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CERTIFICATION

I, **FREDERICK D. DEOCARIZA**, Financial Controller, is a duly authorized representative of **THE COUNTRY CLUB AT TAGAYTAY HIGHLANDS, INC. ("Club")**, with SEC registration number AS095007827 and principal office at Tagaytay Highlands Complex, Barangay Calabuso, Tagaytay City, Cavite, Philippines, does hereby certify and state that:

- 1) That on behalf of the Club, I have caused this Annual Report for the period ended 31 December 2022 (SEC Form 17-A) to be prepared.
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records; and
- 3) That the Club will comply with the requirements set forth in SEC Notice dated 24 June 2020 for a complete and official submission of reports and/or documents through electronic mail;

APR 05 2023

IN WITNESS WHEREOF, I have hereunto set my hand this _____.

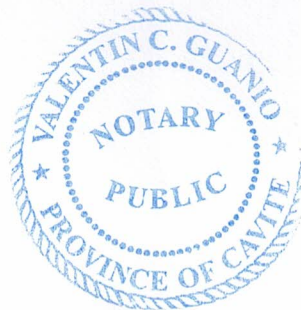



FREDERICK D. DEOCARIZA
Financial Controller

TAGAYTAY CITY

SUBSCRIBED AND SWORN to before me this APR 05 2023 in _____ City, affiant exhibiting to me his Driver's License No. N03-92-126186 as competent evidence of identity.

Doc. No. 381
Page No. 78
Book No. 208
Series of 2023.




ATTY. VALENTIN C. GUANIO
JP Rizal Avenue, Kaybagal South, Tagaytay City
Commission Expires on DECEMBER 31, 2024
PTR No. 5131980/January 3, 2023
ROLL No. 22908
IBP LIFETIME RES. NO. 02892
MCLE COMPLIANCE NO. VII-0016975

A S 0 9 5 0 0 7 8 2 7
S.E.C. Registration Number

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

(Company's Full Name)

T A G A Y T A Y H I G H L A N D S C O M P L E X , B A
R A N G A Y C A L A B U S O , T A G A Y T A Y C I T Y
4 1 2 0 , C A V I T E
(Business Address: No. Street City / Town / Province)

Atty. Anna Francesca C. Respicio
Contact Person
8632-0905
Company Telephone Number

1 2 - 3 1
Month Day
Calendar Year

1 7 - A
FORM TYPE

0 5 - 2 8
Month Day
Annual Meeting

Secondary License Type, If Applicable

S E C
Dept. Requiring this Doc.
N / A
Amended Articles Number/Section

2 6 0 7
Total No. of Stockholders
Total Amount of Borrowings
Domestic Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

THE COUNTRY CLUB AT TAGAYTAY HIGHLANDS, INC.
(A Nonprofit Corporation)
Supplementary Schedules Required
By the Securities and Exchange Commission
As of and for the Calendar Year Ended December 31, 2022

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the twelve months ended **DECEMBER 31, 2022**
2. SEC Identification Number : **ASO95007827** 3. BIR Tax Identification No. : **004-734-253-000**
4. Exact name of issuer as specified in its charter: **The Country Club at Tagaytay Highlands, Inc.**
5. **Makati, Metro Manila, Philippines** 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. **Tagaytay Highlands Complex, Barangay Calabuso, Tagaytay City, Philippines** **4120**
Address of principal office Postal Code
8. **(046) 8483-0929**
Issuer's telephone number, including area code
9. **Not Applicable**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock
Outstanding |
|---------------------|---|
| Proprietary Shares | 5,000 |
11. Are any or all of these securities listed on a Stock Exchange.
Yes [] No [**x**]
12. Check whether the issuer:
(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);
Yes [**x**] No []
(b) has been subject to such filing requirements for the past 90 days.
Yes [] No [**x**]
13. Aggregate market value of the voting stock held by non-affiliates: **P1,530,000,000.00**

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the SRC subsequent to the distribution of securities under a plan confirmed by a court or the SEC.

Yes ☐

No ☐

NOT APPLICABLE

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

The Country Club at Tagaytay Highlands, Inc. (Country Club) was incorporated in 1997 as an exclusive membership club operating on a non-profit basis. Its primary purpose is to promote social, recreational and athletic activities among its members. It is a self-contained community set on a ridge in Tagaytay City which is located approximately 60 kilometers south of Metro Manila and situated on a 7-hectare land below the 18-hole par-71 international championship golf course of Tagaytay Highlands International Golf Club Inc. (THIGCI).

Sale of membership shares to the public started in November 1995 but the Country Club officially opened for business in March 1996. Majority of members are private individuals (about 87.44%) most of which are Filipino nationals and citizens and the remaining 12.56% are corporate members. Members of THIGCI were given preference to purchase the first few shares before they were offered to the public. The Country Club derives its revenues and other income from the monthly dues (37%), restaurant patronage (51%), recreational facilities (4%), room sales (2%), and other income (6%). Collection of monthly dues started in March 1996 at ₱750 per member and was subjected to gradual increases. The following are the monthly dues with the respective periods wherein the increase became effective: ₱1,500 in June 1996, ₱2,000 in January 1998, ₱2,300 in April 2001, ₱2,500 in April 2004, ₱3,100 in January 2006, ₱3,600 in January 2010, ₱4,200 in September 2012, and ₱4,700 in January 2019. Starting March 2020, membership dues was reduced to ₱4,250 due to the VAT exemption.

Sale of food and beverage through the Country Club's restaurants is a major source of income contributing to about 51% of total revenues in 2022. The different specialty restaurants offer a wide array of cuisines (Chinese, Italian, Japanese, Thai and Western), which are sure to satisfy everyone's palate. Members of the Country Club can avail of the restaurants' facilities of THIGCI and TMGCI, these restaurants offer Filipino, Korean and Spanish cuisine.

Part of the Country Club's commitment to members was also to provide sports and recreational facilities. Prior to the Country Club's opening in March 1996, the outdoor facilities like the tennis courts, fishing pier, mini-golf course, horseback bridle path and the children's playground were already available to members. In July 1996, the two-level Sports Center was officially opened. This houses a 14-lane bowling facility, indoor lap pool, basketball court, badminton court, game room, spas, gym, and a Kidsports - children's play area. In December 1996, major portions of the camping ground called Camp Highlands were also completed and ready to accept members who wish to stay overnight or simply to cool off in the swimming pools. In addition to the aforesaid developments, the Animal Farm was opened in 1997.

The wide array of facilities and the continuing developments in the Country Club are important considerations for members to retain membership with the Country Club and for some to speculate increase in market value of their shares. The Club has completed its renovation of the following facilities in 2019: Sports Center, Highlander Steakhouse, Highlands China Palace, Country Club Veranda, Akasaka, Camp Highlands, Peak Bar, Country Clubhouse, Holy Family Chapel, Genghis Khan, and Trellis.

Bankruptcy, Receivership or Similar Proceedings

The Country Club has not been involved in any bankruptcy, receivership, or similar proceedings for the past three (3) years.

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

The Country Club has not engaged in any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets (not ordinary) for the past three (3) years.

Competition

There is no formal or organized secondary market for the purchase and sale of golf and country club shares in the Philippines. As such, holders of shares in the Country Club who may wish to sell or dispose of their shares may not readily find a counter-party for the transaction at the desired asking price. At present, there is a growing number of golf and country clubs being established in various parts of the country. This may affect appreciation in the value of investment in the Country Club.

Investments in leisure-oriented developments such as golf and country clubs are influenced by the economic and political conditions in the country. Any adverse economic and political developments in the country may affect the demand for such leisure facilities, and any anticipated appreciation in the prices of golf and country club shares.

Although there are other clubs engaged in the same line of business, the Country Club competes in terms of service and facilities. The Country Club is highly competitive because of its wide array of facilities which includes world-class sports and recreational facilities, specialty restaurants and bars offering different cuisines (Filipino, Chinese, Italian, Japanese, Korean, and Western) and accommodation facilities.

Sources and availability of raw materials

The Country Club's principal suppliers include Werdenberg International Corporation, ESV International Corp., RGL33 Fruits and Vegetable Dealer, JC Seafoods Supply, Delos Reyes Trading, Sanford Marketing Corporation and Alternative Food Corp. There are no existing major supply contracts entered into by the Country Club.

Transactions with and/or dependence on related parties

Related Parties and Transactions Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Government Regulations

The Country Club has complied with licensing and regulatory requirements necessary for its development and operations.

Compliance with Environmental Laws

The Country Club has complied with pertinent environmental laws and regulations and has received the Environmental Certificate Clearance issued by the Department of Energy and Natural Resources.

Employees

The Country Club is run by a team of regular employees as follows:

| | |
|-----------------------|------------|
| Regular Employees* | |
| GM & Department Heads | 34 |
| Supervisors | 37 |
| Rank and File | <u>40</u> |
| Total | <u>111</u> |

* Based on head count as of December 31, 2022

All regular rank and file employees are subject to the Collective Bargaining Agreement which expires in June 30, 2024. Some of the regular employees are also seconded to Tagaytay Highlands International Golf Club, Inc. and Tagaytay Midlands Golf Club, Inc.

There has been no strike brought about by the Country Club's employees in the past twenty-six (26) years.

Major Business Risk

The Country Club has been sustaining its operational requirements through the collection of monthly dues from each member and the operation of restaurants and sports & recreation facilities. The Country Club has no foreign currency exposures or obligations that will have a material impact on its short-term or long-term liquidity due to the depreciation of the peso. During the early part of the COVID-19 pandemic, the Club was experiencing reduced consumer demand owing to lost income and/or restrictions on consumers' ability to move freely and limitation of the Club's activities such as Country tournament, wedding, and corporate events. When the government lifted the community quarantine, the Club's revenues returned to its normal earning stream in March 2022.

Item 2. Properties

The Country Club is located in Tagaytay Highlands Complex, Barangay Calabuso, Tagaytay City. The Country Club has complete ownership over the property. In addition, the property is free from all liens, encumbrances or mortgage. There are no limitations as to the ownership brought about by the terms and conditions of any encumbrances.

The principal properties include the Country Clubhouse, the Sports Center which includes a 14-lane bowling facility, indoor lap pool, basketball court, Volleyball Court, badminton court, squash court, Billiards, table tennis, Tennis court, gym, and a Kidsports – children's play area. Other properties include the Animal farm, a camping ground, Biking trail, Fishing Pier, Futsal, Mini golf course, pedal go cart and newly introduced facility the Airsoft.

Item 3. Legal Proceedings

As of the calendar year ended December 31, 2022, there are no pending material legal proceedings which the Country Club is a party to.

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

Also, during the year, there were no matters submitted to a vote of the shareholders.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

Proprietary Shares

The Country Club has issued and outstanding 5,000 proprietary shares as of December 31, 2022, of which 46.50% is owned by Belle Corporation and the remaining shares are owned by other club members. There are 2,325 holders of the Club's proprietary shares.

The top 20 shareholders as of 31 December 2022 are as follows:

| NAME OF STOCKHOLDER | NO. OF SHARES | % |
|---|------------------|---------|
| Belle Corporation | 2,325 | 46.50% |
| Ivory Holdings, Inc. | 267 | 5.34% |
| Highlands Prime Inc. | 125 | 2.50% |
| Jollibee Foods Corporation | 14 | 0.28% |
| Camara, Feliciano G. | 6 | 0.12% |
| APC Group Inc. | 6 | 0.12% |
| First Gas Holdings Corp. | 4 | 0.08% |
| S.P. Properties, Inc. | 3 | 0.06% |
| Pilipino Star Printing Co., Inc. | 3 | 0.06% |
| Quality Corrugated Box Manufacturing, Corp. | 3 | 0.06% |
| OTHERS | 2,244 | 44.88% |
| Total | 5,000 | 100.00% |

Market Value of Security

Below are the high and low bid prices for the past three (3) years based on newspaper publications:

| | HIGH | LOW |
|------------------------------|---------|---------|
| Quarter ended March 2020 | 150,000 | 150,000 |
| Quarter ended June 2020 | 150,000 | 150,000 |
| Quarter ended September 2020 | 170,000 | 170,000 |
| Quarter ended December 2020 | 200,000 | 200,000 |
| Quarter ended March 2021 | 350,000 | 150,000 |
| Quarter ended June 2021 | 350,000 | 120,000 |
| Quarter ended September 2021 | 300,000 | 300,000 |
| Quarter ended December 2021 | 430,000 | 400,000 |
| Quarter ended March 2022 | 550,000 | 450,000 |
| Quarter ended June 2022 | 600,000 | 500,000 |
| Quarter ended September 2022 | 600,000 | 650,000 |
| Quarter ended December 2022 | 600,000 | 600,000 |

The Country Club's securities are not traded in any of the stock exchanges.

Dividends

The Country Club is a non-profit corporation and as such, does not declare dividends to its shareholders. In accordance with the Country Club's Articles of Incorporation and By-Laws, no profit shall inure to the exclusive benefit of any of its shareholders, hence, no dividends shall be declared in their favor. Shareholders shall be entitled only to a pro-rata share of the assets of the Club at the time of the dissolution or liquidation of the Country Club.

Recent Sales of Unregistered or Exempt Securities

All the Club's securities are registered under the Securities Regulation Code. There was no sale of reacquired securities, as well as new issues, securities issued in exchange for property, services, or other securities, and new securities resulting from the modification of outstanding securities for the past three (3) years.

Item 6. Management's Discussion and Analysis (MD&A)

The Country Club derived its revenues from the membership dues, food and beverage sales and income from recreational facilities.

Results of Operations

December 31, 2022 compared to December 31, 2021

REVENUES

The Country Club generated total revenues and other income amounting to ₱214.00 million for the year ended December 31, 2022 compared to ₱140.27 million for the year ended December 31, 2021, due to higher patronage and a result of the lifted community quarantine.

Food, beverage and sundries

Food, beverage and sundries increased by ₱56.38 million or 48.04%, from ₱117.37 million for the year ended December 2021 to ₱173.75 million for the year ended December 2022. This is due to the opening of the club outlets and concessionaires that are allowed to operate to its full operation when the community quarantine was lifted in March 2022.

Sports and recreation

Sport and recreation Increased by ₱8.74 million or 176.34%, from ₱4.96 million in 2021 to ₱13.70 million in 2022. This is due to the higher income of indoor and outdoor facilities, animal farm and locker room.

Rooms sales

Rooms sales increased by ₱4.22 million or 122.47%, from ₱3.44 million in 2021 to ₱7.66 million in 2022, this is due to the 1,045 occupancies for the year 2022.

Interest Income

Interest income increased by ₱0.23 million or 785.82%, from ₱0.03 million in 2021 to ₱0.26 million in 2022. This is due to the additional funding of BDO time deposit for the year 2022.

Other Income

Other income increased by ₱4.15 million or 28.69%, from ₱14.47 million in 2021 to ₱18.63 million in 2022. This consists of membership transfer fee, commission, assignment and miscellaneous income.

COST AND OPERATING EXPENSE

Cost and operating expenses for the twelve months period ended December 31, 2022, amounted to ₱295.30 million, an increase of ₱66.39 million or 29.47% compared to ₱228.91 million in the same period in 2021.

Cost of sales

Cost of sales increased by ₱32.92 million or 54.53%, from ₱60.37 million in 2021 to ₱93.29 million in 2022. This is due to the higher cost of food, beverage and sundry inventory cost.

Cost of services

Cost of services increased by ₱26.94 million or 19.73%, from ₱136.54 million in 2021 to ₱163.49 million in 2022. This is due to the higher personnel cost, utilities expenses, repair and maintenance.

General and administrative expenses

General and administrative expenses increased by ₱6.53 million or 20.42%, from ₱31.99 million in 2021 to ₱38.52 million in 2022. The majority of the increase is from taxes and licenses, repair and maintenance.

MEMBERS' SUPPORT

Membership dues increased by ₱8.50 million or 7.20% from ₱118.00 million for the twelve-month period ended December 31, 2021 to ₱126.49 million for the same period ended December 31, 2022. This is due to the increase in the number of active members 2,819 in 2022 compared to 2,702 in 2021.

PROVISION FOR DEFERRED INCOME TAX

Provision for deferred income tax for the year ended December 2022 of ₱1.22 million, due to the remeasurement that results a deferred for the year 2022.

NET INCOME

The Club registered a net income of ₱43.98 million for the twelve-month period ended December 31, 2022 in comparison with the net income of ₱29.26 million for the same period in 2021.

December 31, 2021 compared to December 31, 2020**REVENUES**

The Country Club generated total revenue and other income amounting to ₱140.27 million for the year ended December 31, 2021 compared to ₱82.21 million for the year ended December 31, 2020, due to high patronage as a result of more relaxed community restriction related to covid 19.

Food, beverage and sundries

Food, beverage and sundries increased by ₱62.04 million or 112.15%, from ₱55.32 million for the year ended December 2020 to ₱117.37 million for the year ended December 2021.

Sports and recreation

Sport and recreation increased by ₱1.61 million or 48.04%, from ₱3.35 million in 2020 to ₱4.96 million in 2021.

Rooms sales

Rooms sales increased by ₱1.02 million or 42.14%, from ₱2.42 million in 2020 to ₱3.44 million in 2021.

Interest Income

Interest income decreased by ₱0.04 million or 57.43%, from ₱0.07 million in 2020 to ₱0.03 million in 2021.

Other Income

Other income decreased by ₱6.57 million or 31.24%, from ₱21.05 million in 2020 to ₱14.47 million in 2021. This consists of membership transfer fee, commission, assignment and miscellaneous income.

COST AND OPERATING EXPENSE

Cost and operating expenses for the twelve months period ended December 31, 2021, amounted to ₱228.91 million, an increase of ₱20.85 million or 10.02% compared to ₱208.05 million in the same period in 2020. Due to the higher volume of operating activities as a result of more relaxed community quarantine.

Cost of sales

Cost of sales increased by ₱32.1 million or 114.00%, from ₱28.2 million in 2020 to ₱60.37 million in 2021. This is due to the higher cost of food, beverage, sundry cost and spoilage.

Cost of services

Cost of services decreased by ₱8.42 million or 5.81%, from ₱144.9 million in 2020 to ₱136.54 million in 2021. This is due to the lower cost of personnel and depreciation.

