COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	2	0	2

Company Name

CEBU COUNTRY CLUB, INC.

Principal Office (No./Street/Barangay/City/Town)Province)

GOV. M. CUENCO AVE.,
KASAMBAGAN, CEBU CITY

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
cebucountryclub@yahoo.com	(032) 231-0345	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
N/A	May/01	December/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Glenn Parame	gmparame@cebucountryclub.com	(032) 231-0345	N/A

Contact Person's Address

Gov. M. Cuenco Ave., Kasambagan Cebu City

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

SEC
Cebu Extension Office
AUG 07 2020
By:
RECEIVED SUBJECT TO REVIEW OF FORM AND CONTENTS

CLIENT'S COPY

From: "eafs@bir.gov.ph" <eafs@bir.gov.ph>
To: "ccciaccounting@yahoo.com" <ccciaccounting@yahoo.com>
Cc: "ecbatiles@cebucountryclub.com" <ecbatiles@cebucountryclub.com>
Sent: Tuesday, 30 June 2020, 03:24:56 pm GMT+8
Subject: Your BIR AFS eSubmission uploads were received

Hi CCCI,

Valid files

- EAFS000551774OTH2019-01.pdf
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Transaction Code: **AFS-2019-BLHEDE8E07D5D9HB6NP2VSRT107AJCJ6GJ**
Submission Date/Time: **Jun 30, 2020 03:14 PM**
Company TIN: **000-551-774**

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- 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.

CEBU COUNTRY CLUB, INC.
P.O Box 698, Banilad, Cebu City 6000, Philippines
Tel. (32) 231-0345 Fax (32) 231-4096

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Cebu Country Club, Inc.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2019, 2018 and 2017, in accordance with the Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Trustees is responsible for overseeing the Club's financial reporting process.

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

Diaz Murillo Dalupan and Company, the independent auditor appointed by the members for the periods December 31, 2019, 2018 and 2017, has audited the financial statements of the Club in accordance with Philippine Standards on Auditing, and in its report to the members, has expressed its opinion on the fairness of presentation upon completion of such audit.

BOB D. GOTHONG
Chairman of the Board

BOB D. GOTHONG
President

JOSELITO F. GULLAS
Treasurer

May 20, 2020

CEBU COUNTRY CLUB, INC.
STATEMENT OF MANAGEMENT RESPONSIBILITY ON THE FINANCIAL STATEMENTS

Before me a notary public in and for the city named below, personally appeared:

NAME	COMMUNITY TAX CERTIFICATE NO.	PLACE AND DATE OF ISSUE
BOB D. GOTHONG	SSS # 06-0573293[illegible]-1	
JOSELITO F. GULLAS	SSS # 06-1788-5524	

Cebu Country Club, Inc., officials who are personally known to me/who were identified by me through competent evidence of identity to be the same people who presented the above foregoing instrument hereto annexed and signed the instrument in my presence, and who took an oath/affirmation before me as to such instrument.

SUBSCRIBED AND SWORN to me this AUG 0 4 2020 day of _____, 2020 in the CEBU CITY, Philippines.

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ATTY. LUKE MAHATMA R. FERNANDEZ
Notary Public Until Dec. 31, 2020
Notarial Commission No. 108-17
IBP No. 120019-1/10/20 Cebu City
PTR No. 1566469-1/6/20 Cebu City
Roll No. 67452 Page # 471 Book XXVIII
MCLE Compliance No VI-0010751 Until April 14, 2022

Independent Auditors' Report

To the Board of Trustees and Members of
CEBU COUNTRY CLUB, INC.
(A Non-stock, Non-profit Corporation)
Gov. Cuenco Avenue, Brgy. Kasambagan
Cebu City, Philippines

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of **Cebu Country Club, Inc.** (the "Club"), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of comprehensive income, statements of changes in members' equity and statements of cash flows for each of the three years in the period ended December 31, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Club as at December 31, 2019 and 2018, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2019 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

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

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

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

Auditors' Responsibilities for the Audits 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 PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Club's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Club to cease to continue as a going concern.

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

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

Report on Supplementary Information required by the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 27 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management **of Cebu Country Club, Inc.** The information has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

DIAZ MURILLO DALUPAN AND COMPANY
Tax Identification No. 003-294-822
BOA/PRC No. 0234, effective until August 11, 2020
SEC Accreditation No. 0192-FR-3, Group A, effective until April 2, 2022
BIR Accreditation No. 08-001911-000-2019, effective until March 27, 2022

By:

Roberto B. Villanueva
Partner
CPA Certificate No. 48321
SEC Accreditation No. 48321-SEC, Group A, issued on February 6, 2020 and valid in the audit of 2019 to 2023 financial statements of SEC covered institutions
Tax Identification No. 104-577-555
PTR No. 8147694, January 18, 2020, Makati City
BIR Accreditation No. 08-001911-004-2019, effective until April 9, 2022

May 20, 2020

CEBU COUNTRY CLUB, INC.
(A Non-stock, Non-profit Corporation)
Statements of Financial Position

	As at December 31	
	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents - note 4	**₱65,173,023**	₱53,119,411
Trade and other receivables - note 5	**15,461,285**	13,638,689
Inventories - note 6	**5,363,534**	3,959,595
Prepayments	**458,303**	88,450
	86,456,145	70,806,145
Noncurrent assets		
Property and equipment (net) - note 7	**298,437,221**	294,188,213
Trust fund investments - note 8	**12,289,887**	11,384,510
Long-term investment - note 9	**14,814,450**	14,814,450
Intangible asset (net) - note 10	**235,038**	279,072
Deferred tax assets - note 20	**5,359,578**	6,426,189
Other noncurrent assets - note 11	**532,293**	2,992,943
	331,668,467	330,085,377
TOTAL ASSETS	**₱418,124,612**	₱400,891,522
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Trade and other payables - note 12	**₱45,247,818**	₱40,079,714
Unearned admission fees (current) - note 15	**2,921,168**	2,101,168
Income tax payable	**184,024**	74,210
	48,353,010	42,255,092
Noncurrent liabilities		
Members' cash and option deposits - note 13	**24,071,500**	23,091,500
Retirement benefits liability - note 14	**5,957,591**	7,808,953
Unearned admission fees (net of current portion) - note 15	**20,832,211**	16,146,866
	50,861,302	47,047,319
	99,214,312	89,302,411
Members' equity		
Proprietary membership certificates - note 16	**2,400,000**	2,400,000
Additional contributions - note 16	**108,345,528**	108,345,528
Remeasurement loss on retirement benefits (net of tax) - note 14	**(4,744,930)**	(5,075,046)
Unexpended trust fund earnings - note 8	**9,164,462**	8,259,085
Retained earnings	**203,745,240**	197,659,544
	318,910,300	311,589,111
TOTAL LIABILITIES AND MEMBERS' EQUITY	**₱418,124,612**	₱400,891,522

(The accompanying notes are an integral part of these financial statements)

CEBU COUNTRY CLUB, INC.
(A Non-stock, Non-profit Corporation)
Statements of Comprehensive Income

	For the Years Ended December 31		
	2019	2018	2017
REVENUES			
Food and beverages	**₱46,680,242**	₱44,763,824	₱39,350,311
Membership dues	**44,058,377**	42,088,204	39,482,215
Golf and other sports operations	**55,176,029**	51,202,379	41,773,454
Other income - note 17	**5,822,407**	5,501,228	4,431,998
	151,737,055	143,555,635	125,037,978
COST OF SERVICES - note 18	**(94,674,343)**	(83,676,658)	(82,258,070)
GROSS PROFIT	**57,062,712**	59,878,977	42,779,908
TRUST FUND EARNINGS - note 8	**399,717**	352,127	284,972
ADMINISTRATIVE EXPENSES - note 19	**(35,207,460)**	(40,513,251)	(29,429,435)
INCOME BEFORE DEPRECIATION AND AMORTIZATION	**22,254,969**	19,717,853	13,635,445
DEPRECIATION AND AMORTIZATION - notes 7 and 10	**(13,451,582)**	(12,503,575)	(12,066,452)
INCOME BEFORE TAX	**8,803,387**	7,214,278	1,568,993
INCOME TAX BENEFIT (EXPENSE) - note 20			
Current	**(1,392,841)**	(1,874,247)	(2,745,246)
Deferred	**(925,133)**	(487,598)	2,144,074
	(2,317,974)	(2,361,845)	(601,172)
NET INCOME FOR THE YEAR	**6,485,413**	4,852,433	967,821
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement gain (loss) on retirement benefits (net of tax) - note 14	**330,116**	(1,757,606)	-
Fair value gain (loss) on trust fund investments - note 8	**505,660**	(944,705)	439,970
	835,776	(2,702,311)	439,970
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱7,321,189**	₱2,150,122	₱1,407,791

