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	908-3841
Contact Person	Company Telephone Number

Definitive

1 2	3 1	2 0 - I S	0 9	2 5
Month	*Day*		*Month*	*Day*
Fiscal Year			Annual Meeting	

Secondary License Type, if Applicable

C F D

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

S T A M P S

Remarks = pls. Use black ink for scanning purposes

ANVAYA COVE
Golf & Sports Club

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 Friday, **September 30, 2022** at 9:00 o'clock in the morning 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 25, 2021 until September 30, 2022
5. President's report
6. Election of directors (including the independent directors)
7. Appointment of external auditor and fixing of its remuneration
8. Consideration of such other business that may properly come before the meeting
9. Adjournment

Only stockholders of record as of **August 17, 2022** 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 21, 2022**.

Duly accomplished proxies shall be submitted on or before **September 20, 2022** to the Office of the Corporate Secretary by email to corporatesecretary.GSC@anvayacove.com. Validation of proxies is set for **September 23, 2022** at 9:00 o'clock in the morning.

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.

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

Makati City, August 17, 2022.

SOLOMON M. HERMOSURA
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 30, 2022** 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 25, 2021 until September 30, 2022
   ☐ Yes ☐ No ☐ Abstain

3. President's Report
   ☐ Yes ☐ No ☐ Abstain

4. Election of Directors

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

5. Appointment of SyCip Gorres Velayo & Co. as the external auditor and fixing of its remuneration
   ☐ Yes ☐ No ☐ Abstain

6. 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 20, 2022**, 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, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY THE CHAIRMAN.

A STOCKHOLDER 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/HER/ITS 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 30, 2022
Time	9:00 A.M.
Place	To be conducted virtually through Zoom
Place of Meeting per By-Laws	Anvaya Cove, Morong, Bataan, 2108

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

September 9, 2022

10. Proxy solicitation

Name of Person:	Augusto D. Bengzon
Address and Telephone Number:	30th Floor, Tower One and Exchange Plaza Ayala Triangle, Ayala Avenue, Makati City 1226 632 97093621

11. Securities registered pursuant to Section 8 of the SRC

a. Shares of Stock

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

Amount of Debt Outstanding as of July 31, 2022 Not Applicable

11. 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 30, 2022
Time	9:00 a.m.
Place	To be conducted virtually through Zoom
Place of Meeting per By-Laws	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 fifteen (15) business days prior to meeting date:

September 9, 2022

Electronic copies of the meeting materials, including this Information Statement (SEC 20-IS), Management Report, and Annual Report (SEC Form 17-A) may be accessed by the stockholders in the Club's website, https://anvayacove.com/golf-sports-club/.

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 July 31, 2022:

Title of Each Class	Number of Outstanding Shares
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 17, 2022 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."

To ensure the health and safety of the stockholders, the Board of Directors of the Club, in the exercise of its authority under the By-Laws, approved on May 11, 2022, the holding of the annual stockholders' meeting for the year 2022 in a fully virtual format, including all the necessary and related arrangements thereto, subject to applicable rules and regulations of the Securities and Exchange Commission. The stockholders may only attend the meeting by remote communication, by voting in absentia or by appointing the Chairman as proxy.

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

(d) Security Ownership of Certain Record and Beneficial Owners and Management as of July 31, 2022:

(1) Security Ownership of Certain Record and Beneficial Owners (of more than 5%) as of July 31, 2022:

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	4,324 1,915 106	75.3563%
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	1,082 213 6	15.4513%

- The Board of Directors of ALI has the power to decide how ALI's shares in the Club are to be voted. Augusto D. Bengzon and Joseph Carmichael Z. Jugo 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 Club are to be voted. Jocelyn F. de Leon or in her absence Paullolindo A. Elauria has been named and appointed to exercise the voting power.

(2) Security Ownership of Directors and Officers as of July 31, 2022:

Title of Class	Name	Position	Amount & Nature of Ownership	Citizen-ship	Percentage
Class A	Augusto D. Bengzon	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	Paullolindo A. Elauria	Director & Vice President	1 (record owner)	Filipino	0.0119%
Class A	Dante M. Abando	Director	1 (record owner)	Filipino	0.0119%
Class A	Jocelyn F. de Leon	Director	1 (record owner)	Filipino	0.0119%
Class B	Jose Emmanuel H. Jalandoni	Director	1 (record and beneficial owner)	Filipino	0.0119%
Class A	Anna Ma. Margarita B. Dy*	Director	1 (record owner)	Filipino	0.0119%
Class A	Paolo O. Viray	Director	1 (record owner)	Filipino	0.0119%
Class A	George Edwin T. Lee	Independent Director	1 (record owner)	Filipino	0.0119%
Class A	Agustin R. Montilla IV	Lead Independent Director	1 (record owner)	Filipino	0.0119%
Class A	Bernadine T. Siy	Independent Director	1 (record owner)	Filipino	0.0119%
-	Desiree Joy C. Suarez	Treasurer	0	Filipino	N/A
-	Solomon M. Hermosura	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
-	Jose P. Dagdagan	General Manager	0	Filipino	N/A
-	Neal C. Perez	Compliance Officer and Finance Director	0	Filipino	N/A
Security Ownership of all Directors and Officers			**11**		**0.1306%**

**Elected on August 11, 2022 vice Mr. Robert S. Lao.*

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, who constitute the final list of candidates presented and approved by the Corporate Governance and Nomination Committee (composed of Agustin R. Montilla IV, Chairman, and Mr. George Edwin T. Lee and Ms. Bernadine T. Siy, Members) have been nominated to the Board of Directors for the ensuing year and have accepted their nominations:

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

Messrs. Abando, Bengzon, Jalandoni, Jugo, Viray, and Ms. Dy were nominated by ALI. Mr. Elauria and Ms. de Leon were nominated by SUDECO. 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 ALI and SUDECO, who are both not related to the nominees for independent directors.

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

(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

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

Terms and Conditions of Transactions with Related Parties

The Club, in the normal course of business, entered into transactions with related parties consisting primarily of the construction of the Club's leisure and recreational facilities, and charges for the use of the Club's facilities and services. Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year-end are unsecured, non- interest bearing and are normally settled in cash.

(a) Outstanding balances owed by related parties:

	June 30, 2022		2021			
	Amount/ Volume	**Outstanding Balance**	Amount/ Volume	Outstanding Balance	Terms	Conditions
Immediate Parent Company						
ALI	₱ -	₱10,351,709	₱ -	₱ -	Due and demandable	Unsecured; no impairment
	₱35,000,000	₱35,000,000	-	-	48-day interest bearing	Unsecured; no impairment
Entities under common control						
Anvaya Cove Beach and Nature Club, Inc. (ACBNC)	**₱8,201,903**	**₱7,082,853**	₱4,092,036	₱1,492,585	Due and demandable; non-interest bearing	Unsecured; no impairment
Makati Development Corporation (MDC)	**69,977**	**158,776**	237,758	88,799	Due and demandable; non-interest bearing	Unsecured; no impairment
Ayala Property Management Corporation (APMC)	**1,190**	**5,773**	4,583	4,583	Due and demandable; non-interest bearing	Unsecured; no impairment
-	**-**	**₱52,599,110**		₱11,937,676		

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

Receivables from ALI includes unsecured non-interest-bearing charges and unpaid membership dues from ALI nominees. Loan to ALI has a 48-day term subject to interest rate of 2.57%.

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.

Receivables from APMC pertains to the antigen test incurred by the Company on APMC employees.

(b) Outstanding balances owed to related parties:

	June 30, 2022		2021			
	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)	-	-	3,571,429	-	Due and demandable; non-interest bearing	Unsecured
ALI (c)	**₱1,364,500**	**1,364,500**	-	-	Due and demandable; non-interest bearing	Unsecured
		₱81,264,500		₱80,000,000		

	Amount/ Volume	**Outstanding Balance**	Amount/ Volume	Outstanding Balance	Terms	Conditions
Entries under common control						
ACBNCI	**₱25,286,008**	**₱16,393,235**	₱21,345,978	₱8,612,520	Due and demandable; non-interest bearing	Unsecured
MDC	**17,534,677**	-	30,527,148	12,219,789	Due and demandable; non-interest bearing	Unsecured
Ayalaland Club Management, Inc. (AMCI) (d)	**1,288,386**	**214,731**	4,140,238	1,597,998	Due and demandable; non-interest bearing	Unsecured
ACMI	**1,504,038**	**250,673**	2,017,871	1,823,079		
		₱98,223,139		₱104,253,086		

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.

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.
(e) System cost at a monthly fixed amount of ₱168,156 included as part of corporate expenses in general and administrative expenses.

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

Transactions with BPI
The Club maintains the following accounts with BPI (an associate of ALI):

	June 30, 2022			March 31, 2022		
	Outstanding Balance	**Interest Income**	**Unrealized Gain**	Outstanding Balance	Interest Income	Unrealized Gain
Cash in banks (Note 4)	**₱27,886,748**	**₱14,291**	**₱–**	₱6,699,577	₱4,185	₱–
Financial assets at FVPL (Note 5)	**2,848,766**	**–**	**45,845**	22,614,175	–	104,796
	₱30,735,514	**₱14,291**	**₱45,845**	₱29,313,752	₱4,185	₱104,796

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.

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, 2022 and shall be effective until January 1, 2025.

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

Mr. Emmanuel G. Villarba, Finance Manager of the Club, has been replaced by Mr. Neal C. Perez effective November 11, 2021.

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 Board, upon the recommendation of the Club's Audit and Risk Oversight Committee (with Ms. Bernadine T. Siy as Chairman, and Messrs. Paullolindo A. Elauria and George Edwin T. Lee as members) approved the election of SGV& Co. as the Club's independent accountant for 2022 based on its performance and qualification, and fixed its remuneration amounting to One Hundred Seventy Thousand One Hundred Pesos (Php170,100.00), exclusive of value-added tax.

The election of SGV & Co. and the fixing of its remuneration will be presented to the stockholders for their approval at the annual stockholders' 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.

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

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**
2022	PhP170,100	PhP60,000	
2021	Php162,000	Php60,000	-
2020	PhP158,000	-	-

** Pertains to audit fees; no fees for other assurance and related services*
*** Pertains to preparation Information Return on Transactions with Related Party (BIR Form No. 1709).*

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

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, 2021, SEC Form 17-Q for the quarters ending March 2022 and June 2022, 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 2021 audited financial statements and neither do such changes result to a restatement of the 2020 audited financial statements.

D. <u>OTHER MATTERS</u>

Item 15. Action with Respect to Reports

(a) Approval of the minutes of the 2021 Annual Stockholders' Meeting held on September 25, 2021 covering the following matters:

- (i) Approval of the minutes of the 2020 Annual Stockholders' Meeting held on September 26, 2020;
- (ii) Ratification of the acts of the Board of Directors and Management beginning September 26, 2020 until September 25, 2021;
- (iii) Noting of the President's report and approval of the audited financial statements as of December 31, 2020;
- (iv) Approval of the delegation of the authority to amend, repeal or adopt new By-Laws to the Board of Directors;
- (v) Election of Directors, including independent directors; and
- (vi) Appointment of external auditor and fixing of its remuneration.

The Minutes of the 2021 Annual Stockholders' Meeting is uploaded to the Corporation's website or may be viewed through the following link:

https://anvayacove.com/golf-sports-club/wp-content/uploads/2022/06/ACGSCI-Minutes-ASM-September-25-2021.pdf

(b) Approval of the President's report for the year ending December 31, 2021, including the 2021 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 25, 2021 until September 30, 2022.

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) Designation of Lead Independent Director
(iv) Appointment of bank signatories
(v) Appointment of Attorneys-in-Fact for general transactions
(vi) Appointment of Attorneys-in-Fact for legal proceedings
(vii) Appointment of Attorneys-in-Fact for permits and licenses
(viii) Appointment of Attorneys-in-Fact for regulatory permits
(ix) Appointment of Attorneys-in-Fact for electronic filing and payment system
(x) Extension of usage of monthly consumables
(xi) Merit increase for Club employees
(xii) Delegation of the authority to sign the waiver of right of first refusal to the Corporate Secretary
(xiii) Approval of 2021 audited financial statements
(xiv) 2022 operating and capital expenditures budget
(xv) Schedule of 2022 Annual Stockholders' Meeting and relevant dates
(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 Committee to approve the final list of nominees to the Board

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

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

Item 19. Voting Procedures

(a) Vote Required

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 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 20, 2022, 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 ensure the safety and welfare of our stockholders, the Board of Directors of the Company approved the holding of the annual stockholders' meeting in a fully virtual format on May 11, 2022. Stockholders may attend the meeting 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 21, 2022, 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).

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 August 30, 2022.

ANVAYA COVE GOLF AND SPORTS CLUB, INC.
By:

SOLOMON M. HERMOSURA
Corporate Secretary

ANNEX "A"

2022 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. VOTING IN ABSENTIA

1. Stockholders, as of August 17, 2022, may attend the meeting via remote communication by submitting 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 21, 2022.

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. PARTICIPATION BY REMOTE COMMUNICATION

1. Stockholders, as of August 17, 2022, 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 21, 2022.

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 held as of July 31, 2022 and in the past five years and personal data as of July 31, 2022, of the directors and executive officers of the Club, unless specified herein.

Incumbent Board of Directors

Augusto D. Bengzon	Jose Emmanuel H. Jalandoni
Joseph Carmichael Z. Jugo	Paolo O. Viray
Paullolindo A. Elauria	George Edwin T. Lee (independent)
Dante M. Abando	Agustin R. Montilla IV (independent)
Jocelyn F. de Leon	Bernadine T. Siy (independent)
Anna Ma. Margarita B. Dy*	

**effective August 11, 2022 vice Robert S. Lao*

Augusto D. Bengzon, Filipino, 59, has served as Director of the Club since its incorporation, and was then elected as Chairman of the Board on September 25, 2021. He is currently the Senior Vice President, Chief Finance Officer and Treasurer of Ayala Land, Inc. He is a Director of AREIT, Inc. and Treasurer of AyalaLand Logistics Holding Corp., the publicly listed companies subsidiaries of Ayala Land, Inc.. His other significant positions include: Chairman of Aprisa Business Process Solutions Inc. and Anvaya Cove Beach and Nature Club, Inc.; Director and Chief Finance Officer of Altaraza Development Corporation; Director and Treasurer of ALI Eton Property Development Corp., Aurora Properties Inc., Avida Land Corp., Ayala Property Management Corp., AyalaLand-Tagle Properties, Inc., BGNorth Properties Inc., BGSouth Properties Inc., BGWest Properties Inc., Ceci Realty Inc., Philippine Integrated Energy Solutions Inc., Serendra Inc. and Vesta Property Holdings Inc.; Director of Ayala Group Legal, Alviera Country Club Inc., Alveo Land Corp., Makati Development Corp., Nuevocentro Inc., Northgate Hotel Ventures, Inc., Portico Land Corp., Station Square East Commercial Corp. and Southcrest Hotel Ventures, Inc.; Chief Finance Officer of Amicassa Process Solutions, Inc.; Treasurer of Alabang Commercial Corporation, AKL Properties, Inc., Amaia Land Corp., Ayala Land Premier Inc., Hero Foundation, Incorporated, and Bellavita Land Corp.; Director and Assistant Treasurer of Ayala Greenfield Development Corporation; 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.

Joseph Carmichael Z. Jugo, Filipino, 48, 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 Chairman & President of OLC Development Corp., Roxas Land Corp., Southportal Properties, Inc.; Chairman of Ayala Hotels, Inc., Ayalaland Sales, Inc., Ayalaland Club Management, Inc., Verde Golf Development Corp., Anvaya Environmental Foundation, Inc.; Director, President, & Chief Executive Officer of Ayala Greenfield Development Corp., Ayala Greenfield Golf & Leisure Club, Inc.; Director & President of Ayalaland Premier, Inc., Ayalaland-Tagle Properties, Inc. and BGWest Properties 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.

