higher by ₱2.98million as compared to last year.

- Transfer Fee for the period reached ₱ 508,929 or .29 % of the Total Revenues, lower by ₱ 147,291 or 22.44%. This refers to required fee for the processing of change of nominees.

- An increase in the Interest Income for the year ended 2018, recorded at ₱684,679 or 0.39% of total Club revenues, higher by ₱294,903 as compared to last year.

- Other income recorded at ₱3.33 million or 1.93 % of the total club revenues, deccreased by ₱ 364,386 compared to previous year

Total cost and expenses for the year was recorded at ₱206.96 million which was ₱2.21 million higher as compared last year. The significant increase was relative to increase in revenues.

- Cost of services recorded at ₱124.58 million or 60.01% of the total cost of sales. Higher by ₱ 687,146 or .55% compared to previous year of ₱123.89 million.

- Cost of sales recorded at ₱32.56 million or 15.73% of total cost of sales, increased of ₱829,707 or 2.61% compared to previous year.

- General and administrative expenses amounted to ₱49.81 million or 24.06% of total cost of sales. Higher by ₱690,258 as compared to previous year.

Provision for income tax computed amounting to ₱307,157 was higher by 54.60% as compared to the previous year.

Financial Condition

Total Assets amounted to ₱ 989,769,507 which is lower by ₱ 24.89 million or 2% as compared to previous year. The changes were attributed to the following major components:

- Cash and cash equivalent which amounted to ₱ 16,671,510 or 1% of the Total Assets. Recorded a decrease of ₱7.61 million or 31% compared to previous year.

- Financial asset at fair value was recorded at ₱ 1,889,782, higher by ₱ 48,432.

- Accounts and other receivables recorded at ₱38.01million or 3.0% of the total assets, increased by ₱5.55 million or 17.11% compared to last year.

- Receivables from affiliates which was 3.37% of the total assets, recorded a significant increase from ₱7.24million of previous year to ₱33.43 million as of December 31, 2018.

- Other current asset of ₱21.24 million is higher by ₱2.82 million or 15.30% as compared to 2017.

- Property and equipment were recorded at ₱874.89 million or 88.39 % of the total assets. There was a decrease of ₱44.61 million as compared to previous year.

- As of the year ended 2018, other noncurrent asset recorded at ₱456,250, lower by ₱ 8.20million compared to previous year due to decrease in deferred input VAT.

Total Liabilities of the Club amounted to ₱174.81 million or 17.66% of Total Liabilities and Member's Equity. There was a increase of ₱9.79 million or 5.92% as compared to last year's ₱165.02 million. The changes were attributed to the following major components:

- An increase of ₱ 4.74 million in accounts and other payables or 8.49% as compared to previous year.

- Recorded a ₱5.12 million or 4.73% increase as of December 31,2018 on due to affiliates compared to previous year.

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

Operating Cash Requirement
No operating cash is required since the Club has started commercial operations and construction of the Club's facilities is being financed by capital infusion.

Project Development Cash Requirement
With respect to the cash requirement for project development, ALI had infused additional paid-in capital in the amount of ₱763.88 million for the complete development of the Club.

(b) Product research and development

No product research and development is planned. Architectural design planning for the golf course, structures and facilities of the Club are mostly complete

(c) Purchase or sale of plant and significant equipment

Most of the necessary and significant equipment of the Club has been purchased since the course and the structures of the Club are substantially completed.

(d) Significant changes in the number of employees

The Club already has 200 hired employees as of December 2018.

Key Performance Indicators

The Club looks closely at the following to determine its overall performance:

	2018	2017
1. Current Ratios	**66.20%**	52.75%
2. Quick Ratios	**52.07%**	40.14%
3. Asset-to-Equity Ratio	**121.45%**	119.42%
4. Net Income Margin	**(20.37%)**	(26.04%)
5. Return on Total Assets	**(3.50%)**	(3.93%)
6. Return on Equity	**(4.21%)**	(4.86%)

Current ratio
Current ratio indicates the ability of the Club to pay its current liabilities using its current assets. It is calculated by dividing total current assets over current liabilities.

	2018	**2017**
Current Ratios		
Current Assets	₱114,424,007	₱86,496,545
Current Liabilities	173844,836	163,983,315
	65.20%	**52.75%**

Quick ratio
Quick ratio is an indicator of the Club's short-term liquidity. It measures the Club's ability to meet its short-term obligations with its most liquid assets. The quick ratio compares the total current assets after excluding inventories to the amount of current liabilities.

	2018	**2017**
Quick Ratios		
Quick Assets	₱90,000,547	₱65,824,085
Current Liabilities	173,844,836	163,983,315
	52.07%	**40.14%**

Asset to Equity
Asset-to-equity ratio shows the relationship of the total assets to the portion owned by shareholders. It is the ratio of total assets divided by stockholders' equity.

	2018	**2017**
Asset-to-Equity Ratio		
Total Assets	₱989,769,507	₱1,014,657,336

Total Equity	814,963,429	849,636,881
	121.45%	**119.42%**

Net Income (loss) Margin
Net margin is a measure of the Club's profitability. It is calculated by finding the net profit (loss) as a percentage of revenue.

	2018	2017
Net Income (Loss) Margin		
Net income (loss) after tax	(₱ 35,072,650)	(₱42,336,062)
Revenue	172,192,496	162,583,487
	(20.37%)	**(26.04%)**

Return on Total Assets
Return on total assets is a ratio that measures the Club's earnings before interest and taxes (EBIT) against its total net assets. The ratio is considered the indicator of how effectively the Club is using its assets to generate earnings before contractual obligations must be paid.The return on assets ratio formula is calculated by dividing net income by average total assets.

	2018	2017
Return on Total Assets		
Net income (loss) after tax	(₱ 35,072,650)	(₱42,336,062)
Total Assets - Current year	989,769,507	1,014,657,336
Total Assets - Prior year	1,014,657,336	1,138,604,941
Average Total Assets	1,002,213,422	1,076,631,139
	(3.50%)	**(3.93%)**

Return on Equity
Return on equity tests the productivity of the owner's investments. The return on equity ratio formula is calculated by dividing net income by shareholder's equity.

	2018	2017
Return on Equity		
Net income (loss) after tax	(₱ 35,072,650)	(₱42,336,062)
Total Equity - Current Year	814,963,429	849,636,881
Total Equity - Prior Year	849,636,881	891,853,913
Average Total Equity	832,300,155	870,745,397
	(4.21%)	**(4.86%)**

Others

As of the year ended December 31, 2018, there are no material events and uncertainties known to management that would have an impact on future operations such as:

(a) Known trends, demands, commitments, events, or uncertainties that would have an impact on the Club;
(b) Material commitments for capital expenditures, the general purpose of such commitment and the expected sources of funds for such expenditures;

(c) Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the net sales/revenues/income for continuing operations;
(d) Significant elements of income or loss that did not arise from the Club's continuing operations;
(e) Causes for any material changes from period to period in one or more line item of the Club's financial operations;
(f) Seasonal aspects that had a material effect on the financial condition or results of the operations;

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.

Upon the written request of the stockholder, the Corporation undertakes to furnish said stockholder with a copy of the SEC Form 17-A for the year 2020, and quarter reports for the period March 31, 2021 and June 30, 2021 free of charge. Any written request for a copy of the reports shall be addressed to the following:

Anvaya Cove Golf and Sports Club, Inc.
Anvaya Cove, Municipality of Morong, Bataan
2108 Philippines

Attention: **Ms. Carol Hizola**
Accounting Manager

PART II – MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY

(a) Market Information

ALI and SUDECO sell their shares in a secondary market, which includes GG&A Club Shares Brokers, Inc. These shares are not traded in a stock exchange.

The following table shows the selling prices of the shares of the Club for each quarter of 2019, 2020, and 2021:

Quarter of Fiscal Year	Class A Share Price	Class B Share Price	Class C Share Price	Class D Share Price
Q1 2019	N.A.	₱1,700,000	₱2,200,000	N.A.
Q2 2019	N.A.	₱1,700,000	₱2,200,000	N.A.
Q3 2019	N.A.	₱1,700,000	₱2,200,000	N.A.
Q4 2019	N.A.	₱1,700,000	₱2,200,000	N.A.
Q1 2020	N.A.	₱1,700,000	₱2,200,000	N.A.
Q2 2020	N.A.	₱1,700,000	₱2,200,000	N.A.
Q3 2020	N.A.	₱1,700,000	₱2,200,000	N.A.
Q4 2020	N.A.	₱1,700,000	₱2,200,000	N.A.
Q1 2021	N.A.	₱1,700,000	₱2,200,000	N.A.
Q2 2021	N.A.	₱1,700,000	₱2,200,000	N.A.

(b) Holders

The following are the top 20 registered holders of the Corporation's securities:

Class A Shares

There are 14 registered holders of Class A shares of the Corporation as of June 30, 2021.

	Stockholder Name	No. of Class A shares	Percentage of Class A shares
1.	Ayala Land, Inc.	4,326	79.8155%
2.	Subic Bay Development and Industrial Estate Corp.	1,082	19.9631%
3.	Robert S. Lao	1	0.0184%
4.	Jaime E. Ysmael	1	0.0184%
5.	George Bernard L. Cadhit	1	0.0184%
6.	Augusto D. Bengzon	1	0.0184%
7.	Paullolindo A. Elauria	1	0.0184%
8.	Dante M. Abando	1	0.0184%
9.	George Edwin T. Lee	1	0.0184%
10.	Purisimo S. Buyco	1	0.0184%
11.	Joseph Carmichael Z. Jugo	1	0.0184%
12.	Jocelyn F. de Leon	1	0.0184%
13.	Paolo O. Viray	1	0.0184%

14.	Emilio Lolito J. Tumbocon	1	0.0184%

Class B Shares

There are 701 registered holders of Class B shares of the Corporation as of June 30, 2021.

	Stockholder Name	No. of Class B shares	Percentage of Class B shares
1.	Ayala Land, Inc.	1,918	67.3928%
2.	Subic Bay Development and Industrial Estate Corp.	226	7.9410%
3.	Others	702	24.6662%

Class C Shares

There are 42 registered holders of Class C shares of the Corporation as of June 30, 2021.

	Stockholder Name	No. of Class C shares	Percentage of Class C shares
1.	Ayala Land, Inc.	106	68.8312%
2.	Subic Bay Development and Industrial Estate Corp.	7	4.5454%
3.	Others	41	26.6234%

(c) Dividends

The Corporation did not declare any dividends since the date of its incorporation up to the present.

(d) Recent Sale of Unregistered Securities

There are no recent sales of unregistered Securities since the date of incorporation of the Corporation up to the present.

(e) Corporate Governance

(i) The evaluation system which was established to measure or determine the level of compliance of the Board of Directors and top-level management with its Revised Manual of Corporate Governance consists of a Board Performance Assessment which is accomplished by the Board of Directors indicating the compliance ratings. The above is submitted to the Compliance Officer who issues the required certificate of compliance with the Corporation's Revised Manual of Corporate Governance to the Securities and Exchange Commission.

(iii) To ensure good governance, the Board establishes the vision, strategic objectives, key policies, and procedures for the management of the corporation, as well as the mechanism for monitoring and evaluating Management's performance. The Board also ensures the presence and adequacy of internal control mechanisms for good governance.

(iv) There were no deviations from the Corporation's Revised Manual of Corporate Governance. The Corporation has adopted in the Revised Manual of Corporate

Governance the leading practices and principles of good corporate governance and full compliance therewith has been made since the adoption of the Revised Manual.

(v) The Corporation is taking further steps to enhance adherence to principles and practices of good corporate governance.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1.For the quarterly period ended : **March 31,2021**

2.Commission Identification No. : **CS201014919**

3.BIR Tax Identification No. : **007-875-261-000**

4.Exact name of issuer as specified in its charter : **ANVAYA COVE GOLF AND SPORTS CLUB, INC.**

5.Province, country or other jurisdiction of incorporation or organization : **ANVAYA COVE,MORONG, BATAAN**

6.Industry Classification Code : (SEC Use Only)

7.Address of issuer's principal office: Anvaya Cove , Morong, Bataan

8.Issuer's telephone number, including area code : **(632) 943-4400**

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

10. Securities registered pursuant to Sections 8 and 12 of the Code; or Sections 4 and 8 of the RSA

Title of Each Class	No. of Shares of Common Stock Registered	No. of Shares Registered & Sold
CLASS A	5,420	5,420
CLASS B	2,846	2,846
CLASS C	154	154
CLASS D	80	–
TOTAL	8,500	8,420

11. Are any or all of the securities listed on a Stock Exchange?

Yes [ ] No [x]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
N/A

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 there under or Sections 11 of the RSA and RSA Rule 11(a)-1 there under, and Sections 26 and 141 of the Corporation Code of the

Philippines, during the preceding twelve (12) months (or for such shorter period 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]

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited financial statements as of March 31, 2021 and for the three-month ended March 31,2020 and the audited balance sheet as of December 31, 2020 and the related notes to unaudited financial statements of Anvaya Cove Golf and Sports Club, Inc. (referred to as "the Club") are filed as part of this Form 17-Q as Appendix I.

There are no other material events subsequent to the end of this interim period that had not been reflected in the unaudited financial statements filed as part of this report.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Result of Operations

Overview

Anvaya Cove Golf and Sports Club, Inc. (the Club) was organized and registered with the Philippine Securities and Exchange Commission (SEC) on September 21, 2010 and has started its commercial operations on October 16, 2013. The primary purpose of the Club is to purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, exchange, develop or otherwise dispose of real property, such as but not limited to clubhouses, lands and buildings, hotels, condominium units, with all the facilities, equipment and apparatus relative thereto, and to offer and issue proprietary shares.

For the 1st Quarter 2021

Total Club Revenues for the period ended March 31, 2021 amounted to ₱26.97 million which was lower than same period last year by ₱15.14 million or 36% due to the following major occurrence:

- Service Income amounted to ₱1.96 million (7.3% of the Total Revenues) which decreased by ₱10.97 million or 84.84% compared to ₱12.93 million of the same period last year. Significant decrease in revenue was caused by the COVID19 pandemic.

- Membership dues reached to ₱20.02 million (74.2% of the Total Club Revenues). There was an increase of ₱146,540 or 0.74% as against the same period last year owing primarily to the increase in number of members.

- Sale of Goods was recorded at ₱1.22 million (4.5% of Total Club Revenues), decrease of ₱5.9 million or by 83% compared to same period last year of ₱7.12 million.

- Transfer fee was recorded at ₱3.77 million which was higher by ₱1.59 million as compared to same previous period of ₱2.18 million.

Total Cost of Sales for the period was recorded at ₱39.12 million and lower by ₱11.35 million or 22.48% as against same period last year. The decrease was due to the following:

- Cost of Services recorded at ₱23.71 million (60.6% of the Total Cost of Sales), lower by ₱6.6 million or 21.87% compared to the same period last year.

- Cost of Sales computed at ₱2.29 million (5.9% of the Total Cost of Sales), a decrease of about ₱4.49 million or 66.17 % lower compared to last year of same period.

- General and Administrative Expenses amounted to ₱13.11 million (33.5% of Total Cost of Sales) and lower by 1.61% or ₱213,990 compared to the same period last year.

Interest Income for the period amounted to ₱4.185 (0.02% of the Total Revenues) lower by ₱191,465 or 97.86% as compared to previous period.

Miscellaneous income was lower by ₱ 569,943 or 62.4% compared to same period last year.

Provision for Income Tax computed at ₱837 which was lower compared last year of ₱5,612.

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

Total Assets amounted to ₱906.37 million as of March 31,2021. This was lower by ₱ 4.68 million or 0.5% compared to December 31, 2020. The changes were attributed to the following major components:

- Cash and Cash Equivalent amounted to ₱7.11 million (0.8% of Total Assets), a decrease of ₱2.68 million or 27.4% compared to December 31, 2020 of ₱9.79 million.

- Investment in Financial Asset amounted to ₱22.61 million,(2.5% of Total Sales) an increase of ₱ 104,796, compared to December 31, 2020 of ₱22.51.

- Accounts and Other Receivables amounted to ₱39.30 (4.3% of the Total Assets). An increase of ₱1.55 million as compared to previous year of ₱37.74 million.

- Due from Affiliates 1.3% of the Total Assets, increased from ₱11.24 million of the previous year to ₱ 11.80 million as of March 31,2021.

- Inventories recorded at ₱1.2 million, a decrease of ₱7,814 or 0.7% as compared to last year.

- Other current assets recorded at ₱27.74 million, an increase of ₱4.56 million or 19.7% compared to last year.

- Property and Equipment, net of depreciation, recorded at ₱793.68 million lower by ₱9.25 million compared to December 31,2020.

- Other Noncurrent Assets amounted to ₱2.98 million, higher by ₱468,834 compared to previous year of ₱2.45million. The changes pertain to the recognition of Deferred Input VAT and deposit to suppliers.

Total Liabilities of the Club amounted to ₱171.51 million (19.0% of Total Liabilities and Member's Equity). Recorded an increase of ₱7.12 million or 4.3% compared to last year of ₱164.39 million. The changes were attributed to the following components:

- Accounts and other payables amounted to ₱49.99 million (5.5 % of Total Liabilities and Member's Equity), increased by ₱166,874 or 0.30% compared to last year of ₱49.83 million.

- Contract liabilities, amounting to ₱ 22.88 million , 2.5% of Total Liabilities and Member's Equity. An increase of 52.4% compared to previous year.

- Due to Affiliates computed at ₱96.86 million, a decrease of about ₱1 million or 1.0% compared to previous period.

- Pension Liabilities recorded at ₱1.54 million , slightly higher by ₱82,600 as compared to previous year.

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

- A negative ₱ 2.56 million of cash , result of operating activities at the end of March 31,2021 .

- Cash at the end of the period recorded at ₱7.1 million, lower by ₱29.6 million as compared to same period last year.