(The accompanying notes are integral part of these financial statements)

CEBU COUNTRY CLUB, INC.
(A Non-stock, Non-profit Corporation)
Statements of Changes in Members' Equity
For the Years Ended December 31, 2019, 2018 and 2017

	Proprietary membership certificates (note 16)	**Additional contributions** (note 16)	**Remeasurement loss on retirement benefits** (net of tax) (note 14)	**Unexpended trust fund earnings** (note 8)	**Retained earnings**	**Total**
BALANCE AT JANUARY 1, 2017	**₱2,400,000**	**₱108,345,528**	**(₱3,317,440)**	**₱8,126,721**	**₱192,476,389**	**₱308,031,198**
Total comprehensive income						
Net income for the year	-	-	-	-	967,821	967,821
Other comprehensive income for the year	-	-	-	439,970	-	439,970
	-	-	-	439,970	967,821	1,407,791
Others						
Trust fund earnings	-	-	-	284,972	(284,972)	-
BALANCE AT DECEMBER 31, 2017	**2,400,000**	**108,345,528**	**(3,317,440)**	**8,851,663**	**193,159,238**	**309,438,989**
Total comprehensive income (loss)						
Net income for the year	-	-	-	-	4,852,433	4,852,433
Other comprehensive loss for the year	-	-	(1,757,606)	(944,705)	-	(2,702,311)
	-	-	(1,757,606)	(944,705)	4,852,433	2,150,122
Others						
Trust fund earnings	-	-	-	352,127	(352,127)	-
BALANCE AS AT DECEMBER 31, 2018	**2,400,000**	**108,345,528**	**(5,075,046)**	**8,259,085**	**197,659,544**	**311,589,111**
Total comprehensive income						
Net income for the year	-	-	-	-	6,485,413	6,485,413
Other comprehensive income for the year	-	-	330,116	505,660	-	835,776
	-	-	330,116	505,660	6,485,413	7,321,189
Others						
Trust fund earnings	-	-	-	399,717	(399,717)	-
BALANCE AT DECEMBER 31, 2019	**₱2,400,000**	**₱108,345,528**	**(₱4,744,930)**	**₱9,164,462**	**₱203,745,240**	**₱318,910,300**

(The accompanying notes are an integral part of these financial statements)

CEBU COUNTRY CLUB, INC.
(A Non-stock, Non-profit Corporation)
Statements of Cash Flows

	For the Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax	**₱8,803,387**	₱7,214,278	₱1,568,993
Adjustments for:			
Depreciation and amortization - notes 7 and 10	**13,451,582**	12,503,575	12,066,452
Retirement benefits - note 19	**2,420,233**	3,078,680	2,216,471
Project development cost - note 18	**2,284,086**	2,284,086	2,284,086
Trust fund earnings - note 8	**(399,717)**	(352,127)	(284,972)
Interest income - note 17	**(1,068,078)**	(652,995)	(94,782)
Operating income before working capital changes	**25,491,493**	24,075,497	17,756,248
Changes in operating assets and liability:			
Decrease (increase) in assets:			
Trade and other receivables	**(1,822,596)**	(157,829)	(155,024)
Inventories	**(1,403,939)**	(668,116)	(201,600)
Prepayments	**(369,853)**	712,001	(107,619)
Other noncurrent assets	**176,564**	208,387	149,841
Increase in trade and other payables	**5,168,104**	6,703,910	2,307,796
Cash generated from operations	**27,239,773**	30,873,850	19,749,642
Interest received - note 17	**1,068,078**	652,995	94,782
Contributions to retirement plan - note 14	**(3,800,000)**	(3,000,000)	(3,000,000)
Income taxes paid	**(1,283,028)**	(3,310,613)	(1,311,569)
Net cash provided by operating activities	**23,224,823**	25,216,232	15,532,855
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment - note 7	**(17,555,450)**	(10,987,753)	(3,229,592)
Additions to intangible assets - note 10	**(101,106)**	(309,596)	(24,812)
Long-term investment - note 9	**-**	(14,814,450)	-
Net cash used in investing activities	**(17,656,556)**	(26,111,799)	(3,254,404)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts for members' cash and option deposits	**980,000**	895,000	1,730,000
Receipts from admission fees	**5,505,345**	5,535,881	8,255,885
Net cash provided by financing activities	**6,485,345**	6,430,881	9,985,885
NET INCREASE IN CASH	**12,053,612**	5,535,314	22,264,336
CASH BALANCE AT BEGINNING OF YEAR - note 4	**53,119,411**	47,584,097	25,319,761
CASH BALANCE AT END OF YEAR	**₱65,173,023**	₱53,119,411	₱47,584,097

(The accompanying notes are integral part of these financial statements)

CEBU COUNTRY CLUB, INC.
(A Non-stock, Non-profit Corporation)
Notes to Financial Statements
As at and for the years ended December 31, 2019 and 2018

1. CORPORATE INFORMATION

Cebu Country Club, Inc. (the "Club") was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on April 11, 1928 with SEC Registration No. 1202. Pursuant to the old Corporation Code, the Club secured SEC's approval on the amendment of its Articles of Incorporation (AOI) to extend the term of its existence for fifty (50) years from and after April 11, 1978 to April 11, 2028. However, this was revoked based on the 2019 Revised Corporation Code which states that a corporation shall have perpetual existence unless otherwise provided in its AOI.

The Club's registered office address is Gov. Cuenco Avenue, Barangay Kasambagan, Cebu City, Philippines.

The primary activity of the Club is to maintain, operate and manage social and recreative club in the city for amusement, entertainment, instruction, recreation and refreshment of its members.

Although the Club has maintained its status as a non-stock, non-profit corporation, the Board of Trustees (BOT) and the management adopted a continuing review on its financial policy and adopted a plan to raise funds to improve and develop the existing golf course as well as build a new club house that can accommodate up to 1,000 heads for its function rooms to raise more revenues for the golf, and food and beverage departments.

The financial statements of the Club as at and for the year ended December 31, 2019, including its comparatives as at and for the year ended December 31, 2018, were approved and authorized for issue by the BOT on May 20, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Statement of compliance

The financial statements of the Club have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and Interpretations issued by the former Standing Interpretations Committee (SIC), the Philippine Interpretations Committee (PIC) and the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

Basis of preparation

The financial statements have been prepared on a historical cost basis except for trust fund investment which is measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and change in fair value of the consideration received in exchange for the incurring 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, regardless of whether that price is directly observable or estimated using another valuation technique.

The financial statements are presented in Philippine Peso (₱), the Club's functional and presentation currency. All amounts are rounded to the nearest peso except when otherwise indicated.

Revised Corporation Code

Republic Act (RA) No. 11232 or the Act Providing for the Revised Corporation Code (the "Revised Code") was approved on February 20, 2019 and took effect on February 23, 2019. The requirement to prepare and submit annual financial statements based on the Revised Code should be made upon the effectivity of the same, February 23, 2019 and onwards.

The Revised Code has no effect on the financial statements of the Club, since it has been prepared in accordance with the old Corporation Code.

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial years except for the following amended PFRSs that are mandatorily effective for annual periods beginning on or after January 1, 2019.

PFRS 16, Leases. This new standard introduces a single lessee accounting model to be applied to all leases, whilst substantially carries forward the lessor accounting requirements in *PAS 17, Leases*. Lessees recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments for all leases with a term of more than 12 months, unless the underlying asset is of low value. Whereas, lessors continue to classify leases as operating leases or finance leases, and to account for those two types of leases differently. This did not have a material effect on the disclosures and the amount on the Club's financial statements.