General and administrative expenses

General and administrative expenses decreased by ₱2.87 million or 8.22%, from ₱34.86 million in 2020 to ₱31.99 million in 2021. Majority of the decreased is from Taxes & Licenses.

MEMBERS' SUPPORT

Membership dues decreased by ₱0.52 million or 0.44% from ₱118.51 million for the twelve-month period ended December 31, 2020 to ₱117.99 million for the same period in 2021. This due to the decrease in number of active members 2,702 in 2021 compared to 2,618 in 2020.

PROVISION FOR DEFERRED INCOME TAX

Provision for income tax deferred for the year ended December 2021 of ₱0.096 million, due to the remeasurement that results a deferred for the year 2021.

NET INCOME

The Club registered a net income of ₱29.26 million for the twelve-month period ended December 31, 2021 in comparison with the net loss of ₱7.34 million for the same period in 2020.

December 31, 2020 compared to December 31, 2019

REVENUES

The Country Club generated total revenues and other income amounting to ₱82.21 million for the year ended December 31, 2020, as compared to ₱218.55 million for the year ended December 31, 2019, a decline of 62.38%. The Covid-19 pandemic has caused unprecedented impact to the company's operations due to mandatory quarantine periods, community lockdowns and restrictions on mobility of members.

Food, beverage and sundries

Food, beverage and sundries decreased by ₱98.81 million or 64.11%, from ₱154.13 million for the year ended December 2019 to ₱55.32 million for the year ended December 2020.

Sports and recreation

Sport and recreation decreased by ₱13.58 million or 80.22%, from ₱16.93 million in 2019 to ₱3.35 million in 2020.

Rooms sales

Rooms sales decreased by ₱12.86 million or 84.15%, from ₱15.28 million in 2019 to ₱2.42 million in 2020.

Interest Income

Interest income decreased by ₱0.13 million or 64.57%, from ₱0.20 million in 2019 to ₱0.07 million in 2020. This is due to the account pre-termination of BDO time deposit last September 2020 and the decrease in rate.

Other Income

Other income decreased by ₱10.95 million or 34.22%, from ₱32 million in 2019 to ₱21.05 million in 2020. This is due to the lower membership transfer fee, commission, and assignment fee.

Interest expense

Interest expense decreased by ₱0.068 million or 92.91%, from ₱0.073 million in 2019 to ₱0.005 million in 2020. This is due to full payment of the vehicles lease financing in 2020.

COST AND OPERATING EXPENSE

Cost and operating expenses for the twelve months period ended December 31, 2020 amounted to ₱208.05 million, a decrease of ₱125.26 million or 67.22% compared to ₱317.51 million in the same period in 2019.

Cost of sales

Cost of sales decreased by ₱30.16 million or 51.65%, from ₱53.39 million in 2019 to ₱28.23 million in 2020. This is due to the lower cost of food, beverage, and sundry inventory cost.

Cost of services

Cost of services decreased by ₱68.44 million or 32.07%, from ₱213.41 million in 2019 to ₱144.96 million in 2020. This is mainly due to the reduction of reporting of the employees because of the covid-19 pandemic that leads to a lower cost for personnel.

General and administrative expenses

General and administrative expenses decreased by ₱10.85 million or 23.74%, from ₱45.71 million in 2019 to ₱34.86 million in 2020, this is due to the personnel cost.

MEMBERS' SUPPORT

Membership dues increased by ₱2.07 million or 2.00% from ₱116.44 million for the twelve-month period ended December 31, 2019 to ₱118.51 million for the same period in 2020. This is mainly due to the Increase in number of active members 2,618 in 2020 compared to 2,573 in 2019.

NET INCOME

The Club registered a net loss of ₱7.34 million for the twelve-month period ended December 31, 2020 in comparison to the net income of ₱15.08 million for the same period in 2019.

Financial Condition and Changes in Financial Condition

December 31, 2022 compared to December 31, 2021

ASSETS

The Country Club has total assets of ₱742.79 million as of December 31, 2022 as compared to ₱709.22 million as of December 31, 2021, an increase of ₱33.58 million or 4.73%. The Country club has a current ratio of ₱1.42 for each peso of current liabilities as of December 31, 2022 as compared to ₱1.08 as of December 31, 2021.

Cash and Cash Equivalents

Cash and cash equivalents increased by ₱6.41 million or 15.52%, from ₱41.29 million as of December 31, 2021 to ₱47.70 million as of December 31, 2022. This is the result of the net cash provided by operating activities amounting to ₱57.64 million which was offset by net cash flows used in investing activities of ₱51.28 million and net cash used in financing activities of ₱0.037 million.

Trade and other Receivables

Trade and other receivables amounted to ₱77.11 million and ₱51.88 million as of December 31, 2022 and 2021, respectively. An increase of ₱25.22 million or 48.61% was attributed to the increase in related parties of ₱29.62 million or 348.36%, receivable from functions of ₱1.24 or 190.02%, receivables from concessionaires of ₱0.48 or 35.12%, receivable from credit card ₱0.28 or 28.42% and other receivables ₱1.88 or 531% offset by the decrease receivables from members of ₱8.27 million or 20.50%.

Inventories

Inventories decreased by ₱2.12 million or 14.65% from ₱14.46 million as of December 31, 2021 to ₱12.34 million as of December 31, 2022 due to the lower supplies consumption.

Other Current Assets

Other current assets amounted to ₱56.93 million and ₱54.32 million as of December 31, 2022 and 2021, respectively. The increase is mainly due to increase of prepaid expense of ₱0.04 million or 1.30%, and creditable withholding taxes of ₱4.46 million or 15.61% which was offset by deferred input VAT decreases by ₱1.92 million or 24.51%.

Property and Equipment

Property and equipment decreased by ₱8.30 million or 1.66% due mainly due increase in accumulated depreciation of ₱54.52 million or 3.34% as a result of increases in office, furniture, fixtures and equipment of ₱3.96 million or 3.64%, facilities and equipment of ₱12.20 million or 2.24% and land improvements of ₱2.08 million or 1.53%.

Investment Properties

Investment properties of the Club consisting of land not used in operations remain at its carrying value as of December 31, 2022 and 2021 of ₱34.58 million.

Net Retirement Asset

Net retirement asset increased by ₱4.87 million or 1384.53% from ₱0.351 million as of December 2021 to ₱5.22 million as of December 2022, mainly due to the contribution paid for retirement fund.

Other Non-current Assets

Other non-current assets increased by ₱4.89 million or 39.34% from ₱12.44 million as of December 31, 2021 to ₱17.33 million as of December 31, 2022 due mainly to the increase in advances to contractors and suppliers by ₱7.32 million or 123.61% which was offset by deferred input VAT of ₱2.23 million or 47.69%.

Trade and other Payables

Trade and other payables posted a decreased of ₱13.19 million or 8.82% from ₱149 million as of December 2021 to ₱136 million as of December 2022. This pertains to the decrease in related party of ₱26.42 million or 94.31% and trade payables of ₱5.80 million or 16.81% which was offset by refundable deposit of ₱11.42 million or 45.52% and membership dues collected in advance of ₱1.78 million or 6.51%.

Deferred Tax Liability

Deferred tax liability increased by ₱1.22 million from ₱0.096 million as of December 2021 to ₱1.31 million as of December 2022.

MEMBERS' EQUITY

Members' equity increased by ₱45.54 million or 8.14% from ₱559.57 million in December 31, 2021 to ₱605.11 million in December 31, 2022, attributed to the net increase of ₱43.98 million during the current year and other comprehensive income amounting to ₱1.57 million, which is from the remeasurement gain on defined benefit pension plan.

December 31, 2021 compared to December 31, 2020

ASSETS

The Country Club has total assets of ₱709.22 million as of December 31, 2021 as compared to ₱684.51 million as of December 31, 2020, an increase of ₱24.71 million or 3.61%. The Country club has a current ratio of ₱1.08 for each peso of current liabilities as of December 31, 2021 as compared to ₱0.84 as of December 31, 2020.

Cash and Cash Equivalents

Cash and cash equivalents increased by ₱24.5 million or 146.17%, from ₱16.77 million as of December 31, 2020 to ₱41.29 million as of December 31, 2021. This is the result of the net cash provided by operating activities amounting to ₱56.81 million which was offset by net cash flows used in investing activities of ₱32.33 million and net cash used in financing activities of ₱0.031 million.

Trade and other Receivables

Trade and other receivables amounted to ₱51.88 million and ₱36.98 million as of December 31, 2021 and 2020, respectively. The increase of ₱14.91 million or 40.31% was attributed to the increase in related parties of ₱11.08 million or 68.00% and receivables from concessionaires of ₱0.41 or 43.76% offset by the decrease receivables from functions of ₱0.37 million or 36.44% and advances for liquidation by ₱0.10 million or 47.07%.

Inventories

Inventories increased by ₱3.07 million or 26.97% from ₱11.39 million as of December 31, 2020 to ₱14.46 million as of December 31, 2021 due to the higher supplies consumption.

Other Current Assets

Other current assets amounted to ₱34.06 million and ₱28.87 million as of December 31, 2021, and 2020, respectively. The increase is mainly due to increase of prepaid expense of ₱2.54 million or 109%, and creditable withholding taxes of ₱2.88 million or 11.18% which was offset by deferred input VAT decrease by ₱0.21 million or 7.44%.

Property and Equipment

Property and equipment decreased by ₱24.13 million or 4.60% due mainly to increase in accumulated depreciation of ₱54.05 million or 3.54% as a result of increases in office, furniture, fixtures and equipment of ₱5.91 million or 5.74%, facilities and equipment of ₱3.74 million or 0.78% and land improvements of ₱1.73 million or 1.28%. On the other hand, there is a decrease in net operating equipment of ₱0.35 million or 9.18%.

Investment Properties

Investment properties of the Club consisting of land not used in operations remain at its carrying value as of December 31, 2022 and December 31, 2021 amounting of ₱34.58 million.

Net Retirement Asset

Net retirement asset of the Club amounting of ₱0.35 million as of December 31, 2021 mainly due to the contribution paid for retirement fund.

Other Non-current Assets

Other non-current assets decreased by 3.89% or ₱22.98 million, from ₱590.51 million as of December 31, 2020 to ₱567.52 million as of December 31, 2021 due mainly to the decrease in property and equipment of ₱24.12 million or 4.60% because of higher depreciation expense, and advances to contractors and suppliers of ₱3.82 million or 181.79% and deferred input VAT by ₱3.00 million or 10.75%.

Trade and other Payables

Trade and other payables posted an increase of ₱138.01 million as of December 31, 2020 to ₱149.55 million as of December 2021. This pertains to the increase in membership dues collected in advance of ₱9.43 million or 69.26%, payables to concessionaires of ₱4.33 million or 67.04%, refundable deposit of ₱4.17 million or 19.96%, provisions of ₱6.65 million or 762.44% and retention payable of ₱0.23 million or 26.31%. On the other hand, there are decreases in related parties of ₱16.16 million or 36.58%, trade accounts payable of ₱0.92 million or 3.72%, statutory payable of ₱0.67 million or 17.97%.

Deferred Tax Liability

Deferred tax liability as of December 2021 amounted to P0.096 million.

MEMBERS' EQUITY

Members' equity increased by ₱29.81 million or 5.63% from ₱529.76 million as of December 31, 2020 to ₱559.57 million as of December 31, 2021, attributed to the net increase of ₱29.26 million during the current year and other comprehensive income amounting to ₱0.055 million, which is from the remeasurement gain on defined benefit pension plan.

December 31, 2020 compared to December 31, 2019

ASSETS

The Country Club has total assets of ₱684.51 million as of December 31, 2020 as compared to ₱737.70 million as of December 31, 2019, a decrease of ₱53.19 million or 7.21%. The Country club

has a current ratio of ₱0.68 for each peso of current liabilities as of December 31, 2020 as compared to ₱0.57 as of December 31, 2019.

Cash and Cash Equivalents

Cash and cash equivalents increased by ₱3.22 million or 23.77%, from ₱13.55 million as of December 31, 2019 to ₱16.77 million as of December 31, 2020. This is the result of the net cash inflows provided by operating activities amounting to ₱31.37 million which was offset by net cash flows used in investing activities of ₱27.79 million and net cash used in financing activities of ₱0.33 million.

Trade and other Receivables

Trade and other receivables amounted to ₱36.98 million and ₱38.74 million as of December 31, 2020 and 2019, respectively. The decline of ₱1.76 million or 4.54% was attributed to the decrease in receivables from functions of ₱6.05 million or 85.52% offset by the increase in receivables from members of ₱4.50 million or 15.56% attributed to low collection rate owing to lost income and/or restrictions on members' ability to move freely as a result of the outbreak of COVID-19 pandemic.

Inventories

Inventories decreased by ₱2.33 million or 17.00% from ₱13.72 million in December 31, 2019 to ₱11.39 million in December 31, 2020 due to consumption during the period.

Other Current Assets

Other current assets amounted to ₱28.87 million and ₱31.21 million as of December 31, 2020 and 2019, respectively. This is mainly due to decrease of ₱3.83 million or 56.78% in current portion of deferred input VAT offset by increase of ₱1.59 million or 6.57% in creditable withholding taxes.

Property and Equipment

Property and equipment decreased by ₱50.21 million or 8.74% due mainly to increase in accumulated depreciation of ₱55.59 million or 3.78% as a result of increases in facilities and equipment of ₱9.75 million or 2.07%, office, furniture, fixtures and equipment of ₱4.38 million or 4.44%, and land improvements of ₱0.74 million or 55.00%. On the other hand, there is a decrease in net operating equipment of ₱96.35 million.

Investment Properties

Investment properties of the Club consisting of land not used in operations remain at its carrying value as of December 31, 2020 and December 31, 2019 amounting of ₱34.58 million.

Non-current Assets

Non-current assets decreased by 7.80% or ₱49.98 million, from ₱640.48 million as of December 31, 2019 to ₱590.51 million as of December 31, 2020 due mainly to the higher depreciation expense, and advances to contractors and suppliers of ₱5.42 million or 72.04%. Conversely, deferred input VAT increased by ₱2.79 million or 92.74% for CAPEX and ₱3.03 million or 15.86% for OPEX.

Trade and other Payables

Trade and other payables posted a decreased of ₱31.31 million or 18.49%, from ₱169.32 million as of December 31, 2019 to ₱138.01 million as of December 31, 2020. This pertains to the decreases in trade accounts payable of ₱18.77 million or 41.11%, refundable deposit of ₱14.94 million or 41.67%, membership dues collected in advance of ₱11.63 million or 46.09%, and retention payable of ₱7.54 million or 89.58%. On the other hand, there are increases in payables to related parties of ₱16.02 million or 56.91%, payables to concessionaires of ₱2.29 million or 54.89%, and provisions of ₱0.67 million or 326.97%.

In addition, non-current liabilities decreased by ₱11.16 million or 39.99% from ₱27.90 million as of December 31, 2019 to ₱16.74 million as of December 31, 2020. This lower amount is caused by the retirement contributions paid during the year.

MEMBERS' EQUITY

Members' equity decreased by ₱10.40 million or 1.93% from ₱540.16 million as of December 31, 2019 to ₱529.76 million as of December 31, 2020, attributed to the net loss of ₱7.34 million during the current year and other comprehensive loss amounting to ₱3.06 million, which is from the remeasurement loss on defined benefit pension plan.

Annex 68-E
Schedule of Financial Soundness Indicators
The Country Club at Tagaytay Highlands, Inc.
As at December 31, 2022, 2021, and 2020

| | | 31-Dec-22 | 31-Dec-21 | 31-Dec-20 |
|-------------------------------|--|--------------------|--------------------|--------------------|
| <i>Performance Indicators</i> | <i>Formula for Calculation</i> | <i>(Audited)</i> | <i>(Audited)</i> | <i>(Audited)</i> |
| Current ratio | Current assets over current liabilities | 1.42 : 1.00 | 1.08 : 1.00 | 0.68 : 1.00 |
| Acid test ratio | Quick assets* over current liabilities | 0.92 : 1.00 | 0.62 : 1.00 | 0.39 : 1.00 |
| Solvency ratio | EBITDA over total liabilities | 0.72 : 1.00 | 0.59 : 1.00 | 0.35 : 1.00 |
| Debt to equity ratio | Total liabilities over total members' equity | 0.23 : 1.00 | 0.27 : 1.00 | 0.29 : 1.00 |
| Asset to equity ratio | Total assets over total members' equity | 1.23 : 1.00 | 1.27 : 1.00 | 1.29 : 1.00 |
| Return on equity | Net income (loss) over total members' equity | 8% | 5% | (1%) |
| Return on assets | Net income (loss) over total assets | 6% | 4% | (1%) |
| Net profit margin | Net income (loss) over total revenue | 23% | 23% | (4%) |

* Quick assets – Cash plus receivables

During the year ended December 31, 2022, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on future operations, in respect of the following:

- i. Known trends, demands, commitments, events or uncertainties that would have a material impact on the Country Club;
- ii. Events that will trigger direct or contingent financial obligation that is material to the Country Club, including any default or acceleration of an obligation;
- iii. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Country Club with unconsolidated entities or other persons created during the reporting period;
- iv. Material commitments for capital expenditures that are reasonably expected to have a material impact on the Country Club's short-term or long-term liquidity;
- v. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- vi. Significant elements of income or loss that did not arise from the Country Club's continuing operations;
- vii. Seasonal aspects that had a material impact on the Country Club's results of operations; and
- viii. Material changes in the financial statements of the Country Club from the year ended December 31, 2022, except as reported in the MD&A.

Other Required Disclosures

1. The Club's annual financial report is in compliance with generally accepted accounting principles. The accounting policies and methods of computation followed in the annual financial statements as of December 31, 2022 are the same as compared with the annual financial statements as of December 31, 2021.
2. There are no material events or uncertainties known to management that had a material impact on the seasonal aspects of the Club's results of operations.
3. There are no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.
4. There are no material changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.
5. There are no material events subsequent to the end of the fiscal period that have not been reflected in the financial statements for the period December 31, 2022.
6. There are no material changes in the composition of the club during the fiscal period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.
7. The Club has no contingent liabilities or contingent assets.
8. There are no material contingencies existing as of the fiscal period that can have a material effect in the decision making of the financial statement users.

