

CERTIFICATION

I, **FREDERICK D. DEOCARIZA**, Financial Controller, is a duly authorized representative of **THE SPA AND LODGE AT TAGAYTAY HIGHLANDS, INC. ("Club")**, with SEC registration number A199918323 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 2023 (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;

IN WITNESS WHEREOF, I have hereunto set my hand this 15 APR 2024.

FREDERICK D. DEOCARIZA
Financial Controller

SUBSCRIBED AND SWORN to before me this 15 APR 2024 in TAGAYTAY CITY City, affiant exhibiting to me his Driver's License No. [REDACTED] as competent evidence of identity.

Doc. No. 743;
Page No. 76;
Book No. 22;
Series of 2024.



[Signature]
ATTY. VALENTIN C. GUANILLO
JP Rizal Avenue, Kaybagal South, Tagaytay City
Commission Expires on DECEMBER 31, 2024
PTR No. 5649295/January 2, 2024
ROLL No. 22908
IBP LIFETIME RES. NO. 02892
MCLE COMPLIANCE NO. VII-0016975

A 1 9 9 9 - 1 8 3 2 3

S.E.C. Registration Number

T H E S P A A N D L O D G E 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 | 8632-0837
Contact Person | Company Telephone Number

1 2 - 3 1
Month Day
Calendar Year

1 7 - A
FORM TYPE

0 5 - 2 5
Month Day
Annual Meeting

Secondary License Type, If Applicable

S E C
Dept. Requiring this Doc.

N / A
Amended Articles Number/Section

2 3 0
Total No. of Stockholders

Domestic

Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

THE SPA AND LODGE AT TAGAYTAY HIGHLANDS, INC.
(A Nonprofit Corporation)
Supplementary Schedules Required
By the Securities and Exchange Commission
As at and for the Twelve months Ended December 31, 2023

TABLE OF CONTENTS

		Page No.
PART I	BUSINESS AND GENERAL INFORMATION	
Item 1	Business	4
Item 2	Properties	6
Item 3	Legal Proceedings	6
Item 4	Submission of Matters to a Vote of Security Holders	6
PART II	OPERATIONAL AND FINANCIAL INFORMATION	
Item 5	Market for Issuer's Common Equity and Related Stockholder Matters	8
Item 6	Management's Discussion and Analysis	9
Item 7	Financial Statements	14
Item 8	Changes in and Disagreement With Accountants on Accounting and Financial Disclosure	14
PART III	CONTROL AND COMPENSATION INFORMATION	
Item 9	Directors and Executive Officers	15
Item 10	Executive Compensation	18
Item 11	Security Ownership of Management	18
Item 12	Certain Relationships and Related Transactions	20
PART IV	CORPORATE GOVERNANCE	
Item 13	Corporate Governance	21
PART V	EXHIBITS AND SCHEDULES	
Item 14	Exhibits and Reports on SEC Form 17-C	22
	SIGNATURE	23
	INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES	25
	INDEX TO EXHIBITS	25

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A
ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE
AND SECTION 177 OF THE REVISED CORPORATION CODE OF THE PHILIPPINES**

1. For the Twelve months ended **31 December 2023**
2. SEC Identification Number: **A199918323** 3. BIR Tax Identification Number: **210-642-098-000**
4. Exact name of issuer as specified in its charter **THE SPA & LODGE AT TAGAYTAY HIGHLANDS, INC.**
5. Province, Country or other jurisdiction of incorporation or organization **Cavite, Philippines**
6. (SEC Use Only) Industry Classification Code:
7. Address of principal office **Tagaytay Highlands Complex,
Barangay Calabuso, Tagaytay City, Philippines** **4120** Postal Code
8. Registrant's telephone number, including area code: **(046) 483-0837**
9. Former name, former address, and former fiscal year, if changed since last report **NOT APPLICABLE**
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Proprietary Shares	434

11. Are any or all of Registrant's securities listed on a Stock Exchange?
[] Yes [X] No
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 [X] No
13. Aggregate market value of voting stock held by non-affiliates: **₱ 92,400,000.00**

**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.

NOT APPLICABLE

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

The Spa & Lodge at Tagaytay Highlands, Inc. (TSLTHI) was incorporated in 2001 as an exclusive lodge membership operating on a non-profit basis. Membership at TSLTHI is proprietary. This means that TSL members have full equity share in the ownership of the assets of TSLTHI, which include the land, the 25 one-bedroom suites, and the fixtures and equipment. Membership in TSLTHI cannot be assigned nor leased out. However, it may be transferred after the standard holding period requirement of two years from the date that TSL is declared fully operational.

Constructed using authentic North American cedar logs, TSL are designed to provide the feel and comfort of a traditional log cabin. Since it is located on one of the highest points of Tagaytay Highlands, it has a breathtaking view of Mount Makiling, Laguna Lake, Taal Volcano, and the Highlands Golf Course.

TSLTHI is situated in Tagaytay City which is about 60 kilometers south of Metro Manila.

TSLTHI Members are enjoying the following upgraded benefits:

- 24 room nights per year of free accommodation, 12 of which are weekend or holiday nights and 12 weekday nights;
- Convertibility of unused weekday nights to weekend nights (subject to room availability) with only a minimal conversion fee;
- Privilege to use more room nights after the free 24 nights, subject to the corresponding room charge;
- "Junior Membership" eligibility;
- Accommodation of guest at the Lodge; and
- Special discounts on certain spa services and facilities.

The privileges and benefits of TSLTHI Membership are subject to the procedures, rules and regulations set forth by Management for this purpose.

TSLTHI revenue contributions are generated from room sales (32.52%), food, beverage & sundry revenue (25.45%), service fee/spa commission (18.72%), and other income (23.32%).

Bankruptcy, Receivership or Similar Proceedings

TSLTHI 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)

TSLTHI has not engaged in any material reclassification, merger, consolidation or purchase or sale of 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 TSLTHI membership certificates (MC) in the Philippines. As such, holders of shares of TSLTHI who wish to sell or dispose of their MC may not readily find a counter party for the transaction at the desired asking price. However, there is currently a few growing number of lodge membership clubs being established in various parts of the country. This may affect appreciation in the value of investment in TSLTHI.

Investments in leisure-oriented developments such as TSLTHI facilities are influenced by 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 this may result in anticipated appreciation in the prices of TSLTHI membership certificates.

Although there are other companies engaged in the same line of business, TSLTHI competes in terms of services and facilities. TSLTHI is highly competitive because of its timesharing lodge accommodation and the panoramic view of Taal Lake, Mt. Makiling, and Laguna de Bay. In 2013, TSLTHI gave a concession to Asmara, Incorporated to operate the spa. Asmara offers several body treatment massages such as Aromatherapy, Swedish, Shiatsu or Combination massage, complimented with essential oils such as Lavender, Ylang-ylang, and Almond Oil.

Sources and availability of raw materials

TSLTHI principal suppliers include Colombo Merchant Philippines, Jumpinwash Laundry Services and East World Sales Philippines Incorporated. There are no existing major supply contracts entered into by the Company.

Transactions with and/ or dependence on related parties

In the ordinary course of business, TSLTHI has transactions with affiliates mainly consisting of non-interest bearing advances for the acquisition/ transfer of property and equipment, supplies and reimbursement of certain expenses.

Government Regulations

TSLTHI has complied with licensing and regulatory requirements necessary for its development and operations.

Compliance with Environmental Laws

TSLTHI has complied with pertinent environmental laws and regulations and wherein the Clubs has received the Environmental Certificate Clearance issued by the Department of Energy and Natural Resources.

Employees

TSLTHI is run by a team of regular and casual employees as follows:

Regular Employees*	
Officer	3
Supervisor	1
Rank & File	7
Total	<u>11</u>

* Based on head count as of Dec 31, 2023.

All regular rank and file employees are subject to the Collective Bargaining Agreement.

Major Business Risks

TSLTHI has been sustaining its operational requirements through the collection of monthly dues from each member and the operation of lodge rooms. It 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 peso. Despite the current economic condition, however, TSL membership has not been adversely affected. There are no foreseeable negative effects on members' patronage in view of the present economic condition.

Item 2. Properties

TSLTHI is located in Tagaytay Highlands, Complex, Barangay Calabuso, Tagaytay City 4120, Cavite. Its principal properties include the whole building structure with 25-lodge accommodations, 14-individual massage rooms and a salon. The building structure is situated on a one-hectare land about 60 kilometers south of Metro Manila. These properties are well maintained and go through regular repairs and maintenance programs throughout the year.

TSLTHI has complete ownership and that there is no other party who owns the property. In addition, the property is free from all liens, encumbrances and mortgages. There are no limitations as to the ownership brought about by the terms and conditions of any encumbrances.

Item 3. Legal Proceedings

As of 31 December 2023, there are no material pending legal proceedings to which TSLTHI is a party to.

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

During the fourth quarter of the 2023 calendar/fiscal year, TSLTHI held its annual members' meeting (on October 07, 2023). In said annual meeting, the following items were voted upon by the stockholders: (1) Approval of Minutes of Previous Meeting of Members, (2) Approval of 2022 Operations and Results and the 2022 Audited Financial Statements, (3) Ratification of Corporate Acts, (4) Appointment of External Auditor and (5) Election of

Directors. In the election of directors, the following persons were elected as directors of the Club:

1. Johnip G. Cua (independent)
2. Hans T. Sy
3. Jerry C. Tiu
4. Mary Eleanor A. Mendoza
5. Theresa T. Chan (independent)

All items were affirmatively voted upon (no negative votes and no abstentions) by 231 stockholders, representing 55.53% of all stockholders in good standing and entitled to vote. No other matter were submitted to security holders other than at the annual meeting.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Proprietary Shares

TSLTHI has 434 membership certificates as at December 31, 2023, of which 203 or 46.77% are owned by Belle Corporation with the remaining being owned by other members. There are 230 holders of the Company's membership certificates.