Key Performance Indicators

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

		March 2021	Dec 31,2020
CURRENT RATIO =	Current Asset	109,766,312	105,666,494
	Current Liabilities	169,735,972	162,699,877
		.65:1	.65:1
QUICK RATIO =	Quick Asset	80,817,197	81,286,165
	Current Liabilities	169,735,972	162,699,877
		48%	50%
DEBT-EQUITY RATIO =	Total Debt	171,507,094	164,388,399
	Total Equity	734,860,198	746,664,012
		.23:1	.22:1
ASSET TO EQUITY RATIO =	Total Asset	906,367,293	911,052,411
	Total Equity	734,860,198	746,664,012
		1.23:1	1.22:1
		March	
		2021	2020
NET INCOME MARGIN =	Net Loss	(11,803,814)	(7,256,210)
	Revenue	26,970,698	42,109,242
		-44%	-17%

The Current Ratio as of March 31, 2021 is 0.65:1 which is in line compared to the end of year 2020. The Quick ratio computed at 48% is lower from last year while the Debt-Equity Ratio was computed at 0.23:1, higher compared to 0.22:1 as of December 31, 2020. Asset to equity ratio computed at 1.23:1 for the period, higher compared with previous period of 1.22:1. The Club has a net profit (loss) margin of (44%) as against (17%) of the same period last year.

Discussion and Analysis of Material Events and Uncertainties Known to Management

The Management of the Club is not aware of any material events/and uncertainties that would address the past and would have impact on future operations of the following except for item # 5&7:

1. Any trends, demands, commitments, events or uncertainties that will have a material impact of the Club's liquidity;

2. Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

3. Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with other entities/persons created during the reporting period;

4. Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures;

5. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales/revenues/income from continuing operations. Presently, the COVID 19 pandemic have an unfavorable impact in the Club's operation.

6. Any significant elements of income or loss that did not arise from the Club's continuing operations;

7. Any seasonal aspects that had a material effect on the financial condition and results of operations. Presently, the Club's operation has been significantly impacted by the COVID 19 pandemic and is currently operating at limited capacity.

Plan of Operation for the 2nd Quarter 2021

The Anvaya Cove Golf & Sports Club is forecasted to receive a steady stream of golfers amid stringent travel restrictions. Basing on the first quarter revenue performance, bulk of collections rely on green fees and golf cart fees. Although not at par with the level of operational performance pre-pandemic, the Club is expected to glide through the setbacks steadier, as Club Members also continue to pay their monthly membership dues.

An anticipated issue worth mentioning for the 2nd quarter is the imminent shortage of water supply for the golf course in general. With weather forecasters presaging one of the hottest summers in recent history, the course may dry up evidently worse than in previous years. Recovery might take longer too as there are reports stating that the dry spell may be stretched out longer in 2021.

Counter-COVID-19 measures at the Club will be further strengthened throughout the summer season as cases are forecasted to sore amid news of worsening healthcare conditions in Metro Manila. First, more Isolation Facilities for Club employees will be opened. More stringent protocols will be enforced for Members and guests entering the premises. Also, additional Safety Officers will be hired to implement the Club's safety protocols. RT-PCR test results will be required from all visitors. Visitors may only access the Clubs if they have prior reservations, declared and coordinated with the municipal local government. Most importantly, Club employees will be mandated to undergo monthly swab testing shouldered by the company.

As for Club events, there will be several activities to be featured online. Every weekend of April, the Club will be inviting fitness experts from Segovia Strength Philippines to guide Members through a wide range of physical exercise activities, i.e., Dynamic Flow, K-Pop Aero Dance, and Rocket Strength. Also, Earth Hour activities will include a live online show capped off by an interactive game. Students from a number of schools in Morong, Bataan will be enjoined to submit their entries for the Earth Hour poster-making and essay-writing competitions. Their outputs will be featured both at Anvaya Cove's Main Pavilion and at the Morong Municipal Hall. Cash prizes will be doled out by the Club.

In April, the newly rehabilitated Greenhouse structure will be operational to supply herbs for the kitchens. Initially, it will produce about 10 types of herbs exclusively for Club use. Meanwhile, divers of the Club will be actively scouring the reefs in May to pluck out corallivores such as crown-of-thorns starfish to help the reef recover. Mooring buoys will also be set up along the reefs to prevent fishers from dropping their anchors that destroy the corals underneath.

Towards the end of the quarter, the Club will engage more online activities for Members. An online Zumba class will be featured via Zoom, while a live cooking show that will highlight signature dishes of the Club will be offered by the chefs. A booth that will educate visitors on the importance of plants will be launched at the Main Pavilion. It will also provide an opportunity for kids to participate through quizzes and other games.

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

Operating Cash Requirement

The key sources of liquidity of the Club are the revenues generated from green fees, membership dues, guests' fees, room accommodations, sale of food and beverage, banquets and other Club-related activities. Given the current cash position of the Club, the Corporation will not need additional funding for its operation in the 4th quarter of the current year. However, Ayala Land Inc., as majority and controlling stockholder is committed to make the necessary advances to meet the operational funding requirements of the Club.

(b) Product research and development

No product research and development is planned. Architectural design planning for the golf course, structures and facilities of the Club have been substantially completed.

(c) Purchase or sale of plant and significant equipment

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

(d) Significant changes in the number of employees

The Club has already hired 191 employees as of March 31,2021.

Part II – OTHER INFORMATION

Item 3. 1st Qtr 2021 Developments

A.New project or investments in another line of business or corporation None.

B. Composition of Board of Directors (As of March 31,2021)	Jaime E. Ysmael Joseph Carmichael Z. Jugo Paullolindo A. Elauria Augusto D. Bengzon George Bernard L. Cadhit Robert S. Lao Dante M. Abando Jocelyn F. de Leon Paulo O. Viray Purisimo S. Buyco George T. Lee Jr. Solomon S. Hermosura
C. Performance of the corporation or result/progress of operations	Please see unaudited financial statements and management's discussion on results of operations.
D. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements	None.
E. Offering of rights, granting of Stock Options and corresponding plans therefore	None.
F. Acquisition of additional mining claims or other capital assets or patents, formula, real estate	None.
G. Other information, material events or happenings that may have affected or may affect market price of security	None.
H. Transferring of assets, except in normal course of business	None.

Item 4. Other Notes to 1st Quarter March 2021 Operations and Financials

I. Nature and amount of items affecting assets, liabilities, equity, or net income that are unusual because of their nature, size, or incidents	Please see Notes to Financial Statements.
J. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period	None.
K. New financing through loans / Issuances, repurchases, and repayments of debt and equity securities	None.
L. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period	None.

M. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations	None.
N. Changes in contingent liabilities or contingent assets since the last annual balance sheet date	None.
O. Other material events or transactions during the interim period	None.
P. Existence of material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation	None.
Q. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period	None.
R. Material commitments for capital expenditures, general purpose and expected sources of funds	With respect to the cash requirement for project development, ALI had already infused additional paid-in capital in the amount of P763.88 million for the complete development of the Club in 2011.
S. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations	COVID-19
T. Significant elements of income or loss that did not arise from continuing operations	None.
U. Causes for any material change/s from period to period in one or more line items of the financial statements	Please see Notes to Financial Statements.
V. Seasonal aspects that had material effect on the financial condition or results of operations	COVID-19
W. Disclosures not made under SEC Form 17-C	None.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer	:	**ANVAYA COVE GOLF AND SPORTS CLUB, INC.**
Signature and Title	:	**JAIME E. YSMAEL** Chairman of the Board
Date	:	March 31, 2021
Signature and Title	:	**AUGUSTO D. BENGZON** Treasurer
Date	:	March 31, 2021

Anvaya Cove Golf and Sports Club, Inc.

Unaudited Financial Statements
March 31, 2021 and 2020
and Year Ended December 31, 2020

ANVAYA COVE GOLF AND SPORTS CLUB, INC.
STATEMENTS OF FINANCIAL POSITION

	Mar 31,2021	Dec. 31,2020
ASSETS		
Current Assets		
Cash (Note 4)	**₱7,108,916**	₱9,792,001
Financial assets at fair value through profit or loss (Note 5)	**22,614,175**	22,509,379
Accounts and other receivables (Note 6)	**39,295,594**	37,741,942
Receivables from related parties (Note 17)	**11,798,512**	11,246,522
Inventories (Note 7)	**1,204,187**	1,196,373
Other current assets (Note 8)	**27,744,928**	23,183,956
Total Current Assets	**109,766,312**	105,666,493
Noncurrent Assets		
Property and equipment – net (Note 9)	**793,681,998**	802,935,769
Advances and other noncurrent assets (Note 8)	**2,918,983**	2,450,149
Total Noncurrent Assets	**796,600,981**	805,385,918
TOTAL ASSETS	**₱906,367,293**	₱911,052,411
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 10)	**₱49,996,047**	₱49,829,168
Contract liabilities (Note 10)	**22,877,192**	15,008,008
Payables to related parties (Note 17)	**96,862,733**	97,862,696
Total Current Liabilities	**169,735,972**	162,699,872
Noncurrent Liabilities		
Pension liability (Note 15)	**1,540,200**	1,457,600
Deferred tax liability (Notes 15 and 16)	**230,922**	230,922
Total Noncurrent Liabilities	**1,771,122**	1,688,522
	171,507,094	164,388,394
Equity		
Paid-in capital (Note 11)	**213,627,000**	213,627,000
Additional paid-in capital (Note 11)	**763,883,400**	763,883,400
Remeasurement gain on pension liability (Note 15)	**538,818**	538,818
Deficit (Note 11)	**(243,189,019)**	(231,385,206)
Total Equity	**734,860,198**	746,664,012
TOTAL LIABILITIES AND EQUITY	**₱906,367,293**	₱911,052,411

ANVAYA COVE GOLF AND SPORTS CLUB, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Period Ended March 31	
	2021	2020
REVENUE (Note 12)		
Membership dues	**₱20,021,540**	₱19,875,000
Service income	**1,960,324**	12,930,610
Sale of goods	**1,216,512**	7,120,596
Transfer fees	**3,772,322**	2,183,036
	26,970,698	42,109,242
COSTS AND EXPENSES (Note 14)		
Cost of services	**23,708,820**	30,346,564
Cost of sales	**2,298,519**	6,794,358
General and administrative expenses	**13,113,922**	13,327,911
	39,121,260	50,468,834
OTHER INCOME		
Interest income (Notes 4, 6 and 17)	**4,185**	195,650
Miscellaneous income (Note 13)	**343,401**	913,344
	347,585	1,108,994
INCOME (LOSS) BEFORE INCOME TAX	**(11,802,977)**	(7,250,598)
PROVISION FOR INCOME TAX (Note 16)	**837**	5,612
NET INCOME (LOSS)	**(11,803,814)**	(7,256,210)
OTHER COMPREHENSIVE LOSS (INCOME)		
Item that will not be reclassified to profit or loss:		
Remeasurement loss (gain) on pension liability - net of tax (Note 15)	–	–
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱(11,803,814)**	₱(7,256,210)

ANVAYA COVE GOLF AND SPORTS CLUB, INC.
STATEMENTS OF CHANGES IN EQUITY

	Period Ended March 31	
	2021	2020
PAID-IN CAPITAL (Note 11)		
Class A - 5,420 shares	**₱137,793,900**	₱137,793,900
Class B - 2,846 shares	**71,993,500**	71,993,500
Class C - 154 shares	**3,839,600**	3,839,600
	213,627,000	213,627,000
Class B	**722,961,075**	722,961,075
Class C	**40,922,325**	40,922,325
	763,883,400	763,883,400
REMEASUREMENT GAIN ON PENSION LIABILITY (Note 15)		
Balance at beginning of year	**538,818**	585,018
Net changes during the year	**–**	–
Balance at the end of the year	**538,818**	585,018
DEFICIT (Note 11)		
Balance at beginning of year	**(231,385,206)**	(196,838,822)
Net loss	**(11,803,814)**	(7,256,210)
Balance at end of year	**(243,189,019)**	(204,095,032)
	₱734,860,198	₱774,000,386

ANVAYA COVE GOLF AND SPORTS CLUB, INC.
STATEMENTS OF CASH FLOW

	Period Ended March 31	
	2021	2020
OPERATING ACTIVITIES		
Loss before income tax	**(₱11,802,977)**	(₱7,250,598)
Adjustments for:		
Depreciation (Notes 9 and 14)	**9,373,677**	9,757,465
Net movement in pension liability (Note 15)	**82,600**	64,160
Unrealized gain on financial assets at FVPL (Notes 5, 13 and 17)	**(104,796)**	(66,309)
Interest income (Notes 4, 6 and 17)	**(4,185)**	(195,650)
Operating income before working capital changes	**(2,455,680)**	2,309,067
Decrease (increase) in:		
Accounts and other receivables	**(1,553,652)**	(2,964,560)
Receivables from related parties	**(555,670)**	20,883,864
Inventories	**(7,814)**	(360,722)
Other current assets	**(4,560,972)**	(3,211,269)
Advances and other noncurrent assets	**(468,972)**	(1,417,735)
Increase (decrease) in:		
Accounts and other payables	**166,874**	4,897,413
Contract Liabilities	**7,869,184**	18,645,598
Payables to related parties	**(999,963)**	3,096,163
Net cash from (used in) operations	**(2,566,527)**	41,877,820
Interest received	**4,185**	195,650
Income tax paid	**(837)**	(5,612)
Net cash from (used in) operating activities	**(2,563,179)**	42,067,858
INVESTING ACTIVITIES		
Additions to:		
Financial assets at FVPL (Note 5)	–	(20,000,000)
Property and equipment (Note 9)	**(119,906)**	(1,653,120)
Net cash from (used in) investing activities	**(119,906)**	(21,653,120)
FINANCING ACTIVITY		
Collection of loans to related party (Note 17)		
Loan to a related party (Note 17)	–	–
Payments of loan from a related party (Note 17)	–	–
Net cash from (used in) financing activities	–	–
NET DECREASE IN CASH	**(2,683,085)**	20,414,739
CASH AT BEGINNING OF YEAR	**9,792,001**	16,303,425
CASH AT END OF YEAR (Note 4)	**₱7,108,916**	₱36,718,164

1. Corporate Information

Anvaya Cove Golf and Sports Club, Inc. (the Club) was incorporated in the Republic of the Philippines and was registered with the Philippine Securities and Exchange Commission (SEC) on September 21, 2010 with a corporate life of 50 years.

The primary purpose of the Club is to purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, exchange, develop or otherwise dispose of real property, such as but not limited to clubhouses, lands and buildings, hotels, condominium units, with all the facilities, equipment and apparatus relative thereto, and to offer and issue proprietary shares.

The Club is a public interest entity, and is 75.43% owned by Ayala Land, Inc. (ALI). ALI's parent company is Ayala Corporation (AC), a publicly-listed company. Both ALI and AC are publicly-listed companies incorporated in the Republic of the Philippines.

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

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

On August 13, 2019, the Supreme Court (SC) declared that membership fees, assessment dues, and fees of similar nature collected by Clubs which are organized and operated exclusively for pleasure, recreation, and other nonprofit purposes do not constitute as: (a) "the income of recreational clubs from whatever source" that are "subject to income tax"; and (b) part of the "gross receipts of recreational clubs" that are "subject to VAT". Starting January 1, 2020, the Club did not collect the related output VAT for membership fees and fees of similar nature.

The registered office address of the Club is Anvaya Cove, Morong, Bataan.

The accompanying financial statements of the Club were approved and authorized for issuance by the Board of Directors (BOD) on May 20, 2021.

Status of Operations

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

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

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

The Club incurred net loss of ₱11,803,814 in March 31,2021 and deficit of ₱245,071,105 as of March 31,2021. In addition, the Club's current liabilities exceeded its total current assets by ₱61,851,746 as of March 31, 2021, and the Club has negative operating cashflow of ₱2,563,179 . These conditions, among others, indicate that a material uncertainty exists that may cast significant doubt on the Club's ability to continue as a going concern.

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

The Club's plan for future action is to:

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

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

c. ensure the availability of cash for working capital requirements and for maturing obligations as they fall due, by obtaining continuing financial support committed by the Parent Company to the Club.

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

2. Basis of Preparation, Statement of Compliance, Changes in Accounting Policies and Disclosures 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 fair value through profit or loss (FVPL) that have been measured at fair value. The Club's functional currency is the Philippine Peso (₱) and all amounts are rounded off to the nearest peso, unless otherwise indicated.

Statement of Compliance

The financial statements of the Club have been prepared in compliance with the Philippine Accounting Standard (PAS).

Changes in Accounting Policies and Disclosures

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

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

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

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

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

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

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

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

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

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

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

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

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

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

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

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

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

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

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

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- PFRS 17, *Insurance Contracts*

Deferred Effectivity

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

Summary of Significant Accounting Policies

Current versus Noncurrent Classification
The Club presents assets and liabilities in the statement of financial position based on a current and noncurrent classification. An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Club classifies all other liabilities as noncurrent.

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

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

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

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

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

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

A fair value measurement of a nonfinancial 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) prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3 - Valuation techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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 date, the Club analyzes the movement in the 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 sources to determine whether the change is reasonable.

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

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

Financial assets are classified at fair value, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and financial assets at fair value through profit or loss (FVPL).

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

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

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (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 March 31,2021 and December 31, 2020consist of financial assets atamortized cost (debt instruments) and financial assets at FVPL.

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Club. The Club measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

Financial Liabilities

Initial recognition and measurement

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

Subsequent measurement

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

Financial liabilities

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

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

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

Impairment of Financial Assets

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

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

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

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

The Club considers a receivable in default when contractual payments are 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.

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

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

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

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

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

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

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

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

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

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

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

Financial liability
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 statement of comprehensive income.

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

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

<u>Other Assets</u>
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 carried at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use, including borrowing costs.

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

Constructions in progress are also capitalized as part of property and equipment under separate account, projects in progress. These projects will form part of building and 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
Building and improvements	35
Land improvements	25
Furniture, fixtures and equipment	5

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

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

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

Impairment of Nonfinancial Assets

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

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

Pension Costs

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

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

Defined benefit costs include:

- 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 statement 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 in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Equity

Paid-in Capital

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

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

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

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

The following are the Club's performance obligations:

Membership dues
Revenue from membership dues is recognized over the time the members are provided access to the Club's room accommodation, golf course, sports complex, game rooms, restaurants and other 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 golf course, sports complex, 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 pertain to earnings from transfer of member's ownership recorded upon initiation of transfer process. Revenue is recorded at point in time when the services are rendered.

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

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Club has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Club transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities

are recognized as revenue when the Club performs under the contract. Membership dues and consumables collected in advance are recognized as contract liabilities in the statements of financial position.