- ***Philippine Interpretation IFRIC 23, Uncertainty over Income Tax Treatments.*** The interpretation provides guidance on how to reflect the effects of uncertainty in accounting for income taxes under *PAS 12, Income Taxes*, in particular (i) matters to be considered in accounting for uncertain tax treatments separately, (ii) assumptions for taxation authorities' examinations, (iii) determinants of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and (iv) effect of changes in facts and circumstances. This did not have a material effect on the disclosures and the amount of the Club's financial statements.

- ***PFRS 9 (Amendment), Financial Instruments - Prepayment Features with Negative Compensation.*** The amendments clarify that a financial asset passes the "solely payments of principal and interest" criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. Consequently, financial assets with termination provisions can now be measured at amortized cost (or, depending on the business model, at fair value through other comprehensive income). This did not have a material effect on the disclosures and the amount of the Club's financial statements.

- ***PAS 19 (Amendment), Employee Benefits – Plan Amendment, Curtailment or Settlement.*** The amendments specify how companies remeasure a defined benefit plan when a change - an amendment, curtailment or settlement – to a plan takes place during a reporting period. It requires entities to use the updated assumptions from this remeasurement to determine current service cost and net interest cost for the remainder of the reporting period after the change to the plan. This did not have a material effect on the disclosures and the amount of the Club's financial statements.

New accounting standards, interpretations and amendments to existing standards effective subsequent to January 1, 2019

Standards issued but not yet effective up to the date of the Club's financial statements are listed below. This listing of standards and interpretations issued are those that the Club reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Club intends to adopt these standards when they become effective.

- ***Amendments to References to the Conceptual Framework in PFRS.*** The amendments include a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurements uncertainty in financial reporting. The amendments should be applied retrospectively unless retrospective application would be impracticable or involve undue cost or effort. The amendments are effective for annual periods beginning on or after January 1, 2020, with earlier application permitted.

- ***PAS 1 (Amendment), Presentation of Financial Statements*** and ***PAS 8 (Amendment), Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material.*** The amendments clarify that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments are effective for annual periods beginning on or after January 1, 2020, with earlier application permitted.

- ***PFRS 17, Insurance Contracts.*** The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, including reinsurance contracts held and investment contracts with discretionary participation features issued. The objective of the standard is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of the standard has on the entity's financial position, financial performance and cash flows. The standard is effective for annual periods beginning on or after January 1, 2021, with earlier application permitted.

Determination of fair value and fair value hierarchy

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

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

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

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

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

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

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

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

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

The Club determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

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

Fair value measurement disclosures of financial and non-financial assets are presented in note 24 to the financial statements.

"Day 1" difference

When 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 Club recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the statements of comprehensive income unless it qualifies for recognition as some other type of asset or liability.

In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statements of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Club determines the appropriate method of recognizing the "Day 1" difference amount.

Financial instruments

Initial recognition, measurement and classification of financial instruments

The Club recognizes financial assets and financial liabilities in the statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

With the exception of trade and other receivables that do not contain a significant financing component, financial assets and financial liabilities are recognized initially at fair value including transaction costs, except for those financial assets and liabilities at fair value through profit or loss (FVPL) where the transaction costs are charged to expense in the period incurred. Trade receivables that do not contain a significant financing component are recognized initially at their transaction price.

The Club classifies its financial assets as subsequently measured at amortized cost and, fair value through other comprehensive income (FVOCI) and FVPL. The classification of financial assets at amortized cost, at FVOCI or at FVPL depends on the financial asset's contractual cash flow characteristics and the Club's business model for managing the financial assets. The Club's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Club's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Club classifies its financial liabilities as subsequently measured at amortized cost using the effective interest method or at FVPL.

Financial assets at amortized cost

Financial assets are measured at amortized when 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.

After initial measurement, financial assets at amortized cost are subsequently measured using the effective interest method less allowance for impairment. Gains and losses are recognized in the statements of comprehensive income when the financial assets at amortized cost are derecognized, modified or impaired. These financial assets are included in current assets if maturity is within 12 months from the end of reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2019 and 2018, included under financial assets at amortized cost are the Club's *Cash and cash equivalents, Trade and other receivables, Long term investment and Refundable deposits* (see notes 4, 5, 9 and 11).

(a) Cash and cash equivalents

Cash includes cash on hand and cash in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value with original maturities of three (3) months or less.

(b) Trade and other receivables

Trade receivables are receivables from members which are subsequently measured at amortized cost less allowance for any loss on impairment. Accordingly, allowances are set up for doubtful accounts and for any anticipated adjustments of which in the normal course of events, will reduce the amounts of receivables from members and others. Impairment loss is provided when there is objective evidence that the Club will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated cash flows.

Other receivables pertain to advances from employees, receivable from Social Security System (SSS) for sickness and maternity reimbursements from the government and receivable from credit card merchants. These are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment loss of other receivables is established when there is objective evidence that the Club will not be able to collect the amount due.

(c) Long-term investments

Long-term investments are investments that are deposited in the banks to earn interest and are convertible to known amounts of cash and are subject to insignificant risk in case of change in value.

(d) Refundable deposits

Refundable deposits are payments to lessor and utility service providers for electric meter used. Deposit to lessor is refundable at the end of lease term. Refundable deposits that are expected to be realized beyond 12 months after the end of the reporting period are classified as noncurrent asset; otherwise, these are classified as current asset.

Equity instrument designated at FVOCI

Upon initial recognition, the Club may make an irrevocable election to present in other comprehensive income changes in the fair value of an equity investment that is not held for trading. The classification is determined on an instrument-by-instrument basis.

When the equity instrument is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss, but is transferred to retained earnings. Dividends on such investments are recognized in profit or loss when the right of payment has been established, except when the dividends represent a recovery of part of the cost of the investment, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment. These financial assets are classified as noncurrent assets.

The Club's equity instrument designated at FVOCI are *Trust fund investments* as at December 31, 2019 and 2018 (see note 8).

Financial liabilities at amortized cost

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading, or designated as at FVPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

As at December 31, 2019 and 2018, included under financial liabilities at amortized cost are *Trade and other payables (except unearned revenues and payable to government agencies)* and *Member's cash and option deposits* (see notes 12 and 13).

(a) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables include non-trade payables and accrued expenses. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer) while non-trade payables are classified as current liabilities if payment is due within one (1) year or less. If not, these are presented as noncurrent liabilities.

(b) Members' cash and option deposits

Members' cash and option deposits are payments made by assignee, special Club members and senior members upon approval of their membership application. These are initially recorded at fair value, less directly attributable transaction costs. After initial recognition, these are subsequently measured at amortized cost using the effective interest rate method.

Amortized cost and effective interest method

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Club recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

For financial assets other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses (ECLs), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including ECLs, to the amortized cost of the debt instrument on initial recognition.

Interest income is recognized under *Other income (net)* in the statements of comprehensive income.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount 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.

Derecognition of financial assets and financial liabilities

(a) 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 rights to receive cash flows from the asset have expired;
- the Club retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to third party under a "pass-through" arrangement; or
- the Club has transferred its rights 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 risks and rewards of the asset, but has transferred control of the asset.

Where the Club has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement 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 Club'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 Club could be required to repay.

(b) Financial liabilities

A financial liability is derecognized when the obligation was discharged, cancelled or has expired.

Where 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, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

Impairment of financial assets

The Club recognizes an allowance for ECLs for all debt instruments that are measured at amortized cost, and trade and other receivables. ECLs are a probability-weighted estimate of credit losses over the expected life of the financial asset.

Credit losses are the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Club expects to receive, discounted at the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade and other receivables, the Club applies a simplified approach in calculating ECLs. The Club recognizes a loss allowance based on lifetime ECLs at the end of each reporting period. The ECLs on these financial assets are estimated using a provision matrix based on the Club's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, including time value of money where appropriate.

When the credit risk on financial instruments for which lifetime ECLs have been recognized subsequently improves, and the requirement for recognizing lifetime ECLs is no longer met, the loss allowance is measured at an amount equal to 12-month ECL at the current reporting period, except for assets for which simplified approach was used.