9. The Club did not purchase any interest in another entity that is to be considered as a business combination under PFRS 3.
10. The Club did not make an early adoption of PFRS 9 (Financial Instruments: Recognition and Measurement) which is effective for annual periods beginning on or after January 1, 2015. The adoption of the first phase of PFRS 9 will have no impact on the classification and measurement of the Club's financial assets and financial liabilities.
11. The application of the amendment on PAS 27 (Separate Financial Statements) will have no significant impact on the Club's financial position or financial performance.
12. The application of the amendment on PAS 28 (Investments in Associates and Joint Ventures) will have no significant impact on the Club's financial position or financial performance.
13. The amendment on PFRS 1 (Government Loans) does not apply to the Club.
14. The amendment of PFRS 7 (Financial Instruments: Disclosures – Offsetting of Financial Assets and Financial Liabilities) only affect disclosures to financial statement and have no impact on the Club's financial position or performance.
15. There will be no impact on the Club's financial position and performance for the application of PFRS 10 (Consolidated Financial Statements)
16. The application of PFRS 11 (Joint Arrangements) will have no impact on the Club's financial position and performance.
17. The application of PFRS 12 (Disclosure of Interests in Other Entities) will have no impact on the Club's financial position or performance.
18. The Club does not anticipate that the adoption of PFRS 13 (Fair Value Measurement) will have a significant impact on the financial position or performance.

Item 7. Financial Statements

The audited statement of financial position as of December 31, 2022 and 2021, and the statements of comprehensive income, statement of changes in members' equity and statements of cash flows for the years ended December 31, 2022, 2021 and 2020 are attached herewith as part of this Form 17-A. Also accompanying the financial statements is a statement of management's responsibility over them.

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

No principal accountant or independent accountant of The Country Club has resigned, was dismissed or has ceased to perform services during the calendar year covered by this report.

There was no disagreement with the accountants on any matter of accounting principles or practices, financial statement disclosures, or auditing scope procedure.

Independent Public Accountants, External Audit Fees and Services

Reyes Tacandong & Co. ("RT&Co") is the Company's external auditor for 2021-2022, will be recommended for re-appointment as such for the current year. Representatives of RT&Co are expected to be present at the Annual Stockholders' Meeting to respond to appropriate questions and will be given the opportunity to make a statement if they so desire.

Over the past five (5) years, there was no event where previous external auditor or RT&Co. and the Company had any disagreement with regard to any matter relating to accounting principles or practices, disclosure of financial statements or auditing scope of procedure.

In compliance with the SRC Rule 68, paragraph 3 (b) and (ix) (Rotation of External Auditors) which states that signing partner shall be rotated after every five (5) years of engagement with a two-year cooling-off period for the re-engagement of the same signing partner, the Company engaged Belinda B. Fernando of RT&Co. for the examination of financial statements of 2021-2022.

The Company paid Reyes Tacandong & co. ₱260,360 for external audit services for 2022 and ₱220,000 for 2021. For each of the last two (2) calendar years, Reyes Tacandong & Co. did not render services for tax accounting, planning, compliance, advice, or any other professional services for which it billed the Company the corresponding professional fees.

The Audit Committee, composed of Mr. Ruben C. Tan, as Chairman, Mr. Johnip G. Cua, and Mr. Hans T. Sy as Members, recommends to the Board of Directors the appointment of the external auditors. The Board of Directors and the stockholders approve the Audit Committee's recommendation. The Board of Directors approves the audit fees as recommended by the Audit Committee.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The following are the incumbent Directors and Principal Officers of the Country Club:

| Name | Nation ality | Position | Age | Term of Office |
|----------------------------|-----------------|--------------------------------------|-----|-------------------|
| Manuel B. Sy | Filipino | Chairman & Lead independent director | 65 | 2021 to present |
| Jerry C. Tiu | Filipino | President & Director | 65 | 2001 to present |
| Hans T. Sy | Filipino | Director | 67 | 1992 to present |
| Willy N. Ocier | Filipino | Director | 66 | 2022 to present |
| Ruben C. Tan | Filipino | Independent director | 67 | 2017 to Present |
| Manuel A. Gana | Filipino | Vice President/Treasurer | 65 | 2000 to present |
| Maria Clara T. Kramer | Filipino | General Manager | 61 | 2010 to present |
| Anna Francesca C. Respicio | Filipino | Corporate Secretary | 37 | 2021 to present |

A brief write-up on the incumbent directors and principal are as follows:

MANUEL B. SY

Chairman/Lead Independent Director

Mr. Sy, Filipino, 65 years old, is the Chairman and Lead Independent Director of the Country Club since 2022, became an independent director of the club in 2021 and he was also an independent director of TMGCI since 2021 to present.

Also, Mr. Sy is a President of New Golden City Builders & Development Corporation since 1987 to present and President and CEO of Citigold Resources and Development Corporation, since 2000 to present. He is also a Director at Sapphire Residences from 2010 to present, Blue Sapphire from 2010 to present, and Crescent Park Residences from 2010 to present. Mr. Sy is also a BOD and Treasurer at Penhurst Parkplace since 2007 to present and Corporate Secretary at Total 2000 from 1993 to present. He studied B.S. Civil Engineering at Mapua Inst. Of Tech.

Jerry C. Tiu

President/Director

Mr. Tiu, Filipino, 65 years old, is the President of the Country Club since 2001. He is also an Independent Director of Philippine Global Communications, Inc. since 2009. He is the President and a Director of Tagaytay Highlands Golf Club, Inc., Tagaytay Midlands Golf Club, Inc., and The Spa & Lodge at Tagaytay Highlands, Inc. He is an Independent Director of the Pacific Online Systems Corporation since February 21, 2007 and was appointed as the Lead Independent Director last May 31, 2017. He also works as president and director in Macroasia corporation, PAL holdings Inc., LTG Inc., Eton Properties Philippines Inc., Philippine National Bank and in PNB General Insurers Co, Inc. He is likewise the President and a Director of Tagaytay Highlands Community Condominium Association, Inc., Tagaytay Midlands Community Homeowners' Association, Inc., and Greenlands Community Homeowners' Association, Inc. Moreover, he is the Vice-President

and a Board of Trustee of The Highlands Prime Community Condominium Owners' Association, Inc., The HPI's Horizon Community Condominium Owners' Association, Inc. and The Hillside at Tagaytay Highlands Community Homeowners' Association, Inc. He holds a Bachelor of Science degree in Commerce (Major in Marketing) from University of British Columbia.

Hans T. Sy
Director

Mr. Sy, Filipino, 67 years old, is the Director of the Country Club since 1996. He is also the Director of the Board of THIGCI and a Director of TMGCI. Currently, he is the Chairman of the Executive Committee of SM Prime Holdings, Inc. where he has been a director since 1994, and served as its President until September 2016. He has held key positions in businesses related to banking, real estate development, mall operations, as well as leisure and entertainment. In the SM Group, his other current positions include Adviser to the Board of SM Investments Corporation, Chairman of China Banking Corporation, and Chairman of National University. Mr. Sy is a Bachelor of Science in Mechanical Engineering Graduate of De La Salle University.

Willy N. Ocier
Chairman

Mr. Ocier, Filipino, 66 years old, is the Director the Country Club since 2022 to present. He was a former Chairman of the Country Club since 1992 to 2021. Likewise, he is the Chairman of the Board of The Spa and Lodge at Tagaytay Highlands, Inc. (TSL) since 1992 to 2020 and Tagaytay Midlands Golf Club, Inc. (TMGCI) since 1996 to 2021, He is also the Vice Chairman of the Board of Tagaytay Highlands International Golf club, Inc. (THIGCI) since 1992 up to present.

He is a Chairman of Belle Corporation, Chairman of Pacific Online Systems Corporation, Chairman of the Board and a Director of APC Group, Inc., Premium Leisure Corp., and Total Gaming and Technologies, Inc. He is a Director of Leisure and Resorts World Corporation, Vantage Equities, PhilEquity Management, Inc., Toyota Corporation Batangas and AbaCore Capital Holdings, Inc. He is also the Chairman, President and Chief Executive Officer of Philippine Global Communications, Inc. He was formerly President and Chief Operating Officer of Eastern Securities Development Corporation. He graduated from Ateneo de Manila University with a Bachelor of Arts degree in Economics. In recognition of Mr. Ocier's corporate leadership and role in providing employment opportunities to Filipinos, the University of Batangas conferred him a degree in Doctor of Humanities, *honoris causa*.

Ruben C. Tan
Independent Director

Mr. Tan, Filipino, 67 years old, is an Independent Director of the Country Club, as well as TMGCI, THIGCI and TSL. Likewise, he is the Director of Blue Ridge Mineral Corporation and Eagle Crest Mining & Development Corporation (2012-present). Director of RJT Ramipaen Holding Inc. (2011-present), RCHAMPS Reality Corporation and MIGWINS Reality Corporation (2009-present), MAGADEV properties Inc. (2002-present), JESSALEX Inc. (2000-present). He is also the President of Glendale Mining & Development Corporation (1997-Present), Citimex, Inc. (1984-Present), Cedarside Industries, Inc. (1996-Present), and Barrington Carpets, Inc. (1989-Present). He is the Corporate Secretary of CWC-Prime Industries Corporation (2012-present), Tile Trends Inc. (2000-present), Prime Floorcoverings Incorporated (1994-present). Mr. Tan holds a Bachelor of Science degree in Mechanical Engineering from De La Salle University.

Principal Officers

Manuel A. Gana

Vice President/Treasurer

Mr. Gana, Filipino, 65 years old, is the Vice President and Treasurer of the Country Club (2000-present). Likewise, he is the Director and Treasurer of Tagaytay Highlands International Golf Club, Inc. Mr. Gana is the Director, and Chief Executive Officer of Belle Corporation. He joined Belle in 1997 as Vice President for Corporate Development and Special Projects, during which time he was also assigned as the Vice President-Finance and Chief Financial Officer for MagiNet Corporation, which was then a subsidiary of Sinophil Corporation (now called Premium Leisure Corporation), a subsidiary of Belle. Mr. Gana holds a Master of Business Administration degree from the Wharton School of the University of Pennsylvania, and degrees in Accounting and Economics from De La Salle University. He is a Certified Public Accountant.

Ma. Clara T. Kramer

General Manager

Ms. Kramer, Filipino, 61 years old, is the General Manager of the Country Club since 2010. She is also the concurrent General Manager of THIGCI, TMGCI, TSL, THCCAI, TMCHAI, GCHAI, THPCCOAI, THHCCOAI, and THTHCHAI. She serves as the Business Unit Head and Senior Vice-President of Tagaytay Highlands Estate (Belle Corporation). She was a consistent Dean's Lister in Assumption College (San Lorenzo Village, Makati City) where she earned her bachelor's degree. She started her career in the hotel industry back in December of 1983 when she joined the sales department of Manila Hotel as Sales Executive. In July 1990, she was hired by L'Fisher Hotel as Front Office Manager and later as PR & Promotions Manager until she got promoted in June 2001 and was tasked with managing the Sales and Marketing Department. As a member of the management team, she actively took part in the formulation of major policies and procedures of the Hotel. Ms. Kramer is also involved in various civic and social activities as a member and resource speaker focusing on family, marriage and parenting.

Anna Francesca C. Respicio

Corporate Secretary

Atty. Respicio, Filipino, 37 years old, is the Corporate Secretary of the Club. She is likewise the Corporate Secretary of the following reporting and/or listed companies; First Abacus Financial Holdings Corporation. (2017 to date), I-Remit, Inc. (2013 to date), Jollville Holdings Corporation (2014 to date), Discovery World Corporation (2017 to date), and Sterling Bank of Asia, Inc. (A Savings Bank) (2018 to date).

Atty. Respicio obtained her Bachelor of Arts degree (majored in philosophy) in 2007 and her Juris Doctor degree in 2011 from the Ateneo de Manila University. She likewise passed the real estate brokers licensure examination in 2015. She was admitted to the Philippine bar in April 2012 and is currently a partner at Tan Venturanza Valdez.

Significant Employee

The Country Club has no significant employees.

Family Relationships

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, or persons nominated or chosen by the Club to become directors or executive officers.

Involvement in Certain Legal Proceedings

As a result of the delay in the delivery of the facilities of the Universal Leisure Club, Inc., some of its members initiated a Complaint for Estafa (I.S. No. 08K-89713) against ULC, the Universal Rightfield Property Holdings, Inc., and the Universal Leisure Corp., as well as their respective officers and directors, including their former Corporate Secretary, Atty. A. Bayani K. Tan, an incumbent Director and the Corporate Secretary of the Corporation. The Complaint was submitted for resolution in 2009 and was acted upon and dismissed by the City Prosecutor of Manila (OCP) only on March 18, 2013. Complainants belatedly filed a motion for reconsideration for which reason, among others, the OCP denied the motion on June 16, 2014. A Petition for Review dated March 31, 2014 was filed by the Complainant before the Department of Justice (DOJ). On August 7, 2014, Atty. Tan filed his Comment to the said Petition. In a Resolution dated April 17, 2015, the Petition for Review was denied and the DOJ dismissed the complaint for estafa.

The Country Club is not aware of any of the following events wherein any of its directors, executive officers, underwriter or control persons were involved during the past five (5) years up to the latest date:

- (A) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (b) Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- (c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- (d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Item 10. Executive Compensation

Except for the General Manager and President, the Directors and Executive Officers do not receive any compensation from the Country Club.

Annual Compensation

Named Group:

| Name and Principal Position | Year | Salary | Bonus | Other Annual Compensation |
|---------------------------------------|-----------|-------------|-------|---------------------------|
| Claire T. Kramer (General Manager) | 2021-2022 | | | |
| Jerry C. Tiu (President) | 2021-2022 | | | |
| TOTAL SALARIES | 2020 | P 2,904,615 | | |
| | 2021 | P4,384,455 | | |
| | 2022 | P 4,685,347 | | |

Item 11. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

The following table shows the record and beneficial owners owning more than 5% of the outstanding capital stock of the Country Club as of December 31, 2022:

| TITLE OF CLASS | NAME AND ADDRESS OF RECORD/BENEFICIAL OWNER | AMOUNT AND NATURE OF RECORD/BENEFICIAL OWNERSHIP | PERCENT OF CLASS |
|-------------------|--|--|------------------|
| Proprietary share | Belle Corporation * 5 TH Floor Tower A, Two E-com Center, Palm Coast Avenue, Mall of Asia Complex, CBP 1-A, Pasay City 1300, Philippines | 2,325 shares | 46.50% |
| Proprietary share | Ivory Holdings | 267 shares | 5.34% |

*Belle Corporation is a publicly-listed corporation. Its Board of Directors is composed of Messrs. Willy N. Ocier, Elizabeth Anne C. Uychaco, Jackson T. Ongsip, Jacinto C. Ng, JR. Armin Antonio B. Raquel Santos, Virginia A. Yap, Joseph T. Chua, Maria Garcia p. Tan and Amando M. Tetangco Jr. Belle Corporation, having 46.50% shareholdings, is an associate of the Club.

The top 20 stockholders of Belle Corporation as of 31 December 2022 are as follows:

| | STOCKHOLDERS | TYPE/ CLASS | OUTSTANDING & ISSUED SHARES |
|----|---|----------------|--------------------------------|
| 1 | Belleshares Holdings, Inc. | Common | 2,604,740,622 |
| 2 | PCD Nominee Corporation (Filipino) | Common | 2,542,885,933 |
| 3 | PCD Nominee Corporation (Non-Filipino) | Common | 1,950,754,668 |
| 4 | Sysmart Corporation | Common | 1,629,355,469 |
| 5 | Sybase Equity Investments Corporation. | Common | 531,320,577 |
| 6 | Social Security System | Common | 442,402,786 |
| 7 | Ng, Jacinto C. Jr. | Common | 135,860,666 |
| 8 | Eastern Securities Development Corp. | Common | 111,730,866 |
| 9 | Premium Leisure Corporation (form. Sinophil Corp) | Common | 99,987,719 |
| 10 | Ng, Jacinto L. Sr. | Common | 88,835,833 |
| 11 | Parallax Resources Inc. | Common | 86,308,131 |
| 12 | SLW Development Corporation | Common | 66,082,333 |
| 13 | F. Yap Securities, Inc. | Common | 57,803,732 |
| 14 | Eastern Sec. Devt. Corp. | Common | 50,000,000 |
| 15 | Willy N. Ocier | Common | 47,026,709 |
| 16 | Jacinto Jr. Ng and/or Anita C. Ng | Common | 18,293,333 |
| 17 | Lim Siew Kim | Common | 6,200,000 |
| 18 | James Go | Common | 4,816,999 |
| 19 | William T. Gabaldon | Common | 4,000,000 |
| 20 | Pacita K. Yap or Philip K. Yap | Common | 3,500,000 |

(2) Security Ownership of Management

The following is a tabular presentation of the shares beneficially owned by all directors and executive officers of the Company as of December 31, 2022:

| TITLE OF CLASS | NAME OF BENEFICIAL OWNER | AMOUNT AND NATURE OF OWNERSHIP | CITIZENSHIP | PERCENT OF CLASS |
|--|-------------------------------------|--------------------------------|-------------|------------------|
| Proprietary Share | Manuel B. Sy [REDACTED] | 1 share/Beneficial | Filipino | 0.02% |
| Proprietary Share | Jerry C. Tiu [REDACTED] | 1 share/Beneficial | Filipino | 0.02% |
| Proprietary Share | Hans T. Sy [REDACTED] | 1 share/Beneficial | Filipino | 0.02% |
| Proprietary Share | Willy N. Ocier [REDACTED] | 1 share/Beneficial | Filipino | 0.02% |
| Proprietary Share | Ruben C. Tan [REDACTED] | 1 share/Beneficial | Filipino | 0.02% |
| Aggregate Security Ownership of Directors and Officers | | 5 shares | | 0.10% |

(3) Voting Trust Holders of 5% or more

There is no party that holds any voting trust or any similar agreement for 5% or more of the Country Club voting securities.

(4) Changes in Control

The Country Club is not aware of any arrangement that may result in a change in control of the Country Club.

Item 12. Certain Relationships and Related Transactions

The Country Club has not been involved in any transaction during the last five (5) years in which any of its directors, executive officers, nominees, or security holders has direct or indirect material interest.

Belle Corporation is the parent company of the Country Club owning 2,325 shares or 46.50% of the total outstanding shares of the Country Club.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Club remains focused on ensuring the adoption of systems and practices of good corporate governance in enhancing value for its shareholders.

