

# COVER SHEET

C	S	2	0	1	0	1	4	9	1	9
---	---	---	---	---	---	---	---	---	---	---

A	N	V	A	Y	A		C	O	V	E		G	O	L	F		A	N	D		S	P	O	R	T	S			
C	L	U	B	,		I	N	C	.																				

(Company's Full Name)

A	N	V	A	Y	A		C	O	V	E	,		M	O	R	O	N	G	,		B	A	T	A	A	N			

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

<b>ATTY. SOLOMON M. HERMOSURA</b>
-----------------------------------

Contact Person

<b>908-3841</b>
-----------------

Company Telephone Number

1	2		3	1
Month			Day	

Fiscal Year

**Definitive**

2	0	-	1	S
---	---	---	---	---

0	9		2	5
Month			Day	

Annual Meeting

--

Secondary License Type, if Applicable

C	G	F	D
---	---	---	---

Dept. Requiring this Doc.

--

Amended Articles Number/Section

--

Total No. Of Stockholders

--

Domestic

--

Foreign

Total Amount of Borrowings

-----

To be accomplished by SEC Personnel concerned

--

File Number

\_\_\_\_\_

LCU

--

Document I.D.

\_\_\_\_\_

Cashier

<p style="font-size: 2em; margin: 0;">S T A M P S</p>
---

Remarks = pls. Use black ink for scanning purposes



## NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Notice is hereby given that the Annual Meeting of the Stockholders of **ANVAYA COVE GOLF AND SPORTS CLUB, INC.** will be conducted virtually via Zoom on Monday, **October 2, 2023** 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 30, 2022 until October 2, 2023
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 16, 2023** are entitled to notice of, and to vote at, this meeting.

The Board of Directors, during its meeting on May 12, 2023, approved the holding of the annual stockholders' meeting in a fully virtual format. 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, 2023**.

Duly accomplished proxies shall be submitted on or before **September 21, 2023** to the Office of the Corporate Secretary by email to [corporatesecretary.gsc@anvayacove.com](mailto:corporatesecretary.gsc@anvayacove.com). Validation of proxies is set for **September 27, 2023** 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 to [corporatesecretary.gsc@anvayacove.com](mailto:corporatesecretary.gsc@anvayacove.com) on or before the designated deadlines.

Makati City, August 23, 2023.

A handwritten signature in blue ink, appearing to read "Solomon M. Hermosura", is written over a horizontal line.

**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 **October 2, 2023** and at any of the adjournments thereof for the purpose of acting on the following matters:

- |  |   |
|--|---|
| <p>1. Approval of minutes of previous meeting<br/> <input type="checkbox"/> Yes    <input type="checkbox"/> No    <input type="checkbox"/> Abstain</p> <p>2. Ratification of the acts of the Board of Directors and Management beginning September 30, 2022 until October 2, 2023<br/> <input type="checkbox"/> Yes    <input type="checkbox"/> No    <input type="checkbox"/> Abstain</p> <p>3. President's Report<br/> <input type="checkbox"/> Yes    <input type="checkbox"/> No    <input type="checkbox"/> Abstain</p> <p>4. Election of Directors</p> | <p>5. Appointment of PwC Isla Lipana &amp; Co. as the external auditor and fixing of its remuneration<br/> <input type="checkbox"/> Yes    <input type="checkbox"/> No    <input type="checkbox"/> Abstain</p> <p>6. At his/her discretion, the proxy named above is authorized to vote upon such other matters as may properly come before the meeting.<br/> <input type="checkbox"/> Yes    <input type="checkbox"/> No</p> |
|--|---|

	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	_____	
Javier D. Hernandez	_____	
Paolo O. Viray	_____	
<u>Independent Directors:</u>		
George Edwin T. Lee	_____	
Agustin R. Montilla IV	_____	
Bernadine T. Siy	_____	
		_____ 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](mailto:corporatesecretary.gsc@anvayacove.com) ON OR BEFORE **SEPTEMBER 21, 2023**, 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	October 2, 2023
Time	9:00 A.M.
Place	To be conducted virtually through Zoom
<i>Place of Meeting per By-Laws</i>	Anvaya Cove, Morong, Bataan, 2108

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

September 11, 2023

**10. Proxy solicitation**

**Name of Person:** Augusto D. Bengzon  
**Address and Telephone Number:** 30<sup>th</sup> 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**

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

**Amount of Debt Outstanding as of July 31, 2023** 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	October 2, 2023
Time	9:00 a.m.
Place	To be conducted virtually through Zoom
<i>Place of Meeting per By-Laws</i>	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 11, 2023

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, 2023:

<u>Title of Each Class</u>	Number of Outstanding Shares
Common – Class A	5,420
Common – Class B	2,846
Common – Class C	<u>154</u>
TOTAL	<u>8,420</u>

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 16, 2023 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."

The Board of Directors of the Club, in the exercise of its authority under the By-Laws, approved on May 12, 2023, the holding of the annual stockholders' meeting for the year 2023 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, 2023:

(1) Security Ownership of Certain Record and Beneficial Owners (of more than 5%) as of July 31, 2023:

<b>Title of Class</b>	<b>Name &amp; Address of Record Owner &amp; Relationship w/ Issuer</b>	<b>Name of Beneficial Owner &amp; Relationship w/ Record Owner</b>	<b>Citizenship</b>	<b>No. of Shares</b>	<b>Percentage</b>
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 1,914 106	75.3444%
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	1,082 202 5	15.3088%

- 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, 2023:

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-Miranda	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	Chief Risk Officer, Compliance Officer and Finance Director	0	Filipino	N/A
<b>Security Ownership of all Directors and Officers</b>			<b>11</b>		<b>0.1306%</b>

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
Javier D. Hernandez	

Messrs. Abando, Bengzon, Hernandez, 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:

	2022		2021		Terms	Conditions
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance		
<b>Immediate Parent Company</b>						
ALI (a)	₱ 8,309,125	₱7,384,093	₱ -	₱ 6,780,281	Due and demandable; non-interest bearing	Unsecured; no impairment
ALI (b)	-	3,571,429	-	3,571,429	Due and demandable; non-interest bearing	Unsecured; no impairment
ALI (Loans)	35,000,000	-	-	-	Due and demandable; interest bearing	Unsecured; no impairment
ALI (Interest) (Note 19 2022 AFS)	98,787	-	-	-	Due and demandable	Unsecured; no impairment
<b>Entities under common control</b>						
Amaia Land	₱45,000,000	₱45,000,000	-	-	Due and demandable; interest bearing	Unsecured; no impairment
Amaia Land (Interest) (Note 19 2022 AFS)	417,411	410,045	-	-	Due and demandable;	Unsecured; no impairment
Avida Land (Loans)	45,000,000	-	-	-	Due and demandable;	Unsecured;

Avida Land (Interest) (Note 19 2022 AFS)	496,375	5,773	4,583	4,583	interest bearing Due and demandable; non-interest bearing	no impairment Unsecured; no impairment
Anvaya Cove Beach and Nature Club, Inc. (ACBNCI) Makati Development Corporation (MDC)	14,562,297	6,424,046	4,092,036	1,492,585	Due and demandable; non-interest bearing	Unsecured; no impairment
Ayala Property Management Corporation (APMC)	64,236	4,502	309,209	88,799	Due and demandable; non-interest bearing	Unsecured; no impairment
	1,504	6,087	4,583	4,583	Due and demandable; non-interest bearing	Unsecured; no impairment
Alviera Country Club, Inc. (Alviera)	-	26,540	-	-	Due and demandable; non-interest bearing	Unsecured; no impairment
<b>Total</b>		<b>₱ 62,826,742</b>		<b>₱11,937,677</b>		

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 consists of the following:

- Trade receivables from ALI includes unsecured non-interest bearing charges and unpaid membership dues from ALI nominees
- Receivables from ALI-PPE pertains expenses reimbursement of the Club related to PPE transferred by ALI.
- Loans and interest receivables pertain to loans which has 26 to 48 days term subject to interest rate ranging from 2.57% to 2.62%.

Receivables from Amaia Land pertains to loans which has 40 to 42 days term subject to interest rate ranging from 5.58% to 6.25%.

Receivables from Avida Land pertains to loans which has 8 to 33 days term subject to interest rate ranging from 3.22% to 5.58%.

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 antigen test and meals purchased by the Club on behalf of the former for use of MDC personnel.

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

Receivables from Alviera pertains to trade transactions recorded under the member's ledger.

b. Outstanding balances owed to related parties:

	2022		2021		Terms	Conditions
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance		
<b>Immediate parent company</b>						
ALI (a)	₱ 10,433,947	₱ 90,433,949	₱ -	₱80,000,000	Due and demandable; non-interest bearing	Unsecured
ALI (b)	22,363,705	-	3,571,429	-	Due and demandable; non-interest bearing	Unsecured
ALI (c)	₱1,364,500	-	-	-	Due and demandable; non-interest bearing	Unsecured
<b>Entries under common control</b>						
ACBNCI	₱50,702,793	₱19,106,358	₱21,345,978	₱8,612,520	Due and demandable; non-interest bearing	Unsecured

MDC	19,726,741	2,624,717	30,527,148	12,219,789	Due and demandable; non-interest bearing	Unsecured
Ayalaland Club Management, Inc. (AMCI) (d)	4,014,467	666,681	4,140,238	1,597,998	Due and demandable; non-interest bearing	Unsecured
ACMI (e)	-	-	2,017,871	1,823,079	Due and demandable; non-interest bearing	Unsecured
<b>Associates of Ayala Corporation (AC)</b>						
Globe Telecom, Inc. (Globe)	76,005	-	-	-	Due and demandable; non-interest bearing	Unsecured
Innovate Communications, Inc. (Innovate)	2,829,576	-	-	-	Due and demandable; non-interest bearing	Unsecured
Manila Water Philippine Venture, Inc. (Manila Water)	15,108,986	-	-	-	Due and demandable; non-interest bearing	Unsecured
			<b>₱112,831,705</b>	<b>₱104,253,086</b>		

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.
- (b) Costs incurred for electricity consumption, facilities management, share on common usage and real property taxes of the Club.
- (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:

- (a) Management fees, as agreed upon, include basic management fee amounting to ₱00,000 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. Basic management fee amounts to ₱191,724 monthly for the year 2022.
- (b) System cost at a monthly fixed amount of ₱403,527 for the year included as part of corporate expenses in general and administrative expenses.

Payable to Globe consists of cost incurred for the prepaid mobile line and text blast communication to all members as billed by Amber.

Payable to Innovate consists of cost incurred for the trunk line and direct internet of the Club.

Payable to Manila Water consists of cost of water utilities incurred by the Club.

The amounts receivable from and payable to related parties are not offset because these 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 AC):

	2022			2021		
	Outstanding Balance	Interest Income	Unrealized Gain	Outstanding Balance	Interest Income	Unrealized Gain
Cash in banks (Note 4)	P25,867,030	P26,955	P	P22,063,739	P17,559	P
Financial assets at FVPL (Note 5)	2,881,173	–	113,413	22,767,760	–	258,381
	P28,748,203	P26,955	P113,413	P44,831,499	P17,559	P258,381

### 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

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.

### (b) Compensation of Directors

#### (1) Standard Arrangement (Current Compensation)

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

“xxx Directors shall receive no salaries from the Club.”

#### (2) Other Arrangement

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

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

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

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

### (d) Warrants and Options Outstanding

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

## **Item 7. Independent Public Accountants**

### (a) Independent Public Accountant

The accounting firm of SyCip Gorres Velayo & Co. (SGV & Co.) served as the principal accountant and external auditor of the Club from incorporation to audit year 2022. Mr. Jose Pepito E. Zabat served as the Partner-in-Charge for audit years 2019 to 2022.

Pursuant to the Revised SRC Rule 68, Part 1 3(B)(ix) on Rotation of External Auditor, the Club's Board of Directors, upon the recommendation of its 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 appointment of PwC Isla Lipana & Co. as the Club's independent accountant for 2023, and fixed its remuneration amounting to One Hundred Seventy- Nine Thousand Nine Hundred Pesos (Php179,900.00), exclusive of value-added tax. Mr. Dexter DJ Toledana will be the Partner-in-Charge for the audit year 2023. The change in external auditor is pursuant to the Independent Auditor Tenure policy adopted by Ayala Land, Inc.'s Group to align with the 2014 European Union Audit Regulation standard on mandatory audit firm rotation. The policy prescribes that an Independent Auditor shall be replaced after a maximum duration of 10 years, extendable to a maximum of 24 years, subject to meeting certain conditions.

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

Representatives of PwC Isla Lipana & Co. for the current year and of SGV & Co. 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.

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

The Club engaged the services of SGV & Co. for the three (3) most recent fiscal years. There were no disagreements with SGV & Co. on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure.

(c) Audit and Audit-Related Fees

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

	<b>Audit &amp; Audit-related Fees*</b>	<b>Tax Fees**</b>
2022	PhP170,100	PhP56,000
2021	Php162,000	Php60,000

\* 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, 2022, SEC Form 17-Q for the quarters ending March 2023 and June 2023, 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 2022 audited financial statements and neither do such changes result to a restatement of the 2022 audited financial statements.

### **D. OTHER MATTERS**

#### **Item 15. Action with Respect to Reports**

- (a) Approval of the minutes of the 2022 Annual Stockholders' Meeting held on September 30, 2022 covering the following matters:
  - (i) Approval of the minutes of the 2021 Annual Stockholders' Meeting held on September 25, 2021;
  - (ii) Ratification of the acts of the Board of Directors and Management beginning September 25, 2021 until September 30, 2022;
  - (iii) Noting of the President's report and approval of the audited financial statements as of December 31, 2021;
  - (iv) Election of Directors, including independent directors; and
  - (v) Appointment of external auditor and fixing of its remuneration.

The Minutes of the 2022 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/2022/10/Anvaya-Golf-Mins-2022-ASM-30-September-2022.pdf>

- (b) Approval of the President's report for the year ending December 31, 2022, including the 2022 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 30, 2022 until October 2, 2023.

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) Approval of the 2022 second quarter results of operation and audit findings
- (v) Approval of the external audit plan
- (vi) Approval of the revised internal audit plan
- (vii) Approval of the 2023 third quarter results of operations
- (viii) Approval of the 2022-2023 internal audit plan
- (ix) Approval of the 2023 operating budget
- (x) Approval of the implementation of cashless transactions
- (xi) Approval of the Christmas fund special assessment
- (xii) Approval of the partial performance bonus and cash gift
- (xiii) Appointment of Stock Transfer Services, Inc. as the stock transfer agent
- (xiv) Approval of the 2022 financial audit results on areas of audit emphasis
- (xv) Approval of the management representation letter
- (xvi) Approval of the full year 2022 financial audit and operating results
- (xvii) Approval of the report of the Audit and Risk Oversight Committee to the Board
- (xviii) Approval of the amendments to the Audit and Risk Oversight Committee Charter and Internal Audit Charter
- (xix) Approval of the 2022 audited financial statements
- (xx) Approval of the acquisition of cyber security tools
- (xxi) Approval of the 2023 first quarter financial and operating results
- (xxii) Appointment of the independent auditor for 2023 and fixing of its remuneration
- (xxiii) Appointment of Chief Risk Officer
- (xxiv) Approval of information technology projects
- (xxv) Approval of additional capital expenditures
- (xxvi) Approval of the information technology projects
- (xxvii) Approval of the increase in membership dues
- (xxviii) Approval of the new guidelines for exercising the Company's right of first refusal
- (xxix) Approval of the establishment of the retirement fund and retirement plan
- (xxx) Appointment Trustee Bank for the retirement fund
- (xxxi) Approval of the schedule of 2023 Annual Stockholders' Meeting and relevant dates
- (xxxii) Approval of the participation and voting by remote communication in all meetings of the Board of Directors and stockholders
- (xxxiii) 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](mailto: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](mailto:corporatesecretary.gsc@anvayacove.com) on or before September 21, 2023, 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. Information required in the proxy form are specified in Annex A (III) below.

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

#### **Item 20. Participation of Shareholders by Remote Communication**

The Board of Directors of the Club approved the holding of the annual stockholders' meeting in a fully virtual format on October 2, 2023. 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](mailto:corporatesecretary.gsc@anvayacove.com) on or before September 21, 2023, of their intention to participate in the meeting by remote communication.

Stockholders may send in their questions to [corporatesecretary.gsc@anvayacove.com](mailto: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 September 5, 2023.

**ANVAYA COVE GOLF AND SPORTS CLUB, INC.**

By:

A handwritten signature in blue ink, appearing to read 'S. M. Hermosura', with a horizontal line extending to the right.

**SOLOMON M. HERMOSURA**  
Corporate Secretary

## ANNEX “A”

### 2023 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 16, 2023, 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](mailto:corporatesecretary.gsc@anvayacove.com).
2. Stockholders shall notify the Chairman of the Board and the Corporate Secretary by email to [corporatesecretary.gsc@anvayacove.com](mailto:corporatesecretary.gsc@anvayacove.com) of his/her/its intention to exercise his/her/its right to vote in absentia by September 21, 2023.
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 16, 2023, 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](mailto:corporatesecretary.gsc@anvayacove.com) of his/her/its intention to attend the Meeting via remote communication by September 21, 2023.
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](mailto: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](mailto: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.

### **III. INFORMATION REQUIRED IN A PROXY FORM**

#### 1. Identification

The Proxy form is being solicited by **Club**, on and in its behalf, in connection with the Annual Stockholders' Meeting to be held on October 2, 2023, at 9:00 o'clock in the morning.

#### 2. Instructions

The participating stockholder of the Club appoints Mr. Augusto D. Bengzon or in his absence, 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 and at any of the adjournments thereof for the purpose of acting on the matters stated below. The Office of the Corporate Secretary will tabulate all votes received and will validate the results. The Corporate Secretary shall report the results of voting during the meeting.

On the attached proxy form, the stockholder will place an "X" in the box on how he/she/it wishes his/her/its votes to be cast in respect of the matters to be taken up during the meeting. If no specific direction as to voting is given, the votes will be cast for the election of all nominees and for the approval of the resolutions on the matters stated below and as set out in the notice, and for such other matters as may properly come before the meeting in the manner described in the Information Statement and as recommended by the Chairman.

#### 3. Revocability of Proxy

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. The proxy may be revoked by the stockholder executing the same at any time by submitting to the Corporate Secretary a written notice of revocation not later than the start of the meeting. A proxy is also considered revoked if the stockholder participates in the meeting and submits his/her/its ballot. This proxy shall be deemed revoked after the right granted is exercised during the Meeting. Shares represented by an unrevoked proxy will be voted as authorized by the stockholder.