The Club recognizes impairment loss (reversals) in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

The Club assesses at each end of the reporting period whether the credit risk on a financial asset has increased significantly since initial recognition. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to the lifetime ECLs. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, a loss allowance is measured at an amount equal to 12-month ECLs. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting period.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Club compares the risk of a default occurring on the financial instrument at the end of reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Club considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Club's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Club's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;

- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Club presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Club has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Club assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the end of reporting period. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

The Club considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Club regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Club considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Club, in full (without taking into account any collateral held by the Club).

The Club has no history of customer defaults in the past years.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lenders of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lenders would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Club writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade and other receivables, when the amounts are over one (1) year past due, whichever occurs sooner.

Financial assets written off may still be subject to enforcement activities under the Club's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Inventories

Inventories are initially recognized at cost. Subsequently, inventories are measured at the lower of cost and net realizable value (NRV). Cost is determined using the first-in first-out method.

NRV is the estimated selling price in the ordinary course of the business, less applicable costs necessary to make the sale. NRV of the inventories is the current replacement cost.

When the NRV of the inventories is lower than the cost, the Club provides an allowance for the decline in the value of the inventory and recognizes the write-down as expense in the profit of loss. The amount of any reversal of any write-down of inventories, arising from an increase in NRV is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

These are derecognized when sold, disposed or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from derecognition of the asset (calculated as the different between the net disposal proceeds and the carrying amount of the item) is included in the statements of comprehensive income in the year the item is derecognized.

Prepayments

Prepayments are expenses paid in advance and recorded as asset before these are utilized. Prepayments include prepaid insurance, dues and subscription. Prepayments are apportioned over the period covered by the payment and charged to the appropriate accounts in the statements of comprehensive income when incurred.

Prepayments that are expected to be realized for not more than 12 months after the reporting date are classified as current assets; otherwise, these are classified as noncurrent assets.

Property and equipment

Property and equipment (except land) are initially recognized at cost and subsequently measured at cost less accumulated depreciation and any impairment in value. Land is initially recognized at cost and subsequently measured at cost less any accumulated impairment loss.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance are normally charged against operations in the period in which the costs are incurred. Expenditures for additions, major improvements and renewals are capitalized.

Depreciation of property and equipment commences once the property and equipment are available for use and computed using the straight-line method over their estimated useful lives as follows:

Land improvements	10 years
Clubhouse and buildings	10 years
Tools, utensils and equipment	5 years
Water system	10 years
Office, bar and restaurant furniture and fixtures	5 years
Other fixed assets	3-5 years

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

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

Fully depreciated property and equipment are retained in the accounts until these are no longer in use and no further depreciation is charged against current operations.

Intangible asset

Intangible asset acquired separately is measured on initial recognition at cost. Subsequent to initial recognition, intangible asset is carried at cost less any accumulated amortization, in the case of intangible asset with finite life, and any accumulated impairment losses.

The Club's intangible asset consists of computer software which has a definite useful life. The computer software is amortized using the straight-line method over an estimated useful life of five (5) years with no residual value.

These are tested annually for impairment as changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

These are derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the statements of comprehensive income.

Other noncurrent assets

Other noncurrent assets include project development costs, deferred input value-added tax (VAT) and refundable deposits. Project development costs pertains to advances for the re-development of the golf course including incidental costs such as strategy and feasibility studies, and management fees paid to professionals. Deferred input VAT pertains to the input VAT of the purchased capital goods exceeding ₱1,000,000. Refundable deposit pertains to payment to utility service provider for electric meter used.

These are expected to be realized for more than 12 months, and are classified as noncurrent assets.

Impairment of non-financial assets

At the end of each reporting period, the Club assesses whether there is any indication that any of its assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Club estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized as an expense, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Unearned admission fees

Unearned admission fee pertains to the unamortized admission fee paid by members for the remaining years of their average membership period.

These are expected to be amortized for an average membership period of 10 years and are classified as noncurrent liabilities. Unearned admission fees pertaining to members with remaining average membership period within 12 months are recognized under current liabilities. Amortization for the year is recognized as part of *Membership dues* under Revenues in the statements of comprehensive income.

Members' equity

(a) Proprietary membership certificates

The proprietary ownership certificates (POC) issued to original proprietary members are not to be issued for less than ₱3,000. The POCs have the following rights and limitations as to ownership:

- Proprietary members are holders of POC. POC holders are divided into 401 members and 129 non-members. Members are further classified as voting and non-voting as determined by the Board. Voting members can vote and hold office in the Club.

- The BOT may, by a unanimous vote of all directors, present at a special or regular meeting, authorize and issue to a company, for a fee, to be fixed by the BOT, a special company non-proprietary membership certificate which entitle any duly designated officer of the company to use the club facilities in the same manner as a resident non-proprietary member. At any given time, outstanding company membership certificates cannot exceed 120 in number. All special company non-proprietary membership certificates issued after March 1, 1978 shall be automatically cancelled and recalled within 10 years of the date of issuance without prejudice to the company's application for a new membership certificate.

- Junior members are children of POC holders that wished to use the facilities of the Club in their own capacity. They shall be exempted from admission fees. Application shall be in writing undertaken by the parent who guarantees for the payment of all monthly bills of the junior member. The child must be 21 to 30 years to qualify for the status. Limitations of a junior member include guest card rights and functions sponsorship.

- Assignee members are holders of the rights and benefits of POC holders. Deed of assignment must be made for the assignee to be a member and be privileged to use all the Club's facilities. The assignor and the assignee are solidarily liable to the Club.

- Senior proprietary members are proprietary members who have been a member of the Club for 25 consecutive years, upon reaching the age of 70 are qualified to be a senior member. The BOT cannot refuse any senior proprietary member to change status. A senior member shall be exempted from owning a POC for continued membership provided that he makes a refundable deposit to the Club in the amount of ₱20,000 or such higher amount as the BOT may require from time to time and provided further that if he is a voting member he shall immediately cease to be such if he sells his POC though he may continue to enjoy all other benefits and privileges of a senior member.

(b) Additional contributions

Additional contributions are excess of member's payment over the stated value of the POC which is recognized during the sale of the POC by the Club.

(c) Retained earnings

Retained earnings include all current and prior results as disclosed in the statements of comprehensive income and the statements of changes in members' equity.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Club and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

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

(a) *Membership dues* is recognized monthly as the fees become due. Any advance payments for membership dues are recognized as a liability and credited as "Unearned revenues" under "Trade and other payables" account in the statement of financial position.

(b) *Golf and other sports recreation* are recognized as services are rendered or upon the use of the Club's facilities.

(c) *Food and beverage* are recognized when the orders of members or guests have already been served.

(d) *Interest income* is recognized as it accrues (using the effective interest method i.e., the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

(e) *Other income* is recognized upon the usage of Club's facilities other than golf course

Expense recognition

Cost and expenses are recognized in the statements of comprehensive income when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

(a) *Cost of services* is recognized as an expense when the related services are rendered.

(b) *Administrative expenses* constitute costs of administering the business and are expensed as incurred.

Related party relationships and transactions

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

Related party relationship exists when: (a) a person or a close member of that person's family has control or joint control, has significant influence or is a member of the key management personnel of the Club or of a parent of the Club; and (b) when any of the following conditions apply: (i) the entity and the Club are members of the same group; (ii) one entity is an associate or joint venture of the other entity; (iii) both entities are joint ventures of the same third party; (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party; (v) the entity is a post-employment benefit plan for the benefit of employees of the Club; (vi) the entity is controlled or jointly controlled by a person as identified in (a) above; (vii) the entity or any member of a group of which it is part, provides key management personnel services to the Club or to the parent of the Club; and (viii) a person identified in (a) above has significant influence over the entity or is a member of the key management personnel of the entity or of a parent of the entity.

In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely the legal form.

Retirement benefits liability

Retirement benefits are provided to employees through a defined benefit plan. A defined benefit plan is a retirement plan that defines an amount of retirement benefit that a qualified employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The legal obligations for any benefits from this kind of pension plan remains with the Club.

The Club's defined benefit pension plan covers all regular full-time employees. The pension plan is registered with the Bureau of Internal Revenue (BIR) and is qualified for tax exemption.

Typically, defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any).

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. Defined benefit costs comprise service cost, net interest on the net defined benefit liability or asset and remeasurements of net defined benefit liability or asset.