The top members are as follows:

Name of member	No. of membership certificates	%
Belle Corporation	203	46.77%
Fortune International Trading Corp.	2	0.46%
Hortaleza, Rosalinda A.	2	0.46%
Lahoz, Bernardo	2	0.46%
Lim, Jose Antonio Ong	2	0.46%
Ocampo, Antonio V.	2	0.46%
Tangco, Paciano L.	2	0.46%
RDJ Development Corp.	2	0.46%
Jerry C. Tiu	2	0.46%
Others	215	49.54%
Total	434	100.00%

Market Value of Security

Below are the high and low bid prices for the past three (3) years based on GG&A Club shares records:

	HIGH	LOW
Quarter ended March 2021	600,000	600,000
Quarter ended June 2021	650,000	550,000
Quarter ended September 2021	700,000	550,000
Quarter ended December 2021	700,000	650,000
Quarter ended March 2022	850,000	750,000
Quarter ended June 2022	900,000	500,000
Quarter ended September 2022	500,000	500,000
Quarter ended December 2022	500,000	400,000
Quarter ended March 2023	400,000	400,000
Quarter ended June 2023	400,000	400,000
Quarter ended September 2023	400,000	400,000
Quarter ended December 2023	400,000	400,000

TSLTHI's securities are not traded in any of the stock exchanges.

Dividends

TSLTHI does not declare dividends to its members. In accordance with the TSLTHI's Articles of Incorporation and By-Laws, no profit shall inure to the exclusive benefit of any of its members, hence, no dividends shall be declared in their favor. Members shall be entitled only to a pro-rata share of the assets of the company at the time of the dissolution or liquidation of the company.

Recent Sales of Unregistered Securities

All TSLTHI's securities are registered under the Securities Regulation Code. There were 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

Results of Operations

December 2023 compared to December 2022

REVENUES AND OTHER INCOME

For the year ended December 31, 2023, TSLTHI generated total revenue of ₱9.23 million which is higher by ₱3.66 million or 65.65% from last year's revenue of ₱5.57 million. This is mainly attributed to the reopening of The Great Room and higher rooms occupancy during the period.

Room sales

Revenues from room sales increased by ₱1.05 million or 53.68%, from ₱1.95 million in 2022 to ₱3.00 million in 2023.

Food, beverage, and sundries

Revenues from food, beverage and sundries went up by ₱1.97 or 527.17%, from ₱0.37 million in 2022 to ₱2.35 million in 2023 due to the reopening of The Great Room in April 2023.

Spa services

Spa services commission increased by ₱0.17 million or 10.92% million from ₱1.56 million in 2022 to ₱1.73 million in 2023.

Other income

Other income increased by ₱0.46 million or 27.26% from ₱1.69 million in 2022 to ₱2.15 million in 2023. This includes interest income and transfer fees.

COST AND EXPENSES

TSLTHI's cost and expenses showed an increase of ₱4.58 million or 30.4% from ₱15.06 million for the year ended December 31, 2022 to ₱19.64 million for the year ended December 31, 2023, due to costs incurred in the reopening of The Great Room, additional employees, and higher utility consumption and utility rates.

Cost of sales

Cost of sales went up to ₱1.88 million during the year due to the reopening of The Great Room in April 2023. This includes food and beverage cost and sundry inventory cost.

Cost of services

Cost of services is higher by ₱2.01 million or 15.10% from ₱13.28 million in 2022 to ₱15.29 million in 2023, mainly due to increase in electricity rates and consumption which can be attributed to higher rooms occupancy during the year.

General and administrative expenses

General and administrative expenses increased by ₱0.69 million or 38.74% from ₱1.78 million in 2022 to ₱2.47 million in 2023.

MEMBERS' SUPPORT

Members' support remains at ₱9.18 million for the years ended December 31, 2023 and December 31, 2022.

NET LOSS

TSLTHI posted a net loss of ₱1.37 million for the twelve-month period ended December 31, 2023 as compared to the net loss of ₱0.35 million for the twelve-month period ended December 31, 2022.

December 2022 compared to December 2021

REVENUES AND OTHER INCOME

For the year ended December 31, 2022, TSLTHI generated total revenue of ₱5.57 million which is higher by ₱3.44 million or 160.89% from last year's revenue of ₱2.14 million. This is mainly due to increase in rooms occupancy and spa services provided during the period.

Room sales

Revenues from room sales increased by ₱1.09 million or 126.33%, from ₱0.86 million in 2021 to ₱1.95 million in 2022.

Food, beverage, and sundries

Revenues from food, beverage and sundries went up by ₱0.28 or 312.86%, from ₱0.09 million in 2021 to ₱0.37 million in 2022. This includes sundry revenue from additional amenities provided.

Spa services

Spa services commission increased by ₱1.14 million or 277.03% million from ₱0.41 million in 2021 to ₱1.56 million in 2022.

Other income

Other income increased by ₱0.92 million or 119.35% from ₱0.77 million in 2021 to ₱1.69 million in 2022 mainly due to higher transfer fees collected during the year.

COST AND EXPENSES

TSLTHI's cost of services and operating expenses amounting to ₱15.06 million showed an increase of ₱2.85 million or 23.29% compared to ₱12.22 million in 2021. These were mainly due to an increase in labor cost, utilities caused by higher utility rates, usage of supplies and laundry services mainly attributable to higher room occupancy during the period.

Cost of sales and services

Cost of sales and services is higher by ₱3.13 million or 30.79% from ₱10.16 million in 2021 to ₱13.28 million in 2022, mainly due to increase in electricity rates and consumption which can be attributed to higher rooms occupancy during the year.

General and administrative expenses

General and administrative expenses decreased by ₱0.28 million or 13.67% from ₱2.06 million in 2021 to ₱1.78 million in 2022.

MEMBERS' SUPPORT

Membership dues remains at ₱9.18 million for the years ended December 31, 2022 and December 31, 2021.

NET LOSS

TSLTHI posted a net loss of ₱0.35 million for the twelve-month period ended December 31, 2022 as compared to the net loss of ₱0.92 million for the twelve-month period ended December 31, 2021.

Financial Condition and Changes in Financial Condition

December 31, 2023 compared to December 31, 2022

ASSETS

TSLTHI has total assets of ₱34.80 million as of December 31, 2023 compared to ₱42.63 million as of December 31, 2022. TSLTHI has current assets of ₱1.28 for each peso of current liabilities as of December 31, 2023 compared to ₱1.15 as of December 31, 2022.

Cash and Cash Equivalents

Cash and cash equivalents decreased by ₱9.16 million or 55.82% from ₱16.41 million as of December 31, 2022 to ₱7.25 million as of December 31, 2023. This was due to net cash used in operating activities amounting to ₱5.85 million and cash used in additions to property and equipment of ₱3.31 million during the year.

Receivables

Receivables increased by ₱2.59 million or 131.92% from ₱1.96 million as of December 31, 2022 to ₱4.55 million as of December 31, 2023 due to higher related party receivables.

Inventories

Inventories were higher by ₱0.16 million or 40.80% from ₱0.38 million as of December 31, 2022 to ₱0.54 million as of December 31, 2023.

Other Current Assets

Other current assets increased by ₱0.83 million or 17.98% from ₱4.61 million as of December 31, 2022 to ₱5.44 million as of December 31, 2023 due to unamortized prepayments for the year.

Noncurrent Assets

Property and equipment of ₱16.78 million as of December 31, 2023 showed a decrease of ₱2.20 million as compared to ₱18.97 million as of December 31, 2022 due to improvement in building, facilities, and equipment of ₱3.27 million. This was offset by the depreciation expense during the period amounting to ₱5.50 million.

LIABILITIES

Total liabilities decreased by ₱6.44 million or 31.58% from ₱20.40 million as of December 31, 2022 to ₱13.96 million as of December 31, 2023. These were mainly due to the decrease in related party payables.

MEMBERS' EQUITY

Members' equity showed a decrease of ₱1.38 million or 6.23% from ₱22.22 million as of December 31, 2022 to ₱20.84 million as of December 31, 2023 due to the net loss amounting to ₱1.37 million and remeasurement of other comprehensive income.

December 31, 2022 compared to December 31, 2021

ASSETS

TSLTHI has total assets of ₱42.63 million as of December 31, 2022 compared to ₱30.15 million as of December 31, 2021. TSLTHI has current assets of ₱1.15 for each peso of current liabilities as of December 31, 2022 compared to ₱1.34 as of December 31, 2021.

Cash and Cash Equivalents

Cash and cash equivalents increased by ₱12.07 million or 278.54% from ₱4.33 million as of December 31, 2021 to ₱16.41 million as of December 31, 2022. This was due to net cash provided by operating activities amounting to ₱15.84 million and offset by cash used in additions of property and equipment of ₱3.76 million during the period.

Receivables

Receivables decreased by ₱0.86 million or 30.51% from ₱2.82 million as of December 31, 2021 to ₱1.96 million as of December 31, 2021.

Inventories

Inventories are higher by ₱0.12 million or 45.36% from ₱0.26 million as of December 31, 2021 to ₱0.38 million as of December 31, 2022 due to purchase of guest room amenities and supplies.

Other Current Assets

Other current assets increased by ₱1.74 million or 60.92% from ₱2.86 million as of December 31, 2021 to ₱4.61 million as of December 31, 2022 due to higher creditable withholding tax.

Noncurrent Assets

Property and equipment of ₱18.97 million as of December 31, 2022 showed a decrease of ₱0.80 million as compared to ₱19.76 million as of December 31, 2021 due to depreciation expense during the period amounting to ₱4.56 million. This was offset by the cost of improvement in building, facilities, and equipment of ₱3.76 million.