Other income recognition

Interest income

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

Miscellaneous income

Miscellaneous income pertains to ancillary services provided by the Club such as laundry, room cleaning and storage services for golf equipment. These are recognized when earned and when the related services are rendered.

Costs and Expenses

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

Expenses are recognized in profit or loss:

- On the basis of a direct association between the costs incurred and the earning of 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 statement of financial position as an asset.

Leases

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

Leases of low-value assets. The Club applied the lease of low-value assets recognition exemption (e.g. ₱250,000 and below) to its lease of office equipment. These are recognized as expense on a straight-line basis over the lease term.

Taxes

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allowthe 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. Where the Club expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies

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

Events after the End of the Reporting Period

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

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3. Significant Accounting Judgments and Estimates

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

Judgments

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

Identification of contract with customers under PFRS 15

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

Identifying performance obligations

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

Determining whether the Club is acting as a principal or agent

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

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

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

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

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

No impairment losses were recognized for the Club's nonfinancial assets. As at March 31,2021 and December 31, 2020, the carrying values of the nonfinancial assets follow:

	March 31,2021	Dec 31,2020
Property and equipment (Note 9)	**₱793,681,998**	₱802,935,769
Other current assets (Note 8)	**27,744,928**	23,183,956
Other noncurrent asset (Note 8)	**2,918,983**	2,450,149

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 of March 31,2021 and December 31, 2020 mounted to ₱1,540,200 and ₱1,457,600 , 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.

4. Cash

This account consists of:

	March 31,2021	Dec. 31,2020
Cash on hand	**₱409,339**	₱449,757
Cash in banks (Note 17)	**6,699,577**	9,342,244
	₱7,108,916	₱9,792,001

5. Financial Assets at FVPL

Below is the rollforward of financial assets at FVPL:

	March 31,2021	Dec.31,2020
At January 1	₱22,509,379	₱1,972,108
Additions	–	20,000,000
Unrealized gain (Notes 13 and 17)	**104,796**	537,271
At December 31	**₱22,614,175**	₱22,509,379

Financial assets at FVPL pertains to investments in the 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.

The fair value of the investment in UITF is determined by using market-to-market method. This valuation technique maximizes the use of observable market data where it is available such as quoted market prices or dealer quotes for similar instruments. Thus, the fair value measurement is categorized under Level 1 of the fair value hierarchy.

6. Accounts and Other Receivables

This account consists of:

	March 31,2021	Dec.31,2020
Trade receivables - net	**₱38,389,210**	₱36,708,802
Insurance claims	**88,645**	379,489
Receivable from employees	**27,494**	50,045
Others	**790,245**	603,606
	₱39,295,594	₱37,741,942

Trade receivables pertain to unpaid charges from members for use of facilities and sale of food, beverage and merchandise from shop. These are non-interest bearing and are due and demandable. The receivables from members are collateralized by a preferential lien on the Club shares owned by the said members.

Receivable from employees are salary loans granted to the Club's employees. These are collected through salary deduction..

Other receivables include nontrade receivables such as receivables from the Club's service providers which are non-interest bearing and are to be settled within one year.

7. Inventories

This account consists of:

	March 31,2021	Dec. 31,2020
At cost:		
Food and beverage	**₱1,107,391**	₱1,044,302
Merchandise	**96,796**	152,071
	₱1,204,187	₱1,196,373

Food and beverage consist of goods in the form of ingredients and supplies consumed in the production of food and beverages sold at the Club's cafes and bars. Costs of food and beverages recognized as part of cost of sales and cost of services are as follows (see Note 14):

	Mar. 31,2021	Mar. 31,2020
Cost of sales	**₱453,902**	₱2,539,817
Cost of services	**80,725**	177,975
	₱534,627	₱2,717,792

Merchandise pertains to items for sale at the Club's golf pro-shop.

8. Other Assets

Other current assets

Details of this account are as follows:

	March 31,2021	Dec. 31,2020
Input VAT	**₱16,088,486**	₱14,721,016
Creditable withholding taxes	**2,929,806**	2,901,137
Supplies	**2,693,660**	2,632,854
Advances to suppliers	**2,211,648**	2,380,718
Prepaid expenses	**3,656,099**	383,002
Deferred input VAT – current portion	**165,229**	165,229
	₱27,744,928	₱23,183,956

2020

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

Supplies include medical supplies, general storeroom, clearing inventories and china and crockery. Advances to suppliers are advances made by the Club to vendors and applied against invoices from the vendor upon delivery of goods.

Prepaid expenses mainly include prepayments for maintenance, dues, taxes and licenses, and insurance.

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

Advances and other noncurrent assets

	March 31,2021	Dec. 31,2020
Deferred input VAT – noncurrent portion	**₱1,324,074**	₱1,768,948
Advances to suppliers	**1,594,909**	681,201
	₱2,918,983	₱2,450,149

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

9. Property and Equipment

The rollforward analysis of this account follows:

March 31,2021

	Land and Land Improvements	Building and Improvements	Furniture, Fixtures and Equipment	Project in Progress	Total
Cost					
At January 1	₱614,726,949	₱399,768,848	₱84,431,517	₱166,619	₱1,099,093,933
Additions	–	–	–	119,906	119,906
At December 31	614,726,949	399,768,848	84,431,517	286,526	1,099,213,839
Accumulated Depreciation					
At January 1	146,603,977	74,888,285	74,665,902	–	296,158,164
Depreciation	5,572,219	2,857,836	943,622	–	9,373,677
At December 31	152,176,196	77,746,121	75,609,524	–	305,531,841
Net Book Value at December 31	₱462,550,753	₱322,022,728	₱8,821,989	₱286,526	₱793,681,998

2020

	Land and Land Improvements	Building and Improvements	Furniture, Fixtures and Equipment	Project in Progress	Total
Cost					
At January 1	₱614,442,550	₱399,768,848	₱81,060,180	₱166,619	₱1,095,438,197
Additions	284,399	–	3,796,337	–	4,080,736
Disposals	–	–	(425,000)	–	(425,000)
At December 31	614,726,949	399,768,848	84,431,517	166,619	1,099,093,933
Accumulated Depreciation					
At January 1	124,324,579	63,456,942	69,741,639	–	257,523,160
Depreciation	22,279,398	11,431,343	5,349,263	–	39,060,004
Disposals	–	–	(425,000)	–	(425,000)
At December 31	146,603,977	74,888,285	74,665,902	–	296,158,164
Net Book Value at December 31	₱468,122,972	₱324,880,563	₱9,765,615	₱166,619	₱802,935,769

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

	March 31,2021	March 31,2020
Cost of services	₱8,931,916	₱9,271,954
Cost of sales	155,941	186,977
General and administrative expenses	285,820	298,534
	₱9,373,677	₱9,757,465

10. Accounts and Other Payables

	Mar. 31,2021	Dec. 31,2020
Trade payables	**₱16,391,934**	₱19,690,426
Accrued expenses:		
Insurance	**8,631,852**	9,463,736
Contract services	**7,618,620**	1,970,387
Utilities	**3,527,563**	2,054,255
Repairs and maintenance	**2,284,843**	4,505,399
Payroll	**1,293,089**	1,979,656
Management fee	**420,180**	333,419
Rental	**373,182**	209,253
Professional fees	**196,440**	282,040
Funds held for environmental activities	**7,382,697**	₱7,007,439
Due to employees	**358,812**	387,328
Service charge payable	**5,018**	24,415
Other payables	**1,521,852**	1,921,415
	₱49,996,047	₱49,829,168

Trade payables represent operational costs incurred and amount due to supplier for purchases of goods and services. These are non-interest bearing and are normally settled within 30 to 60 days.

Accrued expenses consist mainly of accruals for professional fees, utilities, salaries, wages and employee benefits. These are noninterest-bearing and are normally settled within one year.

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.

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

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

Other payables pertain to net proceeds from the auction of shares that will be used for paying incidental expenses related to transfer of shares' ownership, taxes payable and other employee benefits which are non-interest bearing and are normally settled within one year.

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

11. Equity

The details of the number of authorized and issued shares of the Club as at March 31,2021 and December 31, 2020, follow:

	Stated Value	Authorized	Issued	Amount	Additional Paid-In Capital
Class A	No par	5,420	5,420	₱137,793,900	₱–
Class B	No par	2,846	2,846	71,993,500	722,961,075
Class C	No par	154	154	3,839,600	40,922,325
Class D	No par	80	–	–	–
		8,500	8,420	₱213,627,000	₱763,883,400

As at March 31,2021 and December 31, 2020, the total number of stockholders are 742 and 742, 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 within a period of five years fromthe date of incorporation of the Club; (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 C shares, and Class D 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 B shares, and Class D 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.

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

In view of the issuance of Founders' shares, the voting rights pertaining to the Class B, C and D 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 and D shares shall be automatically reinstated and shall be equal in all respects to those of the holders of all the other classes of 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 period ended March 31,2021 and December 31, 2020.

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

	March 31,2021	Dec. 31,2020
Paid-in capital	**₱213,627,000**	₱213,627,000
Additional paid-in capital	**763,883,400**	763,883,400
Deficit	**(243,189,019)**	(231,385,206)
	₱734,860,198	₱746,664,012

The Club is not subjected to any externally imposed capital requirement.

12. Revenue from Contracts with Customers

Disaggregated Revenue Information

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

	March 31.2021	March 31.2020
Membership dues	₱20,021,540	₱19,875,000
Service income:		
Golf course revenue	1,776,842	7,122,527
Room accommodation	120,536	5,031,474
Guest fees	45,536	591,964
Sports complex revenue	17,411	184,645
Sale of goods:		
Food and beverages	1,010,446	6,755,757
Merchandise	206,065	364,838
Transfer fees	3,772,322	2,183,036
	₱26,970,698	₱42,109,242

Contract Balances

As at March 31,2021 and December 31,2020 contract balances are as follows:

	March 31,2021	Dec. 31,2020
Trade receivables (Note 6)	**₱38,389,210**	₱36,708,802
Contract liabilities (Note 10)	**22,877,192**	15,008,008

13. Miscellaneous income

Miscellaneous income consists of:

	Mar. 31,2021	Mar. 31,2020
Surcharge revenue	**₱112,922**	₱344,246
Unrealized gain on financial assets at FVPL (Notes 5 and 17)	**104,796**	66,309
Other income	**129,683**	502,789
	₱347,401	₱913,344

Other income includes laundry, room cleaning and storage services for golf equipment.

14. **Costs and Expenses**

Cost of services consists of:

	Mar. 31,2021	Mar. 31,2020
Depreciation (Note 9)	₱8,931,916	₱9,271,854
Heat, light and water	5,521,738	6,733,303
Contracted services	5,156,359	5,156,359
Salaries, wages and employee benefits	2,302,247	4,677,841
Communications	442,978	550,598
Repairs and maintenance	317,882	610,970
Cleaning and other supplies	158,056	269,318
Food and beverage (Note 7)	80,725	177,975
Office supplies	63,539	129,538
Transportation	5,248	354,229
Representation	1,207	8,805
Laundry	–	306,362
Others	726,925	2,099,311
	₱23,708,820	₱30,346,564

Other cost of services includes expenses such as expected credit losses, guest supplies, linen, signages, and uniforms.

Cost of sales consists of:

	Mar. 31,2021	Mar. 31,2020
Salaries, wages and employee benefits	₱759,896	₱2,909,405
Food and beverage (Note 7)	453,902	2,539,817
Heat, light and water	383,811	274,046
Depreciation (Note 9)	155,941	186,977
Communication	147,741	44,625
Cleaning and other supplies	87,841	247,838
Merchandise (Note 7)	60,246	136,119
Equipment rental	56,786	37,857
Office supplies	4,423	23,108
Transportation	3,741	45,681
Representation	–	8,538
Others	184,191	340,347
	₱2,298,519	₱6,794,358

Other cost of sales includes expenses incurred in food and beverage operations such as repairs and maintenance, guest supplies, linen, and laundry.

General and administrative expenses consist of:

	Mar. 31,2021	Mar. 31,2020
Professional and management fees (Note 17)	₱2,257,145	₱2,164,030
Heat, light and water	2,399,843	127,777
Salaries, wages and employee benefits	1,851,092	2,814,034
Security	1,347,803	1,562,785
Repairs and maintenance	1,235,361	426,722
Taxes and licenses	1,134,378	1,031,148
Corporate expense	763,681	672,175
Insurance	403,611	604,755
Contracted services	343,765	265,110
Collection charges	341,370	873,203
Depreciation (Note 9)	285,820	298,534
Office supplies	86,093	121,160
Representation	720	2,999
Uniforms	–	1,801
Others	663,241	2,361,679
	₱13,113,922	₱13,327,912

Other general and administrative expenses include miscellaneous incurred such as cleaning and other supplies, transportation, and communications.

15. Pension Cost

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

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

16. Income Tax

Provision for income tax consists of:

	Mar. 31,2021	Mar. 31,2020
Current	₱–	₱–
Final	837	5,612
	₱837	₱5,612

Provision for current income tax in March 31,2021 and 2020 pertains to MCIT.

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.

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.

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

a. Outstanding balances owed by related parties:

	March 31,2021		2020			
	Amount/ Volume	**Outstanding Balance**	Amount/ Volume	Outstanding Balance	Terms	Conditions
Immediate parent company						
ALI (Trade)	–	**₱10,403,607**	813,719	10,403,607	Due and demandable	Unsecured; no impairment
Entities under common control						
Anvaya Cove Beach and Nature Club, Inc. (ACBNCI)	**650,571**	**996,896**	5,332,184	441,227	Due and demandable; non-interest bearing	Unsecured; no impairment
Makati Development Corporation (MDC)	–	**398,008**	395,925	398,008	Due and demandable; non-interest bearing	Unsecured; no impairment
Anvaya Environmental Foundation, Inc. (AEFI)	–	–	–	3,680	Due and demandable; non-interest bearing	Unsecured; no impairment
		₱11,798,512		**₱11,246,522**		

The above companies and the Club are related parties under common management and ownership. The Club in the ordinary course of business, has entered into transactions with these related parties which consists mainly of the following:

Receivable from ALI pertain to loan, unsecured non-interest bearing charges and unpaid membership dues from ALI nominees.

Receivable from ACBNCI pertains to charges for the use of the Club's facilities and services by the members of ACBNCI.

Receivable from MDC pertains to supplies purchased by the Club on behalf of the former for use in golf course maintenance and meals of MDC personnel. This will be applied against MDC's next billing to the Club.

Receivable from AEFI pertains to charges for the use of the Club's facilities and services by an officer of AEFI.

b. Outstanding balances owed to related parties:

	March 31,2021		2020			
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance	Terms	Conditions
Immediate parent company						
ALI (Loan)	₱–	₱80,000,000	₱–	₱80,000,000	Due and demandable	Unsecured; no impairment
ALI (Trade)	₱1,329,072	2,699,616	1,370,543	1,370,543	Due and demandable; non-interest bearing	Unsecured; no impairment
Entities under common control						
ACBNCI	5,063,978	6,267,857	13,969,307	2,360,936	Due and demandable interest-bearing	Unsecured; no impairment
MDC	–	1,643,986	9,700,482	8,769,864	Due and demandable; non-interest bearing	Unsecured; no impairment
Ayala Land Club Management, Inc. (ACMI)	1,282,903	6,251,275	5,361,353	5,361,353	Due and demandable; non-interest bearing	Unsecured; no impairment
		₱96,862,734		₱97,862,696		

The above companies and the Club are related parties under common management and ownership. The Club in the ordinary course of business, has entered into transactions with these related parties which consists mainly of the following:

Payable to ALI consists of costs incurred for the construction of the Club's initial assets. The Club paid ₱2,383,265 to ALI in 2018. It also consists of costs incurred for maintenance works, water irrigation and domestic consumption, facilities management, and pest control of the Club recorded as contract services.

Payable to ACBNCI are charges for the use of facilities and services of ACBNCI by the members of the Club.

Payable to MDC consists of cost incurred for the golf course maintenance fees.

Payable to ACMI pertains to 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.

Compensation of key management personnel

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

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, contract liabilities and payables to related parties – Carrying amounts approximate fair values due to the relatively short-term nature of these amounts.

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

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

There have been no transfers between different categories.

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

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

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

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

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

	Mar. 31,2021	Dec. 31,2020
Cash in banks	**₱6,699,577**	₱9,342,244
Financial assets at FVPL	**22,614,175**	22,509,379
Accounts and other receivables		
Trade receivables	**38,389,210**	36,708,802
Insurance claims	**88,645**	379,489
Receivable from employees	**27,494**	50,045
Others	**790,245**	603,606
Receivables from related parties	**11,802,192**	11,246,522
	₱80,411,538	₱80,836,407

Impairment of financial assets
The Club has the following financial assets that are subject to the expected credit loss model under PFRS 9:

- Cash in banks
- Financial assets at FVPL
- Accounts and other receivables
- Receivables from related parties

Cash in banks. The investment of the Club's cash resources 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 banks which have demonstrated financial soundness for the past five years.

Financial assets at FVPL. The Club's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Club limits its counterparty credit risk on these assets by dealing only with financial institutions with high credit ratings. The expected credit loss of the Club measured at amortized cost is computed using the general approach.

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.

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.

19. Supplementary Note to the Statements of Cash Flows

Disclosed below is the rollforward of liability under financing activity

	January 1, 2021	Cash flows	Non-cash changes	March 31,2021
Payables to related parties:				
ALI	**₱80,000,000**	**₱–**	**₱–**	**₱80,000,000**
Receivable to related parties:				
ALI	**₱–**	**₱–**	**₱–**	**₱–**

ANVAYA COVE
Golf & Sports Club

CERTIFICATION

I, **EMMANUEL G. VILLARBA**, Chief Financial Officer, of **ANVAYA COVE GOLF AND SPORTS CLUB, INC.** with SEC Registration No. CS201014919 and principal office at Anvaya Cove,Morong, Bataan, on oath state that:

1.) On behalf of Anvaya Cove Golf and Sports Club, Inc., I have caused this SEC Form 17-Q to be prepared;

2.) I have read and understood its contents which are true and correct of my own personal knowledge and/or based on authentic records;

3.) The Company, Anvaya Cove Golf and Sports Club, Inc., will comply with the requirements set forth in SEC Notice dated 12 May 2021 for a complete and official submission of reports and/or documents through electronic mail; and

4.) I am fully aware that documents filed online which require pre-evaluation and/or processing fees shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this JUN 01 2021 day of OLONGAPO CITY, 2021.