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

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

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statements of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at reporting date. The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantively enacted as of the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carrying forward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carry-over (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, carrying forward benefits of unused tax credits from excess of MCIT over RCIT and unused NOLCO can be utilized. At each reporting date, the Club reassesses the need to recognize previously unrecognized deferred income tax asset. Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax asset against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Foreign currency transaction

Functional and presentation currency

Items included in the financial statements of the Club are measured using the functional currency. Functional currency is the currency of the primary economic environment in which the Club operates. The financial statements are presented in Philippine peso (₱), the Club's functional and presentation currency.

Provisions and contingencies

Provisions are recognized when the Club has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made with the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, an increase in the provision due to the passage of time is recognized as an interest expense. When the Club expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in the statements of comprehensive income, net of any reimbursement.

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

Events after the reporting period

Post year-end events that provide additional information about the Club's position at the reporting date (adjusting events) are reflected in the financial statements. Significant post year-end events that are not adjusting events are disclosed in the notes to financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in compliance with PFRS requires the management to make estimates and assumptions that affect the amounts reported in the financial statements. The estimates and assumptions used in the financial statements are based on the management's evaluation of relevant facts and circumstances at the end of the reporting period. Actual results could differ materially from such estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant accounting judgments in applying the Club's accounting policies

(a) Business model assessment

Classification and measurement of financial assets depends on the results of the business model and solely for payments of principal and interest test. The Club determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Club monitors financial assets measured at amortized cost or FVOCI that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Club's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(b) Significant increase in credit risk

ECL are measured as an allowance based on lifetime ECLs at the end of each reporting period. In assessing whether the credit risk of an asset has significantly increased, the Club takes into account qualitative and quantitative reasonable and supportable forward-looking information. The management assessed that there was no significant increase in credit risk on the Club's financial assets for the years ended December 31, 2019 and 2018.

(a) Impairment of non-financial assets

Property and equipment and intangible asset are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized whenever there is existing evidence that the carrying amount is not recoverable.

The management believes that there is no indication that property and equipment and intangible asset are impaired as at December 31, 2019 and 2018.

Significant accounting estimates and assumptions

(a) *Determining NRV of inventories*

In determining the NRV of inventories, the management takes into account the most reliable evidence available at the time the estimates are made. Prices are affected by both internal and external factors that may cause inventory obsolescence. These factors may cause significant adjustment to the Club's inventories within the next reporting period.

The carrying amount of the Club's inventories which are carried at NRV as at December 31, 2019 and 2018 amounted to ₱5,363,534 and ₱3,959,595, respectively. There was no allowance for inventory obsolescence recognized in the books for both years (see note 6).

(b) *Estimating useful lives of property and equipment and intangible assets*

The Club estimated the useful lives of its property and equipment and intangible asset based on the period over which the 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, technological or commercial obsolescence or other limits on the use of our assets. In addition, estimation of the useful lives is based on the Club's 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 the changes in the 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. A reduction in the estimated useful lives would increase our recorded depreciation or amortization and decrease the noncurrent assets.

As at December 31, 2019 and 2018, total carrying amount of property and equipment amounted to ₱298,437,221 and ₱294,188,213, respectively (see note 7).

As at December 31, 2019 and 2018, total carrying amount of intangible asset amounted to ₱235,038 and ₱279,072, respectively (see note 10).

(c) *Retirement benefits liability*

The determination of the obligation and cost of post-retirement benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include among others, discount rates, expected returns on plan assets and rates of compensation increase. In accordance with PFRS, actual results that differ from our assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. Though assumptions made by the Club are appropriate and reasonable, significant difference in the actual experience or significant changes in the assumptions may materially affect the Club's post retirement obligations.

The carrying amount of retirement benefits liability as at December 31, 2019 and 2018 are ₱5,957,591 and ₱7,808,953, respectively (see note 14).

4. CASH AND CASH EQUIVALENTS

This account as at December 31 consists of the following:

	2019	2018
Cash on hand	**₱75,000**	₱75,000
Cash in banks	**50,206,881**	38,876,312
Cash equivalents	**14,891,142**	14,168,099
	₱65,173,023	₱53,119,411

Cash in banks generally earn interest at respective bank deposit rates of 0.25%. Cash equivalents are short-term deposits in banks with maturities of less than three (3) months from the date of acquisition and earn interest at 2%. Interest income earned on cash and cash equivalents amounted to ₱606,778 in 2019 and ₱278,291 in 2018 and presented as part of "*Interest income*" under "*Other income*" account in the statements of comprehensive income (see note 17).

There is no restriction on the Club's cash and cash equivalents as at December 31, 2019 and 2018.

5. TRADE AND OTHER RECEIVABLES

This account as at December 31 consists of the following:

	2019	2018
Trade receivables	**₱14,706,596**	₱12,241,598
Advances to officers and employees	**99,751**	415,364
Other receivables	**654,938**	981,727
	₱15,461,285	₱13,638,689

Trade receivables from members have normal credit term of thirty (30) days.

Advances to officers and employees are advances for liquidation and medical assistance initially paid by the Club. Advances for liquidation are to be liquidated within ten (10) days from the end of the activity while medical assistance are collectible within thirty (30) to ninety (90) days through salary deduction.

Other receivables include receivable from SSS for sickness and maternity reimbursement and credit card merchants.

6. INVENTORIES

This account as at December 31 consists of the following:

	2019	2018
Motor pool and supplies	**₱3,568,948**	₱2,024,394
Food and beverages	**1,291,314**	1,368,300
Stockroom supplies	**503,272**	566,901
	₱5,363,534	₱3,959,595

All inventories as at December 31, 2019 and 2018 were stated at cost. The management assessed that the cost of inventories is lower than its NRV.

The cost of inventories recognized as expense and included as part of *Cost of services* in the statements of comprehensive income amounted to ₱28,433,424 in 2019 and ₱27,697,694 in 2018 which consists of food and beverages, and supplies used to provide services (see note 18).

No part of the inventories is used as collateral for any of the Club's payables.

7. PROPERTY AND EQUIPMENT (NET)

The reconciliation of property and equipment measured at cost is as follows:

December 31, 2019

	Land	Land improve-ments	Clubhouse and buildings	Tools, utensils and equipment	Water system	Office, bar and restaurant furniture and equipment	Other fixed assets	**Total**
					(in thousands)			
Cost								
Balance at beginning of year	₱260,603	₱83,806	₱73,891	₱59,268	₱10,465	₱14,979	₱8,184	**₱511,196**
Additions	-	-	22	16,062	45	1,426	-	**17,555**
Write-off	-	-	-	-	-	(708)	-	**(708)**
Balance at end of year	260,603	83,806	73,913	75,330	10,510	15,697	8,184	**528,043**
Accumulated depreciation								
Balance at beginning of year	-	80,077	57,775	51,823	8,971	11,944	6,418	**217,008**
Depreciation	-	3,017	3,656	4,404	478	1,373	378	**13,306**
Write-off	-	-	-	-	-	(708)	-	**(708)**
Balance at end of year	-	83,094	61,431	56,227	9,449	12,609	6,796	**229,606**
Carrying amount	₱260,603	₱712	₱12,482	₱19,103	₱1,061	₱3,088	₱1,388	**₱298,437**

December 31, 2018

	Land	Land improve-ments	Clubhouse and buildings	Tools, utensils and equipment	Water system	Office, bar and restaurant furniture and equipment	Other fixed assets	**Total**
					(in thousands)			
Cost								
Balance at beginning of year	₱260,603	₱83,806	₱72,448	₱54,048	₱10,081	₱12,806	₱6,416	**₱500,208**
Additions	-	-	1,443	5,220	384	2,173	1,768	**10,988**
Balance at end of year	260,603	83,806	73,891	59,268	10,465	14,979	8,184	**511,196**
Accumulated depreciation								
Balance at beginning of year	-	76,020	53,992	49,551	8,499	10,495	6,235	**204,792**
Depreciation	-	4,057	3,783	2,272	472	1,449	183	**12,216**
Balance at end of year	-	80,077	57,775	51,823	8,971	11,944	6,418	**217,008**
Carrying amount	₱260,603	₱3,729	₱16,116	₱7,445	₱1,494	₱3,035	₱1,766	**₱294,188**

Depreciation charged to operations amounted to ₱13,306,442 in 2019 and ₱12,215,522 in 2018, and is presented as part of "*Depreciation and amortization*" account in the statements of comprehensive income.