In compliance with the initiative of the Securities and Exchange Commission ("SEC"), the Club submitted its Corporate Governance Manual (the "Manual") to the SEC. This manual institutionalizes the principles of good corporate governance in the entire Company. The Club believes that corporate governance, the framework of rules, systems, and processes governing the performance of the Board of Directors and Management of their respective duties and responsibilities, and from which the organization's values and ethics emerge, is of utmost importance to the Club's shareholders and other stakeholders, which include, among others, clients, employees, suppliers, financiers, government, and community in which operates. The Club undertakes every effort possible to create awareness throughout the entire organization.

The Club has complied with the relevant SEC circulars and rules on good corporate governance. The Club also appointed members of various Board level committees. These committees consist of the Corporate Governance Committee (tasked with ensuring compliance with and proper observance of corporate governance principles and practices), the Board Risk Oversight Committee (tasked to assist the Board in overseeing the Club's practices and processes relating to risk assessment and risk management; maintaining an appropriate risk culture, reporting financial and business risks and associated internal controls, and the Audit Committee (tasked to represent and assist the Board in its general oversight of the Club's accounting and financial reporting processes, audits of the financial statements, and internal control and audit functions.)

A Compliance Officer was also appointed. Members of various committees are elected annually and to serve for a term of one (1) year.

As proof of compliance with leading practices and principles of Good Governance, the Club has formally adopted a manual on Corporate Governance and regularly submits to SEC its Corporate Governance Self-Rating Form.

The Board establishes the major goals, policies, and objectives of the Club, as well as the means to monitor and evaluate the performance of Management. The Board also ensures that an adequate internal control mechanism is implemented and properly complied with at all levels.

The Club is not aware of any non-compliance with its Manual on Corporate Governance, by any of its officers or employees.

PART V - EXHIBITS AND SCHEDULES

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

(a) Exhibits

| | |
|-------------|--|
| | Financial Statements (meeting the requirements of RSA Rule 48-1) |
| Exhibit "E" | Property and Equipment |
| Exhibit "F" | Accumulated Depreciation |
| Exhibit "I" | Indebtedness to Affiliated and Related Parties |
| Exhibit "K" | Proprietary Certificates |

(b) Reports on SEC Form 17-C

The following SEC Form 17-C was filed pursuant to the provision of the Security Regulation Code:

| Date Filed | Information |
|-----------------|--|
| 26 August 2022 | Setting of Annual Meeting and Record Date |
| 20 October 2022 | Result of Annual Meeting and Organizational Meeting of the Board |

SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Tagaytay City on April 14, 2023.

By:

JERRY C. TIU
Director / President

MARIA CLARA T. KRAMER
General Manager

FREDERICK D. DEOCARIZA
Financial Controller

SUBSCRIBED AND SWORN to before me this APR 14 2023 day of 2023 affiants exhibiting to me their Competent Evidence of Identity, as follows:

| NAME | COMPETENT EVIDENCE OF IDENTITY (C.E.I.) | EXPIRY DATE | PLACE OF ISSUE |
|------------------------|---|-------------|----------------|
| JERRY C. TIU | | | |
| MARIA CLARA T. KRAMER | | | |
| FREDERICK D. DEOCARIZA | | | |

Doc. No. 371
Page No. 74
Book No. 68
Series of 2023.



ATTY. VALENTIN C. GUANIO
JP Rizal Avenue, Taybagal South, Tagaytay City
Commission Expires on DECEMBER 31, 2024
PTR No. 5131980/January 3, 2023
ROLI No. 22908
IBP LIFETIME RRR NO. 02892
MCLE COMPLIANCE NO. VII-0016975

SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on _____ 2023.

By:



ANNA FRANCESCA C. RESPICIO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 24 APR 2023 day 2023 of at Pasig City, Metro Manila, affiant having exhibited to me her Philippine Passport No. P8460959B issued on 15 December 2021 at DFA Manila and TIN 419-191-112 as her competent evidence of identity.

JANINE T. TUTANES

Notary Public for Cities of Pasig and San Juan
and in the Municipality of Pateros
Appointment No. 202 (2023-2024)
Commission Expires on December 31, 2024
2704 East Tower, Teklite Towers, Exchange Road
Ortigas Center, 1605 Pasig City
PTR No. 9004903/01.04.23/Pasig
IBP No. 260918/01.05.23/RSM
Roll of Attorneys No. 79361
Admitted to the Bar: 05.16.22

Doc. No. 124;
Page No. 26;
Book No. 1;
Series of 2023.

THE COUNTRY CLUB AT TAGAYTAY HIGHLANDS, INC.
(A Nonprofit Corporation)

INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FORM 17-A, Item 7

Page No.

Financial Statements

Statement of Management's Responsibility for Financial Statements
Report of Independent Public Accountants
Statements of Financial Position as at December 31, 2022 and 2021
Statements of Comprehensive Income
For the years ended December 31, 2022 and December 31, 2021 and
December 31, 2020
Statements of Changes in Members' Equity
For the years ended December 31, 2022 and December 31, 2021 and
December 31, 2020
Statements of Cash Flows
For the years ended December 31, 2022 and December 31, 2021 and
December 31, 2020
Notes to Financial Statements

Supplementary Schedules Required by Annex 68-J

| | | |
|----|---|----------|
| A. | Financial Assets | Attached |
| B. | Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties) | NA |
| C. | Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements | NA |
| D. | Long-term Debt | NA |
| E. | Indebtedness to Related Parties (Long-term Loans from Related Companies) | Attached |
| F. | Guarantees of Securities of Other Issuers | NA |
| G. | Capital Stock | Attached |

THE COUNTRY CLUB AT TAGAYTAY HIGHLANDS, INC.
SUPPLEMENTARY SCHEDULE REQUIRED BY ANNEX 68-J
DECEMBER 31, 2022

Schedule A. Financial Assets

Not Applicable: The Country Club has no financial assets at fair value through profit or loss.

Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
As at December 31, 2022

| Name and Designation | Balance as at January 1, 2022 | Additions | Deductions | | Current | Non Current | Balance as at December 31, 2022 |
|---|-------------------------------|-----------|------------------|--------------------|---------|-------------|---------------------------------|
| | | | Amount Collected | Amount Written Off | | | |
| Not Applicable: The Country Club has no amounts receivable from directors, officers, employees, related parties and principal stockholders as at December 31, 2022. | | | | | | | |

Schedule C - Amounts Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
As at December 31, 2022

Due from subsidiaries

| Name and Designation | Balance as at January 1, 2022 | Additions | Deductions | | Current | Non-Current | Balance as at December 31, 2022 |
|---|-------------------------------|-----------|------------------|--------------------|---------|-------------|---------------------------------|
| | | | Amount Collected | Amount Written Off | | | |
| Not Applicable: The Country Club has no amounts receivable from and payable to related parties which are eliminated during consolidation of financial statements as at December 31, 2022. | | | | | | | |

Schedule D - Long Term Debt
As at December 31, 2022

| Title of Issue and Type of Obligation | Amount Authorized by Indenture | Amount shown under caption "Current portion of long-term debt" in related balance sheet | Amount shown under caption "Long term debt" in related balance sheet |
|---|--------------------------------|---|--|
| Loans Payable | - | - | - |
| Not Applicable: The Country Club has no long-term debt as at December 31, 2022. | | | |

Schedule E - Indebtedness to Related Parties
As at December 31, 2022

| Name | Balance, January 1, 2022 | Balance, December 31, 2022 |
|--|--------------------------|----------------------------|
| BELLE CORPORATION | 1,983,555 | 1,593,019 |
| THE SPA AND LODGE AT TAGAYTAY HIGHLANDS, INC. | - | - |
| TAGAYTAY HIGHLANDS INTERNATIONAL GOLF CLUB, INC. | 26,025,773 | - |
| TAGAYTAY MIDLANDS GOLF CLUB, INC. | - | - |
| | 28,009,328 | 1,593,019 |

Schedule F - Guarantees of Securities of Other Issuers
As at December 31, 2022

| Name of Issuing Entity of Securities Guaranteed by the Company for which this statement is filed | Title of Issue of Each Class of Securities Guaranteed | Total Amount Guaranteed and Outstanding | Amount Owned by Person for which the Statement is Filed | Nature of Guarantee |
|--|---|---|---|---------------------|
| Not Applicable: The Country Club has no guarantees of securities of other issuers as at December 31, 2022. | | | | |

Schedule G - Capital Stock
December 31, 2022

| Title of Issue | Number of Shares Authorized | Number of Shares Issued and Outstanding | Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights | Number of Shares Held By | | |
|----------------|-----------------------------------|--|--|--------------------------|---|--------|
| | | | | Related parties | Directors, Officers and Employees | Others |
| Common | 5,000 | 5,000 | – | 2,325 | 4 | 2,671 |

THE COUNTRY CLUB AT TAGAYTAY HIGHLANDS, INC.
(A Nonprofit Corporation)

INDEX TO EXHIBITS

FORM 17-A

| | <u>Page No.</u> |
|---|---------------------|
| Financial Statements | |
| (3) Plan of Acquisition, Reorganization, Arrangements, Liquidation, or Succession | NA |
| (5) Instruments Defining the Rights of Security Holders, Including Indentures | NA |
| (8) Voting Trust Agreement | NA |
| (9) Material Contracts | NA |
| (10) Annual Report to Security Holders, Form 11-Q or Quarterly Report to Security Holders | NA |
| (13) Letter re: Change in Certifying Accountants | NA |
| (16) Report Furnished to Security Holders | NA |
| (18) Subsidiaries of the Registrant | NA |
| (19) Published Report Regarding Matters Submitted to Vote of Security Holders | NA |
| (20) Consent of Experts and Independent Counsel | NA |
| (21) Power of Attorney | NA |
| (29) Additional Exhibits | NA |
| NA Not Applicable | |

-



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **The Country Club at Tagaytay Highlands, Inc. (the Company)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditors appointed by the stockholders for the periods December 31, 2022 and 2021, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.



Manuel B. Sy
Chairman of the Board



Jerry C. Tiu
President



Maria Clara T. Kramer
General Manager



Frederick D. Deocariza
Financial Controller

TAGAYTAY CITY

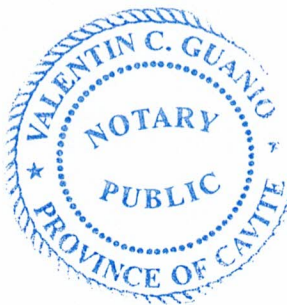
12 APR 2023

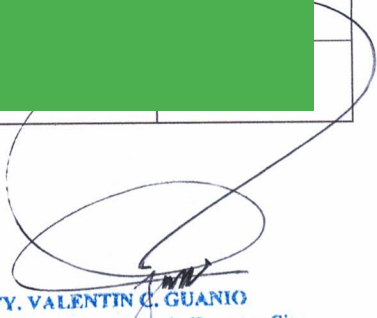
Signed this _____ day of _____, 2023.

SUBSCRIBED AND SWORN to before me this _____ day of _____ 12 APR 2023 affiants exhibiting to me their competent evidence of identity, as follows

| NAME | Competent Evidence of Identity | Expiry Date | Place of Issue |
|------------------------|--------------------------------|-------------|----------------|
| MANUEL B. SY | | | |
| JERRY C. TIU | | | ST |
| MARIA CLARA T. KRAMER | | | |
| FREDERICK D. DEOCARIZA | | | |

Doc. No. 424;
Page No. 66;
Book No. 208;
Series of 2023.




ATTY. VALENTIN C. GUANILLO
JP Rizal Avenue, Kaybagal South, Tagaytay City
Commission Expires on DECEMBER 31, 2024
PTR No. 5131980/January 3, 2023
ROLI No. 22908
IBP LIFETIME RES. NO. 02892
MCLE COMPLIANCE NO. VII-0016975

C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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| | | I | N | C | . | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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PRINCIPAL OFFICE (No./Street/Barangay/City/Town/Province)

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Form Type

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Department requiring the report

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| C | R | M | D |
|---|---|---|---|

Secondary License Type, If Applicable

| | | |
|---|---|---|
| N | / | A |
|---|---|---|

C O M P A N Y I N F O R M A T I O N

Company's Email Address

claire.kramer@tagaytayhighlands.com

Company's Telephone Number

(046) 8483-0929

Mobile Number

0917-622-9939

No. of Stockholders

2,607

Annual Meeting (Month / Day)

Last Saturday of May

Fiscal Year (Month / Day)

December 31

C O N T A C T P E R S O N I N F O R M A T I O N

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

Name of Contact Person

Ms. Ma. Clara T. Kramer

Email Address

claire.kramer@tagaytayhighlands.com

Telephone Number

(046) 8483-0929

Mobile Number

0917-622-9939

C O N T A C T P E R S O N ' S A D D R E S S

Tagaytay Highlands Complex, Barangay Calabuso, Tagaytay City, Philippines

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 shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITORS' REPORT

The Members and the Board of Directors
The Country Club at Tagaytay Highlands, Inc.
Tagaytay Highlands Complex, Barangay Calabuso
Tagaytay City, Philippines

Opinion

We have audited the accompanying financial statements of The Country Club at Tagaytay Highlands, Inc. (the Company), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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 the 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) and SEC Form 17-A (Annual Report) for the year ended December 31, 2022, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS and SEC Form 17-A for the year ended December 31, 2022 are expected to be made available to us after the date of this auditors' 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 audit or otherwise appears to be materially misstated.



Other Matter

The financial statements of the Company as at and for the year ended December 31, 2020 were audited by another auditor, whose report dated May 28, 2021, expressed an unmodified opinion on those financial statements.

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 PFRS, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 PSA 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, these 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 PSA, 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including 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 audits.

REYES TACANDONG & Co.

BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782; Valid until April 13, 2024

SEC Accreditation No. 81207-SEC Group A

Issued January 30, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-004-2022

Valid until October 16, 2025

PTR No. 9564560

Issued January 3, 2023, Makati City

April 1, 2023

Makati City, Metro Manila

THE COUNTRY CLUB AT TAGAYTAY HIGHLANDS, INC.
STATEMENTS OF FINANCIAL POSITION

| | | December 31 | |
|---|------|---------------------|---------------------|
| | Note | 2022 | 2021 |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 4 | ₱47,698,489 | ₱41,291,651 |
| Trade and other receivables | 5 | 77,108,021 | 51,884,952 |
| Inventories | 6 | 12,339,018 | 14,456,443 |
| Other current assets | 7 | 56,933,138 | 54,324,489 |
| Total Current Assets | | 194,078,666 | 161,957,535 |
| Noncurrent Assets | | | |
| Property and equipment | 8 | 491,587,006 | 499,890,495 |
| Investment property | 9 | 34,581,711 | 34,581,711 |
| Net retirement asset | 18 | 5,216,396 | 351,384 |
| Other noncurrent assets | 10 | 17,329,748 | 12,437,158 |
| Total Noncurrent Assets | | 548,714,861 | 547,260,748 |
| | | ₱742,793,527 | ₱709,218,283 |
| LIABILITIES AND EQUITY | | | |
| Current Liabilities | | | |
| Trade and other payables | 11 | ₱136,366,907 | ₱149,553,410 |
| Noncurrent Liabilities | | | |
| Deferred tax liability | 20 | 1,313,588 | 95,614 |
| Total Liabilities | | 137,680,495 | 149,649,024 |
| Equity | | | |
| Proprietary membership certificates | 13 | 500,000,000 | 500,000,000 |
| Additional paid-in capital | 13 | 1,048,932,564 | 1,048,932,564 |
| Deficit | | (941,621,930) | (985,600,430) |
| Cumulative remeasurement loss on net retirement asset | 18 | (2,197,602) | (3,762,875) |
| Total Equity | | 605,113,032 | 559,569,259 |
| | | ₱742,793,527 | ₱709,218,283 |

See accompanying Notes to Financial Statements.

THE COUNTRY CLUB AT TAGAYTAY HIGHLANDS, INC.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(With Comparative Figures for 2020)

| | Note | 2022 | 2021 | 2020 |
|---|------|---------------------|--------------|---------------|
| REVENUES | | | | |
| Food, beverage and sundries | | ₱173,749,868 | ₱117,365,086 | ₱55,320,777 |
| Sports and recreation | | 13,702,701 | 4,958,601 | 3,349,452 |
| Room sales | | 7,660,290 | 3,443,230 | 2,422,375 |
| | | 195,112,859 | 125,766,917 | 61,092,604 |
| COSTS AND EXPENSES | | | | |
| Cost of sales | 15 | 93,287,678 | 60,370,425 | 28,230,378 |
| Cost of services | 15 | 163,488,271 | 136,544,326 | 144,963,938 |
| General and administrative expenses | 16 | 38,524,945 | 31,992,719 | 34,858,821 |
| | | 295,300,894 | 228,907,470 | 208,053,137 |
| OTHER INCOME (CHARGES) | | | | |
| Interest income | 4 | 264,702 | 29,882 | 70,199 |
| Interest expense | | — | — | (5,226) |
| Other income - net | 17 | 18,628,151 | 14,474,708 | 21,049,649 |
| | | 18,892,853 | 14,504,590 | 21,114,622 |
| DEFICIENCY OF REVENUES OVER COSTS AND EXPENSES BEFORE MEMBERS' SUPPORT | | | | |
| | | (81,295,182) | (88,635,963) | (125,845,911) |
| MEMBERS' SUPPORT | | | | |
| Membership dues | | 126,491,656 | 117,990,526 | 118,507,213 |
| EXCESS (DEFICIENCY) OF REVENUES AND MEMBERS' SUPPORT OVER COSTS AND EXPENSES | | | | |
| | | 45,196,474 | 29,354,563 | (7,338,698) |
| PROVISION FOR DEFERRED INCOME TAX | 20 | 1,217,974 | 95,614 | — |
| NET INCOME (LOSS) | | 43,978,500 | 29,258,949 | (7,338,698) |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| <i>Item not to be reclassified to profit or loss -</i> | | | | |
| Remeasurement gain (loss) on net retirement asset | 18 | 1,565,273 | 551,921 | (3,060,328) |
| TOTAL COMPREHENSIVE INCOME (LOSS) | | ₱45,543,773 | ₱29,810,870 | (₱10,399,026) |
| BASIC AND DILUTED INCOME (LOSS) PER PROPRIETARY MEMBERSHIP CERTIFICATE | | | | |
| | 14 | ₱8,796 | ₱5,852 | (₱1,468) |

See accompanying Notes to Financial Statements.