EMMANUEL G. VILLARBA
Affiant

SUBSCRIBED AND SWORN to before this JUN 01 2021 day of ____, 2021 at OLONGAPO CITY affiant exhibiting to me her Competent Evidence of Identity consisting of ________ issued at ________ expiring on ________.

Doc. No. 07;
Page No. 15;
Book No. XLI;
Series of 2021.
/Anvaya-Certification.SECForm [CFALaw/Syd]

ATTY. ERICSON CHANG AGUILA
NOTARY PUBLIC FOR OLONGAPO CITY
AND PROVINCE OF ZAMBALES
NOTARIAL COMMISSION NO. 2020-08
UNTIL DECEMBER 31, 2022
PTR NO. 3570429 1/4/2021
TIN 237-947-785
IBP NO. 139058 109 1/4/2021
ROLL NO. 50183 5/3/05
IBP LIFE MEMBER ROLL NO. 015578 1/5/17
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1.For the quarterly period ended	:	**June 30,2021**
2.Commission Identification No.	:	**CS201014919**
3.BIR Tax Identification No.	:	**007-875-261-000**
4.Exact name of issuer as specified in its charter	:	**ANVAYA COVE GOLF AND SPORTS CLUB, INC.**
5.Province, country or other jurisdiction of incorporation or organization	:	**ANVAYA COVE,MORONG, BATAAN**
6.Industry Classification Code	:	(SEC Use Only)
7.Address of issuer's principal office	:	Anvaya Cove , Morong, Bataan
8.Issuer's telephone number, including area code	:	**(632) 943-4400**
9.Former name, former address former fiscal year, if changed since last report	:	**NOT APPLICABLE**

10. Securities registered pursuant to Sections 8 and 12 of the Code; or Sections 4 and 8 of the RSA

Title of Each Class	No. of Shares of Common Stock Registered	No. of Shares Registered & Sold
CLASS A	5,420	5,420
CLASS B	2,846	2,846
CLASS C	154	154
CLASS D	80	-
TOTAL	8,500	8,420

11. Are any or all of the securities listed on a Stock Exchange?

Yes [ ] No [x]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
N/A

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 there under or Sections 11 of the RSA and RSA Rule 11(a)-1 there under, and Sections 26 and 141 of the Corporation Code of the

Philippines, during the preceding twelve (12) months (or for such shorter period 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]

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited financial statements as of June 30, 2021 and for the six-month ended June 30, 2020 and the audited balance sheet as of December 31, 2020 and the related notes to unaudited financial statements of Anvaya Cove Golf and Sports Club, Inc. (referred to as "the Club") are filed as part of this Form 17-Q as Appendix I.

There are no other material events subsequent to the end of this interim period that had not been reflected in the unaudited financial statements filed as part of this report.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Result of Operations

Overview

Anvaya Cove Golf and Sports Club, Inc. (the Club) was organized and registered with the Philippine Securities and Exchange Commission (SEC) on September 21, 2010 and has started its commercial operations on October 16, 2013. The primary purpose of the Club is to purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, exchange, develop or otherwise dispose of real property, such as but not limited to clubhouses, lands and buildings, hotels, condominium units, with all the facilities, equipment and apparatus relative thereto, and to offer and issue proprietary shares.

For the 2nd Quarter 2021

The Club posted Revenues of ₱51.44 million for the period ended June 30, 2021, lower by ₱11.36 million or 18% compared to same period last year.

- Membership Dues slightly grew by ₱0.28 million or 0.70% to ₱40.13 million (78.01% of the Total Club Revenues) on account of the increase in number of members.

- Service Income amounted to ₱3.89 million (7.56% of the Total Revenues), ₱9.18 million lower than the ₱13.07 million generated in the first half of 2020. Decline in revenue attributed to restrictions in operations brought about by the COVID19 pandemic.

- Sale of Goods recorded at ₱2.28 million (4.43% of Total Revenues), decreased by ₱4.89 million or 68.24% compared to same period last year.

- Transfer fee almost doubled to ₱5.14 million from ₱2.71 million

Total Cost and Expenses for the period registered at ₱78.85 million, a decrease of ₱4.60 million or 5.51% against same period last year. The reduction in cost was attributed to the following:

- Cost of Services recorded at ₱48.64 million (61.69% of the Total Cost and Expenses), lower by ₱3.04 million or 5.88% compared to same period last year.

- Cost of Sales reduced by 42.90% to ₱4.42 million (5.61% of the Total Cost and Expenses).

- General and Administrative Expenses amounted to ₱25.79 million (32.71% of Total Cost and Expenses), higher by 7.34% compared to the same period of prior year.

Interest Income for the period amounted to ₱12,431 (0.02% of the Total Revenues) lower by ₱130,786 or 91.32% compared to previous period.

Miscellaneous income declined to ₱1.08 million, 16.57% lower compared to same period last year.

Provision for Income Tax at ₱1,631 lower as compared to ₱12,020 last year.

Financial Condition –June 30,2021 versus December 31, 2020

Total Assets amounted to ₱904.58 million as of June 30,2021, lower by ₱ 6.48 million or 0.7% compared to December 31, 2020. The changes were attributed to the following:

- Cash increased to ₱17.94 million (2.0% of Total Assets) from ₱9.79 million as of December 31, 2020.
- Financial Asset at FVTPL recorded at ₱22.67 million (2.5% of Total Assets), ₱156,411 higher compared to December 31, 2020.
- Accounts and other receivables amounted to ₱37.67 (4.2% of the Total Assets). A decrease of ₱76,298 compared to ₱37.74 million of previous year.
- Receivables from related parties increased from ₱316,924 of the previous year to ₱10.93 million (1.2% of the Total Assets) as of June 30, 2021.
- Inventories recorded at ₱1.02 million, a decrease of ₱0.17 million or 14.5 % as compared to last year.
- Other current assets at ₱27.27 million (3.0% of Total Assets), increased by ₱4.08 million or 17.6% compared to last year.
- Property and equipment, net of depreciation at ₱782.43 million (86.7% of Total Assets), lower by ₱18.51 million compared to December 31,2020.
- Advances and other noncurrent assets amounted to ₱2.66 million (0.3% of Total Assets), higher by ₱0.21 million or 8.7% compared to previous year of ₱2.45 million. The changes pertain to the recognition of Deferred Input VAT and deposit to suppliers.

Total Liabilities of the Club increased to ₱184.24 million (20.4% of Total Liabilities and Member's Equity), ₱19.85 million or 12.1% higher compared to ₱164.39 million last year. The changes were attributed to the following:

- Accounts and other payables amounted to ₱55.25 million (6.1 % of Total Liabilities and Member's Equity), increased by 5.42 million or 10.9% compared to last year of ₱49.83 million.
- Contract liabilities at ₱ 23.81 million (2.6% of Total Liabilities and Member's Equity), ₱ 8.80 million or 58.6% higher than previous year.
- Payables to related parties increased to ₱103.33 million (11.4% of Total Liabilities and Member's Equity), ₱5.46 million or 5.6% higher compared to previous period.
- Pension liability at ₱1.62 million, slightly higher by ₱165,200 compared to previous year.

Cash Flows – Period Ended June 30,2021 vs. June 30,2020

- The Club generated ₱8.20 million net cash flows from operating activities at the end of June 30, 2021.
- Cash at the end of the period recorded at ₱17.94 million, lower by ₱19.50 million as compared to same period last year.

Key Performance Indicators

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

Current Ratio as of June 30, 2021 increased to 0.67:1 compared to 0.65:1 as of end of 2020. Quick ratio is likewise higher compared to last year. Debt-Equity Ratio was at 0.28:1, higher compared to 0.22:1 as of December 31, 2020. Asset to Equity ratio computed at 1.28:1 as of June 30, 2020. The Club has a net profit (loss) margin of (51%) as against (31%) of the same period last year.

		June 2021	Dec 31,2020
CURRENT RATIO =	Current Asset	117,485,743	105,666,494
	Current Liabilities	182,382,616	162,699,877
		.67:1	.65:1
QUICK RATIO =	Quick Asset	89,196,208	81,286,165
	Current Liabilities	182,382,616	162,699,877
		53%	50%
DEBT-EQUITY RATIO =	Total Debt	184,236,338	164,388,399
	Total Equity	720,338,712	746,664,012
		.28:1	.22:1
ASSET TO EQUITY RATIO =	Total Asset	904,575,050	911,052,411
	Total Equity	720,338,712	746,664,012
		1.28:1	1.22:1
		June	
		2021	2020
NET INCOME MARGIN =	Net Loss	(26,325,300)	(19,228,763)
	Revenue	51,438,901	62,801,144
		-51%	-31%

Discussion and Analysis of Material Events and Uncertainties Known to Management

The Management of the Club is not aware of any material events/and uncertainties that would address the past and would have impact on future operations of the following except for items # 5&7:

1. Any trends, demands, commitments, events or uncertainties that will have a material impact of the Club's liquidity;

2. Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;

3. Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with other entities/persons created during the reporting period;

4. Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures;

5. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales/revenues/income from continuing operations. Presently, the COVID 19 pandemic have an unfavorable impact in the Club's operation.

6. Any significant elements of income or loss that did not arise from the Club's continuing operations;

7. Any seasonal aspects that had a material effect on the financial condition and results of operations. Presently, the Club's operation has been significantly impacted by the COVID 19 pandemic and is currently operating at limited capacity.

Plan of Operation for the 3rd Quarter 2021

Local protocols on travel, entry, and business operations have remained stringent across the Province of Bataan since January 2021 due to the COVID-19 pandemic. In effect, rate of Club arrivals has sharply fallen. Major sources of revenue have all dwindled, if not, completely ceased. Revenues from functions, food and beverage, gym fees, room rentals, green fees, golf cart rentals, and guest fees have all drastically dropped. While a handful of Members had been able to play golf, Club Management resorted to downsizing of Club operations due to insufficient arrivals. It has relied heavily on those revenue sources to keep the Club running. The Club will continue to charge Membership dues monthly and impose penalties and surcharges for late payments.

Entering the lean months of July to September, the Club will be focused on golf course rehabilitation, facility maintenance, golf club sustainability, and expense reduction. At the golf course, heavy sodding will be administered in various points at the greens and fairways to improve playing quality. An environmental project connected to the operations of the golf course will be launched in partnership with the Department of Environment and Natural Resources and the National Golf Association of the Philippines. The project will entail adoption of a 50-hectare site outside of Anvaya Cove to serve as the course's carbon sink, essentially reabsorbing carbon emitted by continuous maintenance activities at the course.

In July, Club events will include online exercise activities. Virtual Zumba will be launched online for Members while an online cooking class will be held with the help of the company's Executive Chef.

With a new General Manager, the Club Management will be adopting a Sustainable Golf Club Management Framework to serve as the overarching guideline for Club operations. This framework will include prioritization of the following areas: (1) playing quality, (2) stewardship of the environment, (3) CSR, and (4) financial sustainability.

As arrivals are forecasted to stay at a low level, the Club will continue to operate under reduced manpower and capacity. While regular employees will be retained, only a handful of contracted staff will remain. Other cost-cutting measures will include temporary closure of facilities that do not generate revenue or enough foot traffic, reduction of shuttle schedules, and establishment of a bidding committee to vet and ensure that procurement practices consider only the most reasonably priced products or services.

As for the Club's counter-COVID-19 measures, the Club will continue to test its employees monthly. The Medical Team will be fully manned to support this effort. The same holds true with the Safety & Sanitation Team that cleans and disinfects facilities 24/7. The company's liaison officer will closely coordinate with the local government for any matter related to travel, health, and safety restrictions.

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

Operating Cash Requirement

The key sources of liquidity of the Club are the revenues generated from green fees, membership dues, guests' fees, room accommodations, sale of food and beverage, banquets and other Club-related activities. Given the current cash position of the Club, the Corporation will not need additional funding for its operation in the 3rd quarter of the current year.

(b) Product research and development

No product research and developments are planned. Architectural design planning for the golf course, structures and facilities of the Club have been substantially completed.

(c) Purchase or sale of plant and significant equipment

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

(d) Significant changes in the number of employees

The Club has already hired 191 employees as of June 30,2021.

Part II – OTHER INFORMATION

Item 3. 2nd Quarter 2021 Developments

A. New project or investments in another line of business or corporation	None.
B. Composition of Board of Directors As of June 30,2021)	Jaime E. Ysmael Joseph Carmichael Z. Jugo Paullolindo A. Elauria Augusto D. Bengzon George Bernard L. Cadhit Robert S. Lao Dante M. Abando Jocelyn F. de Leon Paulo O. Viray Purisimo S. Buyco George T. Lee Jr. Solomon S. Hermosura
C. Performance of the corporation or result/progress of operations	Please see unaudited financial statements and management's discussion on results of operations.
D. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements	None.
E. Offering of rights, granting of Stock Options and corresponding plans therefore	None.
F. Acquisition of additional mining claims or other capital assets or patents, formula, real estate	None.
G. Other information, material events or happenings that may have affected or may affect market price of security	None.
H. Transferring of assets, except in normal course of business	None.

Item 4. Other Notes to 2nd Quarter 2021 Operations and Financials

I. Nature and amount of items affecting assets, liabilities, equity, or net income that are unusual because of their nature, size, or incidents	Please see Notes to Financial Statements.

J.	Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period	None.
K.	New financing through loans / Issuances, repurchases, and repayments of debt and equity securities	None.
L.	Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period	None.
M.	The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations	None.
N.	Changes in contingent liabilities or contingent assets since the last annual balance sheet date	None.
O.	Other material events or transactions during the interim period	None.
P.	Existence of material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation	None.
Q.	Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period	None.
R.	Material commitments for capital expenditures, general purpose and expected sources of funds	With respect to the cash requirement for project development, ALI had already infused additional paid-in capital in the amount of P763.88 million for the complete development of the Club in 2011.
S.	Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations	COVID-19
T.	Significant elements of income or loss that did not arise from continuing operations	None.
U.	Causes for any material change/s from period to period in one or more-line items of the financial statements	Please see Notes to Financial Statements.
V.	Seasonal aspects that had material effect on the financial condition or results of operations	COVID-19
W.	Disclosures not made under SEC Form 17-C	None.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer	:	**ANVAYA COVE GOLF AND SPORTS CLUB, INC.**
Signature and Title	:	**JAIME E. YSMAEL** Chairman of the Board
Date	:	August 14, 2021
Signature and Title	:	**AUGUSTO D. BENGZON** Treasurer
Date	:	August 14, 2021

Anvaya Cove Golf andSports Club, Inc.

Unaudited Financial Statements
June 30,2021 and June 30,2020
and Audited Year Ended December 31, 2020

ANVAYA COVE GOLF AND SPORTS CLUB, INC.
STATEMENTS OF FINANCIAL POSITION

	June 30, 2021	Dec. 31,2020
ASSETS		
Current Assets		
Cash (Note 4)	**₱17,935,176**	₱9,792,001
Financial assets at fair value through profit or loss (Note 5)	**22,665,790**	22,509,379
Accounts and other receivables (Note 6)	**37,665,644**	37,741,942
Receivables from related parties (Note 17)	**10,929,598**	11,246,522
Inventories (Note 7)	**1,023,413**	1,196,373
Other current assets (Note 8)	**27,266,122**	23,183,956
Total Current Assets	**117,485,743**	105,666,493
Noncurrent Assets		
Property and equipment – net (Note 9)	**784,425,415**	802,935,769
Advances and other noncurrent assets (Note 8)	**2,663,892**	2,450,149
Total Noncurrent Assets	**787,089,307**	805,385,918
TOTAL ASSETS	**₱904,575,050**	₱911,052,411
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 10)	**₱55,246,807**	₱49,829,168
Contract liabilities (Note 10)	**23,809,313**	15,008,008
Payables to related parties (Note 17)	**103,326,496**	97,862,696
Total Current Liabilities	**182,382,616**	162,699,872
Noncurrent Liabilities		
Pension liability (Note 15)	**1,622,800**	1,457,600
Deferred tax liability (Notes 15 and 16)	**230,922**	230,922
Total Noncurrent Liabilities	**1,853,722**	1,688,522
	184,236,338	164,388,394
Equity		
Paid-in capital (Note 11)	**213,627,000**	213,627,000
Additional paid-in capital (Note 11)	**763,883,400**	763,883,400
Remeasurement gain on pension liability (Note 15)	**538,818**	538,818
Deficit (Note 11)	**(257,710,506)**	(231,385,201)
Total Equity	**720,338,712**	746,664,017
TOTAL LIABILITIES AND EQUITY	**₱904,575,050**	₱911,052,411

ANVAYA COVE GOLF AND SPORTS CLUB, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Period Ended June 30		Quarter Ended June 30	
	2021	2020	**2021**	2020
REVENUE (Note 12)				
Membership dues	**₱40,129,040**	₱39,850,000	**₱20,107,500**	₱19,975,000
Service income	**3,889,844**	13,067,488	**1,929,520**	136,878
Sale of goods	**2,277,159**	7,169,370	**1,060,647**	48,774
Transfer fees	**5,142,857**	2,714,286	**1,370,536**	531,250
	51,438,901	62,801,144	**24,468,203**	20,691,902
COSTS AND EXPENSES (Note 14)				
Cost of services	**48,639,580**	51,680,732	**24,930,760**	21,334,168
Cost of sales	**4,421,427**	7,743,886	**2,122,908**	949,527
General and administrative	**25,789,152**	24,025,128	**12,675,230**	10,697,217
	78,850,159	83,449,746	**39,728,899**	32,980,912
OTHER INCOME				
Interest income (Note 4)	**12,431**	143,217	**8,247**	32,041
Other income (Note 13)	**1,075,159**	1,288,642	**731,758**	375,298
	1,087,590	1,431,859	**740,005**	407,339
INCOME (LOSS) BEFORE INCOME TAX	**(26,323,668)**	(19,216,743)	**(14,520,692)**	(11,881,671)
PROVISION FOR INCOME TAX (Note 16)	**1,631**	12,020	**794**	6,408
NET INCOME (LOSS)	**(26,325,300)**	(19,228,763)	**(14,521,486)**	(11,888,079)
OTHER COMPREHENSIE LOSS (INCOME)				
Item that will not be reclassified to profit or loss:	–	–	–	–
Remeasurement loss (gain) on pension liability - net of tax				
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱26,325,300)**	₱19,228,763)	**(₱14,521,486)**	(₱11,888,079)

