

# COVER SHEET

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(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>
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Contact Person

<b>7908-3841</b>
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Company Telephone Number

1	2	3	1
<i>Month</i>		<i>Day</i>	
Fiscal Year			

**Definitive**

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Annual Meeting			

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Secondary License Type, if Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. Of Stockholders

Total Amount of Borrowings

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Domestic	Foreign																

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To be accomplished by SEC Personnel concerned

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File Number

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## NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Notice is hereby given that the Annual Meeting of the Stockholders of **ANVAYA COVE BEACH AND NATURE CLUB, INC.** will be conducted virtually via Zoom on Friday, **July 29, 2022** at 9:00 o'clock in the morning with the following

### AGENDA

1. Call to order
2. Certification of notice and quorum
3. Approval of minutes of previous meeting
4. Ratification of the acts of the Board of Directors and Management beginning July 30, 2021 until July 29, 2022
5. President's report
6. Election of directors (including the independent directors)
7. Appointment of external auditor and fixing of its remuneration
8. Consideration of such other business that may properly come before the meeting
9. Adjournment

Only stockholders of record as of **June 14, 2022** are entitled to notice of, and to vote at, this meeting.

Given the current circumstances, stockholders may only attend the meeting by remote communication, by voting *in absentia*, or by appointing the Chairman of the meeting as their proxy. Stockholders intending to participate by remote communication should notify the Company on or before **July 20, 2022**.

Duly accomplished proxies shall be submitted on or before **July 20, 2022** to the Office of the Corporate Secretary by email to [acbnc.agm@anvayacove.com](mailto:acbnc.agm@anvayacove.com). Validation of proxies is set for **July 22, 2022** at 9:00 o'clock in the morning.

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

All communications should be sent by email to [acbnc.agm@anvayacove.com](mailto:acbnc.agm@anvayacove.com) on or before the designated deadlines.

Makati City, June 23, 2022.

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

**SOLOMON M. HERMOSURA**  
Corporate Secretary

## PROXY

The undersigned stockholder of **ANVAYA COVE BEACH AND NATURE 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 **July 29, 2022** 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 July 30, 2021 until July 29, 2022<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>5. Appointment of SyCip Gorres Velayo &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> |
|---|---|

4. Election of Directors

	No. of Votes
--	--------------

Augusto D. Bengzon	
Paulloindo A. Elauria	
Antonino T. Aquino	
Jocelyn F. de Leon	
Dindo R. Fernando	
Joseph Carmichael Z. Jugo	
Mercedita S. Nolleddo	
Paolo O. Viray	
<i><u>Independent Directors:</u></i>	
Jessie D. Cabaluna	
Rex Ma. A. Mendoza	
Jesus Emmanuel M. Yujuico	

\_\_\_\_\_  
 PRINTED NAME OF STOCKHOLDER

\_\_\_\_\_  
 SIGNATURE OF STOCKHOLDER /  
 AUTHORIZED SIGNATORY

\_\_\_\_\_  
 DATE

A SCANNED COPY OF THIS PROXY MUST BE SUBMITTED TO THE CORPORATE SECRETARY AT [acbnc.agm@anvayacove.com](mailto:acbnc.agm@anvayacove.com) ON OR BEFORE **JULY 20, 2022**, THE DEADLINE FOR SUBMISSION OF PROXIES. FOR CORPORATE STOCKHOLDERS, PLEASE ATTACH TO THIS PROXY FORM THE SECRETARY'S CERTIFICATE ON THE AUTHORITY OF THE SIGNATORY TO APPOINT THE PROXY AND SIGN THIS FORM.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY THE CHAIRMAN.

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

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT OF

ANVAYA COVE BEACH AND NATURE CLUB, INC.  
(the "Registrant", "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 BEACH AND NATURE CLUB, INC.

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

MORONG, BATAAN, PHILIPPINES

4. SEC Identification Number: CS200502332

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

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

7. Registrant's telephone number, including area code: (63-2) 7793-9000

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

Date - July 29, 2022  
Time - 9:00 A.M.  
Place - To be conducted virtually through Zoom  
*Place of Meeting*  
*per By-Laws* - Anvaya Cove, Morong, Bataan 2108

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

July 8, 2022

10. In case of Proxy Solicitation:

**Name of Person Filing the Statement/Solicitor:** Augusto D. Bengzon  
**Address and Telephone Number:** 30<sup>th</sup> Floor Tower One  
Ayala Triangle, Ayala Avenue  
Makati City  
632 97093621

**11. Securities registered pursuant to Section 8 of the SRC**

**a. Authorized Capital Stock**

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

**b. No. of Shares Outstanding as of May 31, 2022:**

<u>Title of Each Class</u>	
Common – Class A	3,468
Common – Class B	1,950
Common – Class C	500
Common – Class D	702
Common – Class E	<u>180</u>
TOTAL	<u>6,800</u>

**c. Amount of Debt Outstanding as of May 31, 2022** Not applicable

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

Yes  No

## A. GENERAL INFORMATION

### Item 1. Date, time and place of meeting of security holders (hereafter, the “annual stockholders’ meeting” or “meeting”)

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

Date	-	July 29, 2022
Time	-	9:00 am
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:

July 8, 2022

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

### 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 Club 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 Club, or nominee for election as director of the Club 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 Club 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 May 31, 2022:

Title of Each Class

Common	-	Class A (Founders')	3,468
Common	-	Class B	1,950
Common	-	Class C	500
Common	-	Class D	702
Common	-	Class E	<u>180</u>
TOTAL			<u>6,800</u>

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

(b) Record Date

All stockholders of record as of June 14, 2022 are entitled to notice and to vote at the Annual Stockholders' Meeting.

(c) Manner of Voting

All stockholders of record, regardless of the class of share held by a stockholder, shall have the right to vote in all matters requiring stockholders' approval, including the right to nominate and vote for the persons who shall serve as directors of the Club. 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 have been submitted to the Corporate Governance and Nomination Committee in accordance with the procedure for nomination under the Club's By-laws and Manual of Corporate Governance.

Holders of Class A, Class B, Class C, Class D and Class E shares as of June 14, 2022 shall thus vote in the following manner provided by Article VI, Section 6 of the Club's By-Laws:

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

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

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

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

Title of Class	Name and Address of Record Owner & Relationship w/ Issuer	Name of Beneficial Owner & Relationship w/ Record Owner	Citizenship	No. of Shares	Percentage (of total outstanding shares)
Class A (Founders') Class B Class C Class D Class E	Ayala Land, Inc. 31/F Tower One & Exchange Plaza Ayala Avenue Makati City	Ayala Land, Inc. is both the beneficial and record owner.	Filipino	3,250 432 352 702 180	72.294%
Class A (Founders') Class B Class C	Subic Bay Development & Industrial Estate Corp. 8/F Vernida IV Condominium 128 L.P. Leviste St. Salcedo Village Makati City	Subic Bay Development & Industrial Estate Corp. is both the beneficial and record owner.	Filipino	201 16 32	3.662%

- The Board of Directors of Ayala Land, Inc. ("ALI") has the power to decide how ALI's shares in the Club are to be voted. Messrs. Augusto D. Bengzon and Joseph Carmichael Z. Jugo have been named and appointed to exercise the voting power.
- Subic Bay Development & Industrial Estate Corp. ("SUDECO"), the significant stockholder of the Club, owns 3.662% of the total outstanding shares of the Club. The Board of Directors of SUDECO has the power to decide how SUDECO's shares in the Club are to be voted. Ms. Jocelyn F. De Leon has been named and appointed to exercise the voting power.



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

<b>Title of Class</b>	<b>Name</b>	<b>Position</b>	<b>Amount &amp; Nature of Ownership</b>	<b>Citizenship</b>	<b>Percentage (of total outstanding shares)</b>
Class A	Augusto D. Bengzon	Chairman of the Board of Directors	1 (record owner)	Filipino	0.015%
Class A	Paullolindo A. Elauria	Director & President	1 (record owner)	Filipino	0.015%
Class B	Joseph Carmichael Z. Jugo	Director & Vice President	1 (record and beneficial owner)	Filipino	0.015%
Class A	Dindo R. Fernando	Director & Treasurer	1 (record owner)	Filipino	0.015%
Class A	Jocelyn F. De Leon	Director	1 (record owner)	Filipino	0.015%
Class A	Antonino T. Aquino	Director	1 (record owner)	Filipino	0.015%
Class A	Mercedita S. Nollado	Director	1 (record owner)	Filipino	0.015%
Class B	Paolo O. Viray	Director	1 (record and beneficial owner)	Filipino	0.015%
Class A	Rex Maria A. Mendoza	Independent Director	1 (record owner)	Filipino	0.015%
Class A	Jesus Emmanuel M. Yujuico	Independent Director	1 (record owner)	Filipino	0.015%
Class A	Jessie D. Cabaluna	Independent Director	1 (record owner)	Filipino	0.015%
-	Solomon M. Hermosura	Corporate Secretary	0	Filipino	0.000%
-	Ma. Paula G. Romero-Bautista	Assistant Corporate Secretary	0	Filipino	0.000%
-	Amelia Ann T. Alipao	Data Protection Officer	0	Filipino	0.000%
-	Neal C. Perez	Compliance Officer and Finance Director	0	Filipino	0.000%
-	Heidi Rosalie R. Hocson	General Manger	0	Filipino	0.000%
<b>Total</b>			11		0.162%

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

(e) Voting Trust Holders of 5% or More

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

(f) Change in Control

No change of control in the Club 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 persons, who constitute the final list of candidates presented and approved by the Corporate Governance and Nomination Committee (composed of Mr. Rex Ma. A. Mendoza, Chairman, and Mr. Jesus Emmanuel M. Yujuico and Ms. Jessie D. Cabaluna, Members) have been nominated to the Board for the ensuing year and have accepted their nominations:

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

The nominees were formally nominated by a stockholder of the Club, Paolo O. Viray, who owns one (1) Class B Share or 0.015% of the total voting shares of the Club and who is not related to any of the nominees for independent directors. Messrs. Rex Ma. A. Mendoza and Jesus Emmanuel M. Yujuico, and Ms. Jessie D. Cabaluna are nominated as independent directors. All nominees are incumbent directors of the Club.

The Corporate Governance and Nomination Committee of the Club 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 Club. The Club 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 Club 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, executive officers or corporate officers are related to each other.

(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 Club 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.

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

(b) Certain Relationships and Related Transactions

(1) Related Transactions

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

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

The Club has a Reciprocity Agreement with the Golf Club wherein the members of the Club may use the sports facilities of the Golf Club, and the members of the Golf Club may use the beach and other facilities of the Club.

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

### Terms and Conditions of Transactions with Related Parties

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

The transactions and balances of accounts with related parties follow:

a. Outstanding balances owed by related parties:

	March 2022		December 2021		Terms	Conditions
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance		
<b>Immediate parent company</b>						
ALI	<b>₱141,050</b>	<b>₱1,746,004</b>	₱1,025,973	₱2,126,503	Due and demandable; non-interest bearing	Unsecured; no impairment Unsecured;
<b>Entities under common control</b>						
ACGSCI	<b>10,513,904</b>	<b>13,370,878</b>	21,345,978	8,612,250	Due and demandable; non-interest bearing	Unsecured; no impairment
Makati Development Corporation (MDC)	--	--	26,273	--	Due and demandable; non-interest bearing	Unsecured; no impairment
		<b>₱15,116,882</b>		<b>₱10,739,023</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 includes unsecured non-interest bearing charges and unpaid membership dues from ALI nominees.
- Receivable from ACGSCI pertains to charges incurred by ACGSCI members and guests on the use of the Club's facilities and availment of its services and inventory transfers.
- Receivables from MDC are related to meals and diesel charges incurred by employees of MDC in the Club during the mandatory lockdown period.
- Receivables from APMC are unsecured non-interest bearing charges from consumption of the Club's fuel and other costs incurred from availment of services of the Club.

b. Outstanding balances owed to related parties:

	March 2022		December 2021		Terms	Conditions
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance		
<b>Entities under common control</b>						
ACMI (a)	<b>₱924,821</b>	<b>₱308,273</b>	₱3,187,332	₱3,829,732	Due and demandable; non-interest bearing	Unsecured
ACMI (b)	<b>752,020</b>	<b>250,673</b>	2,219,664	₱2,346,081	Due and demandable; non-interest bearing	Unsecured
ALI	--	--	593,300	--	Due and demandable; non-interest bearing	Unsecured
ACGSCI	<b>3,439,823</b>	<b>4,735,257</b>	5,332,184	1,492,585	Due and demandable; non-interest bearing	Unsecured
		<b>₱5,294,203</b>		<b>₱7,668,398</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 ACMI pertains to the following:
  - (a) Management fees, as agreed upon, include basic management fee amounting to ₱100,000 per month with an escalation clause of 7.50% per annum and incentive fee equivalent to 3.00% of gross operating profit per month included as part of total management fees in general and administrative expense.
  - (b) System cost at a monthly fixed amount of ₱223,816 and ₱203,469 in March 31, 2022 and 2021, respectively, included as part of corporate expenses in general and administrative expenses.
    - Amount owed to ALI pertains to costs incurred for property insurance recorded as part of insurance in general and administrative expenses.
    - Payable to ACGSCI pertains to charges incurred by Club members in ACGSCI and inventory transfers.

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

#### Transactions with BPI

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

	March 31, 2021			2021		
	Balance	Income Earned	Realized/Unrealized gain	Balance	Income Earned	Unrealized gain
Cash in banks (Note 4)	₱41,961,503	₱7,040	₱-	₱24,342,656	₱19,881	₱-
Financial assets at FVPL (Note 5)	99,927,796	-	200,613	99,727,184	-	1,138,282
	<b>₱141,889,299</b>	<b>₱7,040</b>	<b>₱200,613</b>	<b>₱124,069,840</b>	<b>₱19,881</b>	<b>₱1,138,282</b>

#### Compensation of key management personnel

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

#### (2) Ownership Structure and Parent Company

Ayala Land, Inc. is the parent company of the Club which owns 72.294% of the total outstanding capital stock of the Club as of May 31, 2022. SUDECO, a significant stockholder of the Club, owns 3.662% of the total outstanding capital stock of the Club as of May 31, 2022.

#### (3) Transactions with Promoters

The Club did not enter into any transactions with promoters.

(4) Resignation of Directors

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

**Item 6. Compensation of Directors and Executive Officers**

(a) Executive Compensation

ACMI manages the operation of the Club under a Management Agreement.

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

Name	Principal Position	Salary	Bonus	Other Annual Compensation	Total
Paullolindo A. Elauria	President				
Joseph Carmichael Z. Jugo	Vice President				
Dindo R. Fernando	Treasurer				
Marie Jovie B. Reves*	General Manager				
Emmanuel G. Villarba**	Financial Controller				
Heidi Rosalie Hocson***	General Manager				
Neal C. Perez****	Compliance Officer and Finance Director				
Vladimir S. Lorilla	Executive Chef				
President and Most Highly Compensated Officers	Actual 2020	₱3,180,000	₱508,000	₱254,000	₱3,942,000
	Actual 2021	₱4,600,700	-	₱321,100	₱4,921,800
	Projected 2022	₱5,264,112	-	₱432,676	₱5,696,788
All other officers as a group unnamed*****	Actual 2020	₱6,908,928	₱1,093,888	₱546,944	₱8,549,760
	Actual 2021	₱5,281,728	-	₱412,344	₱5,694,072
	Projected 2022	₱5,317,655	-	₱443,005	₱5,760,660

\*Until October 31, 2021 only.

\*\*Until July 31, 2021 only.

\*\*\*Effective November 11, 2021 and hired under ACMI.

\*\*\*\*Other officers and managers.

The Other Annual Compensation pertains to 13<sup>th</sup> month pay.

Messrs. Paullolindo A. Elauria, Joseph Carmichael Z. Jugo and Dindo R. Fernando were not directly employed by the Club and thus receive no compensation from the Club.

(b) Compensation of Directors

(1) Standard Arrangement (Current Compensation)

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

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

(2) Other Arrangement

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

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

Ms. Marie Jovie B. Reyes, General Manager, and Mr. Emmanuel G. Villarba, Finance Manager, both direct hires of the Club, have been replaced by Ms. Heidi Rosalie R. Hocson and Mr. Neal C. Perez, respectively, effective November 11, 2021.

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

(d) Warrants and Options Outstanding

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

**Item 7. Independent Public Accountants**

- (a) The principal accountant and external auditor of the Club is the accounting firm of SyCip Gorres Velayo & Co. (“SGV & Co.”). The Board, upon the recommendation of the Club’s Audit and Risk Oversight Committee (with Ms. Jessie D. Cabaluna as Chairman, and Mr. Rex Ma. A. Mendoza and Ms. Mercedita S. Nollado as members) approved the election of SGV & Co. as the Club’s independent auditor for 2022 based on its performance and qualifications, and fixed its remuneration amounting to ₱340,200.00, exclusive of value-added tax.

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

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

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

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

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

(d) External Audit Fees and Services

The Club paid its external auditor, SGV & Co., the following fees (exclusive of value-added tax and out-of-pocket expenses):

	<b>Audit &amp; Audit-related Fees*</b>	<b>Tax Fees</b>	<b>Other Fees</b>
2021	Php324,400.00	Php75,000.00	-
2020	PhP316,000.00	-	-

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

SGV & Co. was engaged by the Club to audit its financial statements and to prepare Information Return on Transactions with Related Party (BIR Form No. 1709).

No other fees paid to the external auditors for the past 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 Club will not be presenting any matter or act involving the modification of any class of the Club's securities or the issuance or authorization for issuance of one (1) class of the Club's securities in exchange for outstanding securities of another class during the meeting.

**Item 11. Financial and Other Information**

The Management's Discussion and Analysis, audited financial statements as of December 31, 2021 and SEC Form 17-Q for the quarters ending March 2022, and other data related to the Club'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 Club 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 Club of any property requiring stockholders' approval under the Revised Corporation Code.



#### **Item 14. Restatement of Accounts**

The changes in accounting policies have no impact on the statement of accounts as shown in Note 2 of the 2021 audited financial statements and neither do such changes result to a restatement of the 2020 audited financial statements.

#### **D. OTHER MATTERS**

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

- (a) Approval of the minutes of the 2021 Annual Stockholders' Meeting held on July 30, 2021 covering the following matters:
  - (i) Approval of the minutes of the 2020 Annual Stockholders' Meeting held on September 25, 2020;
  - (ii) Ratification of the acts of the Board of Directors and Management beginning September 25, 2020 until July 30, 2021;
  - (iii) President's 2020 Annual Report;
  - (iv) Election of directors, including independent directors; and
  - (v) Appointment of external auditor and fixing of its remuneration.