No part of the property and equipment is used as collateral for any of the Club's payables and no contractual commitments for its future acquisition of any property and equipment.

During the year 2019, the Club has written-off its unused fully depreciated assets.

Cost of fully depreciated items of property and equipment still in use are as follows:

	2019	2018
Tools, utensils and equipment	**₱62,932,907**	₱61,588,361
Land improvements	**53,635,267**	53,635,267
Clubhouse and buildings	**51,863,321**	50,146,754
Office, bar and restaurant furniture and equipment	**9,296,448**	8,607,224
Water system	**7,140,077**	6,974,101
Other fixed assets	**5,259,669**	5,259,669
Total	**₱190,127,689**	₱186,211,376

8. TRUST FUND INVESTMENTS

This account pertains to the Club's trust fund account with a bank. Changes in the trust fund balance as at December 31 are summarized as follows:

	2019	2018
Balance at beginning of year	**₱11,384,510**	₱11,977,088
Trust fund earnings	**399,717**	352,127
Fair value gain (loss)	**505,660**	(944,705)
Balance at end of year	**₱12,289,887**	₱11,384,510

The fair value of the Club's trust fund consists of the following:

	2019	2018
Time deposit	**₱6,473,610**	₱6,057,884
Investment in private corporations	**5,780,953**	5,291,302
Dividends receivable	**35,324**	35,324
	₱12,289,887	₱11,384,510

In accordance with the amended by-laws, an amount not less than fifty percent (50%) of the proceeds of sale of POC and 100% of the option money shall be deposited under a trust instrument with any established reputable trust corporation for the purpose of deriving a steady and dependable income for the Club.

The earnings derived from the trust deposit shall be used exclusively for capital improvements of the Club and no part of the trust deposit may be used or disposed of without approval of 2/3 of the members entitled to vote, except for the refund of option payments.

As at reporting date, the amount required to be deposited in trust principal account amounted to ₱10,752,514 which consist of the following:

50% of proceeds of POC issued	₱10,749,514
100% of options deposits	3,000
Total	₱10,752,514

Income from trust is also kept in the trust fund and is credited to an *Unexpended trust fund earnings* in the statements of changes in member's equity. Total unexpended trust fund earnings amounted to ₱9,164,462 and ₱8,259,085 as at December 31, 2019 and 2018, respectively.

The rollforward of unexpended trust fund earnings are as follows:

	2019	2018
Balance at beginning of year	**₱8,259,085**	₱8,851,663
Trust fund earnings	**399,717**	352,127
Fair value gain (loss)	**505,660**	(944,705)
Balance at end of year	**₱9,164,462**	₱8,259,085

9. LONG-TERM INVESTMENT

In 2018, the Club entered into an agreement with the banks for a long-term time deposit for a period of five years. Balance of investment as at December 31, 2019 and 2018 amounted to ₱14,814,450.

The investment earns interest of 4%, total interest earned amounted to ₱461,300 in 2019 and ₱374,704 in 2018, respectively, and is presented as part "*Interest income*" under "*Other income*" account in the statements of comprehensive income. The interest income earned are directly deposited to cash and cash equivalents (see notes 4 and 17).

10. INTANGIBLE ASSET (NET)

The reconciliation of intangible asset (net) as at December 31 is as follows:

	2019	2018
Cost		
Balance at beginning of year	**₱4,809,171**	₱4,499,575
Additions	**101,106**	309,596
Balance at end of year	**4,910,277**	4,809,171
Accumulated amortization		
Balance at beginning of year	**4,530,099**	4,242,046
Amortization	**145,140**	288,053
Balance at end of year	**4,675,239**	4,530,099
Carrying amount	**₱235,038**	₱279,072

Amortization are charged to operations is presented as part of "*Depreciation and amortization*" account in the statements of comprehensive income.

Intangible asset is subject to annual impairment testing and whenever there is an indication of impairment. The management has evaluated that there were no indicators for impairment in 2019 and 2018.

No part of the intangible assets is used as collateral for any of the Club's payables no contractual commitments for its future acquisition of intangible assets as at December 31, 2019 and 2018.

11. OTHER NONCURRENT ASSETS

This account as at December 31 consists of the following:

	2019	2018
Deferred input VAT	**₱426,773**	₱622,377
Refundable deposits	**105,520**	86,480
Project development costs	**-**	2,284,086
Total	**₱532,293**	₱2,992,943

In 2016, the Club purchased capital goods exceeding ₱1,000,000 which resulted to deferred input VAT to be amortized by five years or 60 months.

Project development costs pertains to advances for the re-development of the golf course including incidental costs like strategy and feasibility studies and management fees paid to professionals.

In 2015, the management approved the amortization of the project development for five years, since the re-development project will no longer be realized. Amortization for the years ended December 31, 2019 and 2018 amounted to ₱2,284,086 and is presented as "*Project development cost*" as part of "*Cost of services*" account in the statements of comprehensive income (see note 18).

12. TRADE AND OTHER PAYABLES

This account as at December 31 consists of the following:

	2019	2018
Trade payables	**₱10,691,835**	₱9,747,281
Activity fund payable	**28,649,411**	22,818,918
Unearned revenues	**2,066,906**	3,854,661
Payable to government agencies	**1,258,449**	1,067,771
Other liabilities	**2,581,217**	2,591,083
	₱45,247,818	₱40,079,714

Trade payables pertain to the amount due to suppliers payable within 30 to 60 days from the date of sale and do not bear any interest.

Activity fund payable includes jungolf program fund, Christmas fund, Easter Sunday fund, insurance payable and others charged to members and tourist.

Unearned revenues are advance payment by members to be offset against amount due on the next billing of the Club to the members.

Other liabilities consist of 13th month pay accrual, service charge payable, back wage pay of resigned employees and employee union dues. This also includes accounts payable to pro-shop for the golf set availed by members which were subsequently billed and collected from members due for payment to pro-shop.

13. MEMBERS' CASH AND OPTION DEPOSITS

This account consists of following:

	2019	2018
Members' cash deposits	**₱24,068,500**	₱23,088,500
Members' option deposits	**3,000**	3,000
	₱24,071,500	₱23,091,500

Members' cash deposits are payments made by assignee, special Club members and senior members upon approval of their membership application. When the members withdraw their membership, the Club is obliged to return the cash deposit.

Members' option deposits are payment made by assignee special Club members and senior members upon approval of their membership application, and deposited under a trust instrument with any established reputable trust corporation for the purpose of deriving a steady and dependable income for the Club (see note 8).

14. RETIREMENT BENEFITS LIABILITY

The Club maintains a funded, noncontributory defined benefit plan administered by a trustee covering all regular and full-time employees. The fund is administered by a trustee bank that is authorized to invest the fund as they deem proper. The funds are invested in bonds, government securities and time deposit with coupon rates ranging from 2% to 3.25%. The retirement plan provides a retirement benefit equal to 30 days pay for every year of credited service. The Club's latest actuarial valuation report for its retirement benefits liability is dated February 15, 2020 with the projection for December 31, 2019.

The retirement benefits liability recognized in the statements of financial position as at December 31 is determined as follows:

	2019	2018
Present value of obligation at end of year	**₱26,862,249**	₱25,376,756
Fair value of plan assets at end of year	**(20,904,658)**	(17,567,803)
Retirement benefits liability	**₱5,957,591**	₱7,808,953

The movements in the retirement benefits liability recognized in the statements of financial position as at December 31 is determined as follows:

	2019	2018
Retirement benefits expense		
Current service cost	**₱1,842,370**	₱2,397,189
Net interest expense	**577,863**	681,491
	2,420,233	3,078,680
Remeasurement gain (loss) for the year		
Gain from change in financial assumptions	**366,075**	1,144,781
Actuarial loss (gain) on plan assets	**(837,670)**	1,366,084
	(471,595)	2,510,865
Contributions	**(3,800,000)**	(3,000,000)
	(1,851,362)	2,589,545
Balance at beginning of year	**7,808,953**	5,219,408
Balance at end of year	**₱5,957,591**	₱7,808,953

The movements of remeasurement loss on retirement benefits recognized in the statement of financial position as at December 31 is determined as follows:

	2019	2018
Balance at beginning of year	**₱5,075,046**	₱3,317,440
Remeasurement gain (loss) for the year	**(471,594)**	2,510,865
Deferred tax	**141,478**	(753,259)
Balance at ending of year	**₱4,744,930**	₱5,075,046

Retirement benefits expense recognized in the statements of comprehensive income for the year ended December 31 is as follows:

	2019	2018
Current service cost	**₱1,842,370**	₱2,397,189
Net interest expense	**577,863**	681,491
	₱2,420,233	₱3,078,680

The retirement benefits expense is presented as a part of "*Salaries and wages*" under the "*Administrative expenses*" account in the statements of comprehensive income (see note 19).