#### 4. Person Making the Solicitation

The solicitation is made by the Company. No director of the Company has informed the former in writing that she/he/it intends to oppose an action intended to be taken up by the Company at the Meeting. Solicitation of the proxies shall be made through the use of ordinary mail, electronic means of communication, or personal delivery. The total estimated amount to be spent in connection with the release and sending of the

proxy forms is approximately PhP20,000.00. Costs for solicitation will be shouldered by the Company.

5. Interest of Certain Persons in Matters to be Acted Upon

The directors and officers do not have a substantial interest, direct or indirect, by security holdings or otherwise, on any matter to be acted upon other than election of the Board of Directors for the ensuing year. The Company has not received any written information from anyone seeking to oppose any action to be taken up in the Meeting.

## ANNEX B

### BOARD OF DIRECTORS AND CORPORATE OFFICERS

The information below includes positions held as of July 31, 2023 and in the past five years and personal data as of July 31, 2023, of the directors and executive officers of the Club, unless specified herein.

#### **Incumbent Board of Directors**

Augusto D. Bengzon  
Joseph Carmichael Z. Jugo  
Paulloindo A. Elauria  
Dante M. Abando  
Jocelyn F. de Leon  
Anna Ma. Margarita B. Dy

Jose Emmanuel H. Jalandoni  
Paolo O. Viray  
George Edwin T. Lee (Independent)  
Agustin R. Montilla IV (Independent)  
Bernadine T. Siy (Independent)

**Augusto D. Bengzon**, 60, Filipino, has served as Director of the Club since incorporation and was then elected as Chairman of the Board on September 25, 2021. He is currently the Senior Vice President, Chief Finance Officer, Treasurer and Chief Compliance Officer of Ayala Land, Inc. He is a Director of AREIT, Inc. and Treasurer of AyalaLand Logistics Holding Corp., publicly listed companies under the Ayala Land Group. His other significant positions include: Chairman of Aprisa Business Process Solutions Inc., 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., AyalaLand-Tagle Properties, Inc., Ceci Realty Inc., Philippine Integrated Energy Solutions Inc. and Vesta Property Holdings Inc.; Director of AG Counselors Corporation, Alvierra Country Club Inc., Amicassa Process Solutions, Inc., Makati Development Corp., Northgate Hotel Ventures, Inc., Station Square East Commercial Corp. and Southcrest Hotel Ventures, Inc.; Comptroller of Nuevocentro, Inc.; Treasurer and Chief Finance Officer of Portico Land Corp.; Treasurer of Alabang Commercial Corporation, AKL Properties, Inc., Amaia Land Corp., Alveo Land Corp., Avida Land Corp., AyalaLand Premier Inc., Ayala Property Management Corporation, Bellavita Land Corp., BGNorth Properties, Inc., BGSouth Properties, Inc., BGWest Properties, Inc., Serendra Inc., The Suites at One Bonifacio High Street Condominium Corp. and Hero Foundation, Inc.; Assistant Treasurer of Ayala Greenfield Golf & Leisure Club, Inc. and Ayala Greenfield Development Corporation; 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**, 49, Filipino, has served as a Director and President of the Club since July 6, 2017. He is currently the Vice President of Ayala Land, Inc. He is concurrently President & Director of Ayalaland Premier, Inc., Alveo Land Corp., Ayalaland-Tagle Properties, Inc., BGWest Properties Inc., and BGSouth Properties, Inc.; Chairman & President of Roxas Land Corp., OLC Development Corp., Southportal Properties, Inc., Serendra, Inc. and Garden Towers Condo Corp.; Chairman of Ayala Hotels Inc., Ayala Land Sales, Inc., Ayala Land Club Management, Inc., Verde Golf Development Corporation and Anvaya Environmental Foundation, Inc.; President & Chief Executive Officer of Ayala Greenfield Development Corp. and Ayala Greenfield Golf & Leisure Club, Inc.; Director & Vice President of Anvaya Cove Beach & Nature Club, Inc.; President and ExeComm Member of Portico Land Corp; Vice Chairman of Alveo-Federal Land Communities, Inc.; Director of Amicassa Process Solutions, Inc.; Ayala Center Estate Association, and Algofil Inc. In his 20 years in the company, he has been a part of and handled various business lines including business development for the retail and malls group, project development for the residential business group, project development for the leisure group and sales for the local and international markets. He graduated from the Ateneo de Manila with a degree in Management Economics in 1997 and completed his MBM from the Asian Institute of Management (with Distinction) in 2002. He attended the International Graduate Student Exchange



Program at the Tuck School of Business, Dartmouth College in 2002 and completed the INSEAD Asian International Executive Programme (AIEP) in 2015.

**Paullolindo A. Elauria**, Filipino, 57, Filipino, has served as Director and Vice President of the Club since its incorporation. He is also the President of Anvaya Cove Beach and Nature Club. He has been the President of SUDECO since 2002. He is also the President of the Philippine Petrochemical Products, Inc., Seaport Development and Industrial Corporation, Leungs Holdings, Inc., Subic West Integrated Development Corporation, Sideli International Trading Corporation, Zambales Farms and Forest, Inc., Shining Star Corporation, and Subic West Development Corporation. He holds a Bachelor of Laws Degree from the Manuel L. Quezon University and passed the bar in 1992. Atty. Elauria is also a Professor of Commercial, Civil, and Labor Laws, having taught at De La Salle University, Lyceum of the Philippines University and Manuel L. Quezon University. He graduated with a Bachelor's degree in Mathematics for Teachers from the Philippine Normal University in 1986 and Bachelor of Laws at the Manuel L. Quezon University in 1992. He is the Founder, President and Commissioner of the Professional Chess Association of the Philippines, the first and only government-licensed professional chess league in the world.

**Dante M. Abando**, Filipino, 59, 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 and Serendra, Inc. and Avaland Berhad (Malaysia). He was the President of Alveo Land Corporation. He is currently a member of the Board of Trustees of the University of the Philippines Alumni Association. 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 Business.

**Jocelyn F. De Leon**, Filipino, 63, has served as Director of the Club since 2011. She is also a Director in Anvaya Cove Beach and Nature Club. She is the Chairman of the Board and a Director of Subic Bay Development & Industrial Estate Corporation (SUDECO). She also holds similar positions in the various companies spearheaded by the De Leon Family, such as Seaport Development and Industrial Corporation, Philippine Petrochemical Products, Inc., Leungs Holding, Inc., Subic West Integrated Development Corporation, Zambales Farms and Forest, Inc., Shining Star Farms and Forest Development Corporation, Fort West Realty and Development Corporation, Sampaloc Point Agro-Forestry and Development Corporation, and Solar Plastics Corporation. Graduating from De La Salle University in 1986 with a degree in Bachelor of Science, majoring in Marketing and reinforcing this with a Master's degree in Business Administration from the same university, Ms. De Leon has competently held managerial positions with companies based locally and abroad.

**Anna Ma. Margarita B. Dy**, Filipino, 54, has been elected as Director of the Club on August 11, 2022. She is an Executive Vice President since January 1, 2023, Chief Operating Officer since April 26, 2023 and a member of the Management Committee of ALI since August 2008. She is the Head of the Residential Business Group of ALI effective July 1, 2022 and Head of the Malls Group effective January 1, 2023. She was the Head of the Strategic Landbank Management (SLMG) of ALI. She is the Chairman of AREIT, Inc., another publicly-listed company of the ALI Group. Her other significant positions are: Chairman of Amaia Southern Properties, Inc., Amicassa Process Solutions, Inc., Ayalaland Premier, Inc., Ayala Land International Sales, Inc., Avida Land Corp., Portico Land Corporation, and Solinea, Inc; Director and President of Alviera Country Club, Inc., AKL Properties, Inc., and Avencosouth Corp.; Director of Accendo Commercial Corp., Alveo-Federal Land Communities Inc., Alveo Land Corp., ALI Eton Property Development Corporation, Altaraza Development Corporation, Amaia Land, Inc., Anvaya Cove Golf and Sports Club, Inc., Aurora

Properties, Inc., Avida Sales Corp., Ayala Greenfield Development Corporation, Ayala Property Management Corporation, Ayalaland-Tagle Properties, Inc., BGWest Properties, Inc., BGNorth Properties, Inc., Bellavita Land Corp., Bonifacio Land Corporation, Buklod Bahayan Realty & Development Corporation, Cagayan de Oro Gateway Corp., CECI Realty, Inc., Fort Bonifacio Development Corporation, Nuevocentro, Inc., Serendra, Inc., and Vesta Properties Holdings, Inc.; and, Trustee and Treasurer of Bonifacio Art 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, 55, 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**, 42, Filipino, has served as director of the Club since March 17, 2017. He is also a Director of Anvaya Cove Beach and Nature Club. He is currently the Chief Operating Officer of AyalaLand Premier Inc., President of Ayala Land Sales, Inc.; Vice Chairman of AyalaLand Club Management, Inc., Director of Anvaya Cove Golf and Sports Club Inc.; and, a He served as General Manager for Ayala Land International Marketing, USA, and General Manager for Ayala Greenfield Development Corporation, and Project Development Manager for Ayala Land Premier. He joined Ayala Land in 2004 and has been involved in various residential and special projects handling business development, project development, marketing and sales. 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, 60, 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, 53, 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, 64, 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:**

Except for Mr. Jalandoni, all the incumbent directors of the Club are being nominated to the Board of Directors with the addition of Mr. Javier D. Hernandez.

**Javier D. Hernandez**, 54, is a Vice President of Ayala Land, Inc. since April 2017. He is currently the President & Chief Executive Officer of AyalaLand Hotels & Resorts Corporation, ALI Triangle Hotel Ventures, Inc., Arcasouth Hotel Ventures, Inc., Asiatown Hotel Ventures, Inc., Bay Area Hotel Ventures, Inc., Bonifacio Hotel Ventures, Inc., Capitol Central Hotel Ventures, Inc., Cebu Insular Hotel Co., Inc., Central Bloc Hotel Ventures, Inc., Circuit Makati Hotel Ventures, Inc., Ecosouth Hotel Ventures, Inc., Econorth Resort Ventures, Inc., Enjay Hotels, Inc., Makati North Hotel Ventures, Inc., North Triangle Hotel Ventures, Inc., One Makati Hotel Ventures, Inc., One Makati Residential Ventures, Inc., Sentera Hotel Ventures, Inc., and Sicogon Island Tourism Estate Corp., and President of the Ten Knots Phils., Inc., Bacuit Bay Development Corporation, Ecoholdings Company, Inc., Regent Horizons Conservation Company, Inc., Lio Tourism Estate Management Corp., Ten Knots Development Corporation, Chirica Resorts Corporation, Pangulasian Island Resort Corp., Lio Resort Ventures Inc., North Liberty Resort Ventures, Inc. and Turista.ph Technologies, Inc. He is responsible for the overall management of all Seda properties, El Nido Resorts and LIO Estate in El Nido, Palawan.

President and Chief Executive Officer of Sicogon Island Tourism Estate Corp. He is also a Director and Chief Operating Officer of Southcrest Ventures, Inc. and Northgate Hotel Ventures, Inc., and Director and Vice President for Operations of Alabang Commercial Corporation. He is also a Director of South Innovative Theater Management Inc. He has worked for Ayala Land for 29 years, spending seven years with Ayala Malls, four years with the Sales and Marketing Group, thereafter rejoining Ayala Malls for another 13 years before transferring to AyalaLand Hotels and Resorts mid-2016. He graduated with a Bachelors Degree in Business Administration from the San Francisco State University.

### **Incumbent Corporate Officers**

Augusto D. Bengzon*	Chairman
Joseph Carmichael Z. Jugo*	President
Paulloindo A. Elauria*	Vice President
Desiree Joy C. Suarez-Miranda	Treasurer
Jose P. Dagdagan	General Manager
Neal C. Perez	Chief Risk Officer, 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, 39 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, 69 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, 50, has served as the Compliance Officer and Finance Director of the Club since November 11, 2021. He was also appointed as Chief Risk Officer of the Club effective April 28, 2023. 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, Financial Controller, Finance Manager and Internal Auditor in various sectors including hospitality, gaming, real estate, utilities, consumer electronics and government services. 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, 61, has served as the Corporate Secretary of the Club since its incorporation. He has been the Corporate Secretary of ALI since 2011, and concurrently the Group General Counsel of ALI since April 2015. 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 of Globe Telecom, Inc., Integrated Micro-Electronics, Inc., ACEN 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. Mr. Hermosura is currently a member of the faculty of the College of Law of San Beda University. He graduated valedictorian with Bachelor of Laws degree from San Beda College in 1986 and placed third in the 1986 Bar Examination.

**Maria Paula G. Romero-Bautista**, Filipino, 39, has served as Assistant Corporate Secretary of the Club since September 28, 2018. She was a Senior Counsel at Ayala Group Legal, assigned to the Corporate Services and Compliance Unit. She is a Legal Counsel in Amicassa Process Solutions, Inc. beginning January 2, 2023 assigned to the Compliance and Corporate Services Group. 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, 60, 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 ASTI Business Services Inc. (ABSI) 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, Barangay Doña Imelda, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **ANVAYA COVE GOLF AND SPORTS CLUB, INC.**, (the "Corporation") for its Annual Stockholders' Meeting on October 2, 2023 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 AUG 18 2023 day of \_\_\_\_\_, at PASIG CITY.




**GEORGE EDWIN T. LEE**  
Affiant

SUBSCRIBED AND SWORN to before me this AUG 18 2023 day of \_\_\_\_\_ at PASIG CITY, affiant personally appeared before me and exhibited to me \_\_\_\_\_ ID No. 555 -03 -778596 issued on \_\_\_\_\_, at \_\_\_\_\_.



Doc No. 64 ;  
Page No. 14 ;  
Book No. I ;  
Series of 2023.



**ENCISO**  
Notary Public for the Cities of Pasig, San Juan  
And Municipality of Pateros  
Commission until 31 December 2024  
2801 Discovery Center 25 ADB Ave., Ortigas Center Pasig City  
APPT. No. 268 (2023-2024) - Rol No. 81896  
PTR No. 0163769; 01-10-2023; Pasig City  
IBP No. 293372; 01-10-2023; Talar City  
MCLE Compliance N/A; (Admitted to the Bar in 2022)

## 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 October 2, 2023 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 2022
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	2005 to present
	President	2020 to present
The Asia Society Foundation Philippines	Corporate Secretary	2016 to present
BF Jade E-Services Philippines, Inc.	Corporate Secretary	2018 to present
Montivar, Inc.	Corporate Secretary	2009 to present
Dueño Alegre, Inc.	President/ Shareholder	2017 to present
ETM Philippines Holdings, Inc.	President	2022
	Shareholder	2023 to present
SAL Buendia Holding Corp.	Director/Corporate Secretary	2007 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 23 day of August, at Makati City.

  
**AGUSTIN R. MONTILLA IV**  
Affiant

SUBSCRIBED AND SWORN to before me this 23 day of August at Makati City, affiant personally appeared before me and exhibited to me his Passport ID No. P0898713B issued at DFA NCR South on March 4, 2019.

Doc No. 161 ;  
Page No. 34 ;  
Book No. 2 ;  
Series of 2023.

  
**ATTY. CAMILLE ANGELICA A. MENDOZA**  
Commission No. M-169  
Notary Public for Makati City  
Until December 31, 2023  
21st Floor, Philamlife Tower  
8767 Paseo de Roxas, Makati City  
Roll No. 75451  
PTR No. 9567134 / 4-Jan-2023 / Makati City  
IBP No. 180290 / 23-Nov-2022 (for 2023) / Makati City  
MCLE Compliance No. VII-0013548

**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 October 2, 2023 and have been its Independent Director since September 2021.
2. I am affiliated with the following companies or organizations:

<b>Company /Organization</b>	<b>Position/Relationship</b>	<b>Period of Service</b>
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	Trustee since 2014 Chair since 2020
Foundation for Economic Freedom	Board Member	Member since 2015 Trustee since 2020, Treasurer since 2021
Management Association of the Philippines	Member	Member since 2011

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.

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

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

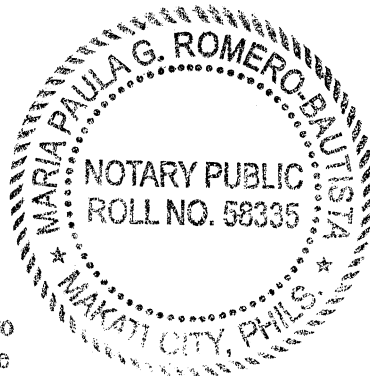
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this 22 day of August, at Makati City.

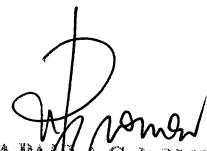
  
**BERNADINE T. SIY**  
Affiant

SUBSCRIBED AND SWORN to before me this 22 day of August at Makati City, affiant personally appeared before me and exhibited to me her Passport ID No. P5789993A issued on January 27, 2018, at Department of Foreign Affairs, Manila.

Doc No. 231 ;  
Page No. 48 ;  
Book No. VIII ;  
Series of 2023.



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

  
**MARIA PAULA G. ROMERO-BAUTISTA**  
Notary Public - Makati City  
Appt. No. M-79 until December 31, 2023  
Roll of Attorneys No. 58335  
IBP No. 264594 - 01/03/2023 - Makati City  
PTR No. 9566341MM - 01/03/2023 - Makati City  
MCLE Compliance No. VII-0020268 - 06/02/2022  
4<sup>th</sup> Floor Tower One and Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City, Philippines

## ANNEX C

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

#### I. Overview

##### Result of Operations

###### Overview

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 2<sup>nd</sup> Quarter 2023

The Club posted Revenues of ₱110.14 million for the period ended June 30, 2023, lower by ₱5.06 million or 4.39% compared to same period last year.

- Membership Dues amounted to ₱45.27 million (41.10% of the Total Club Revenues), slightly grew by ₱2.95 million or 6.96%.
- Service Income amounted to ₱34.53 million (31.35% of the Total Revenues), ₱6.27 million lower than the ₱40.80 million generated in the same period of 2022.
- Sale of Goods recorded at ₱24.64 million (22.37% of Total Revenues), decreased by ₱3.02 million or 10.91% compared to same period last year.
- Transfer fee recorded at ₱5.70 million (5.18% of Total Revenues) , ₱1.28 million or 28.99% higher compared to same period of previous year.