Paullolindo A. Elauria, Filipino, 56, has served as Director and Vice President of the Club since its incorporation. He has also served as Director of Anvaya Cove Beach and Nature Club, Inc. since its incorporation on March 28, 2005 and as President since October 17, 2017. He is the President of SUDECO since 2002, Philippine Petrochemical Products, Inc., Subic West Integrated Development Corp., Seaport Development and Industrial Corporation, Leungs Holdings, Inc., Sideli International Trading Corporation, Zambales Farms and Forest, Inc., Shining Star Corporation, 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.

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.

Jocelyn F. De Leon, Filipino, 61, has served as a Director of the Club since December 2011. 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

Anna Ma. Margarita B. Dy, Filipino, 53, has been elected as Director of the Club on August 11, 2022. She is a Senior Vice President since January 1, 2015 and a member of the Management Committee of Ayala Land, Inc. (ALI) since August 2008. She is the Head of the Residential Business Group of ALI effective July 1, 2022. Her other significant positions are: Chairman and President of Avida Land Corp., Bonifacio Global City Estate Association, Inc., Taft Punta Engano Property, Inc.; Chairman of Adauge Commercial Corporation, Amaia Southern Properties, Inc., Ayala Land International Sales, Inc., AyalaLand Premier, Inc., Bonifacio Estate Services Corporation; Director, Vice Chairman and President of Vesta Properties, Inc., Director and President of ALI Eton Property Development Corporation, Altaraza Development Corporation, Alveo Land Corporation, Amaia Land Corp., Aurora Properties, Inc., Aviana Development

Corporation, Bellavita Land Corp., NuevoCentro, Inc.; Director and Executive Vice President of Bonifacio Land Corp.; Director and Treasurer of Bonifacio Arts Foundation Inc.; Director of Accendo Commercial Corp., AmicaSSa Process Solutions, Inc., Amorsedia Development Corporation, AyalaLand Estates, Inc., Berkshires Holdings, Inc., Buendia Landholdings, Inc., Cagayan De Oro Gateway Corp., Ceci Realty, Inc., Columbus Holdings, Inc., Crans Montana Property Holdings Corporation, Emerging City Holdings, Inc., Fort Bonifacio Development Corporation, HLC Development Corporation, Lagdigan Land Corporation and Soltea Commercial Corp.; and Trustee of Alagang Ayala Land Foundation, Inc. Prior to joining ALI, she was a Vice President of Benpres Holdings Corporation. She graduated magna cum laude from Ateneo De Manila University with BS of Arts Degree in Economics Honors Program. She earned her Master's degree in Economics from London School of Economics and Political Science UK 1991 and MBA at Harvard Graduate School of Business Administration in Boston.

Jose Emmanuel H. Jalandoni, Filipino, 54, has served as Director of the Club since September 25, 2021. 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 President and Chief Executive Officer of AyalaLand Logistics Holdings Corp., Chairman of AREIT, Inc. and Director of Cebu Holdings, Inc., publicly listed subsidiaries of ALI. His other significant positions are: Chairman of the Board of 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., 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 Cornerstone Leasing 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., One Makati Residential Ventures, Inc., Pangulasian Island Resort Corporation, Paragua Eco-Resort Ventures, Inc., Regent Horizons Conservation Company, Inc., Sentera Hotel Ventures, Inc., Sicogon Island Tourism Estate Corp., Sicogon Town Hotel, Inc., Ten Knots Development Corporation, Ten Knots Philippines, Inc., and Whiteknight Holdings, Inc.. He is Chairman, President and CEO of Southcrest Hotel Ventures, Inc.. He is also Director of the following companies: Accendo Commercial Corporation, Alabang Commercial Corporation, ALI Capital Corporation, Ayagold Retailers, Inc., Ayala Hotels, Inc., Ayala Property Management Corporation, Cagayan de Oro Gateway 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.

Paolo O. Viray, Filipino, 42, 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.; Director and Vice Chairman of AyalaLand Club Management, Inc.., Director and Vice President Ayala Greenfield Golf and Leisure Club; Director of Verde Golf Development Corporation, and Ayala Hotels, Inc.. He served as the General Manager for Ayala Land International Marketing, USA, 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

George Edwin T. Lee, Filipino, 59 has been elected as an Independent Director of the Club on January 28, 2020. He is President of Armstrong Realty Investments, Inc. since 1990. Prior to joining Armstrong Realty Investments, Inc., he was a marketing analyst at Philip Morris USA New York. He was the 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. He is also a director and 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.

Agustin R. Montilla IV**,** Filipino, 52, has served as an independent director of the Club since September 25, 2021. 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.; President and shareholder of Dueno Alegre, Inc.; President of ETM Philippines Holdings, Inc.; Director and Corporate Secretary of SAL Buendia Holding Corp., and Corporate Secretary of The Asia Society Foundation Philippines, Montivar, Inc. and BF Jade E-Services Philippines, Inc.. 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, 63, has served as an independent director of the Club since September 25, 2021. 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.

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

All of the incumbent directors.

Incumbent Corporate Officers

Augusto D. Bengzon*	Chairman
Joseph Carmichael Z. Jugo*	President
Paullolindo A. Elauria*	Vice President
Desiree Joy C. Suarez-Miranda	Treasurer
Jose P. Dagdagan	General Manager
Neal C. Perez	Compliance Officer & Finance Director
Solomon M. Hermosura	Corporate Secretary
Maria Paula G. Romero-Bautista	Assistant Corporate Secretary
Amelia Ann T. Alipao	Data Protection Officer

**Members of the Board of Directors*

Desiree Joy C. Suarez-Miranda, Filipino, 38, has served as the Treasurer of the Club since September 25, 2021. She also served as the Compliance Officer of the Club from September 25, 2021 to November 11, 2021. Concurrently, she serves as Director, Treasurer and Chief Finance Officer of Ayala Hotels, Inc., AyalaLand Club Management, Inc., and Verde Golf Development Corporation; Director and Chief Finance Officer of Ayala Land Sales, Inc., OLC Development Corporation and SouthPortal Properties, Inc.; Chief Finance Officer and Comptroller of Ayala Greenfield Development Corporation and Ayala Greenfield Golf & Leisure Club, Inc.; and Chief Finance Officer of AyalaLand Premier, Inc. and Anvaya Environmental Foundation, Inc.. Prior to joining Ayala Land, Inc., she worked at SyCip Gorres Velayo & Co. She graduated from the University of Santos Tomas with a degree in Bachelor of Science in Accountancy and placed 19th in the Certified Public Accountants' Board Exam.

Jose P. Dagdagan, Filipino, 68, 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 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.

Neal* C. *Perez, Filipino, 49, has served as the Compliance Officer and Finance Director of the Club since November 11, 2021. He has multiple certifications, both local and international, namely: Certified Public Accountant (CPA), Certified Management Accountant (CMA), Certified Internal Auditor (CIA), Certified Forensic Accountant (CrFA), Certified Internal Controls Auditor (CICA) and Certification in Risk Management Assurance (CRMA). He has an impeccable professional track record as Finance and Compliance Director, Finance Controller, Finance Manager and Internal Auditor in various sectors including hospitality, gaming, real estate, utilities, consumer electronics and government services. As an ISO Quality Management Representative (QMR), he successfully initiated and implemented the ISO 9001 Quality Management System (QMS) program in frontline services and back office functions. Mr. Perez holds a Master's Degree in Business Management from the University of the Philippines - Diliman and double Bachelor's Degrees in Commerce and Accountancy from Saint Louis University where he graduated Magna Cum Laude and Cum Laude, respectively.

Solomon M. Hermosura, Filipino, 60, has served as the Corporate Secretary of the Club since its incorporation. He is a Senior Managing Director, Group Head of Corporate Governance, Chief Legal Officer, Compliance Officer, Data Protection Officer, and Corporate Secretary of Ayala Corporation. He has been a member of the Ayala Corporation Management Committee since 2009 and the Ayala Group Management Committee since 2010. 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., and as Corporate Secretary and member of the Boards 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.

Maria Paula G. Romero-Bautista, Filipino, 38, has served as Assistant Corporate Secretary of the Club since September 28, 2018. She is a Senior Counsel at Ayala Group Legal, 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, 59, has served as Data Protection Officer of the Club since September 26, 2020. She is currently a Vice President and the Chief Information Officer (CIO) of Ayala Land Inc. She is also the Group Data Protection Officer for ALI Group of Companies and presently a member of the Data Privacy Council for Real Estate of the National Privacy Commission. She is a Director of APRISA Business Process Solutions, Inc. and HCX Technology Partners Inc.. She is currently a member of the ALI Corporate Bidding Committee. She previously occupied this role in 2009-2011 and acted as Chairperson. Before joining ALI, she took on dual roles in SAP Philippines as Account Manager, handling government accounts, and project manager for SAP Implementation. She served as Assistant Vice President in Coca-Cola Bottlers Philippines, Inc., where she held various IT systems implementation projects. She started her IT career as an IT Instructor in I/Act of SyCip Gorres Velayo & Co. She holds a Bachelor of Arts in Biology and a Bachelor of Science in Business Management from De La Salle University.

ANNEX B-1

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GEORGE EDWIN T. LEE,** Filipino, of legal age and a resident of 358 G. Araneta Avenue, Brgy. Dona 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.**, (the "Corporation") for its Annual Stockholders' Meeting on September 30, 2022 and have been its Independent Director since January 2020.

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

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Armstrong Realty Investments, Inc.	President	1990 to present
Sta. Elena Golf & Country Club	Director Member, Membership Committee	2008 to present
Perla Insurance	Director	2011 to present
Greenhills West Association, Inc.	Director	2018 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 qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided in Section 38 of the Securities Regulations Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
N.A.		

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 the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this __________ day of AUG 08 2022, at MAKATI CITY.

GEORGE EDWIN T. LEE
Affiant

SUBSCRIBED AND SWORN to before me this ______ day of AUG 08 2022 at MAKATI CITY, affiant personally appeared before me and exhibited to me his Passport No. P6063008B issued on 08 January 2021 at DFA NCR Central.

Doc No. 448;
Page No. 91;
Book No. XLV;
Series of 2022.

Makati 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. 8852355MJ – 01/03/2022 - Makati City
MCLE Compliance No. VII – 0000267 – 07/30/2019
4th Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

ANNEX B-1

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.**, (the "Corporation") for its Annual Stockholders' Meeting on September 30, 2022 and have been its Independent Director since September 2021.

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
Ateneo de Manila University Board of Trustees	Chairperson/Member	
Foundation for Economic Freedom	Board Member	
Management Association of the Philippines	Member	

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

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided in Section 38 of the Securities Regulations Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

Name of Director/Officer/ Substantial Shareholder	**Company**	**Nature of Relationship**
N.A.		

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 the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this 8th day of August, at Makati City.

BERNADINE T. SIY
Affiant

SUBSCRIBED AND SWORN to before me this ______ day of AUG 08 2022 at MAKATI CITY, affiant personally appeared before me and exhibited to me her Passport ID No. P5789993A issued on January 27, 2018, at DFA NCR Northeast.

Doc No. 449;
Page No. 91;
Book No. XLV;
Series of 2022.

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
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PTR No. 8852355MJ – 01/03/2022 - Makati City
MCLE Compliance No. VII – 0000267 – 07/30/2019
4th Floor Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines

ANNEX B-1

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.**, (the "Corporation") for its Annual Stockholders' Meeting on September 30, 2022 and have been its Independent Director since September 2021.

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
BF Jade E-Services Philippines, Inc.	Corporate Secretary	
Montivar, Inc.	Corporate Secretary	
Dueno Alegre, Inc.	President/Shareholder	
ETM Philippines Holdings, Inc.	President	
SAL Buendia Holding Corp.	Director/Corporate Secretary	

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

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation, as provided in Section 38 of the Securities Regulations Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of the Corporation and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
N.A.		

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 the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this __________ day of AUG 08 2022, at ______________________.

AGUSTIN R. MONTILLA IV
Affiant

SUBSCRIBED AND SWORN to before me this ______ day of AUG 08 2022 at MAKATI CITY, affiant personally appeared before me and exhibited to me his Passport ID No. P0898713B issued on March 24, 2019, at DFA NCR South.

Doc No. 447;
Page No. 91;
Book No. XLV;
Series of 2022.

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

ROBERTO T. ONGSIAKO
Notary Public – Makati City
Appt. No. M-149 until December 31, 2022
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Makati City, Philippines

ANNEX C

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

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 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 ₱768,038,232 in its Audited Financial Statements as of December 31, 2021.

Membership

The Club had 763 members as of June 30, 2022.

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.

In June 30, 2022, the total membership fees collected by the Club amounted to ₱42,320,000.

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.

II. Plan of Operations for the 3rd Quarter of 2022

After having seen exponential growth in volume of visitors and revenue collection in the first two quarters of the year, Quarter 3 is forecasted to produce more conservative numbers. In retrospect, the previous quarter has seen an increase in volume of visitors by 377% versus 2021 figures. The slight relaxation relative to Quarter 2 is due to seasonality especially anchored upon the onset of the monsoon season. Notwithstanding, occupancy, collection of green fees and day visit fees, club functions, rental of carts and patronage of facilities should remain more robust compared to 2021 performance.

Average monthly visits by Members and guests would not lag too far behind volume recorded in previous quarters, but it would most certainly not equal to or exceed summer data which peaked up to almost 4,000 persons. Room occupancy at the Sea Breeze Verandas during the third quarter would remain at around 30 per cent.

With the easing of COVID-19 restrictions, the Club is expecting more private functions to be booked in the coming months. When safety protocols were highly restrictive last January and February 2022, the Club only received one Club function in total. In contrast, April records have already revealed a more positive outlook as bookings have already quadrupled.

As for Club activities, the Club will be launching the second leg of the Premier League competition in July 2022 through the Molave Storm. It would gather more than a hundred Members for a whole day of play. An Invitational Basketball tournament will also be held at the Sports Complex in the month of August. It would attract about a hundred Members and guests for two days of competitions.

On the area of environmental sustainability, the Club will continue its partnership project with the Haribon Foundation. With their field professionals, the foundation will start conducting several rounds of surveys at the golf course to produce a Biodiversity Assessment Report. The Club's Sustainability Team would also be actively complying with the requirements for sustainability certification by the Golf Environment Organization.

As high rate of COVID-19 infections lingers in the country, the Club will be organizing more projects thrusted towards health and safety of staff and Club Members. Booster vaccination drives and health seminars are scheduled for the third quarter.

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 119 employees as of June 30,2022.

III. Results of Operations and Financial Conditions

For the 2nd Quarter 2022

The Club posted Revenues of ₱115.20 million for the period ended June 30,2022, significantly higher by ₱63.76 million or 123.96% compared to same period last year.

- Membership Dues slightly grew by ₱2.19 million or 5.46% to ₱42.32 million (36.74% of the Total Club Revenues).

- Service Income amounted to ₱40.80 million (35.42% of the Total Revenues), ₱36.91 million higher than the ₱3.89 million generated in the same period of 2021.

- Sale of Goods recorded at ₱27.66 million (24.01% of Total Revenues), increased by ₱25.38 million or 1,114% compared to same period last year.

- Transfer fee recorded at ₱4.42 million (3.84% of Total Revenues) from ₱5.14 million or 14.06% lower compared to same period of previous year.

Total Cost and Expenses for the period registered at ₱112.51 million, an increase of ₱33.66 million or 42.69% against same period last year. The increase in cost were attributed to the following:

- Cost of Services recorded at ₱66.96 million (59.52% of the Total Cost and Expenses), higher by ₱18.32 million or 37.67% compared to same period last year.

- Cost of Sales increased by 262.11% to ₱16.01 million (14.23% of the Total Cost and Expenses).

- General and Administrative Expenses amounted to ₱29.53 million (26.25% of Total Cost and Expenses), higher by 14.52% compared to the same period of prior year.

Interest Income for the period amounted to ₱17,084 (0.01% of the Total Revenues) higher by ₱4,652 or 37.43% compared to previous period.

Miscellaneous income recorded at ₱2.30 million, 114.19% higher compared to same period last year.

Provision for Income Tax computed at ₱2,858, higher as compared to ₱1,631 last year.

Financial Condition – June 30, 2022 versus December 31, 2021

Total Assets amounted to ₱907.49 million as of June 30,2022, higher by ₱15.50 million or 1.74% compared to December 31, 2021. Changes were attributed to the following:

- Cash increased to ₱28.27 million (3.11% of Total Assets) from ₱22.58 million as of December 31, 2021.