LIABILITIES

Total liabilities increased by ₱12.69 million or 164.59% from ₱7.71 million as of December 31, 2021 to ₱20.40 million as of December 31, 2022 due to increase in year-end purchases, related parties and statutory payables.

MEMBERS' EQUITY

Members' equity showed a decrease of ₱0.21 million or 0.96% from ₱22.44 million as of December 31, 2021 to ₱22.22 million as of December 31, 2022 due to the net loss and re-measurement gain recognized for the period.

Annex 68-E
Schedule of Financial Soundness Indicators

The Spa and Lodge at Tagaytay Highlands, Inc.
As at December 31, 2023, 2022, and 2021

Performance Indicators	Formula for Calculation	Dec 31, 2023 (Audited)	Dec 31, 2022 (Audited)	Dec 31, 2021 (Audited)
Current ratio	Current assets over current liabilities	1.28 : 1.00	1.15 : 1.00	1.34 : 1.00
Acid-test ratio	Current assets less inventories less other current assets over current liabilities	0.85 : 1.00	0.90 : 1.00	0.93 : 1.00
Solvency ratio	Net income before depreciation over total liabilities	0.30 : 1.00	0.21 : 1.00	0.51 : 1.00
Debt-to-equity ratio	Total debt over total members' equity	0.67 : 1.00	0.92 : 1.00	0.34 : 1.00
Asset-to-equity ratio	Total assets over total members' equity	1.67 : 1.00	1.92 : 1.00	1.34 : 1.00
Interest rate coverage ratio	EBITDA over interest expense (loss)	n/a	n/a	n/a
Return on equity	Net income over total members' equity (loss)	(6.37%)	(1.60%)	(4.04%)
Return on assets	Net income over total assets (loss)	(3.54%)	(0.98%)	(2.89%)
Net profit margin	Net income over total revenue (deficiency)	(19.38%)	(9.13%)	(67.59%)
EBITDA * per share	Excess of Revenue Over Expenses before Interest, Tax, Depreciation and Amortization over weighted average number of shares	₱9,508	₱9,787	₱9,074

* Excess of Revenue Over Expenses before Interest, Tax, Depreciation and Amortization (EBITDA)

During the year ended December 31, 2023, except for what has been stated above, 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 TSLTHI.
- ii. Events that will trigger direct or contingent financial obligation that is material to TSLTHI, including any default or acceleration of an obligation;
- iii. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of TSLTHI 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 TSLTHI'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 TSLTHI's continuing operations;
- vii. Seasonal aspects that had a material impact on TSLTHI's results of operations; and
- viii. Material changes in the financial statements of TSLTHI from the year ended December 31, 2023, except as reported in the MD&A.

Item 7. Financial Statements

The audited balance sheets as of December 31, 2023 and 2022, and the related statements of revenues and expenses and cash flows for each period ended 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

There have been no disagreements with any accountant or any matter of accounting principles or practices, financial statement disclosure or auditing scope of procedure.

Independent Public Accountants, External Audit Fees and Services

Reyes Tacandong & Co. ("RT&Co") is TSLTHI's external auditor for 2023. Representatives of RT&Co are expected to be present at the 2024 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 TSLTHI had any disagreement with regards 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, TSLTHI engaged Belinda B. Fernando of RT&Co. for the examination of financial statements of 2022 and 2023.

TSLTHI paid RT&Co ₱190,400.00 and ₱179,200.00 for external audit services for 2023 and 2022. For each of the last two (2) fiscal years, RT&Co. did not render services for tax accounting, planning, compliance, advice, or any other professional services for which it billed TSLTHI the corresponding professional fees.

The Audit Committee composed of Ms. Theresa T. Chan, as Chairperson, 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 Executive Officers of the Company:

NAME	NATIONALITY	POSITION	AGE	TERM OF OFFICE
Johnip G. Cua	Filipino	Chairman / Independent Director	67	2021 to present
Hans T. Sy	Filipino	Director	68	1992 to present
Jerry C. Tiu	Filipino	President / Director	66	2001 to present
Mary Eleanor A. Mendoza	Filipino	Director	60	2001 to present
Theresa T. Chan	Filipino	Independent Director	55	2023 to Present
Anna Francesca C. Respicio	Filipino	Corporate Secretary	37	2021 to present
Manuel A. Gana	Filipino	Vice Chairman / Treasurer	66	2000 to present
Ma. Clara T. Kramer	Filipino	General Manager	62	2010 to present

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

Johnip G. Cua - Chairman

Mr. Cua, 67, Filipino, is currently the chairman of TSLTHI. He is also an Independent Director of THIGCI. He is the Chairman and President of Taibrews Corporation since 2011. He is also the Chairman of the Board of Trustees of the P&Gers Fund, Inc. since 2009 and Xavier School, Inc. since 2012. He is a Director of Interbake Marketing, Inc. since 1991, Teambake Marketing, Inc. since 1994, Lartizan Corporation since 2007 and Zenori Corporation since 2018. He is an Independent Director of MacroAsia Corporation since 2006, MacroAsia Catering Services, Inc. since 2007, MacroAsia Airport Services Corporation since 2007, PhilPlans First, Inc. since 2009, Allied Botanical Corporation since 2012, MacroAsia Properties Development Corporation since 2013, PAL Holdings, Inc. since 2014, Philippine Airlines, Inc. since 2014, First Aviation Academy since 2017, LT Group, Inc. since 2018, Tanduy Distillers, Inc. since 2018 and Asia Brewery, Inc. since 2018. He is also a Trustee of Xavier School Educational & Trust Fund since 1996 and a Trustee and Treasurer of MGCC Foundation, Inc. since 2015. He is also a former President and Director of Procter & Gamble Philippines, Inc. Mr. Cua obtained his Bachelor of Science degree in Chemical Engineering from the University of the Philippines (Diliman) in 1978.

Hans T. Sy - Director

Mr. Sy, Filipino, 68, Filipino, is a director of TSLTHI. He is also a Director of TMGCI and TCCATHI and the Chairman of THIGCI. Currently, he is the Chairman of the Executive Committee of SM Prime Holdings, Inc. and has been a Director since 1994. He previously held the position of 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 holds a Bachelor of Science degree in Mechanical Engineering from De La Salle University.

Jerry C. Tiu - President & Director

Mr. Tiu, 66, Filipino, is the President and Director of TSLTHI since 2001. He is also an Independent Director of Premium Leisure Corp., and APC Group, Inc. He is the President and Director as well of TCCATHI, THIGCI, TMGCI, and 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 Owner's Association, Inc. The HPI's Horizon Community Condominium Owner's Association, Inc. and The Hillside at Tagaytay Highlands Community Homeowner's Association, Inc from 2014 to present. He holds a Bachelor of Science degree in Commerce (Major in Marketing) from the University of British Columbia.

Mary Eleanor A. Mendoza - Director

Ms. Mendoza, 60, Filipino, is a Senior Vice President for SM Prime Holdings, Inc. acting as the Business Unit Head of the Tagaytay Highlands Real Estate group. Prior to this, Ms. Mendoza served as Vice President of Business Development of Leisure and Resorts at Eton Properties, Philippines, Inc. She was also Vice President at Filinvest Land, Inc. Ms. Mendoza holds a Bachelor of Science degree in Business Administration and Management from the University of the Philippines and a master's degree in business management from the Asian Institute of Management.

Theresa T. Chan – Independent Director

Ms. Chan, 55, Filipino, is presently the Vice President, Treasurer and Corporate Secretary of Grand Lether Marketing, Inc., and a director of Steelbuilt Construction, Inc. She completed her BS Accountancy degree in 1989 at the University of Pangasinan.

Officers

Manuel A. Gana - Vice-President and Treasurer

Mr. Gana, 66, Filipino, is the Vice President and Treasurer of the Club. He is a Director and the Vice President and Treasurer of the Tagaytay Highlands International Golf Club, Inc. He is currently a Board Adviser of Belle Corporation, and served as its President and Chief Executive Officer from March 2017 to April 2022. Previously, he served as Belle Corporation's Executive Vice President and Chief Financial Officer from 2000 to 2017, and as Vice President of Finance and Chief Financial Officer from 1997 to 1999 for MagiNet Corporation, which was then a subsidiary of Sinophil Corporation (now called Premium Leisure Corp.), a subsidiary of Belle. Prior to his career at the Belle Group, he was a Director of Investment Banking at Nesbitt Burns Securities Inc. in New York, USA. He also previously worked for Bank of Montreal and Merrill Lynch Capital Markets (both in New York, USA), and for Procter & Gamble Philippine Manufacturing Corporation.

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.

Anna Francesca C. Respicio - Corporate Secretary

Atty. Respicio is the Corporate Secretary of the Club. She is also the Corporate Secretary for Tagaytay Highlands International Golf Club, Inc., Tagaytay Midlands Golf Club, Inc., and The Country Club at Tagaytay Highlands, Inc. She is likewise the Corporate Secretary of the following reporting and/or listed companies: I-Remit, Inc. (2013 to date), Jollville Holdings Corporation (2014 to date), Discovery World Corporation (2017 to date), and Sterling Bank Asia, Inc. (A Savings Bank) (2018 to date).

Atty. Respicio obtained her bachelor at 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 Law Firm.

Maria Clara T. Kramer - General Manager

Ms. Kramer, Filipino is the General Manager of TSLTHI. She is also the concurrent General Manager of TMGCI, THIGCI, TCCATHI, THCCAI, TMCHAI, GCHAI, THPCCOAI, THHCOAI 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 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 Hitel as Front Office Manager and later as PR & Promotions Manager until she got promoted in June 2001 and was tasked to manage the Sales and Marketing Department. As 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 member and resource speaker focusing on family, marriage and parenting.