Total Cost and Expenses for the period registered at ₱117.83 million, an increase of ₱5.32 million or 4.73% against same period last year. The increase in cost attributed to the following:

- Cost of Services recorded at ₱60.48 million (51.33% of the Total Cost and Expenses), lower by ₱6.48 million or 9.68% compared to same period last year.
- Cost of Sales increased by 23.34% to ₱19.75 million (16.76% of the Total Cost and Expenses).
- General and Administrative Expenses amounted to ₱37.60 million (31.91% of Total Cost and Expenses), higher by 27.32% compared to the same period of prior year.

Interest Income for the period amounted to ₱1.92 million (1.74% of the Total Revenues) higher by ₱1.9 compared to previous period due to interest on intercompany loan.

Miscellaneous income recorded at ₱12.51 million (11.36% of Total Revenues), 443.32% higher compared to same period last year, brought by surcharge income imposed on late payment.

Provision for Income Tax computed at ₱0.02 million, higher by ₱16,686 as compared to previous year.

### **Financial Condition – June 30,2023 versus December 31, 2022**

Total Assets amounted to ₱917.58 million as of June 30,2023, higher by ₱9.12 million or 1.00% compared to December 31, 2022. Changes were attributed to the following:

- Cash decreased to ₱25.51 million (2.78% of Total Assets), from ₱26.53 million as of December 31, 2022.
- Financial asset at FVPL recorded at ₱2.93 million (0.32% of the Total Assets). An increase of 1.57% compared to December 31,2022.
- Accounts and other receivables amounted to ₱28.97 million (3.16% of the Total Assets). A decrease of ₱7.70 million or 21.01% compared to ₱36.67 million of previous year.
- Receivables from related parties increased to ₱82.75 million (9.02% of the Total Assets) from previous year of ₱62.83 million.
- Inventories recorded at ₱2.21 million (0.24% of Total Assets), higher by 5.33% compared to ₱2.09 million of previous year.
- Other current assets recorded at ₱38.93 million (4.24% of Total Assets), increased by ₱7.30 million or 23.08% compared to last year.
- Property and equipment, net of depreciation at ₱734.47 million (80.04% of Total Assets), lower by ₱8.18 million compared to December 31,2022.
- Advances and other noncurrent assets amounted to ₱1.83 million (0.20% of Total Assets), lower by ₱1.35 million or 42.52% compared to previous year.

Total Liabilities of the Club increased to ₱182.89 million (19.93% of Total Liabilities and Member's Equity), ₱2.40 million or 1.33% higher compared to last year. The changes were attributed to the following:

- Accounts and other payables amounted to ₱57.00 million (6.21 % of Total Liabilities and Member's Equity), increased by ₱10.88 million or 23.60% compared to last year of ₱46.12 million.
- Contract liabilities at ₱35.10 million (3.83% of Total Liabilities and Member's Equity), ₱15.12 million or 75.65% higher than previous year.
- Payables to related parties decreased to ₱89.17 million (9.72% of Total Liabilities and Member's Equity), ₱23.66 million or 20.97% lower compared to previous period.
- Pension liability at ₱1.16 million, higher by ₱0.06 million or 5.14% compared to previous year.

### **Cash Flows – Period Ended June 30,2023 vs. June 30,2022**

- The Club generated ₱34.96 million net cash flows from operating activities at the end of June 30,2023.
- Net cash used investing and financing activities amounted to ₱10.98 million and ₱25.00 million respectively.

- Cash at the end of the period recorded at ₱25.51 million.

### **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 30,2023 increased to 1:1 compared from 0.91:1 as of end of 2022. Quick ratio is likewise slightly higher by 0.06 compared to last year. Debt-Equity Ratio was at 25%, in line with December 31, 2022. Asset to Equity ratio computed at 125:1 as of June 30,2023. The Club has a net profit margin of 6.10% as against 4.35% of the same period last year.

		June 30,2023	Dec 31,2022
<b>CURRENT RATIO =</b>	Current Asset	181,283,285	162,633,833
	Current Liabilities	181,286,141	178,941,852
		1:1	0.91:1
<b>QUICK RATIO =</b>	Quick Asset	142,352,588	131,002,656
	Current Liabilities	181,286,141	178,941,852
		0.79:1	0.73:1%
<b>DEBT-EQUITY RATIO =</b>	Total Debt	182,888,481	180,487,539
	Total Equity	734,692,739	727,974,039
		0.25:1	0.25:1
<b>ASSET TO EQUITY RATIO =</b>	Total Asset	917,581,221	908,461,578
	Total Equity	734,692,739	727,974,039
		1.25:1	1.25:1
		<b>June 30</b>	
		<b>2023</b>	<b>2022</b>
<b>NET INCOME MARGIN =</b>	Net Income(Loss)	6,718,701	5,011,364
	Revenue	110,140,353	115,202,356
		6.10%	4.35%

### **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 3<sup>rd</sup> Quarter 2023**

As we continue to invest in new assets and facility upgrades, we anticipate further growth in revenue and profitability in the coming months. We aim to position our Company as one of the best-managed Golf clubs in the region and an industry leader by providing high-quality products and services, utilizing cutting-edge technology, and maintaining a strong focus on environmental sustainability and social responsibility.

Our long-term strategy is designed to establish our company as a prime membership club by offering exceptional products and services, leveraging on our dedicated and highly competent manpower and the latest technology, and maintaining an unwavering emphasis on member's satisfaction, employee's welfare and taking care of the environment. Regarding Club activities, the Golf Club will continue to host golf tournaments for its members, fostering camaraderie and intense competition in a friendlier and relaxed atmosphere. Simultaneously, the Sports Club will organize a diverse range of athletic events, such as yoga, Zumba, and swimming lessons, promoting a healthy and active lifestyle. These initiatives are also meant to improve patronage of Club facilities including overnight facilities at the Sea Breeze Verandas, thus, further enhancing our overall performance.

We will also endeavor to adopt realistic and measurable programs that will provide for more efficient use of irrigation water. Additional resources will also be allocated to divert runoff water into the irrigation lake to reduce our reliance on ground water which is fast becoming expensive and scarce during summer.

#### **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 3<sup>rd</sup> 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 132 employees as of June 30, 2023.

## 2022 vs 2021

### Results of Operations

Total Club revenues were recorded at ₱199.70 million for the year ended 2022, higher by ₱86.97 million or 77.14% as compared to previous year.

- Membership dues recorded at ₱86.78 million or 43.45% of the total revenues, higher by ₱5.89 million or 7.27% as compared to last year.
- Service income amounted to ₱55.43 million or 27.75 % of total revenues, increased by 41.81 million or 306.92% as compared to last year.
- Sale of goods totaled ₱48.09 million or 24.08% of total club revenues, higher by ₱37.76 million or 365.74% as compared to last year.
- Transfer fee for the period reached ₱9.41 million or 4.71% of the total revenues, higher by ₱1.51 million or 19.16%. This refers to required fee for the processing of change of ownership and nominees.

Total cost and expenses for the year was recorded at ₱199.54 million which was ₱46.63 million or 30.50% higher as compared last year.

- Cost of services recorded at ₱103.89 million or 52.06% of the total cost and expenses. Higher by ₱14.37 million or 16.05% compared to previous year of ₱89.52 million.
- Cost of sales recorded at ₱32.02 million or 16.05% of total cost and expenses. Higher by ₱21.70 million or 210.13% compared to prior year of ₱10.33 million.
- General and administrative expenses amounted to ₱63.63 million or 31.89% of total cost and expenses. Higher by ₱10.56 million or 19.91% as compared to previous year of ₱53.06 million.

Other Income, 3.07% of total revenues, recorded at ₱6.13 million. Lower by ₱8.23 million or 57.49%.

- Interest income for the year ended 2022 recorded at ₱1.05 million or 0.53% of total club revenues, higher by ₱1.03 million as compared to last year..
- Miscellaneous income recorded at ₱5.07million or 2.54% of the total club revenues, decreased by ₱9.31 million or 64.72% compared to previous year

Provision for income tax computed at ₱5,391, higher by ₱1 ,879 as compared to the previous year. Other comprehensive gain recorded at ₱463,565 in 2022.

### Financial Condition

Total assets amounted to ₱908.46 million which was lower by ₱16.4 7 million or 1.85% as compared to previous year. The changes were attributed to the following major components:

- Cash and cash equivalent which amounted to ₱26.53 million or 2.93% of the total assets. Recorded an increase of ₱3.95 million or 17.50% compared to previous year.
- Financial asset at fair value was recorded at ₱2.88 million or 0.32% of the total assets, lower by ₱19.89 million or 87.35% as compared to previous year.



- Accounts and other receivables recorded at ₱36.67 million or 4.04% of the total assets, increased by ₱1.64 million or 4.68% compared to last year.
- Receivables from related parties computed at ₱62.83 million, 6.92% of the total assets, recorded an increase of ₱50.89 million or 426.29% compared to previous year.
- Inventories recorded at ₱2.09 million or 0.23% of total asset, increased of ₱0.39 million or 22.55% from ₱1.71 million of previous year.
- Other current asset of ₱31.63 million, 3.48% of total sales, higher by ₱4.57 million or 16.90% as compared to prior year.
- Property and equipment recorded at ₱742.64 million or 81.75% of the total assets. There was a decrease of ₱25.40 million or 3.31% as compared to previous year.
- As of the year ended 2022, advances and other noncurrent asset recorded at ₱3.19 million, higher by ₱0.31 million or 10.76% compared to previous year.

Total liabilities of the Club amounted to ₱ 180.49 million or 19.87% of Total Liabilities and Member's Equity. There was an increase of ₱9.72 million or 5.69% as compared to last year's ₱170.77 million. The changes were attributed to the following major components:

- A increase of ₱2.36 million in accounts and other payables or 5.39% as compared to previous year.
- Contract liabilities, 2.20% of total liabilities and equity, amounted to ₱19.99 million, lower by 5% as compared to CY 2021.
- Recorded an increase of ₱8.57 million or 8.23% as of December 31,2022 on payable to related parties compared to previous year.

#### **Statement of Cash Flow**

- Cash provided by operating and investing activities for the year ended 2022 was recorded at ₱40.59 million and ₱8.36 million respectively.
- Cash used and financing activities for year ended 2022 recorded at ₱45.00 million.
- At the end of the year 2022, the cash balance amounted to ₱26.53 million.

#### **Key Performance Indicators**

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

	<b>2022</b>	2021
1. Current Ratios	<b>90.89%</b>	<b>71.62%</b>
2. Quick Ratios	<b>72.04%</b>	<b>54.61%</b>
3. Asset-to-Equity Ratio	<b>124.79%</b>	<b>123.68%</b>
4. Net Income Margin	<b>3.15%</b>	<b>(22.86%)</b>
5. Return on Total Assets	<b>0.70%</b>	<b>(2.86%)</b>
6. Return on Equity	<b>0.87%</b>	<b>(3.51%)</b>

#### *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.

	2022	2021
<b>Current Ratios</b>		
Current Assets	₱162,633,833	₱121,080,158
Current Liabilities	178,941,852	169,054,437
	<b>90.89%</b>	<b>71.62%</b>

#### *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.

	2022	2021
<b>Quick Ratios</b>		
Quick Assets	₱128,908,944	₱92,314,475
Current Liabilities	178,941,852	169,054,437
	<b>72.04%</b>	<b>54.61%</b>

#### *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.

	2022	2021
<b>Asset-to-Equity Ratio</b>		
Total Assets	₱908,461,578	₱891,994,993
Total Equity	727,974,039	721,227,509
	<b>124.79%</b>	<b>123.68%</b>

#### *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.

	2022	2021
<b>Net Income (Loss) Margin</b>		
Net income (loss) after tax	₱6,282,965	(₱25,766,283)
Revenue	199,703,166	112,737,814
	<b>3.15%</b>	<b>(22.86%)</b>

#### *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.

	2022	2021
<b>Return on Total Assets</b>		
Net income (loss) after tax	₱6,282,965	(₱25,766,283)
Total Assets - Current year	908,461,578	891,994,993
Total Assets – Prior year	891,994,993	911,052,411

Average Total Assets	900,228,286	901,523,702
	<b>0.70%</b>	<b>(2.86%)</b>

### *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.

	<b>2022</b>	<b>2021</b>
<b>Return on Equity</b>		
Net income (loss) after tax	₱6,282,965	(₱25,766,283)
Total Assets - Current year	727,974,039	721,227,509
Total Assets - Prior year	721,227,509	746,664,017
Average Total Assets	724,600,774	733,945,763
	<b>0.87%</b>	<b>(3.51%)</b>

#### **(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 129 hired employees as of December 2022.

#### **Others**

As of the year ended December 31, 2022, 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.

## **2021 vs 2020**

### **Results of Operations**

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 or 1.15% as compared to previous year.
- Accounts and other receivables recorded at ₱35.03 million 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 ₱ 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
1. Current Ratios	<b>71.62%</b>	64.95%
2. Quick Ratios	<b>54.61%</b>	49.96%
3. Asset-to-Equity Ratio	<b>123.68%</b>	122.02%
4. Net Income Margin	<b>(22.86%)</b>	(31.74%)
5. Return on Total Assets	<b>(2.86%)</b>	(3.71%)
6. Return on Equity	<b>(3.51%)</b>	(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
<b>Current Ratios</b>		
Current Assets	₱121,080,158	₱105,666,493
Current Liabilities	169,054,437	162,699,872
	<b>71.62%</b>	<b>64.95%</b>

### *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
<b>Quick Ratios</b>		
Quick Assets	₱92,314,475	₱81,286,164
Current Liabilities	169,054,437	162,699,872
	<b>54.61%</b>	<b>49.96%</b>

### *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
<b>Asset-to-Equity Ratio</b>		
Total Assets	₱891,994,993	₱911,052,411
Total Equity	721,227,509	746,664,017
	<b>123.68%</b>	<b>122.02%</b>

### *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) Margin		
Net income (loss) after tax	(₱25,766,283)	(₱34,546,379)
Revenue	112,737,814	108,840,555
	<b>(22.86%)</b>	<b>(31.74%)</b>

#### *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.

	<b>2021</b>	<b>2020</b>
<b>Return on Total Assets</b>		
Net income (loss) after tax	(P25 766 283)	(P34,546,379)
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
	<b>(2.86%)</b>	<b>(3.71%)</b>

#### *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.

	<b>2021</b>	<b>2020</b>
<b>Return on Equity</b>		
Net income (loss) after tax	(P25 766 283)	(P34,546,379)
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
	<b>(3.51%)</b>	<b>(4.52%)</b>

#### **(e) 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.

#### **(f) 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.

#### **(g) 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.

#### **(h) Significant changes in the number 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:

- (g) Known trends, demands, commitments, events, or uncertainties that would have an impact on the Club;
- (h) Material commitments for capital expenditures, the general purpose of such commitment and the expected sources of funds for such expenditures;
- (i) There is a known viral outbreak known as Covid 19 pandemic that may result to the unfavorable impact on the net sales or revenue s or income from operation.
- (j) Significant elements of income or loss that did not arise from the Club's continuing operations;
- (k) Causes for any material changes from period to period in one or more line item of the Club's financial operations;
- (l) Seasonal aspects that had a material effect on the financial condition or results of the operations;

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

## 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
<b>Current Ratios</b>		
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
<b>Quick Ratios</b>		
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
<b>Asset-to-Equity Ratio</b>		
Total Assets	₱911,052,411	₱951,920,038
Total Equity	746,664,017	781,256,596

	<b>122.02%</b>	<b>121.84%</b>
--	----------------	----------------

#### *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.

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

#### *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.

	<b>2020</b>	<b>2019</b>
<b>Return on Total Assets</b>		
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
	<b>(3.71%)</b>	<b>(3.46%)</b>

#### *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.

	<b>2020</b>	<b>2019</b>
<b>Return on Equity</b>		
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
	<b>(4.52%)</b>	<b>(4.21%)</b>

#### **(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.

**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 2022, and quarter reports for the period March 31, 2023 and June 30, 2023 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  
Chief Risk Officer, 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 2021, 2022 and 2023:

<u>Quarter of Fiscal Year</u>	<u>Class A Share Price</u>	<u>Class B Share Price</u>	<u>Class C Share Price</u>	<u>Class D Share Price</u>
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.
Q3 2022	N.A.	₱2,300,000	₱2,800,000	N.A.
Q4 2022	N.A.	₱2,900,000	₱3,800,000	N.A.
Q1 2023	N.A.	₱2,900,000	₱3,800,000	N.A.
Q2 2023	N.A.	₱3,300,000	₱4,200,000	N.A.

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

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

### (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, 2023.

	Stockholder Name	No. of Class A shares	Percentage of Class A shares
1.	Ayala Land, Inc.	4,324	79.7601%
2.	Subic Bay Development and Industrial Estate Corp.	1,082	19.9631%
3.	Anna Ma. Margarita B. Dy	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 731 registered holders of Class B shares of the Corporation as of July 31, 2023.

	Stockholder Name	No. of Class B shares	Percentage of Class B shares
1.	Ayala Land, Inc.	1,914	67.2523%
2.	Subic Bay Development and Industrial Estate Corp.	202	7.0977%
3.	Others	730	25.6500%

### **Class C Shares**

There were 45 registered holders of Class C shares of the Corporation as of July 31, 2023.

	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.	5	3.2468%
3.	Others	43	27.9221%

#### **(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 or the Code of Corporate Governance for Public Companies and Registered Issuers. 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 determine the level of compliance of the Board of Directors and top-level management with its Revised Manual of Corporate Governance consists of a Board Performance Assessment which is accomplished by the Board of Directors indicating the compliance ratings.

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 performance. The Board also ensures the presence and adequacy of internal control mechanisms for good governance.

On June 30, 2023, the Club submitted to the SEC its Annual Corporate Governance Report for the year 2022 pursuant to SEC Memorandum Circular No. 13, Series of 2021, wherein the Club disclosed its compliance or non-compliance with the recommendations under the Code of Corporate Governance for Public Companies and Registered Issuers.

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

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The management of **Anvaya Cove Golf and 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, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020, 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, 2022 and 2021, 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  
Chairman of the Board



Joseph Carmichael Z. Juco  
President



Desiree Joy C. Suarez-Miranda  
Treasurer







**ACKNOWLEDGMENT**

REPUBLIC OF THE PHILIPPINES)  
Makati City ) SS.