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

<https://anvayacove.com/beach-nature-club/wp-content/uploads/2022/06/Anvaya-Beach-Minutes-Annual-Stockholders-Meeting-30-July-2021.pdf>

- (b) Approval of the President's report for the year ending December 31, 2021, including the 2021 audited financial statements.

#### **Item 16. Matters Not Required to be Submitted**

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

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

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

#### **Item 18. Other Proposed Actions**

- (a) Ratification of all acts of the Board of Directors and Management for the period covering July 20, 2021 up to the date of the meeting.

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) Second quarter results of operation and audit findings
- iv) Appointment of Chief Audit Executive
- v) Internal audit plan
- vi) Third quarter results of operations
- vii) 2021-2022 internal audit plan

- viii) Approval of the Audit and Risk Oversight Committee Charter
- ix) 2021 financial audit results
- x) Management representation letter
- xi) Full year 2021 financial audit and operating results
- xii) Appointment of independent auditor for 2022
- xiii) Report of the Audit and Risk Oversight Committee to the Board
- xiv) Revised 2022 internal audit plan
- xv) Approval of the Related Party Transactions Policy
- xvi) 2022 operating and capital expenditures budget
- xvii) Establishment of Corporate Governance and Nomination Committee
- xviii) Dissolution of the Finance Committee
- xix) Extension of usage of monthly consumables
- xx) Updating of bank counterparty risk limits and bank signatories
- xxi) Appointment of Attorneys-in-Fact for general transactions, legal proceedings, permits and licenses, regulatory requirements, and electronic filing and payment system
- xxii) Delegation to the Membership Committee of the authority to decide on the case of a Club member, and subject to the submission afterwards to the Board for ratification
- xxiii) Delegation to the Corporate Secretary of the authority to sign the waiver of right of first refusal and ratification of all waivers previously signed by the Corporate Secretary
- xxiv) Updating of official email address, new alternative e-mail address, new mobile number and new alternative mobile number for SEC filings
- xxv) Updating of Attorney-in-Fact for SEC Online Submission Tool
- xxvi) Merit increase for club employees
- xxvii) Renaming of wine room
- xxviii) Schedule of Annual Stockholders' Meeting and relevant dates
- xxix) Participation and voting by remote communication in all meetings of the Board of Directors and stockholders
- xxx) 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.

(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 [acbnc.agm@anvayacove.com](mailto:acbnc.agm@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 [acbnc.agm@anvayacove.com](mailto:acbnc.agm@anvayacove.com) on or before July 20, 2022, 5:00 p.m. or the original proxy forms containing the wet signature/s of the signatory/ies may be submitted to the Administration Office, Anvaya Cove, Morong, Bataan on or before the said date.

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

To ensure the safety and welfare of our stockholders, the Board of Directors of the Company approved the holding of the annual stockholders' meeting in a fully virtual format on May 11, 2022. Stockholders may attend the meeting only by remote communication, by appointment of the Chairman as proxy, and by voting *in absentia*, as provided in Item 19 above.


To enable the Club to perform validation procedures, identify the shareholders participating by remote communication and record their presence for purposes of quorum, the shareholders shall inform the Club by email to [acbnc.agm@anvayacove.com](mailto:acbnc.agm@anvayacove.com) on or before July 20, 2022, of their intention to participate in the meeting by remote communication.

Stockholders may send in their questions to [acbnc.agm@anvayacove.com](mailto:acbnc.agm@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 July 06, 2022.**

**ANVAYA COVE BEACH AND NATURE CLUB, INC.**

By:

  
**SOLOMON M. HERMOSURA**  
Corporate Secretary

## ANNEX A

### 2022 ANNUAL STOCKHOLDERS MEETING OF ANVAYA COVE BEACH AND NATURE CLUB INC. (the “Meeting”)

#### REQUIREMENTS AND PROCEDURE FOR VOTING IN ABSENTIA AND PARTICIPATION BY REMOTE COMMUNICATION

##### **I. VOTING IN ABSENTIA**

1. Stockholders, as of June 14, 2022, may attend the meeting via remote communication by submitting the ballots prior to the Meeting or until the end of the Meeting via electronic mail to [acbnc.agm@anvayacove.com](mailto:acbnc.agm@anvayacove.com).
2. Stockholders shall notify the Chairman of the Board and the Corporate Secretary by email to [acbnc.agm@anvayacove.com](mailto:acbnc.agm@anvayacove.com) of his/her/its intention to exercise his/her/its right to vote in absentia by July 20, 2022.
3. Subject to validation procedures, the stockholders shall receive the official ballot which shall be used to elect members of the Board and vote on the agenda items.
4. Only ballots received from the registered e-mail addresses of the stockholders shall be accepted as valid votes and included in the tabulation.
5. Only one (1) ballot shall be accepted from each stockholder. In case of multiple e-mails from a single registered e-mail address of a member is received, the earliest ballot received shall be considered as valid and tabulated.
6. The ballots will be collected and the votes cast will be tabulated by the Office of the Corporate Secretary and the Corporate Secretary shall present the results to the stockholders during the Meeting.

##### **II. PARTICIPATION BY REMOTE COMMUNICATION**

1. Stockholders, as of June 14, 2022, are encouraged to attend the Meeting via the video conference platform Zoom.
2. Stockholders shall notify the Chairman of the Board and the Corporate Secretary by email to [acbnc.agm@anvayacove.com](mailto:acbnc.agm@anvayacove.com) of his/her/its intention to attend the Meeting via remote communication by July 20, 2022.
3. Only notifications received from the registered e-mail addresses of the stockholders shall be accepted as valid registration.
4. Subject to validation procedures, the stockholders shall receive from [acbnc.agm@anvayacove.com](mailto:acbnc.agm@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 [acbnc.agm@anvayacove.com](mailto:acbnc.agm@anvayacove.com) during the meeting.
6. Only those stockholders who have notified the Club of their intention to participate in the Meeting by remote communication will be included in determining quorum, together with the Stockholders who voted *in absentia* and by proxy.

## ANNEX B

### BOARD OF DIRECTORS, CORPORATE OFFICERS AND KEY EXECUTIVE OFFICERS

The write-ups below include positions held as of May 31, 2022 and the in the past five years and personal data as of May 31, 2022, of directors and executive officers.

#### **Board of Directors**

Augusto D. Bengzon  
Paullolindo A. Elauria  
Antonino T. Aquino  
Jocelyn F. De Leon  
Dindo R. Fernando  
Joseph Carmichael Z. Jugo

Mercedita S. Nollo do  
Paolo O. Viray  
Jessie D. Cabaluna (independent)  
Rex Ma. A. Mendoza (independent)  
Jesus Emmanuel M. Yujuico (independent)

**Augusto D. Bengzon**, Filipino, 59, has served as Director of the Club since May 21, 2021 and was then elected as Chairman of the Board on 30 July 2021. He is currently the Senior Vice President, Chief Finance Officer and Treasurer of Ayala Land, Inc. He is a Director of AREIT, Inc. and Treasurer of AyalaLand Logistics Holding Corp., publicly listed companies under the Ayala Land Group. His other significant positions include: Chairman of Aprisa Business Process Solutions Inc. and Anvaya Cove Golf and Sports Club, Inc.; Director and Chief Finance Officer of Altaraza Development Corporation; Director and Treasurer of ALI Eton Property Development Corp., Amaia Land Corp., Aurora Properties Inc., Avida Land Corp., Ayala Property Management Corp., AyalaLand-Tagle Properties, Inc., Bellavita Land Corp., BGNorth Properties Inc., BGSouth Properties Inc., BGWest Properties Inc., Ceci Realty Inc., Philippine Integrated Energy Solutions Inc., Serendra Inc. and Vesta Property Holdings Inc.; Director and Assistant Treasurer of Ayala Greenfield Development Corporation; Director of AG Counselors Corporation, Alviera Country Club Inc., Alveo Land Corp., Ayala Land Premier Inc., Makati Development Corp., Nuevocentro Inc., Northgate Hotel Ventures, Inc., Portico Land Corp., Station Square East Commercial Corp. and Southcrest Hotel Ventures, Inc.; Treasurer of Alabang Commercial Corporation, AKL Properties, Inc. and Hero Foundation, Inc.; Assistant Treasurer of Ayala Greenfield Golf & Leisure Club, Inc.; Trustee of Philippine National Police Foundation, Inc. and Director of Financial Executives Institute of the Philippines. He received his Bachelor of Science degree in Business Management from the Ateneo de Manila University and is a graduate of the Philippine Trust Institute. He was granted the Andres K. Roxas scholarship at the Asian Institute of Management where he received his Masters in Business Management degree.

**Paullolindo A. Elauria**, 56, Filipino, has served as the President of the Club since October 17, 2017 and Director of the Club since its incorporation in 2005. He also serves as a Director and Vice President for Operations of Anvaya Cove Golf and Sports Club, Inc. 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 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.

**Antonino T. Aquino**, 74, Filipino, has served as Director of the Club since 2009. He has also served as Director of Ayala Land Inc. (ALI) since April 2009. He is also a Director of Manila Water Company, Inc. (MWC), another publicly listed company, since 1999. He was the President of ALI from April 2009 to April 2014, of MWC from April 1999 to April 2009, and of Ayala Property Management Corporation from 1989 to 1999. He was connected with IBM Philippines, Inc. since 1968 and was Business Unit manager when he left in 1980. He has been with the Ayala Group in various capacities for the past forty-one (41) years and has held the position of Senior Managing Director in Ayala Corporation. Currently, he is a Director of the following non-listed companies: AIA Philippines Life & General Insurance Co., Nuevocentro, Inc., and Mano Amiga Academy, Inc. He is a member of the Multi Sectoral Advisory Board of the Philippine Army and the Multi Sector Governance Council of the Armed Forces of the Philippines. He is in the Advisory Board of Hero Foundation. He was named "Co- Management Man of the Year 2009" by the Management Association of the Philippines for his leadership role in a very successful waterworks privatization and public-private sector partnership. In 2015. Recently he was conferred as Honorary Fellow by the Institute of Corporate Directors (ICD). He earned a degree in BS Management and completed academic requirements for Masters in Business from the Ateneo de Manila University in 1968 and 1975, respectively.

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

**Dindo R. Fernando**, 53, Filipino, has served as a Director and Treasurer of the Club since March 14, 2017. He holds the position of Vice President of Ayala Land Inc. and is concurrently the Head of the External Affairs Division. Presently, he is a Board Member of the Makati Parking Authority, Corporate Secretary of Santa Rosa (Laguna) Business Club, Board Member of the Calamba City Business Club and Vice President of Avida Towers Makati West Condominium Corporation. Prior to joining ALI, he was Head of Political Research at the Makati Business Club where he oversaw congressional research, analysis and publication. He graduated with a degree in AB Political Science from the Lyceum of the Philippines in 1989.

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

Management Economics in 1997 and completed his MBM from the Asian Institute of Management (with Distinction) in 2002. He attended the International Graduate Student Exchange Program at the Tuck School of Business, Dartmouth College in 2002 and completed the INSEAD Asian International Executive Programme (AIEP) in 2015.

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

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

**Jessie D. Cabaluna**, Filipino, 65, has served as an Independent Director of the Club since July 30, 2021. She was the Assurance Partner and Head of Market Circle-I-Bacolod Branch of SyCip Gorres Velayo & Co. until she retired in 2017, an Independent Director of AllHome Corp., AllDay Marts, Inc., and AREIT, Inc. She is also the President of Stetchwork since September 18, 2019. She is a Certified Public Accountant. She joined SGY in 1978 and was a partner from 1997 to 2017. She graduated with a degree in Bachelor of Science in Commerce, major in Accounting from University of St. La Salle in 1977. She also completed the Management Development Program from the Asian Institute of Management in 1988, and Advance Management Program from the Harvard Business School in 2012. She also completed Finance for Corporate Directors Program in 2017.

**Rex Ma. A. Mendoza**, 59, Filipino, was a Director of the Club since Incorporation to July 25, 2014, and has served as an Independent Director of the Club since December 2020. He has also serves as an Independent Director of Ayala Land, Inc. since April 22, 2020. He is the President & CEO of Rampver Financials, a dynamic player in financial services specializing in investments, and one of the biggest distributors of mutual funds in the Philippines. He currently serves as the lead independent director of Globe Telecom, Inc., a publicly listed company and an independent director of the National Reinsurance Corporation of the Philippine, also publicly listed companies. He is Chairman of the Board of Singlife Philippines, Inc.. He is also a director of the Cullinan Group, Esquire Financing, Inc., Mobile Group, Inc., Seven Tall Trees Events Company, Inc., TechnoMarine Philippines and Seedbox Technologies Inc.. He is a member of Bro. Bo Sanchez' Mastermind Group, and is cited by many as one of the best leadership, business strategy, investments, marketing and sales speakers in the country. He is the author of two books, Trailblazing Success and Firing On All Cylinders, both certified national bestsellers. He served as the President & CEO of Philam Life, one of the country's most trusted financial services



conglomerate s and was Chairman of its affiliates and subsidiaries. He was also Senior Adviser to the Chief Executive Officer of the AIA Group. Prior to this, he was previously Senior Vice President and Chief Marketing and Sales Officer of ALI. He was also Chairman of Ayala Land International Sales, Inc., President of Ayala Land Sales, Inc., and Avida Sales Corporation. He has a Master's Degree in Business Management with distinction from the Asian Institute of Management. He was one of the 10 Outstanding Graduates of his batch at the University of the Philippines where he obtained a BSBA degree with a double major in marketing and finance. He was awarded Most Distinguished Alumnus of the UP Cesar Virata School of Business. He is also a Fellow with Distinction at the Life Management Institute of Atlanta, Georgia, USA, a Registered Financial Planner (RFP) and a four-time member of the Million Dollar Round Table (MDRT). He was a professor of Marketing and Computational Finance at the De La Salle University Graduate School of Business. He taught strategic marketing, services marketing and services strategy. He has served as Chairman of the Marketing Department and was awarded as one of the University's most outstanding professors.

**Jesus Emmanuel M. Yujuico**, Filipino, 54, has served as an Independent Director of the Club since July 30, 2021. He has been a director of DDMP REIT Inc. since 2014, his family's real estate joint venture with Double Dragon Properties Corporation. He also manages his family's interests in commercial real estate. He is the Chief Executive Officer of Istana Development Corporation. Previously, he co-founded a financial consulting firm in Silicon Valley and worked in Corporate Finance for Applied Materials Corporation in Santa Clara, California and Eaton Corporation in Cleveland, Ohio. He is a graduate of the Amos Tuck School of Business at Dartmouth in Hanover, New Hampshire and holds a Bachelor's degree in Economics from Bowdoin College in Brunswick Maine where he graduated with honors.

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

All the incumbent directors.

**Executive Officers**

Augusto B. Bengzon	Chairman
Paullolindo A. Elauria	President
Joseph Carmichael Z. Jugo	Vice-President
Dindo R. Fernando	Treasurer
Neal C. Perez*	Compliance Officer & Finance Director
Heidi Rosalie R. Hocson*	General Manager
Amelia Ann T. Alipao	Data Protection Officer
Solomon M. Hermosura	Corporate Secretary
Ma. Paula G. Romero-Bautista	Assistant Corporate Secretary
<i>*Effective November 11, 2021</i>	

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

**Heidi Rosalie R. Hocson**, Filipino, 46, has been elected as the General Manager of the Club effective November 11, 2021. She brings with her more than twenty-five (25) years of expertise in the hospitality industry. With a strong background in Food & Beverage, she has successfully handled properties in El Nido as Resort Manager under Ayala Hotels and Resorts Corporation. Her portfolio includes certifications as Certified Guest Service Professional (CGSP) and Certified Hotel Administrator (CHA) from the American Hotel and Lodging Education Institute. She finished her BS Psychology and AB Guidance and Counselling at St. Scholastica's College, Manila.

**Amelia Ann T. Alipao**, Filipino, 59, has served as Data Protection Officer of the Club since July 30, 2021. She is currently a Vice President and the Chief Information Officer (CIO) of Ayala Land Inc. She is also the Group Data Protection Officer for ALI Group of Companies and presently a member of the Data Privacy Council for Real Estate of the National Privacy Commission. She is a Director of APRISA Business Process Solutions, Inc. and HCX Technology Partners Inc. She is also Vice President for Ka-uSAP Inc, a non-profit organization for SAP User Group of the Philippines. She is currently a member of the ALI Corporate Bidding Committee. She previously occupied this role in 2009-2011 and acted as Chairperson. Before joining ALI, she took on dual roles in SAP Philippines as Account Manager, handling government accounts, and project manager for SAP Implementation. She served as Assistant Vice President in Coca-Cola Bottlers Philippines, Inc., where she held various IT systems implementation projects. She started her IT career as an IT Instructor in I/Act of SyCip Gorres Velayo & Co. She holds a Bachelor of Arts in Biology and a Bachelor of Science in Business Management from De La Salle University.

**Solomon M. Hermosura**, Filipino, 60, has served as the Corporate Secretary of the Club since July 30, 2021. He is the Group General Counsel of the ALI since April 2015. He is a Managing Director of Ayala Corporation and a member of its Management Committee since 2009 and the Ayala Group Management Committee since 2010. He is the Group Head of Corporate Governance, Chief Legal Officer, Compliance Officer, Corporate Secretary and Data Protection Officer of Ayala Corporation. He is the CEO of Ayala Group Legal. He also serves as Corporate Secretary of Globe Telecom, Inc., Integrated Micro-Electronics, Inc., Ayala Foundation, Inc., AREIT, Inc. and AC Energy Philippines, Inc. He also serves as a Corporate Secretary and a member of the Board of Directors of a number of companies in the Ayala group. Mr. Hermosura is currently a member of the faculty of the College of Law of San Beda University. He graduated valedictorian with Bachelor of Laws degree from San Beda College in 1986 and placed third in the 1986 Bar Examination.

**Maria Paula G. Romero-Bautista**, Filipino, 37, has served as Assistant Corporate Secretary of the Club since July 30, 2021. She is a Counsel at Ayala Group Legal since June 2016, assigned to the Corporate Services and Compliance Unit. She handles various corporate and assistant corporate secretarial functions for several companies within the Ayala Group. Prior to joining Ayala Group Legal, she worked at Gatchalian Castro & Mawis Law Office and Cruz Marcelo & Tenefrancia Law Office. She graduated with a Juris Doctor degree from Ateneo de Manila University in 2009 and for her undergraduate studies, from De La Salle University Manila with a degree in Bachelor of Science in Commerce Majoring in Legal Management in 2005.