- Financial asset at FVPL recorded at ₱2.85 million (0.31% of the Total Assets). The decrease in the fund was due to the transfer of the investment in the intercompany lending.

- Accounts and other receivables amounted to ₱34.37 million (3.79% of the Total Assets). A decrease of ₱0.66 million or 1.88% compared to ₱35.03 million of previous year.

- Receivables from related parties increased to ₱52.60 million (5.80% of the Total Assets) from previous year of ₱11.94 million. The recorded increase was mainly due to the transfer of the fund from financial assets at FVPL to intercompany lending.

- Inventories recorded at ₱1.79 million (0.20% of Total Assets), higher by 4.70% compared to ₱1.71 million of previous year.

- Other current assets recorded at ₱31.88 million (3.51% of Total Assets), increased by ₱4.83 million or 17.83% compared to last year.

- Property and equipment, net of depreciation at ₱754.61 million (83.15% of Total Assets), lower by ₱13.43 million compared to December 31,2021.

- Advances and other noncurrent assets amounted to ₱1.12 million (0.12% of Total Assets), lower by ₱ 1.75 million or 61% compared to previous year of ₱2.88 million.

Total Liabilities of the Club increased to ₱181.26 million (19.97% of Total Liabilities and Member's Equity), ₱10.49 million or 6.14% higher compared to ₱170.77 million last year. The changes were attributed to the following:

- Accounts and other payables amounted to ₱56.74 million (6.25 % of Total Liabilities and Member's Equity), increased by ₱12.98 million or 29.65% compared to last year of ₱43.76 million.

- Contract liabilities at ₱24.27 million (2.67% of Total Liabilities and Member's Equity), ₱3.23 million or 15.37% higher than previous year.

- Payables to related parties decreased to ₱98.22 million (10.82% of Total Liabilities and Member's Equity), ₱6.03 million or 5.78% lower compared to previous period.

- Pension liability at ₱1.68 million, higher by ₱0.31 million or 22.49% compared to previous year.

Cash Flows – Period Ended June 30, 2022 vs. June 30, 2021

- The Club generated ₱25.75 million net cash flows from operating activities at the end of June 30, 2022.

- Cash at the end of the period recorded at ₱28.27 million, higher by ₱10.33 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 30,2022 increased to 85% compared from 72% as of end of 2021. Quick ratio is likewise slightly higher by 11% compared to last year. Debt-Equity Ratio was at 25%, slightly higher compared to 24% as of December 31, 2021. Asset to Equity ratio computed at 125% as of June 30,2022. The Club has a net profit (loss) margin of 4% as against (51%) of the same period last year.

		June 30,2022	Dec 31,2021
CURRENT RATIO =	Current Asset	151,759,929	121,080,155
	Current Liabilities	179,233,650	169,054,433
		0.85:1	0.72:1
QUICK RATIO =	Quick Asset	118,088,850	92,314,473
	Current Liabilities	179,233,650	169,054,433
		0.66:1	0.55:1
DEBT-EQUITY RATIO =	Total Debt	181,255,342	170,767,480
	Total Equity	726,238,873	721,227,509
		0.25:1	0.24:1
ASSET TO EQUITY RATIO =	Total Asset	907,494,215	891,994,989
	Total Equity	726,238,873	721,227,509
		125%	124%
		June 30	
		2022	2021
NET INCOME MARGIN =	Net Loss	5,011,364	- 26,325,299
	Revenue	115,202,356	51,438,901
		4%	-51%

Discussion and Analysis of Material Events and Uncertainties Known to Management

We confirm that there have been no events, including events related to COVID-19 pandemic, subsequent to the period end which require adjustment of or disclosure in the financial statements that would address the past and would have impact on the future operations on the following:

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

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

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

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

5. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales/revenues/income from continuing operations.

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.

Plan of Operation for the 3rd Quarter 2022

After having seen exponential growth in volume of visitors and revenue collection in the first two quarters of the year, Quarter 3 is forecasted to produce more conservative numbers. In retrospect, the previous quarter has seen an increase in volume of visitors by 377% versus 2021 figures. The slight relaxation relative to Quarter 2 is due to seasonality especially anchored upon the onset of the monsoon season. Notwithstanding, occupancy, collection of green fees and day visit fees, club functions, rental of carts and patronage of facilities should remain more robust compared to 2021 performance.

Average monthly visits by Members and guests would not lag too far behind volume recorded in previous quarters, but it would most certainly not equal to or exceed summer data which peaked up to almost 4,000 persons. Room occupancy at the Sea Breeze Verandas during the third quarter would remain at around 30 per cent.

With the easing of COVID-19 restrictions, the Club is expecting more private functions to be booked in the coming months. When safety protocols were highly restrictive last January and February 2022, the Club only received one Club function in total. In contrast, April records have already revealed a more positive outlook as bookings have already quadrupled.

As for Club activities, the Club will be launching the second leg of the Premier League competition in July 2022 through the Molave Storm. It would gather more than a hundred Members for a whole day of play. An Invitational Basketball tournament will also be held at the Sports Complex in the month of August. It would attract about a hundred Members and guests for two days of competitions.

On the area of environmental sustainability, the Club will continue its partnership project with the Haribon Foundation. With their field professionals, the foundation will start conducting several rounds of surveys at the golf course to produce a Biodiversity Assessment Report. The Club's Sustainability Team would also be actively complying with the requirements for sustainability certification by the Golf Environment Organization.

As high rate of COVID-19 infections lingers in the country, the Club will be organizing more projects thrusted towards health and safety of staff and Club Members. Booster vaccination drives and health seminars are scheduled for the third quarter.

E. Satisfaction of cash requirements and fund-raising plans

<u>Operating Cash Requirement</u>

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.

F. 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.

G. Purchase or sale of plant and significant equipment

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

H. Significant changes in the number of employees

The Club has already hired 119 employees as of June 30,2022.

2021 vs 2020

<u>Results of Operations</u>

Total club revenues were recorded at ₱112.74 million for the year ended 2021, higher by ₱3.90 million or 3.58% as compared to previous year.

- Membership dues recorded at ₱80.90 million or 71.75% of the total revenues, higher by ₱0.98 million or 1.23% as compared to last year.

- Service income amounted to ₱13.62 million or 12.08% of total revenues, decreased by ₱1.00 million or 6.82% as compared to last year.

- Sale of goods totaled ₱10.32 million or 9.16% of total club revenues, higher by ₱2.61 million or 33.84% as compared to last year.

- Transfer fee for the period reached ₱7.90 million or 7.01% of the total revenues, higher by ₱1.30 million. This refers to required fee for the processing of change of ownership and nominees.

Total cost and expenses for the year was recorded at ₱152.91 million which was ₱6.15 million higher as compared last year.

- Cost of services recorded at ₱89.52 million or 58.54% of the total cost and expenses. Higher by ₱1.02 million or 1.15% compared to previous year of ₱88.50 million.

- Cost of sales recorded at ₱10.33 million or 6.75% of total cost and expenses, almost in line with prior year of ₱10.43 million.

- General and administrative expenses amounted to ₱53.06 million or 34.70% of total cost and expenses. Higher by ₱5.24 million or 10.95% as compared to previous year.

Other Income, 12.78% of total revenues, recorded at ₱14.41 million. Higher by ₱11.02 million or 329.43%

- A decrease in the interest income for the year ended 2021, recorded at ₱25,734 or 0.02% of total club revenues, lower by ₱0.14million or 84.38% as compared to last year.

- Miscellaneous income recorded at ₱14.38 million or 12.76 % of the total club revenues, increased by ₱11.16 million or 346.27% compared to previous year

Provision for income tax computed at ₱3,512, lower by ₱12,818 as compared to the previous year. Other comprehensive gain recorded at ₱329,775.

Financial Condition

Total assets amounted to ₱892.0 million which was lower by ₱19.06 million or 2.09 % as compared to previous year. The changes were attributed to the following major components:

- Cash and cash equivalent which amounted to ₱22.58 million or 2.53% of the total assets. Recorded an increase of ₱12.79 million or 130.57% compared to previous year.

- Financial asset at fair value was recorded at ₱22.77 million or 2.55% of the total assets, higher by ₱0.26 million or1.15% as compared to previous year.

- Accounts and other receivables recorded at P35.03million or 3.93% of the total assets, decreased by ₱2.71 million or 7.18% compared to last year.

Receivables from related parties computed at ₱11.94 million, 1.34% of the total assets, recorded an increase of ₱0.69 million or 6.18% compared to previous year.

- Inventories recorded at ₱1.71 million or 0.19% of total asset, increased of ₱0.51 million or 42.81% from ₱1.20 million of previous year.

- Other current asset of ₱27.06 million, 3.03% of total sales, higher by ₱3.87 million or 16.71% as compared to 2020.

- Property and equipment recorded at ₱768.04 million or 86.10% of the total assets. There was a decrease of ₱34.90 million or 4.35% as compared to previous year.

As of the year ended 2021, advances and other noncurrent asset recorded at ₱2.88 million, higher by ₱0.43 million or 17.41% compared to previous year.

Total liabilities of the club amounted to ₱ 70.77 million or 19.14% of Total Liabilities and Member's Equity. There was an increase of ₱6.38 million or 3.88% as compared to last year's Pl 64.39 million. The changes were attributed to the following major components:

- A decrease of ₱6.06 million in accounts and other payables or 12.17% as compared to previous year.

- Contract liabilities, 2.36% of total liabilities and equity, amounted to ₱21.04 million, higher by 40.17% as compared to CY 2020.

- Recorded an increase of ₱6.39 million or 6.53% as of December 31,2021 on payable to related parties compared to previous year.

Statement of Cash Flow

- Cash provided by operating activities for the year ended 2021 was recorded at ₱15.31 million.

- At the end of the year 2021, the cash balance amounted to ₱22.60 million.

Key Performance Indicators

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

	2021	2020
l. Current Ratios	**71.62%**	64.95%
2. Quick Ratios	**54.61%**	49.96%
3. Asset-to-Equity Ratio	**123.68%**	122.02%
4. Net Income Margin	**(22.86%)**	(31.74%)
5. Return on Total Assets	**(2.86%)**	(3.71%)
6. Return on Equity	**(3.51**%)	(4.52%)

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.

	2021	**2020**
Current Ratios		
Current Assets	₱121,080,158	₱105,666,493
Current Liabilities	169,054,437	162,699,872
	71.62%	**64.95%**

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.

	2021	2020
Quick Ratios		
Quick Assets	₱92,314,475	₱81,286,164
Current Liabilities	169,054,437	162,699,872
	54.61%	**49.96%**

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.

	2021	2020
Asset-to-Equity Ratio		
Total Assets	₱891,994,993	₱911,052411
Total Equity	721,227,509	746,664,017
	123.68%	**122.02%**

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.

	2021	2020
Net Income (Loss) Mar2in		
Net income (loss) after tax	(₱25,766,283)	(₱34,546,379)
Revenue	112,737 814	108,840,555
	(22.86%)	**(31.74%)**

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.

	2021	2020
Return on Total Assets		
Net income (loss) after tax	(₱25 766 283)	(₱34,546,379)
Total Assets - Current year	891,994,993	911,052,411
Total Assets - Prior year	911,052.411	951,920 038
Average Total Assets	901,523,702	931,486,225
	(2.86%)	**(3.71%)**

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.

	2021	2020
Return on Equity		
Net income (loss) after tax	(₱25 766 283)	(₱34,546,379)
Total Assets - Current year	721,227,509	746,664,017
Total Assets - Prior year	746,664,017	781,256,596
Average Total Assets	733,945,763	763,960,307
	(3.51%)	**(4.52%)**

(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 P763.88 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 numb er of employees

The Club already has 130 hired employees as of December 2021.

Others

As of the year ended December 31, 2021, 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 revenue s 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.

2020 vs 2019

Results of Operations

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

Results of Operations

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.

Financial Condition

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.

<u>Statement of Cash Flow</u>

- 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.

<u>Key Performance Indicators</u>

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.

(c) **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.

(d) **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.

(e) **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:

(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 Novel Coronavirus (NCov) in mainland China 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.

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 2021, and quarter reports for the period March 31, 2022 and June 30, 2022 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: Mr. Neal C. Perez
Compliance Officer & Finance Director

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 2020, 2021 and 2022:

Quarter of Fiscal Year	Class A Share Price	Class B Share Price	Class C Share Price	Class D Share Price
Q1 2020	N.A.	₱1,900,000	₱2,400,000	N.A.
Q2 2020	N.A.	₱1,900,000	₱2,400,000	N.A.
Q3 2020	N.A.	₱1,900,000	₱2,400,000	N.A.
Q4 2020	N.A.	₱1,900,000	₱2,400,000	N.A.
Q1 2021	N.A.	₱1,900,000	₱2,400,000	N.A.
Q2 2021	N.A.	₱1,900,000	₱2,400,000	N.A.
Q3 2021	N.A.	₱1,900,000	₱2,400,000	N.A.
Q4 2021	N.A.	₱1,950,000	₱2,450,000	N.A.
Q1 2022	N.A.	₱1,950,000	₱2,450,000	N.A.
Q2 2022	N.A.	₱2,300,000	₱2,800,000	N.A.

As of the end of July 31, 2022, the Club has sold the following number of shares:

Share	**Volume**	**Value**
Class A	5,420	₱137,793,900
Class B	2,846	71,993,500
Class C	154	3,839,600
Total	**8,420**	**₱213,627,000**

(b) Holders

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

Class A Shares

There were 16 registered holders of Class A shares of the Corporation as of July 31, 2022.

	Stockholder Name	No. of Class A shares	Percentage of Class A shares
1.	Ayala Land, Inc.	4,324	79.7786%
2.	Subic Bay Development and Industrial Estate Corp.	1,082	19.9631%
3.	Purisimo S. Buyco	1	0.0185%
4.	Bernardine T. Siy	1	0.0185%
5.	Jaime E. Ysmael	1	0.0185%

6.	Paolo O. Viray	1	0.0185%
7.	Joseph Carmichael Z. Jugo	1	0.0185%
8.	Emilio Lolito J. Tumbocon	1	0.0185%
9.	George Edwin T. Lee	1	0.0185%
10.	Robert S. Lao	1	0.0185%
11.	Augusto D. Bengzon	1	0.0185%
12.	Jocelyn F. de Leon	1	0.0185%
13.	Augustin R. Montilla IV	1	0.0185%
14.	Paullolindo A. Elauria	1	0.0185%
15.	Dante M. Abando	1	0.0185%
16.	George Bernard L. Cadhit	1	0.0185%

Class B Shares

There were 719 registered holders of Class B shares of the Corporation as of July 31, 2022.

	Stockholder Name	No. of Class B shares	Percentage of Class B shares
1.	Ayala Land, Inc.	1,915	67.2874%
2.	Subic Bay Development and Industrial Estate Corp.	213	7.4842%
3.	Others	718	25.2284%

Class C Shares

There were 43 registered holders of Class C shares of the Corporation as of July 31, 2022.

	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.	6	3.8961%
3.	Others	42	27.2727%

(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 was no sale of unregistered securities of the Club nor the issuance of securities of the Club constituting an exempt transaction since the date of incorporation of the Club up to the present.

(e) Corporate Governance

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

The evaluation system which was established to measure or detern1ine 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 Club's Revised Manual of Corporate Governance to the Securities and Exchange Commission.

To ensure good governance, the Board establishes the vision, strategic objectives, key policies, and procedures for the management of the Club, as well as the mechanism for monitoring and evaluating Management' s perfo1mance. The Board also ensures the presence and adequacy of internal control mechanisms for good governance.