BEFORE ME, a Notary Public for and in the City of Makati, this APR 12 2023, personally appeared the following:

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

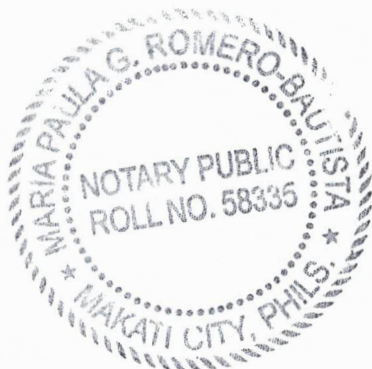
<u>Name</u>	<u>Passport No.</u>	<u>Date &amp; Place of Issue</u>
Augusto D. Bengzon	P4323352B	Jan. 8, 2020/DFA NCR East
Joseph Carmichael Z. Jugo	P6459871A	Apr. 7, 2018/ DFA, Manila
Desiree Joy S. Miranda	P3870098B	Nov. 17,2019/DFA NCR East


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. 148 ;  
Page No. 31 ;  
Book No. XXXIX ;  
Series of 2023.

Notarial DST pursuant to Sec. 6  
of the TRAIN Act (amending  
Sec. 188 of the NIRC)  
affixed on Notary Public's copy.



  
**MARIA PAULA G. ROMERO-BAUTISTA**  
Notary Public - Makati City  
Appt. No. M-079 until December 31, 2023  
Roll of Attorneys No. 58335  
IBP No. 264594 - 01/03/2023 - Makati City  
PTR No. 9566341MM - 01/03/2023 - Makati City  
MCLE Compliance No. VII-0020268 - 06/02/2022  
4<sup>th</sup> 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**

A	N	V	A	Y	A	C	O	V	E	G	O	L	F	A	N	D	S	P	O	R	T	S	C	L
U	B	,	I	N	C	.																		

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

A	n	v	a	y	a	C	o	v	e	,	M	o	r	o	n	g	,	B	a	t	a	a	n		

Form Type  
**A A F S**

Department requiring the report  
**C R M D**

Secondary License Type, If Applicable  
**N / A**

**COMPANY INFORMATION**

Company's Email Address <b>financedept@anvacove.com</b>	Company's Telephone Number <b>9943-4400</b>	Mobile Number <b>N/A</b>
No. of Stockholders <b>774</b>	Annual Meeting (Month / Day) <b>9/30</b>	Fiscal Year (Month / Day) <b>12/31</b>

**CONTACT PERSON INFORMATION**

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

Name of Contact Person <b>Neal Perez</b>	Email Address <b>perez.neal@anvacove.com</b>	Telephone Number/s <b>9943-4400</b>	Mobile Number <b>0917 804 4462</b>
---	---	--	---------------------------------------

**CONTACT PERSON'S ADDRESS**

**Anvaya Cove, Morong, Bataan**

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

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



## **INDEPENDENT AUDITOR'S REPORT**

The Board of Directors and Stockholders  
Anvaya Cove 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, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2022, 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, 2022 and 2021, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2022 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, 2022, 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, 2022 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.

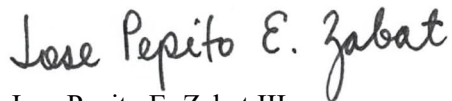
### **Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010**

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.



The engagement partner on the audit resulting in this independent auditor's report is Jose Pepito E. Zabat III.

SYCIP GORRES VELAYO & CO.



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. 9566022, January 3, 2023, Makati City

March 2, 2023



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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash (Note 4)	₱26,528,276	₱22,577,157
Financial assets at fair value through profit or loss (FVPL; Note 5)	2,881,173	22,767,760
Accounts and other receivables (Note 6)	36,672,753	35,031,881
Receivables from related parties (Note 17)	62,826,742	11,937,677
Inventories (Note 7)	2,093,712	1,708,492
Other current assets (Note 8)	31,631,177	27,057,191
<b>Total Current Assets</b>	<b>162,633,833</b>	<b>121,080,158</b>
<b>Noncurrent Assets</b>		
Property and equipment – net (Note 9)	742,641,649	768,038,232
Advances and other noncurrent assets (Note 8)	3,186,096	2,876,603
<b>Total Noncurrent Assets</b>	<b>745,827,745</b>	<b>770,914,835</b>
<b>TOTAL ASSETS</b>	<b>₱908,461,578</b>	<b>₱891,994,993</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts and other payables (Note 10)	₱46,124,391	₱43,764,674
Contract liabilities (Note 12)	19,985,756	21,036,677
Payables to related parties (Note 17)	112,831,705	104,253,086
<b>Total Current Liabilities</b>	<b>178,941,852</b>	<b>169,054,437</b>
<b>Noncurrent Liabilities</b>		
Pension liability (Note 15)	1,101,634	1,372,200
Deferred tax liability (Notes 15 and 16)	444,053	340,847
<b>Total Noncurrent Liabilities</b>	<b>1,545,687</b>	<b>1,713,047</b>
<b>Total Liabilities</b>	<b>180,487,539</b>	<b>170,767,484</b>
<b>Equity</b>		
Paid-in capital (Note 11)	213,627,000	213,627,000
Additional paid-in capital (Note 11)	763,883,400	763,883,400
Cumulative remeasurement gain on pension liability (Note 15)	1,332,158	868,593
Deficit (Note 11)	(250,868,519)	(257,151,484)
<b>Total Equity</b>	<b>727,974,039</b>	<b>721,227,509</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱908,461,578</b>	<b>₱891,994,993</b>

*See accompanying Notes to Financial Statements*



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

	<b>Years Ended December 31</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>REVENUE</b> (Note 12)			
Membership dues	<b>₱86,780,000</b>	₱80,895,000	₱79,915,000
Service income	<b>55,425,925</b>	13,620,801	14,617,884
Sale of goods	<b>48,086,527</b>	10,324,691	7,713,921
Transfer fees	<b>9,410,714</b>	7,897,322	6,593,750
	<b>199,703,166</b>	112,737,814	108,840,555
<b>COSTS AND EXPENSES</b> (Note 14)			
Cost of services	<b>103,888,099</b>	89,519,845	88,503,399
Cost of sales	<b>32,022,766</b>	10,325,560	10,427,728
General and administrative expenses	<b>63,629,654</b>	53,064,784	47,827,356
	<b>199,540,519</b>	152,910,189	146,758,483
<b>OTHER INCOME</b>			
Interest income (Notes 4, 6, 17 and 19)	<b>1,050,924</b>	25,734	164,767
Miscellaneous income (Note 13)	<b>5,074,785</b>	14,383,870	3,223,112
	<b>6,125,709</b>	14,409,604	3,387,879
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>6,288,356</b>	(25,762,771)	(34,530,049)
<b>PROVISION FOR INCOME TAX</b> (Note 16)	<b>5,391</b>	3,512	16,330
<b>NET INCOME (LOSS)</b>	<b>6,282,965</b>	(25,766,283)	(34,546,379)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Remeasurement gain (loss) on pension liability - net of tax (Note 15)	<b>463,565</b>	329,775	(46,200)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>₱6,746,530</b>	(₱25,436,508)	(₱34,592,579)

*See accompanying Notes to Financial Statements*





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

	<b>Years Ended December 31</b>		
	<b>2022</b>	2021	2020
<b>PAID-IN CAPITAL (Note 11)</b>			
Class A - 5,420 shares	<b>₱137,793,900</b>	₱137,793,900	₱137,793,900
Class B - 2,846 shares	<b>71,993,500</b>	71,993,500	71,993,500
Class C - 154 shares	<b>3,839,600</b>	3,839,600	3,839,600
	<b>213,627,000</b>	213,627,000	213,627,000
<b>ADDITIONAL PAID-IN CAPITAL (Note 11)</b>			
Class B	<b>722,961,075</b>	722,961,075	722,961,075
Class C	<b>40,922,325</b>	40,922,325	40,922,325
	<b>763,883,400</b>	763,883,400	763,883,400
<b>CUMULATIVE REMEASUREMENT GAIN ON PENSION LIABILITY (Note 15)</b>			
Balance at beginning of year	<b>868,593</b>	538,818	585,018
Net changes during the year	<b>463,565</b>	329,775	(46,200)
Balance at the end of the year	<b>1,332,158</b>	868,593	538,818
<b>DEFICIT (Note 11)</b>			
Balance at beginning of year	<b>(257,151,484)</b>	(231,385,201)	(196,838,822)
Net income (loss)	<b>6,282,965</b>	(25,766,283)	(34,546,379)
Balance at end of year	<b>(250,868,519)</b>	(257,151,484)	(231,385,201)
	<b>₱727,974,039</b>	₱721,227,509	₱746,664,017

*See accompanying Notes to Financial Statements*



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

	Years Ended December 31		
	2022	2021	2020
<b>OPERATING ACTIVITIES</b>			
Income (loss) before income tax	₱6,288,356	(₱25,762,771)	(₱34,530,049)
Adjustments for:			
Depreciation (Notes 9 and 14)	36,956,238	36,997,483	39,060,004
Interest income (Notes 4, 6, 17 and 19)	(1,050,924)	(25,734)	(164,767)
Net movement in pension liability (Note 15)	296,205	354,300	330,400
Unrealized gain on financial assets at FVPL (Notes 5 and 13)	(34,452)	(258,381)	(537,271)
Gain on disposal of property and equipment (Note 9)	(3,165)	–	(94,500)
Operating income before working capital changes	42,452,258	11,304,897	4,063,817
Decrease (increase) in:			
Accounts and other receivables	(1,637,707)	2,710,061	2,768,846
Receivables from related parties	(5,479,020)	(694,835)	1,042,947
Inventories	(385,220)	(512,119)	663,911
Other current assets	(4,573,986)	(3,873,235)	(3,738,217)
Advances and other noncurrent assets	(309,493)	(426,454)	(823,281)
Increase (decrease) in:			
Accounts and other payables	2,359,717	(6,064,494)	1,535,637
Contract liabilities	(1,050,921)	6,028,669	(875,489)
Payables to related parties	8,578,619	6,390,390	(7,311,796)
Net cash from (used in) operations	39,954,247	14,862,880	(2,673,625)
Interest received	640,879	25,734	164,767
Income tax paid	(5,391)	(3,512)	(16,330)
Net cash flows from (used in) operating activities	40,589,735	14,885,102	(2,525,188)
<b>INVESTING ACTIVITIES</b>			
Additions to:			
Property and equipment (Note 9)	(11,559,655)	(2,099,946)	(4,080,736)
Financial assets at FVPL (Note 5)	(78,961)	–	(20,000,000)
Proceeds from:			
Financial assets at FVPL (Note 5)	20,000,000	–	–
Disposal of property and equipment (Note 9)	–	–	94,500
Net cash flows from (used in) investing activities	8,361,384	(2,099,946)	(23,986,236)
<b>FINANCING ACTIVITIES</b>			
Loans to related parties (Note 19)	(125,000,000)	–	–
Collection from related parties (Note 19)	80,000,000	–	20,000,000
Net cash from (used in) financing activities	(45,000,000)	–	20,000,000
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>3,951,119</b>	<b>12,785,156</b>	<b>(6,511,424)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>22,577,157</b>	<b>9,792,001</b>	<b>16,303,425</b>
<b>CASH AT END OF YEAR (Note 4)</b>	<b>₱26,528,276</b>	<b>₱22,577,157</b>	<b>₱9,792,001</b>

*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 75.36% 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 no longer collect output VAT on 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, 2023.

#### Status of Operations

The Club realized net income amounting to ₱6,282,965 and net loss amounting ₱25,766,283 in 2022 and 2021, respectively, resulting in deficit amounting to ₱250,868,519 and ₱257,151,484 as of December 31, 2022 and 2021, respectively. Also, the Club's current liabilities exceeded its total current assets by ₱16,308,019 and ₱47,974,279 as of December 31, 2022 and 2021, respectively.

Management has assessed that the Club is still able to maintain sufficient liquidity to enable the Club to continue as a going concern at least for 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 2022. The Club has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- *Amendments to PFRS 3, Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- *Amendments to PAS 16, Property, Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- *Amendments to PAS 37, Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.



- *Annual Improvements to PFRSs 2018-2020 Cycle*

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

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

#### Standards Issued But Not Yet Effective

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

#### *Effective beginning on or after January 1, 2023*

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

#### *Effective beginning on or after January 1, 2024*

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

#### *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*



### 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.

#### 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, 2022 and 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 third party under a 'pass-through' arrangement; and either (a) the Club has transferred substantially all the risks and rewards of the asset, or (b) the Club has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.





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

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

#### Impairment of Financial Assets

The Club recognizes an allowance for estimated credit losses (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 120 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.

Input VAT on goods purchased on or after January 1, 2022 will be fully recognized outright and claimed as input tax credits against output tax.

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.

Projects in progress are also capitalized as part of property and equipment under separate account, projects in progress. These projects will form part of building 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 following month after acquisition 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 these 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 benefits pension plans is the present value of the defined benefits 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 benefits 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.

#### *Short term lease and leases of low-value assets*

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

### Taxes

#### *Current income tax*

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

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

#### *Deferred tax*

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



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

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

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

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

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

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

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

#### *Uncertainty over income tax treatments*

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





### Provisions

Provisions are recognized when the Club has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. 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 End of the Reporting Period

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

---

## 3. Significant Accounting Judgments and Estimates

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

### Judgments

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

#### *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 ECLs of receivables*

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.

The allowance for ECL on the Club's receivables amounted to ₱1,948,530 as at December 31, 2022 and 2021, respectively (see Note 6). Provision for ECL amounted to nil and ₱1,948,530 in 2022 and 2021, respectively (see note 14). The carrying value of the Club's receivables amounted to ₱36,672,753 and ₱35,031,881 as of December 31, 2022 and 2021, respectively (see Note 6). The carrying value of the Club's receivables from related parties amounted to ₱62,826,742 and ₱11,964,218 as of December 31, 2022 and 2021, 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, 2022 and 2021, the carrying values of the nonfinancial assets follow:

	<b>2022</b>	2021
Property and equipment (Note 9)	<b>₱742,641,649</b>	₱768,038,232
Other current assets (Note 8)	<b>31,631,177</b>	27,057,191
Other noncurrent asset (Note 8)	<b>3,186,096</b>	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 December 31, 2022 and 2021 amounted to ₱1,101,634 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.

As at December 31, 2022 and 2021, the Club did not recognize deferred tax assets related on net operating loss carry-over (NOLCO), pension liability, allowance for ECL and minimum corporate income tax (MCIT) totalling to ₱192,739,718 and ₱175,533,420, 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:

	2022	2021
Cash on hand	₱661,246	513,418
Cash in banks (Note 17)	25,867,030	22,063,739
	<b>₱26,528,276</b>	<b>₱22,577,157</b>

Interest income earned on cash in banks amounted to ₱26,955, ₱17,559 and ₱81,651, gross of final tax, in 2022, 2021, and 2020, respectively.

---

#### 5. Financial Assets at FVPL

Below is the rollforward of financial assets at FVPL:

	2022	2021
At January 1	₱22,767,760	₱22,509,379
Withdrawals	(20,000,000)	-
Realized gain (Note 13)	78,961	-
Unrealized gain (Notes 13 and 17)	34,452	258,381
At December 31	<b>₱2,881,173</b>	<b>₱22,767,760</b>

Financial assets at FVPL pertains to investments in the Bank of the Philippine Islands 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, 2022 and 2021, the Club has 10,766 and 86,415 units with total Net Asset Value of ₱2,881,173 and ₱22,767,760, 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:

	2022	2021
Trade receivables - net	<b>₱34,890,530</b>	₱33,821,823
Receivable from employees	<b>105,118</b>	68,611
Insurance claims	<b>47,467</b>	47,467
Others	<b>1,629,638</b>	1,093,980
	<b>₱36,672,753</b>	₱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. Trade receivables of the Club as at December 31, 2022 and 2021 amounted to ₱34,890,530 and ₱33,821,823, net of allowance for ECL amounting to ₱1,948,530. Provision for ECL amounted to nil and ₱1,948,530 in 2022 and 2021, 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 ₱11,396, ₱8,175 and ₱2,670 in 2022, 2021 and 2020.

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

---

## 7. Inventories

This account consists of:

	2022	2021
At cost:		
Food and beverage	<b>₱2,054,585</b>	₱1,669,570
Merchandise	<b>39,127</b>	38,922
	<b>₱2,093,712</b>	₱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. Costs of food and beverages recognized as part of cost of sales and cost of services are as follows (see Note 14):

	2022	2021	2020
Cost of sales	<b>₱13,270,373</b>	₱2,981,832	₱2,765,121
Cost of services	<b>406,068</b>	27,875	210,875
	<b>₱13,676,441</b>	₱3,009,707	₱2,975,996



Merchandise pertains to items for sale at the Club's golf pro-shop. In 2022, 2021 and 2020, cost of merchandise recognized as part of cost of sales amounted to ₱330,249, ₱95,137 and ₱91,728, respectively (see Note 14).

---

## 8. Other Assets

### Other current assets

Details of this account are as follows:

	<b>2022</b>	2021
Deferred input VAT – current portion	<b>₱17,559,398</b>	₱16,927,141
Prepaid expenses	<b>6,585,551</b>	3,000,635
Creditable withholding taxes	<b>4,003,981</b>	3,061,549
Supplies	<b>2,512,937</b>	2,461,565
Advances to suppliers	<b>969,310</b>	1,606,301
	<b>₱31,631,177</b>	₱27,057,191

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 for which the invoice is not yet paid.

### Advances and other noncurrent assets

	<b>2022</b>	2021
Deferred input VAT – noncurrent portion	<b>₱1,349,624</b>	₱1,956,175
Advances to suppliers	<b>1,836,472</b>	920,428
	<b>₱3,186,096</b>	₱2,876,603

Deferred input VAT arising from purchases of capital goods before December 31, 2021 in which the aggregate amount exceeds ₱1,000,000.