**ANNEX B-1**

**CERTIFICATION OF INDEPENDENT DIRECTOR**

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

1. I am a nominee for independent director of **ANVAYA COVE BEACH AND NATURE CLUB, INC.**, (the "Corporation") for its Annual Stockholders' Meeting on July 29, 2022 and have been its Independent Director since July 2021.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

<b>Company /Organization</b>	<b>Position/ Relationship</b>	<b>Period of Service</b>
Istana Development Corporation	Chief Executive Officer	
Double Dragon Meridian Park Reit	Director	
Applied Materials Corporation	Operations Finance Manager	
Eaton Corporation	Finance Manager	

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of 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 \_\_\_\_\_ day of JUN 20 2022, at MAKATI CITY.

  
**JESUS EMMANUEL M. YUJUICO**  
 Affiant

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of JUN 20 2022 at MAKATI CITY, affiant personally appeared before me and exhibited to me his Passport ID No. P7882200A issued on July 11, 2018 at DFA Manila.

Doc. No. 402 ;  
Page No. 82 ;  
Book No. XLIV ;  
Series of 2022 ;  
Notarial DST pursuant to  
Section. 188 of the Tax Code  
affixed in Notary Public's copy



ROBERTO T. ONGSIAKO  
Notary Public - Makati City  
Appt. No. M-149 until December 31, 2022  
Roll of Attorneys No. 37041  
Lifetime IBP No. 02163 - RSM Chapter  
PTR No. 8852355MJ - 01/03/2022 - Makati City  
MCLE Compliance No. VII - 0000267 - 07/30/2019  
4th Floor Tower One and Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City, Philippines

**CERTIFICATION OF INDEPENDENT DIRECTOR**

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

1. I am a nominee for independent director of **ANVAYA COVE BEACH AND NATURE CLUB, INC.**, (the "Corporation") for its Annual Stockholders' Meeting on July 29, 2022 and have been its Independent Director since December 2020.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

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

\* Listed Companies at the PSE

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of 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 \_\_\_\_\_ day of JUL 04 2022, at MAKATI CITY.


  
**REX M. A. MENDOZA**  
 Affiant

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of JUL 04 2022 at MAKATI CITY, affiant personally appeared before me and exhibited to me his Passport ID No. P6999664A issued on May 2, 2018 at DFA NCR North.

Doc. No. 106 ;  
 Page No. 23 ;  
 Book No. XLV ;  
 Series of 2022 .

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



  
**ROBERTO T. ONGSIAKO**  
 Notary Public – Makati City  
 Appt. No. M-149 until December 31, 2022  
 Roll of Attorneys No. 37041  
 Lifetime IBP No. 02163 – RSM Chapter  
 PTR No. 8852355MJ – 01/03/2022 - Makati City  
 MCLE Compliance No. VII – 0000267 – 07/30/2019  
 4th Floor Tower One and Exchange Plaza  
 Ayala Triangle, Ayala Avenue  
 Makati City, Philippines

**CERTIFICATION OF INDEPENDENT DIRECTOR**

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

1. I am a nominee for independent director of **ANVAYA COVE BEACH AND NATURE CLUB, INC.**, (the "Corporation") for its Annual Stockholders' Meeting on July 29, 2022 and have been its Independent Director since July 2021.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

<b>Company /Organization</b>	<b>Position/ Relationship</b>	<b>Period of Service</b>
AllHome Corporation	Independent Director	08 July 2019 to present
Stetchworth	President	18 September 2019 to present
AllDay Marts, Inc.	Independent Director	05 August 2021 to present
AREIT, Inc.	Independent Director	03 December 2021 to present

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>

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this \_\_\_\_\_ day of JUN 29 2022, at MAKATI CITY.

  
**JESSIE D. CABALUNA**  
 Affiant

SUBSCRIBED AND SWORN to before me this            day of JUN 20 2022 at MAKATI CITY, affiant personally appeared before me and exhibited to me his Passport ID No. 18917503B issued on November 22, 2019 at DFA Bacolod City.

Doc. No. 429 ;  
Page No. 87 ;  
Book No. XLIV ;  
Series of 2022 .

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



~~ROBERTO T. ONGSIAKO~~  
Notary Public – Makati City  
Appt. No. M-149 until December 31, 2022  
Roll of Attorneys No. 37041  
Lifetime IBP No. 02163 – RSM Chapter  
PTR No. 8852355MJ – 01/03/2022 - Makati City  
MCLE Compliance No. VII – 0000267 – 07/30/2019  
4th Floor Tower One and Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City, Philippines



## ANNEX C

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

#### I. PLAN OF OPERATIONS

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

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

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

- a. A swab testing program was initiated in February mandating all employees to undergo testing every month. All staff exhibiting symptoms underwent repeat testing and, if necessary, RT-PCR testing at the nearest testing facility in Subic Bay.
- b. Additional safety marshals were engaged to conduct health screening for Members, guests, and employees.
- c. Additional employees were engaged as team members of the Disinfection & Sanitation Group
- d. A dedicated isolation facility which can accommodate 12 persons was opened

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

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

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

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

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

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

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

Operating Cash Requirement

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

Project Development Cash Requirement

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

**(b) Product research and development**

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

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

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

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

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

**II. RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS**

**For the 1<sup>st</sup> Quarter of 2022**

Total Club Revenues for the period ended March 31, 2022 registered at ₱62.35 million, a significant increase of 172.98% compared to same period last year.

- Sale of Goods significantly increased by ₱28.30 million, from same period last year of ₱2.42 million to ₱30.72 million (49.30% of Total Revenue).
- Membership Dues recorded at ₱15.89 million (25.5% of the Total Revenue) higher by 1.98% or ₱0.31 million compared to the same period in 2021.

- Service Income registered at ₱11.89 million (19.1% of Total Revenue), 482.13% higher compared to the same period of prior year.
- Transfer Fees amounted to ₱3.83 million (6.2% of the Total Revenue) and was 37.66% higher than the ₱2.79 million fees recorded in the same period of 2021.

Total Cost and Expenses increased by 41.21% or ₱15.93 million, from ₱38.67 million in the same period last year to ₱54.60 million this year.

- Cost of Sales increased to ₱20.23 million (37.0% of the Total Cost and Expenses), ₱10.24 million or 102.57% higher compared to the same period of last year.
- Cost of Services increased to ₱14.75 million (27.0% of the Total Cost and Expenses), ₱2.35 million or 18.97% higher than the same period of 2021.
- General and Administrative Expenses recorded an increase of 20.5% or ₱3.34 million.

Other Income recorded at ₱2.65 million (4.3% of Total Revenue), higher by ₱1.07 million or 67.95% compared to same period of previous year.

- A decrease of 51.41% or ₱10,220 in Interest Income.
- Miscellaneous Income reached to ₱2.64 million (4.2% of the Total Revenue), higher by 69.48% compared to same period last year.

Provision for Income Tax computed at ₱0.18 million.

### **Financial Condition – March 31, 2022 versus December 31, 2021**

Total Assets reached ₱739.73 million, higher by ₱14.05 million or 1.94% compared to December 31, 2021. The changes were attributed to the following:

- Cash ended at ₱42.50 million (5.74% of the Total Assets), an increase of about ₱17.59 million or 70.65% compared to December 31, 2021.
- Financial asset at FVPL recorded at ₱99.93 million (13.51% of the Total Assets). Higher by 0.20% or ₱0.20 million compared to December 31, 2021.
- Accounts and other receivables decreased to ₱21.91 million (2.96% of Total Assets) from ₱23.17 million as of December 31, 2021.
- Receivables from related parties registered at ₱15.12 million (2.04% of the Total Assets), an increase of ₱4.38 million or 40.77% versus ₱10.74 million of December 31, 2021.
- Inventories recorded at ₱4.18 million (0.57% of Total Assets), higher by 23.17% compared to ₱3.39 million of previous year.
- Other current assets of ₱19.07 million (2.58% of the Total Assets) showed an increase of about ₱1.64 million or 9.44% compared to previous year.
- Property and equipment decreased by 1.61% to ₱533.59 million (72.13% of the Total Assets) on account of depreciation.

- Advances and other noncurrent assets amounted to ₱3.44 million, (0.47% of the Total Assets) ₱0.58 million or 14.42% lower compared to last year.

Total Liabilities of the Club reached to ₱87.08 million (11.77% of Total Liabilities and Member's Equity). An increase of ₱3.83 million or 4.60% compared to last year of ₱83.25 million. The changes were due to the following:

- Accounts and other payables increased by ₱4.81 million to ₱46.17 million (6.24% of Total Liabilities and Member's Equity).
- Contract liabilities recorded at ₱24.15 million (3.26% of Total Liabilities and Member's Equity), higher by ₱0.91 million or 3.91% compared to ₱23.24 million of previous year.
- Payables to related parties totaled ₱5.29 million (0.72% of the Total Liabilities and Member's Equity). Lower by ₱2.37 million or 30.96% compared to last year.
- Pension liabilities at ₱10.51 million, increase by 4.84% as compared to previous year.

#### Cash Flows - Period Ended March 31, 2022 vs. March 31, 2021

- Net cash generated/used by operating activities for the period ended March 31, 2022 settled at ₱18.23 million.
- At the end of March 31, 2022, cash balance amounted to ₱42.50 million.

#### Key Performance Indicators

		March 31, 2022	December 2021
CURRENT RATIO •	Current Asset Current Liabilities	202,696,437	179,358,747
		75,606,901	72,261,139
		2.68:1	2.48:1
DEBT RATIO •	Total Debt Total Asset	87,080,211	83,249,501
		739,726,064	725,679,879
		0.12:1	0.11:1
DEBT. EQUITY RATIO•	Total Debt Total Equity	87,080,211	83,249,501
		652,645,853	642,430,379
		0.13:1	0.13:1
GROSS PROFIT MARGIN	Sales - Cost of Sales & Services Sales	March 31	
		2022	2021
		27,3657,09	453,447
		62,345,870	22,838,735
		44%	2%
FREE CASH FLOW •	Cash Flow Provided by Operating Activities - Cash Flow in Investing Activities	March 31	
		2022	2021
		18,233,296	(2,422,249)
		(639,748)	(711,902)
		17,593,547	(3,134,151)

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

The Current Ratio as of March 31, 2022 is 2.68:1 compared to 2.48:1 as of December 2021. The Debt Ratio computed at 12%, almost inline compared with 11% for the year ending 2021, while the Debt-Equity Ratio stood at 13 %, same with 13% of December 31, 2021.

The Club's Gross Profit Margin is at 44%, significantly higher compared to same period of previous year. An increase of ₱17.59 million in cash flow after deducting investing activities to the cash provided (used) by operating activities.

### **Discussion and Analysis of Material Events and Uncertainties Known to Management**

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

1. Any trends, demands, commitments, events or uncertainties that will have a material impact of the Club's liquidity;
2. Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation;
3. Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with other entities/persons created during the reporting period;
4. Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures;
5. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales/revenues/income from continuing operations.
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 2<sup>nd</sup> Quarter 2022**

Government-imposed travel restrictions were lifted in February 2022. As a result, a marked increase in the number of visitors is expected in the succeeding months. This will result to further enhancement in the revenue generation at different outlets of the Club.

Indicative of the improvement in business performance, as of March the number of primary Club members grew to 1,784. A total of 9,518 day visitors were recorded. This is a 268% increase compared to figures during the same period in 2021. At the Casitas, occupancy increased by 480% compared to previous year. Club functions generated almost P1.5M in revenues for the first three months of the year. By April, the Club will be dealing with the busiest periods since the start of the pandemic. Holy Week on April 14 to 17 is forecasted to gather more than a thousand visitors at the Club premises on a daily basis, with numbers peaking during Black Saturday.

The Beach and Nature Club was able to start organizing on-site events for Members and their guests in February 2022. Among the activities scheduled for the second quarter of the year are the Easter Sunday Egg Hunt, the Junior Swim Clinic, Aqua Zumba, Mother's Day Barbecue, the Mom's Day Cook-off, Father's Day Celebration, and Camp-out.

As for environmental initiatives, the Club will be setting up the Sea Turtle Conservation Alliance in the town of Morong in Bataan. It is a consortium of different conservation groups in the said area that aims to consolidate efforts in protection of sea turtles, education of the community, empowerment, and wildlife trainings. This will be under the supervision of the Bataan Provincial Government's Environment and Natural Resources Office. A program on solid waste management will be launched for staff before the quarter ends. This forms part of the solid waste mitigation plan that aims to eliminate plastics in Club operations and improve efficiency in the area of waste segregation and minimization.

On top of strict enforcement of safety restrictions from the local government and the Inter-Agency Task Force on Emerging Diseases, the Club will be organizing training-workshops and activities to ensure safety in the workplace. Monthly antigen testing will continue to be implemented for all the staff, while vaccination will be done on-site with the assistance of the Rural Health Unit. Fire and earthquake-preparedness seminars will be conducted towards June.

**A. Satisfaction of cash requirements and fund-raising plans**

Operating Cash Requirement

The key sources of liquidity of the Club are the revenues generated from membership dues, guests' fees, room accommodations, sale of food and beverage, banquets and other Club related activities. Given the current cash position of the Club, the Club will not need additional funding for its operations in the 2<sup>nd</sup> quarter of 2022.

**B. Product research and development**

No product research and developments are planned. Architectural design planning for the various structures and facilities of the Club substantially has been completed.

**C. Purchase or sale of plant and significant equipment**

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

**D. Significant changes in the number of employees**

The Club has already hired 331 employees as of March 31, 2022.

**2021 vs. 2020**

**A. Results of Operations**

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

- Membership dues recorded at ₱62.42 million or 58.51% of the total revenues, higher by ₱0.15 million or 0.24% as compared to last year.
- Sale of goods totaled ₱20.10 million or 18.85% of total club revenues, higher by ₱1.54 million or 6.09% as compared to last year.

- Transfer Fee for the period reached ₱12.38 million or 11.61% of the total revenues, higher by ₱6.80 million or 121.84% as compared to previous year.
- Service income amounted to ₱11.77 million or 11.04% of total revenues, significantly decreased by ₱7.25 million or 38.12% compared to last year.

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

- Cost of services recorded at ₱46.46 million or 29.09% of the total cost and expenses. Lower by ₱1.88 million or 3.89% compared to previous year.
- Cost of sales recorded at ₱42.44 million or 26.58% of total cost and expenses, a decrease of ₱4.05 million or 8.70% compared to previous year.
- General and administrative expenses amounted to ₱70.80 million or 44.33% of total cost and expenses. Lower by ₱5.20 million as compared to previous year.

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

- A decrease in the interest income for the year ended 2021, recorded at ₱0.06 million or 0.06% of total Club revenues, lower by ₱0.45 million or 87.74% as compared to last year.
- Miscellaneous income recorded at ₱22.51 million or 21.10% of the total Club revenues, increased by ₱11.28 million or 100.50% compared to previous year

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

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

## **B. Financial Condition**

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

- Cash and cash equivalents from last year of ₱12.57 million increased to ₱24.90 million as of December 31, 2021, which is 3.43% of total assets.
- As of December 31, 2021, the Club investments in financial assets at fair value through profit or loss amounted to ₱99.73 million, which is 13.74% of total assets. Lower by ₱8.86 million due to withdrawal of ₱10.0 million from the fund to finance the operational requirements.
- A decrease in Accounts and other receivables from last year of ₱25.93 million to ₱23.17 million of December 31, 2021. Lower by ₱2.76 million or 10.64%.
- Receivables from affiliates increased to ₱10.74 million or 1.48% of total assets, from ₱7.57 million of the prior year. Higher by ₱3.17 million as compared to CY 2020.

- Inventories recorded at ₱3.39million as of December 31, 2021, 0.47% of total assets, or 24.49% higher compared to ₱2.73 million a year ago.
- Other current assets amounted to ₱17.42 million, 2.40% of total assets, almost inline compared to previous year balance of ₱17.44 million.
- Property and equipment (net of depreciation), which is 74.73% of total assets, amounted to ₱542.30 million as of December 31, 2021, or a decrease of 6.34% as against last year of ₱579.03 million.
- Advance and other noncurrent assets amounted to ₱4.02 million, or a decrease of 10.07% as compared with previous year of ₱4.47 million.

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

- Accounts and other payables, recorded at ₱41.35 million, a significant decrease of about ₱10.79 million or 21% compared to ₱52.14million as of December 31, 2020.
- Contract liabilities recorded at ₱23.24 million, higher by ₱9.05 million or 64% as compared to previous year of ₱14.19 million
- Payables to affiliates recorded a decrease of ₱1.80 million from ₱9.47million as of December 31, 2020 to ₱7.67 million as of December 31, 2021. The decrease of 18.99% pertains to the significant payment to Beach Club for charges incurred of the Club and amounts due to ACM1 for the support services.

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

- Pension liability computed at ₱10.02 million or 1.38%, a decrease of ₱3.93 million as compared to prior year of ₱13.95 million. The movement was due to assumption changes used to calculate the DBO.
- Recorded a deferred tax liability of ₱0.96 million for the year, tax impact of the pension liability recalculation.

### **C. Statement of Cash Flow**

- Cash provided by operating activities for the year ended 2021 was recorded at ₱4.90 million.
  - At the end of the year 2021, the cash balance amounted to ₱24.90 million.



## Key Performance Indicators

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

		December 2021	December 2020
CURRENT RATIO =	Current Asset	179,358,744	174,824,618
	Current Liabilities	72,261,135	75,797,528
		<b>2.48</b>	<b>2.31</b>
DEBT RATIO =	Total Debt	83,249,497	89,748,078
	Total Asset	725,679,877	758,685,120
		<b>11.5%</b>	<b>11.8%</b>
DEBT EQUITY RATIO =	Total Debt	83,249,497	89,748,078
	Total Equity	642,430,380	665,937,042
		<b>13.0%</b>	<b>13.4%</b>
GROSS PROFIT MARGIN =	Sales - Cost of Sales & Services	17,772,265	10,992,974
	Sales	106,670,831	105,818,438
		<b>16.7%</b>	<b>10.4%</b>
FREE CASH FLOW =	Cash flow Provided by Operating Activities	4,895,675	999,640
	- Cash flow in Investing and Financing Activities	7,434,265	(8,439,437)
		12,329,660	(7,439,797)

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

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

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

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

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

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

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

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

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

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

## **2020 vs. 2019**

### **A. Results of Operations**

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

- Membership dues recorded at ₱62.27 million or 58.84 % of the total revenues, higher by ₱306,000 or 0.49% as compared to last year.
- Service income amounted to ₱19.02 million or 17.98 % of total revenues, significantly decreased by ₱68.14 million or 78.18 % compared to last year.
- Sale of goods totaled ₱18.95 million or 17.91% of total club revenues, lower by ₱69.13 million or 78.49 % as compared to last year.
- Transfer Fee for the period reached ₱ 5.58 million or 5.27 % of the Total Revenues, lower by ₱ 4.03 million or 41.91% as compared to previous year.