ANVAYA COVE GOLF AND SPORTS CLUB, INC.
STATEMENTS OF CHANGES IN EQUITY

	Period Ended June 30	
	2021	2020
PAID-IN CAPITAL (Note 11)		
Class A - 5,420 shares	**₱137,793,900**	₱137,793,900
Class B - 2,846 shares	**71,993,500**	71,993,500
Class C - 154 shares	**3,839,600**	3,839,600
	213,627,000	213,627,000
Class B	**722,961,075**	722,961,075
Class C	**40,922,325**	40,922,325
	763,883,400	763,883,400
REMEASUREMENT GAIN ON PENSION LIABILITY (Note 15)		
Balance at beginning of year	**538,818**	585,018
Net changes during the year	–	–
Balance at the end of the period	**538,818**	585,018
DEFICIT (Note 11)		
Balance at beginning of year	**(231,385,206)**	(196,838,822)
Net loss	**(26,325,300)**	(19,228,763)
Balance at end of period	**(257,710,506)**	(216,067,585)
	₱720,338,712	₱762,027,833

ANVAYA COVE GOLF AND SPORTS CLUB, INC.
STATEMENTS OF CASH FLOW

	Period Ended June		Quarter Ended June	
	2021	2020	**2021**	2020
OPERATING ACTIVITIES				
Loss before income tax	**(₱26,323,668)**	(₱19,216,743)	**(₱14,520,692)**	(₱11,881,670)
Adjustments for:				
Depreciation (Note 9)	**18,566,047**	19,527,626	**9,192,370**	9,770,160
Interest income (Notes 4 and 17)	**(12,431)**	(143,217)	**(8,247)**	(32,041)
Net movements in pension liability (Note 15)	**165,200**	90,232	**82,600**	26,072
Unrealized gain on financial assets at FVTPL (Notes 5 and 13)	**(156,411)**	(337,652)	**(51,616)**	(271,343)
Operating income before working capital changes	**(7,761,264)**	(79,754)	**(5,305,584)**	(2,388,822)
Decrease (increase) in:				
Accounts and other receivables	**76,298**	(6,080,177)	**20,209,532**	(3,115,617)
Receivables from affiliates	**(316,924)**	20,314,154	**(17,710,668)**	(569,710)
Inventories	**172,960**	87,724	**180,774**	448,445
Other current assets	**(4,082,166)**	(4,182,288)	**478,806**	(1,055,493)
Advances and other noncurrent assets	**(213,743)**	(1,874,330)	**255,091**	(456,595)
Increase (decrease) in:				
Accounts and other payables	**5,417,639**	27,200,497	**5,250,760**	22,303,084
Contract liabilities	**8,801,305**	13,046,112	**932,121**	(5,599,486)
Payables to affiliates	**5,463,800**	(5,529,977)	**6,463,763**	(8,626,140)
Net cash generated from operations	**8,188,068**	42,901,961	**10,754,595**	939,666
Interest received	**12,431**	143,217	**8,247**	32,041
Income tax paid	**(1,631)**	(12,020)	**(794)**	(6,408)
Net cash from (used in) operating activities	**8,198,869**	43,033,158	**10,762,048**	965,299
INVESTING ACTIVITIES				
Additions to property and equipment (Note 9)	**(55,694)**	(1,900,995)	**64,212**	(247,875)
Loan to affiliate (Note 17)	–	(20,000,000)	–	–
Net cash from (used in) investing activities	**(55,694)**	(21,900,995)	**64,212**	(247,875)
NET DECREASE IN CASH	**8,143,174**	21,132,163	**10,826,260**	717,424
CASH AT BEGINNING OF YEAR	**9,792,001**	16,303,425	**7,108,916**	36,718,164
CASH AT END OF PERIOD (Note 4)	**₱17,935,176**	₱37,435,588	**₱17,935,176**	₱37,435,588

1. Corporate Information

Anvaya Cove Golf and Sports Club, Inc. (the Club) was incorporated in the Republic of the Philippines and was registered with the Philippine Securities and Exchange Commission (SEC) on September 21, 2010 with a corporate life of 50 years.

The primary purpose of the Club is to purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, exchange, develop or otherwise dispose of real property, such as but not limited to clubhouses, lands and buildings, hotels, condominium units, with all the facilities, equipment and apparatus relative thereto, and to offer and issue proprietary shares.

The Club is a public interest entity, and is 75.43% owned by Ayala Land, Inc. (ALI). ALI's parent company is Ayala Corporation (AC), a publicly-listed company. Both ALI and AC are publicly-listed companies incorporated in the Republic of the Philippines.

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

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

On August 13, 2019, the Supreme Court (SC) declared that membership fees, assessment dues, and fees of similar nature collected by Clubs which are organized and operated exclusively for pleasure, recreation, and other nonprofit purposes do not constitute as: (a) "the income of recreational clubs from whatever source" that are "subject to income tax"; and (b) part of the "gross receipts of recreational clubs" that are "subject to VAT". Starting January 1, 2020, the Club did not collect the related output VAT for membership fees and fees of similar nature.

The registered office address of the Club is Anvaya Cove, Morong, Bataan.

2. Basis of Preparation, Statement of Compliance, Changes in Accounting Policies and Disclosures 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 fair value through profit or loss (FVPL) that have been measured at fair value. The Club's functional currency is the Philippine Peso (₱) and all amounts are rounded off to the nearest peso, unless otherwise indicated.

Statement of Compliance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- There is no substantive change to other terms and conditions of the lease.

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

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

Summary of Significant Accounting Policies

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

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Club classifies all other liabilities as noncurrent.

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

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

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

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

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

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

A fair value measurement of a nonfinancial 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) prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3 - Valuation techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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 date, the Club analyzes the movement in the 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 sources to determine whether the change is reasonable.

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

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

Financial assets are classified at fair value, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and financial assets at fair value through profit or loss (FVPL).

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

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

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (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 March 31,2021 and December 31, 2020 consist of financial assets atamortized cost (debt instruments) and financial assets at FVPL.

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Club. The Club measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

Financial assets at FVPL are carried in the statement of financial position at fair value with net changesin fair value recognized in the statement of comprehensive income. This category includes investmentin Unit Investment Trust Fund (UITF).

Financial Liabilities

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

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

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

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

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

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

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

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

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

The Club considers a receivable in default when contractual payments are 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.

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

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

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

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

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

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

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

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

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

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

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

Financial liability
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 statement of comprehensive income.

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

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

Other Assets
Other assets are recognized in the statements of financial position when it is probable that the future economic benefits will flow to the Club and the assets have cost or value that can be measured reliably. These assets are regularly evaluated for any impairment in value. Other assets include 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 carried at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use.

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

Project in progress are also capitalized as part of property and equipment under separate account,projects in progress. These projects will form part of building and improvements and furniture, fixturesand equipment. Items under the account are not depreciated until completed and proper reclassificationis 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
Building and improvements	35
Land improvements	25
Furniture, fixtures and equipment	5

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

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

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

Impairment of Nonfinancial Assets

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

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining estimated useful life.

Pension Costs

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

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

Defined benefit costs include:

- 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 statement 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 in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Equity

Paid-in Capital

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

Retained Earnings (Deficit)

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

Revenue from Contracts with Customers

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

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

The following are the Club's performance obligations:

Membership dues

Revenue from membership dues is recognized over the time the members are provided access to the Club's room accommodation, golf course, sports complex, game rooms, restaurants and other 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 golf course, sports complex, 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 pertain to earnings from transfer of member's ownership recorded upon initiation of transfer process. Revenue is recorded at point in time when the services are rendered.

Contract balances

Trade receivables

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

Contract liabilities

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

Other income recognition

Interest income

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

Miscellaneous income
Miscellaneous income pertains to ancillary services provided by the Club such as laundry, room cleaning and storage services for golf equipment. These are recognized when earned and when the related services are rendered.

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

Expenses are recognized in profit or loss:

- On the basis of a direct association between the costs incurred and the earning of 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 statement of financial position as an asset.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Events after the End of the Reporting Period

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

3. Significant Accounting Judgments and Estimates

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

Judgments

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

Identification of contract with customers under PFRS 15

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

Identifying performance obligations

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

Determining whether the Club is acting as a principal or agent

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

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

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

Determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates

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

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

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

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

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

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

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

No impairment losses were recognized for the Club's nonfinancial assets. As at June 30, 2021 and December 31, 2020, the carrying values of the nonfinancial assets follow:

	June 30,2021	Dec 31,2020
Property and equipment (Note 9)	**₱784,425,415**	₱802,935,769
Other current assets (Note 8)	**27,266,122**	23,183,956
Other noncurrent asset (Note 8)	**2,663,892**	2,450,149

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 of June 30,2021 and December 31, 2020 amounted to ₱1.62 million and to ₱1.46 million, 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.

4. Cash

This account consists of:

	June 30,2021	Dec. 31,2020
Cash on hand	**₱383,029**	₱449,757
Cash in banks (Note 17)	**17,552,147**	9,342,244
	₱17,935,176	₱9,792,001

5. Financial Assets at FVPL

Below is the rollforward of financial assets at FVPL:

	June 30,2021	Dec.31,2020
At January 1	**₱22,509,379**	₱1,972,108
Additions	–	20,000,000
Unrealized gain (Note 13)	**156,411**	537,271
Balance at the end of the period	**₱22,665,790**	₱22,509,379

Financial assets at FVPL pertains to investments in the 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.

The fair value of the Club's investment is determined by using market-to-market method. This valuation technique maximizes the use of observable market data where it is available such as quoted market prices or dealer quotes for similar instruments. Thus, the fair value measurement is categorized under Level 1 of the fair value hierarchy.

6. Accounts and Other Receivables

This account consists of:

	June 30,2021	Dec.31,2020
Trade receivables – net	**₱35,744,237**	₱36,708,802
Insurance claims	**1,093,332**	379,489
Receivable from employees	**53,230**	50,045
Others	**774,845**	603,606
	₱37,665,644	₱37,741,942

Trade receivables pertain to unpaid charges from members for use of facilities and sale of food, beverage and merchandise from shop. These are non-interest bearing and are due and demandable. The receivables from members are collateralized by a preferential lien on the Club shares owned by the said members.

Receivable from employees are salary loans granted to the Club's employees. These are collected through salary deduction.

Other receivables include nontrade receivables such as receivables from the Club's service providers which are non-interest bearing and are to be settled within one year.

7. Inventories

This account consists of:

	June 30,2021	Dec. 31,2020
At cost:		
Food and beverage	**₱934,893**	₱1,044,302
Merchandise	**88,520**	152,071
	₱1,023,413	₱1,196,373

Food and beverage consist of goods in the form of ingredients and supplies consumed in the production of food and beverages sold at the Club's cafes and bars. Costs of food and beverages recognized as part of cost of sales and cost of services are as follows (see Note 14):

	June 30,2021	June 30,2020
Cost of sales	**₱898,767**	₱2,560,757
Cost of services	**195,172**	210,350
	₱1,093,939	₱2,771,107

Merchandise pertains to items for sale at the Club's golf pro-shop.

8. Other Assets

Other current assets

Details of this account are as follows:

	June 30,2021	Dec. 31,2020
Input VAT	₱17,343,365	₱14,721,016
Creditable withholding taxes	2,967,157	2,901,137
Prepaid expenses	2,484,519	383,002
Supplies	2,292,986	2,632,854
Advances to suppliers	2,012,866	2,380,718
Deferred input VAT – current portion	165,229	165,229
	₱27,266,122	₱23,183,956

Prepaid expenses mainly include prepayments for maintenance, dues, taxes and licenses, and insurance.

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

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

Advances and other noncurrent assets

	June 30,2021	Dec. 31,2020
Deferred input VAT – noncurrent portion	₱1,807,691	₱1,768,948
Advances to suppliers	856,201	681,201
	₱2,663,892	₱2,450,149

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

9. Property and Equipment

The rollforward analysis of this account follows:

June 30,2021

	Land and Land Improvements	Building and Improvements	Furniture, Fixtures and Equipment	Project in Progress	Total
Cost					
At January 1	₱614,726,949	₱399,768,848	₱84,431,517	₱166,619	₱1,099,093,933
Additions	–	–	194,549	(138,855)	55,694
At June 30	614,726,949	399,768,848	84,626,066	27,765	1,099,149,627
Accumulated Depreciation					
At January 1	146,603,977	74,888,285	74,665,902	–	296,158,164
Depreciation	11,144,439	5,715,671	1,705,937	–	18,566,047
At June 30	157,748,415	80,603,956	76,371,840	–	314,724,211
Net Book Value at June 30	₱456,978,534	₱319,164,893	₱8,254,224	₱27,765	₱784,425,415

2020

	Land and Land Improvements	Building and Improvements	Furniture, Fixtures and Equipment	Project in Progress	Total
Cost					
At January 1	₱614,442,550	₱399,768,848	₱81,060,180	₱166,619	₱1,095,438,197
Additions	284,399	–	3,796,337	–	4,080,736
Disposals	–	–	(425,000)	–	(425,000)
At December 31	614,726,949	399,768,848	84,431,517	166,619	1,099,093,933
Accumulated Depreciation					
At January 1	124,324,579	63,456,942	69,741,639	–	257,523,160
Depreciation	22,279,398	11,431,343	5,349,263	–	39,060,004
Disposals	–	–	(425,000)	–	(425,000)
At December 31	146,603,977	74,888,285	74,665,902	–	296,158,164
Net Book Value at December 31	₱468,122,972	₱324,880,563	₱9,765,615	₱166,619	₱802,935,769

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

	June 30,2021	June 30,2020
Cost of services	**₱17,801,171**	₱18,562,802
Cost of sales	**281,628**	370,112
General and administrative expenses	**483,249**	594,712
	₱18,566,047	₱19,527,626

10. Accounts and Other Payables

	June 30,2021	Dec. 31,2020
Trade payables	**₱19,956,469**	₱19,690,426
Accrued expenses:		
Insurance	**9,014,052**	9,463,736
Repairs and maintenance	**5,164,286**	4,505,399
Contract services	**4,054,261**	1,970,387
Utilities	**3,536,572**	2,054,255
Payroll	**2,682,676**	1,979,656
Rental	**434,432**	209,253
Management fee	**333,419**	333,419
Professional fees	**211,440**	282,040
Funds held for environmental activities	**7,732,005**	7,007,439
Due to employees	**358,812**	387,328
Service charge payable	**41,124**	24,415
Other payables	**1,727,258**	1,921,415
	₱55,246,807	₱49,829,168

Trade payables represent operational costs incurred and amount due to supplier for purchases of goods and services. These are non-interest bearing and are normally settled within 30 to 60 days.

Accrued expenses consist mainly of accruals for professional fees, utilities, salaries, wages and employee benefits. These are noninterest-bearing and are normally settled within one year.

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.

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

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

Other payables pertain to net proceeds from the auction of shares that will be used for paying incidental expenses related to transfer of shares' ownership, taxes payable and other employee benefits which are non-interest bearing and are normally settled within one year.

The Club identified unearned membership dues as contract liabilities as at June 30,2021 and December 31, 2020. These represent payments received in advance from members who usually settle their dues annually. Contract liabilities also include advances received for membership dues, consumables and booked functions and events.

11. Equity

The details of the number of authorized and issued shares of the Club as at June 30, 2021 and December 31, 2020, follow:

	Stated Value	Authorized	Issued	Amount	Additional Paid-In Capital
Class A	No par	5,420	5,420	₱137,793,900	₱–
Class B	No par	2,846	2,846	71,993,500	722,961,075
Class C	No par	154	154	3,839,600	40,922,325
Class D	No par	80	–	–	–
		8,500	8,420	₱213,627,000	₱763,883,400

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 within a period of five years fromthe date of incorporation of the Club; (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 C shares, and Class D 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 B shares, and Class D 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.

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

In view of the issuance of Founders' shares, the voting rights pertaining to the Class B, C and D 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 and D shares shall be automatically reinstated and shall be equal in all respects to those of the holders of all the other classes of 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 period ended June 30,2021 and December 31, 2020.

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

	June 30,2021	Dec. 31,2020
Paid-in capital	**₱213,627,000**	₱213,627,000
Additional paid-in capital	**763,883,400**	763,883,400
Deficit	**(257,710,506)**	(231,385,206)
	₱719,799,894	₱746,664,012

The Club is not subjected to any externally imposed capital requirement.

12. Revenue from Contracts with Customers

Disaggregated Revenue Information
The table shows the disaggregation of revenues of the Club by major sources.

	June 30,2021	June 30,2020
Membership dues	**₱40,129,040**	₱39,850,000
Service income:		
Golf course revenue	**3,584,933**	7,248,848
Room accommodation	**219,822**	5,042,031
Guest fees	**55,357**	591,964
Sports complex revenue	**29,732**	184,645
Sale of goods:		
Food and beverages	**1,913,798**	6,803,732
Merchandise	**363,361**	365,638
Transfer fees	**5,142,857**	2,714,286
	₱51,438,901	₱62,801,144

Contract Balances
As at June 30,2021 and December 31,2020 contract balances are as follows:

	June 30,2021	Dec. 31,2020
Trade receivables (Note 6)	**₱17,164,655**	₱36,708,802
Contract liabilities (Note 10)	**23,809,313**	15,008,008

13. Miscellaneous income

Miscellaneous income consists of:

	June 30,2021	June 30,2020
Surcharge revenue	**₱610,343**	₱447,115
Unrealized gain on financial assets at FVPL (Notes 5 and 17)	**156,411**	337,652
Other income	**308,405**	503,875
	₱1,075,159	₱1,288,642

Other income includes laundry, room cleaning and storage services for golf equipment.

14. Costs and Expenses

Cost of services consists of:

	June 30,2021	June 30,2020
Depreciation (Note 9)	**₱17,801,171**	₱18,562,802
Heat, light and water	**9,875,431**	12,652,471
Contracted services	**8,831,647**	9,284,894
Salaries, wages and employee benefits	**4,793,907**	5,886,688
Repairs and maintenance	**3,626,971**	984,138
Cleaning and other supplies	**1,092,281**	304,691
Communications	**871,279**	810,876
Food and beverage (Note 7)	**195,172**	210,350
Office supplies	**86,836**	140,360
Transportation	**34,417**	358,026
Representation	**4,674**	12,162
Others	**1,425,795**	2,473,271
	₱48,639,580	₱51,680,732

Other cost of services includes expenses such as expected credit losses, guest supplies, linen, signages, and uniforms.