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:

### 2022

	Land and Land Improvements	Building and Improvements	Furniture, Fixtures and Equipment	Project in Progress	Total
<b>Cost</b>					
At January 1	₱615,768,698	₱399,976,273	₱85,389,795	₱59,113	₱1,101,193,879
Additions	4,081,352	496,307	6,980,066	1,930	11,559,655
Reclassifications	–	–	61,043	(61,043)	–
Disposal	–	–	(28,259)	–	(28,259)
<b>At December 31</b>	<b>₱619,850,050</b>	<b>₱400,472,580</b>	<b>₱92,402,645</b>	<b>₱–</b>	<b>₱1,112,725,275</b>
<b>Accumulated Depreciation</b>					
At January 1	₱168,903,273	₱86,320,644	₱77,931,730	₱–	₱333,155,647
Depreciation	22,457,976	11,448,518	3,049,744	–	36,956,238
Disposal	–	–	(28,259)	–	(28,259)
<b>At December 31</b>	<b>191,361,249</b>	<b>97,769,162</b>	<b>80,953,215</b>	<b>–</b>	<b>370,083,626</b>
<b>Net Book Value at December 31</b>	<b>₱428,488,801</b>	<b>₱302,703,418</b>	<b>₱11,449,430</b>	<b>₱–</b>	<b>₱742,641,649</b>

### 2021

	Land and Land Improvements	Building and Improvements	Furniture, Fixtures and Equipment	Project in Progress	Total
<b>Cost</b>					
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
<b>Accumulated Depreciation</b>					
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
<b>Net Book Value at December 31</b>	<b>₱446,865,425</b>	<b>₱313,655,629</b>	<b>₱7,458,065</b>	<b>₱59,113</b>	<b>₱768,038,232</b>

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):

	2022	2021	2020
Cost of services	₱35,491,939	₱35,534,920	₱37,177,921
Cost of sales	585,133	568,620	702,346
General and administrative expenses	879,166	893,943	1,179,737
	<b>₱36,956,238</b>	<b>₱36,997,483</b>	<b>₱39,060,004</b>

Fully depreciated property and equipment are retained in the books until these are no longer in use. The cost of fully depreciated property and equipment still in use as of December 31, 2022 and 2021 amounted to ₱72,586,944 and ₱69,792,885, respectively.

The Club disposed fully depreciated property and equipment item with an aggregate cost amounting to ₱28,259 and nil as of December 31, 2022 and 2021, respectively. In 2022, the Club recorded a net gain amounting to ₱3,165.



In 2020, 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

	2022	2021
Trade payables	<b>₱8,716,913</b>	₱11,090,771
Accrued expenses:		
Rental	<b>9,207,805</b>	3,759,919
Utilities	<b>4,332,785</b>	3,087,773
Payroll	<b>4,115,930</b>	1,798,577
Repairs and maintenance	<b>2,089,095</b>	12,033,030
Management fee	<b>2,018,419</b>	-
Contract services	<b>838,596</b>	214,178
Professional fees	<b>286,511</b>	182,001
Others	<b>1,729,385</b>	1,244,684
Funds held for environmental activities	<b>10,031,914</b>	8,331,253
Service charge payable	<b>816,984</b>	528,208
Due to employees	<b>477,220</b>	410,926
Other payables	<b>1,462,834</b>	1,083,354
	<b>₱46,124,391</b>	₱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.

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, 2022 and 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, 2022 and 2021 follow:

	Number of Shares Registered	Issue Price	Date of Approval
Class B	2,846	From ₱800,000 to ₱1,950,000	January 5, 2011
Class C	154	From ₱1,600,000 to ₱2,450,000	January 5, 2011

As at December 31, 2022 and 2021, the total number of shareholders are 774 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.

Shareholders shall only be entitled to a pro-rata share of the assets of the Club at the time of the dissolution or liquidation thereof.

#### 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, 2022 and 2021.

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

	2022	2021
Paid-in capital	<b>₱213,627,000</b>	₱213,627,000
Additional paid-in capital	<b>763,883,400</b>	763,883,400
Deficit	<b>(250,868,519)</b>	(257,151,484)
	<b>₱726,641,881</b>	₱720,358,916

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

## 12. Revenue from Contracts with Customers

#### Disaggregated Revenue Information

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

	2022	2021	2020
Membership dues	<b>₱86,780,000</b>	₱80,895,000	₱79,915,000
Service income:			
Golf course revenue	<b>25,254,059</b>	8,319,668	8,744,761
Room accommodation	<b>24,669,818</b>	3,998,534	5,088,478
Guest fees	<b>3,669,643</b>	1,138,393	600,000
Sports complex revenue	<b>1,832,405</b>	164,206	184,645
Sale of goods:			
Food and beverages	<b>45,814,200</b>	9,455,236	7,274,070
Merchandise	<b>2,272,327</b>	869,455	439,851
Transfer fees	<b>9,410,714</b>	7,897,322	6,593,750
	<b>₱199,703,166</b>	₱112,737,814	₱108,840,555

#### Timing of Revenue Recognition

The Club has recognized revenues recognized over time amounting to ₱142,205,925, ₱94,515,801 and ₱94,532,884 in 2022, 2021 and 2020, respectively.



Revenues recognized from sale of goods and transfer fees recognized at a point in time amounted to ₱57,497,241, ₱18,222,013 and ₱14,307,671 as of December 31, 2022, 2021 and 2020, respectively.

Contract Balances

As at December 31, contract balances are as follows:

	2022	2021
Trade receivables (Note 6)	<b>₱34,890,530</b>	₱33,821,823
Contract liabilities	<b>19,985,756</b>	21,036,677

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

The movements in the contract liabilities are as follows:

	2022	2021
Balance at beginning of year	<b>₱21,036,677</b>	₱15,008,008
Additions	<b>72,887,163</b>	63,914,058
Recognized as revenue	<b>(73,938,084)</b>	(57,885,389)
Balance at end of year	<b>₱19,985,756</b>	₱21,036,677

---

**13. Miscellaneous Income**

Miscellaneous income consists of:

	2022	2021	2020
Surcharge revenue	<b>₱2,948,811</b>	₱2,795,315	₱648,394
Realized gain on financial assets at FVPL (Notes 5 and 17)	<b>78,961</b>	-	-
Unrealized gain on financial assets at FVPL (Notes 5 and 17)	<b>34,452</b>	258,381	537,271
Reversal of property insurance accrual	-	9,463,736	-
Other income	<b>2,012,561</b>	1,866,438	2,037,447
	<b>₱5,074,785</b>	₱14,383,870	₱3,223,112

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

---

**14. Costs and Expenses**

Cost of services consists of:

	2022	2021	2020
Depreciation (Note 9)	<b>₱35,491,939</b>	₱35,534,920	₱37,177,921
Heat, light and water	<b>21,356,545</b>	15,302,594	14,921,670
Contract services	<b>20,637,197</b>	18,847,697	16,962,052
Salaries, wages and employee benefits	<b>12,385,225</b>	8,239,025	7,526,407

(Forward)



	2022	2021	2020
Tournament expenses	P <b>2,579,965</b>	P-	P-
Cleaning and other supplies	2,014,199	549,331	547,922
Communications	1,736,373	1,623,490	1,749,798
Laundry	1,079,842	173,414	300,089
Repairs and maintenance	1,074,099	4,303,136	1,599,040
Office supplies	610,773	854,402	191,056
Food and beverage (Note 7)	406,068	27,875	210,875
Transportation	251,796	124,581	385,527
Representation	40,989	12,661	14,225
Others	4,223,089	3,926,719	6,916,817
	<b>P103,888,099</b>	<b>P89,519,845</b>	<b>P88,503,399</b>

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

Cost of sales consists of:

	2022	2021	2020
Food and beverage (Note 7)	P <b>13,270,373</b>	P2,981,832	P2,765,121
Salaries, wages and employee benefits	10,250,919	3,574,945	4,409,196
Heat, light and water	5,147,259	1,275,003	715,066
Cleaning and other supplies	1,143,046	377,887	375,747
Communication	592,221	566,900	401,964
Depreciation (Note 9)	585,133	568,620	702,346
Merchandise (Note 7)	330,249	95,137	91,728
Equipment rental	35,714	-	56,786
Office supplies	79,167	45,650	137,084
Transportation	23,294	1,168	46,350
Representation	14,176	24,408	8,538
Others	551,215	814,010	717,802
	<b>P32,022,766</b>	<b>P10,325,560</b>	<b>P10,427,728</b>

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

General and administrative expenses consist of:

	2022	2021	2020
Contract services	P <b>11,424,168</b>	P11,008,040	P9,688,543
Salaries, wages and employee benefits	11,150,318	8,377,219	7,157,345
Professional and management fees	9,614,854	10,127,770	9,273,555
Security	6,580,836	5,279,508	5,957,958
Corporate expense	3,923,809	2,858,878	2,740,222
Repairs and maintenance	3,550,253	1,269,572	1,099,603
Taxes and licenses	3,319,953	4,510,027	3,933,896
Collection charges	2,993,010	1,418,601	1,357,874
Insurance	2,492,851	1,528,800	1,985,406
Heat, light and water	1,380,495	483,614	346,012
Depreciation (Note 9)	879,166	893,943	1,179,737

(Forward)



	2022	2021	2020
Uniforms	P542,145	P95,077	P6,085
Office supplies	346,934	251,127	225,026
Representation	29,520	5,220	7,940
Provision for ECL (Note 6)	-	1,948,530	-
Others	5,401,342	3,008,858	2,868,154
	<b>P63,629,654</b>	<b>P53,064,784</b>	<b>P47,827,356</b>

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 benefits 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, 2022.

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:

	2022	2021	2020
Current service cost	P241,317	P296,000	P277,300
Net interest cost on defined benefits obligation	54,888	58,300	53,100
Total retirement expense	<b>P296,205</b>	<b>P354,300</b>	<b>P330,400</b>

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

	2022	2021	2020
Actuarial gain (loss) due to:			
Changes in demographic assumptions	P914,044	P286,900	(P271,900)
Experience adjustment	(347,273)	152,800	205,900
	566,771	439,700	(66,000)
Income tax effect	(103,206)	(109,925)	19,800
Remeasurement gain (loss) in OCI	<b>P463,565</b>	<b>P329,775</b>	<b>(P46,200)</b>

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

	2022	2021
Balances at beginning of year	P1,209,440	P769,740
Remeasurement gain on DBO	566,771	439,700
	1,776,211	1,209,440
Income tax effect (Note 16)	(444,053)	(340,847)
Total amount recognized in OCI at end of year	<b>P1,332,158</b>	<b>P868,593</b>



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

	2022	2021
Balance at January 1	₱1,372,200	₱1,457,600
Current service cost	241,317	296,000
Net interest cost	54,888	58,300
Remeasurement gain in OCI	(566,771)	(439,700)
Balance at December 31	<b>₱1,101,634</b>	<b>₱1,372,200</b>

The cost of defined benefit pension plans and other post-employment benefits as well as the present value of defined benefits 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:

	2022	2021
Discount rate	7.30%	4.00%
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	2021
Discount rate	+1.00%	(₱173,222)	(₱227,099)
	-1.00%	212,634	286,927
Salary rate	+1.00%	₱205,858	₱278,008
	-1.00%	(171,486)	(225,178)

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, 2022 and 2021:

	2022	2021
Year 6 to 10	P-	P418,000
Year 11 to 15	2,753,060	-
Year 15 to 20	38,148,081	-
	<b>P40,901,141</b>	<b>P418,000</b>

The weighted average duration of the defined benefit obligation at the end of the reporting period is years 15 years and 18.58 years as of December 31, 2022 and 2021, respectively.

## 16. Income Tax

### “Corporate Recovery and Tax Incentives for Enterprises Act” or “CREATE” Act

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

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

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

	2022	2021	2020
Current	P-	P-	P-
Final	5,391	3,512	16,330
	<b>P5,391</b>	<b>P3,512</b>	<b>P16,330</b>

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:

	2022	2021	2020
Benefit from income tax at statutory income tax rate (25% in 2022 and 2021 and 30% in 2020)	<b>P1,572,089</b>	(P6,440,693)	(P10,359,015)
Tax effect of:			
Nontaxable membership dues	<b>(13,165,852)</b>	(10,703,267)	(12,239,574)
Expired NOLCO and MCIT	<b>7,307,485</b>	8,934,325	12,986,395
Changes in unrecognized deferred tax assets	<b>4,286,767</b>	6,484,982	9,797,870
Nondeductible Expenses	<b>6,250</b>	-	-
Interest income subjected to final tax	<b>(1,348)</b>	(878)	(8,165)
Effect of change in tax rate	-	1,729,043	-
Fair value gain of financial assets at FVPL	-	-	(161,181)
Provision for income tax	<b>P5,391</b>	<b>P3,512</b>	<b>P16,330</b>



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:

	2022	2021	2020
NOLCO	<b>₱188,122,210</b>	₱171,192,374	₱139,482,659
Pension liability	<b>2,668,978</b>	2,372,773	2,018,473
Allowance for ECL	<b>1,948,530</b>	1,948,530	-
MCIT	-	19,743	308,854
	<b>₱192,739,718</b>	₱175,533,420	₱141,809,986

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
2019	₱29,150,967	₱29,150,967	₱-	2022
2022	46,080,803	-	46,080,803	2025
	<b>₱75,231,770</b>	<b>₱29,150,967</b>	<b>₱46,080,803</b>	

As of December 31, 2022, the Club has incurred NOLCO in taxable years 2022,2021 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
	<b>₱142,041,407</b>	<b>-</b>	<b>₱142,041,407</b>	

The excess of MCIT against RCIT follows:

Year Incurred	Amount	Expired	Balance	Expiry Year
2019	₱19,743	₱19,743	₱-	2022

As at December 31, 2022 and 2021, the Club recognized deferred tax liability on remeasurement gain on pension liability amounting to ₱444,053 and ₱340,847, respectively (see Note 15).

In 2022, 2021 and 2020, 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:

	2022		2021		Terms	Conditions
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance		
<b>Immediate parent company</b>						
ALI (a)	₱8,309,125	₱7,384,093	₱-	₱6,780,281	Due and demandable; non-interest bearing	Unsecured; no impairment
ALI (b)	-	3,571,429	-	3,571,429	Due and demandable; non-interest bearing	Unsecured; no impairment
ALI (Loans)	35,000,000	-	-	-	Due and demandable; interest bearing	Unsecured; no impairment
ALI (Interest) (Note 19)	98,787	-	-	-	Due and demandable	Unsecured; no impairment
<b>Entities under common control</b>						
Amaia Land	45,000,000	45,000,000	-	-	Due and demandable; interest bearing	Unsecured; no impairment
Amaia Land (Interest) (Note 19)	417,411	410,045	-	-	Due and demandable; Due and demandable;	Unsecured; no impairment
Avida Land (Loans)	45,000,000	-	-	-	interest bearing	Unsecured; no impairment
Avida Land (Interest) (Note 19)	496,375	-	-	-	Due and demandable;	Unsecured; no impairment
Anvaya Cove Beach and Nature Club, Inc. (ACBNCI)	14,562,297	6,424,046	4,092,036	1,492,585	Due and demandable; non-interest bearing	Unsecured; no impairment
Makati Development Corporation (MDC)	64,236	4,502	309,209	88,799	Due and demandable; non-interest bearing	Unsecured; no impairment
Ayala Property Management Corporation	1,504	6,087	4,583	4,583	Due and demandable; non-interest bearing	Unsecured; no impairment
Alviera Country Club, Inc.	-	26,540	-	-	Due and demandable; non-interest bearing	Unsecured; no impairment
<b>Total</b>		<b>₱62,826,742</b>		<b>₱11,937,677</b>		



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 consists of the following:

- a. Trade receivables from ALI includes unsecured non-interest bearing charges and unpaid membership dues from ALI nominees
- b. Receivables from ALI-PPE pertains expenses reimbursement of the Club related to PPE transferred by ALI.
- c. Loans and interest receivables pertain to loans which has 26 to 48 days term subject to interest rate ranging from 2.57% to 2.62%.

Receivables from Amaia Land pertains to loans which has 40 to 42 days term subject to interest rate ranging from 5.58% to 6.25%.

Receivables from Avida Land pertains to loans which has 8 to 33 days term subject to interest rate ranging from 3.22% to 5.58%.

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 antigen test and meals purchased by the Club on behalf of the former for use of MDC personnel.

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

Receivables from Alvierra pertains to trade transactions recorded under the member's ledger.

- b. Outstanding balances owed to related parties:

	2022		2021		Terms	Conditions
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance		
<b>Immediate parent company</b>						
ALI (a)	₱10,433,947	₱90,433,949	₱-	₱80,000,000	Due and demandable; non-interest bearing	Unsecured
ALI (b)	22,363,705	-	3,571,429	-	Due and demandable; non-interest bearing	Unsecured
ALI (c)	1,364,500	-	-	-	Due and demandable; non-interest bearing	Unsecured
<b>Entities under common control</b>						
ACBNCI	50,702,793	19,106,358	21,345,978	8,612,520	Due and demandable non-interest-bearing	Unsecured
MDC	19,726,741	2,624,717	30,527,148	12,219,489	Due and demandable; non-interest bearing	Unsecured
Ayala Land Club Management, Inc. (ACMI) (d)	4,014,467	666,681	4,140,238	1,597,998	Due and demandable; non-interest bearing	Unsecured
ACMI (e)	-	-	2,017,871	1,823,079	Due and demandable; non-interest bearing	Unsecured
<b>Associates of Ayala Corporation (AC)</b>						
Globe Telecom, Inc.	76,005	-	-	-	Due and demandable; non-interest bearing	Unsecured; no impairment
Innove Communications, Inc.	2,829,576	-	-	-	Due and demandable; non-interest bearing	Unsecured; no impairment
Manila Water Philippine Venture, Inc.	15,108,986	-	-	-	Due and demandable; non- interest bearing	Unsecured; no impairment
<b>Total</b>		<b>₱112,831,705</b>		<b>₱104,253,086</b>		



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.
- (b) Costs incurred for electricity consumption, facilities management, share on common usage and real property taxes of the Club.
- (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. Basic management fee amounts to ₱ 191,724 monthly for the year 2022.
- (e) System cost at a monthly fixed amount of ₱403,527 for the year included as part of corporate expenses in general and administrative expenses.

Payable to Globe consists of cost incurred for the prepaid mobile line and text blast communication to all members as billed by Amber.

Payable to Innove consists of cost incurred for the trunk line and direct internet of the club.

Payable to Manila Water consists of cost of water utilities incurred by the club.