In 2021, the Club deviated from the following recommendations of Code of Corporate Governance for Public Companies and Registered Issuers for the reasons stated below:

No.	Recommendation/s	Explanation/s
1.3.3	The company has relevant annual continuing training for all directors.	More than majority of the Directors of the Company have attended relevant trainings. However, a few have not completed their trainings for the year 2021. Nonetheless, the Company ensures that the directors are well-informed of the best corporate governance practices and policies of the Company and that the CG Manual has been likewise made available to them. Below is the link the Certificates of the Directors who have undergone relevant trainings.
2.11.3	The Board Charter is publicly available.	In 2021, the Charters are not yet available in the Company's website. Nonetheless, the updating of the website is ongoing and the Company endeavors to make publicly available the Charters of the Board as well as the various Committees. *Status: The Board Charter is already available for viewing and download from the Club's website - https://anvayacove.com/golf-sports-club/wp-content/uploads/2022/06/ACGSCI-Board-Charter.pdf*
3.4	The Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	The risk oversight functions are being performed by the Audit and Risk Oversight Committee, and not through a separate committee. Consistent with the Code of Corporate Governance for Public Companies and Registered Issuers, considering the size and risks of the businesses and transactions

		entered into by the Company, the Company finds that there is no necessity for a separate Risk Oversight Committee and that the current members of the Audit and Risk Oversight Committee are more than qualified to perform such functions as well.
	The BROC is composed of at least three (3) members, the majority of whom should be independent directors, including the Chairperson.	
	At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	
7.1	The Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of board members.	The Company shall endeavor to have its Code of Business Ethics adopted at the soonest possible time. The CG Manual has provided for a stipulation on the adoption of the Code of Business Conduct and Ethics to be disseminated to all members of the Board and the Company's employees. Nonetheless, the Board is likewise guided by the CG Manual on their roles and responsibilities which also include how they should conduct themselves guided by the principles of professional and ethical behavior.
	The Code is properly disseminated to the members of Board.	
	The Code is disclosed and made available to the public through the company website.	
7.2	The Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Since the Company has no Code of Business Conduct and Ethics yet, the Company has yet to implement and monitor the same. Nonetheless, the Company has internal controls with regard proper employee conduct and decorum especially considering that the Company provides services to its stockholders and members.
8.4.3	The company's ACGR is posted on the company website.	This will be the first ACGR to be submitted by the Company. But the Company endeavors to make the ACGR publicly available through its website.
15.2	The Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Business Conduct and Ethics.	The Company has yet to establish is anti-corruption policy and Code of Business Conduct and Ethics. Nonetheless, the Company promotes an environment that fosters and maintains a high level of self-discipline among all employees.
	The Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	

The Club is taking further steps to enhance adherence to principles and practices of good corporate governance.

Anvaya Cove
Golf & Sports Club

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Anvaya Cove Golf & Sports Club, Inc.** (the Club) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, in accordance with the Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors (BOD) is responsible for overseeing the Club's financial reporting process.

The BOD reviews and approves the financial statements including the schedules attached therein, and submits the same to the members.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the members for the periods December 31, 2021 and 2020, has audited the financial statements of the Club in accordance with Philippine Standards on Auditing, and in its report to the members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Augusto D. Bengzon	**Joseph Carmichael Z. Jugo**	**Desiree Joy C. Miranda**
Chairman of the Board	President	Treasurer

Anvaya Cove Golf & Sports Club
Morong, Bataan, Philippines 2108
Tel. (02) 943-4400
Email: golfbilling@anvayacove.com

ANVAYA COVE
Golf & Sports Club

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
Makati City) SS.

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

Anvaya Cove Golf and Sports Club, Inc.
represented by:

Name	Passport No.	Date & Place of Issue
Augusto D. Bengzon	P4323352B	Jan. 8, 2020/DFA NCR East
Joseph Carmichael Z. Jugo	P6459871A	Apr. 7, 2018/ DFA, Manila
Desiree Joy C. Suarez-Miranda	P3870098B	Nov. 17, 2019/DFA NCR East

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

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

Doc. No. 114 ;
Page No. 24 ;
Book No. XXX ;
Series of 2022.

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

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

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

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	0	1	4	9	1	9

COMPANY NAME

ANVAYA COVE GOLF AND SPORTS CLUB, INC.

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

Anvaya Cove, Morong, Bataan

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	943-4400	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
763	9/26	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Neal Perez	perez.neal@anvayacove.com	943-4400	0917 513 5248

CONTACT PERSON's ADDRESS

Anvaya Cove, Morong, Bataan

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

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

SGV
Building a better working world

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

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

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, 2021 and 2020, and the statements of comprehensive loss, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Club as at December 31, 2021 and 2020, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Club's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Club to cease to continue as a going concern.

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

March 2, 2022

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

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash (Note 4)	**₱22,577,157**	₱9,792,001
Financial assets at fair value through profit or loss (FVPL; Note 5)	**22,767,760**	22,509,379
Accounts and other receivables (Note 6)	**35,031,881**	37,741,942
Receivables from related parties (Note 17)	**11,937,677**	11,242,842
Inventories (Note 7)	**1,708,492**	1,196,373
Other current assets (Note 8)	**27,057,191**	23,183,956
Total Current Assets	**121,080,158**	105,666,493
Noncurrent Assets		
Property and equipment – net (Note 9)	**768,038,232**	802,935,769
Advances and other noncurrent assets (Note 8)	**2,876,603**	2,450,149
Total Noncurrent Assets	**770,914,835**	805,385,918
TOTAL ASSETS	**₱891,994,993**	911,052,411
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 10)	**₱43,764,674**	₱49,829,168
Contract liabilities (Note 12)	**21,036,677**	15,008,008
Payables to related parties (Note 17)	**104,253,086**	97,862,696
Total Current Liabilities	**169,054,437**	162,699,872
Noncurrent Liabilities		
Pension liability (Note 15)	**1,372,200**	1,457,600
Deferred tax liability (Notes 15 and 16)	**340,847**	230,922
Total Noncurrent Liabilities	**1,713,047**	1,688,522
Total Liabilities	**170,767,484**	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)	**868,593**	538,818
Deficit (Note 11)	**(257,151,484)**	(231,385,201)
Total Equity	**721,227,509**	746,664,017
TOTAL LIABILITIES AND EQUITY	**₱891,994,993**	₱911,052,411

See accompanying Notes to Financial Statements

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

	Years Ended December 31		
	2021	2020	2019
REVENUE (Note 12)			
Membership dues	**₱80,895,000**	₱79,915,000	₱77,635,500
Service income	**13,620,801**	14,617,884	55,745,034
Sale of goods	**10,324,691**	7,713,921	30,273,150
Transfer fees	**7,897,322**	6,593,750	5,678,572
	112,737,814	108,840,555	169,332,256
COSTS AND EXPENSES (Note 14)			
Cost of services	**89,519,845**	88,503,399	125,845,280
Cost of sales	**10,325,560**	10,427,728	27,752,653
General and administrative expenses	**53,064,784**	47,827,356	54,942,321
	152,910,189	146,758,483	208,540,254
OTHER INCOME			
Interest income (Notes 4, 6, 17 and 19)	**25,734**	164,767	1,527,745
Miscellaneous income (Note 13)	**14,383,870**	3,223,112	4,098,096
	14,409,604	3,387,879	5,625,841
LOSS BEFORE INCOME TAX	**25,762,771**	34,530,049	33,582,157
PROVISION FOR INCOME TAX (Note 16)	**3,512**	16,330	30,636
NET LOSS	**25,766,283**	34,546,379	33,612,793
OTHER COMPREHENSIVE LOSS			
Item that will not be reclassified to profit or loss:			
Remeasurement loss (gain) on pension liability - net of tax (Note 15)	**(329,775)**	46,200	94,040
TOTAL COMPREHENSIVE LOSS	**₱25,436,508**	₱34,592,579	₱33,706,833

See accompanying Notes to Financial Statements

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

	Years Ended December 31		
	2021	2020	2019
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	**538,818**	585,018	679,058
Net changes during the year	**329,775**	(46,200)	(94,040)
Balance at the end of the year	**868,593**	538,818	585,018
DEFICIT (Note 11)			
Balance at beginning of year	**(231,385,201)**	(196,838,822)	(163,226,029)
Net loss	**(25,766,283)**	(34,546,379)	(33,612,793)
Balance at end of year	**(257,151,484)**	(231,385,201)	(196,838,822)
	₱721,227,509	₱746,664,017	₱781,256,596

See accompanying Notes to Financial Statements

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

	Years Ended December 31		
	2021	2020	2019
OPERATING ACTIVITIES			
Loss before income tax	**(₱25,762,771)**	(₱34,530,049)	(₱33,582,157)
Adjustments for:			
Depreciation (Notes 9 and 14)	**36,997,483**	39,060,004	41,893,230
Net movement in pension liability (Note 15)	**354,300**	330,400	256,640
Unrealized gain on financial assets at FVPL (Notes 5, 13 and 17)	**(258,381)**	(537,271)	(82,326)
Interest income (Notes 4, 6, 17 and 19)	**(25,734)**	(164,767)	(1,527,745)
Gain on disposal of property and equipment (Note 9)	**–**	(94,500)	–
Operating income before working capital changes	**11,304,897**	4,063,817	6,957,642
Decrease (increase) in:			
Accounts and other receivables	**2,710,061**	2,768,846	(2,502,277)
Receivables from related parties	**(694,835)**	1,042,947	1,144,955
Inventories	**(512,119)**	663,911	1,320,460
Advances and other noncurrent assets	**(426,454)**	(823,281)	(1,170,618)
Other current assets	**(3,873,235)**	(3,738,217)	1,796,977
Increase (decrease) in:			
Accounts and other payables	**(6,064,494)**	1,535,637	(1,104,739)
Contract liabilities	**6,028,669**	(875,489)	4,752,157
Payables to related parties	**6,390,390**	(7,311,796)	(8,140,734)
Net cash from (used in) operations	**14,862,880**	(2,673,625)	3,053,823
Interest received	**25,734**	164,767	1,527,745
Income tax paid	**(3,512)**	(16,330)	(30,636)
Net cash from (used in) operating activities	**14,885,102**	(2,525,188)	4,550,932
INVESTING ACTIVITIES			
Additions to:			
Property and equipment (Note 9)	**(2,099,946)**	(4,080,736)	(4,919,017)
Financial assets at FVPL (Note 5)	**–**	(20,000,000)	–
Proceeds from:			
Disposal of property and equipment (Note 9)	**–**	94,500	–
Net cash used in investing activities	**(2,099,946)**	(23,986,236)	(4,919,017)
FINANCING ACTIVITY			
Collection of loans to a related party (Note 19)	**–**	20,000,000	–
NET INCREASE (DECREASE) IN CASH	**12,785,156**	(6,511,424)	(368,085)
CASH AT BEGINNING OF YEAR	**9,792,001**	16,303,425	16,671,510
CASH AT END OF YEAR (Note 4)	**₱22,577,157**	₱9,792,001	₱16,303,425

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.

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 75.39% owned by Ayala Land, Inc. (ALI). ALI's parent company is Ayala Corporation (AC), a publicly-listed company. Both ALI and AC are publicly-listed companies incorporated in the Republic of the Philippines.

Prior to 2012, the Club is exempt from payment of income tax on income received from social, recreational, and athletic activities on a nonprofit basis provided that no part of the Club's income shall inure to the benefit of any of its members, trustees and officers. Under Section 30 (E) of the Tax Reform Act of 1997, an organization organized for recreational, sports and athletic activities shall be exempt from payment of income tax on income received from aforementioned activities.

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

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

The 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 March 2, 2022.

Status of Operations

The Club incurred net losses amounting to ₱25,766,283 and ₱34,546,379 in 2021 and 2020, respectively, resulting in deficit amounting to ₱257,151,484 and ₱231,385,201 as of December 31, 2021 and 2020, respectively. Also, the Club's current liabilities exceeded its total current assets by ₱47,974,279 and ₱57,033,379 as of December 31, 2021 and 2020, respectively.

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

The Club's plan for future action is to:

a. effective cost-reduction strategies, including flexible working arrangements and reduced work hours, determining the optimum manpower requirement, as well as offering early retirement to eligible employees.
b. implement effective cash conservation efforts by maximizing credit terms provided by suppliers and creditors.
c. optimize revenue streams during peak periods and offer promotional rates during lean seasons.

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

2. Basis of Preparation, Statement of Compliance, Changes in Accounting Policies and 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 in 2021. The Club has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

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

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

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

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

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

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

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

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

  The Club shall also disclose information about:

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

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

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

Effective beginning on or after January 1, 2023
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

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

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

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

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

Current versus Noncurrent Classification
The Club presents assets and liabilities in the 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 initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and FVPL.

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

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model.

The Club's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

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

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

Financial assets at FVPL
Financial assets at FVPL are carried in the 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).

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

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

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

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

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

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

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

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

The Club considers a receivable in default when contractual payments are 120 days past due. However, in certain cases, the Club may also consider a receivable to be in default when internal or external information indicates that the Club is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Club. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Advances and other noncurrent assets

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

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

Property and equipment

The Club assesses at each reporting date whether there is an indication that property and equipment may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Club estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value-in-use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

Pension Costs

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

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

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

Contract liabilities

A contract liability is recognized if a payment is received or payment is due (whichever is earlier) from a customer before the Club transfers the related goods or services. Contract liabilities are recognized as revenue when the Club performs under the contract. Membership dues and consumables collected in advance are recognized as contract liabilities in the statements of financial position.

Other Income Recognition

Interest income

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

Miscellaneous income

Miscellaneous income pertains to ancillary services provided by the Club such as laundry, 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 Club assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of low-value assets

The Club applied the lease of low-value assets recognition exemption to its lease of office equipment that are considered to be low value. Lease payments on lease of low-value assets is recognized as expense on a straight-line basis over the lease term.

Taxes

Current income tax

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

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

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

Uncertainty over income tax treatments
The Club assesses at the end of each reporting period whether it has any uncertain tax treatments by reviewing the assumptions about the examination of tax treatments by the taxation authority, determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and

considering changes in relevant facts and circumstances. The Club then evaluates how likely is it that a certain tax treatment will be accepted by the taxation authority. If it is probable that the taxation authority will accept a certain tax treatment, the Club concludes that it has no uncertain tax treatment and will measure tax amounts in line with the income tax filings. If it is not probable that the taxation authority will accept a certain tax treatment, the Club measures tax amounts based on the 'most likely amount' method (better predicts uncertainty if the possible outcomes are binary or are concentrated on one value) or 'expected value' method (better predicts uncertainty if there is a range of possible outcomes that are neither binary nor concentrated on one value). The Club presents uncertain tax liabilities as part of current tax liabilities or deferred tax liabilities.

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. When the Club expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

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

3. Significant Accounting Judgments and Estimates

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

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

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

and potential sources of additional financing. Management prepares the financial statements on a going concern basis as management has future plans regarding the Club, as discussed in Note 1.

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

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

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

- The Club has the primary responsibility for providing services to the customer;

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

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

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

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

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

The provision for ECL on the Club's receivables amounted to ₱1,948,530 and nil in 2021 and 2020, respectively (see Notes 6 and 14). The carrying value of the Club's receivables amounted to ₱35,031,881 and ₱37,741,942 as of December 31, 2021 and 2020, respectively (see Note 6). The carrying value of the Club's receivables from related parties amounted to ₱11,937,677 and ₱11,242,842 as of December 31, 2021 and 2020, respectively (see Note 17).

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

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

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

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

	2021	2020
Property and equipment (Note 9)	**₱768,038,232**	₱802,935,769
Other current assets (Note 8)	**27,057,191**	23,183,956
Other noncurrent asset (Note 8)	**2,876,603**	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 December 31, 2021 and 2020 amounted to ₱1,372,200 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.

As at December 31, 2021 and 2020, the Club did not recognized deferred tax assets related on NOLCO, pension liability, allowance for ECL and MCIT totaling to ₱175,533,420 and ₱141,809,986, respectively, because the management assessed that it is likely that future taxable profits will not be sufficient to realize the carry forward benefits of the NOLCO, pension liability, allowance for ECL and MCIT (see Note 16).

4. Cash

This account consists of:

	2021	2020
Cash on hand	**₱513,418**	₱449,757
Cash in banks (Note 17)	**22,063,739**	9,342,244
	₱22,577,157	₱9,792,001

Interest income earned on cash in banks amounted to ₱17,559, ₱81,651 and ₱54,464, gross of final tax, in 2021, 2020, and 2019, respectively.