Cost of sales consists of:

	June 30,2021	June 30,2020
Salaries, wages and employee benefits	**₱1,697,517**	₱3,293,694
Food and beverage (Note 7)	**898,767**	2,560,757
Heat, light and water	**645,596**	362,137
Communication	**306,121**	64,810
Depreciation (Note 9)	**281,628**	370,112

Cleaning and other supplies	**159,982**	476,614
Equipment rental	**113,571**	56,786
Merchandise (Note 7)	**68,522**	91,089
Office supplies	**14,469**	24,390
Transportation	**6,216**	46,247
Representation	**662**	8,538
Others	**228,376**	388,713
	₱4,421,427	₱7,743,886

Other cost of sales includes expenses incurred in food and beverage operations such as repairs and maintenance, guest supplies, linen, and laundry.

General and administrative expenses consist of:

	June 30,2021	June 30,2020
Professional and management fees (Note 17)	**₱4,311,295**	₱4,158,455
Heat, light and water	**5,384,723**	4,315,322
Salaries, wages and employee benefits	**4,366,734**	3,841,598
Security	**2,698,537**	3,228,174
Taxes and licenses	**2,265,584**	1,993,236
Corporate expense	**1,500,268**	1,327,961
Insurance	**1,311,777**	1,162,396
Repairs and maintenance	**627,852**	574,779
Collection charges	**623,257**	1,012,417
Contracted services	**528,489**	500,964
Depreciation (Note 9)	**483,249**	594,712
Office supplies	**129,484**	123,032
Representation	**2,958**	5,039
Others	**1,554,946**	1,187,043
	₱25,789,152	₱24,025,128

Other general and administrative expenses include miscellaneous incurred such as cleaning and other supplies, transportation, and communications.

15. Pension Cost

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

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

16. Income Tax

Provision for income tax consists of:

	June 30,2021	June 30,2020
Final	₱1,631	₱12,020
Current	–	–
	₱1,631	₱12,020

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.

17. Related Party Transactions

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

Terms and Conditions of Transactions with Related Parties

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

a. Outstanding balances owed by related parties:

	June 30,2021		2020			
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance	Terms	Conditions
Immediate parent company						
ALI (Trade)	₱–	₱10,171,520	813,719	10,403,607	Due and demandable	Unsecured; no impairment
Entities under common control						
Anvaya Cove Beach and Nature Club, Inc. (ACBNCI)	1,386,019	351,622	5,332,184	441,227	Due and demandable; non-interest bearing	Unsecured; no impairment
Makati Development Corporation (MDC)	8,446	406,456	395,925	398,008	Due and demandable; non-interest bearing	Unsecured; no impairment
		₱10,929,598		₱11,246,522		

The above companies and the Club are related parties under common management and ownership. The Club in the ordinary course of business, has entered into transactions with these related parties which consists mainly of the following:

Receivable from ALI pertain to loan, unsecured non-interest bearing charges and unpaid membership dues from ALI nominees.

Receivable from ACBNCI pertains to charges for the use of the Club's facilities and services by the members of ACBNCI.

Receivable from MDC pertains to supplies purchased by the Club on behalf of the former for use in golf course maintenance and meals of MDC personnel. This will be applied against MDC's next billing to the Club.

Receivable from AEFI pertains to charges for the use of the Club's facilities and services by an officer of AEFI.

b. Outstanding balances owed to related parties:

	June 30,2021		2020			
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance	Terms	Conditions
Immediate parent company						
ALI (Loan)	₱–	₱80,000,000	₱–	₱80,000,000	Due and demandable	Unsecured; no impairment
ALI (Trade)	₱1,329,072	2,183,523	1,370,543	1,370,543	Due and demandable; non-interest bearing	Unsecured; no impairment
Entities under common control						
ACBNCI	9,012,511	7,945,734	13,969,307	2,360,936	Due and demandable interest-bearing	Unsecured; no impairment
MDC	–	8,350,175	9,700,482	8,769,864	Due and demandable; non-interest bearing	Unsecured; no impairment
Ayala Land Club Management, Inc. (ACMI)	2,565,806	4,847,064	5,361,353	5,361,353	Due and demandable; non-interest bearing	Unsecured; no impairment
		₱103,326,496		₱97,862,696		

The above companies and the Club are related parties under common management and ownership. The Club in the ordinary course of business, has entered into transactions with these related parties which consists mainly of the following:

Payable to ALI consists of costs incurred for the construction of the Club's initial assets. The Club paid ₱2,383,265 to ALI in 2018. It also consists of costs incurred for maintenance works, water irrigation and domestic consumption, facilities management, and pest control of the Club recorded as contract services.

Payable to ACBNCI are charges for the use of facilities and services of ACBNCI by the members of the Club.

Payable to MDC consists of cost incurred for the golf course maintenance fees.

Payable to ACMI pertains to 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.

Compensation of key management personnel

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

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, contract liabilities and payables to related parties – Carrying amounts approximate fair values due to the relatively short-term nature of these amounts.

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

Fair Value Hierarchy

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

There have been no transfers between different categories.

Financial Risk Management Objectives and Policies

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

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

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

Credit risk

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

The Club's maximum exposure to credit risk as of June 30,2021 and December 31, 2020 is the carrying amountsof the financial assets. The Club's maximum exposure for cash and cash equivalents excludes the carrying amount of cash on hand. The table below shows the maximum exposure of the Club:

	June 30,2021	Dec. 31,2020
Cash in banks	**₱17,552,147**	₱9,342,244
Financial assets at FVPL	**22,665,790**	22,509,379
Accounts and other receivables		
Trade receivables	**17,164,655**	36,708,802
Insurance claims	**1,093,332**	379,489
Receivable from employees	**53,230**	50,045
Others	**774,845**	603,606
Receivables from related parties	**29,509,180**	11,246,522
	₱88,813,179	₱80,836,407

Impairment of financial assets
The Club has the following financial assets that are subject to the expected credit loss model under PFRS 9:

- Cash in banks
- Financial assets at FVPL
- Accounts and other receivables
- Receivables from related parties

Cash in banks. The investment of the Club's cash resources 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 banks which have demonstrated financial soundness for the past five years.

Financial assets at FVPL. The Club's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Club limits its counterparty credit risk on these assets by dealing only with financial institutions with high credit ratings. The expected credit loss of the Club measured at amortized cost is computed using the general approach.

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.

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.

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 Club's financial assets and liabilities based on contractual undiscounted payments:

Financial Assets	June 30,2021	Dec. 31,2020
Cash in banks	**₱17,552,147**	₱9,342,244
Financial assets at FVPL	**22,665,790**	22,509,379
Accounts and other receivables		
Trade receivables	**35,744,237**	36,708,802
Insurance claims	**1,093,332**	379,489
Receivable from employees	**53,230**	50,045
Others	**774,845**	603,606
Receivables from related parties	**10,929,598**	11,246,522
	₱88,813,179	₱80,836,407

Financial Liabilities	June 30,2021	Dec. 31,2020
Accounts and other payables		
Trade payables	**₱ 19,956,469**	P19,690,426
Accrued Expenses	**25,431,139**	20,798,145
Fund held for environmental activities	**7,732,005**	7,007,439
Due to employees	**358,812**	387,328
Service charge payable	**41,124**	24,415
Other payables	**870,315**	1,178,101
Contract liabilities	**23,809,313**	15,008,008
Payables to related parties	**103,326,496**	97,862,696
	₱181,525,673	₱161,956,558

E

Anvaya Cove
Golf & Sports Club

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Anvaya Cove Golf & Sports Club, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Director's reviews and approves the financial statements including the schedules attached therein, and submits the same to the members.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the members has audited the financial statements of the Club in accordance with Philippine Standards on Auditing, and in its report to the members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Jaime E. Ysmael	**Joseph Carmichael Z. Jugo**	**Augusto D. Bengzon**
Chairman of the Board	President	Treasurer

30 MAR 2021

SUBSCRIBED AND SWORN TO BEFORE THIS

MAKATI CITY AFFIANT EXHIBITED TO ME HIS/HER

DOC. NO. 75
PAGE NO. 16
BOOK NO. 144
SERIES OF 2021

RUBEN T. M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2021
IBP NO. 142536 /01-04-21 CY 2021
ROLL NO. 28947/ MCLE 6 /3-22-19
PTR NO. MKT.8533046/1-4-21 APPT NO. M-161

Anvaya Cove Golf & Sports Club
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SGV
Building a better working world

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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Anvaya Cove Golf and Sports Club, Inc.
Anvaya Cove, Morong Bataan

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter: Effects of the COVID-19 Pandemic

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

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Club's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Club to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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 20 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 Golf and Sports Club, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jose Pepito E. Zabat

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

May 20, 2021

ANVAYA COVE GOLF AND SPORTS CLUB, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash (Note 4)	**₱9,792,001**	₱16,303,425
Financial assets at fair value through profit or loss (FVPL; Note 5)	**22,509,379**	1,972,108
Accounts and other receivables (Note 6)	**37,741,942**	40,510,788
Receivables from related parties (Note 17)	**11,242,842**	32,285,789
Inventories (Note 7)	**1,196,373**	1,860,284
Other current assets (Note 8)	**23,183,956**	19,445,739
Total Current Assets	**105,666,493**	112,378,133
Noncurrent Assets		
Property and equipment – net (Note 9)	**802,935,769**	837,915,037
Advances and other noncurrent assets (Note 8)	**2,450,149**	1,626,868
Total Noncurrent Assets	**805,385,918**	839,541,905
TOTAL ASSETS	**₱911,052,411**	₱951,920,038
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 10)	**₱49,829,168**	₱48,293,531
Contract liabilities (Note 10)	**15,008,008**	15,883,497
Payables to related parties (Note 17)	**97,862,696**	105,174,492
Total Current Liabilities	**162,699,872**	169,351,520
Noncurrent Liabilities		
Pension liability (Note 15)	**1,457,600**	1,061,200
Deferred tax liability (Notes 15 and 16)	**230,922**	250,722
Total Noncurrent Liabilities	**1,688,522**	1,311,922
	164,388,394	170,663,442
Equity		
Paid-in capital (Note 11)	**213,627,000**	213,627,000
Additional paid-in capital (Note 11)	**763,883,400**	763,883,400
Remeasurement gain on pension liability (Note 15)	**538,818**	585,018
Deficit (Note 11)	**(231,385,201)**	(196,838,822)
Total Equity	**746,664,017**	781,256,596
TOTAL LIABILITIES AND EQUITY	**₱911,052,411**	₱951,920,038

See accompanying Notes to Financial Statements

ANVAYA COVE GOLF AND SPORTS CLUB, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2020	2019	2018
REVENUE (Note 12)			
Membership dues	**₱79,915,000**	₱77,635,500	₱73,850,000
Service income	**14,617,884**	55,745,034	57,393,666
Sale of goods	**7,713,921**	30,273,150	36,420,390
Transfer fees	**6,593,750**	5,678,572	508,929
	108,840,555	169,332,256	168,172,985
COSTS AND EXPENSES (Note 14)			
Cost of services	**88,503,399**	125,845,280	124,583,299
Cost of sales	**10,427,728**	27,752,653	32,560,251
General and administrative expenses	**47,827,356**	54,942,321	49,814,439
	146,758,483	208,540,254	206,957,989
OTHER INCOME			
Interest income (Notes 4, 6 and 17)	**164,767**	1,527,745	684,679
Miscellaneous income (Note 13)	**3,223,112**	4,098,096	3,334,832
	3,387,879	5,625,841	4,019,511
LOSS BEFORE INCOME TAX	**34,530,049**	33,582,157	34,765,493
PROVISION FOR INCOME TAX (Note 16)	**16,330**	30,636	307,157
NET LOSS	**34,546,379**	33,612,793	35,072,650
OTHER COMPREHENSIVE LOSS (INCOME)			
Item that will not be reclassified to profit or loss:			
Remeasurement loss (gain) on pension liability - net of tax (Note 15)	**46,200**	94,040	(399,198)
TOTAL COMPREHENSIVE LOSS	**₱34,592,579**	₱33,706,833	₱34,673,452

See accompanying Notes to Financial Statements

ANVAYA COVE GOLF AND SPORTS CLUB, INC.
STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31		
	2020	2019	2018
PAID-IN CAPITAL (Note 11)			
Class A - 5,420 shares	**₱137,793,900**	₱137,793,900	₱137,793,900
Class B - 2,846 shares	**71,993,500**	71,993,500	71,993,500
Class C - 154 shares	**3,839,600**	3,839,600	3,839,600
	213,627,000	213,627,000	213,627,000
ADDITIONAL PAID-IN CAPITAL (Note 11)			
Class B	**722,961,075**	722,961,075	722,961,075
Class C	**40,922,325**	40,922,325	40,922,325
	763,883,400	763,883,400	763,883,400
REMEASUREMENT GAIN ON PENSION LIABILITY (Note 15)			
Balance at beginning of year	**585,018**	679,058	279,860
Net changes during the year	**(46,200)**	(94,040)	399,198
Balance at the end of the year	**538,818**	585,018	679,058
DEFICIT (Note 11)			
Balance at beginning of year	**(196,838,822)**	(163,226,029)	(128,153,379)
Net loss	**(34,546,379)**	(33,612,793)	(35,072,650)
Balance at end of year	**(231,385,201)**	(196,838,822)	(163,226,029)
	₱746,664,017	₱781,256,596	₱814,963,429

See accompanying Notes to Financial Statements

ANVAYA COVE GOLF AND SPORTS CLUB, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2020	2019	2018
OPERATING ACTIVITIES			
Loss before income tax	**(₱34,530,049)**	(₱33,582,157)	(₱34,765,493)
Adjustments for:			
Depreciation (Notes 9 and 14)	**39,060,004**	41,893,230	48,314,871
Net movement in pension liability (Note 15)	**330,400**	256,640	323,300
Unrealized gain on financial assets at FVPL (Notes 5, 13 and 17)	**(537,271)**	(82,326)	(48,432)
Interest income (Notes 4, 6 and 17)	**(164,767)**	(1,527,745)	(684,679)
Operating income before working capital changes	**4,158,317**	6,957,642	13,139,567
Decrease (increase) in:			
Accounts and other receivables	**2,768,846**	(2,502,277)	(5,554,117)
Receivables from related parties	**1,042,947**	1,144,955	(6,166,308)
Inventories	**663,911**	1,320,460	(931,550)
Other current assets	**(3,738,217)**	1,796,977	(3,108,560)
Advances and other noncurrent assets	**(823,281)**	(1,170,618)	8,202,539
Increase (decrease) in:			
Accounts and other payables	**1,535,637**	(1,104,739)	3,676,424
Contract liabilities	**(875,489)**	4,752,157	1,063,240
Payables to related parties	**(7,311,796)**	(8,140,734)	7,505,122
Net cash from (used in) operations	**(2,579,125)**	3,053,823	17,826,357
Interest received	**164,767**	1,527,745	663,846
Income tax paid	**(16,330)**	(30,636)	(18,047)
Net cash from (used in) operating activities	**(2,430,688)**	4,550,932	18,472,156
INVESTING ACTIVITIES			
Additions to:			
Financial assets at FVPL (Note 5)	**(20,000,000)**	–	–
Property and equipment (Note 9)	**(4,080,736)**	(4,919,017)	(3,702,119)
Net cash used in investing activities	**(24,080,736)**	(4,919,017)	(3,702,119)
FINANCING ACTIVITIES			
Collection of loans to a related party (Note 17)	**20,000,000**	–	–
Loan to a related party (Note 17)	–	–	(20,000,000)
Payments of loan from a related party (Note 17)	–	–	(2,383,265)
Net cash from (used in) financing activities	**20,000,000**	–	(22,383,265)
NET DECREASE IN CASH	**(6,511,424)**	(368,085)	(7,613,228)
CASH AT BEGINNING OF YEAR	**16,303,425**	16,671,510	24,284,738
CASH AT END OF YEAR (Note 4)	**₱9,792,001**	₱16,303,425	₱16,671,510

See accompanying Notes to Financial Statements

ANVAYA COVE GOLF AND SPORTS CLUB, INC.
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Anvaya Cove Golf and Sports Club, Inc. (the Club) was incorporated in the Republic of the Philippines and was registered with the Philippine Securities and Exchange Commission (SEC) on September 21, 2010 with a corporate life of 50 years.

The primary purpose of the Club is to purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, exchange, develop or otherwise dispose of real property, such as but not limited to clubhouses, lands and buildings, hotels, condominium units, with all the facilities, equipment and apparatus relative thereto, and to offer and issue proprietary shares.

The Club is a public interest entity, and is 75.43% owned by Ayala Land, Inc. (ALI). ALI's parent company is Ayala Corporation (AC), a publicly-listed company. Both ALI and AC are publicly-listed companies incorporated in the Republic of the Philippines.

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

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

On August 13, 2019, the Supreme Court (SC) declared that membership fees, assessment dues, and fees of similar nature collected by Clubs which are organized and operated exclusively for pleasure, recreation, and other nonprofit purposes do not constitute as: (a) "the income of recreational clubs from whatever source" that are "subject to income tax"; and (b) part of the "gross receipts of recreational clubs" that are "subject to VAT". Starting January 1, 2020, the Club did not collect the related output VAT for membership fees and fees of similar nature.

The registered office address of the Club is Anvaya Cove, Morong, Bataan.

The accompanying financial statements of the Club were approved and authorized for issuance by the Board of Directors (BOD) on May 20, 2021.

Status of Operations

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

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

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

The Club incurred net loss of ₱34,546,379 in 2020 and deficit of ₱231,385,201 as of December 31, 2020. In addition, the Club's current liabilities exceeded its total current assets by ₱57,033,379 as of December 31, 2020, and the Club has negative operating cash flows of ₱2,430,688 in 2020.

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

The Club's plan for future action is to:

a. effective cost-reduction strategies, including flexible working arrangements and reduced work hours, determining the optimum manpower requirement, as well as offering early retirement to eligible employees.
b. implement effective cash conservation efforts by maximizing credit terms provided by suppliers and creditors.