Significant Employee

TSLTHI has no significant employees as of December 31, 2023.

Family Relationships

None of the directors or officers of TSLTHI are related to each other up to the fourth civil degree either by consanguinity or affinity.

Involvement in Certain Legal Proceedings

TSLTHI is not aware of any of the following events wherein any of its directors, executive officers, underwriter, or control person 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 President who is receiving only professional service fees, the Directors and Executive Officers do not receive any compensation from TSLTHI.

Annual Compensation

	Year	Salary	Bonus	Other Annual Compensation
Jerry C. Tiu	2021			██████████
	2022			██████████
	2023			██████████

Item 11. Security Ownership of Certain Beneficial Owners and Management

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 Spa & Lodge as of December 31, 2023:

TITLE OF CLASS	NAME AND ADDRESS OF RECORD/BENEFICIAL OWNER	AMOUNT AND NATURE OF RECORD/BENEFICIAL OWNERSHIP	PERCENT OF CLASS
Proprietary membership certificate	Belle Corporation* 5/F Tower A Two Ecom Centre Palm Coast Avenue Mall of Asia Complex Pasay City	203 membership certificates	46.77%

The Spa and Lodge at Tagaytay Highlands, Inc.
2023 Annual Report (SEC Form 17-A)

*Belle Corporation is a publicly listed corporation. The following are the incumbent members of the Board of Directors of Belle Corporation are: Mr. Willy N. Ocier, Ms. Elizabeth Anne C. Uychaco, Mr. Jackson T. Ongsip, Mr. Jacinto C. Ng Jr., Mr. Armin Antonio B. Raquel Santos, Mr. Amando M. Tetangco Jr., Ms. Maria Gracia M. Pulido Tan, Ms. Virginia A. Yap, and Mr. Joseph T. Chua.

The top 20 stockholders of Belle Corporation as at December 31, 2023 are as follows:

	STOCKHOLDERS	TYPE / CLASS	NUMBER OF STOCKS
1	Belleshare Holdings, Inc.	Common	2,604,740,622
2	PCD Nominee Corporation Filipino	Common	2,535,769,725
3	PCD Nominee Corporation Non-Filipino	Common	1,947,384,808
4	Sysmart Corporation	Common	1,629,355,469
5	Sybase Equity Investment Corp.	Common	531,320,577
6	Social Security System	Common	442,402,786
7	Jacinto C. Ng Jr.	Common	135,860,666
8	Eastern Securities Dev. Corp.	Common	111,730,866
9	Premium Leisure Corp. (former Sinophil Corp)	Common	99,987,719
10	Jacinto L. Ng 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 Ng Jr. &/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

Security Ownership of Management

The following is a tabular presentation of the shares beneficially owned by all directors and executive officers of TSLTHI as of December 31, 2023:

TITLE OF CLASS	NAME OF BENEFICIAL OWNER	CITIZENSHIP	AMOUNT AND NATURE OF OWNERSHIP	PERCENT OF CLASS
Proprietary Share	Hans T. Sy [REDACTED]	Filipino	1 membership certificate Beneficial	0.23%
Proprietary Share	Jerry C. Tiu [REDACTED]	Filipino	1 membership certificate Beneficial	0.23%
Proprietary Share	Mary Eleanor A. Mendoza [REDACTED]	Filipino	1 membership certificate Beneficial	0.23%
Proprietary Share	Theresa T. Chan [REDACTED]	Filipino	1 membership certificate Beneficial	0.23%
Proprietary Share	Johnip G. Cua [REDACTED]	Filipino	1 membership certificate Beneficial	0.23%

The Spa and Lodge at Tagaytay Highlands, Inc.
2023 Annual Report (SEC Form 17-A)

TITLE OF CLASS	NAME OF BENEFICIAL OWNER	CITIZENSHIP	AMOUNT AND NATURE OF OWNERSHIP	PERCENT OF CLASS
Proprietary Share	Manuel A. Gana [REDACTED]	Filipino	1 membership certificate Beneficial	0.23%
Aggregate Security Ownership of Directors and Officers			6 membership certificates	1.38%

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 TSLTHI voting securities.

Changes in Control

TSLTHI is not aware of any arrangement that may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

TSLTHI is not a party to any transaction in which any director or officer, or any security holder, or any member of the immediate family of the foregoing, had or is to have a direct or indirect material interest.

In the ordinary course of business, TSLTHI has transactions with affiliates which consist mainly of non-interest bearing advances for the acquisition/transfer of property and equipment, acquisition of the affiliate's proprietary shares and reimbursement of certain expenses.

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 Annual Corporate Governance Report.

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 in 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

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


(b) Reports on SEC Form 17-C

Date Filed	Information
24 August 2023	Setting of Annual Meeting and Record Date
10 October 2023	Results of Annual Stockholders' Meeting and Organization Meeting of the Board.

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 TAGAYTAY CITY on 23 APR 2024.

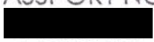







By:


JERRY C. TIU
Director / President

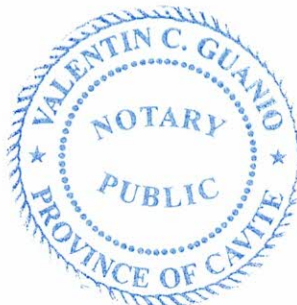

MARIA CLARA T. KRAMER
General Manager

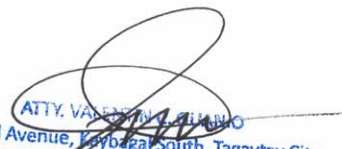

FREDERICK D. DEOCARIZA
Financial Controller

SUBSCRIBED AND SWORN to before me this 23 APR 2024 day of 2024 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	PASSPORT NO. 		
MARIA CLARA T. KRAMER	PASSPORT NO. 		
FREDERICK D. DEOCARIZA	DRIVER'S LICENSE NO. 		

Doc. No. 23;
Page No. 4;
Book No. 229
Series of 2024.








ATTY. VALENTIN C. GUANIO
JP Rizal Avenue, Taybagal South, Tagaytay City
Commission Expires on DECEMBER 31, 2024
PTR No. 5649295/January 2, 2024
ROLL No. 22908
IBP LIFETIME RES. 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 19 APR 2024 2024.

By:


ANNA FRANCESCA C. RESPICIO
Corporate Secretary

19 APR 2024
SUBSCRIBED AND SWORN to before me this _____ day 2024 of at Pasig City, Metro Manila, affiant having exhibited to me her Philippine Passport No.  issued on  at  and TIN  as her competent evidence of identity.

Doc. No. 6 ;
Page No. 3 ;
Book No. I ;
Series of 2024.


GIANNA CHRIS GAILE E. BITANCOR
Notary Public for Cities of Pasig and San Juan
and in the Municipality of Pateros
Appointment No. 189 (2024-2025)
Commission Expires on December 31, 2025
2704 East Tower, Tektite Towers, Exchange Road
Ortigas Center, 1605 Pasig City
PTR No. 1504079/01.02.24/Pasig
IBP No. 383138/12.31.23/Quezon City
Roll of Attorneys No. 84862
Admitted to the Bar: 05.02.23

THE SPA AND LODGE AT TAGAYTAY HIGHLANDS, INC.
(A Nonprofit Corporation)

INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FORM 17-A, Item 7

	<u>Page No.</u>
Financial Statements	
Statement of Management's Responsibility for Financial Statements	
Report of Independent Public Accountants	
Statement of Financial Position as at December 31, 2023 and 2022	
Statements of Comprehensive Income	
For the years ended December 31, 2023 and 2022	
Statements of Changes in Members' Equity	
For the years ended December 31, 2023 and 2022	
Statements of Cash Flows	
For the years ended December 31, 2023 and 2022	
Notes to Financial Statements	
 Supplementary Schedules Required by Annex 68-J	
A. Financial Assets	NA
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)	NA
F. Guarantees of Securities of Other Issuers	NA
G. Membership Certificates	Attached

**THE SPA AND LODGE AT TAGAYTAY HIGHLANDS, INC.
SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J
DECEMBER 31, 2023**

Schedule A. Financial Assets

Name of Issuing Entity and Association of Each Issue	Amount Shown in the Statement of Financial Position	Income Received and Accrued
--	---	--------------------------------------

Not Applicable: The Company's "Financial Assets" aggregate market value of Fair Value through Profit & Loss (FVPL) does not constitute five percent (5%) of total current assets as at December 31, 2023.

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

As at December 31, 2023

Name and Designation	Balance as at January 1, 2023	Additions	Deductions		Current	Non-Current	Balance as at December 31, 2023
			Amount Collected	Amount Written Off			
Advances to Officers and Employees							

Not Applicable: The Company has no amounts receivable outside the ordinary course of business from directors, officers, employees, and principal stockholders as at December 31, 2023.

Schedule C - Amounts Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
As at December 31, 2023

Due from subsidiaries

Name and Designation	Balance as at January 1, 2023	Additions	Deductions		Current	Non-Current	Balance as at December 31, 2023
			Amount Collected	Amount Written Off			
Not Applicable: The Company does not prepare consolidated financial statements as at December 31, 2023.							

Schedule D - Long Term Debt
As at December 31, 2023

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
---------------------------------------	--------------------------------	---	--

Not Applicable: The Company has no long-term debt as at December 31, 2023.

Schedule E- Indebtedness to Related Parties
As at December 31, 2023

Name	Balance, January 1, 2023	Balance, December 31, 2023
------	--------------------------	----------------------------

Not Applicable: The Company has no long-term indebtedness to a related party as at December 31, 2023.

Schedule F - Guarantees of Securities of Other Issuers
As at December 31, 2023

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 Company has no guarantees of securities of other issuers as at December 31, 2023.