5. Financial Assets at FVPL

Below is the rollforward of financial assets at FVPL:

	2021	2020
At January 1	**₱22,509,379**	₱1,972,108
Additions	**–**	20,000,000
Unrealized gain (Note 17)	**258,381**	537,271
At December 31	**₱22,767,760**	₱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. As at December 31, 2021 and 2020, the Club has 86,415 units with total Net Asset Value of ₱22,767,760 and ₱22,509,379, respectively.

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

6. Accounts and Other Receivables

This account consists of:

	2021	2020
Trade receivables - net	**₱33,821,823**	₱36,708,802
Receivable from employees	**68,611**	50,045
Insurance claims	**47,467**	379,489
Others	**1,093,980**	603,606
	₱35,031,881	₱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. Trade receivables of the Club as at December 31, 2021 and 2020 amounted to ₱33,821,823 and ₱36,708,802, net of allowance for ECL amounting to ₱1,948,530 and nil, respectively (see Note 14).

Receivable from employees are salary loans granted to the Club's employees. These are collected through salary deduction. Interest income earned from loans to employees amounted to ₱8,175, ₱2,670 and nil in 2021, 2020 and 2019.

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:

	2021	2020
At cost:		
Food and beverage	**₱1,669,570**	₱1,044,302
Merchandise	**38,922**	152,071
	₱1,708,492	₱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):

	2021	2020	2019
Cost of sales	**₱2,981,832**	₱2,765,121	₱10,588,181
Cost of services	**27,875**	210,875	1,138,025
	₱3,009,707	₱2,975,996	₱11,726,206

Merchandise pertains to items for sale at the Club's golf pro-shop. In 2021, 2020 and 2019, cost of merchandise recognized as part of cost of sales amounted to ₱95,137, ₱91,728 and ₱381,161, respectively (see Note 14).

8. Other Assets

Other current assets

Details of this account are as follows:

	2021	2020
Input VAT	**₱16,927,141**	₱14,721,016
Creditable withholding taxes	**3,061,549**	2,901,137
Prepaid expenses	**3,000,635**	383,002
Supplies	**2,461,565**	2,632,854
Advances to suppliers	**1,606,301**	2,380,718
Deferred input VAT − current portion	**–**	165,229
	₱27,057,191	₱23,183,956

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

Prepaid expenses mainly include prepayments for maintenance, taxes and licenses, and insurance which will be amortized for three to 12 months at the end of the financial reporting period.

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.

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

Advances and other noncurrent assets

	2021	2020
Deferred input VAT − noncurrent portion	**₱1,956,175**	₱1,768,948
Advances to suppliers	**920,428**	681,201
	₱2,876,603	₱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:

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	***1,041,749***	***207,425***	***850,772***	–	**2,099,946**
Reclassifications	–	–	***107,506***	***(107,506)***	–
At December 31	**615,768,698**	**399,976,273**	**85,389,795**	**59,113**	**1,101,193,879**

(Forward)

	Land and Land Improvements	**Building and Improvements**	**Furniture, Fixtures and Equipment**	**Project in Progress**	**Total**
Accumulated Depreciation					
At January 1	**₱146,603,977**	**₱74,888,285**	**₱74,665,902**	**₱–**	**₱296,158,164**
Depreciation	**22,299,296**	**11,432,359**	**3,265,828**	**–**	**36,997,483**
At December 31	**168,903,273**	**86,320,644**	**77,931,730**	**–**	**333,155,647**
Net Book Value at December 31	**₱446,865,425**	**₱313,655,629**	**₱7,458,065**	**₱59,113**	**₱768,038,232**

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 Club's project in progress pertains to renovations of the lakefront and bar.

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

	2021	2020	2019
Cost of services	**₱35,534,920**	₱37,177,921	₱39,833,929
Cost of sales	**568,620**	702,346	837,142
General and administrative expenses	**893,943**	1,179,737	1,222,159
	₱36,997,483	₱39,060,004	₱41,893,230

The total cost of the Club's fully depreciated property and equipment that are still in use as at December 31, 2021 and 2020 amounted to ₱69,792,885 and ₱65,891,575, respectively.

There were no disposals in 2021. 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 the proceeds amounting to ₱94,500.

10. Accounts and Other Payables

	2021	2020
Trade payables	**₱11,090,772**	₱19,690,426
Accrued expenses:		
Repairs and maintenance	**12,033,030**	4,505,399
Rental	**3,759,920**	209,253
Utilities	**3,087,773**	2,054,255
Payroll	**1,798,577**	1,979,656
Contract services	**214,177**	1,970,387
Professional fees	**182,001**	282,040

(Forward)

	2021	2020
Insurance	**₱–**	₱9,463,736
Others	**1,244,684**	333,419
Funds held for environmental activities	**8,331,253**	7,007,439
Service charge payable	**528,208**	24,415
Due to employees	**410,925**	387,328
Other payables	**1,083,354**	1,921,415
	₱43,764,674	₱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. In 2021, the Club reversed the accrual for property insurance resulting in the recognition of other income amounting to ₱9,463,736 (see Note 13).

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

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.

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

Other payables 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.

11. **Equity**

The details of the number of authorized and issued shares of the Club as at December 31, 2021, 2020, and 2019 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, 2021 and 2020 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, 2021 and 2020, the total number of stockholders are 763 and 746, 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, 2021 and 2020.

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

	2021	2020
Paid-in capital	**₱213,627,000**	₱213,627,000
Additional paid-in capital	**763,883,400**	763,883,400
Deficit	**(257,151,484)**	(231,385,201)
	₱720,358,916	₱746,125,199

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.

	2021	2020	2019
Membership dues	**₱80,895,000**	₱79,915,000	₱77,635,500
Service income:			
Golf course revenue	**8,319,668**	8,744,761	26,469,098
Room accommodation	**3,998,534**	5,088,478	23,294,931
Guest fees	**1,138,393**	600,000	4,682,768
Sports complex revenue	**164,206**	184,645	1,298,237
Sale of goods:			
Food and beverages	**9,455,236**	7,274,070	28,752,627
Merchandise	**869,455**	439,851	1,520,523
Transfer fees	**7,897,322**	6,593,750	5,678,572
	₱112,737,814	₱108,840,555	₱169,332,256

Timing of Revenue Recognition
The Club has recognized revenues earned over time amounting to ₱94,515,801, ₱94,532,884 and ₱133,380,534 as of December 31, 2021, 2020 and 2019, respectively.

Revenues recognized from sale of goods and transfer fees earned at a point in time amounted to ₱18,222,013, ₱14,307,671 and ₱35,951,722 as of December 31, 2021, 2020 and 2019, respectively.

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

	2021	2020
Trade receivables (Note 6)	**₱33,821,823**	₱36,708,802
Contract liabilities (Note 10)	**21,036,677**	15,008,008

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

The movements in the contract liabilities are as follows:

	2021	2020
Balance at beginning of year	**₱15,008,008**	₱15,883,497
Additions	**63,914,058**	9,151,712
Recognized as revenue	**(57,885,389)**	(10,027,201)
Balance at end of year	**₱21,036,677**	₱15,008,008

13. Miscellaneous Income

Miscellaneous income consists of:

	2021	2020	2019
Reversal of property insurance accrual (Note 10)	**₱9,463,736**	₱–	₱–
Surcharge revenue	**2,795,315**	₱648,394	₱1,542,421
Unrealized gain on financial assets at FVPL (Notes 5 and 17)	**258,381**	537,271	82,326
Other income	**1,866,438**	2,037,447	2,473,349
	₱14,383,870	₱3,223,112	₱4,098,096

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

14. Costs and Expenses

Cost of services consists of:

	2021	2020	2019
Depreciation (Note 9)	**₱35,534,920**	₱37,177,921	₱39,833,929
Contract services	**18,847,697**	16,962,052	20,625,437
Heat, light and water	**15,302,594**	14,921,670	23,965,907
Salaries, wages and employee benefits	**8,239,025**	7,526,407	20,047,205
Repairs and maintenance	**4,303,136**	1,599,040	3,566,044
Communications	**1,623,490**	1,749,798	2,093,101
Office supplies	**854,402**	191,056	751,075
Cleaning and other supplies	**549,331**	547,922	2,191,175
Laundry	**173,414**	300,089	1,330,969
Transportation	**124,581**	385,527	1,870,612
Food and beverage (Note 7)	**27,875**	210,875	1,138,025
Representation	**12,661**	14,225	25,621
Others	**3,926,719**	6,916,817	8,406,180
	₱89,519,845	₱88,503,399	₱125,845,280

Other cost of services includes expenses such as linen, signages, and uniforms.

Cost of sales consists of:

	2021	2020	2019
Salaries, wages and employee benefits	**₱3,574,945**	₱4,409,196	₱11,434,454
Food and beverage (Note 7)	**2,981,832**	2,765,121	10,588,181
(Forward)			
Heat, light and water	**₱1,275,003**	₱715,066	₱1,308,360
Depreciation (Note 9)	**568,620**	702,346	837,142
Communication	**566,900**	401,964	194,763
Cleaning and other supplies	**377,887**	375,747	1,055,767
Merchandise (Note 7)	**95,137**	91,728	381,161
Office supplies	**45,650**	137,084	94,509
Representation	**24,408**	8,538	43,979
Transportation	**1,168**	46,350	223,929
Equipment rental	**–**	56,786	261,786
Others	**814,010**	717,802	1,328,622
	₱10,325,560	₱10,427,728	₱27,752,653

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

General and administrative expenses consist of:

	2021	2020	2019
Contract services	**₱11,008,040**	₱9,688,543	₱10,319,612
Professional and management fees	**10,127,770**	9,273,555	8,371,264
Salaries, wages and employee benefits	**8,377,219**	7,157,345	11,716,547
Security	**5,279,508**	5,957,958	6,293,833
Taxes and licenses	**4,510,027**	3,933,896	3,552,101
Corporate expense	**2,858,878**	2,740,222	2,762,537
Provision for ECL (Note 6)	**1,948,530**	–	–
Insurance	**1,528,800**	1,985,406	2,247,902
Collection charges	**1,418,601**	1,357,874	2,504,444
Repairs and maintenance	**1,269,572**	1,099,603	3,195,410
Depreciation (Note 9)	**893,943**	1,179,737	1,222,159
Heat, light and water	**483,614**	346,012	449,486
Office supplies	**251,127**	225,026	498,979
Uniforms	**95,077**	6,085	–
Representation	**5,220**	7,940	112,003
Others	**3,008,858**	2,868,154	1,696,044
	₱53,064,784	₱47,827,356	₱54,942,321

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

15. **Pension Cost**

The Club engaged an independent actuary to calculate the amount of retirement benefit obligation based on the provisions of PAS 19, *Employee Benefits*. The Club's liability for retirement benefits is based solely on the requirements under Republic Act (RA) No. 7641, otherwise known as The Philippine

Retirement Pay Law of the Philippines, as the Club does not have a formal retirement plan. The latest valuation report of the retirement plan was made as at December 31, 2021.

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

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

	2021	2020	2019
Current service cost	**₱296,000**	₱277,300	₱201,347
Net interest cost on defined benefit obligation	**58,300**	53,100	55,293
Total retirement expense	**₱354,300**	₱330,400	₱256,640

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

	2021	2020	2019
Actuarial gain (loss) due to:			
Changes in demographic assumptions	**₱286,900**	(₱271,900)	(₱376,200)
Experience adjustment	**152,800**	205,900	241,857
	439,700	(66,000)	(134,343)
Income tax effect	**(109,925)**	19,800	40,303
Remeasurement gain (loss) in OCI	**₱329,775**	(₱46,200)	(₱94,040)

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

	2021	2020
Balances at beginning of year	**₱769,740**	₱835,740
Remeasurement gain (loss) on DBO	**439,700**	(66,000)
	1,209,440	769,740
Income tax effect (Note 16)	**(340,847)**	(230,922)
Total amount recognized in OCI at end of year	**₱868,593**	₱538,818

Changes in the present value of the DBO are as follows:

	2021	2020
Balance at January 1	**₱1,457,600**	₱1,061,200
Current service cost	**296,000**	277,300
Net interest cost	**58,300**	53,100
Remeasurement (gain) loss in OCI	**(439,700)**	66,000
Balance at December 31	**₱1,372,200**	₱1,457,600

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

	2021	2020
Discount rate	**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 2021	2020
Discount rate	**+1.00%**	**(₱227,099)**	(₱271,842)
	-1.00%	**286,927**	351,136
Salary rate	**+1.00%**	**₱278,008**	₱336,414
	-1.00%	**(225,178)**	(267,470)

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, 2021 and 2020:

	2021	2020
Year 1 to 5	**₱–**	₱–
Year 6 to 10	**418,000**	420,900
	₱418,000	₱420,900

The weighted average duration of the defined benefit obligation at the end of the reporting period is years 18.58 years and 22.96 years as of December 31, 2021 and 2020, respectively.

16. Income Tax

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

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

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

Provision for current income tax pertaining to MCIT follows:

	2021	2020	2019
Current	**₱–**	₱–	₱19,743
Final	**3,512**	16,330	10,893
	₱3,512	₱16,330	₱30,636

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:

	2021	2020	2019
Benefit from income tax at statutory income tax rate (25% in 2021 and 30% in 2020 and 2019)	**(₱6,440,693)**	(₱10,359,015)	(₱10,074,647)
Tax effect of:			
Nontaxable membership dues	**(10,703,267)**	(12,239,574)	1,315,957
Expired NOLCO and MCIT	**8,934,325**	12,986,395	11,080,342
Changes in unrecognized deferred tax assets	**6,484,982**	9,797,870	(2,260,872)
Effect of change in tax rate	**1,729,043**	–	–
Interest income subjected to final tax	**(878)**	(8,165)	(5,446)
Fair value gain of financial assets at FVPL	–	(161,181)	(24,698)
Provision for income tax	**₱3,512**	₱16,330	₱30,636

Deferred tax assets are recognized only to the extent that taxable profits 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 profits will allow all or part of the deferred tax assets to be recovered.

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

	2021	2020	2019
NOLCO	**₱171,192,374**	₱139,482,659	₱106,617,413
Pension liability	**2,372,773**	2,018,473	1,821,758
Allowance for ECL	**1,948,530**	–	–
MCIT	**19,743**	308,854	429,571
	₱175,533,420	₱141,809,986	₱108,868,742

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

As of December 31, 2021, the Club has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three consecutive taxable years, as follows:

Year Incurred	Amount	Expired	Balance	Expiry Year
2018	₱34,580,854	₱34,580,854	₱–	2021
2019	29,150,967	–	29,150,967	2022
	₱63,731,821	₱34,580,854	₱29,150,967	

As of December 31, 2021, the Club has incurred NOLCO in taxable years 2021 and 2020 which can be claimed as deduction from the regular taxable income for the next five consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Amount	Expired	Balance	Expiry Year
2020	₱75,750,838	₱–	₱75,750,838	2025
2021	66,290,569	–	66,290,569	2026
	₱142,041,407	₱–	₱142,041,407	

The excess of MCIT against RCIT follows:

Year Incurred	Amount	Expired	Balance	Expiry Year
2018	₱289,111	₱289,111	₱–	2021
2019	19,743	–	19,743	2022
	₱308,854	₱289,111	₱19,743	

As at December 31, 2021 and 2020, the Club recognized deferred tax liability on remeasurement gain on pension liability amounting to ₱340,847 and ₱230,922, respectively (see Note 15).

In 2021, 2020 and 2019, the Club did not avail the optional standard deduction.

17. **Related Party Transactions**

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

Terms and Conditions of Transactions with Related Parties

The Club, in the normal course of business, entered into transactions with related parties consisting primarily of the construction of the Club's leisure and recreational facilities, and charges for the use of the Club's facilities and services. Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year-end are unsecured, non-interest bearing and are normally settled in cash.

a. Outstanding balances owed by related parties:

	2021		2020			
	Amount/ Volume	**Outstanding Balance**	Amount/ Volume	Outstanding Balance	Terms	Conditions
Immediate parent company						
ALI (Interest) (Note 19)	**₱–**	**₱–**	₱80,446	₱–	Due and demandable	Unsecured; no impairment
Entities under common control						
Anvaya Cove Beach and Nature Club, Inc. (ACBNCI)	**₱4,092,036**	**₱1,492,585**	₱5,332,184	₱441,226	Due and demandable; non-interest bearing	Unsecured; no impairment
Makati Development Corporation (MDC)	**237,758**	**88,799**	395,925	398,008	Due and demandable; non-interest bearing	Unsecured; no impairment
Ayala Property Management Corporation	**4,583**	**4,583**	–	–	Due and demandable; non-interest bearing	Unsecured; no impairment
	-	**₱11,937,677**	₱	₱11,242,842		

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

Receivables from ALI includes unsecured non-interest bearing charges and unpaid membership dues from ALI nominees. In 2019, receivables from ALI have a 66-day term subject to interest rates ranging from 4.32% to 6.25%. Interest income earned from the loan amounted to ₱50,416.