THE COUNTRY CLUB AT TAGAYTAY HIGHLANDS, INC.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(With Comparative Figures for 2020)**

| | Note | 2022 | 2021 | 2020 |
|--|------|----------------------|-----------------|-----------------|
| PROPRIETARY MEMBERSHIP CERTIFICATES | 13 | ₱500,000,000 | ₱500,000,000 | ₱500,000,000 |
| ADDITIONAL PAID-IN CAPITAL | 13 | 1,048,932,564 | 1,048,932,564 | 1,048,932,564 |
| DEFICIT | | | | |
| Balance at beginning of year | | (985,600,430) | (1,014,859,379) | (1,007,520,681) |
| Net income (loss) | | 43,978,500 | 29,258,949 | (7,338,698) |
| Balance at end of year | | (941,621,930) | (985,600,430) | (1,014,859,379) |
| CUMULATIVE REMEASUREMENT LOSS ON NET RETIREMENT ASSET | 18 | | | |
| Balance at beginning of year | | (3,762,875) | (4,314,796) | (1,254,468) |
| Remeasurement gain (loss) | | 1,565,273 | 551,921 | (3,060,328) |
| Balance at end of year | | (2,197,602) | (3,762,875) | (4,314,796) |
| | | ₱605,113,032 | ₱559,569,259 | ₱529,758,389 |

See accompanying Notes to Financial Statements.

THE COUNTRY CLUB AT TAGAYTAY HIGHLANDS, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(With Comparative Figures for 2020)

| | Note | 2022 | 2021 | 2020 |
|---|------|---------------------|--------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Income (loss) before income tax | | ₱45,196,474 | ₱29,354,563 | (₱7,338,698) |
| Adjustments for: | | | | |
| Depreciation and amortization | 8,10 | 54,689,401 | 55,835,848 | 60,993,902 |
| Retirement expense | 18 | 3,021,401 | 3,607,709 | 4,991,187 |
| Reversal of accruals | 17 | (1,639,308) | (1,145,363) | (4,456,901) |
| Interest income | 4 | (264,702) | (29,882) | (70,199) |
| Unrealized foreign exchange loss (gain) | 17 | (37,955) | (31,071) | 30,706 |
| Interest expense | | – | – | 5,226 |
| Operating income before working capital changes | | 100,965,311 | 87,591,804 | 54,155,223 |
| Decrease (increase) in: | | | | |
| Trade and other receivables | | (25,187,771) | (14,905,248) | 1,747,655 |
| Inventories | | 2,117,425 | (3,070,833) | 2,331,548 |
| Other current assets | | 1,855,737 | (427,477) | 3,912,157 |
| Increase (decrease) in trade and other payables | | (11,547,195) | 12,689,761 | (10,080,711) |
| Net cash generated from operations | | 68,203,507 | 81,878,007 | 52,065,872 |
| Contributions to plan assets | 18 | (5,106,960) | (18,403,926) | (12,145,793) |
| Income tax paid | | (4,464,386) | (2,876,230) | (1,585,827) |
| Benefits paid | 18 | (1,214,180) | (1,747,889) | (7,063,638) |
| Interest received | | 229,404 | 29,882 | 97,712 |
| Net cash provided by operating activities | | 57,647,385 | 58,879,844 | 31,368,326 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Acquisitions of property and equipment | 8 | (46,212,790) | (31,535,915) | (27,382,762) |
| Increase in other noncurrent assets | | (5,065,712) | (2,856,962) | (403,018) |
| Cash used in investing activities | | (51,278,502) | (34,392,877) | (27,785,780) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Payments of: | | | | |
| Loans | | – | – | (324,413) |
| Interest | | – | – | (6,169) |
| Cash used in financing activities | | – | – | (330,582) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 6,368,883 | 24,486,967 | 3,251,964 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | | 37,955 | 31,071 | (30,706) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | | 41,291,651 | 16,773,613 | 13,552,355 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 4 | ₱47,698,489 | ₱41,291,651 | ₱16,773,613 |

See accompanying Notes to Financial Statements.

| | Note | 2022 | 2021 | 2020 |
|--|------|--------------------|-------------|-------------|
| COMPONENTS OF CASH AND CASH EQUIVALENTS | | | | |
| | 4 | | | |
| Cash on hand | | ₱1,160,010 | ₱1,183,730 | ₱527,459 |
| Cash in banks | | 22,107,438 | 29,886,366 | 16,042,369 |
| Cash equivalents | | 24,431,041 | 10,221,555 | 203,785 |
| | | ₱47,698,489 | ₱41,291,651 | ₱16,773,613 |

See accompanying Notes to Financial Statements.

THE COUNTRY CLUB AT TAGAYTAY HIGHLANDS, INC.

NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(With Comparative Information for 2020)

1. Corporate Information

The Country Club at Tagaytay Highlands, Inc. (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 10, 1997. The Company was established to promote social, recreational and athletic activities among its members on a non-profit basis, the nucleus of which will be the construction, development, and maintenance of a club house, swimming pools, horseback-riding field, botanical gardens, and other sports, health and recreational facilities.

The registered office address of the Company is located at Tagaytay Highlands Complex, Barangay Calabuso, Tagaytay City.

On September 29, 1995, the SEC granted the Company its permit to offer its proprietary membership certificates to the public (see Note 13). Belle Corporation (Belle), a publicly-listed company in the Philippines, owns 46.50% of the Company's proprietary membership certificates as at December 31, 2022 and 2021.

The Company's financial statements as at and for the years ended December 31, 2022 and 2021 (with comparative figures and information for 2020) was approved and authorized for issuance by the Board of Directors (BOD) on April 1, 2023, as reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Financial Reporting Standards Council) and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS), Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) and SEC provisions.

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

Measurement Bases

The financial statements are presented in Philippine Peso (Peso), the Company's functional currency. All values are rounded to the nearest Peso except when otherwise indicated.

The financial statements of the Company have been prepared on a historical cost basis, except for plan assets which is measured at fair value and retirement liability which is measured at the present value of defined benefit obligation. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

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 Company uses market observable data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- 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.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 21 to the financial statements.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS:

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. There is no transition relief for first-time adopters.
- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The 'costs of fulfilling' a contract comprise the 'costs that relate directly to the contract'. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated.

- Annual Improvements to PFRS 2018 to 2020 Cycle:
 - Amendment to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.
 - Amendment to PFRS 16, *Leases - Lease Incentives* – The amendment removed from Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

The adoption of the amended PFRS did not materially affect the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

Amendments to PFRS Issued but not yet Effective

Relevant amendments to PFRS which are not yet effective for the year ended December 31, 2022 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.
- Amendments to PAS 12, *Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2024 -

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity’s right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 – Noncurrent Liabilities with Covenants for that period.

Under prevailing circumstances, the adoption of the foregoing amendments to PFRS is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

Financial Assets and Liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

“Day 1” Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

Classification of Financial Instruments. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost, and (c) financial assets at fair value through other comprehensive income (FVOCI). The classification of a financial instrument largely depends on the Company’s business model and on the purpose for which the financial instruments are acquired or incurred and whether these are quoted in an active market.

Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities at amortized cost.

As at December 31, 2022 and 2021, the Company does not have financial assets at FVOCI and financial assets and liabilities at FVPL.

Financial Assets at Amortized Cost. A financial asset shall be measured at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

This category includes cash and cash equivalents, trade and other receivables, and refundable deposits (presented under “Other noncurrent assets” account).

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

This category includes trade and other payables (excluding statutory payables and membership dues collected in advance).

Reclassification of Financial Assets

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

Impairment of Financial Assets at Amortized Cost

The Company recognizes an allowance for expected credit loss (ECL) on financial assets at amortized cost based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. Simplified approach requires that ECL should always be based on the lifetime ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Company uses specific identification approach in determining the loss given default (recoverable amount or outstanding balance).

The Company 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 and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other financial assets at amortized cost, which comprise of cash and cash equivalents, nontrade receivables, and refundable deposits (presented under "Other noncurrent assets" account), the Company applies the general approach in measuring the ECL. The ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date.

However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

A financial asset is written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its right to receive cash flows from the asset and either:
(a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company’s continuing involvement in the asset. 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 Company could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. 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 a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. Otherwise, the financial instrument is classified as equity.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average method. All costs directly attributable to acquisition such as the purchase price, transport cost and taxes that are not subsequently recoverable from taxing authorities are included as part of the cost of inventories.

The net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of marketing and distribution. In determining the net realizable value, the Company considers any adjustment necessary for obsolescence.

When the net realizable value of inventories is lower than its cost, the inventories are written down to its net realizable value and the excess of the cost over the net realizable value is charged to profit or loss.

Other Current Assets

This account mainly consists of creditable withholding taxes (CWT), deferred input value-added tax (VAT), prepayments and input VAT.

CWT. CWT represents the amount withheld by the Company's customers in relation to its income. CWT is stated at its net realizable amount and can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

Deferred Input VAT. Deferred input VAT represents VAT on the unpaid portion of availed services and the unamortized amount of input VAT on capital goods.

In accordance with the Revenue Regulations (RR) No. 16-2005, as amended by RR. No. 13-2018, input VAT on purchases or imports of the Company of capital goods (depreciable assets for income tax purposes) made prior to January 1, 2022, with an aggregate acquisition cost (exclusive of VAT) in each of the calendar months exceeding ₱1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million or if the purchase was made on or after January 1, 2022, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Deferred input VAT that is expected to be realized within 12 months after the financial reporting period is classified as current asset, otherwise this is classified as noncurrent asset.

Prepayments. Prepayments are expenses not yet incurred but paid in advance. Prepayments are apportioned over the period covered by the payment and charged to the appropriate account in profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from the taxation authority is included as part of “Other current assets” account in statements of financial position.

The net amount of tax payable to the taxation authority is included as part of “Statutory liabilities” under “Trade and other payables” account in the statements of financial position.

Property and Equipment

Property and equipment, except land and construction in progress, is stated at cost less accumulated depreciation and any impairment in value. Land is measured at cost, including transaction costs less any accumulated impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, nonrefundable taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to profit or loss in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. The depreciation periods for property and equipment, based on the above policies, are as follows:

| Asset Type | Number of Years |
|-----------------------------------|-----------------|
| Building and improvements | 20 |
| Facilities and equipment | 2 to 10 |
| Furniture, fixtures and equipment | 5 |
| Transportation equipment | 5 |

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Construction in progress, which includes cost of construction and other direct costs, is stated at cost and is not depreciated until such time as the relevant assets are completed and put into operational use. Assets under construction are reclassified to a specific category of property and equipment when the construction and other related activities necessary to prepare the assets for their intended use are completed and the assets are available for use.

Fully depreciated assets are retained as property and equipment until these are no longer in use.

Investment Property

Investment property consists of land held for capital appreciation. Investment property are measured initially at cost, including transaction costs, which exclude the costs of day-to-day servicing of the property. Subsequent to the initial recognition, investment property is carried at cost less any impairment in value.

Investment property is derecognized when it has been disposed of or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of the investment property is recognized in the statements of comprehensive income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sell.

Other Noncurrent Assets

This account mainly consists of advances to contractors and suppliers, deferred input VAT, and computer software.

Advances to Contractors and Suppliers. Advances to contractors and supplier pertain to amounts paid in advance for goods or services to be utilized or incurred in connection with the Company's operations. These are recognized as asset in the statements of financial position or charged to profit or loss, upon actual receipt of goods or services.

Computer Software. Costs associated with developing or maintaining computer software are recognized as expense when incurred. Costs that are directly associated with identifiable and unique software controlled by the Company and will generate economic benefits exceeding cost beyond one year are recognized as intangible assets.

Expenditure which enhances or extends the performance of the computer software beyond their original specifications is recognized as capital improvements and added to the original cost of the computer software. Computer software are recognized as assets and amortized using the straight-line method over their estimated useful life of five years. The estimated useful life and amortization method are reviewed periodically to ensure that the period and method of amortization are consistent with the expected pattern of economic benefits from computer software.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that the nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. Recoverable amount is the higher of an asset or cash-generating unit's fair value less costs of disposal or its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Proprietary Membership Certificates and Additional Paid-in Capital (APIC)

Proprietary membership certificates are measured at par value for all proprietary membership certificates issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as APIC. Incremental costs directly attributable to the issuance of new proprietary membership certificates are shown in equity as a deduction, net of tax, from the APIC, if any.

Deficit

Deficit represents the cumulative balance of the Company's results of operations.

OCI

OCI comprises items of income and expense that are not recognized in profit or loss for the year. This includes cumulative remeasurement loss on net retirement asset.

Basic and Diluted Income (Loss) per Proprietary Membership Certificate

The Company computes its basic income (loss) per proprietary membership certificate by dividing net income (loss) for the period attributable to ordinary equity holders of the Company by the weighted average number of proprietary membership certificate outstanding during the period.

Diluted income (loss) per proprietary membership certificate amounts are computed in the same manner, adjusted for the dilutive effect of any potential proprietary membership certificate. As at December 31, 2022, 2021 and 2020, the Company has no potential dilutive proprietary membership certificate.

Members' Support

Members' support pertains to membership dues which are recognized in the statements of comprehensive income over time based on the applicable period. Members' advance payments are recognized as part of "Membership dues collected in advance" under "Trade and other payables" account in the statements of financial position.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

Disaggregation of revenue based on major sources is presented in the statement of comprehensive income.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

The following specific recognition criteria must also be met before revenue is recognized:

Food, Beverages and Sundries. Revenue from the sale of food, beverages and sundries is recognized at a point in time when the related orders are served.

Sports and Recreation and Room Sales. Revenue from sports and recreational activities and room sales are recognized upon satisfaction of performance obligation of transferring the promised services to the customers.

Interest Income. Interest is recognized as it accrues taking into account the effective yield on the asset, net of final tax.

Membership Transfer and Assignment Fees. Revenue is recognized at point in time upon transfer and assignment of member shares.

Other Income. Revenue is recognized at point in time when earned or when services have been rendered.

Cost and Expense Recognition

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Cost of Sales. Cost of sales is recognized as expense when the related goods are sold.

Cost of Services. Cost of services is recognized as expense when the related services are rendered.

General and Administrative Expenses. These constitute costs of administering the business and costs incurred to sell and market goods and services. These are expensed as incurred.

Interest Expense. Interest expense is recognized in profit or loss using the effective interest method.

Employee Benefits

Short-term Benefits. The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the year. Short-term employee benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences and bonuses and non-monetary benefits.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The net retirement asset is the aggregate of the by the fair value of plan assets (FVPA) reduced by the present value of the defined benefit obligation (DBO) at the end of the reporting period.

Retirement benefit costs are actuarially determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net retirement liability or plan asset;
- Settlement loss; and
- Remeasurements of net retirement liability or plan asset.

Service costs which include current service costs, and gains or losses on non-routine settlements are recognized as expense in profit or loss. Current service costs are the increase in the present value of the DBO in the current period. These amounts are calculated periodically by independent qualified actuaries.

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

Remeasurements comprising actuarial gains and losses and return on plan assets are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. FVPA is based on market price information. When no market price is available, the FVPA is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the FVPA is higher than the present value of the DBO, the measurement of the resulting retirement plan asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company's right to be reimbursed of some or all of the expenditure required to settle a DBO is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Leases

The Company assesses whether the contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

- i. the right to obtain substantially all of the economic benefits from the use of the identified asset; and
- ii. the right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company as a Lessee. Leases are recognized as right-of-use assets, with corresponding lease liabilities, at the date at which the leased assets are available for use by the Company, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

Income Taxes

Current 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 taxation authorities. The tax rate and the tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Deferred Tax. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases. Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future.

Deferred tax assets are recognized for all temporary differences and carryforward benefits of unused tax credits from the net operating loss carryover (NOLCO) that are expected to reduce taxable profit in the future. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

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 profit will be available to allow all or part of the deferred tax asset 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 profit will allow the deferred tax asset to be recovered.

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

Current tax and deferred tax are recognized in profit or loss except to the items recognized directly in equity or in OCI.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. The Company has club operations as its only segment.

Related Parties and Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Provisions

Provisions are recognized when the Company 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

Events after the Reporting Date

Events after the reporting date that provide additional information about the Company's financial position at reporting date (adjusting events) are reflected in the financial statements. Events after the reporting date that are non-adjusting events are disclosed in the notes to financial statements when material.

Comparatives

When necessary, comparative figures have been reclassified to conform to the changes in the presentation of the current year.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires management to exercise judgment, make estimates and use assumptions that affect amounts of assets, liabilities, income and expenses reported in the financial statements and related notes. The judgment, estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at reporting date.

While management believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

Judgments

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

Determining the Classification of Financial Instruments. The Company exercises judgments in classifying a financial instrument on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial position.

The classification of financial assets depends on the results of the business model test and "solely payment of principal and interest" test performed by the Company. The Company exercises judgment in determining the business model to be used in managing its financial instruments to achieve their business objectives.

The Company determines that the primary business model used in the management of its financial assets is to hold the financial asset to collect contractual cash flows representing solely payments of principal and interest. Consequently, all financial assets are measured at amortized cost.

Distinguishing between Investment Property and Owner-Occupied Properties. The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

Evaluation of Consistency of Lease Commitments. The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains a lease when the fulfillment of the arrangement depends on specific asset or assets and the arrangement conveys a right to use the asset.

Classifying Lease Commitments - The Company as a Lessee. The Company elected to apply the recognition exemption on leases of low-value assets and short-term leases. The related rent expense on these lease agreements are recognized in profit or loss.

Rent expense amounted to ₱6.1 million and ₱4.1 million in 2022 and 2021, respectively (₱3.7 million in 2020) (see Note 19).

Accounting Estimates and Assumptions

The key estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the Company's financial statements. Actual results could differ from such estimates.

Assessing ECL on Financial Assets at Amortized cost. For receivable from members, the Company uses specific identification approach in determining balance of receivables from each member to be potentially uncollectible, when it meets the following criteria: (a) the member is more than 120 days past due on its contractual payments, i.e. principal and/or interest including penalties; and (b) the current market value of the shares of each member is below its outstanding receivables. The current market value of the shares is considered as collateral in case of non-payment of members, as the Company has the current right to rescind the shares and sell it in an auction. The Company determines the loss given default (recoverable amount of outstanding receivables) in computing the provision for ECL.