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

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

Basis of Preparation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 Pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

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

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

Standards Issued But Not Yet Effective

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

Effective beginning on or after January 1, 2021

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

Effective beginning on or after January 1, 2022

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

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- PFRS 17, *Insurance Contracts*

Deferred Effectivity

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

Summary of Significant Accounting Policies

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

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in 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 nonfinancial 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) prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3 - Valuation techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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 date, the Club analyzes the movement in the 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 sources to determine whether the change is reasonable.

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

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

Financial Assets
Initial recognition and measurement
Financial assets are classified at fair value, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and financial assets at fair value through profit or loss (FVPL).

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

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

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

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

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

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

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

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Club. The Club measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

Financial Liabilities

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

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

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

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

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

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

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

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

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

The Club considers a receivable in default when contractual payments are 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.

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

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

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

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

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

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

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

Derecognition of Financial Instruments

Financial assets

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

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

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

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

Financial liability

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 statement of comprehensive income.

Inventories

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

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

Other Assets

Other assets are recognized in the statements of financial position when it is probable that the future economic benefits will flow to the Club and the assets have cost or value that can be measured reliably. These assets are regularly evaluated for any impairment in value. Other assets include 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 carried at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use, including borrowing costs.

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.

Project in progress are also capitalized as part of property and equipment under separate account, projects in progress. These projects will form part of building and 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
Building and improvements	35
Land improvements	25
Furniture, fixtures and equipment	5

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

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

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

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

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

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

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

Defined benefit costs include:
- 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 statement 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 in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Equity

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

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

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

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

The following are the Club's performance obligations:

Membership dues
Revenue from membership dues is recognized over the time the members are provided access to the Club's room accommodation, golf course, sports complex, game rooms, restaurants and other 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 golf course, sports complex, 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 pertain to earnings from transfer of member's ownership recorded upon initiation of transfer process. Revenue is recorded at point in time when the services are rendered.

Contract balances

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

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

Other income recognition

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

Miscellaneous income
Miscellaneous income pertains to ancillary services provided by the Club such as laundry, room cleaning and storage services for golf equipment. These are recognized when earned and when the related services are rendered.

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

Expenses are recognized in profit or loss:

- On the basis of a direct association between the costs incurred and the earning of 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 statement of financial position as an asset.

Leases

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

Leases of low-value assets.

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

Taxes

Current income tax

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

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

Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

Uncertainty over income tax treatments

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

Provisions

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

Contingencies

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

Events after the End of the Reporting Period

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

3. Significant Accounting Judgments and Estimates

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

Judgments

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

Identification of contract with customers under PFRS 15

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

Identifying performance obligations

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

Determining whether the Club is acting as a principal or agent

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

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

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

Determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates

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

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

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

The carrying value of the Club's receivables amounted to ₱37,741,942 and ₱40,510,788 as of December 31, 2020 and 2019, respectively (see Note 6). The carrying value of the Club's receivables from related parties amounted to ₱11,242,842 and ₱32,285,789 as of December 31, 2020 and 2019, respectively (see Note 17).

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

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

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

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

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

	2020	2020
Property and equipment (Note 9)	**₱802,935,769**	₱837,915,037
Other current assets (Note 8)	**23,183,956**	19,445,739
Other noncurrent asset (Note 8)	**2,450,149**	1,626,868

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 of December 31, 2020 and 2019 amounted to ₱1,457,600 and ₱1,061,200, respectively (see Note 15).

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

As at December 31, 2020 and 2019, deferred tax assets have not been recognized since the management believes that it is likely that future taxable profit will not be sufficient to realize these temporary differences and carry forward benefits of NOLCO and MCIT. As at December 31, 2020 and 2019, unrecognized deferred tax assets amounted to ₱141,809,986 and ₱108,868,742, respectively (see Note 16).

4. Cash

This account consists of:

	2020	2019
Cash on hand	**₱449,757**	₱600,662
Cash in banks (Note 17)	**9,342,244**	15,702,763
	₱9,792,001	₱16,303,425

Interest income earned on cash in banks amounted to ₱81,651, ₱54,464 and ₱90,234 in 2020, 2019, and 2018, respectively.

5. Financial Assets at FVPL

Below is the rollforward of financial assets at FVPL:

	2020	2019
At January 1	**₱1,972,108**	₱1,889,782
Additions	**20,000,000**	–
Unrealized gain (Notes 13 and 17)	**537,271**	82,326
At December 31	**₱22,509,379**	₱1,972,108

Financial assets at FVPL pertains to investments in the 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, 2020 and 2019, the Club has 86,415 and 7,774 units with total Net Asset Value of ₱22,509,379 and ₱1,972,108, respectively.

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

6. Accounts and Other Receivables

This account consists of:

	2020	2019
Trade receivables	**₱36,708,802**	₱38,053,016
Insurance claims	**379,489**	1,514,517
Receivable from employees	**50,045**	31,388
Others	**603,606**	911,867
	₱37,741,942	₱40,510,788

Trade receivables pertain to unpaid charges from members for use of facilities and sale of food, beverage and merchandise from shop. These are non-interest bearing and are due and demandable. The receivables from members are collateralized by a preferential lien on the Club shares owned by the said members.

Receivable from employees are salary loans granted to the Club's employees. These are collected through salary deduction. Interest income earned from loans to employees amounted to ₱2,670 in 2020.

Other receivables include nontrade receivables such as receivables from the Club's service providers which are non-interest bearing and are to be settled within one year.

7. Inventories

This account consists of:

	2020	2019
At cost:		
Food and beverage	**₱1,044,302**	₱1,619,923
Merchandise	**152,071**	240,361
	₱1,196,373	₱1,860,284

Food and beverage consist of goods in the form of ingredients and supplies consumed in the production of food and beverages sold at the Club's cafes and bars. Costs of food and beverages recognized as part of cost of sales and cost of services are as follows (see Note 14):

	2020	2019	2018
Cost of sales	**₱2,765,121**	₱10,588,181	₱13,939,616
Cost of services	**210,875**	1,138,025	1,135,220
	₱2,975,996	₱11,726,206	₱15,074,836

Merchandise pertains to items for sale at the Club's golf pro-shop. In 2020, 2019 and 2018, cost of merchandise recognized as part of cost of sales amounted to ₱91,728, ₱381,161 and ₱675,042, respectively (see Note 14).

8. Other Assets

Other current assets
Details of this account are as follows:

	2020	2019
Input VAT	**₱14,721,016**	₱11,624,306
Creditable withholding taxes	**2,901,137**	2,619,723
Supplies	**2,632,854**	2,072,351
Advances to suppliers	**2,380,718**	396,943
Prepaid expenses	**383,002**	2,630,437
Deferred input VAT – current portion	**165,229**	101,979
	₱23,183,956	₱19,445,739

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

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

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

Prepaid expenses mainly include prepayments for maintenance, dues, taxes and licenses, and insurance.

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

Advances and other noncurrent assets

	2020	2019
Deferred input VAT – noncurrent portion	**₱1,768,948**	₱1,274,217
Advances to suppliers	**681,201**	352,651
	₱2,450,149	₱1,626,868

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

9. Property and Equipment

The rollforward analysis of this account follows:

2020

	Land and Land Improvements	**Building and Improvements**	**Furniture, Fixtures and Equipment**	**Project in Progress**	**Total**
Cost					
At January 1	**₱614,442,550**	**₱399,768,848**	**₱81,060,180**	**₱166,619**	**₱1,095,438,197**
Additions	**284,399**	–	**3,796,337**	–	**4,080,736**
Disposals	–	–	**(425,000)**	–	**(425,000)**
At December 31	**614,726,949**	**399,768,848**	**84,431,517**	**166,619**	**1,099,093,933**
Accumulated Depreciation					
At January 1	**124,324,579**	**63,456,942**	**69,741,639**	–	**257,523,160**
Depreciation	**22,279,398**	**11,431,343**	**5,349,263**	–	**39,060,004**
Disposals	–	–	**(425,000)**	–	**(425,000)**
At December 31	**146,603,977**	**74,888,285**	**74,665,902**	–	**296,158,164**
Net Book Value at December 31	**₱468,122,972**	**₱324,880,563**	**₱9,765,615**	**₱166,619**	**₱802,935,769**

2019

	Land and Land Improvements	Building and Improvements	Furniture, Fixtures and Equipment	Project in Progress	Total
Cost					
At January 1	₱614,442,550	₱399,758,134	₱76,290,731	₱27,765	₱1,090,519,180
Additions	–	10,714	4,748,952	159,351	4,919,017
Reclassification	–	–	20,497	(20,497)	–
At December 31	614,442,550	399,768,848	81,060,180	166,619	1,095,438,197
Accumulated Depreciation					
At January 1	102,047,077	52,025,688	61,557,165	–	215,629,930
Depreciation	22,277,502	11,431,254	8,184,474	–	41,893,230
At December 31	124,324,579	63,456,942	69,741,639	–	257,523,160
Net Book Value at December 31	₱490,117,971	₱336,311,906	₱11,318,541	₱166,619	₱837,915,037

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

	2020	2020	2019
Cost of services	**₱37,177,921**	₱39,833,929	₱43,946,146
Cost of sales	**702,346**	837,142	1,629,457
General and administrative expenses	**1,179,737**	1,222,159	2,739,268
	₱39,060,004	₱41,893,230	₱48,314,871

The Club's project in progress pertains to renovations in lakefront and bar.

The Club disposed fully depreciated property and equipment items with an aggregate cost amounting to ₱425,000 as of December 31, 2020, which resulted in gain equal to its proceeds amounting to ₱94,500 (see Note 13).

The total cost of the Club's fully depreciated property and equipment that are still in use as at December 31, 2020, 2019 and 2018 amounted to ₱65,891,575, ₱54,894,046 and ₱11,057,664, respectively.

10. Accounts and Other Payables

	2020	2019
Trade payables	**₱19,690,426**	₱17,671,950
Accrued expenses:		
Insurance	**9,463,736**	9,172,800
Repairs and maintenance	**4,505,399**	28,571
Utilities	**2,054,255**	5,344,951
Payroll	**1,979,656**	2,078,908
Contract services	**1,970,387**	513,755
Professional fees	**282,040**	238,300
Rental	**209,253**	5,287,055
Others	**333,419**	230,965
Funds held for environmental activities	**7,007,439**	5,903,051
Due to employees	**387,328**	816,070
Service charge payable	**24,415**	672,014
Other payables	**1,921,415**	335,141
	₱49,829,168	₱48,293,531

Trade payables represent operational costs incurred and amount due to supplier for purchases of goods and services. These are non-interest bearing and are normally settled within 30 to 60 days.

Accrued expenses consist mainly of accruals for professional fees, utilities, salaries, wages and employee benefits. These are noninterest-bearing and are normally settled within one year.

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.

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

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

Other payables pertain to net proceeds from the auction of shares that will be used for paying incidental expenses related to transfer of shares' ownership, taxes payable and other employee benefits which are non-interest bearing and are normally settled within one year.

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

The movements in the contract liabilities are as follows:

	2020	2019
Balance at beginning of year	**₱15,883,497**	₱11,131,340
Additions	**9,151,712**	6,294,578
Recognized as revenue	**(10,027,201)**	(1,542,421)
Balance at end of year	**₱15,008,008**	₱15,883,497

11. Equity

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

	Stated Value	Authorized	Issued	Amount	Additional Paid-In Capital
Class A	No par	5,420	5,420	₱137,793,900	₱–
Class B	No par	2,846	2,846	71,993,500	722,961,075
Class C	No par	154	154	3,839,600	40,922,325
Class D	No par	80	–	–	–
		8,500	8,420	₱213,627,000	₱763,883,400

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

	Number of Shares Registered	Issue Price	Date of Approval
Class B	2,846	From ₱800,000 to ₱1,800,000	January 5, 2011
Class C	154	From ₱1,600,000 to ₱2,400,000	January 5, 2011

As at December 31, 2020, and 2019, the total number of stockholders are 746 and 729, 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 within a period of five years from the date of incorporation of the Club; (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 C shares, and Class D 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 B shares, and Class D 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.

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

In view of the issuance of Founders' shares, the voting rights pertaining to the Class B, C and D 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 and D shares shall be automatically reinstated and shall be equal in all respects to those of the holders of all the other classes of shares.

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

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

	2020	2019
Paid-in capital	**₱213,627,000**	₱213,627,000
Additional paid-in capital	**763,883,400**	763,883,400
Deficit	**(231,385,201)**	(196,838,822)
	₱746,125,199	₱780,671,578

The Club is not subjected to any externally imposed capital requirement.

12. Revenue from Contracts with Customers

Disaggregated Revenue Information
The table shows the disaggregation of revenues of the Club by major sources.

	2020	2019	2018
Membership dues	**₱79,915,000**	₱77,635,500	₱73,850,000
Service income:			
Golf course revenue	**8,744,761**	26,469,098	24,405,612
Room accommodation	**5,088,478**	23,294,931	24,379,982
Guest fees	**600,000**	4,682,768	7,218,755
Sports complex revenue	**184,645**	1,298,237	1,389,317

	2020	2019	2018
Sale of goods:			
Food and beverages	**₱7,274,070**	₱28,752,627	₱34,538,179
Merchandise	**439,851**	1,520,523	1,882,211
Transfer fees	**6,593,750**	5,678,572	508,929
	₱108,840,555	₱169,332,256	₱168,172,985

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

	2020	2019
Trade receivables (Note 6)	**₱36,708,802**	₱38,053,016
Contract liabilities (Note 10)	**15,008,008**	15,883,497

13. Miscellaneous income

Miscellaneous income consists of:

	2020	2019	2018
Surcharge revenue	**₱648,394**	₱1,542,421	₱1,581,080
Unrealized gain on financial assets at FVPL (Notes 5 and 17)	**537,271**	82,326	48,432
Other income	**2,037,447**	2,473,349	1,705,320
	₱3,223,112	₱4,098,096	₱3,334,832

Other income includes laundry, room cleaning and storage services for golf equipment.

14. Costs and Expenses

Cost of services consists of:

	2020	2019	2018
Depreciation (Note 9)	**₱37,177,921**	₱39,833,929	₱43,946,146
Contracted services	**16,962,052**	20,625,437	27,667,492
Heat, light and water	**14,921,670**	23,965,907	18,144,225
Salaries, wages and employee benefits	**7,526,407**	20,047,205	18,407,485
Communications	**1,749,798**	2,093,101	2,274,769
Repairs and maintenance	**1,599,040**	3,566,044	1,683,594
Cleaning and other supplies	**547,922**	2,191,175	1,514,909
Transportation	**385,527**	1,870,612	1,943,106
Laundry	**300,089**	1,330,969	1,423,983
Food and beverage (Note 7)	**210,875**	1,138,025	1,135,220
Office supplies	**191,056**	751,075	861,916
Representation	**14,225**	25,621	27,424
Others	**6,916,817**	8,406,180	5,553,030
	₱88,503,399	₱125,845,280	₱124,583,299

Other cost of services includes expenses such as guest supplies, linen, signages, and uniforms.

Cost of sales consists of:

	2020	2019	2018
Salaries, wages and employee benefits	**₱4,409,196**	₱11,434,454	₱11,595,120
Food and beverage (Note 7)	**2,765,121**	10,588,181	13,939,616
Heat, light and water	**715,066**	1,308,360	1,521,311
Depreciation (Note 9)	**702,346**	837,142	1,629,457
Communication	**401,964**	194,763	240,950
Cleaning and other supplies	**375,747**	1,055,767	1,123,113
Office supplies	**137,084**	94,509	93,677
Merchandise (Note 7)	**91,728**	381,161	675,042
Equipment rental	**56,786**	261,786	125,000
Transportation	**46,350**	223,929	274,855
Representation	**8,538**	43,979	14,821
Others	**717,802**	1,328,622	1,327,289
	₱10,427,728	₱27,752,653	₱32,560,251

Other cost of sales includes expenses incurred in food and beverage operations such as repairs and maintenance, guest supplies, linen, and laundry.

General and administrative expenses consist of:

	2020	2019	2018
Contract services	**₱9,688,543**	₱10,319,612	₱1,824,309
Professional and management fees (Note 17)	**9,273,555**	8,371,264	8,002,605
Salaries, wages and employee benefits	**7,157,345**	11,716,547	11,012,475
Security	**5,957,958**	6,293,833	5,893,132
Taxes and licenses	**3,933,896**	3,552,101	3,395,243
Corporate expense	**2,740,222**	2,762,537	3,672,129
Insurance	**1,985,406**	2,247,902	2,213,710
Collection charges	**1,357,874**	2,504,444	2,676,648
Depreciation (Note 9)	**1,179,737**	1,222,159	2,739,268
Repairs and maintenance	**1,099,603**	3,195,410	3,686,784
Heat, light and water	**346,012**	449,486	323,471
Office supplies	**225,026**	498,979	474,856
Representation	**7,940**	112,003	61,810
Uniforms	**6,085**	–	325,942
Others	**2,868,154**	1,696,044	3,512,057
	₱47,827,356	₱54,942,321	₱49,814,439

Other general and administrative expenses include miscellaneous incurred such as cleaning and other supplies, transportation, and communications.

15. Pension Cost

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

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

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

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

	2020	2019	2018
Current service cost	**₱277,300**	₱201,347	₱270,600
Net interest cost on defined benefit obligation	**53,100**	55,293	52,700
Total retirement expense	**₱330,400**	₱256,640	₱323,300

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

	2020	2019	2018
Actuarial gain (loss) due to:			
Changes in demographic assumptions	**(₱271,900)**	(₱376,200)	₱423,084
Experience adjustment	**205,900**	241,857	147,199
	(66,000)	(134,343)	570,283
Income tax effect	**19,800**	40,303	(171,085)
Remeasurement gain (loss) in OCI	**(₱46,200)**	(₱94,040)	₱399,198

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

	2020	2019
Balances at beginning of year	**₱835,740**	₱970,083
Remeasurement loss on DBO	**(66,000)**	(134,343)
	769,740	835,740
Income tax effect (Note 16)	**(230,922)**	(250,722)
Total amount recognized in OCI at end of year	**₱538,818**	₱585,018

Changes in the present value of the DBO are as follows:

	2020	2019
Balance at January 1	**₱1,061,200**	₱670,217
Current service cost	**277,300**	201,347
Net interest cost	**53,100**	55,293
Remeasurement loss in OCI	**66,000**	134,343
Balance at December 31	**₱1,457,600**	₱1,061,200

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

	2020	2019
Discount rate	**4.00%**	5.00%
Salary increase rate	**7.00%**	7.00%

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

	Increase (Decrease) in rates	Effect on DBO 2020	2019
Discount rate	**+1.00%**	**(₱271,842)**	(₱197,808)
	-1.00%	**351,136**	255,006
Salary rate	**+1.00%**	**336,414**	247,047
	-1.00%	**(267,470)**	(196,216)

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 of December 31, 2020 and 2019:

	2020	2019
Year 1 to 5	**₱–**	₱–
Year 6 to 10	**420,900**	432,600
	₱420,900	₱432,600

The weighted average duration of the defined benefit obligation at the end of the reporting period is years 21.96 years and 22.14 years as of December 31, 2020 and 2019, respectively.