**Schedule G – Membership Certificates
December 31, 2023**

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	434	434	–	203	0	231



Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph>
To: THESPA.BILLING@gmail.com
Cc: MEAN.NADONZA@tagaytayhighlands.com

Sat, Apr 20, 2024 at 1:48 PM

Hi THE SPA AND LODGE AT TAGAYTAY HIGHLANDS, INC.,

Valid files

- EAFS210642098RPTTY122023.pdf
- EAFS210642098AFSTY122023.pdf
- EAFS210642098ITRTY122023.pdf
- EAFS210642098TCRTY122023-01.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-CKDEC6AA0PQM2V41PPPXZQPYQ0QQPPZMWP**

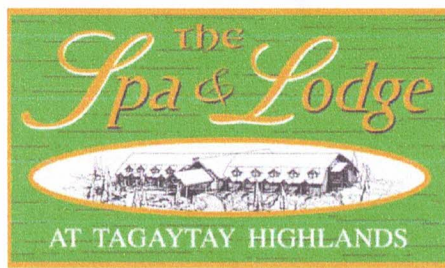
Submission Date/Time: **Apr 20, 2024 01:48 PM**

Company TIN: **210-642-098**

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

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

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



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **The Spa and Lodge 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, 2023 and 2022, 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, 2023 and 2022, 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.

Johnip G. Cua
Chairman of the Board

Jerry C. Tiu
President

Maria Clara T. Kramer
General Manager

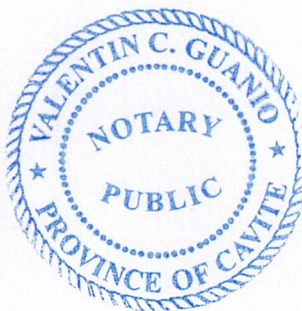
Frederick D. Deocariza
Financial Controller

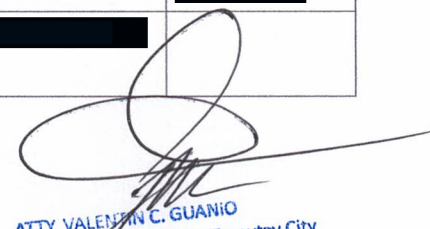
Signed this _____ day of 15 APR 2024, 2024.

SUBSCRIBED AND SWORN to before me this 15 APR 2024 day of _____, 2024 affiants exhibiting to me their competent evidence of identity, as follows

NAME	Competent Evidence of Identity	Expiry Date	Place of Issue
JOHNIP G. CUA	PASSPORT# [REDACTED] TIN# [REDACTED]	[REDACTED]	[REDACTED]
JERRY C. TIU	PASSPORT# [REDACTED] TIN# [REDACTED]	[REDACTED]	[REDACTED]
MARIA CLARA T. KRAMER	PASSPORT# [REDACTED] TIN# [REDACTED]	[REDACTED]	[REDACTED]
FREDERICK D. DEOCARIZA	DRIVERS LICENSE# [REDACTED] TIN# [REDACTED]	[REDACTED]	[REDACTED]

Doc. No. 364 ;
Page No. 74 ;
Book No. 221 ;
Series of 2024 .




ATTY. VALENTIN C. GUANIO
JP Rizal Avenue, Kaybagal South, Tagaytay City
Commission Expires on DECEMBER 31, 2024
PTR No. 5649295/January 2, 2024
ROLL No. 22908
IBP LIFETIME RES. NO. 02892
MCLE COMPLIANCE NO. VII-0016975



INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of The Spa and Lodge at Tagaytay Highlands, Inc. (the Company), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2023, 2022 and 2021, and notes to financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023, 2022 and 2021 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, 2023, 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, 2023 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.



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 the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BIR Accreditation No. 08-005144-004-2022

Valid until October 16, 2025

PTR No. 10072407

Issued January 2, 2024, Makati City

April 11, 2024

Makati City, Metro Manila

THE SPA AND LODGE AT TAGAYTAY HIGHLANDS, INC.

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents	4	₱7,247,706	₱16,406,745
Trade and other receivables	5	4,552,281	1,962,880
Inventories	6	540,230	383,674
Other current assets	7	5,436,286	4,607,930
Total Current Assets		17,776,503	23,361,229
Noncurrent Assets			
Property and equipment	8	16,777,208	18,965,426
Net retirement asset	16	243,935	298,720
Total Noncurrent Assets		17,021,143	19,264,146
		₱34,797,646	₱42,625,375
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	9	₱13,911,622	₱20,344,328
Noncurrent Liabilities			
Deferred tax liability	18	48,787	59,744
Total Liabilities		13,960,409	20,404,072
Equity			
Proprietary membership certificates	11	124,974,678	124,974,678
Deficit		(103,548,409)	(102,176,936)
Cumulative remeasurement loss on net retirement asset	16	(589,032)	(576,439)
Total Equity		20,837,237	22,221,303
		₱34,797,646	₱42,625,375

See accompanying Notes to Financial Statements.

THE SPA AND LODGE AT TAGAYTAY HIGHLANDS, INC.
STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2023	2022	2021
REVENUES				
Room sales		₱3,001,412	₱1,953,060	₱862,910
Food, beverage and sundries		2,348,841	374,517	90,713
Spa services		1,727,098	1,557,128	412,998
		7,077,351	3,884,705	1,366,621
COSTS AND EXPENSES				
Cost of sales	13	1,883,516	–	–
Cost of services	13	15,287,551	13,282,420	10,155,151
General and administrative expenses	14	2,470,081	1,780,337	2,062,326
		19,641,148	15,062,757	12,217,477
OTHER INCOME				
Interest income	4	11,701	5,016	4,384
Other income	15	2,139,324	1,681,130	764,316
		2,151,025	1,686,146	768,700
DEFICIENCY OF REVENUES OVER COSTS AND EXPENSES BEFORE MEMBERS' SUPPORT				
		(10,412,772)	(9,491,906)	(10,082,156)
MEMBERS' SUPPORT				
Membership dues		9,177,600	9,177,600	9,177,600
DEFICIENCY OF REVENUES AND MEMBERS' SUPPORT OVER COSTS AND EXPENSES				
		(1,235,172)	(314,306)	(904,556)
PROVISION FOR DEFERRED INCOME TAX				
	18	136,301	40,554	19,190
NET LOSS				
		(1,371,473)	(354,860)	(923,746)
OTHER COMPREHENSIVE (LOSS)				
<i>Item not to be reclassified to profit or loss -</i>				
Remeasurement gain (loss) on net retirement asset	16	(12,593)	140,473	72,561
TOTAL COMPREHENSIVE LOSS				
		(₱1,384,066)	(₱214,387)	(₱851,185)
BASIC AND DILUTED LOSS PER PROPRIETARY MEMBERSHIP CERTIFICATE				
	12	(₱3,160)	(₱818)	(₱2,128)

See accompanying Notes to Financial Statements.

THE SPA AND LODGE AT TAGAYTAY HIGHLANDS, INC.
STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2023	2022	2021
PROPRIETARY MEMBERSHIP CERTIFICATES				
	11	₱124,974,678	₱124,974,678	₱124,974,678
DEFICIT				
Balance at beginning of year		(102,176,936)	(101,822,076)	(100,898,330)
Net loss		(1,371,473)	(354,860)	(923,746)
Balance at end of year		(103,548,409)	(102,176,936)	(101,822,076)
CUMULATIVE REMEASUREMENT LOSS ON NET RETIREMENT ASSET				
	16			
<i>Item not to be reclassified to profit or loss -</i>				
Balance at beginning of year		(576,439)	(716,912)	(789,473)
Remeasurement gain (loss)		(12,593)	140,473	72,561
Balance at end of year		(589,032)	(576,439)	(716,912)
		₱20,837,237	₱22,221,303	₱22,435,690

See accompanying Notes to Financial Statements.

THE SPA AND LODGE AT TAGAYTAY HIGHLANDS, INC.

STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31		
		2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Deficiency of revenues and members' support over costs and expenses		(₱1,235,172)	(₱314,306)	(₱904,556)
Adjustments for:				
Depreciation	8	5,497,773	4,561,957	4,842,798
Retirement expense	16	86,790	129,558	148,571
Interest income	4	(11,701)	(5,016)	(4,384)
Operating income before working capital changes		4,337,690	4,372,193	4,082,429
Decrease (increase) in:				
Trade and other receivables		(2,589,841)	862,133	1,307,136
Inventories		(156,556)	(119,729)	37,762
Other current assets		(591,147)	(1,568,864)	133,637
Increase (decrease) in trade and other payables		(6,432,706)	12,652,019	(2,572,862)
Net cash generated from (used for) operations		(5,432,560)	16,197,752	2,988,102
Income tax paid		(237,209)	(175,577)	(124,532)
Contributions to retirement plan	16	(191,856)	(191,856)	(464,214)
Interest received		12,141	4,756	4,158
Net cash provided by (used for) operating activities		(5,849,484)	15,835,075	2,403,514
CASH FLOWS FROM AN INVESTING ACTIVITY				
Acquisitions of property and equipment	8	(3,309,555)	(3,762,514)	(1,470,830)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(9,159,039)	12,072,561	932,684
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		16,406,745	4,334,184	3,401,500
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	₱7,247,706	₱16,406,745	₱4,334,184
COMPONENTS OF CASH AND CASH EQUIVALENTS				
	4			
Cash on hand		₱508,846	₱120,000	₱88,671
Cash in banks		6,170,432	15,724,868	3,685,677
Cash equivalents		568,428	561,877	559,836
		₱7,247,706	₱16,406,745	₱4,334,184

See accompanying Notes to Financial Statements.