The movements in the present value of obligation as at December 31 is determined as follows:

	2019	2018
Balance at beginning of year	**₱25,376,756**	₱21,681,801
Current service cost	**1,842,370**	2,397,189
Interest cost	**1,877,880**	1,616,555
Actuarial loss	**366,075**	1,144,781
Benefits paid	**(2,600,832)**	(1,463,570)
Balance at ending of year	**₱26,862,249**	₱25,376,756

The movements in the fair value of plan assets for the years ended December 31 are as follows:

	2019	2018
Balance at beginning of year	**₱17,567,803**	₱16,462,393
Expected return on plan assets	**1,300,017**	935,064
Contributions	**3,800,000**	3,000,000
Actuarial gain (loss)	**837,670**	(1,366,084)
Benefits paid	**(2,600,832)**	(1,463,570)
Balance at ending of year	**₱20,904,658**	₱17,567,803

The Club's retirement plan assets as at December 31 consist of:

	2019	2018
Cash equivalents	**₱1,357,728**	₱3,225,844
Investments in government bonds	**14,081,625**	12,561,079
Investments in stocks	**5,465,305**	1,447,860
	₱20,904,658	₱17,234,803

The fair value of the plan assets approximates their carrying amount as at December 31, 2019 and 2018.

For determination of the retirement benefits liability, the following actuarial assumptions (percentage per annum, compounded annually) were used:

	2019	2018
Discount rate	**7.40%**	7.40%
Salary increase rate	**6.00%**	6.00%

Assumptions regarding mortality experience are based on the 2001 CSO Table - Generational (Scale AA, Society of Actuaries).

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions which can affect the related retirement benefits liability in the financial statements is as follows:

December 31, 2019

	Change in assumptions	Increase in assumptions	Decrease in assumptions
Discount rate	+1/-1.00%	(2,901,021)	3,446,740
Salary increase rate	+1/-1.00%	3,445,796	(2,974,795)

December 31, 2018

	Change in assumptions	Increase in assumptions	Decrease in assumptions
Discount rate	+1/-1.00%	(₱2,572,062)	₱3,037,655
Salary increase rate	+1/-1.00%	3,055,631	(2,658,444)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

When calculating sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement liability recognized within the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Through its defined benefit retirement plan, the Club is exposed to a number of risks, the most significant of which are as follow:

- Asset volatility - The plan liabilities are calculated using a discount rate set with reference to government bonds, if future plan assets underperformed its yield, this will create a deficit.

- Changes in bond yield - A decrease in government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the any plans' bond holdings.

The Club annually reassess its retirement plan and provide contributions to meet the minimum required funding.

The weighted average duration of the defined benefit obligation is 17 years and 18 years as at December 31, 2019 and 2018, respectively.

The expected maturity analysis of undiscounted retirement benefits liability as at December 31 is as follows:

December 31, 2019

	Less than a year	Between 1 to 5 years	Over 5 years
Retirement benefits	2,413,537	6,935,948	12,424,873

December 31, 2018

	Less than a year	Between 1 to 5 years	Over 5 years
Retirement benefits	₱1,215,701	₱4,862,804	₱15,804,113

The expected contribution for 2020 amounts to ₱2,829,202.

15. Unearned admission fees

This account pertains to admission fees which are to be amortized for an average membership period of 10 years. In 2018, the Club has adopted PFRS 15 which resulted to a restatement of this account.

The account is presented as follows:

	2019	2018
Unearned admission fee - current portion	**₱2,921,168**	₱2,101,168
Unearned admission fee - noncurrent portion	**20,832,211**	16,146,866
Total	**₱23,753,379**	₱18,248,034

16. PROPRIETARY MEMBERSHIP CERTIFICATES

The POC issued to original proprietary members are not to be issued for less than ₱3,000. The authorized and issued proprietary shares are as follows:

	2019	2018
Authorized: 800 certificates at ₱3,000 stated value per certificate	**₱2,400,000**	₱2,400,000
Issued and fully paid: 800 certificates	**2,400,000**	2,400,000

Additional contributions are excess of member's payment over the stated value of the POC which is recognized during the sale of the POC by the Club. These totaled ₱108,345,528 as at December 31, 2019 and 2018.

The following table presents information necessary to calculate the basic earnings per outstanding certificate:

	2019	2018
Net income for the year	**₱6,485,413**	₱4,852,433
Divided by: Outstanding stock certificate	**800**	800
Basic earnings per outstanding certificate	**₱8,107**	₱6,065

17. OTHER INCOME

This account for the year ended December 31 consists of the following:

	2019	2018	2017
Locker	**₱3,112,660**	₱3,079,610	₱2,849,991
Interest (notes 4 and 9)	**1,068,078**	652,995	94,782
Penalty	**756,095**	933,181	768,622
Pro-shop	**535,714**	491,071	535,714
Function room	**163,386**	137,192	81,839
Miscellaneous	**186,474**	207,179	101,050
	₱5,822,407	₱5,501,228	₱4,431,998

Miscellaneous pertains to photocopy, cash overages, publication fee and others.

18. COST OF SERVICES

This account for the years ended December 31 consists of the following:

	2019	2018	2017
Salaries and wages	**₱25,988,771**	₱25,415,959	₱24,949,795
Food and beverages – note 6	**23,518,391**	21,623,271	20,246,944
Repairs and maintenance	**9,118,220**	6,597,362	8,798,261
Light and water	**8,189,138**	7,610,198	6,391,880
Golf tournament expenses	**7,088,609**	1,188,983	4,566,843
Security services	**4,986,766**	4,639,797	4,445,185
Supplies – note 6	**4,915,033**	6,074,423	3,697,671
Gas services	**2,644,558**	2,593,632	1,974,624
Project development costs – note 11	**2,284,086**	2,284,086	2,284,086
SSS, PHIC and HDMF contributions	**1,969,141**	1,819,797	1,764,641
Contracted services	**1,919,202**	938,674	102,922
Taxes and licenses	**647,414**	680,386	656,345
Commission	**485,184**	472,347	372,600
Dues and subscription	**62,153**	93,555	91,622
Rental expense	**43,096**	215,721	517,419
Postage and communication	**29,838**	98,882	119,315
Sanitation supplies	**22,517**	20,656	39,472
Trainings and seminars	**7,270**	20,584	5,414
Transportation and travel	**-**	494,551	395,113
Miscellaneous	**754,956**	793,794	837,918
	₱94,674,343	₱83,676,658	₱82,258,070

19. ADMINISTRATIVE EXPENSES

This account for the years ended December 31 consists of the following:

	2019	2018	2017
Salaries and wages	**₱12,709,107**	₱14,342,851	₱12,820,596
Taxes and licenses	**7,880,320**	7,822,122	7,854,816
Professional and legal fees	**2,928,916**	2,193,698	874,225
Supplies	**1,637,134**	1,464,351	1,010,752
Other events	**1,432,470**	-	-
Representation and entertainment	**1,248,252**	1,035,863	455,842
Repairs and maintenance	**1,209,133**	4,299,341	1,977,778
Merchant discount	**962,625**	930,234	687,575
Sanitation supplies	**871,485**	766,045	577,241
SSS, PHIC and HDMF contributions	**709,935**	638,717	572,842
Insurance	**601,447**	1,400,477	369,095
Light and water	**599,935**	780,085	498,349
Contracted services	**501,719**	404,934	95,000
Postage and communication	**394,744**	362,677	303,576
Trainings and seminars	**362,792**	509,885	59,524
Donations, dues and subscriptions	**224,807**	1,402,561	581,887
Gas services	**133,874**	90,181	137,361
Transportation and travel	**-**	683,311	419,553
Miscellaneous	**798,765**	1,385,918	133,423
Total	**₱35,207,460**	₱40,513,251	₱29,429,435

Salaries and wages include retirement benefits expense (see note 14).