For receivable from related parties, the Company uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing for ECL. The provision for ECL are re-evaluated and adjusted as additional information is received.

For other financial assets at amortized cost, the Company applies the general approach in measuring ECL. The Company assessed that cash in banks and cash equivalents are deposited with reputable counterparty banks that possess good credit ratings. For nontrade receivables and refundable deposits, the Company considers the financial capacity of the counterparty to pay the obligations to the Company as they fall due.

The Company did not recognize provision for ECL in 2022 and 2021 (provision for ECL amounted to ₱0.2 million in 2020). Allowance for ECL amounted to ₱0.3 million as at December 31, 2022 and 2021. The Company reversed allowance for ECL amounting to ₱0.4 million in 2020 due to collection of receivables from members (see Note 5).

The carrying amounts of financial assets at amortized cost are as follows:

| | Note | 2022 | 2021 |
|------------------------------------|------|--------------------|-------------|
| Cash in banks and cash equivalents | 4 | ₱46,538,479 | ₱40,107,921 |
| Trade and other receivables | 5 | 77,108,021 | 51,884,952 |
| Refundable deposits* | 10 | 120,000 | 145,263 |

*Presented under "Other noncurrent assets" account

Determining the NRV of Inventories. The Company writes down the carrying value of inventories whenever NRV of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes in prices level or other causes. The carrying value of inventories is reviewed at each reporting date. Inventory items identified to be obsolete and unusable are also written off and charged as expense in the statement of comprehensive income.

There was no allowance for inventory write-down in 2022, 2021 (and 2020). The carrying values of inventories amounted to ₱12.3 million and ₱14.5 million as at December 31, 2022 and 2021, respectively (see Note 6).

Estimating the Useful Lives of Depreciable Property and Equipment. The Company estimates the useful lives of the depreciable property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. In addition, estimation of the useful life is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. Management will increase the depreciation and amortization charges where the period of consumption is less than the previously estimated period of consumption.

There were no changes in the estimated useful lives of depreciable property and equipment in 2022, 2021 (and 2020). The carrying amount of depreciable property and equipment amounted to ₱146.9 million and ₱156.3 million as at December 31, 2022 and 2021, respectively (see Note 8).

Assessing Impairment of Nonfinancial Assets. The Company assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the higher of the asset's value in use or estimated selling price less cost to sell. In determining value in use, the present value of estimated future cash flows expected to be generated from the continued use of the assets is determined using estimates and assumptions that can materially affect the financial statements.

The Company assessed that there were no impairment indicators, hence no impairment loss was recognized in 2022, 2021 (and 2020). The carrying amounts of nonfinancial assets are as follows:

| | Note | 2022 | 2021 |
|--------------------------|------|---------------------|--------------|
| Property and equipment | 8 | ₱491,587,006 | ₱499,890,495 |
| Other current assets | 7 | 56,933,138 | 54,324,489 |
| Investment property | 9 | 34,581,711 | 34,581,711 |
| Other noncurrent assets* | 10 | 17,209,748 | 12,291,895 |

*Excluding refundable deposits

Estimating the Retirement Benefits. The determination of the Company's obligation and cost for retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 18 to the financial statements.

Retirement expense amounted to ₱3.0 million and ₱3.6 million in 2022 and 2021, respectively (₱5.0 million in 2020). Net retirement asset amounted to ₱5.2 million and ₱0.4 million as at December 31, 2022 and 2021, respectively (see Note 18).

Assessing the Realizability of Deferred Tax Assets. The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The Company has unrecognized deferred tax assets amounting to ₱68.1 million and ₱78.2 million as at December 31, 2022 and 2021, respectively (see Note 20). Management has assessed that it is not probable that sufficient taxable income will be available to allow all of the deferred tax assets to be utilized.

4. Cash and Cash Equivalents

This account consists of:

| | 2022 | 2021 |
|------------------|--------------------|-------------|
| Cash on hand | ₱1,160,010 | ₱1,183,730 |
| Cash in banks | 22,107,438 | 29,886,366 |
| Cash equivalents | 24,431,041 | 10,221,555 |
| | ₱47,698,489 | ₱41,291,651 |

Cash on hand consists of funds kept in different outlets. Cash in banks earn interest at the prevailing bank deposit rates.

Cash equivalents pertain to short-term placements which are made for varying periods of up to three months depending on the immediate cash requirements of the Company, and earn interest based on prevailing market interest rates.

Interest income earned amounted to ₱264,702 and ₱29,882 in 2022 and 2021, respectively (₱70,199 in 2020). Interest receivable, included in "Nontrade" under "Trade and other receivables" account, amounted to ₱37,383 and ₱2,085 as at December 31, 2022 and 2021, respectively.

5. Trade and Other Receivables

| | Note | 2022 | 2021 |
|------------------------|------|--------------------|-------------|
| Trade: | | | |
| Related parties | 12 | ₱38,125,726 | ₱8,503,327 |
| Members | | 32,082,715 | 40,356,701 |
| Nontrade | | 7,210,680 | 3,336,024 |
| | | 77,419,121 | 52,196,052 |
| Less allowance for ECL | | 311,100 | 311,100 |
| | | ₱77,108,021 | ₱51,884,952 |

Receivables from related parties consist of charges for the use of the Company's facilities. These receivables are noninterest-bearing and are due and demandable.

Trade receivables from members pertain to billings by the Company for the services it rendered. This account also includes outstanding membership dues. Members' accounts are normally on a 30 to 60 days term. Unsettled members' accounts for more than 60 days are considered past due. The Company has the option to put members' proprietary shares into auction in case of nonpayment of members' accounts when the account is more than 120 days past due.

Nontrade receivables mainly pertain to interest receivable and receivables from functions and concessionaires, which are noninterest-bearing and generally have 30 to 90 days term.

Movement in allowance for ECL is as follows:

| | Note | 2022 | 2021 | 2020 |
|------------------------------|------|-----------------|----------|-----------|
| Balance at beginning of year | | ₱311,100 | ₱311,100 | ₱461,987 |
| Provision | | — | — | 225,136 |
| Reversal | 17 | — | — | (376,023) |
| Balance at end of year | | ₱311,100 | ₱311,100 | ₱311,100 |

6. Inventories

Inventories carried at cost amounting to ₱12.3 million and ₱14.5 million as at December 31, 2022 and 2021, respectively, are lower than its net realizable value.

Cost of inventories charged to operations amounted to ₱93.3 million and ₱60.4 million in 2022 and 2021, respectively (₱28.2 million in 2020) (see Note 15).

7. Other Current Assets

This account consists of:

| | 2022 | 2021 |
|------------------------|--------------------|-------------|
| CWT | ₱33,061,207 | ₱28,596,821 |
| Deferred input VAT on: | | |
| Services | 18,807,806 | 20,260,499 |
| Capital goods | 2,230,224 | 2,697,984 |
| Prepayments | 2,805,184 | 2,769,185 |
| Input VAT | 28,717 | — |
| | ₱56,933,138 | ₱54,324,489 |

Prepayments mainly pertain to taxes paid in advance and unamortized portion of insurance for the Company's properties, health insurance of directors and officers, and other prepaid expenses. These are expected to be utilized and consumed within one year.

8. Property and Equipment

Movements in this account are as follows:

| | 2022 | | | | | | |
|---------------------------------|---------------------|---------------------------|--------------------------|-----------------------------------|--------------------------|--------------------------|---------------------|
| | Land | Building and Improvements | Facilities and Equipment | Furniture, Fixtures and Equipment | Transportation Equipment | Construction In Progress | Total |
| Cost | | | | | | | |
| Balances at beginning of year | ₱328,019,641 | ₱1,113,822,391 | ₱544,454,491 | ₱108,886,474 | ₱22,313,221 | ₱15,533,505 | ₱2,133,029,723 |
| Additions | – | 17,335,892 | 12,197,733 | 3,959,347 | 21,950 | 12,697,868 | 46,212,790 |
| Reclassifications | – | 11,574,700 | – | – | – | (11,574,700) | – |
| Balances at end of year | 328,019,641 | 1,142,732,983 | 556,652,224 | 112,845,821 | 22,335,171 | 16,656,673 | 2,179,242,513 |
| Accumulated Depreciation | | | | | | | |
| Balances at beginning of year | – | 1,008,804,693 | 512,150,487 | 90,326,796 | 21,857,252 | – | 1,633,139,228 |
| Depreciation | – | 35,527,473 | 11,801,740 | 6,811,339 | 375,727 | – | 54,516,279 |
| Balances at end of year | – | 1,044,332,166 | 523,952,227 | 97,138,135 | 22,232,979 | – | 1,687,655,507 |
| Carrying Amount | ₱328,019,641 | ₱98,400,817 | ₱32,699,997 | ₱15,707,686 | ₱102,192 | ₱16,656,673 | ₱491,587,006 |

| | 2021 | | | | | | |
|---------------------------------|---------------------|---------------------------|--------------------------|-----------------------------------|--------------------------|--------------------------|---------------------|
| | Land | Building and Improvements | Facilities and Equipment | Furniture, Fixtures and Equipment | Transportation Equipment | Construction In Progress | Total |
| Cost | | | | | | | |
| Balances at beginning of year | ₱328,019,641 | ₱1,107,715,008 | ₱539,453,044 | ₱102,971,792 | ₱22,273,756 | ₱1,060,567 | ₱2,101,493,808 |
| Additions | – | 6,107,383 | 5,001,447 | 5,914,682 | 39,465 | 14,646,060 | 31,709,037 |
| Cost adjustment | – | – | – | – | – | (173,122) | (173,122) |
| Balances at end of year | 328,019,641 | 1,113,822,391 | 544,454,491 | 108,886,474 | 22,313,221 | 15,533,505 | 2,133,029,723 |
| Accumulated Depreciation | | | | | | | |
| Balances at beginning of year | – | 972,604,656 | 499,594,034 | 84,509,564 | 20,768,248 | – | 1,577,476,502 |
| Depreciation | – | 36,200,037 | 12,556,453 | 5,817,232 | 1,089,004 | – | 55,662,726 |
| Balances at end of year | – | 1,008,804,693 | 512,150,487 | 90,326,796 | 21,857,252 | – | 1,633,139,228 |
| Carrying Amount | ₱328,019,641 | ₱105,017,698 | ₱32,304,004 | ₱18,559,678 | ₱455,969 | ₱15,533,505 | ₱499,890,495 |

Depreciation and amortization recognized in profit and loss consists of:

| | Note | 2022 | 2021 | 2020 |
|------------------------|------|--------------------|--------------------|--------------------|
| Property and equipment | | ₱54,516,279 | ₱55,662,726 | ₱60,820,780 |
| Computer software | 10 | 173,122 | 173,122 | 173,122 |
| | | ₱54,689,401 | ₱55,835,848 | ₱60,993,902 |

Depreciation and amortization are allocated as follows:

| | Note | 2022 | 2021 | 2020 |
|-------------------------------------|------|--------------------|--------------------|--------------------|
| Cost of services | 15 | ₱51,979,707 | ₱53,227,984 | ₱57,939,768 |
| General and administrative expenses | 16 | 2,709,694 | 2,607,864 | 3,054,134 |
| | | ₱54,689,401 | ₱55,835,848 | ₱60,993,902 |

The cost of fully depreciated property and equipment still being used by the Company amounted to ₱810.2 million and ₱787.3 million as at December 31, 2022 and 2021, respectively.

Construction in progress pertains to construction of sports center, kid's playground, slope protection and other ongoing projects that are expected to be completed in 2023.

9. Investment Property

This account pertains to land held for undetermined future use. The property is carried at cost amounting to ₱34.6 million as at December 31, 2022 and 2021.

The fair value of the land amounting to ₱58.8 million was determined on November 4, 2020 by an independent appraiser who holds a recognized and relevant professional qualification. The valuation of investment property was based on market values using sales comparison approach. This approach considers the sale of similar or substitute properties and related market data and establishes a value estimate by process involving comparison.

The significant input to valuation includes market value per share amounting to ₱8,500 per square meter. The fair value measurement for investment property is categorized under Level 2 fair value measurement. In estimating the fair value of the investment property, management takes into account the market participant's ability to generate economic benefits by using the investment property in its highest and best use. Based on management's assessment, the fair value of the Company's investment property represents its best use.

Management has assessed that there were no conditions from the last date of appraisal that would significantly change the appraisal value of the investment property as at report date.

10. Other Noncurrent Assets

This account consists of:

| | 2022 | 2021 |
|--|--------------------|-------------|
| Advances to contractors and suppliers | ₱13,248,708 | ₱5,924,891 |
| Deferred input VAT on capital goods - net of current portion | 2,448,687 | 4,681,529 |
| Computer software | 1,192,020 | 1,365,142 |
| Refundable deposits | 120,000 | 145,263 |
| Others | 320,333 | 320,333 |
| | ₱17,329,748 | ₱12,437,158 |

Advances to contractors and suppliers represent payment for construction of property and equipment which will be recouped upon every progress billing payment depending on the percentage of accomplishment.

Computer software pertains to the cost of the Company's accounting and information system. Movements in the computer software are as follows:

| | Note | 2022 | 2021 |
|--------------------------------------|------|-------------------|------------|
| Cost | | | |
| Balance at beginning and end of year | | ₱1,711,386 | ₱1,711,386 |
| Accumulated Amortization | | | |
| Balance at beginning of year | | 346,244 | 173,122 |
| Amortization | 8 | 173,122 | 173,122 |
| Balance at end of year | | 519,366 | 346,244 |
| Carrying Amount | | ₱1,192,020 | ₱1,365,142 |

11. Trade and Other Payables

This account consists of:

| | Note | 2022 | 2021 |
|--------------------------------------|------|---------------------|---------------------|
| Trade: | | | |
| Third parties | | ₱28,700,839 | ₱34,501,222 |
| Related parties | 12 | 1,593,021 | 28,009,328 |
| Refundable deposits | | 36,507,174 | 25,086,956 |
| Membership dues collected in advance | | 25,543,996 | 27,322,523 |
| Accrued expenses | | 21,730,858 | 15,950,223 |
| Auctioned membership liability | | 4,268,532 | 2,552,034 |
| Statutory payables | | 3,506,233 | 3,079,613 |
| Retention payable | | 3,015,652 | 1,108,171 |
| Unclaimed gift certificate | | 2,596,785 | 2,607,885 |
| Service charge payable | | 1,263,034 | 1,640,757 |
| Room sharing payable | | 760,511 | 746,041 |
| Other dues collected in advance | | 607,700 | 540,300 |
| Others | | 6,272,572 | 6,408,357 |
| | | ₱136,366,907 | ₱149,553,410 |

Trade payables are noninterest-bearing and are normally settled on a 30 to 60 days' term.

Payable to related parties arises from the use by the Company's members of facilities of the related parties. This also consists of reimbursement of operating expenses to related parties. These payables are due and demandable.

Refundable deposits pertain to cash receipts from members upon assignment of shares which is expected to be refunded within one year. The amount paid is refundable upon completion of terms and conditions.

Membership dues collected in advance pertain to membership dues that are already collected but are not yet earned as at reporting date. This is expected to be classified as members' support within the next financial year.

Accrued expenses pertain to accruals for rental, utilities, and other contracted services which are generally settled within the following month.

Auctioned membership liability refers to the unclaimed net proceeds or the excess of the bid price over the amount of receivables from delinquent members whose shares were sold at auction. These are normally claimed within 30 to 180 days.

Statutory payables pertain to obligations to government agencies that are normally settled in the following month.

Retention payable pertains to amount withheld from contractors of the Company until the completion of specified conditions based on the agreement.

Unclaimed gift certificate refers to the gift certificates issued by the Company for the availment by the members of services and products of the Company. Paid and Universal gift certificates are recognized as liability upon receipt of cash. Barter, Complimentary and Reward gift certificates are recognized as expense upon issuance.

Service charge payable refers to amount collected from members for services rendered in restaurants, banquets, and inns. The amount is to be distributed and paid to covered employees once collected.

Room sharing payable pertains to the collections from rental of members' units. This is noninterest-bearing and payable to the members within one year.

Others include payables to nontrade suppliers. These payables are noninterest-bearing and are normally settled within a year.

The Company reversed accruals amounting to ₱1.6 million and ₱1.1 million in 2022 and 2021, respectively (₱4.5 million in 2020) (see Note 17).

The Company has provisions in the normal course of business. The outstanding balance is included under "Accrued expenses." As allowed under PAS 37 "Provisions, Contingent Liabilities and Contingent Assets," further information is not disclosed.

12. Related Party Transactions

The Company has the following transactions and balances with its related parties:

| Related Party | Transaction | Amount of Transactions | | | Outstanding balance | |
|--|---|------------------------|--------------|-------------|---------------------|-------------|
| | | 2022 | 2021 | 2020 | 2022 | 2021 |
| Shareholder | | | | | | |
| <i>Trade and other payables</i> (see Note 11) | Utilities | ₱18,299,599 | ₱13,735,248 | ₱13,203,406 | | |
| | Repairs and maintenance | 3,667,226 | 1,786,332 | 4,598,824 | ₱1,593,021 | ₱1,983,555 |
| | | | | | | |
| Related parties with common shareholder | | | | | | |
| <i>Trade and other receivables</i> (see Note 5) | Food, beverage and sundries | | | | | |
| | Sports and recreation | | | | | |
| | Room sales | ₱212,679,459 | ₱141,000,011 | ₱67,217,652 | ₱38,125,726 | ₱8,503,327 |
| | | | | | | |
| <i>Trade and other payables</i> (see Note 11) | Reimbursement of expenses/club services | ₱101,063,572 | ₱57,652,534 | ₱25,947,032 | ₱— | ₱26,025,773 |
| | | | | | | |
| Plan assets | | | | | | |
| <i>Retirement plan assets</i> (see Note 18) | Contribution | ₱5,106,960 | ₱18,403,926 | ₱12,145,793 | ₱43,650,412 | ₱38,787,431 |

Terms and Conditions of Transactions with Related Parties

The outstanding balances as at year-end are unsecured, noninterest-bearing, due and demandable and settlement occurs in cash. The Company has not made any provision for ECL relating to the amounts owed by the related parties. This assessment is undertaken each financial year by examining the financial position of the related parties and the market in which the related parties operate.