THE SPA AND LODGE AT TAGAYTAY HIGHLANDS, INC.
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023 AND 2022
AND FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

1. Corporate Information

The Spa and Lodge at Tagaytay Highlands, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 2, 1999. The Company was established to acquire, own, maintain and operate vacation houses, suites or rooms in condominium form or otherwise, for use of its members and to promote other activities among its members on a nonprofit basis.

The registered office address of the Company is located at Tagaytay Highlands Complex, Barangay Calabuso, Tagaytay City 4120 Cavite.

On November 26, 2001, the SEC granted the Company its permit to offer its proprietary membership certificates to the public (see Note 11). Belle Corporation (Belle), a publicly-listed company in the Philippines, owns 46.77% the Company's proprietary membership certificates as at December 31, 2023 and 2022.

The Company's financial statements as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 were approved and authorized for issuance by the Board of Directors (BOD) on April 11, 2024, as reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Material Accounting Policy Information

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 and adopted by the SEC. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS), Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) and SEC pronouncements.

Based on the quantitative criteria set by the SEC, the Company qualifies as a small entity (SE). However, the Company as an issuer of proprietary membership certificates to the public is considered a publicly-accountable entity and is therefore required to prepare its financial statements in accordance with PFRS.

The summary of material accounting policy information used in the preparation of the financial statements has 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 represent absolute amounts, unless otherwise indicated.

The financial statements of the Company have been prepared on a historical cost basis, except for plan assets which are 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 19 to the financial statements.

Adoption of Amendments to PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS effective 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.

- 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.
- 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.
- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent* – 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 adoption of the amendments to PFRS did not materially affect the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

Amendments to PFRS in Issue But Not Yet Effective or Adopted

Relevant amendments to PFRS, which are not yet effective as at December 31, 2023 and have not been applied in preparing the financial statements, are summarized below.

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

- Amendments to PAS 7, *Statement of Cash Flows* and PFRS 7, *Financial Instrument: Disclosures - Supplier Finance Arrangements* – The amendments introduced new disclosure requirements to enable users of the financial statements assess the effects of supplier finance arrangements on the liabilities, cash flows and exposure to liquidity risk. The amendments also provide transitional relief on certain aspects, particularly on the disclosures of comparative information. Earlier application is permitted.

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 price 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 financial liabilities at amortized cost.

As at December 31, 2023 and 2022, 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 any allowance for impairment. 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 or impaired or through the 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 and trade and other receivables (excluding advances to employees).

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 through the amortization process.

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

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 other comprehensive income (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 and nontrade receivables, 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 has 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 necessary to make the sale. 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 consists of creditable withholding taxes (CWT), deferred input value-added tax (VAT), excess of input over output VAT, prepayments and advances to suppliers.

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 pertains to VAT on the unpaid portion of availed services. Deferred input VAT that is expected to be realized within 12 months after the financial 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 or payable to the taxation authority is included as part of "Input VAT" under "Other current assets" and "Statutory payables" under "Trade and other payables" account, respectively, in statements of financial position.

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.

Advances to Suppliers. Advances to suppliers 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, which is normally within 12 months or within the normal operating cycle.

Property and Equipment

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

<u>Asset Type</u>	<u>Number of Years</u>
Building and improvements	20
Office furniture and equipment	2 to 10

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.

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

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's 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 pre-tax 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

Proprietary membership certificates are measured at stated value for all proprietary membership certificates issued. Incremental costs directly attributable to the issuance of new proprietary membership certificates are recognized as a deduction from proceeds, net of any tax effects.

Deficit

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

Cumulative Remeasurement Loss on Net Retirement Asset

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 Loss per Proprietary Membership Certificate

The Company computes its basic loss per proprietary membership certificate by dividing net 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 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, 2023, 2022 and 2021, 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 on the statements 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:

Room Sales. Revenue is recognized at point in time when the room facilities are used and the related services are rendered.

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.

Spa Services. Revenue is recognized at point in time when services have been rendered.

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.

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 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; and
- Remeasurements of net retirement liability or plan asset.

Current service costs 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.

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.

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 Judgment, 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 the 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.

Judgment

In the process of applying the Company's accounting policies, management has made the following judgment, 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 statements 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.

Accounting Estimates and Assumptions

The key accounting 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 members 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, the Company considers the financial capacity of the counterparties to pay the obligations to the Company as they fall due.

The company did not recognize provision for ECL in 2023, 2022 and 2021. Allowance for ECL as at December 31, 2023 and 2022 are disclosed in Note 5 to the financial statements.

The carrying amounts of financial assets at amortized cost are disclosed in Notes 4 and 5 to the financial statements.

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 statements of comprehensive income.

There was no allowance for inventory write-down in 2023, 2022 and 2021. The carrying values of inventories as at December 31, 2023 and 2022, are disclosed in Note 6 to the financial statements.

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 lives 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 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 2023, 2022 and 2021. The carrying amount of depreciable property and equipment as at December 31, 2023 and 2022 are disclosed in Note 8 to the financial statements.

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 fair value 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 2023, 2022 and 2021. The carrying amounts of nonfinancial assets are disclosed in Notes 7 and 8 to the financial statements.

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 16 to the financial statements.

Retirement expense recognized in profit or loss in 2023, 2022 and 2021 and retirement asset in 2023 and 2022 are disclosed in Note 16 to the financial statements.

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 as at December 31, 2023 and 2022 as presented in Note 18 to the financial statements. 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:

	2023	2022
Cash on hand	₱508,846	₱120,000
Cash in banks	6,170,432	15,724,868
Cash equivalents	568,428	561,877
	₱7,247,706	₱16,406,745

Cash on hand consists of funds kept in different facilities. 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 ₱11,701, ₱5,016 and ₱4,384 in 2023, 2022 and 2021, respectively.

5. Trade and Other Receivables

	Note	2023	2022
Trade:			
Members		₱1,569,658	₱1,212,766
Credit card		409,900	524,814
Nontrade:			
Third parties		1,285,686	968,914
Related parties	10	1,990,457	-
Advances to employees		43,344	3,150
		5,299,045	2,709,644
Less allowance for ECL		746,764	746,764
		₱4,552,281	₱1,962,880

Trade receivables from members pertain to billings by the Company for the services it rendered to members. 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.

Receivable from credit card pertains to receivable from local banks arising from the use of the members' credit card in payment of their applicable dues. These are noninterest-bearing and are normally collected within the following month.

Nontrade receivables arise from transactions other than the Company's normal operations. These are collectible within the next reporting period. Receivables from related parties pertain to billings by the Company to the related parties for the services it rendered to the related parties' members. These receivables are noninterest-bearing and are due and demandable.

Advances to employees are normally liquidated within one month from avancement date.

No provision for ECL was recognized in 2023, 2022 and 2021.

9. Trade and Other Payables

This account consists of:

	Note	2023	2022
Trade:			
Related parties	10	₱2,785,166	₱11,960,169
Third parties		1,714,198	1,760,498
Payable to concessionaire		5,449,204	3,616,768
Membership dues collected in advance		2,428,834	1,215,048
Accrued expenses		1,061,991	992,653
Statutory payables		472,229	799,192
		₱13,911,622	₱20,344,328

Payable to related parties consist of reimbursements for certain operating expenses of the Company, net of room charges and costs of spa services rendered to Belle-sponsored clients. These payables are due and demandable.

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

Payable to concessionaire pertains to the payable to Asmara, Inc. for the spa services it rendered to members and guests. These are normally settled within a year upon receipt of the statements of account.

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

Accrued expenses are generally settled within the following month.

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

10. Related Party Transactions

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

Related Party	Transaction	Amount of Transactions			Outstanding Balances	
		2023	2022	2021	2023	2022
Shareholder						
<i>Nontrade receivables (see Note 5)</i>						
	Reimbursement of expenses	₱-	₱-	₱-	₱172,879	₱-
<i>Trade and other payables (see Note 9)</i>						
	Reimbursement of expenses	₱3,548,529	₱2,820,160	₱1,320,289	₱-	₱276,401
Related parties with common shareholder						
<i>Nontrade receivables (see Note 5)</i>						
	Room sales, spa services, food, beverage and sundries	₱15,698,751	₱11,538,128	₱3,495,268	₱1,817,578	₱-
<i>Trade and other payables (see Note 9)</i>						
	Reimbursement of expenses/ club services	₱1,671,993	₱1,286,596	₱647,895		
	Management fee	120,827	75,626	30,331	₱2,785,166	₱11,683,768
Plan assets						
<i>Retirement plan assets (see Note 16)</i>						
	Contributions	₱191,856	₱191,856	₱464,214	₱1,388,715	₱1,159,349

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

Transactions with Belle consist of reimbursement of utilities and repairs and maintenance works.

Transactions with Other Belle Clubs

The Company has an agreement with another Belle Club appointing the latter to organize, manage and operate the Company effective September 1, 2008. The contract shall be effective for a period of one year subject to renewal upon agreement by both parties.

The Company's transactions include rendering of services to members of other Belle Clubs sponsored by the Company's members and reimbursement of operating expenses.

Transactions with Retirement Benefit Plan

The Company has 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 interest-bearing contributions during the year.

Compensation of Key Management Personnel

There is no compensation of key management personnel in 2023, 2022 and 2021. The administration of the Company is handled by another Belle Club under a Memorandum of Agreement.

11. Equity

Track Record of Registration of Securities

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

<u>Date of SEC Approval</u>	<u>Authorized Membership Certificates</u>	<u>Number of Certificates Issued</u>	<u>Issue/Offer Price</u>
November 26, 2001	434	434	₱750,000

The proprietary membership certificates amounted to ₱125.0 million as at December 31, 2023 and 2022.