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.

Receivables from APMC pertains to the antigen test incurred by the Company on APMC employees.

b. Outstanding balances owed to related parties:

	2021		2020			
	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)	**3,571,429**	–	9,054,928	–	Due and demandable; non-interest bearing	Unsecured
ALI (c)	–	–	1,528,800	1,370,543	Due and demandable; non-interest bearing	Unsecured
(Forward)						

	2021		2020			
	Amount/ Volume	**Outstanding Balance**	Amount/ Volume	Outstanding Balance	Terms	Conditions
Entities under common control						
ACBNCI	**₱21,345,978**	**₱8,612,520**	₱13,969,307	₱2,360,936	Due and demandable non-interest-bearing	Unsecured
MDC	**30,527,148**	**12,219,489**	17,595,667	8,769,864	Due and demandable; non-interest bearing	Unsecured
Ayala Land Club Management, Inc. (ACMI) (d)	**4,140,238**	**1,597,998**	1,990,859	2,875,336	Due and demandable; non-interest bearing	Unsecured
ACMI (e)	**2,017,871**	**1,823,079**	2,017,871	2,486,017		
	₱-	**₱104,253,086**	-	₱97,862,696	-	-

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.

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.
(e) System cost at a monthly fixed amount of ₱168,156 included as part of corporate expenses in general and administrative expenses.

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

<u>Transactions with BPI</u>
The Club maintains the following accounts with BPI (an associate of ALI):

	2021			2020		
	Outstanding Balance	**Interest Income**	**Unrealized Gain**	Outstanding Balance	Interest Income	Unrealized Gain
Cash in banks (Note 4)	**₱22,063,739**	**₱17,559**	**₱–**	₱9,342,244	₱81,651	₱–
Financial assets at FVPL (Note 5)	**22,767,760**	**–**	**258,381**	22,509,379	–	537,271
	₱44,831,499	**₱17,559**	**₱258,381**	₱31,851,623	₱81,651	₱537,271

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, 2021 and 2020 is the carrying amounts of the financial assets. The Club's maximum exposure for cash excludes the carrying amount of cash on hand.

The table below shows the maximum credit risk exposure of the Club:

	2021	2020
Cash in banks	**₱22,063,739**	₱9,342,244
Financial assets at FVPL	**22,767,760**	22,509,379
Accounts and other receivables:		
Trade receivables	**33,821,823**	36,708,802
Receivable from employees	**68,611**	50,045
Insurance claims	**47,467**	379,489
Others	**1,093,980**	603,606
Receivables from related parties	**11,937,677**	11,242,842
	₱91,801,057	₱80,836,407

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

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

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

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

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

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

The Club defines a financial asset as in default when contractual payments are 120 days past due. However, in certain cases, the Club may also consider a receivable to be in default when internal or external information indicates that the Club is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Club.

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

December 31, 2021

	Current	**< 30 days**	**< 90 days**	**< 90 days but < 360 days**	**Over 360 days**	**Credit impaired**	**Total**
ECL rate	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**100%**	
Estimated total gross carrying amount of accounts receivable	**₱15,447,752**	**₱3,621,965**	**₱2,107,427**	**₱2,295,150**	**₱10,349,529**	**₱1,948,530**	**₱35,770,353**
ECL	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,948,530**	**₱1,948,530**

December 31, 2020

	Current	< 30 days	< 90 days	< 90 days but < 360 days	Over 360 days	Credit impaired	Total
ECL rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Estimated total gross carrying amount of accounts receivable	₱6,649,383	₱2,729,791	₱3,488,458	₱17,548,373	₱6,292,797	₱–	₱36,708,802
ECL	₱–	₱–	₱–	₱–	₱–	₱–	₱–

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

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

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

2021

	On demand	**Less than 3 months**	**3 to 12 months**	**More than 1 year**	**Total**
Financial assets					
Cash	**₱22,577,157**	**₱–**	**₱–**	**₱–**	**₱22,577,157**
Financial assets at FVPL	**22,767,760**	**–**	**–**	**–**	**22,767,760**
Accounts and other receivables					
Trade receivables	**15,447,752**	**4,840,761**	**3,183,781**	**10,349,529**	**33,821,823**
Receivable from employees	**68,611**	–	–	–	**68,611**
Insurance claims	**47,467**	–	–	–	**47,467**

(forward)

	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
Others	**₱1,093,980**	**₱–**	**₱–**	**₱–**	**₱1,093,980**
Receivables from related parties	**–**	**11,937,677**	**–**	**–**	**11,937,677**
	62,002,727	**16,778,438**	**3,183,781**	**10,349,529**	**92,314,475**
Financial liabilities					
Accounts and other payables					
Trade payables	**–**	**11,090,772**	**–**	**–**	**11,090,772**
Accrued expenses	**–**	**–**	**22,320,162**	**–**	**22,320,162**
Funds held for environmental activities	**8,331,253**	**–**	**–**	**–**	**8,331,253**
Service charge payable	**–**	**528,208**	**–**	**–**	**528,208**
Due to employees	**–**	**410,925**	**–**	**–**	**410,925**
Other payables*	**783,486**	**–**	**–**	**–**	**783,486**
Contract liabilities	**–**	**21,036,677**	**–**	**–**	**21,036,677**
Payables to related parties	**80,000,000**	**24,253,086**	**–**	**–**	**104,253,086**
	89,114,739	**57,319,668**	**22,320,162**	**–**	**168,754,569**
Liquidity Position (Gap)	**(₱27,112,012)**	**(₱40,541,230)**	**(₱19,136,381)**	**₱10,349,529**	**(₱76,440,094)**

**Excluding statutory liabilities amounting to ₱299,868*

2020

	On demand	Less than 3 months	3 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*	1,178,099	–	–	–	1,178,099
Contract liabilities	–	15,008,008	–	–	15,008,008
Payables to related parties	80,000,000	17,862,696	–	–	97,862,696
	88,185,538	52,972,873	20,798,145	–	161,956,556
Liquidity Position (Gap)	(₱29,828,586)	(₱30,043,661)	(₱20,798,145)	₱–	(₱80,670,392)

**Excluding statutory liabilities amounting to ₱743,316*

19. Supplementary Note to the Statements of Cash Flows

Disclosed below is the rollforward of liability under financing activity:

	January 1, 2021	Collection	Non-cash changes	December 31, 2021
Loan from a related party:				
ALI	**₱80,000,000**	**₱–**	**₱–**	**₱80,000,000**

	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	–	–

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.

On November 2019, loan from Avida was transferred to ALI. The loan was subsequently collected in 2020. Interest income earned from the loan amounted to ₱1,422,865 in 2019.

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 2021:

	Net Sales/ Receipts	Output VAT
Taxable sales:		
Sale of services	₱35,324,062	₱4,238,888
Sale of goods	7,241,877	869,025
	₱42,565,939	₱5,107,913

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 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	₱14,721,016
Input tax carried over	445,629
Current year's domestic purchases/payments for:	
Goods for resale/manufacture for further processing	2,222,553
Capital goods subject to amortization	–
Capital goods not subject to amortization	92,267
Services lodged under accounts	6,818,344
Total input VAT available	24,299,809
Less input tax on capital goods subject to amortization, deferred for the succeeding period	280,400
Less input tax allocable to exempt sales	1,984,355
Input VAT applied during the current year	22,035,054
Less claims against output VAT	5,107,913
Balance at the end of the year	₱16,927,141

Documentary Stamp Tax

The Club did not incur any documentary stamp tax in 2021.

Other Taxes and Licenses

This includes all other taxes, local and national, included under the taxes and licenses account under general and administrative expenses. Details of other taxes and licenses in 2021 follow:

a) Local	
Real estate taxes	₱3,712,694
Licenses and permits	786,333
Community tax certificate	10,500
	4,509,527
b) National	
BIR annual registration fee	500
	₱4,510,027

Withholding Taxes

Details of withholding taxes in 2021 follows:

	Paid	Accrued	Total
Taxes on compensation and benefits	₱3,235,218	₱134,831	₱3,370,049
Creditable withholding taxes	52,091	1,579	53,670
Final withholding taxes	3,512	–	3,512
	₱3,290,821	₱136,410	₱3,427,231

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, 2021.

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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, 2021 and 2020 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated March 2, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules required under Annex 68-J of the Revised Securities Regulation Code (SRC) Rule 68 are the responsibility of the Club's management. These schedules are presented for purposes of complying with the Revised SRC Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Jose Pepito E. Zabat

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

March 2, 2022

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

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Amount shown in the statements of financial position	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)	**₱22,063,739**	**₱17,559**	**₱–**
B. Financial assets at FVPL	**22,767,760**	–	**258,381**
C. Accounts and other receivables			
Trade receivables	**33,821,823**	–	–
Insurance claims	**47,467**	–	–
Receivable from employees	**68,611**	**8,175**	–
Other receivables	**1,093,980**	–	–
D. Receivables from related parties	**11,937,677**	–	–
	₱91,801,057	**₱25,734**	**₱ 258,381**

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

Name and designation of debtor	Balance at beginning of period	Additions	Deductions		Current	Not current	Balance at end of period
			Amounts collected	Amounts written off			
Employees	**₱50,045**	**₱128,198**	**₱109,632**	**₱–**	**₱–**	**₱–**	**₱68,611**

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**

Transaction Code: **AFS-0-4VWNYPZZ0B9FA98BGQVQ3P41Q09J8K5ALK**
Submission Date/Time: **May 28, 2022 01:06 PM**
Company TIN: **007-875-261**

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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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COVER SHEET

SEC Registration Number

CS201014919

COMPANY NAME

ANVAYA COVE GOLF AND SPORTS CLUB, INC. (A Not-for-profit Corporation)

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

ANVAYA COVE
Morong, Bataan

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
corporateservices@aglegal.com.ph	7943-4400	0905-465-4259

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
		06/30/2022

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Neal C. Perez	perez.neal@anvayacove.com	7943-4400	0920-911-6977

CONTACT PERSON's ADDRESS

Anvaya Cove Golf & Sports Club, Morong, Bataan

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

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

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 30,2022**

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 : **7943-4400**

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]

13. Aggregate market value of the voting stock held by non-affiliates:

Class B Common Shares - ₱1,950,000.00
Class C Common Shares - ₱2,450,000.00

TABLE OF CONTENT

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited financial statements as of June 30,2022 and for the six-month ended June 30,2021 and the audited balance sheet as of December 31, 2021 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 2022

The Club posted Revenues of ₱115.20 million for the period ended June 30,2022, significantly higher by ₱63.76 million or 123.96% compared to same period last year.

- Membership Dues slightly grew by ₱2.19 million or 5.46% to ₱42.32 million (36.74% of the Total Club Revenues).

- Service Income amounted to ₱40.80 million (35.42% of the Total Revenues), ₱36.91 million higher than the ₱3.89 million generated in the same period of 2021.

- Sale of Goods recorded at ₱27.66 million (24.01% of Total Revenues), increased by ₱25.38 million or 1,114% compared to same period last year.

- Transfer fee recorded at ₱4.42 million (3.84% of Total Revenues) from ₱5.14 million or 14.06% lower compared to same period of previous year.

Total Cost and Expenses for the period registered at ₱112.51 million, an increase of ₱33.66 million or 42.69% against same period last year. The increase in cost were attributed to the following:

- Cost of Services recorded at ₱66.96 million (59.52% of the Total Cost and Expenses), higher by ₱ 18.32 million or 37.67% compared to same period last year.

- Cost of Sales increased by 262.11% to ₱16.01 million (14.23% of the Total Cost and Expenses).

- General and Administrative Expenses amounted to ₱29.53 million (26.25% of Total Cost and Expenses), higher by 14.52% compared to the same period of prior year.

Interest Income for the period amounted to ₱17,084 (0.01% of the Total Revenues) higher by ₱4,652 or 37.43% compared to previous period.

Miscellaneous income recorded at ₱2.30 million, 114.19% higher compared to same period last year.

Provision for Income Tax computed at ₱2,858, higher as compared to ₱1,631 last year.

Financial Condition – June 30, 2022 versus December 31, 2021

Total Assets amounted to ₱907.49 million as of June 30,2022, higher by ₱15.50 million or 1.74% compared to December 31, 2021. Changes were attributed to the following:

- Cash increased to ₱28.27 million (3.11% of Total Assets) from ₱22.58 million as of December 31, 2021.

- Financial asset at FVPL recorded at ₱2.85 million (0.31% of the Total Assets). The decrease in the fund was due to the transfer of the investment in the intercompany lending.

- Accounts and other receivables amounted to ₱34.37 million (3.79% of the Total Assets). A decrease of ₱0.66 million or 1.88% compared to ₱35.03 million of previous year.

- Receivables from related parties increased to ₱52.60 million (5.80% of the Total Assets) from previous year of ₱11.94 million. The recorded increase was mainly due to the transfer of the fund from financial assets at FVPL to intercompany lending.

- Inventories recorded at ₱1.79 million (0.20% of Total Assets), higher by 4.70% compared to ₱1.71 million of previous year.

- Other current assets recorded at ₱31.88 million (3.51% of Total Assets), increased by ₱4.83 million or 17.83% compared to last year.

- Property and equipment, net of depreciation at ₱754.61 million (83.15% of Total Assets), lower by ₱13.43 million compared to December 31,2021.

- Advances and other noncurrent assets amounted to ₱1.12 million (0.12% of Total Assets), lower by ₱1.75 million or 61% compared to previous year of ₱2.88 million.

Total Liabilities of the Club increased to ₱181.26 million (19.97% of Total Liabilities and Member's Equity), ₱10.49 million or 6.14% higher compared to ₱170.77 million last year. The changes were attributed to the following:

- Accounts and other payables amounted to ₱56.74 million (6.25 % of Total Liabilities and Member's Equity), increased by ₱12.98 million or 29.65% compared to last year of ₱43.76 million.

- Contract liabilities at ₱24.27 million (2.67% of Total Liabilities and Member's Equity), ₱3.23 million or 15.37% higher than previous year.

- Payables to related parties decreased to ₱98.22 million (10.82% of Total Liabilities and Member's Equity), ₱6.03 million or 5.78% lower compared to previous period.

- Pension liability at ₱1.68 million, higher by ₱0.31 million or 22.49% compared to previous year.

Cash Flows – Period Ended June 30, 2022 vs. June 30, 2021

- The Club generated ₱25.75 million net cash flows from operating activities at the end of June 30, 2022.
- Cash at the end of the period recorded at ₱28.27 million, higher by ₱10.33 million as compared to same period last year.

<u>Key Performance Indicators</u>

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

Current Ratio as of June 30,2022 increased to 85% compared from 72% as of end of 2021. Quick ratio is likewise slightly higher by 11% compared to last year. Debt-Equity Ratio was at 25%, slightly higher compared to 24% as of December 31, 2021. Asset to Equity ratio computed at 125% as of June 30,2022. The Club has a net profit (loss) margin of 4% as against (51%) of the same period last year.