Transactions with a Shareholder

The Company has an agreement with Belle wherein Belle will provide utilities and repairs and maintenance works on the Company's facilities.

Transactions with Other Belle Clubs

Reciprocity Agreements. On October 6, 1999, the Company entered into a Reciprocity Agreement with other Belle Clubs that are substantially owned by Belle, whereby members of the Company and other Belle Clubs will be allowed to enjoy the use of each other's facilities, subject to rules and regulations. This agreement shall remain in effect until mutually terminated by the parties. Other payables arising from this arrangement include collections on behalf of other Belle Clubs.

Others. The Company also has transactions for reimbursement of operating expenses such as contract services, repairs and maintenance, utilities and labor cost. Moreover, this also includes payments of food and beverage costs, room and spa, massage charges and shuttle services of the Company's employees.

Transactions with Retirement Benefit Plan

The Company has a retirement benefit plan in the form of a bank-trustee managed account with BDO Unibank, Inc. - Trust and Investments Group. The Company's transactions with the retirement fund mainly pertain to contributions during the year.

Compensation of Key Management Personnel

Compensation of key management personnel consists of:

| | 2022 | 2021 | 2020 |
|------------------------------|--------------------|-------------|------------|
| Short-term employee benefits | ₱9,434,239 | ₱8,661,402 | ₱5,689,187 |
| Post-employment benefits | 1,510,033 | 1,360,856 | 1,007,420 |
| | ₱10,944,272 | ₱10,022,258 | ₱6,696,607 |

13. Equity

Track Record of Registration of Securities

The following summarizes the information on the Company's registration of securities under the Securities Regulation Code:

| Date of SEC Approval | Authorized Shares | Number of Shares Issued | Issue/Offer Price |
|----------------------|-------------------|----------------------------|----------------------|
| September 29, 1995 | 5,000 | 5,000 | ₱400,000 to ₱600,000 |

The authorized and subscribed capital stock of the Company amounted to ₱500,000,000 divided into 5,000 shares with par value of ₱100,000 per share. The Company's APIC, which is the excess of proceeds and/or fair value received, amounted to ₱1,048.9 million as at December 31, 2022 and 2021.

The ownership of all shares of stock of the Company is subject to the following restrictive conditions:

- No issuance or transfer of shares of stock of the Company which would reduce the stock ownership of Philippine citizens or nationals to less than the minimum percentage of the outstanding capital stock required by any applicable provisions of the Constitution, law, or regulation to be owned by Philippine citizens or nationals, shall be made or effected by, or shall be recorded in the books of the Company.

- b. No holder, of any class of shares of the Company shall have, as such holder any preemptive right to acquire, purchase, or subscribe for any share of the capital stock of any class of the Company which it may issue or sell, whether out of the number of shares authorized by the Articles of Incorporation as originally filed, or by any amendment thereof, or out of shares of the capital stock of any class of the Company acquired by it after the issue thereof; nor shall any holder of any class of shares of the Company have, as such shareholder, have any preemptive right to acquire, purchase, or subscribe for any obligation which the Company may issue or sell that shall be convertible into or exchangeable for any shares of the capital stock of any class of the Company or to which shall be attached or appertain any warrant or any instrument that shall confer upon the owner of such obligation, warrant, or instrument the right to subscribe for, or to acquire or purchase from the Company, any share of its capital stock of any class.
- c. No profit shall inure to the exclusive benefit of any of its shareholders, hence, no dividends shall be declared in their favor. Shareholders shall be entitled only to a pro-rata share of the asset of the Company at the time of the dissolution or liquidation of the Company.
- d. The members of the Company shall be subject to the payment of monthly dues and other dues and assessments and subject to such rules and conditions as may be prescribed in the By-Laws or by the BOD to meet the expenses for the general operations of the Company, and the maintenance and improvement of its premises and facilities, in addition to such fees as may be charged for the actual use of the facilities. In the case of a shareholder who is a corporate shareholder, the designated representative shall be initially billed for such dues. In case of nonpayment by the representative, the corporate shareholder shall be ultimately liable for the payment of such dues. Such dues together with all other obligations of the shareholders to the Company, shall constitute a first lien on the shares, second only to any lien in favor of the national or local government, and in the event of delinquency such shares may be ordered sold by the BOD in the manner provided in the By-Laws to satisfy said dues or other obligations of the shareholders.
- e. Any shareholder selling or disposing of his/its share(s) in the Company shall pay a transfer fee in such amount as may be determined by the BOD from time to time. Said transfer fee shall be levied and collected at the time of transfer in the Company's Stock and Transfer Book. Any transfer of shares, except transfer by hereditary succession, made in violations of these conditions shall be null and void and shall not be recorded in the books of the Company.
- f. A holder of a share of stock of the Company is not an ipso facto member of the Company, and he must file an application for Company membership, which shall be subject to the approval of the BOD. If an application for membership of a shareholder is disapproved by the BOD, the shareholder shall dispose of his share within a period of 60 days from notice of such disapproval. In the event of his failure to affect such transfer, his share shall be offered for sale at auction in the manner prescribed in the By-Laws or by the BOD.

- g. In case any shareholder or member violates the provisions of the Articles of Incorporation or the By-Laws or the rules and regulations of the Company, or the resolutions duly promulgated by the BOD or the shareholders, or commit any other act or conduct which the BOD may deem injurious to the interest or hostile to the objects of the Company, such shareholder or member may be expelled by the BOD in the manner provided in the By-Laws upon proper notice and hearing. A shareholder/member who is so expelled shall then cease to be a shareholder/member and shall have no right with respect to his share except the right to demand payment therefore in accordance with these By-Laws. The Company shall have a period of 30 days from the expulsion of the shareholder to make payment of his share/s, and upon such payment the shareholder shall forthwith transfer and assign the share/s held by him as directed by the Company.
- h. All certificates of stock of the Company shall contain an appropriate reference to the foregoing limitations and restrictions, and stock may be issued or transferred in the books of the Company only in accordance with the terms and provisions of such limitations and restrictions.

14. Basic and Diluted Income (Loss) Per Proprietary Membership Certificate

Basic and diluted income (loss) per proprietary membership certificate is computed as follows:

| | 2022 | 2021 | 2020 |
|--|--------------------|-------------|--------------|
| (a) Net income (loss) | ₱43,978,500 | ₱29,258,949 | (₱7,338,698) |
| (b) Weighted average number of proprietary membership certificates | 5,000 | 5,000 | 5,000 |
| Basic income (loss) per proprietary membership certificate (a/b) | ₱8,796 | ₱5,852 | (₱1,468) |

In 2022, 2021 (and 2020), the Company has no potential dilutive proprietary membership certificates outstanding, therefore basic income (loss) per proprietary membership certificate is the same as diluted income (loss) per proprietary membership certificate.

15. Cost of Sales and Services

Cost of Sales

This account consists of:

| | 2022 | 2021 | 2020 |
|-----------------------|--------------------|-------------|-------------|
| Food cost | ₱79,022,846 | ₱52,723,376 | ₱24,537,512 |
| Beverage cost | 7,763,864 | 4,044,158 | 3,122,696 |
| Sundry inventory cost | 6,500,968 | 3,602,891 | 570,170 |
| | ₱93,287,678 | ₱60,370,425 | ₱28,230,378 |

Cost of Services

This account consists of:

| | Note | 2022 | 2021 | 2020 |
|---------------------------------|------|---------------------|--------------|--------------|
| Depreciation and amortization | 8 | ₱51,979,707 | ₱53,227,984 | ₱57,939,768 |
| Salaries and other benefits | | 39,494,427 | 31,329,247 | 32,928,578 |
| Communication, light and water | | 15,059,656 | 11,161,728 | 10,791,061 |
| Repairs and maintenance | | 13,745,995 | 10,555,967 | 9,103,168 |
| Outside services | 19 | 7,670,562 | 5,375,725 | 6,288,330 |
| Supplies | | 6,439,178 | 3,955,675 | 3,698,979 |
| Rent | 19 | 5,540,237 | 3,622,086 | 3,525,133 |
| Fuel and oil | | 3,575,832 | 1,906,683 | 1,892,014 |
| Banquet expense | | 1,781,169 | 1,535,590 | 1,243,660 |
| Retirement expense | 18 | 1,510,701 | 1,803,855 | 2,495,594 |
| Laundry | | 1,388,925 | 573,320 | 327,955 |
| Insurance | | 1,326,840 | 1,091,672 | 744,463 |
| Animal farm | | 1,192,584 | 834,526 | 699,327 |
| Taxes and licenses | | 1,184,235 | 1,512,434 | 1,841,104 |
| Club events | | 1,140,620 | 75,735 | 253,515 |
| Bank charges | | 973,027 | 743,193 | 529,909 |
| Advertising and promotions | | 743,671 | 512,852 | 666,788 |
| Waste disposal | | 345,381 | 528,335 | 725,315 |
| Dues and subscriptions | | 217,143 | 180,556 | 296,212 |
| Representation | | 107,554 | 244,810 | 308,841 |
| Transportation and travel | | 68,392 | 101,325 | 364,117 |
| Decorations, flowers and plants | | 42,111 | 10,770 | 7,575 |
| Commission | | — | — | 718,805 |
| Others | | 7,960,324 | 5,660,258 | 7,573,727 |
| | | ₱163,488,271 | ₱136,544,326 | ₱144,963,938 |

Others include costs incurred from events and other activities held by the Company.

16. General and Administrative Expenses

This account consists of:

| | Note | 2022 | 2021 | 2020 |
|--------------------------------|------|-------------------|------------|------------|
| Salaries and other benefits | | ₱8,402,095 | ₱8,258,133 | ₱6,614,444 |
| Provision for ECL and others | 11 | 6,250,000 | — | 3,225,136 |
| Outside services | 19 | 6,089,163 | 5,360,072 | 5,444,161 |
| Repairs and maintenance | | 4,074,228 | 2,444,297 | 2,924,878 |
| Depreciation and amortization | 8 | 2,709,694 | 2,607,864 | 3,054,134 |
| Communication, light and water | | 2,406,372 | 2,196,674 | 2,375,532 |
| Retirement expense | 18 | 1,510,700 | 1,803,854 | 2,495,593 |
| Supplies | | 1,338,835 | 1,196,579 | 1,071,311 |
| Insurance | | 1,231,754 | 697,676 | 557,939 |
| Taxes and licenses | | 1,133,705 | 999,392 | 1,794,018 |
| Bank charges | | 973,027 | 743,193 | 529,909 |
| Club events | | 542,878 | 34,743 | 80,808 |
| Rent | 19 | 523,887 | 428,062 | 170,516 |

(Forward)

| | Note | 2022 | 2021 | 2020 |
|---------------------------|------|--------------------|--------------------|--------------------|
| Representation | | ₱485,580 | ₱372,360 | ₱117,776 |
| Waste disposal | | 345,381 | 1,142,830 | 587,595 |
| Fuel and oil | | 87,305 | 1,736,072 | 182,916 |
| Transportation and travel | | 66,057 | 65,505 | 117,848 |
| Banquet | | 56,178 | 6,250 | 121,873 |
| Decorations | | 34,000 | 10,770 | 7,575 |
| Advertising | | 28,160 | 39,490 | 131,390 |
| Dues and subscription | | 7,412 | 83,859 | 84,147 |
| Animal farm | | 1,025 | – | – |
| Others | | 227,509 | 1,765,044 | 3,169,322 |
| | | ₱38,524,945 | ₱31,992,719 | ₱34,858,821 |

Others include expenses related to club activities which are not individually material.

17. Other Income

This account consists of:

| | Note | 2022 | 2021 | 2020 |
|--------------------------------|------|--------------------|--------------------|--------------------|
| Membership transfer fees | | ₱6,464,196 | ₱8,049,171 | ₱3,381,537 |
| Commission income | | 3,605,941 | 1,239,404 | 481,209 |
| Members' penalties and charges | | 2,661,103 | 1,640,148 | 718,714 |
| Reversal of accruals | 11 | 1,639,308 | 1,145,363 | 4,456,901 |
| Club events | | 1,415,074 | – | 26,204 |
| Medical services | | 1,126,221 | 523,264 | 246,746 |
| Admin fee | | 647,920 | 485,111 | 113,892 |
| Club collection | | 169,520 | 168,640 | 8,879 |
| Assignment fees | | 107,679 | 418,527 | 383,750 |
| Forex gain (loss) | | 37,955 | 31,071 | (30,706) |
| Claims from insurance | | – | – | 7,872,785 |
| Reversal of allowance for ECL | 5 | – | – | 376,023 |
| Others | | 753,234 | 774,009 | 3,013,715 |
| | | ₱18,628,151 | ₱14,474,708 | ₱21,049,649 |

Membership transfer fees include income derived from transfer of right by an individual member through selling of shares and transfer of right through change of designee by a corporate member.

Commission income includes share of the Company to the income of its concessionaires.

Members' penalties and charges pertain to collection from members for late payments of membership dues and other charges.

Assignment fees refer to income arising from assignment of members' right to any other party for the right to use the facilities of the Company.

Claims from insurance pertains to the final settlement of claim for loss and expenses sustained to properties insured.

Others pertain to income derived from events held by the Company which include wedding ceremonies, seminars, golf tournaments, among others.

18. Retirement Benefits

The Company is a participant to the Tagaytay Highlands Multiemployer Retirement Plan which is non-contributory defined benefit plan. The plan provides a retirement benefit equal to one hundred percent (100%) of plan salary for every year of credited service or in accordance with the collective bargaining agreement. Benefits are paid in a lump sum upon retirement or separation in accordance with the terms of the plan.

The retirement benefit obligation is determined using the projected unit credit method. The latest available actuarial report of the Company is as at December 31, 2022.

The components of retirement expense are as follows:

| | 2022 | 2021 | 2020 |
|-------------------------------|-------------------|------------|------------|
| Current service cost | ₱3,163,158 | ₱3,345,004 | ₱3,627,453 |
| Net interest expense (income) | (141,757) | 262,705 | 1,079,749 |
| Settlement loss | — | — | 283,985 |
| | ₱3,021,401 | ₱3,607,709 | ₱4,991,187 |

The components of retirement expense recognized in profit or loss are as follows:

| | Note | 2022 | 2021 | 2020 |
|-------------------------------------|------|-------------------|------------|------------|
| Cost of services | 15 | ₱1,510,701 | ₱1,803,855 | ₱2,495,594 |
| General and administrative expenses | 16 | 1,510,700 | 1,803,854 | 2,495,593 |
| | | ₱3,021,401 | ₱3,607,709 | ₱4,991,187 |

The components of net retirement asset are as follows:

| | 2022 | 2021 |
|-------------------------|---------------------|--------------|
| FVPA | ₱43,650,412 | ₱38,787,431 |
| Present value of DBO | (37,873,063) | (38,436,047) |
| Effect of asset ceiling | (560,953) | — |
| | ₱5,216,396 | ₱351,384 |

The changes in fair value of plan assets are as follows:

| | 2022 | 2021 |
|------------------------------|--------------------|-------------|
| Balance at beginning of year | ₱38,787,431 | ₱20,199,439 |
| Contributions | 5,106,960 | 18,403,926 |
| Remeasurement loss | (2,261,415) | (861,050) |
| Interest income | 2,017,436 | 1,045,116 |
| Balance at end of year | ₱43,650,412 | ₱38,787,431 |

The changes in present value of the retirement liability are as follows:

| | 2022 | 2021 |
|---|--------------------|-------------|
| Balance at beginning of year | ₱38,436,047 | ₱36,944,082 |
| Remeasurement loss (gain) on DBO due to changes in: | | |
| Financial assumptions | (4,777,538) | (3,467,415) |
| Experience adjustments | 389,897 | 2,054,444 |
| Current service cost | 3,163,158 | 3,345,004 |
| Interest expense | 1,875,679 | 1,307,821 |
| Benefits paid from book reserve | (1,214,180) | (1,747,889) |
| Balance at end of year | ₱37,873,063 | ₱38,436,047 |

The cumulative remeasurement loss recognized in OCI are as follows:

| | 2022 | 2021 |
|------------------------------|--------------------|-------------|
| Balance at beginning of year | ₱3,762,875 | ₱4,314,796 |
| Remeasurement loss (gain): | | |
| DBO | (4,387,641) | (1,412,971) |
| Plan assets | 2,261,415 | 861,050 |
| Effect of asset ceiling | 560,953 | — |
| | (1,565,273) | (551,921) |
| Balance at end of year | ₱2,197,602 | ₱3,762,875 |

The principal actuarial assumptions used to determine retirement benefits are as follows:

| | 2022 | 2021 |
|----------------------|--------------|-------|
| Discount rate | 7.01% | 4.88% |
| Salary increase rate | 4.00% | 4.00% |

The sensitivity analysis based on reasonably possible changes of the assumptions are as follows:

| | Change in Assumptions | Effect on the present value of retirement liability | |
|----------------------|-----------------------|---|--------------|
| | | 2022 | 2021 |
| Discount rate | +100bps | (₱1,898,057) | (₱2,259,083) |
| | -100bps | 2,106,192 | 2,534,776 |
| Salary increase rate | +100bps | 2,148,741 | 2,531,709 |
| | -100bps | (1,968,126) | (2,298,007) |

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the DBO at the end of each reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement while all other assumptions remained unchanged.

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed more responsible.

The composition of plan assets for benefits as at December 31 is as follows:

| | 2022 | 2021 |
|-------------------------------------|----------------|----------------|
| Debt instruments - government bonds | 93% | 98.29% |
| Debt Instruments - other bonds | 8.82% | 1.21% |
| Unit investment trust funds | 1.19% | 0.91% |
| Others | -3.01% | -0.41% |
| | 100.00% | 100.00% |

The retirement plan exposes the Company to actuarial risks as follows:

Investment and Interest Risks. The present value of retirement liability for consistency is calculated using a discount rate determined by reference to market yields to government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments and if the return on plan asset falls below this rate, it will create a deficit in the plan.