16. Income Tax

Provision for income tax consists of:

	2020	2019	2018
Current	**₱–**	₱19,743	₱289,110
Final	**16,330**	10,893	18,047
	₱16,330	₱30,636	₱307,157

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

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

	2020	2019	2018
Benefit from income tax at statutory income tax rate	**(₱10,359,015)**	(₱10,074,647)	(₱10,429,648)
Tax effect of:			
Expired NOLCO and MCIT	**12,986,395**	11,080,342	13,262,696
Changes in unrecognized deferred tax assets	**9,797,870**	(2,260,872)	(2,502,338)
Interest income subjected to final tax	**(8,165)**	(5,446)	(9,023)
Fair value gain of financial assets at FVPL	**(161,181)**	(24,698)	(14,530)
Nontaxable membership dues	**(12,239,574)**	1,315,957	–
Provision for income tax	**₱16,330**	₱30,636	₱307,157

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

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

	2020	2019	2018
NOLCO	**₱139,482,659**	₱106,617,413	₱113,920,006
Pension liability	**2,018,473**	1,821,758	1,640,300
MCIT	**308,854**	429,571	554,100
	₱141,809,986	₱108,868,742	₱116,114,406

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

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

Year Incurred	Amount	Expired	Balance	Expiry Year
2017	₱42,885,592	₱42,885,592	₱–	2020
2018	34,580,854	–	34,580,854	2021
2019	29,150,967	–	29,150,967	2022
	₱106,617,413	₱42,885,592	₱63,731,821	

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

Year Incurred	Amount	Expired	Balance	Expiry Year
2020	₱75,750,838	₱–	₱75,750,838	2025

The excess of MCIT against RCIT follows:

Year Incurred	Amount	Expired	Balance	Expiry Year
2017	₱120,717	₱120,717	₱–	2020
2018	289,111	–	289,111	2021
2019	19,743	–	19,743	2022
	₱429,571	₱120,717	₱308,854	

"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 Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

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

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

- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Company for CY2020 is 27.5%. There is no impact for current income tax for the year ended December 31, 2020 and income tax payable as of December 31, 2020 as the Club's current income tax and income tax payable for 2020 is nil.
- This will result in lower deferred tax asset as of December 31, 2020 and provision for deferred tax for the year then ended by ₱38,487 and nil, respectively. These reductions will be recognized in the 2021 financial statements.

As at December 31, 2020 and 2019, the Club recognized deferred tax liability on remeasurement gain on pension liability amounting to ₱230,922 and ₱250,722, respectively (Note 15).

In 2020, 2019 and 2018, the Club opted not to use OSD in computing its taxable income.

17. Related Party Transactions

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

Terms and Conditions of Transactions with Related Parties

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

a. Outstanding balances owed by related parties:

	2020		2019			
	Amount/ Volume	**Outstanding Balance**	Amount/ Volume	Outstanding Balance	Terms	Conditions
Immediate parent company						
ALI (Loan)	₱–	₱–	₱20,000,000	₱20,000,000	Due and demandable; interest-bearing	Unsecured; no impairment
ALI (Interest)	**80,446**	–	50,416	50,417	Due and demandable	Unsecured; no impairment
ALI (Nontrade)	**813,720**	**10,403,608**	169,620	9,589,888	Due and demandable	Unsecured; no impairment
Entities under common control						
Avida Land Corporation (Avida)	₱–	₱–	₱1,422,865	₱–	Due and demandable	Unsecured; no impairment

(Forward)

	2020		2019			
	Amount/ Volume	**Outstanding Balance**	Amount/ Volume	Outstanding Balance	Terms	Conditions
Anvaya Cove Beach and Nature Club, Inc. (ACBNCI)	**₱5,332,184**	**₱441,226**	₱13,473,776	₱2,639,721	Due and demandable; non-interest bearing	Unsecured; no impairment
Makati Development Corporation (MDC)	**395,925**	**398,008**	172,269	2,083	Due and demandable; non-interest bearing	Unsecured; no impairment
Anvaya Environmental Foundation, Inc. (AEFI)	–	–	–	3,680	Due and demandable; non-interest bearing	Unsecured; no impairment
		₱11,242,842		₱32,285,789		

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

Receivable from ALI pertain to loan, unsecured non-interest bearing charges and unpaid membership dues from ALI nominees. Loan to ALI amounting to ₱20,000,000 has a 30 to 60-day term and is subject to interest rate of 4.18%. The loan amounting to ₱20,000,000 was subsequently collected in 2020. Interest income earned from the loan amounted to ₱80,446 and ₱50,416 in 2020 and 2019, respectively.

Loan from Avida was transferred to ALI in November 2019. Interest income earned from the loan amounted to ₱1,422,865 and ₱594,445 in 2019 and 2018, respectively. As at December 31, 2018, accrued interest income on loan to Avida amounted to ₱20,833.

Receivable from ACBNCI pertains to charges for the use of the Club's facilities and services by the members of ACBNCI.

Receivable from MDC pertains to supplies purchased by the Club on behalf of the former for use in golf course maintenance and meals of MDC personnel. This will be applied against MDC's next billing to the Club.

Receivable from AEFI pertains to charges for the use of the Club's facilities and services by an officer of AEFI.

b. Outstanding balances owed to related parties:

	2020		2019			
	Amount/ Volume	**Outstanding Balance**	Amount/ Volume	Outstanding Balance	Terms	Conditions
Immediate parent company						
ALI (a)	**₱–**	**₱80,000,000**	₱–	₱80,000,000	Due and demandable; non-interest bearing	Unsecured
ALI (b)	**9,054,928**	–	8,076,022	–	Due and demandable; non-interest bearing	Unsecured
ALI (c)	**1,528,800**	**1,370,543**	1,528,800	–	Due and demandable; non-interest bearing	Unsecured

	2020		2019			
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance	Terms	Conditions
Entities under common control						
ACBNCI	₱13,969,307	₱2,360,936	₱76,161,098	₱14,214,070	Due and demandable non-interest-bearing	Unsecured
MDC	17,595,667	8,769,864	22,869,027	8,143,181	Due and demandable; non-interest bearing	Unsecured
Ayala Land Club Management, Inc. (d)	1,990,859	2,875,336	1,851,962	1,687,233	Due and demandable; non-interest bearing	Unsecured
ACMI (e)	2,017,871	2,486,017	2,017,871	1,130,008		
		₱97,862,696		₱105,174,492		

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

Payable to ALI consists of the following:

(a) Costs incurred for the construction of the Club's initial assets. The Club paid ₱2,383,265 to ALI in 2018.
(b) Costs incurred for maintenance works, water irrigation and domestic consumption, facilities management, and pest control of the Club recorded as part of contract services (see Note 14).
(c) Cost incurred for property insurance recorded as part of insurance in general and administrative expenses.

Payable to ACBNCI are charges for the use of facilities and services of ACBNCI by the members of the Club.

Payable to MDC consists of cost incurred for the golf course maintenance fees recorded as part of contract services (see Note 14).

Payable to ACMI pertains to the following:

(d) 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 (see Note 14).
(e) System cost at a monthly fixed amount of ₱168,156 included as part of corporate expenses in general and administrative expenses.

Transactions with BPI
The Club maintains the following accounts with BPI (an associate of ALI):

	2020			2019		
	Outstanding Balance	Interest Income	Unrealized Gain	Outstanding Balance	Interest Income	Unrealized Gain
Cash in banks (Note 4)	₱9,342,244	₱81,651	₱–	₱15,702,763	₱54,464	₱–
Financial assets at FVPL (Note 5)	22,509,379	–	537,271	1,972,108	–	82,326
	₱31,851,623	₱81,651	₱537,271	₱17,674,871	₱54,464	₱82,326

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

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, contract liabilities and payables to related parties – Carrying amounts approximate fair values due to the relatively short-term nature of these amounts.

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

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

There have been no transfers between different categories.

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

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

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

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

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

	2020	2019
Cash in banks	**₱9,342,244**	₱15,702,763
Financial assets at FVPL	**22,509,379**	1,972,108
(Forward)		

	2020	2019
Accounts and other receivables:		
Trade receivables	**₱36,708,802**	₱38,053,016
Insurance claims	**379,489**	1,514,517
Receivable from employees	**50,045**	31,388
Others	**603,606**	911,867
Receivables from related parties	**11,242,842**	32,285,789
	₱80,836,407	₱90,471,448

Impairment of financial assets
The Club has the following financial assets that are subject to the expected credit loss model under PFRS 9:

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

Cash in banks.
The investment of the Club's cash resources 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 banks which have demonstrated financial soundness for the past five years.

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

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

The Club defines a financial asset as in default when contractual payments are 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.

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

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

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

2020

	Neither past due nor impaired			
	High Grade	**Medium Grade**	**Low Grade**	**Total**
Cash in banks	**₱9,342,244**	**₱–**	**₱–**	**₱9,342,244**
Financial assets at FVPL	**22,509,379**	–	–	**22,509,379**
Accounts and other receivables				
Trade receivables	**5,471,802**	**6,218,248**	**25,018,752**	**36,708,802**
Insurance claims	**379,489**	–	–	**379,489**
Receivable from employees	**50,045**	–	–	**50,045**
Others	**603,606**	–	–	**603,606**
Receivables from related parties	**11,242,842**	–	–	**11,242,842**
	₱49,599,407	**₱6,218,248**	**₱25,018,752**	**₱80,836,407**

2019

	Neither past due nor impaired			
	High Grade	Medium Grade	Low Grade	Total
Cash in banks	₱15,702,763	₱–	₱–	₱15,702,763
Financial assets at FVPL	1,972,108	–	–	1,972,108
Accounts and other receivables				
Trade receivables	4,852,031	10,094,309	23,106,676	38,053,016
Insurance claims	1,514,517	–	–	1,514,517
Receivable from employees	31,388	–	–	31,388
Others	911,867	–	–	911,867
Receivables from related parties	32,285,789	–	–	32,285,789
	₱57,270,463	₱10,094,309	₱23,106,676	₱90,471,448

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

Accounts and other receivables - high grade pertains to receivables with no default in payment; medium grade with up to 3 default in payment and low grade pertains to receivables with more than 3 defaults in payment.

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

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

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

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

2020

	On demand	**1 to 3 months**	**4 to 12 months**	**More than 1 year**	**Total**
Financial assets					
Cash	**₱9,792,001**	**₱–**	**₱–**	**₱–**	**₱9,792,001**
Financial assets at FVPL	**22,509,379**	–	–	–	**22,509,379**
Accounts and other receivables					
Trade receivables	**25,022,432**	**11,686,370**	–	–	**36,708,802**
Insurance claims	**379,489**	–	–	–	**379,489**
Receivable from employees	**50,045**	–	–	–	**50,045**
Others	**603,606**	–	–	–	**603,606**
Receivables from related parties	**–**	**11,242,842**	–	–	**11,242,842**
	₱58,356,952	**₱22,929,212**	**₱–**	**₱–**	**₱81,286,164**
Financial liabilities					
Accounts and other payables					
Trade payables	**₱–**	**₱19,690,426**	**₱–**	**₱–**	**₱19,690,426**
Accrued expenses	–	–	**20,798,145**	–	**20,798,145**
Funds held for environmental activities	**7,007,439**	–	–	–	**7,007,439**
Due to employees	–	**387,328**	–	–	**387,328**
Service charge payable	–	**24,415**	–	–	**24,415**
Other payables*	**1,178,101**	–	–	–	**1,178,101**
Contract liabilities	–	**15,008,008**	–	–	**15,008,008**
Payables to related parties	**80,000,000**	**17,862,696**	–	–	**97,862,696**
	₱88,185,540	**₱52,972,873**	**₱20,798,145**	**₱–**	**₱161,956,558**

**Excluding statutory liabilities amounting to ₱743,316*

2019

	On demand	1 to 3 months	4 to 12 months	More than 1 year	Total
Financial assets					
Cash	₱16,303,425	₱–	₱–	₱–	₱16,303,425
Financial assets at FVPL	1,972,108	–	–	–	1,972,108
Accounts and other receivables					
Trade receivables	35,803,293	2,249,723	–	–	38,053,016
Insurance claims	1,514,517	–	–	–	1,514,517
Receivable from employees	31,388	–	–	–	31,388
Others	911,867	–	–	–	911,867
Receivables from related parties	–	32,285,789	–	–	32,285,789
	₱56,536,598	₱34,535,512	₱–	₱–	₱91,072,110
Financial liabilities					
Accounts and other payables					
Trade payables	₱17,671,950	₱–	₱–	₱–	₱17,671,950
(Forward)					

	On demand	1 to 3 months	4 to 12 months	More than 1 year	Total
Accrued expenses	₱22,895,305	₱–	₱–	₱–	₱22,895,305
Funds held for environmental activities	–	–	5,653,351	–	5,653,351
Due to employees	–	816,070	–	–	816,070
Service charge payable	–	672,014	–	–	672,014
Other payables*	67,200	–	–	–	67,200
Contract liabilities	–	–	15,883,497	–	15,883,497
Payables to related parties	80,000,000	25,174,492		–	105,174,492
	₱120,634,455	₱26,662,576	₱21,536,848	₱–	₱168,833,879

**Excluding statutory liabilities amounting to ₱267,941*

19. Supplementary Note to the Statements of Cash Flows

Disclosed below is the rollforward of liability under financing activity:

	January 1, 2020	**Collection**	**Non-cash changes**	**December 31, 2020**
Loan from a related party:				
ALI	**₱80,000,000**	**₱–**	**₱–**	**₱80,000,000**
Loan to a related party:				
ALI	**₱20,000,000**	**₱20,000,000**	**₱–**	**₱–**

	January 1, 2019	Collection	Non-cash changes	December 31, 2019
Loan to a related party:				
ALI	₱80,000,000	₱–	₱–	₱80,000,000

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

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

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

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

	Net Sales/ Receipts	Output VAT
Taxable sales:		
Sale of services	₱34,009,782	₱4,081,174
Sale of goods	6,424,360	770,923
	₱40,434,142	₱4,852,097

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

On the other hand, sale of goods pertains to gross receipts/collections on revenues from sale of food, beverage and merchandise.

The Club has exempt sales amounting to ₱81,485,424 pursuant to Supreme Court (SC) Ruling G.R. No. 228539 [*Association of Non-Profit Clubs, Inc. (ANCP) vs. Bureau of Internal Revenue (BIR)*] dated August 13, 2019.

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

Beginning of the year	₱11,624,306
Input tax carried over	271,521
Current year's domestic purchases/payments for:	
Goods for resale/manufacture for further processing	3,987,584
Capital goods subject to amortization	316,254
Capital goods not subject to amortization	170,779
Services lodged under accounts	6,263,408
Total input VAT available	22,633,852
Less input tax on capital goods subject to amortization, deferred for the succeeding period	445,629
Less input tax allocable to exempt sales	2,615,110
Input VAT applied during the current year	19,573,113
Less claims against output VAT	4,852,097
Balance at the end of the year	₱14,721,016

Documentary Stamp Tax

The Club did not incur any documentary stamp tax in 2020.

Other Taxes and Licenses

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

a) Local	
Real estate taxes	₱2,351,937
Licenses and permits	1,570,959
Community tax certificate	10,500
	3,933,396
b) National	
BIR annual registration fee	500
	₱3,933,896

Withholding Taxes

Details of withholding taxes in 2020 follows:

	Paid	Accrued	Total
Taxes on compensation and benefits	₱2,749,154	₱629,556	₱3,378,710
Creditable withholding taxes	161,958	–	161,958
Final withholding taxes	16,330	–	16,330
	₱2,927,442	₱629,556	₱3,556,998

Tax Contingencies

The Club has no deficiency tax assessments or any tax cases, litigation, and/or prosecution in courts or bodies outside the Bureau of Internal Revenue as at December 31, 2020.

SGV
Building a better working world

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

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Anvaya Cove Golf and Sports Club, Inc.
Anvaya Cove, Morong, Bataan

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Anvaya Cove Golf and Sports Club, Inc. (the Club) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated May 20, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules required under Annex 68-J of the Revised Securities Regulation Code (SRC) Rule 68 are the responsibility of the Club's management. These schedules are presented for the purpose of complying with the Revised SRC Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jose Pepito E. Zabat

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

May 20, 2021

ANVAYA COVE GOLF AND SPORTS CLUB, INC.
SUPPLEMENTARY SCHEDULES REQUIRED UNDER ANNEX 68-J
OF THE REVISED SRC RULE 68
AS AT DECEMBER 31, 2020

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Amount shown in the statements of financial position	Interest income received and accrued	Unrealized gain on financial asset at FVPL
Loans and Receivables			
A. Cash in banks			
Bank of the Philippine Islands (BPI)	₱9,342,244	₱81,651	₱–
B. Financial assets at FVPL	22,509,379	–	537,271
C. Accounts and other receivables			
Trade receivables	36,708,802	–	–
Insurance claims	379,489	–	–
Receivable from employees	50,045	2,670	–
Other receivables	603,606	–	–
D. Receivables from related parties	11,242,842	80,446	–
	₱80,836,407	₱164,767	₱537,271

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			
Not applicable							

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 statement of financial position	Amount shown under "Long-Term Debt" in related statement 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 statement 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	5,420	5,420	N/A	5,408	11	1
Class B	2,846	2,846	N/A	2,155	–	691
Class C	154	154	N/A	113	–	41
Class D	80	–	N/A	–	–	–
Total	**8,500**	**8,420**	–	**7,676**	**11**	**733**