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

- Cost of services recorded at ₱48.34 million or 28.30 % of the total cost of sales. Lower by ₱34.88 million or 39.74 % compared to previous year.
- Cost of sales recorded at ₱46.49 million or 27.21% of total cost of sales, decrease of ₱46.99 million or 50.27% compared to previous year.
- General and administrative expenses amounted to ₱76.0 million or 44.49% of total cost of sales. Lower by ₱4.85 million as compared to previous year.

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

- A decrease in the Interest Income for the year ended 2020, recorded at ₱510,638 or 0.48% of total Club revenues, lower by ₱4.84 million or 90.45% as compared to last year.
- Miscellaneous income recorded at ₱11.23 million or 10.61% of the total club revenues, increased by ₱0.93 million or 1.15% compared to previous year

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

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

### **B. Financial Condition**

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

- Cash and cash equivalents from last year of ₱20.01 million decreased to ₱12.57 as of December 31, 2020, which is 1.66% of Total Assets.
- As of December 31, 2020, the Club investments in financial assets at fair value through profit or loss amounted to ₱108.59 million, which is 14.31% of total assets. Higher by ₱106.57 million due to transfer of fund from Intercompany Loan.
- A decrease in Accounts and other receivables from last year of ₱31.74 million to ₱25.93 million of December 31, 2020. Lower by ₱5.81 million or 18.29%.
- Receivables from affiliates significantly decreased to ₱7.57 million or 1% of total assets, from ₱122.34 million or 14.98% of Total Assets of December 31, 2019. The decrease was due to the termination of intercompany loan.
- Inventories recorded at ₱2.73 million as of December 31, 2020, 0.36% of total assets, or 27.41% lower compared to ₱3.76 million a year ago.
- Other current assets amounted to ₱17.44 million, which is 2.30% of total assets, slightly lower by 0.46% as compared to previous year.
- Property and equipment (net of depreciation), which is 76.32% of total assets, amounted to ₱579.03 million as of December 31, 2020, or a decrease of 5.45% as against last year of ₱612.40 million.
- Deferred tax asset was recognized amounting to ₱353,438 for the year due to the net tax effect of remeasurement loss on pension liability.
- Advance and other noncurrent assets amounted to ₱4.47 million, or a decrease of 34.47% as compared with previous year of ₱6.83 million.

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

- Accounts and other payables, recorded at ₱52.14 million or a decrease of about ₱10.49 million or 16.75 % compared to ₱62.63 million as of December 31, 2019.
- Contract liabilities, higher by ₱2.15 million or 17.83 % as compared to previous year.
- Payables to Affiliates recorded an increase from ₱7.08 million as of December 31, 2019 to ₱9.47 million as of 31 December 2020. The increase of 33.77% pertains to the amount due to the Golf Club for charges incurred by Club members in the Golf Club and amounts due to ACMI for the support services.

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

### **C. Statement of Cash Flow**

- Cash provided by operating activities for the year ended 2020 was recorded at ₱999,640.
- At the end of the year 2020, the cash balance amounted to ₱12.57 million.

## Key Performance Indicators

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

		December 2020	December 2019
CURRENT RATIO =	Current Asset	174,824,618	197,375,438
	Current Liabilities	75,797,528	81,752,167
		<b>2.31</b>	<b>2.41</b>
DEBT RATIO =	Total Debt	89,748,078	93,446,960
	Total Asset	758,685,120	816,606,211
		<b>11.8%</b>	<b>11.4%</b>
DEBT EQUITY RATIO =	Total Debt	89,748,079	93,446,960
	Total Equity	668,937,042	723,159,251
		<b>13.4%</b>	<b>12.9%</b>
GROSS PROFIT MARGIN =	Sales - Cost of Sales & Services	10,992,974	73,114,103
	Sales	105,818,438	246,813,755
		<b>10.4%</b>	<b>30%</b>
FREE CASH FLOW =	Cash flow Provided by Operating Activities - Cash flow in Investing and Financing Activities	999,640	46,315,238
		(8,439,427)	(44,812,133)
		(7,439,797)	1,503,105.00

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

Current Ratio of 2.31:1 decreased versus 2.41:1 in 2019, Debt Ratio of 11.8% was slightly higher compared to 11.4% in 2019. Debt-Equity Ratio increased to 13.4% compared to 12.9% in 2019. Gross Profit Margin of 10.4% was significantly lower than 2019 of 30%. Cash was used in investing activities amounting to P8.44 million.

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

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

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

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

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

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

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

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

## **2019 vs. 2018**

### **A. Results of Operations**

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

- Service income amounted to ₱87.16 million or 35 % of total revenues, increased by ₱4.17 million or 5% compared to last year.
- Membership dues recorded at ₱61.96 million or 25% of the total revenues, higher by ₱1.73 million or 3% as compared to last year.
- Sale of goods totaled ₱88.08 million or 35.69% of total club revenues, lower by ₱5.36 million as compared to last year.
- Transfer Fee for the period reached ₱9.61 million or 3.9 % of the total Revenues, higher by ₱0.81 million or 9%.

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

- Cost of services recorded at ₱80.21 million or 31.5% of the total cost of sales. This is lower by ₱1.56 million or 1.91% compared to previous year.
- Cost of sales recorded at ₱93.49 million or 36.7% of total cost of sales, or a decrease of ₱6.6 million or 6.62% compared to previous year.
- General and administrative expenses amounted to ₱80.85 million or 31.8% of total cost of sales which is higher by ₱1.29 million compared to previous year.

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

- An increase in the Interest Income for the year ended 2019, recorded at ₱5.35 million or 2.17% of total Club revenues, higher by ₱2.08million or 63.7% as compared to last year.
- Miscellaneous income recorded at ₱10.29 million or 4.17 % of the total club revenues, increased by ₱2.25 million or 28% compared to previous year

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

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

## **B. Financial Condition**

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

- Cash and cash equivalents from last year of ₱18,509,490 increased to ₱20,012,595 as of December 31, 2019, which is 2.45% of Total Assets.
- As of December 31, 2019, the Club investments in financial assets at fair value through profit or loss amounted to ₱2,015,995, which is 0.25% of Total Assets.
- An increase in Accounts and Other Receivables from last year of ₱28,367,372 to ₱31,736,626 as of December 31, 2019 shows an increase of ₱3.37 million or 11.88%.
- Receivables from affiliates significantly increased from ₱105,600,934 as of December 31, 2018 to ₱122,337,265 or 15% of Total Assets of December 31, 2019.
- Inventories recorded at ₱3,755,341 as of December 31, 2019, 0.46 % of Total Assets or 2.69% higher compared to ₱3,657,273 a year ago.
- Other current assets amounted to ₱17,517,616, which is 2.15% of total assets, higher by 22.28% as compared to previous year.
- Property and equipment (net of depreciation), which is 75% of Total Assets, amounted to ₱612,404,748 as of December 31, 2019, or a decrease of 2.06% as against last year of ₱625,274,893.
- Advance and other noncurrent assets amounted to ₱6,826,025, or an increase of 8.53% as compared with the previous year of ₱6,289,473.

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

- Accounts and other payables, recorded at ₱62,630,851 shows a decrease of about ₱5.08 million or 7.40 % compared to ₱68,714,914 as of December 31, 2018.
- Contract liabilities is 14.74% of total current liabilities, higher by ₱3.02 million or 33.50% as compared to previous year.
- Payables to Affiliates recorded an increase from ₱5,502,612 as of December 31, 2018 to ₱7,076,267 as of December 31, 2019. The increase of 28.6% pertains to the amount due to the Golf Club for charges incurred by Club members in the Golf Club and amounts due to ACMI for the support services.

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

### C. Statement of Cash Flow

- Cash provided by operating activities for the year ended 2019 was recorded at ₱46,369,652.
- At the end of the year 2019, the cash balance amounted to ₱20,012,595.

### Key Performance Indicators

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

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

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

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

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

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

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

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

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

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

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

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

**Upon the written request of the stockholder, the Club undertakes to furnish said stockholder with a copy of the SEC Form 17-A for the year 2021, and the quarter report for the period March 31, 2022 free of charge. Any written request for a copy of the reports shall be addressed to the following:**

**Anvaya Cove Beach and Natures Club, Inc.  
Anvaya Cove, Morong, Bataan  
Philippines 2108**

**Attention: Neal C. Perez  
Compliance Officer and 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 the secondary market primarily through GG&A Club Shares Brokers, Inc. The shares of the Club are not being traded in the stock exchange.

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

Quarter of Fiscal Year	Class B Share Price	Class C Share Price
Q1 2020	P950,000	P 1,300,000
Q2 2020	P950,000	P 1,300,000
Q3 2020	P950,000	P 1,300,000
Q4 2020	P950,000	P 1,300,000
Q1 2021	P950,000	P 1,300,000
Q2 2021	P950,000	P 1,300,000
Q3 2021	P950,000	P 1,300,000
Q4 2021	P1,100,000	P 1,400,000

### (b) Holders

There are approximately 1,633 holders of the Club’s shares as of May 31, 2022 (based on number of accounts registered with the Stock Transfer Agent) consisting in 19 holders of Class A shares, 1,498 holders of Class B shares, 114 holders of Class C shares, 1 holder of Class D shares, and 1 holder of Class E shares.

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

#### *Class A (Founders’)*

	Stockholder Name	No. of Shares	Percentage
1.	Ayala Land, Inc.	3,250	93.714%
2.	Subic Bay Development & Industrial Estate Corp.	201	5.796%
3.	Augusto D. Bengzon	1	0.029%
4.	Paullolindo A. Elauria	1	0.029%
5.	Joseph Carmichael Z. Jugo	1	0.029%
6.	Dindo R. Fernando	1	0.029%
7.	Antonino T. Aquino	1	0.029%
8.	Jocelyn F. de Leon	1	0.029%
9.	Mercedita S. Nolleto	1	0.029%
10.	Paolo O. Viray	1	0.029%
11.	Rex Ma. A. Mendoza	1	0.029%
12.	Jessie D. Cabaluna	1	0.029%
13.	Jesus Emmanuel M Yujuico	1	0.029%

**Class B**

	<b>Stockholder Name</b>	<b>No. of Shares</b>	<b>Percentage</b>
1.	Ayala Land, Inc.	432	22.154%
2.	Subic Bay Development & Industrial Estate Corp.	16	0.821%
3.	Others (1,496 shareholders)	1,502	77.026%

**Class C**

	<b>Stockholder Name</b>	<b>No. of Shares</b>	<b>Percentage</b>
1.	Ayala Land, Inc.	352	70.400%
2.	Subic Bay Development & Industrial Estate Corp.	32	6.400%
3.	Others (112 shareholders)	116	23.200%

**Class D**

	<b>Stockholder Name</b>	<b>No. of Shares</b>	<b>Percentage</b>
1.	Ayala Land, Inc.	702	100.00%

**Class E**

	<b>Stockholder Name</b>	<b>No. of Shares</b>	<b>Percentage</b>
1.	Ayala Land, Inc.	180	100.00%

**(c) Dividends**

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

**(d) Recent Sales of Unregistered or Exempt Securities**

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

**(e) Corporate Governance**

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

- a. By resolution of the Board of Directors on December 10, 2020, the Club organized the Corporate Governance Committee and elected 3 members to the Committee, a majority of whom are independent directors.
- b. The Club organized a Nomination Committee in accordance with Section 38 of the Securities and Regulation Code. The creation of this committee was ratified in the July 31, 2009 annual stockholders' meeting. The amendment of the By-laws to create the Nomination Committee was approved by the Securities and Exchange Commission as of January 26, 2010.

- c. The Club organized an Executive Committee that will exercise the powers of the Board in the day-to-day management of the business and affairs of the Club. The amendment of the By-laws to create the Executive Committee was approved by the Securities and Exchange Commission as of January 26, 2010.
- d. The Club's Management measures guest patronage through comment cards distributed to members and guests who availed of the facilities of the Club. The results of these comment cards are regularly submitted to the Executive Committee and the Board of Directors for proper evaluation and feedback. These measures shall continue to be undertaken by the Club to fully comply with the adopted leading practices on good corporate governance.
- e. There were no deviations from the Club's Manual of Corporate Governance.

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

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



**Augusto D. Bengzon**  
Chairman of the Board



**Paulloindo A. Elauria**  
President



**Dindo R. Fernando**  
Treasurer

**Anvaya Cove Beach & Nature Club**  
Morong, Bataan, 2108

Tel: (02) 793 9000 Fax: (02) 793 9088 Mobile: (0917) 826 8292

Email: [members@anvayacove.com](mailto:members@anvayacove.com)

Website: [www.anvayacove.com](http://www.anvayacove.com)





**ANVAYA  
COVE**  
Beach & Nature Club

**ACKNOWLEDGMENT**

REPUBLIC OF THE PHILIPPINES)  
Makati City ) SS.

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

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

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


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

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

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

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



  
**MARIA PAULA G. ROMERO-BAUTISTA**  
Notary Public – Makati City  
Appt. No. M-079 until December 31, 2023  
Roll of Attorneys No. 58335  
IBP No. 170527 – 12/16/2021 – Makati City  
PTR No. 8852359MJ – 01/03/2022 – Makati City  
MCLE Compliance No. VI – 0009490 - 06/20/2018  
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	0	5	2	3	3	2
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**COMPANY NAME**

A	N	V	A	Y	A	C	O	V	E	B	E	A	C	H	A	N	D	N	A	T	U	R	E	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>www.anvayacove.com</b>	Company's Telephone Number <b>793-9000</b>	Mobile Number <b>0917 510 4653</b>
No. of Stockholders <b>1,638</b>	Annual Meeting (Month / Day) <b>9/25</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@anvayacove.com</b>	Telephone Number/s <b>793-9000</b>	Mobile Number <b>0917 513 5248</b>
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**CONTACT PERSON'S ADDRESS**

**Anvaya Cove, Morong, Bataan**

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

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



## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Anvaya Cove Beach and Nature Club, Inc. (the Club), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

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

#### **Basis for Opinion**

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

#### **Other Information**

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

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

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



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

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Club's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Club to cease to continue as a going concern.





- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

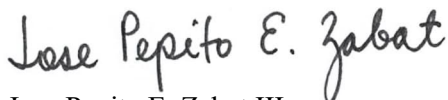
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

SYCIP GORRES VELAYO & CO.



Jose Pepito E. Zabat III

Partner

CPA Certificate No. 85501

Tax Identification No. 102-100-830

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 85501-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-060-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854391, January 3, 2022, Makati City

March 2, 2022



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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash (Note 4)	₱24,902,458	₱12,572,798
Financial assets at fair value through profit or loss (FVPL; Note 5)	99,727,184	108,588,902
Accounts and other receivables (Note 6)	23,171,958	25,931,401
Receivables from related parties (Note 17)	10,739,023	7,567,990
Inventories (Note 7)	3,393,842	2,726,135
Other current assets (Note 8)	17,424,279	17,437,392
<b>Total Current Assets</b>	<b>179,358,744</b>	<b>174,824,618</b>
<b>Noncurrent Assets</b>		
Property and equipment – net (Note 9)	542,298,687	579,034,190
Advances and other noncurrent assets (Note 8)	4,022,446	4,472,874
Deferred tax assets (Notes 15 and 16)	–	353,438
<b>Total Noncurrent Assets</b>	<b>546,321,133</b>	<b>583,860,502</b>
<b>TOTAL ASSETS</b>	<b>₱725,679,877</b>	<b>₱758,685,120</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts and other payables (Note 10)	₱41,354,497	₱52,139,498
Contract liabilities (Note 12)	23,238,240	14,192,262
Payables to related parties (Note 17)	7,668,398	9,465,768
<b>Total Current Liabilities</b>	<b>72,261,135</b>	<b>75,797,528</b>
<b>Noncurrent Liabilities</b>		
Pension liability (Note 15)	10,024,350	13,950,550
Deferred tax liability (Notes 15 and 16)	964,012	–
<b>Total Noncurrent Liabilities</b>	<b>10,988,362</b>	<b>13,950,550</b>
<b>Total Liabilities</b>	<b>83,249,497</b>	<b>89,748,078</b>
<b>Equity</b>		
Paid-in capital (Note 11)	359,966,055	359,966,055
Additional paid-in capital (Note 11)	550,000,000	550,000,000
Remeasurement gain (loss) on pension liability (Note 15)	3,127,660	(824,690)
Deficit (Note 11)	(270,663,335)	(240,204,323)
<b>Total Equity</b>	<b>642,430,380</b>	<b>668,937,042</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱725,679,877</b>	<b>₱758,685,120</b>

*See accompanying Notes to Financial Statements*



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

	<b>Years Ended December 31</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>REVENUES (Note 12)</b>			
Membership dues	<b>₱62,415,000</b>	₱62,265,000	₱61,959,000
Sale of goods	<b>20,104,602</b>	18,950,350	88,084,259
Transfer fees	<b>12,379,464</b>	5,580,357	9,607,143
Service income	<b>11,771,795</b>	19,022,731	87,163,353
	<b>106,670,861</b>	105,818,438	246,813,755
<b>COSTS AND EXPENSES (Note 14)</b>			
Cost of services	<b>46,455,858</b>	48,336,322	80,212,296
Cost of sales	<b>42,442,738</b>	46,489,142	93,487,356
General and administrative expenses	<b>70,797,761</b>	76,002,147	80,848,632
	<b>159,696,357</b>	170,827,611	254,548,284
<b>OTHER INCOME</b>			
Interest income (Notes 4, 6 and 19)	<b>62,598</b>	510,638	5,347,316
Miscellaneous income (Note 13)	<b>22,507,865</b>	11,226,045	10,293,244
	<b>22,570,463</b>	11,736,683	15,640,560
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>(30,455,033)</b>	(53,272,490)	7,906,031
<b>PROVISION FOR INCOME TAX (Note 16)</b>	<b>3,979</b>	10,949	929,958
<b>NET INCOME (LOSS)</b>	<b>(30,459,012)</b>	(53,283,439)	6,976,073
<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>3,952,350</b>	(938,770)	(1,930,944)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(₱26,506,662)</b>	(₱54,222,209)	₱5,045,129