The Company is organized as a non-stock entity, and on a nonprofit basis, for the sole and exclusive benefit of its members. The Company has 434 members classified into five Voting Members and 429 Non-Voting Members. Each type of member is issued a Proprietary Membership Certificate which is transferable in accordance with the provision of the Articles of Incorporation (AOI) and the By-Laws. Unless otherwise so stated in the face of the Certificate, Proprietary Membership Certificates pertain to Non-Voting Members.

Voting Members are the incorporators of the Company who are designees/nominees of the developer, Belle. In order to ensure compliance with the overall concept of the Tagaytay Highlands Complex (the "Complex") of which the Company is a part of, as well as to ensure uniformity in policy among the various components of said Complex, Voting Members have the exclusive right to vote and be voted for as Directors of the Company and have the exclusive right to attend all general or special members' meetings. Aside from the other rights and privileges of other members, they have the right to the corresponding equity participation in the properties and assets of the Company upon its dissolution. Voting Members may assign or transfer their membership only to designees/nominees of Belle unless waived by the latter in writing.

Non-Voting Membership is available to natural and juridical persons who are shareholders and/or members of other Belle Clubs and any other club development of Belle as may be determined by the Company's BOD, upon purchase of Proprietary Membership certificates of the Company and admission as such members by the BOD.

Non-Voting Members do not have the right to vote or be voted for as Directors of the Company. They are, however, entitled to the rights described herein, including the right to the corresponding equity participation in the properties of the Company in the event of dissolution or liquidation. In case the owner of Proprietary Membership Certificates is a juridical entity, such rights may be enjoyed by its duly designated representative but only upon approval of such designation by the BOD of the Company.

Holders of Proprietary Membership Certificates admitted as members of the Company are entitled to such rights and are subject to restrictive conditions as follows:

- a. Each member is entitled to 24 one-room night use of the Company's vacation suites per year, consisting of 12 weekend/holiday nights and 12 weekday nights. Weekend/holiday nights as used herein refer to Fridays, Saturday, Sundays and legal or special non-working holidays under Philippines laws. Although the Proprietary Membership Certificate may be assigned or transferred under the restrictions specified hereunder, such room night entitlement is not assignable or transferable and its use is subject to the reservation procedures and other rules and regulations as may be prescribed by the BOD.
- b. No profit inures to the exclusive benefit of any of the members of the Company, hence, no dividend shall be declared in their favor. Members are entitled only to a pro-rata share of the assets of the Company at the time of the dissolution or liquidation of the Company.
- c. Holders of Proprietary Membership Certificates through secondary and subsequent transfers or assignments are subject to the payment of annual dues and other dues and assessments in such amounts 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. The designated representative of a holder of a Proprietary Membership Certificate who is a juridical entity is billed for such dues. In case of non-payment by such representative, the holder of the Proprietary Membership Certificates is ultimately liable for the payment of such dues. Such dues, together with all other obligations of such members to the Company, constitute a first lien on the Proprietary Membership Certificates, second only to any lien in favor of the national or local government, and in the event of delinquency, such Certificate may be ordered sold by the BOD in the manner provided in the By-Laws to satisfy said dues or other obligations of the members. No transfer of Proprietary Membership Certificate(s) is recorded in the Membership Book of the Company, unless all unpaid obligations of the selling member, assignor or predecessor-in-interest have been fully paid.

- d. Holders of Proprietary Membership Certificates should not sell, transfer, convey, or otherwise dispose of their Proprietary Membership Certificates (i) for a period of 2 years commencing from and after the date the relevant Reservation Agreement for such Proprietary Membership Certificate(s) is accepted by Belle, or (ii) for the period that the Company's vacation suites are under construction until the date of opening and actual operations of the Company's vacation suites, whichever comes later.
- e. Any member or owner of a membership certificate other than the developer, Belle, selling or disposing of his/its membership certificate in the Company, pay a transfer fee in such amount as may be determined by the BOD from time to time. Said transfer fee is levied and collected at the time of transfer in the Company's Membership Book. Any transfer of membership, except transfer by hereditary succession, made in violation of these conditions renders it null and void, hence, not recorded in the books of the Company.
- f. Membership in the Company may be registered only in the name of a single person, firm, entity, association or corporation. Juridical entities may designate only one individual representative for each Proprietary Membership Certificate owned by them.
- g. In case any member violates the provisions of the AOI or the By-Laws or the rules and regulations of the Company, or the resolutions duly promulgated by the BOD, 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 member may be expelled by the BOD in the manner provided in the By- Laws upon proper notice and hearing. A member who is so expelled then ceases to be such and lose the benefits of membership except the right to demand payment for his/its membership certificate in accordance with the By-Laws of the Company. The expelled member surrenders his membership certificate forthwith to the Secretary of the Company for cancellation. Refusal of such member to do so after the lapse of 30 days from notice by the Company authorizes the Corporate Secretary to cancel such certificate in the books of the Company.
- h. No issuance or transfer of membership certificates of the Company which would reduce the ownership of Philippine citizens or nationals in the Company to less than the minimum percentage required by any applicable provisions of the Constitution, law, or regulation to be owned by Philippine citizens or nationals, is made or effected by, or recorded in the books of the Company.
- i. Membership certificates of the Company may be encumbered by the holder thereof. In the event of either a foreclosure or execution sale, the Company is entitled to a right, but not the obligation to redeem the certificate by tendering to the lien holder the amount necessary to discharge the obligation which gave cause to the foreclosure or execution. For this purpose the right of redemption may be exercised by the Company within a period of 90 days or such longer period as may be allowed by law from and after written notice of foreclosure or execution is received by the Company. In cases of foreclosure or execution sale, no transfer of the membership certificate(s) sold there under is made or effected by, or recorded in the books of the Company, where the winning bidder/transferee of such membership certificate(s) is not qualified to become a Member under Section 7 paragraph 3 of the AOI.
- j. Holders of Proprietary Membership Certificates are not entitled to any preemptive right to purchase additional membership certificates which the Company may now or in the future issue.
- k. Membership certificates shall be in such form as the BOD approves, but all such certificates contain an appropriate reference to the foregoing limitations and restrictions, and these may be issued or transferred in the books of the Company only in accordance with the terms and provisions of such limitations and restrictions.

12. Basic and Diluted Loss Per Proprietary Membership Certificate

Basic and diluted loss per membership certificate is computed as follows:

	2023	2022	2021
Net loss (a)	(₱1,371,473)	(₱354,860)	(₱923,746)
Weighted average number of proprietary membership certificates (b)	434	434	434
Basic and diluted loss per proprietary membership certificate (a/b)	(₱3,160)	(₱818)	(₱2,128)

In 2023, 2022 and 2021, the Company has no potential dilutive proprietary membership certificates outstanding, therefore basic loss per proprietary membership certificate is the same as diluted loss per proprietary membership certificate.

13. Cost of Sales and Services

Cost of Sales

In 2023, the Company entered into a concession agreement with a food and beverage service provider (see Note 17). Food, beverage and sundry cost aggregated ₱1,883,516 million (see Note 6).

Cost of Services

This account consists of:

	Note	2023	2022	2021
Depreciation	8	₱5,497,773	₱4,561,957	₱4,842,798
Salaries and wages		3,115,237	2,697,639	2,342,370
Utilities		2,899,398	2,415,225	962,288
Guest supplies	6	852,968	1,039,757	208,682
Professional fees		728,552	555,220	504,394
Laundry		694,445	574,116	161,479
Repairs and maintenance		564,682	743,313	612,633
Service supplies		239,626	151,756	69,609
Retirement expense	16	86,790	129,558	148,571
Others		608,080	413,879	302,327
		₱15,287,551	₱13,282,420	₱10,155,151

Details of personnel costs are as follows:

	2023	2022	2021
Salaries and wages	₱2,203,808	₱2,697,639	₱1,648,833
Employee benefits and others	911,429	781,996	693,537
	₱3,115,237	₱3,479,635	₱2,342,370

14. General and Administrative Expenses

This account consists of:

	2023	2022	2021
Processing fees	P801,344	P174,031	P214,900
Outside services	796,364	696,834	637,101
Insurance	289,234	258,894	463,548
Dues and subscription	131,523	274,821	274,821
Taxes and licenses	110,517	46,124	94,206
Supplies	96,489	60,014	55,476
Bank charges	75,927	63,024	12,881
Fuel and oil	51,161	30,670	62,417
Communications, light and water	22,358	49,644	104,485
Representation subscription	-	-	72,662
Others	95,164	126,281	69,829
	P2,470,081	P1,780,337	P2,062,326

15. Other Income

This account consists of:

	Note	2023	2022	2021
Membership transfer and assignment fees		P1,223,214	P1,223,214	P687,500
Extra room charges		824,725	457,916	76,816
Commission income	17	91,385	-	-
		P2,139,324	P1,681,130	P764,316

16. 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 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.

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

The retirement benefit obligation is determined using the projected unit credit method. The latest available actuarial report of the Company is as at December 31, 2023.

The components of retirement expense recognized under "Cost of services" account in the statements of comprehensive income are as follows (see Note 13):

	2023	2022	2021
Current service cost	P115,007	P139,209	P146,201
Net interest expense (income)	(31,304)	(9,894)	2,370
Interest on the effect of asset ceiling	3,087	243	-
	P86,790	P129,558	P148,571

The components of net retirement asset are as follows:

	2023	2022
FVPA	₱1,388,715	₱1,159,349
Present value of DBO	(1,123,429)	(817,449)
Effect of the asset ceiling	(21,351)	(43,180)
	₱243,935	₱298,720

The changes in FVPA are as follows:

	2023	2022
Balance at beginning of year	₱1,159,349	₱980,470
Contributions	191,856	191,856
Interest income	89,752	54,143
Remeasurement loss	(52,242)	(67,120)
Balance at end of year	₱1,388,715	₱1,159,349

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

	2023	2022
Balance at beginning of year	₱817,449	₱879,695
Remeasurement loss (gain) on DBO due to changes in:		
Financial assumptions	131,875	(243,377)
Experience adjustments	650	(2,327)
Current service cost	115,007	139,209
Interest expense	58,448	44,249
Balance at end of year	₱1,123,429	₱817,449

The cumulative remeasurement loss recognized in OCI amounted to ₱589,032 and ₱576,439 as at December 31, 2023 and 2022, respectively. The remeasurement gain (loss) amounted to (₱12,593), ₱140,473 and ₱72,561 in 2023, 2022 and 2021, respectively.