The amounts receivable from and payable to related parties are not offset because these 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 AC):

	2022			2021		
	Balance	Income Earned	Realized and unrealized gain	Balance	Income Earned	Realized and unrealized gain
Cash in banks (Note 4)	₱25,867,030	₱26,955	₱-	₱22,063,739	₱17,559	₱-
Financial assets at FVPL (Note 5)	2,881,173	-	113,413	22,767,760	-	258,381
	<b>₱28,748,203</b>	<b>₱26,955</b>	<b>₱113,413</b>	<b>₱44,831,499</b>	<b>₱17,559</b>	<b>₱258,381</b>

#### 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, 2022 and 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:

	2022	2021
Cash in banks	P25,867,030	P22,063,739
Financial assets at FVPL	2,881,173	22,767,760
Accounts and other receivables:		
Trade receivables	34,890,530	33,821,823
Receivable from employees	105,118	68,611
Insurance claims	47,467	47,467
Others	1,629,638	1,093,980
Receivables from related parties	62,826,742	11,937,677
	<b>P128,247,698</b>	<b>P91,801,057</b>



*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, 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	₱8,398,595	₱5,474,266	₱4,152,464	₱5,618,132	₱11,247,073	₱1,948,530	₱36,839,060
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%	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

*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:

**2022**

	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
<b><i>Financial assets</i></b>					
Cash	₱26,528,276	₱-	₱-	₱-	₱26,528,276
Financial assets at FVPL	2,881,173	-	-	-	2,881,173
Accounts and other receivables					
Trade receivables	6,450,065	8,120,780	7,124,080	13,195,605	34,890,530
Receivable from employees	105,118	-	-	-	105,118
Insurance claims	47,467	-	-	-	47,467
Others	1,629,638	-	-	-	1,629,638
Receivables from related parties	-	62,826,742	-	-	62,826,742
	37,641,737	70,947,522	7,124,080	13,195,605	128,908,944
<b><i>Financial liabilities</i></b>					
Accounts and other payables					
Trade payables	-	8,716,913	-	-	8,716,913
Accrued expenses	-	-	24,618,526	-	24,618,526
Funds held for environmental activities	10,031,914	-	-	-	10,031,914
Service charge payable	-	816,984	-	-	816,984
Due to employees	-	477,220	-	-	477,220
Other payables*	848,952	-	-	-	848,952
Contract liabilities	-	19,985,756	-	-	19,985,756
Payables to related parties	80,000,000	32,831,705	-	-	112,831,705
	90,880,866	62,828,578	24,618,526	-	178,327,970
<b>Liquidity Position (Gap)</b>	<b>(₱53,239,129)</b>	<b>₱8,118,944</b>	<b>(₱17,494,446)</b>	<b>₱13,195,605</b>	<b>(₱49,419,026)</b>

\*Excluding statutory liabilities amounting to ₱613,882



2021

	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
<i>Financial assets</i>					
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
<i>Financial liabilities</i>					
Accounts and other payables					
Trade payables	–	11,090,771	–	–	11,090,771
Accrued expenses	–	–	22,320,162	–	22,320,162
Funds held for environmental activities	8,331,253	–	–	–	8,331,253
Due to employees	–	528,208	–	–	528,208
Service charge payable	–	410,926	–	–	410,926
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

## 19. Supplementary Note to the Statements of Cash Flows

In 2022, loan amounting to ₱35,000,000 was lent to ALI, which has 48 days term subject to interest rate of 2.57%. The loan was collected in 2022 and earned an interest income amounting to ₱98,787 in 2022.

As agreed with ALI, the funds were subsequently transferred to the following subsidiaries for intercompany lending.

- Transactions from Avida Land pertains to loans which has 22 to 30 days term subject to interest rate ranging from 3.22% to 5.28%. The loan amounting to ₱45,000,000 was collected in 2022, interest income earned from the loan amounted to ₱496,375.
- Receivables from Amaia Land pertains to loans amounting to ₱45,000,000 which has 30 to 40 days term subject to interest rate ranging from 5.58% to 6.25%. Interest income earned from the loan amounted ₱417,411 in 2022.

In 2020, 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.



## 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 2022:

	Net Sales/ Receipts	Output VAT
<u>Taxable sales:</u>		
Sale of services	₱113,214,719	₱13,585,766
Sale of goods	34,886,590	4,186,391
	<u>₱148,101,309</u>	<u>₱17,772,157</u>

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 ₱93,231,626 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	₱16,927,141
Input tax carried over	280,400
Current year's domestic purchases/payments for:	
Goods for resale/manufacture for further processing	7,901,320
Capital goods subject to amortization	593,367
Capital goods not subject to amortization	372,604
Services lodged under accounts	11,754,395
<u>Total input VAT available</u>	<u>37,829,227</u>
Less input tax on capital goods subject to amortization, deferred for the succeeding period	166,371
<u>Less input tax allocable to exempt sales</u>	<u>2,346,444</u>
Input VAT applied during the current year	35,316,412
<u>Less claims against output VAT</u>	<u>17,757,014</u>
<u>Balance at the end of the year</u>	<u>₱17,559,398</u>

### Documentary Stamp Tax

The Club did not incur any documentary stamp tax in 2022.





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 2022 follow:

<u>Local</u>	
Real estate taxes	₱2,358,734
Licenses and permits	950,219
Community tax certificate	10,500
	<hr/>
	3,319,453
<u>National</u>	
BIR annual registration fee	500
	<hr/>
	₱3,319,953
	<hr/>

Withholding Taxes

Details of withholding taxes in 2022 follows:

	Paid	Accrued	Total
Expanded withholding taxes	₱4,517,330	₱484,843	₱5,002,173
Withholding taxes on compensation and benefits	341,119	–	341,119
Final withholding taxes	5,391	–	5,391
	<hr/>		
	₱4,863,840	₱484,843	₱5,348,683
	<hr/>		

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, 2022.

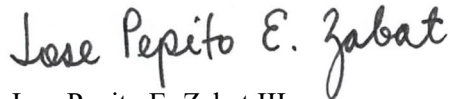


## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

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, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 2, 2023. 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 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. 9566022, January 3, 2023, Makati City

March 2, 2023



**ANVAYA COVE GOLF AND SPORTS CLUB, INC.**  
**SUPPLEMENTARY SCHEDULES REQUIRED UNDER ANNEX 68-J**  
**OF THE REVISED SRC RULE 68**  
**AS AT DECEMBER 31, 2022**

**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
<b>Loans and Receivables</b>			
A. Cash in banks			
Bank of the Philippine Islands (BPI)	₱25,867,030	₱26,955	₱-
B. Financial assets at FVPL	2,881,173	-	34,452
C. Accounts and other receivables			
Trade receivables	34,890,530	-	-
Insurance claims	47,467	-	-
Receivable from employees	105,118	-	-
Other receivables	1,629,638	11,396	-
D. Receivables from related parties	62,826,742	1,012,573	-
	<b>₱128,247,698</b>	<b>₱1,050,924</b>	<b>₱34,452</b>

**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	₱68,611	₱182,731	₱146,224	₱-	₱-	₱-	₱105,118

**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			
<b>Not applicable</b>							

**Schedule D. Long-term Debt**

<b>Title of issue and type of obligation</b>	<b>Amount authorized by indenture</b>	<b>Amount shown under caption "Current portion of long-term debt" in related statement of financial position</b>	<b>Amount shown under "Long-Term Debt" in related statement of financial position</b>
<b>Not applicable</b>			

**Schedule E. Indebtedness to Related Parties (Long-term Loans from Related Companies)**

<b>Name of related party</b>	<b>Balance at beginning of period</b>	<b>Balance at end of period</b>
<b>Not applicable</b>		

**Schedule F. Guarantees of Securities Other Issuers**

<b>Name of issuing entity of securities guaranteed by the Club for which this statement is filed</b>	<b>Title of issue of each class of securities guaranteed</b>	<b>Total amount guaranteed and outstanding</b>	<b>Amount owned by person for which statement is filed</b>	<b>Nature of guarantee</b>
<b>Not applicable</b>				

Schedule G. Capital Stock

<b>Title of issue</b>	<b>Number of shares authorized</b>	<b>Number of shares issued and outstanding at shown under related statement of financial position caption</b>	<b>Number of shares reserved for options, warrants, conversion and other rights</b>	<b>Number of shares held by related parties</b>	<b>Directors, officers and employees</b>	<b>Others</b>
<b>Common Stock:</b>						
Class A	5,420	5,420	N/A	4,324	10	1,086
Class B	2,846	2,846	N/A	1,915	1	930
Class C	154	154	N/A	106	–	48
Class D	80	–	N/A	–	–	–
<b>Total</b>	<b>8,500</b>	<b>8,420</b>	<b>–</b>	<b>6,345</b>	<b>11</b>	<b>2,064</b>

# COVER SHEET

SEC Registration Number

C	S	2	0	1	0	1	4	9	1	9
---	---	---	---	---	---	---	---	---	---	---

**COMPANY NAME**

A	N	V	A	Y	A	C	O	V	E	G	O	L	F	A	N	D	S	P	O	R	T	S	C		
L	U	B	,	I	N	C	.	(	A	N	O	t	-	f	O	r	-	p	r	O	f	i	t	C	O
r	p	O	r	a	t	i	O	n	)																

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

A	N	V	A	Y	A	C	O	V	E																
M	O	R	O	N	G	,	B	A	T	A	A	N													

Form Type	Department requiring the report	Secondary License Type, If Applicable									
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">1</td> <td style="width: 33%; text-align: center;">7</td> <td style="width: 33%; text-align: center;">Q</td> </tr> </table>	1	7	Q	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">S</td> <td style="width: 33%; text-align: center;">E</td> <td style="width: 33%; text-align: center;">C</td> </tr> </table>	S	E	C	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"></td> <td style="width: 33%;"></td> <td style="width: 33%;"></td> </tr> </table>			
1	7	Q									
S	E	C									

**COMPANY INFORMATION**

Company's Email Address	Company's Telephone Number	Mobile Number
<b>financedept@anvayacove.com</b>	<b>9943-4400</b>	<b>N/A</b>
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
		<b>06/30/2023</b>

**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
<b>Mr. Neal C. Perez</b>	<b>perez.neal@anvayacove.com</b>	<b>9943-4400</b>	<b>0917-804-4462</b>

**CONTACT PERSON'S ADDRESS**

<b>Anvaya Cove Golf &amp; Sports Club, Morong, Bataan</b>
---

**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, 2023
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 : 9943-4400
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 [  ]

No [  ]

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

Yes [  ]

No [  ]

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

Class B Common Shares - ₱2,900,000.00

Class C Common Shares - ₱3,800,000.00



## **TABLE OF CONTENT**

<b>PART I</b>	<b>:</b>	<b>FINANCIAL INFORMATION</b>	<b>PAGE #</b>
ITEM 1.		Financial Statements	1
ITEM 2		Management Discussion and Analysis of Financial Conditions and Results of Operation	1-2
		Key Performance Indicator	3
		Plan of Operation for the 3rd Quarter 2023	4
<b>PART II</b>	<b>:</b>	<b>OTHER INFORMATION</b>	
ITEM 3		2nd Quarter 2023 Development	4-5
ITEM 4		Other Notes to 2nd Quarter 2023	5-6
		Signatures	7
		Appendix 1	8
		Statements of Financial Position	9
		Statements of Comprehensive Income	10
		Statements of Changes in Equity	11
		Statements of Cash Flows	12
		Notes to Financial Statements	13-43

## **PART I – FINANCIAL INFORMATION**

### **Item 1. Financial Statements**

The unaudited financial statements as of June 30,2023 and for the three-month ended June 30,2022 and the audited balance sheet as of December 31, 2022 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 2<sup>nd</sup> Quarter 2023**

The Club posted Revenues of ₱110.14 million for the period ended June 30,2023, lower by ₱5.06 million or 4.39% compared to same period last year.

- Membership Dues amounted to ₱45.27 million (41.10% of the Total Club Revenues), slightly grew by ₱2.95 million or 6.96%.
- Service Income amounted to ₱34.53 million (31.35% of the Total Revenues), ₱6.27 million lower than the ₱40.80 million generated in the same period of 2022.
- Sale of Goods recorded at ₱24.64 million (22.37% of Total Revenues), decreased by ₱3.02 million or 10.91% compared to same period last year.
- Transfer fee recorded at ₱5.70 million (5.18% of Total Revenues) , ₱1.28 million or 28.99% higher compared to same period of previous year.

Total Cost and Expenses for the period registered at ₱117.83 million, an increase of ₱5.32 million or 4.73% against same period last year. The increase in cost attributed to the following:

- Cost of Services recorded at ₱60.48 million (51.33% of the Total Cost and Expenses), lower by ₱6.48 million or 9.68% compared to same period last year.
- Cost of Sales increased by 23.34% to ₱19.75 million (16.76% of the Total Cost and Expenses).
- General and Administrative Expenses amounted to ₱37.60 million (31.91% of Total Cost and Expenses), higher by 27.32% compared to the same period of prior year.

Interest Income for the period amounted to ₱1.92 million (1.74% of the Total Revenues) higher by ₱1.9 compared to previous period due to interest on intercompany loan.

Miscellaneous income recorded at ₱12.51 million (11.36% of Total Revenues), 443.32% higher compared to same period last year, brought by surcharge income imposed on late payment.

Provision for Income Tax computed at ₱0.02 million, higher by ₱16,686 as compared to previous year.

### **Financial Condition – June 30,2023 versus December 31, 2022**

Total Assets amounted to ₱917.58 million as of June 30,2023, higher by ₱9.12 million or 1.00% compared to December 31, 2022. Changes were attributed to the following:

- Cash decreased to ₱25.51 million (2.78% of Total Assets), from ₱26.53 million as of December 31, 2022.
- Financial asset at FVPL recorded at ₱2.93 million (0.32% of the Total Assets). An increase of 1.57% compared to December 31,2022.
- Accounts and other receivables amounted to ₱28.97 million (3.16% of the Total Assets). A decrease of ₱7.70 million or 21.01% compared to ₱36.67 million of previous year.
- Receivables from related parties increased to ₱82.75 million (9.02% of the Total Assets) from previous year of ₱62.83 million.
- Inventories recorded at ₱2.21 million (0.24% of Total Assets), higher by 5.33% compared to ₱2.09 million of previous year.
- Other current assets recorded at ₱38.93 million (4.24% of Total Assets), increased by ₱7.30 million or 23.08% compared to last year.
- Property and equipment, net of depreciation at ₱734.47 million (80.04% of Total Assets), lower by ₱8.18 million compared to December 31,2022.
- Advances and other noncurrent assets amounted to ₱1.83 million (0.20% of Total Assets), lower by ₱1.35 million or 42.52% compared to previous year.

Total Liabilities of the Club increased to ₱182.89 million (19.93% of Total Liabilities and Member's Equity), ₱2.40 million or 1.33% higher compared to last year. The changes were attributed to the following:

- Accounts and other payables amounted to ₱57.00 million (6.21 % of Total Liabilities and Member's Equity), increased by ₱10.88 million or 23.60% compared to last year of ₱46.12 million.
- Contract liabilities at ₱35.10 million (3.83% of Total Liabilities and Member's Equity), ₱15.12 million or 75.65% higher than previous year.
- Payables to related parties decreased to ₱89.17 million (9.72% of Total Liabilities and Member's Equity), ₱23.66 million or 20.97% lower compared to previous period.
- Pension liability at ₱1.16 million, higher by ₱0.06 million or 5.14% compared to previous year.

### **Cash Flows – Period Ended June 30,2023 vs. June 30,2022**

- The Club generated ₱34.96 million net cash flows from operating activities at the end of June 30,2023.
- Net cash used investing and financing activities amounted to ₱10.98 million and ₱25.00 million respectively.

➤ Cash at the end of the period recorded at ₱25.51 million.

### **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 30,2023 increased to 1:1 compared from 0.91:1 as of end of 2022. Quick ratio is likewise slightly higher by 0.06 compared to last year. Debt-Equity Ratio was at 25%, in line with December 31, 2022. Asset to Equity ratio computed at 125:1 as of June 30,2023. The Club has a net profit margin of 6.10% as against 4.35% of the same period last year.

		June 30,2023	Dec 31,2022
<b>CURRENT RATIO =</b>	Current Asset	181,283,285	162,633,833
	Current Liabilities	181,286,141	178,941,852
		1:1	0.91:1
<b>QUICK RATIO =</b>	Quick Asset	142,352,588	131,002,656
	Current Liabilities	181,286,141	178,941,852
		0.79:1	0.73:1%
<b>DEBT-EQUITY RATIO =</b>	Total Debt	182,888,481	180,487,539
	Total Equity	734,692,739	727,974,039
		0.25:1	0.25:1
<b>ASSET TO EQUITY RATIO =</b>	Total Asset	917,581,221	908,461,578
	Total Equity	734,692,739	727,974,039
		1.25:1	1.25:1
		<b>June 30</b>	
		<b>2023</b>	<b>2022</b>
<b>NET INCOME MARGIN =</b>	Net Income(Loss)	6,718,701	5,011,364
	Revenue	110,140,353	115,202,356
		6.10%	4.35%

### **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 3<sup>rd</sup> Quarter 2023**

As we continue to invest in new assets and facility upgrades, we anticipate further growth in revenue and profitability in the coming months. We aim to position our Company as one of the best-managed Golf clubs in the region and an industry leader by providing high-quality products and services, utilizing cutting-edge technology, and maintaining a strong focus on environmental sustainability and social responsibility.

Our long-term strategy is designed to establish our company as a prime membership club by offering exceptional products and services, leveraging on our dedicated and highly competent manpower and the latest technology, and maintaining an unwavering emphasis on member's satisfaction, employee's welfare and taking care of the environment. Regarding Club activities, the Golf Club will continue to host golf tournaments for its members, fostering camaraderie and intense competition in a friendlier and relaxed atmosphere. Simultaneously, the Sports Club will organize a diverse range of athletic events, such as yoga, Zumba, and swimming lessons, promoting a healthy and active lifestyle. These initiatives are also meant to improve patronage of Club facilities including overnight facilities at the Sea Breeze Verandas, thus, further enhancing our overall performance.

We will also endeavor to adopt realistic and measurable programs that will provide for more efficient use of irrigation water. Additional resources will also be allocated to divert runoff water into the irrigation lake to reduce our reliance on ground water which is fast becoming expensive and scarce during summer.

#### **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 3<sup>rd</sup> 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 132 employees as of June 30,2023.