*See accompanying Notes to Financial Statements*



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

	<b>Years Ended December 31</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>PAID-IN CAPITAL (Note 11)</b>			
Class A - 3,468 shares	<b>₱3,468,000</b>	₱3,468,000	₱3,468,000
Class B - 1,950 shares	<b>1,950,000</b>	1,950,000	1,950,000
Class C - 500 shares	<b>500,000</b>	500,000	500,000
Class D - 702 shares	<b>281,793,330</b>	281,793,330	281,793,330
Class E - 180 shares	<b>72,254,725</b>	72,254,725	72,254,725
	<b>359,966,055</b>	359,966,055	359,966,055
<b>ADDITIONAL PAID-IN CAPITAL (Note 11)</b>			
Class B	<b>437,755,102</b>	437,755,102	437,755,102
Class C	<b>112,244,898</b>	112,244,898	112,244,898
	<b>550,000,000</b>	550,000,000	550,000,000
<b>REMEASUREMENT GAIN (LOSS) ON PENSION LIABILITY (Note 15)</b>			
Balance at beginning of year	<b>(824,690)</b>	114,080	2,045,024
Net changes during the year	<b>3,952,350</b>	(938,770)	(1,930,944)
Balance at the end of the year	<b>3,127,660</b>	(824,690)	114,080
<b>DEFICIT (Note 11)</b>			
Balance at beginning of year	<b>(240,204,323)</b>	(186,920,884)	(193,896,957)
Net income (loss)	<b>(30,459,012)</b>	(53,283,439)	6,976,073
Balance at end of year	<b>(270,663,335)</b>	(240,204,323)	(186,920,884)
	<b>₱642,430,380</b>	₱668,937,042	₱723,159,251

*See accompanying Notes to Financial Statements*



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

	Years Ended December 31		
	2021	2020	2019
<b>OPERATING ACTIVITIES</b>			
Income (loss) before income tax	(P30,455,033)	(P53,272,490)	P7,906,031
Adjustments for:			
Depreciation (Notes 9 and 14)	39,045,200	41,903,778	41,536,694
Net movement in pension liability (Note 15)	1,343,600	963,550	1,409,872
Unrealized gain on financial assets at FVPL (Notes 5 and 13)	(882,264)	(2,572,907)	(84,159)
Interest income (Notes 4, 6 and 19)	(62,598)	(510,638)	(5,347,316)
Gain on disposal of property and equipment (Notes 9 and 13)	–	(93,783)	(50,000)
Operating income (loss) before changes in working capital	8,988,905	(13,582,490)	45,371,122
Decrease (increase) in:			
Accounts and other receivables	2,759,443	5,805,225	(3,449,375)
Receivables from related parties	(3,171,033)	10,769,275	5,263,669
Inventories	(667,707)	1,029,206	(98,068)
Advances and other noncurrent assets	450,428	2,353,151	(536,552)
Other current assets	13,113	80,224	(3,190,757)
Increase (decrease) in:			
Accounts and other payables	(10,785,001)	(10,491,353)	(6,084,063)
Contract liabilities	9,045,978	2,147,212	3,022,542
Payables to related parties	(1,797,370)	2,389,501	1,573,655
Cash generated from operations	4,836,756	499,951	41,872,173
Interest received	62,598	510,638	5,373,023
Income tax paid	(3,979)	(10,949)	(929,958)
Net cash from operations	4,895,375	999,640	46,315,238
<b>INVESTING ACTIVITIES</b>			
Additions to:			
Property and equipment (Note 9)	(2,309,697)	(8,534,686)	(28,666,549)
Financial assets at FVPL (Note 5)	(256,018)	(104,000,000)	–
Proceeds from:			
Financial assets at FVPL (Note 5)	10,000,000	–	–
Disposal of property and equipment (Note 9)	–	95,249	50,000
Maturities of time deposits	–	–	5,804,416
Net cash from (used in) investing activities	7,434,285	(112,439,437)	(22,812,133)
<b>FINANCING ACTIVITIES</b>			
Collection of loans to related parties (Note 19)	–	104,000,000	–
Loans to related parties	–	–	(22,000,000)
Net cash from (used in) financing activities	–	104,000,000	(22,000,000)
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>12,329,660</b>	<b>(7,439,797)</b>	<b>1,503,105</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>12,572,798</b>	<b>20,012,595</b>	<b>18,509,490</b>
<b>CASH AT END OF YEAR (Note 4)</b>	<b>P24,902,458</b>	<b>P12,572,798</b>	<b>P20,012,595</b>

*See accompanying Notes to Financial Statements*

# **ANVAYA COVE BEACH AND NATURE CLUB, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

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### **1. Corporate Information**

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

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

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

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

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

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

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

The accompanying financial statements were approved and authorized for issuance by the Board of Directors (BOD) on March 2, 2022.

#### Status of Operations

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

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



The Club's plan for future action is to:

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

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

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

### Basis of Preparation

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

### Statement of Compliance

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

### Changes in Accounting Policies and Disclosures

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

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

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

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

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

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



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

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

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

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

The Club shall also disclose information about:

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

#### 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, 2022*

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

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

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





*Effective beginning on or after January 1, 2024*

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

*Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*

*Deferred effectivity*

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

#### Summary of Significant Accounting Policies

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

#### Current versus Noncurrent Classification

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

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Club classifies all other liabilities as noncurrent.

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

#### Cash

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

#### Fair Value Measurement

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

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

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



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

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

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

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

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

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

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

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

#### 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 marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Club commits to purchase or sell the asset.

#### *Subsequent measurement*

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

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

The financial assets of the Club as at December 31, 2021 and 2020 consist of financial assets at amortized cost (debt instruments) and financial assets at FVPL.

#### *Financial assets at amortized cost (debt instruments)*

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

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

#### *Financial assets at FVPL*

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



### *Derecognition*

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

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

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

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

### Impairment of Financial Assets

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

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

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

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



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

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

### Financial Liabilities

#### *Initial recognition and measurement*

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

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

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

#### *Subsequent measurement*

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

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

#### *Financial liabilities at amortized cost (loans and borrowings)*

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

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

#### *Derecognition*

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

### Offsetting of Financial Instruments

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



### Inventories

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

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

### Other Assets

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

### *Prepaid Expenses*

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

### *Value-added Tax (VAT)*

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

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

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

### Property and Equipment

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

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

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



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

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

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

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

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

#### Impairment of Nonfinancial Assets

##### *Advances and other noncurrent assets*

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

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

##### *Property and equipment*

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

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

An assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only



if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

#### Pension Costs

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

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

Defined benefit cost includes:

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

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

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

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

#### Equity

##### *Paid-in Capital*

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





*Retained Earnings (Deficit)*

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

Revenue from Contracts with Customers

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

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

The following are the Club’s performance obligations:

*Membership dues*

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

*Service income*

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

*Sale of goods*

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

*Transfer fees*

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

Contract balances

*Trade receivables*

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

*Contract liabilities*

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

Other Income Recognition

*Interest income*

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



#### *Miscellaneous income*

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

#### Costs and Expenses

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

Expenses are recognized in the statements of comprehensive income:

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

#### Leases

The Club assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *Leases of low-value assets*

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

#### Taxes

##### *Current income tax*

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

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

##### *Deferred tax*

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

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

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



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

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

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

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

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

#### *Uncertainty over income tax treatments*

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

#### Provisions

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



### Contingencies

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

### Events after the Reporting Period

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

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## 3. Significant Accounting Judgments and Estimates

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

### Judgments

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

#### *Going concern assessment*

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

#### *Identification of contract with customers under PFRS 15*

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

#### *Identifying performance obligations*

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



*Determining whether the Club is acting as a principal or agent*

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

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

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

*Determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates*

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

Estimates

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

*Estimating allowance for expected credit losses (ECL) of receivables*

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

The provision for ECL on the Club's trade receivables amounted to ₱2,550,269 and ₱9,843,375 in 2021 and 2020, respectively (see Note 6). The carrying value of the Club's receivables amounted to ₱23,171,958 and ₱25,931,401 as at December 31, 2021 and 2020, respectively (see Note 6). The carrying value of the Club's receivables from related parties amounted to ₱10,739,023 and ₱7,567,990 as at December 31, 2021 and 2020, respectively (see Note 17).

*Evaluating asset impairment*

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

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



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

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

	<b>2021</b>	2020
Property and equipment (Note 9)	<b>₱542,298,687</b>	₱579,034,190
Other current assets (Note 8)	<b>17,424,279</b>	17,437,392
Other noncurrent assets (Note 8)	<b>4,022,446</b>	4,472,874

*Estimating pension cost and liability*

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

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

The Club's net pension liability as at December 31, 2021 and 2020 amounted to ₱10,024,350 and ₱13,950,550, respectively (see Note 15).

*Recognizing deferred tax assets*

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

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



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#### 4. Cash

This account consists of:

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

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

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#### 5. Financial Assets at FVPL

Below is the rollforward of financial assets at FVPL:

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

Financial assets at FVPL pertains to investments in Bank of the Philippine Islands (BPI) Money Market Fund (the Fund). The Fund, which is structured as a money market UITF, aims to generate liquidity and stable income by being invested in a diversified portfolio of primarily short-term fixed income instruments. It has no minimum holding period. As at December 31, 2021 and 2020, the Club has 378,514 and 416,880 units with total Net Asset Value of ₱99,727,184 and ₱108,588,902, respectively.

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

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#### 6. Accounts and Other Receivables

This account consists of:

	2021	2020
Trade receivables – net	<b>₱21,758,906</b>	₱24,935,465
Receivables from employees	<b>151,869</b>	241,459
Other receivables	<b>1,261,183</b>	754,477
	<b>₱23,171,958</b>	₱25,931,401

Trade receivables pertain to unpaid membership dues, sale of food, beverages and merchandise from souvenir shop, charges for room accommodations and rental of water sports equipment. These are non-interest bearing and are due and demandable. The receivables from members are collateralized by a preferential lien on the Club shares owned by the said members.



The movement in allowance for ECL follows:

	2021	2020
Balance at beginning of year	₱9,843,375	₱-
Provision (Note 14)	2,550,269	9,843,375
Balance at end of year	<b>₱12,393,644</b>	₱9,843,375

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

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

## 7. Inventories

This account consists of:

	2021	2020
At cost:		
Food and beverage	₱2,565,604	₱1,796,048
Merchandise	828,238	930,087
	<b>₱3,393,842</b>	₱2,726,135

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

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

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

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

## 8. Other Assets

### Other current assets

Details of this account are as follows:

	2021	2020
Creditable withholding taxes	₱8,246,042	₱7,043,812
Supplies	5,159,438	5,220,992
Prepaid expenses	2,449,416	181,479
Advances to suppliers	822,363	1,992,825
Deferred input VAT – current portion	664,562	1,995,020
Input VAT	82,458	1,003,264
	<b>₱17,424,279</b>	₱17,437,392





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

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

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

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

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

Advances and other noncurrent assets

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

Deferred input VAT arising from purchases of capital goods.

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

## 9. Property and Equipment

Below is the rollforward of this account:

	2021				Total
	Land and Land Improvements	Buildings	Furniture, Fixtures and Equipment	Project in Progress	
<b>Cost</b>					
Balances at beginning of year	₱223,966,685	₱624,203,922	₱284,082,673	₱–	₱1,132,253,280
Additions	–	1,112,700	1,101,912	95,085	2,309,697
Balances at end of year	223,966,685	625,316,622	285,184,585	95,085	1,134,562,977
<b>Accumulated depreciation</b>					
Balances at beginning of year	105,634,982	191,789,691	255,794,417	–	553,219,090
Depreciation	8,942,667	18,629,976	11,472,557	–	39,045,200
Balances at end of year	114,577,649	210,419,667	267,266,974	–	592,264,290
<b>Net Book Value at December 31</b>	<b>₱109,389,036</b>	<b>₱414,896,955</b>	<b>₱17,917,611</b>	<b>₱95,085</b>	<b>₱542,298,687</b>

	2020				Total
	Land and Land Improvements	Buildings	Furniture, Fixtures and Equipment	Project in Progress	
<b>Cost</b>					
Balances at beginning of year	₱223,966,685	₱620,467,805	₱279,632,241	₱639,404	₱1,124,706,135
Additions	–	2,914,669	5,253,620	366,397	8,534,686
Disposals	–	–	(987,541)	–	(987,541)
Reclassifications	–	821,448	184,353	(1,005,801)	–
Balances at end of year	223,966,685	624,203,922	284,082,673	–	1,132,253,280

(Forward)



	2020				Total
	Land and Land Improvements	Buildings	Furniture, Fixtures and Equipment	Project in Progress	
Accumulated depreciation					
Balances at beginning of year	96,692,315	173,224,794	242,384,278	–	512,301,387
Depreciation	8,942,667	18,564,897	14,396,214	–	41,903,778
Disposals	–	–	(986,075)	–	(986,075)
Balances at end of year	105,634,982	191,789,691	255,794,417	–	553,219,090
Net Book Value at December 31	₱118,331,703	₱432,414,231	₱28,288,256	₱–	₱579,034,190

The project in progress pertains to the renovation of the Club's kitchen and cafeteria.

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

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

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

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

## 10. Accounts and Other Payables

	2021	2020
Trade payables	<b>₱24,878,772</b>	₱23,495,193
Accrued expenses:		
Payroll	<b>3,210,735</b>	2,726,448
Utilities	<b>3,056,209</b>	838,914
Contract services	<b>2,752,098</b>	4,486,920
Professional fees	<b>1,576,988</b>	489,685
Management fee	<b>488,065</b>	304,252
Repairs and maintenance	<b>43,259</b>	263,831
Insurance	–	13,510,322
Others	<b>720,541</b>	106,277
Funds held for environmental activities	<b>1,890,809</b>	4,268,034
Taxes payable	<b>913,269</b>	524,470
Service charge payable	<b>772,210</b>	123,838
Vouchers payable	<b>487,588</b>	487,588
Due to employees	<b>9,708</b>	21,974
Other payables	<b>554,246</b>	491,752
	<b>₱41,354,497</b>	₱52,139,498



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

Accrued expenses consist mainly of accruals for salaries and wages, and utilities which are non-interest bearing and are normally settled within 30 to 60 days. In 2021, the Club settled ₱1,279,536 of the outstanding accrual for insurance and reversed the remaining portion resulting in other income of ₱12,230,786 (see Note 13).

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

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

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

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

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

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

## 11. Equity

The details of the number of shares of the Club as at December 31, 2021, 2020 and 2019 follows:

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

The details of the Club's registered capital stock with the SEC as at December 31, 2021 and 2020 follow:

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

As at December 31, 2021 and 2020, the total number of stockholders are 1,628 and 1,638, respectively.



*Class A shares*

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

*Class B shares*

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

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

*Class C shares*

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

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

*Class D shares*

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

*Class E shares*

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

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

Capital Management

The primary objectives of the Club's capital management policies are to afford the financial flexibility to support its business initiatives and to maximize stakeholder value. The Club manages its capital structure and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes for the years ended December 31, 2021 and 2020.

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

	2021	2020
Paid-in capital	<b>₱359,966,055</b>	₱359,966,055
Additional paid-in capital	<b>550,000,000</b>	550,000,000
Deficit	<b>(270,663,335)</b>	(240,204,323)
	<b>₱639,302,720</b>	₱669,761,732

The Club is not subject to externally imposed capital requirements.



## 12. Revenue from Contracts with Customers

### Disaggregated Revenue Information

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

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

### Timing of Revenue Recognition

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

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

### Contract Balances

As of December 31, contract balances are as follows:

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

The Club identified unearned membership dues as contract liabilities as at December 31, 2021 and 2020. These represent payments received from members in who usually settle their dues annually. Contract liabilities also include advances received for membership dues, consumables and booked functions and events.

The movements in the contract liabilities are as follows:

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



### 13. Miscellaneous Income

Miscellaneous income consists of:

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

Others include corkage fees and sale of scrap items.