		June 30,2022	Dec 31,2021
CURRENT RATIO =	Current Asset	151,759,929	121,080,155
	Current Liabilities	179,233,650	169,054,433
		0.85:1	0.72:1
QUICK RATIO =	Quick Asset	118,088,850	92,314,473
	Current Liabilities	179,233,650	169,054,433
		0.66:1	0.55:1
DEBT-EQUITY RATIO =	Total Debt	181,255,342	170,767,480
	Total Equity	726,238,873	721,227,509
		0.25:1	0.24:1
ASSET TO EQUITY RATIO =	Total Asset	907,494,215	891,994,989
	Total Equity	726,238,873	721,227,509
		125%	124%
		June 30	
		2022	2021
NET INCOME MARGIN =	Net Loss	5,011,364	- 26,325,299
	Revenue	115,202,356	51,438,901
		4%	-51%

Discussion and Analysis of Material Events and Uncertainties Known to Management

We confirm that there have been no events, including events related to COVID-19 pandemic, subsequent to the period end which require adjustment of or disclosure in the financial statements that would address the past and would have impact on the future operations on the following:

1. Any trends, demands, commitments, events or uncertainties that will have a material impact of the Club's liquidity;
2. Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
3. Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with other entities/persons created during the reporting period;

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

5. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales/revenues/income from continuing operations.
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.

Plan of Operation for the 3rd Quarter 2022

After having seen exponential growth in volume of visitors and revenue collection in the first two quarters of the year, Quarter 3 is forecasted to produce more conservative numbers. In retrospect, the previous quarter has seen an increase in volume of visitors by 377% versus 2021 figures. The slight relaxation relative to Quarter 2 is due to seasonality especially anchored upon the onset of the monsoon season. Notwithstanding, occupancy, collection of green fees and day visit fees, club functions, rental of carts and patronage of facilities should remain more robust compared to 2021 performance.

Average monthly visits by Members and guests would not lag too far behind volume recorded in previous quarters, but it would most certainly not equal to or exceed summer data which peaked up to almost 4,000 persons. Room occupancy at the Sea Breeze Verandas during the third quarter would remain at around 30 per cent.

With the easing of COVID-19 restrictions, the Club is expecting more private functions to be booked in the coming months. When safety protocols were highly restrictive last January and February 2022, the Club only received one Club function in total. In contrast, April records have already revealed a more positive outlook as bookings have already quadrupled.

As for Club activities, the Club will be launching the second leg of the Premier League competition in July 2022 through the Molave Storm. It would gather more than a hundred Members for a whole day of play. An Invitational Basketball tournament will also be held at the Sports Complex in the month of August. It would attract about a hundred Members and guests for two days of competitions.

On the area of environmental sustainability, the Club will continue its partnership project with the Haribon Foundation. With their field professionals, the foundation will start conducting several rounds of surveys at the golf course to produce a Biodiversity Assessment Report. The Club's Sustainability Team would also be actively complying with the requirements for sustainability certification by the Golf Environment Organization.

As high rate of COVID-19 infections lingers in the country, the Club will be organizing more projects thrusted towards health and safety of staff and Club Members. Booster vaccination drives and health seminars are scheduled for the third quarter.

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 119 employees as of June 30,2022.

Part II – OTHER INFORMATION

Item 3. 2nd Quarter 2022 Developments

A. New project or investments in another line of business or corporation	None.
B. Composition of Board of Directors (As of June 30,2022)	Augusto D. Bengzon Joseph Carmichael Z. Jugo Paullolindo A. Elauria Dante M. Abando Bernadine T. Siy Agustin R. Montilla IV Paulo O. Viray George Edwin T. Lee Jocelyn F. De Leon Robert S. Lao Jose Emmanuel H. Jalandoni
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 2022 Operations and Financials

I. Nature and amount of items affecting assets, liabilities, equity, or net income that are unusual because of their nature, size, or incidents	Please see Notes to Unaudited Financial Statements.
J. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period	None.
K. New financing through loans / Issuances, repurchases, and repayments of debt and equity securities	None.
L. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period	None.
M. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations	None.
N. Changes in contingent liabilities or contingent assets since the last annual balance sheet date	None.
O. Other material events or transactions during the interim period	None.
P. Existence of material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation	None.
Q. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period	None.
R. Material commitments for capital expenditures, general purpose and expected sources of funds	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 Pandemic
T. Significant elements of income or loss that did not arise from continuing operations	None.
U. Causes for any material change/s from period to period in one or more-line items of the financial statements	Please see Notes to Unaudited Financial Statements.

V. Seasonal aspects that had material effect on the financial condition or results of operations	COVID-19 Pandemic
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	:	**AUGUSTO D. BENGZON** Chairman of the Board
Date	:	August 11,2022
Signature and Title	:	**DESIREE JOY C. SUAREZ-MIRANDA** Treasurer
Date	:	August 11,2022

Appendix I

Unaudited Financial Statements
June 30,2022 and
June 30,2021 and Audited Year Ended
December 31, 2021

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

	June 30,2022	2021
ASSETS		
Current Assets		
Cash (Note 4)	**₱28,267,098**	₱22,577,157
Financial assets at fair value through profit or loss (FVPL; Note 5)	**2,848,766**	22,767,760
Accounts and other receivables (Note 6)	**34,373,876**	35,031,881
Receivables from related parties (Note 17)	**52,599,110**	11,937,677
Inventories (Note 7)	**1,788,864**	1,708,492
Other current assets (Note 8)	**31,882,215**	27,057,191
Total Current Assets	**151,759,929**	121,080,158
Noncurrent Assets		
Property and equipment – net (Note 9)	**754,612,521**	768,038,232
Advances and other noncurrent assets (Note 8)	**1,121,765**	2,876,603
Total Noncurrent Assets	**755,734,286**	770,914,835
TOTAL ASSETS	**₱907,494,215**	₱891,994,993

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 10)	**₱56,741,548**	₱43,764,674
Contract liabilities (Note 12)	**24,268,963**	21,036,677
Payables to related parties (Note 17)	**98,223,139**	104,253,086
Total Current Liabilities	**179,233,650**	169,054,437
Noncurrent Liabilities		
Pension liability (Note 15)	**1,680,845**	1,372,200
Deferred tax liability (Notes 15 and 16)	**340,847**	340,847
Total Noncurrent Liabilities	**2,021,692**	1,713,047
Total Liabilities	**181,255,342**	170,767,484
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)	**868,593**	868,593
Deficit (Note 11)	**(252,140,120)**	(257,151,484)
Total Equity	**726,238,873**	721,227,509
TOTAL LIABILITIES AND EQUITY	**₱907,494,215**	₱891,994,993

ANVAYA COVE GOLF & SPORTS CLUB, INC.
STATEMENTS OF COMPREHENSIVE LOSS

	Period Ended June 30		Quarter ended June 30	
	2022	2021	**2022**	2021
REVENUE (Note 12)				
Membership dues	**₱42,320,000**	₱40,129,040	**₱ 21,390,000**	₱ 20,107,500
Service income	**40,802,127**	3,889,844	**30,869,407**	1,929,520
Sale of goods	**27,660,586**	2,277,159	**13,747,202**	1,060,647
Transfer fees	**4,419,643**	5,142,857	**2,566,964**	1,370,536
	115,202,356	51,438,901	**68,573,574**	24,468,203
COSTS AND EXPENSES (Note 14)				
Cost of services	**66,964,504**	48,639,580	**41,377,498**	24,930,760
Cost of sales	**16,010,469**	4,421,427	**9,530,640**	2,122,908
General and administrative expenses	**29,533,104**	25,789,152	**13,925,177**	12,675,230
	112,508,077	78,850,159	**64,833,315**	39,728,899
OTHER INCOME				
Interest income (Notes 4, 6, and 17)	**17,084**	12,431	**8,523**	8,247
Miscellaneous income (Note 13)	**2,302,859**	1,075,159	**1,243,802**	731,758
	2,319,943	1,087,590	**1,252,325**	740,005
INCOME (LOSS) BEFORE INCOME TAX	**5,014,222**	(26,323,668)	**4,992,583**	(14,520,692)
PROVISION FOR INCOME TAX (Note 16)	**2,858**	1,631	**(36,143)**	794
NET INCOME (LOSS)	**5,011,364**	(26,325,299)	**5,028,727**	(14,521,486)
OTHER COMPREHENSIVE LOSS				
Item that will not be reclassified to profit or loss: Remeasurement loss (gain) on pension liability - net of tax	–	–	–	–
TOTAL COMPREHENSIVE GAIN (LOSS)	**₱5,011,364**	₱26,325,299)	**₱5,028,727**	₱14,521,486)

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

	Period Ended June 30	
	2022	2021
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
ADDITIONAL PAID-IN CAPITAL (Note 11)		
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	868,593	538,818
Net changes during the year	–	–
Balance at the end of the period	868,593	538,818
DEFICIT (Note 11)		
Balance at beginning of year	(257,151,484)	(231,385,206)
Net loss	5,011,364)	(26,325,299)
Balance at end of period	(252,140,120)	(257,710,505)
	₱726,238,873	₱720,338,712

ANVAYA COVE GOLF & SPORTS CLUB, INC.
STATEMENTS OF CASH FLOWS

	Period Ended June		Quarter Ended June	
	2022	2021	**2022**	2021
OPERATING ACTIVITIES				
Loss before income tax	**₱5,014,222**	(₱26,323,668)	**₱4,992,583**	(₱14,520,691)
Adjustments for:				
Depreciation (Note 9)	**18,411,705**	18,566,047	**9,204,607**	9,192,370
Interest income (Notes 4 and 17)	**(17,084)**	(12,431)	**(8,523)**	(8,246)
Net movements in pension liability (Note 15)	**308,645**	165,200	**205,763**	82,600
Unrealized gain on financial assets at FVTPL (Notes 5 and 13)	**(2,046)**	(156,411)	**43,799**	(51,615)
Operating income before working capital changes	**23,715,443**	(7,761,263)	**14,438,230**	(5,305,583)
Decrease (increase) in:				
Accounts and other receivables	**658,005**	76,298	**(5,384,817)**	1,629,950
Receivables from affiliates	**(5,661,434)**	313,244	**(2,355,895)**	868,914
Inventories	**(80,372)**	172,960	**20,599**	180,774
Other current assets	**(4,825,026)**	(4,082,166)	**(270,464)**	478,806
Advances and other noncurrent assets	**1,754,839**	(213,743)	**146,150**	255,091
Increase (decrease) in:				
Accounts and other payables	**12,976,878**	5,417,634	**4,000,279**	5,250,760
Contract liabilities	**3,232,286**	8,801,305	**(361,145)**	932,121
Payables to affiliates	**(6,029,947)**	5,463,800	**(1,042,650)**	6,463,763
Net cash generated from operations	**25,740,671**	8,188,069	**9,190,287**	10,754,596
Interest received	**17,084**	12,431	**8,523**	8,246
Income tax paid	**(2,858)**	(1,631)	**36,143**	(794)
Net cash from (used in) operating activities	**25,754,897**	8,198,869	**9,234,953**	10,762,048
INVESTING ACTIVITIES				
Proceeds from sale of financial assets	**20,000,000**	–	**20,000,000**	–
(Increase)/Decrease to:				
Property and equipment (Note 9)	**(4,985,995)**	(55,694)	**(2,192,804)**	64,212
Financial assets at FVPL	**(78,961)**	–	**(78,961)**	–
Net cash from (used in) investing activities	**14,935,044**	(55,694)	**17,728,235**	64,212
FINANCING ACTIVITIES				
Loans to related parties	**(35,000,000)**	–	**(35,000,000)**	–
NET INCREASE IN CASH	**5,689,941**	8,143,175	**(8,036,812)**	10,826,260
CASH AT BEGINNING OF YEAR	**22,577,157**	9,792,001	**36,303,909**	7,108,916
CASH AT END OF PERIOD (Note 4)	**₱28,267,098**	₱17,935,176	**₱28,267,098**	₱17,935,176

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.

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 75.39% owned by Ayala Land, Inc. (ALI). ALI's parent company is Ayala Corporation (AC), a publicly-listed company. Both ALI and AC are publicly-listed companies incorporated in the Republic of the Philippines.

Prior to 2012, the Club is exempt from payment of income tax on income received from social, recreational, and athletic activities on a nonprofit basis provided that no part of the Club's income shall inure to the benefit of any of its members, trustees and officers. Under Section 30 (E) of the Tax Reform Act of 1997, an organization organized for recreational, sports and athletic activities shall be exempt from payment of income tax on income received from aforementioned activities.

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

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

The 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 FVPL that have been measured at fair value. The Club's functional currency is the Philippine Peso (₱) and all amounts are rounded off to the nearest peso, unless otherwise indicated.

Statement of Compliance

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2021. The Club has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

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

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

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

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

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

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

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

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

The Club shall also disclose information about:

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

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

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle

o Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standard, Subsidiary as a first-time adopter*

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as a Current or Non-current*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

Summary of Significant Accounting Policies

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

Current versus Noncurrent Classification

The Club presents assets and liabilities in the 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 forwhich 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 initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and FVPL.

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

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model.

The Club's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the 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 31,2022 and December 31, 2021 consist of financial assets at amortized cost (debt instruments) and financial assets at FVPL.

Financial assets at amortized cost (debt instruments)

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

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

Financial assets at FVPL

Financial assets at FVPL are carried in the 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).

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

- The rights to receive cash flows from the asset have expired, or
- The Club has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a thirdparty 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.

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

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

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

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

The Club considers a receivable in default when contractual payments are 120 days past due. However, in certain cases, the Club may also consider a receivable to be in default when internal or external information indicates that the Club is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Club. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

Financial Liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

Financial liabilities at amortized cost (loans and borrowings)

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

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

Derecognition

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

Offsetting of Financial Instruments

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

Inventories

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

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

Other Assets

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

Prepaid Expenses

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

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

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

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

Property and Equipment

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

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

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

Advances and other noncurrent assets

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

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

Property and equipment

The Club assesses at each reporting date whether there is an indication that property and equipment may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Club estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value-in-use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

Pension Costs

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

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

Defined benefit 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 instatement 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.

<u>Contract balances</u>
Trade receivables
A receivable is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities
A contract liability is recognized if a payment is received or payment is due (whichever is earlier) from a customer before the Club transfers the related goods or services. Contract liabilities are recognized as revenue when the Club performs under the contract. Membership dues and consumables collected in advance are recognized as contract liabilities in the statements of financial position.

<u>Other Income Recognition</u>
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.

<u>Costs and Expenses</u>
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.

<u>Leases</u>
The Club assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract

conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

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

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

Uncertainty over income tax treatments
The Club assesses at the end of each reporting period whether it has any uncertain tax treatments by reviewing the assumptions about the examination of tax treatments by the taxation authority, determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and

considering changes in relevant facts and circumstances. The Club then evaluates how likely is it that a certain tax treatment will be accepted by the taxation authority. If it is probable that the taxation authority will accept a certain tax treatment, the Club concludes that it has no uncertain tax treatment and will measure tax amounts in line with the income tax filings. If it is not probable that the taxation authority will accept a certain tax treatment, the Club measures tax amounts based on the 'most likely amount' method (better predicts uncertainty if the possible outcomes are binary or are concentratedon 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. When the Club expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

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

3. Significant Accounting Judgments and Estimates

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

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

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

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

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

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

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.

No impairment losses were recognized for the Club's nonfinancial assets. As at June 30,2022 and December 31, 2021, the carrying values of the nonfinancial assets follow:

	June 30,2022	2021
Property and equipment (Note 9)	**₱754,612,521**	₱768,038,232
Other current assets (Note 8)	**31,882,215**	27,057,191
Other noncurrent asset (Note 8)	**1,121,765**	2,876,603

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 30,2022 and December 31,2021recorded at ₱1,680,845 and ₱1,372,200 , 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.

4. Cash

This account consists of:

	June 30,2022	2021
Cash on hand	**₱380,350**	₱513,418
Cash in banks (Note 17)	**27,886,748**	22,063,739
	₱28,267,098	₱22,577,157

Interest income earned on cash in banks amounted to ₱14,291 and ₱17,559, gross of final tax, in June 30,2022 and December 2021, respectively.

5. Financial Assets at FVPL

Below is the rollforward of financial assets at FVPL:

	June 30,2022	2021
At January 1	**₱22,767,760**	₱22,509,379
Realized gain	**78,960**	–
Unrealized gain (Note 17)	**2,046**	258,381
Withdrawals	**(20,000,000)**	
	₱2,848,766	₱22,767,760

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 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:

	June 30,2022	2021
Trade receivables - net	**₱32,720,189**	₱33,821,823
Receivable from employees	**78,417**	68,611
Insurance claims	**47,467**	47,467
Others	**1,527,803**	1,093,980
	₱34,373,876	₱35,031,881

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 30,2022	2021
At cost:		
Food and beverage	**₱1,646,732**	₱1,669,570
Merchandise	**142,132**	38,922
	₱1,788,864	₱1,708,492

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.