### **Part II – OTHER INFORMATION**

#### Item 3. 2<sup>nd</sup> Quarter 2023 Developments

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

B. Composition of Board of Directors      Augusto D. Bengzon

(As of June 30,2023)

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  
Anna Ma. Margarita Dy  
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 2<sup>nd</sup> Quarter 2023 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 10, 2023



Signature and Title : **DESIREE JOY C. SUAREZ-MIRANDA**  
Treasurer

Date : August 10, 2023



# Appendix I

Unaudited Financial Statements  
June 30, 2023 and June 30, 2022 and  
Audited Year Ended December 31, 2022

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

	June 2023	Dec. 2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash (Note 4)	P25,505,264	P26,528,276
Financial assets at fair value through profit or loss (FVPL; Note 5)	2,926,499	2,881,173
Accounts and other receivables (Note 6)	28,968,625	36,672,753
Receivables from related parties (Note 17)	82,746,961	62,826,742
Inventories (Note 7)	2,205,239	2,093,712
Other current assets (Note 8)	38,930,697	31,631,177
<b>Total Current Assets</b>	<b>181,283,285</b>	<b>162,633,833</b>
<b>Noncurrent Assets</b>		
Property and equipment – net (Note 9)	734,466,448	742,641,649
Advances and other noncurrent assets (Note 8)	1,831,488	3,186,096
<b>Total Noncurrent Assets</b>	<b>736,297,936</b>	<b>745,827,745</b>
<b>TOTAL ASSETS</b>	<b>P917,581,221</b>	<b>P908,461,578</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts and other payables (Note 10)	P57,009,055	P46,124,391
Contract liabilities (Note 12)	35,104,480	19,985,756
Payables to related parties (Note 17)	89,172,607	112,831,705
<b>Total Current Liabilities</b>	<b>181,286,142</b>	<b>178,941,852</b>
<b>Noncurrent Liabilities</b>		
Pension liability (Note 15)	1,158,287	1,101,634
Deferred tax liability (Notes 15 and 16)	444,053	444,053
<b>Total Noncurrent Liabilities</b>	<b>1,602,340</b>	<b>1,545,687</b>
<b>Total Liabilities</b>	<b>182,888,482</b>	<b>180,487,539</b>
<b>Equity</b>		
Paid-in capital (Note 11)	213,627,000	213,627,000
Additional paid-in capital (Note 11)	763,883,400	763,883,400
Cumulative remeasurement gain on pension liability (Note 15)	1,332,158	1,332,158
Deficit (Note 11)	(244,149,819)	(250,868,519)
<b>Total Equity</b>	<b>734,692,739</b>	<b>727,974,039</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P917,581,221</b>	<b>P908,461,578</b>

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

	<b>Period Ended June 30</b>		<b>Quarter Ended June 30</b>	
	2023	2022	2023	2022
<b>REVENUE</b> (Note 12)				
Membership dues	P45,265,000	P42,320,000	P22,870,000	P21,390,000
Service income	34,532,654	40,802,127	15,775,339	30,869,407
Sale of goods	24,641,806	27,660,586	11,638,028	13,747,202
Transfer fees	5,700,893	4,419,643	3,611,607	2,566,964
	110,140,353	115,202,356	53,894,974	68,573,574
<b>COSTS AND EXPENSES</b> (Note 14)				
Cost of services	60,482,881	66,964,504	30,006,650	41,377,498
Cost of sales	19,747,435	16,010,469	9,947,742	9,530,640
General and administrative expenses	37,601,268	29,533,104	18,620,211	13,925,177
	117,831,584	112,508,077	58,574,603	64,833,315
<b>OTHER INCOME</b>				
Interest income (Notes 4, 6, 17 and 19)	1,917,473	17,084	1,267,628	8,523
Miscellaneous income (Note 13)	12,512,003	2,302,859	1,023,197	1,243,802
	14,429,476	2,319,943	2,290,825	1,252,325
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	6,738,245	5,014,222	2,388,804	4,992,583
<b>PROVISION FOR INCOME TAX</b> (Note 16)	19,544	2,858	(53,303)	(36,143)
<b>NET INCOME (LOSS)</b>	6,718,701	5,011,364	2,335,501	5,028,727
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<i>Item that will not be reclassified to profit or loss:</i>				
Remeasurement gain (loss) on pension liability - net of tax (Note 15)	—	—	—	—
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	P6,718,701	P5,011,364	P2,335,501	P5,028,727

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

	<b>Quarter Ended June 30</b>	
	2023	2022
<b>PAID-IN CAPITAL (Note 11)</b>		
Class A - 5,420 shares	P137,793,900	P137,793,900
Class B - 2,846 shares	71,993,500	71,993,500
Class C - 154 shares	3,839,600	3,839,600
	<u>213,627,000</u>	<u>213,627,000</u>
<b>ADDITIONAL PAID-IN CAPITAL (Note 11)</b>		
Class B	722,961,075	722,961,075
Class C	40,922,325	40,922,325
	<u>763,883,400</u>	<u>763,883,400</u>
<b>CUMULATIVE REMEASUREMENT GAIN ON PENSION LIABILITY (Note 15)</b>		
Balance at beginning of year	1,332,158	868,593
Net changes during the year	-	-
Balance at the end of the period	<u>1,332,158</u>	<u>868,593</u>
<b>DEFICIT (Note 11)</b>		
Balance at beginning of year	(250,868,519)	(257,151,484)
Net income (loss)	6,718,701	5,011,364
Balance at end of the period	<u>(241,149,819)</u>	<u>(252,140,120)</u>
	<u>P734,692,739</u>	<u>P726,238,873</u>

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

	Period Ended June 30		Quarter Ended June 30	
	2023	2022	2023	2022
<b>OPERATING ACTIVITIES</b>				
Income (loss) before income tax	6,738,245	₱5,014,222	(2,388,804)	4,992,583
Adjustments for:				
Depreciation (Notes 9 and 14)	19,156,460	18,411,705	9,658,801	9,204,607
Interest income (Notes 4, 6, 17 and 19)	(1,917,473)	(17,084)	(1,267,628)	(8,523)
Net movement in pension liability (Note 15)	56,653	308,645	28,326	205,763
Unrealized gain on financial assets at FVPL (Notes 5 and 13)	(45,326)	(2,046)	(30,038)	43,799
Operating income before working capital changes	23,988,558	23,715,443	6,000,658	14,438,230
Decrease (increase) in:				
Accounts and other receivables	7,704,128	658,005	690,992	(5,384,817)
Receivables from related parties	6,286,767	(5,661,434)	(377,227)	(2,355,895)
Inventories	(111,527)	(80,372)	18,971	20,599
Other current assets	(7,299,520)	(4,825,026)	1,081,321	(270,464)
Advances and other noncurrent assets	1,354,609	1,754,839	970,695	146,150
Increase (decrease) in:				
Accounts and other payables	10,884,664	12,976,878	(679,457)	4,000,279
Contract liabilities	15,118,724	3,232,286	(2,042,129)	(361,145)
Payables to related parties	(23,659,098)	(6,029,947)	(706,503)	(1,042,650)
Net cash from (used in) operations	34,267,304	25,740,671	4,957,320	9,190,287
Interest received	710,487	17,084	60,643	8,523
Income tax paid	(19,544)	(2,858)	53,303	36,143
Net cash flows from (used in) operating activities	34,958,247	25,754,897	5,071,266	9,234,953
<b>INVESTING ACTIVITIES</b>				
Proceeds from sale of financial asset:	–	20,000,000	–	20,000,000
Additions to:				
Property and equipment (Note 9)	(10,981,259)	(4,985,995)	(9,273,176)	(2,192,804)
Financial assets at FVPL	–	(78,961)	–	(78,961)
Net cash flows from (used in) investing activities	(10,981,259)	(14,935,044)	(9,273,176)	17,728,235
<b>FINANCING ACTIVITIES</b>				
Loans to related parties (Note 19)	(393,000,000)	(35,000,000)	(263,000,000)	(35,000,000)
Collection from related parties (Note 19)	368,000,000	–	263,000,000	–
Net cash from (used in) financing activities	(25,000,000)	(35,000,000)	–	(35,000,000)
<b>NET INCREASE (DECREASE) IN CASH</b>	(1,023,012)	5,689,941	(4,201,910)	(8,036,812)
<b>CASH AT BEGINNING OF YEAR</b>	26,528,276	22,577,157	29,707,175	36,303,909
<b>CASH AT END OF THE PERIOD</b> (Note 4)	₱25,505,264	₱28,267,098	₱25,505,264	₱28,267,098

## 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 75.36% 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 no longer collect output VAT on 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 2022. The Club has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

statements of the Club.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

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

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent’s consolidated financial statements, based on the parent’s date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments, Fees in the ‘10 per cent’ test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash

flows for taxation when measuring the fair value of assets within the scope of PAS 41.

#### Standards Issued But Not Yet Effective

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

##### *Effective beginning on or after January 1, 2023*

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

##### *Effective beginning on or after January 1, 2024*

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

##### *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*

#### 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.

## 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 June 30, 2023 and December 31, 2022 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.

### Impairment of Financial Assets

The Club recognizes an allowance for estimated credit losses (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 120 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.

Input VAT on goods purchased on or after January 1, 2023 will be fully recognized outright and claimed as input tax credits against output tax.

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.

Projects in progress are also capitalized as part of property and equipment under separate account, projects in progress. These projects will form part of building 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 following month after acquisition 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 these 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 benefits pension plans is the present value of the defined benefits 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 benefits 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.

#### *Short term lease and leases of low-value assets*

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

### Taxes

#### *Current income tax*

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

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

#### *Deferred tax*

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

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

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

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

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

associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

#### *Uncertainty over income tax treatments*

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

#### Provisions

Provisions are recognized when the Club has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. 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 End of the Reporting Period

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

---

### 3. Significant Accounting Judgments and Estimates

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

#### Judgments

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

#### *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 ECLs of receivables*

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.

The allowance for ECL on the Club's receivables amounted to ₱1,948,530 as at June 30,2023 and December 31, 2022, respectively (see Note 6). The carrying value of the Club's receivables amounted to ₱28,968,625 and ₱36,672,753 as of June 30,2023 and December 31, 2022, respectively (see Note 6). The carrying value of the Club's receivables from related parties amounted to ₱82,746,961 and ₱62,826,742 as of June 30,2023 and December 31, 2022, 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 June 30,2023 and December 31, 2022, the carrying values of the nonfinancial assets follow:

	<b>June 2023</b>	December 2022
Property and equipment (Note 9)	<b>₱734,466,448</b>	₱742,641,649
Other current assets (Note 8)	<b>38,930,697</b>	31,631,177
Other noncurrent asset (Note 8)	<b>1,831,487</b>	3,186,096

#### *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, 2023 and December 31, 2022 amounted to ₱1,158,287 and ₱1,101,634, 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 June 30, 2023 and December 31, 2022, the Club did not recognize deferred tax assets related on net operating loss carry-over (NOLCO), pension liability, allowance for ECL and minimum corporate income tax (MCIT) because the management assessed that it is likely that future taxable profits will not be sufficient to realize the carryforward benefits of the NOLCO, pension liability, allowance for ECL and MCIT.

---

#### 4. Cash

This account consists of:

	<b>June 2023</b>	December 2022
Cash on hand	<b>₱214,992</b>	₱661,246
Cash in banks (Note 17)	<b>25,290,272</b>	25,867,030
	<b>₱25,505,264</b>	₱26,528,276

Interest income earned on cash in banks amounted to ₱16,095 and ₱26,955, gross of final tax, in June 30, 2023 and December 2022, respectively.

---

#### 5. Financial Assets at FVPL

Below is the rollforward of financial assets at FVPL:

	<b>June 2023</b>	December 2022
At January 1	<b>₱2,881,173</b>	₱22,767,760
Withdrawals	—	(20,000,000)
Realized gain (Note 13)	—	78,961
Unrealized gain (Notes 13 and 17)	<b>45,326</b>	34,452
At December 31	<b>₱2,926,499</b>	₱2,881,173

Financial assets at FVPL pertains to investments in the Bank of the Philippine Islands 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 June 30,2023 and December 31, 2022, the Club has 10,766 and 10,766 units with total Net Asset Value of ₱2,926,499 and ₱2,881,173, 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:

	<b>June 2023</b>	December 2022
Trade receivables - net	<b>₱27,120,707</b>	₱34,890,530
Receivable from employees	<b>98,683</b>	105,118
Insurance claims	<b>47,467</b>	47,467
Others	<b>1,701,768</b>	1,629,638
	<b>₱28,968,625</b>	₱36,672,753

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 June 30,2023 and December 31, 2022, amounted to ₱27,120,707 and ₱34,890,530, net of allowance for ECL amounting to ₱1,948,530. Provision for ECL amounted to nil and ₱1,948,530 in June 30,2023 and December 31,2022, 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 ₱5,400 and ₱ P11,396 in June 30,2023 and December 31,2022, respectively.

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:

	<b>June 2023</b>	December 2022
At cost:		
Food and beverage	<b>₱2,139,420</b>	₱2,054,585
Merchandise	<b>65,819</b>	39,127
	<b>₱2,205,239</b>	₱2,093,712

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:

	<b>June 2023</b>	December 2022
Deferred input VAT – current portion	<b>₱25,094,702</b>	₱17,559,398
Prepaid expenses	<b>6,196,674</b>	6,585,551
Creditable withholding taxes	<b>4,603,197</b>	4,003,981
Supplies	<b>2,548,566</b>	2,512,937
Advances to suppliers	<b>487,558</b>	969,310
	<b>₱38,930,697</b>	₱31,631,177

Deferred input VAT pertains to purchases for which the invoice is not yet paid.

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.

#### Advances and other noncurrent assets

	<b>June 2023</b>	December 2022
Advances to suppliers	<b>₱1,260,969</b>	₱1,836,472
Deferred input VAT – noncurrent portion	<b>570,518</b>	1,349,624
	<b>₱1,831,487</b>	₱3,186,096

Deferred input VAT arising from purchases of capital goods before December 31, 2022 in which the aggregate amount exceeds ₱1,000,000.

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, 2023**

	Land and Land Improvements	Building and Improvements	Furniture, Fixtures and Equipment	Project in Progress	Total
<b>Cost</b>					
At January 1	₱619,850,050	₱400,472,580	₱92,402,645	₱–	₱1,112,725,275
Additions	–	31,921	10,804,622	144,718	10,981,260
At June 30	₱619,850,050	₱400,506,001	₱93,938,004	₱144,718	₱1,123,706,535
<b>Accumulated Depreciation</b>					
At January 1	₱191,361,249	₱97,769,162	₱80,953,215	₱–	₱370,083,626
Depreciation	11,246,901	5,726,899	2,182,660	–	19,156,460
At June 30	202,608,148	103,496,061	83,135,877	–	389,240,087
Net Book Value	₱417,241,901	₱297,009,940	₱20,069,890	₱144,718	₱734,466,448

### **Dec. 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	4,081,352	496,307	6,980,066	1,930	11,559,655
Reclassifications	–	–	61,043	(61,043)	–
Disposal	–	–	(28,259)	–	(28,259)
At December 31	₱619,850,050	₱400,472,580	₱92,402,645	₱–	₱1,112,725,275
Accumulated Depreciation					
At January 1	₱168,903,273	₱86,320,644	₱77,931,730	₱–	₱333,155,647
Depreciation	22,457,976	11,448,518	3,049,744	–	36,956,238
Disposal	–	–	(28,259)	–	(28,259)
At December 31	191,361,249	97,769,162	80,953,215	–	370,083,626
Net Book Value at December 31	₱428,488,801	₱302,703,418	₱11,449,430	₱–	₱742,641,649

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 2023	June 2022
Cost of services	₱18,075,106	₱17,738,329
Cost of sales	409,657	273,756
General and administrative expenses	671,607	399,621
	₱19,156,460	₱18,411,706

Fully depreciated property and equipment are retained in the books until these are no longer in use. The cost of fully depreciated property and equipment still in use as of June 30, 2023 and December amounted to ₱73,428,867 and ₱72,586,944, respectively.

## 10. Accounts and Other Payables

	June 2023	December 2022
Trade payables	₱6,384,963	₱8,716,913
Accrued expenses:		
Utilities	11,211,615	4,332,785
Rental	9,403,538	9,207,805
Payroll	3,257,967	4,115,930
Management fee	3,177,580	2,018,419
Repairs and maintenance	2,355,329	2,089,095
Contract services	1,109,557	838,596
Professional fees	90,001	286,511
Others	683,805	1,729,385
Funds held for environmental activities	10,937,214	10,031,914
Service charge payable	620,537	816,984
Due to employees	277,587	477,220
Other payables	7,499,362	1,462,834
	₱57,009,055	₱46,124,391

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

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

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

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 30,2023 and December 31, 2022 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 June 30,2023 and December 31, 2022 follow:

Class	Number of Shares Registered	Issue Price	Date of Approval
Class B	2,846	From ₱800,000 to ₱1,950,000	January 5,2011
Class C	154	From ₱1,650,000 to ₱2,450,000	January 5,2011

As at June 30,2023 and December 31, 2022, the total number of shareholders are 774, 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.

Shareholders shall only be entitled to a pro-rata share of the assets of the Club at the time of the dissolution or liquidation thereof.

### 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 periods ended June 30,2023 and December 31, 2022.

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

	<b>June 2023</b>	<b>December 2022</b>
Paid-in capital	<b>₱213,627,000</b>	₱213,627,000
Additional paid-in capital	<b>763,883,400</b>	763,883,400
Deficit	<b>(244,149,819)</b>	(250,868,519)
	<b>₱733,360,581</b>	₱726,641,881

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

---

## **12. Revenue from Contracts with Customers**

### Disaggregated Revenue Information

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

	<b>June 2023</b>	<b>June 2022</b>
Membership dues	₱45,265,000	₱42,320,000
Service income:		
Golf course revenue	20,701,467	11,238,815
Room accommodation	9,864,901	23,958,209
Guest fees	2,860,528	4,734,441
Sports complex revenue	1,105,758	870,662
Sale of goods:		
Food and beverages	23,313,211	26,479,558
Merchandise	1,328,595	1,181,027
Transfer fees	5,700,893	4,419,643
	<b>₱110,140,353</b>	<b>₱115,202,356</b>

### Timing of Revenue Recognition

The Club has recognized revenues recognized over time amounting to ₱79,798,154 and ₱83,122,127 in June 30,2023 and June 30,2022, respectively.

Revenues recognized from sale of goods and transfer fees recognized at a point in time amounted to ₱30,342,699 and ₱32,080,229 as of June 30,2023 and June 30,2022, respectively.