### 14. Costs and Expenses

Cost of services consists of:

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

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



Cost of sales consists of:

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

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

General and administrative expenses consist of:

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

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



## 15. Pension Cost

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

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

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

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

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

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

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

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

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

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





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

	<b>2021</b>	2020
Discount rate	<b>5.00%</b>	3.50%
Salary increase rate	<b>7.00%</b>	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:

	<b>Increase (Decrease) in rates</b>	<b>Effect on DBO</b>	
		<b>2021</b>	2020
Discount rate	<b>+1.0%</b>	<b>(₱1,016,469)</b>	(₱1,452,944)
	<b>-1.0%</b>	<b>1,203,924</b>	1,725,558
Salary rate	<b>+1.0%</b>	<b>₱1,167,837</b>	₱1,647,668
	<b>-1.0%</b>	<b>(1,007,447)</b>	(1,421,488)

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

#### *Interest rate risk*

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

#### *Longevity and Salary Risks*

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

Shown below is the maturity analysis of the DBO based on undiscounted benefit payments as at December 31, 2021 and 2020:

	<b>2021</b>	2020
Year 1	<b>₱-</b>	₱-
Year 2 to 5	<b>2,419,100</b>	3,196,300
Year 6 to 10	<b>6,535,300</b>	8,340,800

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



## 16. Income Tax

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

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

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

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

Provision for current income tax pertaining to MCIT follows:

	2021	2020	2019
Current	₱—	₱—	₱906,730
Final tax	3,979	10,949	23,228
	<b>₱3,979</b>	<b>₱10,949</b>	<b>₱929,958</b>

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

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

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



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

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

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

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

Year Incurred	Amount	Expired	Balance	Expiry Year
2018	₱3,761,069	₱3,761,069	₱-	2021
2019	15,469,976	-	15,469,976	2022
	<b>₱19,231,045</b>	<b>₱3,761,069</b>	<b>₱15,469,976</b>	

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

Year Incurred	Amount	Expired	Balance	Expiry Year
2020	₱56,336,226	₱-	₱56,336,226	2025
2021	41,313,289	-	41,313,289	2026
	<b>₱97,649,515</b>	<b>₱-</b>	<b>₱97,649,515</b>	

The excess of MCIT against RCIT follows:

Year Incurred	Amount	Expired	Balance	Expiry Year
2018	₱1,497,611	₱1,497,611	-	2021
2019	906,730	-	906,730	2022
	<b>₱2,404,341</b>	<b>₱1,497,611</b>	<b>₱906,730</b>	

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

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



## 17. Related Party Transactions

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

### Terms and Conditions of Transactions with Related Parties

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

The transactions and balances of accounts with related parties follow:

#### a. Outstanding balances owed by related parties:

	2021		2020		Terms	Conditions
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance		
<b>Immediate parent company</b>						
ALI	₱1,025,973	₱2,126,503	₱2,541,021	₱4,732,630	Due and demandable; non-interest bearing	Unsecured; no impairment
ALI (Interest) (Note 19)	-	-	378,098	-	Due and demandable	Unsecured; no impairment
<b>Entities under common control</b>						
ACGSCI	21,345,978	8,612,520	13,969,307	2,360,936	Due and demandable; non-interest bearing	Unsecured; no impairment
Makati Development Corporation (MDC)	26,673	-	658,350	368,552	Due and demandable; non-interest bearing	Unsecured; no impairment
Ayala Property Management Corporation (APMC)	-	-	161,968	105,872	Due and demandable; non-interest bearing	Unsecured; no impairment
CHI (Interest) (Note 19)	-	-	40,104	-	Due and demandable	Unsecured; no impairment
		<b>₱10,739,023</b>		<b>₱7,567,990</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 includes unsecured non-interest bearing charges and unpaid membership dues from ALI nominees.
- Receivable from ACGSCI pertains to charges incurred by ACGSCI members and guests on the use of the Club's facilities and availment of its services and inventory transfers. It also includes fees received in the amount of ₱3,825,735, ₱4,111,100, and ₱3,344,852 for consultancy services rendered to ACGSCI in 2021, 2020 and 2019, respectively (see Note 13).
- Receivables from MDC are related to meals and diesel charges incurred by employees of MDC in the Club during the mandatory lockdown period.
- Receivables from APMC are unsecured non-interest bearing charges from consumption of the Club's fuel and other costs incurred from availment of services of the Club.



b. Outstanding balances owed to related parties:

	2021		2020		Terms	Conditions
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance		
<b>Entities under common control</b>						
ACMI (a)	₱3,829,732	₱3,829,732	₱3,187,332	₱5,655,697	Due and demandable; non-interest bearing	Unsecured
ACMI (b)	2,441,628	2,346,081	2,219,664	₱2,775,545	Due and demandable; non-interest bearing	Unsecured
ALI	508,107	–	593,300	593,300	Due and demandable; non-interest bearing	Unsecured
ACGSCI	4,092,036	1,492,585	5,332,184	441,226	Due and demandable; non-interest bearing	Unsecured
		<b>₱7,668,398</b>		<b>₱9,465,768</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 ACMI pertains to the following:
  - (a) Management fees, as agreed upon, include basic management fee amounting to ₱100,000 per month with an escalation clause of 7.50% per annum and incentive fee equivalent to 3.00% of gross operating profit per month included as part of total management fees in general and administrative expense. Total management fees amounted to ₱3,829,732, ₱3,187,332, and ₱4,427,668 in 2021, 2020 and 2019, respectively.
  - (b) System cost at a monthly fixed amount of ₱203,469 and ₱184,972 in 2021 and 2020, respectively, included as part of corporate expenses in general and administrative expenses.
- Amount owed to ALI pertains to costs incurred for property insurance recorded as part of insurance in general and administrative expenses.
- Payable to ACGSCI pertains to charges incurred by Club members in ACGSCI and inventory transfers.

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

Transactions with BPI

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

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

Compensation of key management personnel

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



## 18. Financial Instruments

### Fair Value Information

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

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

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

### Fair Value Hierarchy

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

There have been no transfers between different categories.

### Financial Instruments Risk Management Objectives and Policies

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

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

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

#### *Credit risk*

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

The Club's maximum exposure to credit risk as of December 31, 2021 and 2020 is the carrying amounts of the financial assets. The Club's maximum exposure for cash excludes the carrying amount of cash on hand. The table below shows the maximum credit risk exposure of the Club:

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



*Impairment of financial assets*

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

*Cash in banks and financial assets at FVPL*

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

*Receivables from related parties*

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

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

*Accounts and other receivables*

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

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

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

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

**December 31, 2021**

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



December 31, 2020

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

*Liquidity risk*

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

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

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

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

\*Excluding statutory liabilities amounting to ₱213,248





	2020				Total
	On demand	Less than 3 months	3 to 12 months	More than 1 year	
<i>Financial Assets</i>					
Cash	₱12,572,798	₱-	₱-	₱-	₱12,572,798
Financial assets at FVPL	108,588,902	-	-	-	108,588,902
Accounts and other receivables					
Trade receivables	20,859,970	4,075,495	-	-	24,935,465
Receivables from employees	241,459	-	-	-	241,459
Other receivables	754,477	-	-	-	754,477
Receivables from related parties	7,567,990	-	-	-	7,567,990
	₱150,585,596	₱4,075,495	₱-	₱-	₱154,661,091
<i>Financial Liabilities</i>					
Accounts and other payables					
Trade payables	₱23,495,193	₱-	₱-	₱-	₱23,495,193
Accrued expenses	-	22,726,649	-	-	22,726,649
Funds held for environmental activities	4,268,034	-	-	-	4,268,034
Service charge payable	-	123,838	-	-	123,838
Vouchers payable	487,588	-	-	-	487,588
Due to employees	-	21,974	-	-	21,974
Other payables*	352,469	-	-	-	352,469
Contract liabilities	-	14,192,262	-	-	14,192,262
Payables to related parties	9,465,768	-	-	-	9,465,768
	₱38,069,052	₱37,064,723	₱-	₱-	₱75,133,775
<b>Liquidity Position (Gap)</b>	<b>₱112,516,544</b>	<b>(₱32,989,228)</b>	<b>₱-</b>	<b>₱-</b>	<b>₱79,527,316</b>

\*Excluding statutory liabilities amounting to ₱139,283

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

Disclosed below is the rollforward of liability under financing activity:

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

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

Loan to ALI has a 48-day term subject to interest rate of 4.32%. Total amount of interest income from the loan recognized in 2021, 2020 and 2019 amounted to nil, ₱378,098 and ₱999,123, respectively (see Note 17).

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

## 20. Other Matters

The Club is currently involved in a legal proceeding. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Club's management, in consultation with its legal counsel, believes that the outcome of these legal proceedings will not have a material adverse effect on the Club's financial position or operating results. It is possible, however, that



future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings. The information usually required by PAS 37, *Provision, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the outcome of the ongoing legal proceeding.

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

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

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

### VAT

Net Sales/Receipt and Output VAT declared in the Club's VAT returns for the year 2021:

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

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

The Club has exempt sales amounting to ₱62,415,000 pursuant to SC Ruling G.R. No. 228539 [*Association of Non-Profit Clubs, Inc. (ANCP) vs. Bureau of Internal Revenue (BIR)*] dated August 13, 2019.

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

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



Documentary Stamp Tax

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

Other Taxes and Licenses

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

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

Withholding Taxes

Details of withholding taxes in 2021 follows:

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

Tax Contingencies

The Club has currently no deficiency tax assessments, whether protested or not and has not received any final assessment notice and/or formal letter of demand from the BIR as of December 31, 2021.

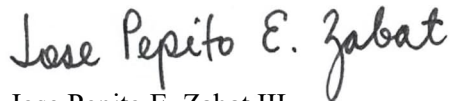


## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

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

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

SYCIP GORRES VELAYO & CO.



Jose Pepito E. Zabat III  
Partner

CPA Certificate No. 85501

Tax Identification No. 102-100-830

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 85501-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-060-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854391, January 3, 2022, Makati City

March 2, 2022



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

**Schedule A. Financial Assets**

Name of issuing entity and association of each issue	Amount shown in the statements of financial position	Income received and accrued	Unrealized gain on financial asset at FVPL
<b>Loans and Receivables</b>			
A. Cash in banks			
Bank of the Philippine Islands (BPI)	P24,342,656	P19,894	P-
B. Short-term investments	-	-	
C. Financial assets at FVPL	99,727,184	-	882,264
D. Accounts and other receivables			
Trade receivables	21,758,906	-	-
Receivable from employees	151,869	-	-
Other receivables	1,261,183	42,704	-
E. Receivables from related parties	10,739,023	-	-
	<b>P157,980,821</b>	<b>P62,598</b>	<b>P882,264</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			
<b>Employees</b>	P241,459	P403,598	P493,188	P-	P151,869	P-	P151,869

**Schedule C. Amounts Receivable from Related Parties which are eliminated during consolidation of Financial Statements**

Name and designation of debtor	Balance at beginning of period	Additions	Deductions		Current	Not current	Balance at end of period
			Amounts collected	Amounts written off			
<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 statements of financial position</b>	<b>Amount shown under "Long-Term Debt" in related statements of financial position</b>
<b>Not applicable</b>			

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**Not applicable**

**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>		

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**Not applicable**

**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>				

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**Not applicable**

**Schedule G. Capital Stock**

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related statements of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
<b>Common Stock:</b>						
Class A	3,468	3,468	N/A	3,250	212	6
Class B	1,950	1,950	N/A	429	13	1508
Class C	500	500	N/A	354	32	114
Class D	702	702	N/A	702	–	–
Class E	180	180	N/A	180	–	–
<b>Total</b>	<b>6,800</b>	<b>6,800</b>	<b>N/A</b>	<b>4,915</b>	<b>257</b>	<b>1,628</b>

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

Hi ANVAYA COVE BEACH AND NATURE CLUB INC,

**Valid files**

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

**Invalid files**

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

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

Transaction Code: **AFS-0-6GECCJCOM1ZXVS4RPP1VMNX307E6F7ACG**  
Submission Date/Time: **May 28, 2022 09:47 AM**  
Company TIN: **005-862-442**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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

=====  
DISCLAIMER  
=====

This email and its attachments may be confidential and are intended solely



# COVER SHEET

SEC Registration Number

C	S	2	0	0	5	0	2	3	3	2
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**COMPANY NAME**

A	N	V	A	Y	A	C	O	V	E	B	E	A	C	H	A	N	D	N	A	T	U	R	E	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 <table border="1" style="margin: auto;"><tr><td>1</td><td>7</td><td>Q</td></tr></table>	1	7	Q	Department requiring the report <table border="1" style="margin: auto;"><tr><td>S</td><td>E</td><td>C</td></tr></table>	S	E	C	Secondary License Type, If Applicable <table border="1" style="margin: auto;"><tr><td></td><td></td><td></td><td></td></tr></table>				
1	7	Q										
S	E	C										

**COMPANY INFORMATION**

Company's Email Address <table border="1" style="width: 100%;"><tr><td>corporateservices@aglegal.com.ph</td></tr></table>	corporateservices@aglegal.com.ph	Company's Telephone Number <table border="1" style="width: 100%;"><tr><td>7793-9000</td></tr></table>	7793-9000	Mobile Number <table border="1" style="width: 100%;"><tr><td>0905-465-4259</td></tr></table>	0905-465-4259
corporateservices@aglegal.com.ph					
7793-9000					
0905-465-4259					
No. of Stockholders <table border="1" style="width: 100%;"><tr><td></td></tr></table>		Annual Meeting (Month / Day) <table border="1" style="width: 100%;"><tr><td></td></tr></table>		Fiscal Year (Month / Day) <table border="1" style="width: 100%;"><tr><td>03/31/2022</td></tr></table>	03/31/2022
03/31/2022					

**CONTACT PERSON INFORMATION**

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

Name of Contact Person <table border="1" style="width: 100%;"><tr><td>Mr. Neal C. Perez</td></tr></table>	Mr. Neal C. Perez	Email Address <table border="1" style="width: 100%;"><tr><td>perez.neal@anvayacove.com</td></tr></table>	perez.neal@anvayacove.com	Telephone Number/s <table border="1" style="width: 100%;"><tr><td>7793-9000</td></tr></table>	7793-9000	Mobile Number <table border="1" style="width: 100%;"><tr><td>0920-911-6977</td></tr></table>	0920-911-6977
Mr. Neal C. Perez							
perez.neal@anvayacove.com							
7793-9000							
0920-911-6977							

**CONTACT PERSON'S ADDRESS**

Anvaya Cove Beach and Nature Club, Morong, Bataan
---

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended : March 31,2022
2. Commission Identification No. : C200502332
3. BIR Tax Identification No. : 005-862-442
4. Exact name of issuer  
as specified in its charter : ANVAYA COVE BEACH AND NATURE CLUB, INC.
5. Province, country or other  
jurisdiction of incorporation  
or organization : MORONG, BATAAN,PHILIPPINES
6. Industry Classification Code :  (SEC Use Only)
7. Address of issuer's principal office: ANVAYA COVE  
MORONG  
BATAAN  
2108 PHILIPPINES
8. Issuer's telephone number,  
including area code : 7793-9000 Local 3000
9. Former name, former address  
former fiscal year, if change  
since last report : NOT APPLICABLE
10. Securities registered pursuant to Sections 8 and 12 of the SRC; or Sections 4 and 8 of the  
RSA

Title of each Class	No. of shares of Common Stock Outstanding
Common-Class B	1,950
Common-Class C	500
Total	2,450

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

Yes [  ]                      No [  ]

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

Class B Common Shares - Php 1,100,000.00

Class C Common Shares - Php 1,400,000.00

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## PART I – FINANCIAL INFORMATION

### Item 1. Financial Statements

The unaudited financial statements as of March 31, 2022 and for the three-month ended March 2021 and the audited balance sheet as of December 31, 2021 and the related notes to unaudited financial statements of Anvaya Cove Beach and Nature Club, Inc. (referred to as “the Club”) are filed as part of this Form 17-Q as Appendix I.

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

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

#### Result of Operations

#### For the 1<sup>st</sup> Quarter 2022

Total Club Revenues for the period ended March 31, 2022 registered at ₱62.35 million, a significant increase of 172.98% compared to same period last year.

- Sale of Goods significantly increased by ₱28.30 million, from same period last year of ₱2.42 million to ₱30.72 million (49.30% of Total Revenue).
- Membership Dues recorded at ₱15.89 million (25.5% of the Total Revenue) higher by 1.98% or ₱0.31 million compared to the same period in 2021.
- Service Income registered at ₱11.89 million (19.1% of Total Revenue), 482.13% higher compared to the same period of prior year.
- Transfer Fees amounted to ₱3.83 million (6.2% of the Total Revenue) and was 37.66% higher than the ₱2.79 million fees recorded in the same period of 2021.

Total Cost and Expenses increased by 41.21% or ₱15.93 million, from ₱38.67 million in the same period last year to ₱54.60 million this year.

- Cost of Sales increased to ₱20.23 million (37.0% of the Total Cost and Expenses), ₱10.24 million or 102.57% higher compared to the same period of last year.
- Cost of Services increased to ₱14.75 million (27.0% of the Total Cost and Expenses), ₱2.35 million or 18.97% higher than the same period of 2021.
- General and Administrative Expenses recorded an increase of 20.5% or ₱3.34 million.

Other Income recorded at ₱2.65 million (4.3% of Total Revenue), higher by ₱1.07 million or 67.95% compared to same period of previous year.

- A decrease of 51.41% or ₱10,220 in Interest Income.
- Miscellaneous Income reached to ₱2.64 million (4.2% of the Total Revenue), higher by 69.48% compared to same period last year.

Provision for Income Tax computed at ₱0.18 million.

### **Financial Condition – March 31,2022 versus December 31, 2021**

Total Assets reached ₱739.73 million, higher by ₱14.05 million or 1.94% compared to December 31, 2021. The changes were attributed to the following:

- Cash ended at ₱42.50 million (5.74% of the Total Assets), an increase of about ₱17.59 million or 70.65% compared to December 31, 2021.
- Financial asset at FVPL recorded at ₱99.93 million (13.51% of the Total Assets). Higher by 0.20% or ₱0.20 million compared to December 31, 2021.
- Accounts and other receivables decreased to ₱21.91 million (2.96% of Total Assets) from ₱23.17 million as of December 31, 2021.
- Receivables from related parties registered at ₱15.12 million (2.04% of the Total Assets), an increase of ₱4.38 million or 40.77% versus ₱10.74 million of December 2021.
- Inventories recorded at ₱4.18 million (0.57% of Total Assets), higher by 23.17% compared to ₱3.39 million of previous year.
- Other current assets of ₱19.07 million (2.58% of the Total Assets) showed an increase of about ₱1.64 million or 9.44% compared to previous year.
- Property and equipment decreased by 1.61% to ₱533.59 million (72.13% of the Total Assets) on account of depreciation.
- Advances and other noncurrent assets amounted to ₱3.44 million, (0.47% of the Total Assets) ₱0.58 million or 14.42% lower compared to last year.

Total Liabilities of the Club reached to ₱87.08 million (11.77% of Total Liabilities and Member's Equity). An increase of ₱3.83 million or 4.60% compared to last year of ₱83.25 million. The changes were due to the following:

- Accounts and other payables increased by ₱4.81 million to ₱46.17 million (6.24% of Total Liabilities and Member's Equity).
- Contract liabilities recorded at ₱24.15 million (3.26% of Total Liabilities and Member's Equity), higher by ₱0.91 million or 3.91% compared to ₱23.24 million of previous year.
- Payables to related parties totaled ₱5.29 million (0.72% of the Total Liabilities and Member's Equity). Lower by ₱2.37 million or 30.96% compared to last year.
- Pension liabilities at ₱10.51 million, increase by 4.84% as compared to previous year.

### **Cash Flows – Period Ended March 31,2022 vs. March 31,2021**

- Net cash generated/used by operating activities for the period ended March 31,2022 settled at ₱18.23 million.
- At the end of March 31,2022, cash balance amounted to ₱42.50 million.

## Key Performance Indicators

		March 31,2022	December 2021
CURRENT RATIO =	Current Asset	202,696,437	179,358,747
	Current Liabilities	75,606,901	72,261,139
		2.68:1	2.48:1
DEBT RATIO =	Total Debt	87,080,211	83,249,501
	Total Asset	739,726,064	725,679,879
		0.12:1	0.11:1
DEBT -EQUITY RATIO =	Total Debt	87,080,211	83,249,501
	Total Equity	652,645,853	642,430,379
		0.13:1	0.13:1
GROSS PROFIT MARGIN =	Sales - Cost of Sales& Services	March 31	
		2022	2021
	Sales	27,365,709	453,447
		62,345,870	22,838,735
		44%	2%
FREE CASH FLOW =	Cash Flow Provided by Operating Activities - Cash Flow in Investing Activities	March 31	
		2022	2021
		18,233,296	(2,422,249)
		(639,748)	(711,902)
		17,593,547	(3,134,151)

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

The Current Ratio as of March 31,2022 is 2.68:1 compared to 2.48:1 as of December 2021. The Debt Ratio computed at 12%, almost inline compared with 11% for the year ending 2021, while the Debt-Equity Ratio stood at 13 %, same with 13% of December 31, 2021.