Longevity and Salary Risks. The present value of retirement liability is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

Maturity analysis of the undiscounted benefit payments as at reporting date are as follows:

| | 2022 | 2021 |
|-----------------------------|--------------------|--------------------|
| Within 1 year | ₱14,139,223 | ₱12,359,224 |
| More than 1 year to 5 years | 8,808,888 | 10,296,543 |
| More than 5 years | 33,863,674 | 27,923,644 |
| | ₱56,811,785 | ₱50,579,411 |

The weighted average duration of the retirement liability is 5.3 years and 6.2 years as at December 31, 2022 and 2021, respectively.

19. Significant Agreements

Outside Services

The Company entered into agreements with a related party and third parties to outsource property management and administration, security services, maintenance, grounds keeping and landscaping, housekeeping, hotel concierge and administration, pest control, medical, technical support, related manpower, and tools and equipment of the aforementioned services. These agreements are valid for terms between one (1) and three (3) years.

Total amount or outside services recognized in profit or loss are as follows:

| | Note | 2022 | 2021 | 2020 |
|------------------------------------|------|--------------------|--------------------|--------------------|
| Cost of services | 15 | ₱7,670,562 | ₱5,375,725 | ₱6,288,330 |
| General and administrative expense | 16 | 6,089,163 | 5,360,072 | 5,444,161 |
| | | ₱13,759,725 | ₱10,735,797 | ₱11,732,491 |

Concessions

The Company has concession agreements with food and beverage service providers, which operate restaurants within the Company's premises to provide services to their members and guests.

The Company charges the concessionaires commission based on monthly sales. Commission income from all concessionaires amounted to ₱3.6 million and ₱1.2 million in 2022 and 2021, respectively (₱0.4 million in 2020).

Lease

The Company executed a lease agreement with a third party whereby the former shall lease the land of latter where certain facilities of the Company are located. The term of the lease is three (3) years, and automatically renewed unless terminated by both parties.

Rent expense associated with the land lease amounted to ₱4.8 million and ₱2.5 million in 2022 and 2021, respectively (₱2.6 million in 2020).

The Company also has low value leases for staff housing and equipment with third parties.

Rent expense is presented in the statements of comprehensive income as follows:

| | Note | 2022 | 2021 | 2020 |
|------------------------------------|------|-------------------|------------|------------|
| Cost of services | 15 | ₱5,540,237 | ₱3,622,086 | ₱3,525,133 |
| General and administrative expense | 16 | 523,887 | 428,062 | 170,516 |
| | | ₱6,064,124 | ₱4,050,148 | ₱3,695,649 |

20. Income Tax

The Company has no provision for current income tax due to its taxable loss position in 2022 and 2021 (and 2020). Provision for deferred income tax amounted to ₱1.2 million and ₱0.1 million in 2022 and 2021, respectively (nil in 2020).

On June 26, 2019, the Supreme Court (SC) released a decision discussing that membership dues, assessment fees, etc. are exempt from income tax and VAT. This is the SC case G.R. No. 228539 entitled "Association of Non-Profit Clubs, Inc. (ANPC) vs. Bureau of Internal Revenue" which was rendered final and executory with the Entry of Judgment made at the SC Second Division.

SC ruled that, for as long as these membership fees, assessment dues, and the like are treated as collections by recreational clubs from their members as an inherent consequence of their membership, and are, by nature, intended for the maintenance, preservation, and upkeep of the clubs' general operations and facilities, then these fees cannot be classified as "the income of recreational clubs from whatever source" that are "subject to income tax". Instead, they only form part of capital from which no income tax may be collected or imposed.

The components of the Company's deferred tax liabilities are as follows:

| | 2022 | 2021 |
|-----------------------|-------------------|---------|
| Net retirement asset | ₱1,304,099 | ₱87,846 |
| Foreign exchange gain | 9,489 | 7,768 |
| | ₱1,313,588 | ₱95,614 |

Provision for deferred income tax is presented in profit or loss.

The components of the Company's unrecognized deferred tax assets are as follows:

| | 2022 | 2021 |
|--|--------------------|-------------|
| NOLCO | ₱62,535,499 | ₱72,447,700 |
| Excess of contribution over service cost | 5,436,787 | 5,688,252 |
| Allowance for ECL | 77,775 | 77,775 |
| | ₱68,050,061 | ₱78,213,727 |

These deferred tax assets amounting to ₱68.1 million and ₱78.2 million as at December 31, 2022 and 2021, respectively, were not recognized since management believes that it is not probable that taxable income will be available against which the deferred tax assets can be utilized.

Under the Republic Act No. 11494, *Bayanihan to Recover As One Act*, and Revenue Regulations No. 25-2021, the Company is allowed to carry over its operating losses incurred for the taxable years 2020 and 2021 for the next five years immediately following the year of such loss.

The details of NOLCO which can be claimed as deduction from future taxable income are shown below.

| Year Incurred | Beginning Balance | Incurred | Expired | Ending Balance | Valid Until |
|---------------|---------------------|--------------------|----------------------|---------------------|-------------|
| 2022 | ₱— | ₱48,858,120 | ₱— | ₱48,858,120 | 2025 |
| 2021 | 58,757,839 | — | — | 58,757,839 | 2026 |
| 2020 | 142,526,037 | — | — | 142,526,037 | 2025 |
| 2019 | 88,506,925 | — | (88,506,925) | — | 2022 |
| | ₱289,790,801 | ₱48,858,120 | (₱88,506,925) | ₱250,141,996 | |

The reconciliation of provision for (benefit from) income tax computed at the statutory tax rate and the effective tax rate follows:

| | 2022 | 2021 | 2020 |
|--|---------------------|----------------|--------------|
| Provision for (benefit from) income tax at statutory income tax rate | ₱11,299,119 | ₱7,338,641 | (₱2,201,609) |
| Tax effects of: | | | |
| Nontaxable membership dues | (31,622,914) | (22,936,375) | (35,552,164) |
| Nondeductible expenses | 9,644,880 | 1,735,960 | 1,788,021 |
| Interest income subjected to final tax | (66,176) | (7,471) | (21,060) |
| Expired NOLCO | 22,126,731 | — | — |
| Change in unrecognized deferred tax assets | (10,163,666) | 2,375,451 | 35,986,812 |
| Effect of change in income tax rate | — | 11,589,408 | — |
| | ₱1,217,974 | ₱95,614 | ₱— |

Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)

On March 26, 2021, the CREATE Act was signed into law by the President of the Philippines and took effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation.

Under the CREATE Act, the RCIT of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or taxable income. In addition, MCIT was changed from 2% to 1% of gross income for a period three years. The changes in income tax rates were applied retrospectively beginning July 1, 2020.

In 2022 and 2021, the current income tax rates used in preparing the financial statements are 25% RCIT and 1% MCIT. The change in tax rate has no impact in 2020 as the Company has no provision for current and deferred income tax in 2020.

21. Financial Assets and Financial Liabilities

Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash and cash equivalents, trade and other receivables, refundable deposits (presented under "Other noncurrent assets" account), and trade and other payables (excluding membership dues collected in advance and statutory payables). The main purpose of these financial instruments is to provide funds for the Company's operations and capital expenditures.

The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and manage the Company's exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company has exposure to credit risk and liquidity risk from the use of its financial instruments. The BOD reviews and approves the policies for managing each of these risks.

Credit Risk. Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Company limits its exposure to credit risk by depositing its cash in banks with highly reputable and pre-approved financial institutions. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to credit losses is not significant.

The Company's maximum exposure to credit risk is equal to the carrying amount of its financial assets. The Company has no concentration of credit risk.

The tables below show the credit quality by class of financial assets based on the Company's credit rating system.

| | 2022 | | | | |
|------------------------------------|-------------------------------|-----------------|---------------------------|-----------------|---------------------|
| | Neither Past Due nor Impaired | | Past Due but not Impaired | Impaired | Total |
| | High Grade | Standard Grade | | | |
| Simplified approach - | | | | | |
| Trade receivables | ₱69,897,341 | ₱— | ₱— | ₱311,100 | ₱70,208,441 |
| 12-month ECL: | | | | | |
| Cash in banks and cash equivalents | 46,538,479 | — | — | — | 46,538,479 |
| Nontrade receivables | 7,210,680 | — | — | — | 7,210,680 |
| Refundable deposits* | — | 120,000 | — | — | 120,000 |
| | ₱123,646,500 | ₱120,000 | ₱— | ₱311,100 | ₱124,077,600 |

*Presented under "Other noncurrent assets" account in the statements of financial position

| | 2021 | | | | |
|------------------------------------|-------------------------------|-----------------|---------------------------|-----------------|--------------------|
| | Neither Past Due nor Impaired | | Past Due but not Impaired | Impaired | Total |
| | High Grade | Standard Grade | | | |
| Simplified approach - | | | | | |
| Trade receivables | ₱48,548,928 | ₱— | ₱— | ₱311,100 | ₱48,860,028 |
| 12-month ECL: | | | | | |
| Cash in banks and cash equivalents | 40,107,921 | — | — | — | 40,107,921 |
| Nontrade receivables | 3,336,024 | — | — | — | 3,336,024 |
| Refundable deposits* | — | 145,263 | — | — | 145,263 |
| | ₱91,992,873 | ₱145,263 | ₱— | ₱311,100 | ₱92,449,236 |

*Presented under "Other noncurrent assets" account in the statements of financial position

The credit quality of the financial assets was determined as follows:

- High grade - applies to customers and counterparties that always pay on time or even before maturity.
- Standard grade - applies to receivable from counterparties that always pay on due date if they are reminded or followed up by the Company.
- Past due but not impaired - items with history of frequent default, nevertheless, the amounts are still collectible.
- Impaired - those that are long outstanding or those that have been provided with an allowance for ECL.

Liquidity Risk. Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company seeks to manage its liquidity profile to be able to finance its capital expenditures and service its maturing debts. The Company's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. The Company considers obtaining borrowings as the need arises.

As at December 31, 2022 and 2021, the Company's trade and other payables (excluding membership dues collected in advance and statutory payables) are generally settled within a year.

Capital Management

The primary objective of the Company's capital management is to ensure that the Company has sufficient funds in order to support its business, pay existing obligations and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, whenever there are changes in economic conditions. To manage or adjust the capital structure, the Company may obtain additional support from members. No changes were made in the objectives, policies or processes as at December 31, 2022 and 2021. The Company considers its equity as capital employed and monitors capital using the monthly cash position report and financial statements.

Fair Value of Financial Assets and Liabilities

The table below presents the carrying amount and fair value of financial instruments:

| | 2022 | | 2021 | |
|--|---------------------|---------------------|-----------------|--------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial Assets at Amortized Cost | | | | |
| Cash and cash equivalents | ₱47,698,489 | ₱47,698,489 | ₱41,291,651 | ₱41,291,651 |
| Trade and other receivables | 77,108,021 | 77,108,021 | 51,884,952 | 51,884,952 |
| Refundable deposits* | 120,000 | 120,000 | 145,263 | 145,263 |
| | ₱124,926,510 | ₱124,926,510 | ₱93,321,866 | ₱93,321,866 |
| Financial Liability at Amortized Cost | | | | |
| Trade and other payables** | ₱107,316,678 | ₱107,316,678 | ₱119,151,274 | ₱119,151,274 |

* Presented under "Other noncurrent assets" account in the statements of financial position

**Excluding membership dues collected in advance and statutory payables with an aggregate amount of ₱29.1 million and ₱30.4 million as at December 31, 2022 and 2021, respectively.

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

Cash and Cash Equivalents, Trade and Other Receivables, Trade and Other Payables (excluding Membership Dues Collected in Advance and Statutory Payables). Due to the short-term nature and demandable feature of these financial instruments, their fair values approximate the carrying amounts as at reporting date.

Refundable Deposits. These are presented at cost since the timing and amounts of future cash flows related to the refundable deposits are linked to the termination of the contract with the electricity provider which cannot be reasonably and reliably estimated.

There were no transfers between levels in the fair value hierarchy in 2022 and 2021.

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Members and the Board of Directors
The Country Club at Tagaytay Highlands, Inc.
Tagaytay Highlands Complex, Barangay Calabuso
Tagaytay City, Philippines

We have audited the accompanying financial statements of The Country Club at Tagaytay Highlands, Inc. (the Company) as at and for the years ended December 31, 2022 and 2021, on which we have rendered our report dated April 1, 2023.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has three (3) stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & Co.



BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782; Valid until April 13, 2024

SEC Accreditation No. 81207-SEC Group A

Issued January 30, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-004-2022

Valid until October 16, 2025

PTR No. 9564560

Issued January 3, 2023, Makati City

April 1, 2023
Makati City, Metro Manila

**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Members and the Board of Directors
The Country Club at Tagaytay Highlands, Inc.
Tagaytay Highlands Complex
Barangay Calabuso, Tagaytay City 4120 Cavite

We have audited in accordance with Philippine Standards on Auditing, the financial statements of The Country Club at Tagaytay Highlands, Inc. (the Company) as at and for the years ended December 31, 2022 and 2021 and have issued our report thereon dated April 1, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplementary Schedules for submission to the Securities and Exchange Commission are the responsibility of the Company's management.

The supplementary schedules include the following:

- Schedule of Financial Soundness Indicators as at and for the years ended December 31, 2022 and 2021
- Schedules required Annex 68-J of the Revised Securities Regulation Code (SRC) Rule 68 as at and for the year ended December 31, 2022

The financial soundness indicators are not measures of operating performance defined by the Philippine Financial Reporting Standards and may not be comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Company's financial statements as at and for the years ended December 31, 2022 and 2021, and no material exceptions were noted.

The supplementary schedules are presented for purposes of complying with the Revised SRC Rule 68 and are not part of the basic financial statements. The supplementary 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 data required to be set forth therein in relation to the basic financial statements taken as a whole.

REYES TACANDONG & Co.



BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782; Valid until April 13, 2024

SEC Accreditation No. 81207-SEC Group A

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Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-004-2022

Valid until October 16, 2025

PTR No. 9564560

Issued January 3, 2023, Makati City

April 1, 2023
Makati City, Metro Manila

THE COUNTRY CLUB AT TAGAYTAY HIGHLANDS, INC.

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2022 and 2021

| Ratio | Formula | 2022 | 2021 |
|-----------------------|---|---------------------|--------------|
| Current Ratio | Total current assets | ₱194,078,666 | ₱161,957,535 |
| | Divided by: Total current liabilities | 136,366,907 | 149,553,410 |
| | Current Ratio | 1.42 | 1.08 |
| | | | |
| Acid Test Ratio | Total current assets | ₱194,078,666 | ₱161,957,535 |
| | Less: Inventories | (12,339,018) | (14,456,443) |
| | Other current assets | (56,933,138) | (54,324,489) |
| | Quick assets | 124,806,510 | 93,176,603 |
| | Divide by: Total current liabilities | 136,366,907 | 149,553,410 |
| | Acid Test Ratio | 0.92 | 0.62 |
| Solvency Ratio | Net income | ₱43,978,500 | ₱29,258,949 |
| | Add: Depreciation and amortization | 54,689,401 | 55,835,848 |
| | Net income before depreciation and amortization | 98,667,901 | 85,094,797 |
| | Divided by: Total liabilities | 137,680,495 | 149,649,024 |
| | Solvency Ratio | 71.66% | 56.86% |
| | | | |
| Debt-to-Equity Ratio | Total liabilities | ₱137,680,495 | ₱149,649,024 |
| | Divided by: Total equity | 605,113,032 | 559,569,259 |
| | Debt-to-Equity Ratio | 0.23 | 0.27 |
| | | | |
| Asset-to-Equity Ratio | Total assets | ₱742,793,527 | ₱709,218,283 |
| | Divided by: Total equity | 605,113,032 | 559,569,259 |
| | Asset-to-Equity Ratio | 1.23 | 1.27 |
| | | | |
| Return on Equity | Net income | ₱43,978,500 | ₱29,258,949 |
| | Divided by: Average total equity | 582,341,146 | 544,663,824 |
| | Return on Equity | 7.55% | 5.37% |
| | | | |
| Return on Assets | Net income | ₱43,978,500 | ₱29,258,949 |
| | Divided by: Average total assets | 726,005,905 | 696,865,164 |
| | Return on Assets | 6.06% | 4.2% |
| | | | |
| Net Profit Margin | Net income | ₱43,978,500 | ₱29,258,949 |
| | Divided by: Revenue | 195,112,859 | 125,766,917 |
| | Net Profit Margin | 22.54% | 23.26% |
| | | | |

THE COUNTRY CLUB AT TAGAYTAY HIGHLANDS, INC.
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY
PAR. 6 PART II OF REVISED SRC RULE 68
DECEMBER 31, 2022

Table of Contents

| <i>Schedule</i> | <i>Description</i> | <i>Page</i> |
|-----------------|--|-----------------|
| A | Financial Assets | <u>N/A</u> |
| B | Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties) | <u>N/A</u> |
| C | Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements | <u>N/A</u> |
| D | Long-Term Debt | <u>N/A</u> |
| E | Indebtedness to Related Parties | <u>N/A</u> |
| F | Guarantees of Securities of Other Issuers | <u>N/A</u> |
| G | Proprietary Membership Certificates | <u>Attached</u> |

Notes:

A - None to report. The Company has no financial assets measured at fair value through profit or loss.

B - None to report. All receivables arise from the ordinary course of business.

C - Not applicable. The Company does not prepare consolidated financial statements.

D - None to report. The Company has no long-term debt.

E - None to report. The Company has no long-term indebtedness to a related party.

F - None to report. The Company has no guarantees of securities of other issuers.

** No profit inures to the exclusive benefit of any of the Company's members and no dividend shall be declared in their favor, hence, a supplementary schedule of reconciliation of retained earnings available for dividend declaration as at December 31, 2022 is not applicable.*

THE COUNTRY CLUB AT TAGAYTAY HIGHLANDS, INC.

SCHEDULE G – PROPRIETARY MEMBERSHIP CERTIFICATES

DECEMBER 31, 2022

| <i>Title of issue</i> | <i>Number of proprietary membership certificates authorized</i> | <i>Number of proprietary membership certificates issued and outstanding as shown under statement of financial position</i> | <i>Number of Proprietary membership certificates reserved for options, warrants, conversion and other rights</i> | <i>Number of proprietary membership certificates held by</i> | | |
|---|--|---|---|---|---|----------------------|
| | | | | <i>Related parties</i> | <i>Directors, officers and employees</i> | <i>Others</i> |
| Proprietary Membership Certificates | 5,000 | 5,000 | – | 2,325 | 4 | 2,671 |