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 30,2022	2021
Input VAT	**₱19,883,784**	₱16,927,141
Prepaid expenses	**3,651,256**	3,000,635
Creditable withholding taxes	**3,168,312**	3,061,549
Supplies	**2,857,870**	2,461,565
Advances to suppliers	**2,191,736**	1,606,301
Deferred input VAT	**129,256**	
	₱31,882,215	₱27,057,191

Prepaid expenses mainly include prepayments for maintenance, taxes and licenses, and insurance which will be amortized for three to 12 months at the end of the financial reporting period.

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.

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

Advances and other noncurrent assets

	June 30,2022	2021
Advances to suppliers	**₱585,500**	920,428
Deferred input VAT – noncurrent portion	**535,965**	1,956,175
	₱1,121,765	₱2,876,603

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 30,2022

	Land and Land Improvements	Building and Improvements	Furniture, Fixtures and Equipment	Project in Progress	Total
Cost					
At January 1	₱615,768,698	₱399,976,273	₱85,389,795	₱59,113	₱1,101,193,879
Additions	4,474,126	234,571	277,298	–	4,985,995
Disposals	–	–	–	–	–
At June 30	620,242,824	400,210,845	85,667,093	59,113	1,106,179,875
Accumulated Depreciation					
At January 1	168,903,273	86,320,644	77,931,730	–	333,155,647
Depreciation	11,198,150	5,719,130	1,494,426	–	18,411,706
Disposals	–	–	–	–	–
At June 30	180,101,423	92,039,774	79,426,156	–	351,567,353
Net Book Value at June 30	₱440,141,401	₱308,171,070	₱6,240,937	₱59,113	₱754,612,521

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	1,041,749	207,425	850,772	–	2,099,946
Disposals	–	–	107,506	(107,506)	(425,000)
At December 31	615,768,698	399,976,273	85,389,795	59,113	1,101,193,879
Accumulated Depreciation					
At January 1	146,603,977	74,888,285	74,665,902	–	296,158,164
Depreciation	22,299,296	11,432,359	3,265,828	–	36,997,483
Disposals	–	–	–	–	–
At December 31	168,903,273	86,320,644	77,931,730	–	333,155,647
Net Book Value at December 31	₱446,865,425	₱313,655,629	₱7,458,065	₱59,113	₱768,038,232

The Club's project in progress pertains to renovations of the lakefront and bar. The following table sets forth the allocation of depreciation expense (see Note 14):

	June 30,2022	June 30,2021
Cost of services	**₱17,738,328**	₱17,801,171
Cost of sales	**273,756**	281,628
General and administrative expenses	**399,621**	483,249
	₱18,411,705	₱18,566,047

10. Accounts and Other Payables

	June 30,2022	2021
Trade payables	**₱8,844,452**	₱11,090,772
Accrued expenses:		

Utilities	**13,141,327**	3,087,773
Rental	**11,807,081**	3,759,920
Payroll	**3,841,288**	1,798,577
Contract services	**2,612,742**	214,177
Management fee	**2,123,194**	182,001
Repairs and maintenance	**39,286**	12,033,030
Others	**18,171**	1,244,684
Funds held for environmental activities	**9,149,408**	8,331,253
Service charge payable	**401,857**	528,208
Due to employees	**507,352**	410,925
Other payables	**4,255,389**	1,083,354
	₱56,741,548	₱43,764,674

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. In 2021, the Club reversed the accrual for property insurance resulting in the recognition of other income amounting to ₱9,463,736 (see Note 13).

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

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.

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

Other payables 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.

11. Equity

The details of the number of authorized and issued shares of the Club as at June 30, 2022 and December 31, 2021, 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, 2021 and 2020 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 June 30,2022 and December 31, 2021, the total number of stockholders are 763 and 763, 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 period ended June 30,2022 and December 31, 2021.

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

	June 30,2022	2021
Paid-in capital	**₱213,627,000**	₱213,627,000
Additional paid-in capital	**763,883,400**	763,883,400
Deficit	**(252,140,120)**	(257,151,484)
	₱725,370,280	₱720,358,916

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 30,2022	June 30,2021
Membership dues	**₱42,320,000**	₱40,129,040
Service income:		
Room accommodation	**23,958,209**	219,822
Golf course revenue	**11,238,815**	3,584,933
Guest fees	**4,734,441**	55,357
Sports complex revenue	**870,662**	29,732
Sale of goods:		
Food and beverages	**26,479,558**	1,913,798
Merchandise	**1,181,027**	363,361
Transfer fees	**4,419,643**	5,142,857
	₱115,202,356	₱51,438,901

Timing of Revenue Recognition

The Club has recognized revenues earned over time amounting to ₱83,122,127 and , ₱44,018,884 as June 30,2022 and June 30,2021, respectively.

Revenues recognized from sale of goods and transfer fees earned at a point in time amounted to ₱32,080,229 and ₱7,420,016 as of June 30, 2022 and June 30, 2021, respectively.

Contract Balances

As at June 30,2022 and December 31, contract balances are as follows:

	June 30,2022	2021
Trade receivables (Note 6)	**₱32,720,189**	₱33,821,823
Contract liabilities (Note 10)	**24,268,963**	21,036,677

The Club identified unearned membership dues as contract liabilities as at June 30,2022 and December 31, 2021. 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.

13. Miscellaneous Income

Miscellaneous income consists of:

	June 30,2022	June 30,2021
Surcharge revenue	**₱1,270,735**	₱610,343
Unrealized gain on financial assets at FVPL (Notes 5 and 17)	**2,046**	156,411
Realized gain on FVPL	**78,961**	–

Other income	**951,118**	308,405
	₱2,302,859	₱1,075,159

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

14. Costs and Expenses

Cost of services consists of:

	June 30,2022	June 30,2021
Contract services	**₱22,203,287**	8,831,647
Depreciation (Note 9)	**17,738,329**	₱17,801,171
Heat, light and water	**13,850,177**	9,875,431
Salaries, wages and employee benefits	**6,111,461**	4,793,907
Repairs and maintenance	**1,303,195**	3,626,971
Cleaning and other supplies	**1,130,878**	1,092,281
Communications	**878,347**	871,279
Tournament expenses	**686,997**	––
Laundry	**573,345**	––
Office supplies	**413,351**	86,836
Food and beverage (Note 7)	**336,626**	195,172
Transportation	**109,567**	34,417
Representation	**7,927**	4,674
Others	**1,621,016**	1,425,795
	₱66,964,504	₱48,639,580

Other cost of services includes expenses such as linen, signages, and uniforms.

Cost of sales consists of:

	June 30,2022	June 30,2021
Food and beverage (Note 7)	₱6,548,041	898,767
Salaries, wages and employee benefits	4,864,005	1,697,517
Heat, light and water	2,859,065	645,596
Cleaning and other supplies	568,774	159,982
Communication	305,137	306,121
Depreciation (Note 9)	273,756	281,628
Merchandise (Note 7)	231,440	68,522
Equipment rental	107,143	113,571
Office supplies	12,293	14,469
Transportation	8,542	6,216
Others	232,273	229,038
	₱16,010,469	₱4,421,427

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

General and administrative expenses consist of:

	June 30,2022	June 30,2021
Heat, light and water	**₱6,050,339**	₱5,384,723
Salaries, wages and employee benefits	**5,773,332**	4,366,734
Professional and management fees	**4,617,562**	4,311,295
Security	**2,534,906**	2,698,537
Collection charges	**1,673,349**	623,257

Taxes and licenses	**1,643,705**	2,265,584
Corporate expense	**1,525,395**	1,500,268
Repairs and maintenance	**1,429,707**	627,852
Insurance	**1,149,820**	1,311,777
Contract services	**762,002**	528,489
Depreciation (Note 9)	**399,621**	483,249
Office supplies	**165,051**	129,484
Representation	**11,861**	2,958
Others	**1,796,454**	1,554,946
	₱29,533,104	₱25,789,152

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

15. Pension Cost

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

16. Income Tax

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

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

- Regular corporate income tax (RCIT) rate is reduced from 30% to 25%

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

Provision for current income tax pertaining to final tax follows:

	June 30,2022	June 30,2021
Final	₱2,858	₱1,631
Current	–	–
	₱2,858	₱1,631

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 on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year-end are unsecured, non- interest bearing and are normally settled in cash.

a. Outstanding balances owed by related parties:

	June 30,2022		2021			
	Amount/ Volume	**Outstanding Balance**	Amount/ Volume	Outstanding Balance	Terms	Conditions
Immediate parent company						
ALI						
	₱–	**₱10,351,709**	**₱–**	**₱10,351,709**	Due and demandable	Unsecured; no impairment
	₱35,000,000	**₱ 35,000,000**	–	–	48 days-interest bearing	Unsecured; no impairment
Entities under common control						
Anvaya Cove Beach Nature Club, Inc. (ACBNCI)	**₱8,201,903**	**₱7,082,853**	₱4,092,036	₱1,492,585	Due and demandable; non-interest bearing	Unsecured; no impairment
Makati Development Corporation (MDC)	**69,977**	**158,776**	237,758	88,799	Due and demandable; non-interest bearing	Unsecured; no impairment
Ayala Property Management Corporation	**1,190**	**5,773**	4,583	4,583	Due and demandable; non-interest bearing	Unsecured; no impairment
	-	**₱52,599,110**		₱11,937,676		

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

Receivables from ALI includes unsecured non-interest-bearing charges and unpaid membership dues from ALI nominees. Loan to ALI has a 48-day term subject to interest rate of 2.57%.

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.

Receivables from APMC pertains to the antigen test incurred by the Company on APMC employees.

b. Outstanding balances owed to related parties:

	June 30, 2022		2021			
	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)	–	–	3,571,429	–	Due and demandable; non-interest bearing	Unsecured
ALI©	1,364,500	1,364,500	–	–	48 days;interest bearing	Unsecured
		₱81,364,500		₱80,000,000		

	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance	Terms	Conditions
Entities under common control						
ACBNCI	₱25,286,008	₱16,393,235	₱21,345,978	₱8,612,520	Due and demandable non-interest-bearing	Unsecured
MDC	17,534,677	–	30,527,148	12,219,489	Due and demandable; non-interest bearing	Unsecured
Ayala Land Club Management, Inc. (ACMI) (d)	1,288,386	214,731	4,140,238	1,597,998		
ACMI (e)	1,504,038	250,673	2,017,871	1,823,079	Due and demandable; non-interest bearing	Unsecured
		₱98,223,139		₱104,253,086		

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.

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.
(e) System cost at a monthly fixed amount of ₱168,156 included as part of corporate expenses in general and administrative expenses.

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

Transactions with BPI
The Club maintains the following accounts with BPI (an associate of ALI):

	June 30,2022			March 31,2021		
	Outstanding Balance	**Interest Income**	**Unrealized Gain**	Outstanding Balance	Interest Income	Unrealized Gain
Cash in banks (Note 4)	**₱27,886,748**	**₱14,291**	**₱–**	₱6,699,577	₱4,185	₱–
Financial assets at FVPL (Note 5)	**2,848,766**	**–**	**45,845**	22,614,175	–	104,796
	₱30,735,514	**₱14,291**	**₱45,845**	₱29,313,752	₱4,185	₱104,796

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.

15. 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 June 30,2022 and December 31, 2021 is the carrying amounts of the financial assets. The Club's maximum exposure for cash excludes the carrying amount of cash on hand.

The table below shows the maximum credit risk exposure of the Club:

	June 30,2022	2021
Cash in banks	₱27,886,748	₱22,063,739
Financial assets at FVPL	2,848,766	22,767,760
Accounts and other receivables:		
Trade receivables	32,720,189	33,821,823
Receivable from employees	78,417	68,611
Insurance claims	47,467	47,467
Others	1,527,803	1,093,980
Receivables from related parties	52,599,110	11,937,677
	₱117,708,500	₱91,801,057

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

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

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

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

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

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

The Club defines a financial asset as in default when contractual payments are 120 days past due. However, in certain cases, the Club may also consider a receivable to be in default when internal or external information indicates that the Club is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Club.

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

June 30, 2022

	Current	< 30 days	< 90 days	< 90 days but < 360 days	Over 360 days	Credit impaired	Total
ECL rate	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**100%**	
Estimated total gross carrying amount of accounts receivable	**₱5,081,494**	**₱6,338,797**	**₱5,163,929**	**₱4,737,644**	**₱11,398,325**	**₱1,948,530**	**₱34,668,719**
ECL	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱1,948,530**	**₱1,948,530**

December 31, 2021

	Current	< 30 days	< 90 days	< 90 days but < 360 days	Over 360 days	Credit impaired	Total
ECL rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Estimated total gross carrying amount of accounts receivable	₱15,447,752	₱3,621,965	₱2,107,427	₱2,295,150	₱10,349,529	₱1,948,530	₱35,770,353
ECL	₱–	₱–	₱–	₱–	₱–	₱1,948,530	₱1,948,530

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:

June 30,2022

	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
Financial assets					
Cash	**₱28,267,098**	**₱–**	**₱–**	**₱–**	**₱28,267,098**
Financial assets at FVPL	**2,848,766**	**–**	**–**	**–**	**2,848,766**
Accounts and other receivables					
Trade receivables	**5,081,494**	**9,565,633**	**6,674,737**	**11,398,325**	**32,720,189**
Receivable from employees	**78,417**	**–**	**–**	**–**	**78,417**
Insurance claims	**47,467**	**–**	**–**	**–**	**47,467**
Others	**1,527,803**	**–**	**–**	**–**	**1,527,803**
Receivables from related parties	**–**	**52,599,110**	**–**	**–**	**52,599,110**
	37,851,045	**62,164,743**	**6,674,737**	**11,398,325**	**118,088,850**
Financial liabilities					
Accounts and other payables			**–**	**–**	
Trade payables	**–**	**8,854,452**			**8,854,452**
Accrued expenses	**–**	**–**	**33,583,089**	**–**	**33,583,089**
Funds held for environmental					

activities	9,149,408	–	–	–	9,149,408
Service charge payable	–	507,352	–	–	507,352
Due to employees	–	401,857	–	–	401,857
Other payables*	4,032,822	–	–	–	4,032,822
Contract liabilities	–	24,268,963	–	–	24,268,963
Payables to related parties	80,000,000	18,223,139	–	–	98,223,139
	93,182,230	52,255,763	33,583,089	–	179,021,082
Liquidity Position (Gap)	**(₱55,331,185)**	**₱9,908,980**	**(₱26,908,352)**	**₱11,398,325**	**(₱60,932,232)**

2021

	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
Financial assets					
Cash	₱22,577,157	₱–	₱–	₱–	₱22,577,157
Financial assets at FVPL	22,767,760	–	–	–	22,767,760
Accounts and other receivables					
Trade receivables	15,447,752	4,840,761	3,183,781	10,349,529	33,821,823
Receivable from employees	68,611	–	–	–	68,611
Insurance claims	47,467	–	–	–	47,467
Others	₱1,093,980	₱–	₱–	₱–	₱1,093,980
Receivables from related parties	–	11,937,677	–	–	11,937,677
	62,002,727	16,778,438	3,183,781	10,349,529	92,314,475
Financial liabilities					
Accounts and other payables					
Trade payables	–	11,090,772	–	–	11,090,772
Accrued expenses	–	–	22,320,162	–	22,320,162
Funds held for environmental activities	8,331,253	–	–	–	8,331,253
Service charge payable	–	528,208	–	–	528,208
Due to employees	–	410,925	–	–	410,925
Other payables*	783,486	–	–	–	783,486
Contract liabilities	–	21,036,677	–	–	21,036,677
Payables to related parties	80,000,000	24,253,086	–	–	104,253,086
	89,114,739	57,319,668	22,320,162	–	168,754,569
Liquidity Position (Gap)	**(₱27,112,012)**	**(₱40,541,230)**	**(₱19,136,381)**	**₱10,349,529**	**(₱76,440,094)**