The Club's Gross Profit Margin is at 44%, significantly higher compared to same period of previous year. An increase of ₱17.59 million in cash flow after deducting investing activities to the cash provided (used) by operating activities.

### Discussion and Analysis of Material Events and Uncertainties Known to Management

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

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

and the expected sources of funds for such expenditures;

5. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales/revenues/income from continuing operations.
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 2<sup>nd</sup> Quarter 2022**

Government-imposed travel restrictions were lifted in February 2022. As a result, a marked increase in the number of visitors is expected in the succeeding months. This will result to further enhancement in the revenue generation at different outlets of the Club.

Indicative of the improvement in business performance, as of March the number of primary Club members grew to 1,784. A total of 9,518 day visitors were recorded. This is a 268% increase compared to figures during the same period in 2021. At the Casitas, occupancy increased by 480% compared to previous year. Club functions generated almost P1.5M in revenues for the first three months of the year. By April, the Club will be dealing with the busiest periods since the start of the pandemic. Holy Week on April 14 to 17 is forecasted to gather more than a thousand visitors at the Club premises on a daily basis, with numbers peaking during Black Saturday.

The Beach and Nature Club was able to start organizing on-site events for Members and their guests in February 2022. Among the activities scheduled for the second quarter of the year are the Easter Sunday Egg Hunt, the Junior Swim Clinic, Aqua Zumba, Mother's Day Barbecue, the Mom's Day Cook-off, Father's Day Celebration, and Camp-out.

As for environmental initiatives, the Club will be setting up the Sea Turtle Conservation Alliance in the town of Morong in Bataan. It is a consortium of different conservation groups in the said area that aims to consolidate efforts in protection of sea turtles, education of the community, empowerment, and wildlife trainings. This will be under the supervision of the Bataan Provincial Government's Environment and Natural Resources Office. A program on solid waste management will be launched for staff before the quarter ends. This forms part of the solid waste mitigation plan that aims to eliminate plastics in Club operations and improve efficiency in the area of waste segregation and minimization.

On top of strict enforcement of safety restrictions from the local government and the Inter-Agency Task Force on Emerging Diseases, the Club will be organizing training-workshops and activities to ensure safety in the workplace. Monthly antigen testing will continue to be implemented for all the staff, while vaccination will be done on-site with the assistance of the Rural Health Unit. Fire and earthquake-preparedness seminars will be conducted towards June.

#### **A. Satisfaction of cash requirements and fund-raising plans**

##### Operating Cash Requirement

The key sources of liquidity of the Club are the revenues generated from membership dues, guests' fees, room accommodations, sale of food and beverage, banquets and other Club related activities. Given the current cash position of the Club, the Corporation will not need additional funding for its operations in the 2<sup>nd</sup> quarter of 2022.

#### **B. Product research and development**

No product research and developments are planned. Architectural design planning for the various



structures and facilities of the Club substantially has been completed.

**C. Purchase or sale of plant and significant equipment**

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

**D. Significant changes in the number of employees**

The Club has already hired 331 employees as of March 31,2022.

**Part II – OTHER INFORMATION**

**Item 3. 1st Quarter 2022 Developments**

- |   |   |
|---|---|
| A. New project or investments in another line of business or corporation  | None.   |
| B. Composition of Board of Directors<br>(As of March 31,2022)   | Augusto D. Bengzon<br>Paullolindo A. Elauria<br>Joseph Carmichael Z.<br>Jugo<br>Dindo R. Fernando<br>Antonino T. Aquino<br>Jocelyn D. De Leon<br>Mercedita S. Nolleto<br>Ms. Jessie D. Cabaluna<br>Jesus Emmanuel M.<br>Yujuico<br>Paolo O. Viray<br>Rex Ma. A. Mendoza |
| 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, 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 1<sup>st</sup> Quarter 2022 Operations and Financials

I. Nature and amount of items affecting assets, liabilities, equity, or net income that are unusual because of their nature, size, or incidents	Please see Notes to Unaudited Financial Statements.
J. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period	None.
K. New financing through loans / Issuances, repurchases, and repayments of debt and equity securities	None.
L. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period	None.
M. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations	None.
N. Changes in contingent liabilities or contingent assets since the last annual balance sheet date	None.
O. Other material events or transactions during the interim period	None.
P. Existence of material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation	None.
Q. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period	None.
R. Material commitments for capital expenditures, general purpose and expected sources of funds	None.
S. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/ income from continuing operations	COVID-19 pandemic
T. Significant elements of income or loss that did not arise from continuing operations	None.
U. Causes for any material change/s from period to period in one or more-line items of the financial statements	Please see Notes to Unaudited Financial Statements.
V. Seasonal aspects that had material effect on the financial condition or results of operations	COVID-19 pandemic

### **Reciprocity Agreement**

Currently, all members of the Beach and Nature Club are welcome to use the facilities of the Golf and Sports Club after its Grand Opening on December 7, 2013.

The facilities include a fantastic golf course, a main club house with restaurants, function and meeting rooms, golf pro-shop, and shower areas, a sports complex with coffee shop, swimming pools, fitness gym, badminton court, basketball court, and game lounge.

## SIGNATURES

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

Issuer : **ANVAYA COVE BEACH AND NATURE CLUB, INC.**



Signature and Title : **Augusto D. Bengzon**  
Chairman of the Board

Date: : May 11, 2022



Signature and Title : **Dindo R. Fernando**  
Treasurer

Date : May 11, 2022

## Appendix I

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

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

	March 31, 2022	December 2021
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash (Note 4)	₱42,496,006	₱24,902,458
Financial assets at fair value through profit or loss (FVPL; Note 5)	99,927,796	99,727,184
Accounts and other receivables (Note 6)	21,907,131	23,171,958
Receivables from related parties (Note 17)	15,116,882	10,739,023
Inventories (Note 7)	4,180,261	3,393,842
Other current assets (Note 8)	19,068,361	17,424,279
<b>Total Current Assets</b>	<b>202,696,437</b>	<b>179,358,744</b>
<b>Noncurrent Assets</b>		
Property and equipment – net (Note 9)	533,587,073	542,298,687
Advances and other noncurrent assets (Note 8)	3,442,554	4,022,446
<b>Total Noncurrent Assets</b>	<b>537,029,627</b>	<b>546,321,133</b>
<b>TOTAL ASSETS</b>	<b>₱739,726,064</b>	<b>₱725,679,877</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts and other payables (Note 10)	₱46,166,258	₱41,354,497
Contract liabilities (Note 12)	24,146,441	23,238,240
Payables to related parties (Note 17)	5,294,203	7,668,398
<b>Total Current Liabilities</b>	<b>75,606,901</b>	<b>72,261,135</b>
<b>Noncurrent Liabilities</b>		
Pension liability (Note 15)	10,509,298	10,024,350
Deferred tax liability (Notes 15 and 16)	964,012	964,012
<b>Total Noncurrent Liabilities</b>	<b>11,473,310</b>	<b>10,988,362</b>
<b>Total Liabilities</b>	<b>87,080,211</b>	<b>83,249,497</b>
<b>Equity</b>		
Paid-in capital (Note 11)	359,966,055	359,966,055
Additional paid-in capital (Note 11)	550,000,000	550,000,000
Remeasurement gain (loss) on pension liability	3,127,660	3,127,660
Deficit (Note 11)	(260,447,862)	(270,663,335)
<b>Total Equity</b>	<b>652,645,853</b>	<b>642,430,380</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱739,726,064</b>	<b>₱725,679,877</b>

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

	Period Ended March 31	
	2022	2021
<b>REVENUES</b> (Note 12)		
Sale of goods	P30,723,175	P2,424,841
Membership dues	15,894,000	15,585,000
Service income	11,893,874	2,043,179
Transfer fees	3,834,821	2,785,714
	<b>62,345,870</b>	<b>22,838,735</b>
<b>COSTS AND EXPENSES</b> (Note 14)		
Cost of sales	20,227,753	9,985,691
Cost of services	14,752,409	12,399,597
General and administrative expenses	19,620,476	16,281,992
	<b>54,600,638</b>	<b>38,667,280</b>
<b>OTHER INCOME</b>		
Interest income (Notes 4 and 6)	9,661	19,881
Miscellaneous income (Note 13)	2,641,651	1,558,717
	<b>2,651,312</b>	<b>1,578,598</b>
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>10,396,544</b>	<b>(14,249,947)</b>
<b>PROVISION FOR INCOME TAX</b> (Note 16)	<b>181,070</b>	<b>921</b>
<b>NET INCOME (LOSS)</b>	<b>10,215,474</b>	<b>(14,250,868)</b>
<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	–	–
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>₱10,215,474</b>	<b>₱14,250,868)</b>

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

	<b>Period Ended March 31</b>	
	2022	2021
<b>PAID-IN CAPITAL (Note 11)</b>		
Class A - 3,468 shares	P3,468,000	P3,468,000
Class B - 1,950 shares	1,950,000	1,950,000
Class C - 500 shares	500,000	500,000
Class D - 702 shares	281,793,330	281,793,330
Class E - 180 shares	72,254,725	72,254,725
	359,966,055	359,966,055
<b>ADDITIONAL PAID-IN CAPITAL (Note 11)</b>		
Class B	437,755,102	437,755,102
Class C	112,244,898	112,244,898
	550,000,000	550,000,000
<b>REMEASUREMENT GAIN (LOSS) ON PENSION LIABILITY (Note 15)</b>		
Balance at beginning of year	3,127,660	(824,690)
Net changes during the period	-	-
Balance at the end of the period	3,127,660	(824,690)
<b>DEFICIT (Note 11)</b>		
Balance at beginning of year	(270,663,336)	(240,204,324)
Net income (loss)	10,215,474	(14,250,868)
Balance at end of year	(260,447,862)	(254,455,192)
	P652,645,853	P654,686,173



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

	Period Ended March 31	
	2022	2021
<b>OPERATING ACTIVITIES</b>		
Income (loss) before income tax	P10,396,543	P14,249,947)
Adjustments for:		
Depreciation (Notes 9 and 14)	9,351,363	10,023,232
Net movement in pension liability (Note 15)	484,947	547,400
Unrealized gain on financial assets at FVPL (Notes 5 and 13)	(200,613)	(116,726)
Interest income (Notes 4 and 6)	(9,661)	(19,881)
Operating income (loss) before changes in working capital	20,022,580	(3,815,922)
Decrease (increase) in:		
Accounts and other receivables	1,264,829	(1,242,655)
Receivables from related parties	(4,377,857)	(3,549,550)
Inventories	786,418	40,075
Other current assets	(1,644,083)	(2,163,145)
Advances and other noncurrent assets	579,892	(2,925,639)
Increase (decrease) in:		
Accounts and other payables	4,811,758	969,655
Contract liabilities	908,200	8,692,137
Payables to related parties	(2,374,195)	1,553,835
Cash generated from operations	18,404,705	(2,441,209)
Interest received	9,661	19,881
Income tax paid	(181,070)	(921)
Net cash from operations	18,233,296	(2,422,249)
<b>INVESTING ACTIVITIES</b>		
Additions to:		
Property and equipment (Note 9)	(639,748)	(711,902)
Net cash from (used in) investing activities	(639,748)	(711,902)
<b>FINANCING ACTIVITIES</b>		
Collection of loans to related parties	-	-
Net cash from (used in) financing activities	-	-
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>17,593,547</b>	<b>(3,134,151)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>24,902,458</b>	<b>12,572,798</b>
<b>CASH AT END OF YEAR (Note 4)</b>	<b>P42,496,005</b>	<b>P9,438,647</b>

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## 1. Corporate Information

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

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

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

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

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

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

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

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

### Basis of Preparation

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

### Statement of Compliance

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

### Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the

adoption of new standards effective in 2021. The Club has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

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

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

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

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

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

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

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

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

The Club shall also disclose information about:

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

#### 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, 2022*

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

*Effective beginning on or after January 1, 2023*

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

*Effective beginning on or after January 1, 2024*

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

*Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*

*Deferred effectivity*

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

#### Summary of Significant Accounting Policies

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

#### Current versus Noncurrent Classification

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

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Club classifies all other liabilities as noncurrent.

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

#### Cash

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

#### Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

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

### 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 marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Club commits to purchase or sell the asset.

#### *Subsequent measurement*

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

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

The financial assets of the Club as at December 31, 2021 and 2020 consist of financial assets at amortized cost (debt instruments) and financial assets at FVPL.

#### *Financial assets at amortized cost (debt instruments)*

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

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

#### *Financial assets at FVPL*

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

#### *Derecognition*

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

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

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

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

#### Impairment of Financial Assets

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

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

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

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

economic environment.

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

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

### Financial Liabilities

#### *Initial recognition and measurement*

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

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

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

#### *Subsequent measurement*

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

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

#### *Financial liabilities at amortized cost (loans and borrowings)*

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

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

#### *Derecognition*

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

### Offsetting of Financial Instruments

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



### Inventories

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

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

### Other Assets

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

### *Prepaid Expenses*

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

### *Value-added Tax (VAT)*

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

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

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

### Property and Equipment

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

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

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

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

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

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

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

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

#### Impairment of Nonfinancial Assets

##### *Advances and other noncurrent assets*

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

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

##### *Property and equipment*

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

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

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

### Pension Costs

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

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

Defined benefit cost includes:

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

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

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

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

### Equity

#### *Paid-in Capital*

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

#### *Retained Earnings (Deficit)*

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

### Revenue from Contracts with Customers

The Club's revenue from contracts with customers primarily consist of membership dues, service

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

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

The following are the Club's performance obligations:

*Membership dues*

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

*Service income*

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

*Sale of goods*

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

*Transfer fees*

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

Contract balances

*Trade receivables*

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

*Contract liabilities*

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

Other Income Recognition

*Interest income*

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

*Miscellaneous income*

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

Costs and Expenses

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

Expenses are recognized in the statements of comprehensive income:

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

#### Leases

The Club assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *Leases of low-value assets*

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

#### Taxes

##### *Current income tax*

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

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

##### *Deferred tax*

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

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

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

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

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

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

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

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

#### *Uncertainty over income tax treatments*

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

#### Provisions

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

#### Contingencies

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

#### Events after the Reporting Period

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

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### 3. Significant Accounting Judgments and Estimates

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

#### Judgments

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

#### *Going concern assessment*

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

#### *Identification of contract with customers under PFRS 15*

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

#### *Identifying performance obligations*

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

#### *Determining whether the Club is acting as a principal or agent*

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

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

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

#### *Determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates*

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

## Estimates

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

### *Estimating allowance for expected credit losses (ECL) of receivables*

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

### *Evaluating asset impairment*

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

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

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

In 2021, the Club recognized allowance on impaired noncurrent assets amounting to ₱688,282 (see Note 8). As at March 31, 2022 and December 31, 2021, the carrying values of the nonfinancial assets follow:

	<b>March 31, 2022</b>	<b>December 2021</b>
Property and equipment (Note 9)	<b>₱533,587,073</b>	₱542,298,687
Other current assets (Note 8)	<b>19,068,361</b>	17,424,279
Other noncurrent assets (Note 8)	<b>3,442,554</b>	4,022,446

### *Estimating pension cost and liability*

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

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



expected future inflation rates for the specific country.

The Club's net pension liability as at March 31, 2022 and December 31, 2021 amounted to ₱10,509,298 and ₱10,024,350, respectively (see Note 15).

*Recognizing deferred tax assets*

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

As at December 31, 2021 and 2020, the Company did not recognize deferred tax assets on NOLCO, pension liability, allowance for ECL and MCIT totaling to ₱141,657,418 and ₱100,174,658, respectively, because management assessed that it is likely that future taxable profits will not be sufficient to realize the carry forward benefits of the NOLCO, pension liability, allowance for ECL and MCIT (see Note 16).

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#### 4. Cash

This account consists of:

	March 31, 2022	2021
Cash on hand	₱534,503	₱559,802
Cash in banks (Note 17)	41,961,502	24,342,656
	<b>₱42,496,005</b>	<b>₱24,902,458</b>

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#### 5. Financial Assets at FVPL

Below is the rollforward of financial assets at FVPL:

	March 31, 2022	2021
At January 1	₱99,727,184	₱108,588,902
Additions	-	-
Withdrawals	-	(10,000,000)
Unrealized gain (Notes 13 and 17)	200,612	882,264
Realized gain (Notes 13 and 17)	-	256,018
At December 31	<b>₱99,927,796</b>	<b>₱99,727,184</b>

Financial assets at FVPL pertains to investments in Bank of the Philippine Islands (BPI) Money Market Fund (the Fund). The Fund, which is structured as a money market UITF, aims to generate liquidity and stable income by being invested in a diversified portfolio of primarily short-term fixed income instruments. It has no minimum holding period.

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.

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## 6. Accounts and Other Receivables

This account consists of:

	March 31,2022	2021
Trade receivables – net	₱20,699,366	₱21,758,906
Receivables from employees	162,767	151,869
Other receivables	1,044,998	1,261,183
	<b>₱21,907,131</b>	<b>₱23,171,958</b>

Trade receivables pertain to unpaid membership dues, sale of food, beverages and merchandise from souvenir shop, charges for room accommodations and rental of water sports equipment. These are non-interest bearing and are due and demandable. The receivables from members are collateralized by a preferential lien on the Club shares owned by the said members.