#### Contract Balances

As at June 30,2023 and December 31,2022, contract balances are as follows:

	<b>June 2023</b>	December 2022
Trade receivables (Note 6)	<b>₱27,120,707</b>	₱34,890,530
Contract liabilities	<b>35,104,480</b>	19,985,756

The Club identified unearned membership dues as contract liabilities as at June 30,2023 and December 31,2022. 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:

	<b>June 2023</b>	December 2022
Balance at beginning of year	<b>₱19,985,756</b>	₱21,036,677
Additions	<b>57,344,023</b>	72,887,163
Recognized as revenue	<b>(42,225,299)</b>	(73,938,084)
	<b>₱35,104,480</b>	₱19,985,756

### 13. Miscellaneous Income

Miscellaneous income consists of:

	<b>June 2023</b>	June 2022
Surcharge revenue	<b>₱11,573,355</b>	₱1,270,735
Unrealized gain on financial assets at FVPL (Notes 5 and 17)	<b>45,326</b>	2,046
Realized gain on FVPL	-	78,961
Other income	<b>893,322</b>	951,118
	<b>₱12,512,003</b>	₱2,302,859

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

### 14. Costs and Expenses

Cost of services consists of:

	<b>June 2023</b>	June 2022
Depreciation (Note 9)	<b>₱18,075,106</b>	₱17,738,329
Heat, light and water	<b>17,069,529</b>	13,850,177
Contract services	<b>10,442,632</b>	22,203,287
Salaries, wages and employee benefits	<b>6,479,080</b>	6,111,461
Tournament expenses	<b>3,639,122</b>	686,997
Cleaning and other supplies	<b>1,149,494</b>	1,130,878
Communications	<b>1,034,651</b>	878,347
Laundry	<b>593,767</b>	573,345
Office supplies	<b>315,524</b>	413,351

Repairs and maintenance	228,576	1,303,195
Transportation	142,411	109,567
Representation	12,219	7,927
Others	1,300,771	1,957,642
	<b>₱60,482,881</b>	<b>₱66,964,504</b>

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

Cost of sales consists of:

	June 2023	June 2022
Food and beverage (Note 7)	<b>₱7,957,240</b>	₱6,548,041
Salaries, wages and employee benefits	<b>6,147,320</b>	4,864,005
Heat, light and water	<b>3,423,399</b>	2,859,065
Cleaning and other supplies	<b>643,594</b>	568,774
Communication	<b>450,754</b>	305,137
Depreciation (Note 9)	<b>409,657</b>	273,756
Merchandise (Note 7)	<b>63,486</b>	231,440
Equipment rental	<b>50,893</b>	107,143
Office supplies	<b>27,506</b>	12,293
Transportation	<b>12,024</b>	8,542
Representation	<b>120</b>	–
Others	<b>561,442</b>	232,273
	<b>₱19,747,435</b>	<b>₱16,010,469</b>

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

General and administrative expenses consist of:

	June 2023	June 2022
Heat, light and water	<b>₱7,940,545</b>	₱6,050,339
Salaries, wages and employee benefits	<b>6,369,157</b>	5,773,332
Professional and management fees	<b>4,908,308</b>	4,617,562
Taxes and licenses	<b>3,375,538</b>	1,643,705
Security	<b>3,316,529</b>	2,534,906
Corporate expense	<b>2,228,228</b>	1,525,395
Collection charges	<b>2,175,397</b>	1,673,349
Insurance	<b>1,493,003</b>	1,149,820
Repairs and maintenance	<b>1,238,766</b>	2,191,709
Depreciation (Note 9)	<b>671,697</b>	399,621
Office supplies	<b>170,625</b>	165,051
Representation	<b>14,744</b>	11,861
Others	<b>3,698,532</b>	1,796,454
	<b>₱37,601,268</b>	<b>₱29,533,104</b>

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 benefits 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, 2022.

## 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%
- 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:

	June 2023	Mar. 2022
Current	P16,325	P37,728
Final	3,219	1,271
	<b>P19,544</b>	<b>P39,002</b>

## 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:

	June 2023		December 2022		Terms	Conditions
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance		
<b>Immediate parent company</b>						
ALI (a)	P-	P6,600,092	P8,309,125	P7,384,093	Due and demandable; non-interest bearing	Unsecured; no impairment
ALI (b)	-	3,571,429	-	3,571,429	Due and demandable; non-interest bearing	Unsecured; no impairment
					Due and demandable;	Unsecured;

ALI (Loans)	40,000,000	–	35,000,000	–	interest bearing	no impairment
ALI (Interest)	209,263	–	98,787	–	Due and demandable	Unsecured; no impairment
<b>Entities under common control</b>						
Amaia Land (Loans)	50,000,000	–	45,000,000	45,000,000	Due and demandable; interest bearing	Unsecured; no impairment
Amaia Land (Interest)	325,281	–	417,411	410,045	Due and demandable; interest bearing;	Unsecured; no impairment
Airswift Transport Inc. (Loans)	225,000,000	45,000,000	–	–	Due and demandable interest bearing	Unsecured; no impairment
Airswift Transport Inc (Interest)	1,073,973	1,041,754	–	–	Due and demandable interest bearing	Unsecured; no impairment
Cebu District Property Ent. (Loans)	15,000,000	15,000,000	–	–	Due and demandable interest bearing	Unsecured; no impairment
Cebu District Property Ent. (Interest)	38,906	37,739	–	–	Due and demandable interest bearing	Unsecured; no impairment
Arca South Hotel Ventures (Loans)	15,000,000	5,000,000	–	–	Due and demandable interest bearing	Unsecured; no impairment
Arca South Hotel Ventures (Interest)	100,909	38,482	–	–	Due and demandable interest bearing	Unsecured; no impairment
Soltea Commercial Corp. (Loans)	9,000,000	3,000,000	–	–	Due and demandable interest bearing	Unsecured; no impairment
Soltea Commercial Corp. (Interest)	50,358	48,847	–	–	Due and demandable interest bearing	Unsecured; no impairment
Ayalaland Estates Inc. (Loans)	6,000,000	2,000,000	–	–	Due and demandable interest bearing	Unsecured; no impairment
Ayalaland Estates Inc. (Interest)	4,076	3,954	–	–	Due and demandable interest bearing	Unsecured; no impairment
ALI Commercial Center (Loans)	30,000,000	–	–	–	Due and demandable interest bearing	Unsecured; no impairment
ALI Commercial Center (Interest)	82,991	87,993	–	–	Due and demandable interest bearing	Unsecured; no impairment
Avida Land (Loans)	3,000,000	–	45,000,000	–	Due and demandable interest bearing	Unsecured; no impairment
Avida Land (Interest)	2,496	–	496,375	–	Due and demandable; interest bearing;	Unsecured; no impairment
Anvaya Cove Beach and Nature Club, Inc. (ACBNCI)	6,082,661	1,295,935	14,562,297	6,424,046	non-interest bearing Due and demandable;	Unsecured; no impairment
Makati Development Corporation (MDC)	10,147	14,650	64,236	4,502	non-interest bearing Due and demandable;	Unsecured; no impairment
Ayala Property Management Corporation	–	6,087	1,504	6,087	non-interest bearing Due and demandable;	Unsecured; no impairment
Alviera Country Club, Inc.	–	–	–	26,540	non-interest bearing	Unsecured; no impairment
<b>Total</b>		<b>₱82,746,961</b>		<b>₱62,826,742</b>		

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 consists of the following:

- Trade receivables from ALI includes unsecured non-interest-bearing charges and unpaid membership dues from ALI nominees
- Receivables from ALI-PPE pertains expenses reimbursement of the Club related to PPE transferred by ALI.

c. Loans and interest receivables pertain to loans which has 26 to 48 days term subject to interest rate ranging from 2.57% to 2.62%.

Receivables from Amaia Land pertains to loans which has 10 to 27 days term subject to interest rate ranging from 6.72% to 7.05%.

Receivables from Airswift Transport, Inc. pertains to loans which has 30-day term subject to interest rate of 6.86%.

Receivables from Cebu District Property Enterprise pertains to loans which has 32-days term subject to interest rate of 7.57%.

Receivables from Arca South Hotel Ventures pertains to loans which has 31-day term subject to interest rate of 7.13%.

Receivables from Soltea pertains to loans which has 53 to 63 day term subject to interest rate ranging from 7.36% to 7.84%

Receivables from Ayalaland Estates Inc. pertains to loans which has 32-day term subject to interest rate of 6.80%.

Receivables from ALI Commercial Center pertains to loans which has 3 to 33 days term subject to interest rate ranging from 6.85% to 7.02%.

Receivables from Avida Land pertains to loans which has 5-day term subject to interest rate of 6.80%.

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 antigen test and meals purchased by the Club on behalf of the former for use of MDC personnel.

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

Receivables from Alviera pertains to trade transactions recorded under the member's ledger.

b. Outstanding balances owed to related parties:

	June 2023		December 2022		Terms	Conditions
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance		
<b>Immediate parent company</b>						
ALI (a)	₱-	₱80,000,000	₱10,433,947	₱90,433,949	Due and demandable; non-interest bearing	Unsecured
ALI (b)	10,471,999	-	22,363,705	-	Due and demandable; non-interest bearing	Unsecured
ALI (c)	1,370,730	1,535,217	1,364,500	-	Due and demandable; non-interest bearing	Unsecured
<b>Entities under common control</b>						
ACBNCI	31,314,813	4,808,780	50,702,793	19,106,358	Due and demandable non-interest-bearing	Unsecured
MDC	10,745,612	2,246,380	19,726,741	2,624,717	Due and demandable; non-interest bearing	Unsecured
Ayala Land Club Management, Inc. (ACMI) (d)	1,236,619	230,836	4,014,467	666,681	Due and demandable; non-interest bearing	Unsecured
ACMI (e)	1,877,112	350,394	2,017,871	1,823,079	Due and demandable; non-interest bearing	Unsecured

**Associates of Ayala Corporation (AC)**

Globe Telecom, Inc.	<b>60,531</b>	-	-76,005	--	Due and demandable; non-interest bearing	Unsecured; no impairment
Innove Communications, Inc.	<b>2,181,841</b>	-	2,829,576	-	Due and demandable; non-interest bearing	Unsecured; no impairment
Manila Water Philippine Venture, Inc.	<b>11,691,378</b>	-	15,108,986	-	Due and demandable; non-interest bearing	Unsecured; no impairment
<b>Total</b>	<b>₱89,172,607</b>					<b>₱112,831,705</b>

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:

- Costs incurred for the construction of the Club's initial assets.
- Costs incurred for electricity consumption, facilities management, share on common usage and real property taxes of the Club.
- 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:

- 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. Basic management fee amounts to ₱ 191,724 monthly for the year 2022.
- System cost at a monthly fixed amount of ₱403,527 for the year included as part of corporate expenses in general and administrative expenses.

Payable to Globe consists of cost incurred for the prepaid mobile line and text blast communication to all members as billed by Amber.

Payable to Innove consists of cost incurred for the trunk line and direct internet of the club.

Payable to Manila Water consists of cost of water utilities incurred by the club.

The amounts receivable from and payable to related parties are not offset because these 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 AC):

	June 2023			December 2022		
	Balance	Income Earned	Realized and unrealized gain	Balance	Income Earned	Realized and unrealized gain
Cash in banks (Note 4)	<b>₱25,290,272</b>	<b>₱9,765</b>	<b>₱-</b>	₱25,867,030	₱26,955	₱-
Financial assets at FVPL (Note 5)	<b>2,926,499</b>	-	<b>15,288</b>	2,881,173	-	113,413
	<b>₱28,216,771</b>	<b>₱9,765</b>	<b>₱15,288</b>	₱28,748,203	₱26,955	₱113,413



### 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 June 30, 2023 and December 31, 2022 is the carrying amount 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:

	<b>June 2023</b>	December 2022
Cash in banks	<b>₱25,290,272</b>	₱25,867,030
Financial assets at FVPL	<b>2,926,499</b>	2,881,173
Accounts and other receivables:		
Trade receivables	<b>27,120,707</b>	34,890,530
Receivable from employees	<b>98,683</b>	105,118
Insurance claims	<b>47,467</b>	47,467

Others	1,701,768	1,629,638
Receivables from related parties	82,746,961	62,826,742
	<b>₱139,932,357</b>	<b>₱128,247,698</b>

*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, 2023**

	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	₱6,742,424	₱4,542,944	₱5,149,388	₱4,885,903	₱5,800,048	₱1,948,530	₱29,069,237
ECL	₱-	₱-	₱-	₱-	₱-	₱1,948,530	₱1,948,530

December 31, 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	₱8,398,595	₱5,474,266	₱4,152,464	₱5,618,132	₱11,247,073	₱1,948,530	₱36,839,060
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, 2023**

	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
<b><i>Financial assets</i></b>					
Cash	₱25,505,264	₱-	₱-	₱-	₱25,505,264
Financial assets at FVPL	2,926,499	-	-	-	2,926,499
Accounts and other receivables					
Trade receivables	4,793,894	7,737,988	6,840,247	7,748,578	27,120,707
Receivable from employees	98,683	-	-	-	98,683
Insurance claims	47,467	-	-	-	47,467
Others	1,701,768	-	-	-	1,701,768
Receivables from related parties	-	82,746,961	-	-	82,746,961
	35,073,575	90,484,949	6,840,247	7,748,578	140,147,349
<b><i>Financial liabilities</i></b>					
Accounts and other payables					
Trade payables	-	6,384,963	-	-	6,384,963
Accrued expenses	-	-	31,289,392	-	31,289,392
Funds held for environmental activities	10,937,214	-	-	-	10,937,214
Service charge payable	-	620,537	-	-	620,537
Due to employees	-	277,587	-	-	277,587
Other payables*	2,071,982	-	-	-	2,071,982
Contract liabilities	-	35,104,480	-	-	35,104,480
Payables to related parties	80,000,000	9,172,607	-	-	89,172,607
	93,009,196	51,560,174	31,289,329	-	175,858,762
<b>Liquidity Position (Gap)</b>	<b>(₱57,935,621)</b>	<b>₱38,924,775</b>	<b>(₱24,449,082)</b>	<b>₱7,748,578</b>	<b>(₱35,711,413)</b>

\*Excluding statutory liabilities amounting to ₱5,427,380

## 2022

	On demand	Less than 3 months	3 to 12 months	More than 1 year	Total
<i>Financial assets</i>					
Cash	₱26,528,276	₱–	₱–	₱–	₱26,528,276
Financial assets at FVPL	2,881,173	–	–	–	2,881,173
Accounts and other receivables					
Trade receivables	6,450,065	8,120,780	7,124,080	13,195,605	34,890,530
Receivable from employees	105,118	–	–	–	105,118
Insurance claims	47,467	–	–	–	47,467
Others	1,629,638	–	–	–	1,629,638
Receivables from related parties	–	62,826,742	–	–	62,826,742
	37,641,737	70,947,522	7,124,080	13,195,605	128,908,944
<i>Financial liabilities</i>					
Accounts and other payables					
Trade payables	–	8,716,913	–	–	8,716,913
Accrued expenses	–	–	24,618,526	–	24,618,526
Funds held for environmental activities	10,031,914	–	–	–	10,031,914
Due to employees	–	477,220	–	–	477,220
Service charge payable	–	816,984	–	–	816,984
Other payables*	848,952	–	–	–	848,952
Contract liabilities	–	19,985,756	–	–	19,985,756
Payables to related parties	80,000,000	32,831,705	–	–	112,831,705
	90,880,866	62,828,578	24,618,526	–	178,327,970
Liquidity Position (Gap)	(₱53,239,129)	₱8,118,944	(₱17,494,446)	₱13,195,605	(₱49,419,026)

\*Excluding statutory liabilities amounting to ₱613,882

## 19. Supplementary Note to the Statements of Cash Flows

In 2022, loan amounting to ₱35,000,000 was lent to ALI, which has 48-days term subject to interest rate of 2.57%. The loan was collected in 2022 and earned an interest income amounting to ₱98,787 in 2022.

As agreed with ALI, the funds were subsequently transferred to different subsidiaries as intercompany lending.

For the year 2023, additional ₱25,000,000 was placed in the investment for intercompany lending and invested to the following subsidiaries for 3 to 33-days term, and earning interest rate ranging from 6.80% to 7.13%.


- Avida Land
- ALI Commercial Center Inc.
- Amaia Land Inc.
- Airswift Transport Inc.
- Ayala Land Estates Inc,
- Arca South Inc.
- Soltea
- Cebu District Property Ent.

**CERTIFICATION**

I, AUGUSTO D. BENGZON, Chairman of the Board of ANVAYA COVE GOLF AND SPORTS CLUB, INC. with SEC Registration No. CS201014919 and principal office at Anvaya Cove, Morong, Bataan, on oath state that:

- 1.) On behalf of Anvaya Cove Golf and Sports Club, Inc., I have caused this **SEC Form 17-Q** for 2<sup>nd</sup> quarter of 2023 to be prepared;
- 2.) I have read and understood its contents which are true and correct of my own personal knowledge and/or based on authentic records;
- 3.) The Company, Anvaya Cove Golf & Sports Club, Inc., will comply with the requirements set forth in SEC Notice dated **12 May 2021** for a complete and official submission of reports and/or documents through electronic mail; and
- 4.) I am fully aware that documents filed online which require pre-evaluation and/or processing fees shall be considered complete and officially received only upon payment of a filing fee.
- 5.) That the e-mail account designated by the company pursuant to SEC Memorandum Circular No. 28, s. 2020 shall be used by the company in its online submissions to CGFD.

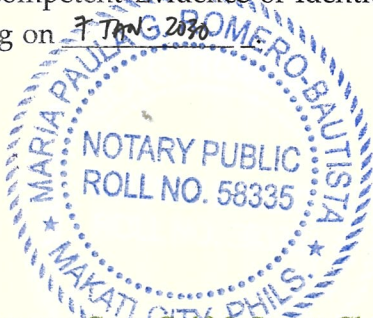
IN WITNESS WHEREOF, I have hereunto set my hand this AUG 10 2023 day of MAKATI CITY, 2023.

  
**AUGUSTO D. BENGZON**  
Affiant 


SUBSCRIBED AND SWORN to before this 10 day of AUGUST, 2023 at MAKATI CITY affiant exhibiting to me her Competent Evidence of Identity consisting of PASSPORT NO. P4323352B issued at DPA NOR EAST expiring on 7 Jan 2030

Doc. No. 84 ;  
Page No. 18 ;  
Book No. XLIII ;  
Series of 2023.

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



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

  
**MARIA PAULA G. ROMERO-BAUTISTA**  
Notary Public - Makati City  
Appt. No. M-079 until December 31, 2023  
Roll of Attorneys No. 58335  
IBP No. 264594 - 01/03/2023 - Makati City  
PTR No. 9566341MM - 01/03/2023 - Makati City  
MCLE Compliance No. VII-0020268 - 06/02/2022  
4<sup>th</sup> Floor Tower One and Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City, Philippines