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

	2023	2022
Discount rate	6.07%	7.15%
Salary increase rate	4.00%	4.00%

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

	Change in Assumption	Effect on the present value of retirement liability	
		2023	2022
Discount rate	+100bps	(₱122,849)	(₱88,961)
	-100bps	114,152	104,297
Salary increase rate	+100bps	145,744	106,616
	-100bps	(126,227)	(92,263)

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:

	2023	2022
Debt instruments - government bonds	84.99%	93%
Debt Instruments - other bonds	8.75%	8.82%
Cash and Cash Equivalents	8.23%	1.54%
Unit investment trust funds	0.65%	1.19%
Others (market gain/loss, accrued receivables net of payables, etc.)	-2.62%	-4.55%
	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:

	2023	2022
Within 1 year	₱41,898	₱35,160
More than 1 year to 5 years	177,151	163,829
More than 5 years	810,128	452,015
	₱1,029,177	₱651,004

The weighted average duration of the retirement liability is 11.9 years and 11.8 years as at December 31, 2023 and 2022, respectively.

17. Significant Agreements

Concession

In 2023, the Company entered into a concession agreement with a food and beverage service provider, which operates a restaurant within the Company's premises to provide services to their members and guests.

The Company charges the concessionaire a commission based on monthly sales. Commission income from the concessionaire amounted to ₱91,385 in 2023 (see Note 15).

18. Income Tax

The Company has no provision for current income tax due to its taxable loss position in 2023, 2022 and 2021. Provision for deferred income tax amounted to ₱136,301, ₱40,554 and ₱19,190 in 2023, 2022 and 2021, respectively.

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 Company's deferred tax liability amounting to ₱48,787 and ₱59,744 as at December 31, 2023 and 2022, respectively, pertains to net retirement asset.

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

	2023	2022
NOLCO	₱8,159,569	₱6,553,904
Allowance for ECL	149,353	149,353
Excess of contribution over service cost	67,934	61,707
	₱8,376,856	₱6,764,964

These deferred tax assets amounting to ₱8.4 million and ₱6.8 million as at December 31, 2023 and 2022, 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
2023	₱-	₱8,028,323	₱-	₱8,028,323	2026
2022	7,764,265	-	-	7,764,265	2025
2021	8,054,608	-	-	8,054,608	2026
2020	16,950,647	-	-	16,950,647	2025
	₱32,769,520	₱8,028,323	₱-	₱40,797,843	

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

	2023	2022	2021
Benefit from income tax at statutory income tax rate	(₱247,034)	(₱62,861)	(₱180,911)
Tax effects of:			
Nontaxable membership dues	(1,835,520)	(1,835,520)	(1,835,520)
Nondeductible expenses	609,303	384,161	412,465
Interest income subjected to final tax	(2,340)	(1,003)	(877)
Expired NOLCO	-	2,693,868	-
Expired excess of MCIT over RCIT	-	-	106,307
Change in unrecognized deferred tax assets	1,611,892	(1,138,091)	(1,643,554)
Effect of change in tax rate	-	-	3,161,280
	₱136,301	₱40,554	₱19,190

Corporate Recovery and Tax Incentives for Enterprises Act (CREATE Act)

Under the CREATE Act which took effect on July 1, 2020, the RCIT of domestic corporations is computed at 25% or 20% depending on the amount of total assets and taxable income. MCIT is computed at 1% of gross income for a period three years from July 1, 2020 to June 30, 2023 and reverted to 2% of gross income effective July 1, 2023.

Accordingly, the income tax rates used in preparing the financial statements as at and for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
RCIT	20%	20%
MCIT	1.5%	1%

19. 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 (excluding advances to employees), 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.

	2023				
	Neither Past Due nor Impaired		Past Due but not Impaired	Impaired	Total
	High Grade	Standard Grade			
Simplified approach -					
Trade receivables	₱1,541,862	₱-	₱-	₱437,696	₱1,979,558
12-month ECL:					
Cash in banks and cash equivalents	6,738,860	-	-	-	6,738,860
Nontrade receivables	2,967,075	-	-	309,068	3,276,143
	₱11,247,797	₱-	₱-	₱746,764	₱11,994,561

	2022				
	Neither Past Due nor Impaired		Past Due but not Impaired	Impaired	Total
	High Grade	Standard Grade			
Simplified approach -					
Trade receivables	₱1,299,884	₱-	₱-	₱437,696	₱1,737,580
12-month ECL:					
Cash in banks and cash equivalents	16,286,745	-	-	-	16,286,745
Nontrade receivables	659,846	-	-	309,068	968,914
	₱18,246,475	₱-	₱-	₱746,764	₱18,993,239

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, 2023 and 2022, 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 operations, pay existing obligations and maximize members' 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 in 2023, 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:

	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets at Amortized Cost				
Cash and cash equivalents	₱7,247,706	₱7,247,706	₱16,406,745	₱16,406,745
Trade and other receivables*	4,508,937	4,508,937	1,959,730	1,959,730
	₱11,756,643	₱11,756,643	₱18,366,475	₱18,366,475
Financial Liability at Amortized Cost				
Trade and other payables**	₱11,010,559	₱11,010,559	₱18,330,088	₱18,330,088

*Excluding advances to employees amounting to ₱43,344 and ₱3,150 as at December 31, 2023 and 2022, respectively.

**Excluding membership dues collected in advance and statutory payables with an aggregate amount of ₱2.9 million and ₱2.0 million as at December 31, 2023 and 2022, respectively.

Due to the short-term nature and demandable feature of these financial instruments, their fair values approximate the carrying amounts as at reporting date.

There were no transfers between levels in the fair value hierarchy in 2023 and 2022.




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

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

We have audited the accompanying financial statements of The Spa and Lodge at Tagaytay Highlands, Inc. (the Company) as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, on which we have rendered our report dated April 11, 2024.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has one (1) stockholder owning one hundred (100) or more shares.

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
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 10072407
Issued January 2, 2024, Makati City

April 11, 2024
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 Spa and Lodge 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 Spa and Lodge at Tagaytay Highlands, Inc. (the Company) as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 and have issued our report thereon dated April 11, 2024. 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, 2023 and 2022
- Schedules required Annex 68-J of the Revised Securities Regulation Code (SRC) Rule 68 as at and for the year ended December 31, 2023

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, 2023 and 2022, 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 our audits 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

BIR Accreditation No. 08-005144-004-2022

Valid until October 16, 2025

PTR No. 10072407

Issued January 2, 2024, Makati City

April 11, 2024

Makati City, Metro Manila

THE SPA AND LODGE AT TAGAYTAY HIGHLANDS, INC.

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2023 and 2022

Ratio	Formula	2023	2022
Current Ratio	Total current assets	₱17,776,503	₱23,361,229
	Divided by: Total current liabilities	13,911,622	20,344,328
	Current Ratio	1.28	1.15
Acid Test Ratio	Total current assets	₱17,776,503	₱23,361,229
	Less: Inventories	(540,230)	(383,674)
	Other current assets	(5,436,286)	(4,607,930)
	Quick assets	11,799,987	18,369,625
	Divide by: Total current liabilities	13,911,622	20,344,328
	Acid Test Ratio	0.85	0.90
Solvency Ratio	Net loss	(₱1,371,473)	(₱354,860)
	Add: Depreciation	5,497,773	4,561,957
	Net income before depreciation expense	4,126,300	4,207,097
	Divided by: Total liabilities	13,960,409	20,404,072
	Solvency Ratio	0.30	0.21
Debt-to-Equity Ratio	Total liabilities	₱13,960,409	₱20,404,072
	Divided by: Total equity	20,837,237	22,221,303
	Debt-to-Equity Ratio	0.67	0.92
Asset-to-Equity Ratio	Total assets	₱34,797,646	₱42,625,375
	Divided by: Total equity	20,837,237	22,221,303
	Asset-to-Equity Ratio	1.67	1.92
Return on Equity	Net loss	(₱1,371,473)	(₱354,860)
	Divided by: Average total equity	21,529,270	22,328,497
	Return on Equity	(6.37%)	(1.59%)
Return on Assets	Net loss	(₱1,371,473)	(₱354,860)
	Divided by: Average total assets	38,711,511	36,386,282
	Return on Assets	(3.54%)	(0.98%)
Net Profit Margin	Net loss	(₱1,371,473)	(₱354,860)
	Divided by: Revenue	7,077,351	3,884,705
	Net Profit Margin	(19.38%)	(9.13%)

THE SPA AND LODGE AT TAGAYTAY HIGHLANDS, INC.
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY
PAR. 7 PART II OF REVISED SRC RULE 68
DECEMBER 31, 2023

Table of Contents

<u>Schedule</u>	<u>Description</u>	<u>Page</u>
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, 2023 is not applicable.*

THE SPA AND LODGE AT TAGAYTAY HIGHLANDS, INC.
SCHEDULE G – PROPRIETARY MEMBERSHIP CERTIFICATES
DECEMBER 31, 2023

<i>Title of issue</i>	<i>Number of proprietary membership certificates authorized</i>	<i>Number of certificates issued and outstanding as shown under statement of financial position</i>	<i>Number of 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	434	434	–	203	–	231