The movement in allowance for ECL follows:

	March 31,2022	2021
Balance at beginning of year	₱12,393,644	₱9,843,375
Provision (Note 14)	–	2,550,269
Balance at end of year	<b>₱12,393,644</b>	<b>₱12,393,644</b>

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

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

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## 7. Inventories

This account consists of:

	March 31,2022	2021
At cost:		
Food and beverage	₱3,449,615	₱2,565,604
Merchandise	730,646	828,238
	<b>₱4,180,261</b>	<b>₱3,393,842</b>

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

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## 8. Other Assets

### Other current assets

Details of this account are as follows:

	March 31,2021	2021
Creditable withholding taxes	₱8,467,632	₱8,246,042
Supplies	5,105,320	5,159,438
Prepaid expenses	3,208,434	2,449,416
Deferred input VAT – current portion	1,213,924	664,562
Advances to suppliers	1,013,163	822,363
Input VAT	59,888	82,458
	<b>₱19,068,361</b>	<b>₱17,424,279</b>

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

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

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

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

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

## 9. Property and Equipment

Below is the rollforward of this account:

March 2022

	Land and Land Improvements	Buildings	Furniture, Fixtures and Equipment	Project in Progress	Total
<b>Cost</b>					
Balances at beginning of year	₱223,966,685	₱625,316,622	₱285,184,585	₱95,085	₱1,134,562,977
Additions	–	–	624,209	15,540	639,749
Balances at end of period	223,966,685	625,316,622	285,808,794	110,625	1,135,202,726
<b>Accumulated depreciation</b>					
Balances at beginning of year	114,577,649	210,419,667	267,266,974	–	592,264,290
Depreciation	2,235,667	4,668,954	2,446,742	–	9,351,363
Balances at end of period	116,813,316	215,088,621	269,716,716	–	601,615,653
<b>Net Book Value at March 31</b>	<b>₱107,153,369</b>	<b>₱410,228,001</b>	<b>₱16,095,078</b>	<b>₱110,625</b>	<b>₱533,587,073</b>

2021

	Land and Land Improvements	Buildings	Furniture, Fixtures and Equipment	Project in Progress	Total
<b>Cost</b>					
Balances at beginning of year	₱223,966,685	₱624,203,922	₱284,082,673	–	₱1,132,253,280
Additions	–	1,112,700	1,101,912	95,085	2,309,697
Balances at end of year	223,966,685	625,316,622	285,184,585	95,085	1,134,562,977
<b>Accumulated depreciation</b>					
Balances at beginning of year	105,634,982	191,789,691	255,794,417	–	553,219,090
Depreciation	8,942,667	18,629,976	11,472,557	–	–
Balances at end of year	114,577,649	210,419,667	267,266,974	–	592,264,290
<b>Net Book Value at December 31</b>	<b>₱109,389,036</b>	<b>₱414,896,955</b>	<b>₱17,917,611</b>	<b>–</b>	<b>₱542,298,687</b>

The project in progress pertains to the renovation of the Club's kitchen and cafeteria.

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

	March 31, 2022	March 31, 2021
Cost of services	<b>₱4,602,299</b>	₱4,881,625
Cost of sales	<b>3,536,396</b>	3,930,188
General and administrative expenses	<b>1,212,668</b>	1,211,419
	<b>₱9,351,363</b>	₱10,023,232

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## 10. Accounts and Other Payables

	March 31,2022	2021
Trade payables	₱22,686,034	₱24,878,772
Accrued expenses:		
Contract services	4,764,264	2,752,098
Payroll	4,367,718	3,210,735
Utilities	2,606,663	3,056,209
Professional fees	1,479,196	1,576,988
Management fee	1,183,578	488,065
Repairs and maintenance	64,888	43,259
Others	327,050	720,541
Taxes payable	4,081,655	913,269
Funds held for environmental activities	2,288,256	1,890,809
Service charge payable	1,038,613	772,210
Vouchers payable	707,297	487,588
Due to employees	8,011	9,708
Other payables	563,035	554,246
	<b>₱46,166,258</b>	<b>₱41,354,497</b>

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

Accrued expenses consist mainly of accruals for salaries and wages, and utilities which are non-interest bearing and are normally settled within 30 to 60 days. In 2021, the Club settled ₱1,279,536 of the outstanding accrual for insurance and reversed the remaining portion resulting in other income of ₱12,230,786 (see Note 13).

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

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

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

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

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

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

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## 11. Equity

The details of the number of shares of the Club as at March 31,2022 and December 31, 2021 as follows:

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

The details of the Club's registered capital stock with the SEC as at March 31, 2022 and December 31, 2021 follow:

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

As at March 31, 2022 and December 31, 2021, the total number of stockholders are 1,628 and 1,628, respectively.

#### *Class A shares*

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

#### *Class B shares*

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

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

#### *Class C shares*

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

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

#### *Class D shares*

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

#### *Class E shares*

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

In view of the issuance of Founders' shares, the voting rights pertaining to the Class B, C, D and E shares shall be suspended for the period commencing from the date of incorporation of the Club up to and including the date prior to the fifth anniversary of such date of incorporation. On the fifth

anniversary of the date of incorporation of the Club, the voting rights of all Class B, C, D and E shares shall be automatically reinstated and shall be equal in all respects to those of the holders of all the other classes of shares. The voting rights of Classes B and C were reinstated on June 2, 2010, following the expiration of the five-year voting right exclusivity given to Class A shares.

#### Capital Management

The primary objectives of the Club's capital management policies are to afford the financial flexibility to support its business initiatives and to maximize stakeholder value. The Club manages its capital structure and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes for the years ended December 31, 2021 and 2020.

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

	<b>March 31,2022</b>	2021
Paid-in capital	<b>₱359,966,055</b>	₱359,966,055
Additional paid-in capital	<b>550,000,000</b>	550,000,000
Deficit	<b>(260,447,862)</b>	(270,663,335)
	<b>₱649,518,193</b>	₱639,302,720

The Club is not subject to externally imposed capital requirements.

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

#### Disaggregated Revenue Information

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

	<b>March 31,2022</b>	March 31,2021
Membership dues	<b>₱15,894,000</b>	₱15,585,000
Service income:		
Room accommodation	<b>7,975,680</b>	1,786,125
Guest fees	<b>1,767,636</b>	91,072
Use of water sports equipment	<b>1,274,816</b>	165,982
Spa and massage revenue	<b>875,741</b>	-
Sale of goods:		
Food and beverages	<b>30,060,634</b>	2,280,390
Merchandise	<b>662,541</b>	144,452
Transfer fees	<b>3,834,821</b>	2,785,714
	<b>₱62,345,870</b>	₱22,838,735

#### Timing of Revenue Recognition

The Club has recognized revenues earned over time amounting to ₱27,787,874 and ₱7,628,179 as of March 31, 2022 and December 31, 2021, respectively.

Revenues recognized from sale of goods and transfer fees earned at a point in time amounted to ₱34,557,996 and ₱5,210,556 in March 31,2022 and December 31, 2021, respectively.

#### Contract Balances

As of March 31,2022, and December 31,2021 contract balances are as follows:

	<b>March 31,2022</b>	2021
Trade receivables (Note 6)	<b>₱20,699,366</b>	₱21,758,906

Contract liabilities (Note 10)	24,146,441	23,238,240
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The Club identified unearned membership dues as contract liabilities as at December 31, 2021 and 2020. These represent payments received from members in who usually settle their dues annually. Contract liabilities also include advances received for membership dues, consumables and booked functions and events.

### 13. Miscellaneous Income

Miscellaneous income consists of:

	March 31,2022	March 31,2021
Consultancy fees (Note 17)	P1,200,000	P1,135,946
Surcharge revenue	985,081	77,909
Unrealized gain on financial assets at FVPL (Note 5)	200,613	116,726
Others	255,958	228,136
	<b>P2,641,651</b>	<b>P1,558,717</b>

Others include corkage fees and sale of scrap items.

### 14. Costs and Expenses

Cost of services consists of:

	March 31,2022	March 31,2021
Depreciation (Note 9)	P4,602,299	P4,881,625
Salaries, wages and employee benefits	4,458,517	3,025,591
Heat, light and water	1,770,311	849,745
Communications	686,862	799,550
Cleaning and other supplies	674,437	1,002,117
Contract services	543,817	-
Repairs and maintenance	350,262	452,169
Laundry	206,442	105,192
Recreational supplies	178,294	50,610
Transportation	125,115	85,951
Food and beverages (Note 7)	101,964	94,408
Office supplies	100,055	80,328
Representation	5,365	3,545
Others	948,669	968,766
	<b>P14,752,409</b>	<b>P12,399,597</b>

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

Cost of sales consists of:

	March 31,2022	March 31,2021
Food and beverages (Note 7)	P7,434,108	P991,514
Salaries, wages and employee		

benefits	5,664,774	3,221,936
Depreciation (Note 9)	3,536,395	3,930,188
Heat, light and water	1,965,408	962,855
Cleaning and other supplies	721,109	176,438
Merchandise (Note 7)	192,797	40,929
Equipment rental	157,608	120,000
Office supplies	103,133	26,402
Transportation	98,993	70,345
Communication	55,700	57,317
Others	297,728	379,193
	<b>₱20,227,753</b>	<b>₱9,985,691</b>

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

General and administrative expenses consist of:

	March 31,2022	March 31,2021
Salaries, wages and employee benefits	<b>₱5,733,433</b>	₱4,918,913
Heat, light and water	2,817,144	2,411,409
Management fees (Note 17)	1,521,245	768,124
Security	1,350,000	1,292,855
Depreciation (Note 9)	1,212,668	1,211,419
Professional fees	1,175,196	809,473
Contract services	1,138,846	1,005,000
Collection charges	998,959	340,415
Corporate expense	709,633	652,303
Taxes and licenses	656,375	1,115,311
Repairs and maintenance	559,519	463,576
Insurance	504,240	147,316
Transportation	426,742	303,912
Communication	123,993	115,994
Office supplies	106,939	92,174
Cleaning and other supplies	77,557	54,476
Representation	38,758	42,514
Others	469,229	536,807
	<b>₱19,620,476</b>	<b>₱16,281,992</b>

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

## 15. Pension Cost

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



## 16. Income Tax

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

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

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

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

Provision for current income tax pertaining to MCIT follows:

	<b>March 31,2022</b>	March 31,2021
Current	<b>₱179,662</b>	₱-
Final tax	<b>1,408</b>	921
	<b>₱181,070</b>	₱921

## 17. Related Party Transactions

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

### Terms and Conditions of Transactions with Related Parties

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

The transactions and balances of accounts with related parties follow:

- a. Outstanding balances owed by related parties:

	March 2022		December 2021		Terms	Conditions
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance		
<b>Immediate parent company</b>						
ALI	₱141,050	₱1,746,004	₱1,025,973	₱2,126,503	Due and demandable; non-interest bearing	Unsecured; no impairment Unsecured;
<b>Entities under common control</b>						

ACGSCI	10,513,904	13,370,878	21,345,978	8,612,520	Due and demandable; non-interest bearing	Unsecured; no impairment
Makati Development Corporation (MDC)	-	-	26,673	-	Due and demandable; non-interest bearing	Unsecured; no impairment
		<b>₱15,116,882</b>		<b>₱10,739,023</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 includes unsecured non-interest bearing charges and unpaid membership dues from ALI nominees.
- Receivable from ACGSCI pertains to charges incurred by ACGSCI members and guests on the use of the Club's facilities and availment of its services and inventory transfers.
- Receivables from MDC are related to meals and diesel charges incurred by employees of MDC in the Club during the mandatory lockdown period.
- Receivables from APMC are unsecured non-interest bearing charges from consumption of the Club's fuel and other costs incurred from availment of services of the Club.

b. Outstanding balances owed to related parties:

	March 2022		December 2021		Terms	Conditions
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance		
<b>Entities under common control</b>						
ACMI (a)	₱924,821	₱308,273	₱3,187,332	₱3,829,732	Due and demandable; non-interest bearing	Unsecured
ACMI (b)	752,020	250,673	2,219,664	₱2,346,081	Due and demandable; non-interest bearing	Unsecured
ALI	-	-	593,300	-	Due and demandable; non-interest bearing	Unsecured
ACGSCI	3,439,823	4,735,257	5,332,184	1,492,585	Due and demandable; non-interest bearing	Unsecured
		<b>₱5,294,203</b>		<b>₱7,668,398</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 ACMI pertains to the following:
  - (a) Management fees, as agreed upon, include basic management fee amounting to ₱100,000 per month with an escalation clause of 7.50% per annum and incentive fee equivalent to 3.00% of gross operating profit per month included as part of total management fees in general and administrative expense.
  - (b) System cost at a monthly fixed amount of ₱223,816 and ₱203,469 in March 31, 2022 and 2021, respectively, included as part of corporate expenses in general and administrative expenses.
- Amount owed to ALI pertains to costs incurred for property insurance recorded as part of insurance in general and administrative expenses.
- Payable to ACGSCI pertains to charges incurred by Club members in ACGSCI and inventory transfers.

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

### Transactions with BPI

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

	March 31,2021			2021		
	Balance	Income Earned	Realized/ Unrealized gain	Balance	Income Earned	Unrealized gain
Cash in banks (Note 4)	₱41,961,503	₱7,040	₱-	₱24,342,656	₱19,881	₱-
Financial assets at FVPL (Note 5)	99,927,796	-	200,613	99,727,184	-	1,138,282
	<b>₱141,889,299</b>	<b>₱7,040</b>	<b>₱200,613</b>	<b>₱124,069,840</b>	<b>₱19,881</b>	<b>₱1,138,282</b>

### Compensation of key management personnel

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

## **18. Financial Instruments**

### Fair Value Information

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

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

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

### Fair Value Hierarchy

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

There have been no transfers between different categories.

### Financial Instruments Risk Management Objectives and Policies

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

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

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

### *Credit risk*

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

The Club's maximum exposure to credit risk as of March 31,2022 and December 31, 2021 is the carrying

amounts of the financial assets. The Club's maximum exposure for cash excludes the carrying amount of cash on hand. The table below shows the maximum credit risk exposure of the Club:

	March 31, 2022	2021
Cash in banks	₱41,961,503	₱24,342,656
Financial assets at FVPL	99,927,796	99,727,184
Accounts and other receivables		
Trade receivables	33,093,010	34,152,550
Receivable from employees	162,767	151,869
Others	1,044,998	1,261,183
Receivables from related parties	15,116,882	10,739,023
	<b>₱191,306,955</b>	<b>₱170,374,465</b>

#### *Impairment of financial assets*

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

#### *Cash in banks and financial assets at FVPL*

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

#### *Receivables from related parties*

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

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

#### *Accounts and other receivables*

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

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

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

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

**March 31, 2022**

	Current	< 30 days	< 90 days	Over 90 but < 360 days	Over 360 days	Credit impaired	Total
ECL rate	0.00%	0.00%	0.00%	0.00%	0.00%	100%	
Estimated total gross carrying amount of accounts receivable	₱8,679,345	₱2,406,870	₱2,149,560	₱2,779,680	₱4,683,912	₱12,393,644	₱33,093,010
ECL	₱-	₱-	₱-	₱-	₱-	₱12,393,644	₱12,393,644

**December 31, 2021**

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

*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:

	March 2022				Total
	On demand	Less than 3 months	3 to 12 months	More than 1 year	
<b>Financial Assets</b>					
Cash	₱42,496,005	₱-	₱-	₱-	₱42,496,005
Financial assets at FVPL	99,927,796	-	-	-	99,927,796
Accounts and other receivables					
Trade receivables	8,679,345	4,556,430	2,779,680	4,683,912	20,699,366
Receivables from employees	162,767	-	-	-	162,767
Other receivables	1,044,998	-	-	-	1,044,998
Receivables from related parties	15,116,882	-	-	-	15,116,882
	₱167,427,793	₱4,556,430	₱2,779,680	₱4,683,912	₱179,447,814
<b>Financial Liabilities</b>					
Accounts and other payables					
Trade payables	₱22,686,034	₱-	₱-	₱-	₱22,686,034
Accrued expenses	-	14,793,357	-	-	14,793,357
Funds held for environmental					

activities	2,288,256	-	-	-	2,288,256
Service charge payable		1,038,613	-	-	1,038,513
Vouchers payable	707,297	-	-	-	707,297
Due to employees	-	8,011	-	-	8,011
Other payables*	4,399,432	-	-	-	4,399,432
Contract liabilities	-	24,146,441	-	-	24,146,441
Payables to related parties	5,294,203	-	-	-	5,294,203
	<b>₱35,375,222</b>	<b>₱39,986,422</b>	<b>₱-</b>	<b>₱-</b>	<b>₱75,361,644</b>
<b>Liquidity Position (Gap)</b>	<b>₱132,052,571</b>	<b>(₱35,429,992)</b>	<b>₱2,779,680</b>	<b>₱4,683,912</b>	<b>₱104,086,170</b>

\*Excluding statutory liabilities amounting to ₱245,257

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

\*Excluding statutory liabilities amounting to ₱213,248

## 19. Other Matters

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



**ANVAYA  
COVE**  
Beach & Nature Club

### Certification

I, Augusto D. Bengzon, Chairman of the Board of Anvaya Cove Beach & Nature Club, Inc. (the "Corporation") with SEC Registration Number CS200502332 and with principal office at Anvaya Cove, Morong, Bataan, on oath state that:

- 1) On behalf of the Corporation, I have caused this SEC 17Q for 1<sup>st</sup> Quarter of 2022 to be prepared;
- 2) I read and understood its contents which are true and correct of my own personal knowledge and/or based on the records of the Corporation;
- 3) The Corporation will comply with the requirements set forth in SEC Notice dated May 12, 2021 for a complete and official submission of reports and/or documents through electronic mail;
- 4) I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of the filing fee; and
- 5) The e-mail account designated by the Corporation pursuant to SEC Memorandum Circular No. 28, s. 2020 shall be used by the Corporation in its online submission to SEC CGFD.

IN WITNESS WHEREOF, I have here unto set my hand this MAY 13 2022 in MAKATI CITY

Augusto D. Bengzon  
Chairman of the Board

SUBSCRIBED AND SWORN to before me this MAY 13 2022 at MAKATI CITY, the affiant exhibited to me, as competent evidence of identity, his Passport ID No. \_\_\_\_\_ issued on \_\_\_\_\_ at \_\_\_\_\_.

Doc No. 21 ;  
Page No. 6 ;  
Book No. XLIV ;  
Series of 2021.

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



**ROBERTO T. ONGSIAKO**  
Notary Public - Makati City  
Appt. No. M-149 until December 31, 2022  
Roll of Attorneys No. 37041  
Lifetime IBP No. 02163 - RSM Chapter  
PTR No. 8852355M1 - 01/03/2022 - Makati City  
MCLE Compliance No. VII - 0000267 - 07/30/2019  
4th Floor Tower One and Exchange Plaza  
Ayala Triangle, Ayala Avenue  
Makati City, Philippines

**Anvaya Cove Beach & Nature Club**  
Morong, Bataan, 2108

Tel: (02) 793 9000 Fax: (02) 793 9088 Mobile: (0917) 826 8292  
Email: members@anvayacove.com  
Website: www.anvayacove.com