20. INCOME TAX EXPENSE

The components of tax expense as reported in the statements of comprehensive income for the years 2019 and 2018 are as follow:

	2019	2018
Current tax expense	**₱1,392,841**	₱1,874,247
Deferred tax expense	**925,133**	487,598
Total	**₱2,317,974**	₱2,361,845

The reconciliation of income tax benefit computed at the statutory income tax rate to income tax expense as shown in the statements comprehensive income for the years ended December 31 is as follows:

	2019	2018
Income before income tax	**₱8,803,387**	₱7,214,278
Income tax expense at 30%	**2,641,016**	2,164,283
Add (deduct):		
Non-taxable income	**(440,339)**	(301,537)
Non-deductible expenses	**117,297**	499,099
Income tax expense	**₱2,317,974**	₱2,361,845

The details of deferred tax assets in the statements of financial position as at December 31 are presented as follows:

	2019	2018
Unamortized admission fee	**₱2,986,506**	₱3,400,076
Retirement benefits liability	**1,787,277**	2,342,686
Unamortized retirement contribution	**585,795**	683,427
Total	**₱5,359,578**	₱6,426,189

21. RELATED PARTY TRANSACTIONS

The Club, in the normal course of business, has transactions with related party. Detail is shown below:

Related party	**Relationship**
Metropolitan Bank and Trust Company (MBTC)	Retirement plan trustee

Details of the transactions, fair value amount and terms and conditions follow:

	Amount of transactions		**Outstanding balance**	
	2019	2018	**2019**	2018
Retirement plan trustee				
Retirement contribution	**₱3,800,000**	₱3,000,000	**₱20,904,658**	₱17,567,803
Expected return on plan assets	**1,300,017**	935,064	-	-
Benefits paid	**(2,600,832)**	(1,463,570)	-	-

Transactions with MBTC

The Club has the discretion to deliver additional funds at any time hereafter and from time to time to the trustee; subject to the latter's agreement in each case. The agreement entered by the Club is a Trust Agreement for financial return and for the appreciation of assets of the account but does not guarantee a yield, return or income by the trustee.

The retirement plan asset is set up to establish funding of the retirement obligations of the Club (see note 14).

Key management personnel compensation

Compensation of the Club's key management personnel for the years ended December 31 are as follows:

	2019	2018
Short-term benefits	**₱4,552,211**	₱4,138,374
Long-term benefits	**364,177**	331,070
	₱4,916,388	₱4,469,444

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Club's principal financial instruments comprise of cash and cash equivalents, trade and other receivables, trust fund investments, long-term investment, =refundable deposits, trade payables, activity fund payables and other liabilities. The main purpose of these financial instruments is to raise finance for the Club's operations.

The main risks arising from the Club's financial instruments are credit risk and liquidity risk. The Club also monitors the market price risk arising from Trust fund investment. The BOT has reviewed and set up policies to manage these risks.

It continuously upgrades these policies and procedures to ensure that the management of risk exposures is both progressive and reflective of the Club's financial outlook.

a. Credit risk

Credit risk is the risk that the Club will incur a loss from members, guests or counterparties that fail to discharge their contractual obligations. The Club manages credit risk by setting limits on the amount of risk the Club is willing to accept from counterparties and by monitoring exposures in relation to such limits.

As a policy, the Club trades only with recognized, creditworthy members and guests and transacts only with institutions or banks which have demonstrated financial soundness. Credit verification procedures for member-customers on credit terms are done. In addition, results of regular review of receivable and allowance revealed that the Club's exposure to bad debts is not significant; hence, no allowance was provided. The Club's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount with respect to credit risk arising from the other financial assets of the Club, which compose mostly of trade and other receivables, trust fund investment and refundable deposits.

Credit risk exposure

The table below shows the gross maximum exposure to credit risk of the Club as at December 31.

	2019	2018
Cash and cash equivalents*	**₱65,098,023**	₱53,044,411
Trade and other receivables	**15,461,285**	13,638,689
Trust fund investments	**12,289,887**	11,384,510
Long-term investment	**14,814,450**	14,814,450
Refundable deposits	**105,520**	86,480
Total	**₱107,769,165**	₱92,968,540

**Excluding cash on hand amounting to ₱75,000 as at December 31, 2019 and 2018.*

There is no requirement for collateral over trade and other receivables since the Club trades only with members.

The Club's trade and other receivables current credit risk grading framework are as follows:

Category	Description	Basis for recognizing ECLs	Minimum allowance for credit losses	Stage
Performing	The counterparty has a low risk of default and does not have any past due amounts	12-month ECL	5%	1
Doubtful	Amount is 31-90 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired	10%	2
In default	Amount is more than ninety (90) days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	50%	3
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Club has no realistic prospect of recovery	Amount is written off	100%	4

The table below shows the Club's maximum exposure to credit risk and the credit quality of the Club's financial assets:

		December 31, 2019			
		Basis of recognizing ECL	Gross carrying amount	Loss allowance	Net carrying amount
Cash in banks and cash Equivalents	(a)		₱65,098,023	₱ -	₱65,098,023
Trade and other receivables	(b)	Lifetime ECL	15,461,285	-	15,461,285
Trust fund investments	(c)	12-month ECL	12,289,887	-	12,289,887
Long-term investments	(a)		14,814,450	-	14,814,450
Refundable deposits	(d)		105,520	-	105,520
			₱107,769,165	₱ -	₱107,769,165

		December 31, 2018			
		Basis of recognizing ECL	Gross carrying amount	Loss allowance	Net carrying amount
Cash in banks and cash equivalents	(a)		₱53,044,411	₱ -	₱53,044,411
Trade and other receivables	(b)	Lifetime ECL	13,638,689	-	13,638,689
Trust fund investments	(c)	12-month ECL	11,384,510	-	11,384,510
Long-term investments	(a)		14,814,450	-	14,814,450
Refundable deposits	(d)		86,480	-	86,480
			₱92,968,540	₱ -	₱92,968,540

(a) Cash in bank and cash equivalents and long-term investments are assessed to have low credit risk at each reporting period. These are held by reputable banking institutions. The identified impairment loss on these financial assets is immaterial, hence no ECL is recognized.

(b) For trade and other receivables, the Club has applied the simplified approach to measure the loss allowance at lifetime ECL. The Club determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors. The Club implemented an effective collection policy, past due accounts are immaterial, and the Club assesses that these receivables are collected thus, no impairment loss be recognized for both years.

(c) The Club has trust fund investments which composed of short-term and long-term time deposit which are held by a reputable bank which can be withdrawn upon approval of 2/3 of the members entitled to vote.

(d) Refundable deposits are refunded upon the termination of the contract with the lessor of the electric meter used.

The following tables show the Club's aging analysis of past due, but not impaired financial assets:

December 31, 2019

	Cash and cash equivalents	**Trade and other receivables**	**Trust fund investments**	**Long-term investments**	**Refundable deposits**	**Total**
Neither past due nor impaired	**₱65,098,023**	**₱13,563,797**	**₱12,289,887**	**₱14,814,450**	**₱105,520**	**₱105,871,677**
Past due but not impaired						
Less than 30 days	**-**	**732,021**	**-**	**-**	**-**	**732,021**
30 days and over	**-**	**1,165,467**	**-**	**-**	**-**	**1,165,467**
Total	**₱65,098,023**	**₱15,461,285**	**₱12,289,887**	**₱14,814,450**	**₱105,520**	**₱107,769,165**

December 31, 2018

	Cash and cash equivalents	Trade and other receivables	Trust fund investments	Long-term investments	Refundable deposits	Total
Neither past due nor impaired	₱53,044,411	₱10,889,204	₱11,384,510	₱14,814,450	₱86,480	₱90,219,055
Past due but not impaired						
Less than 30 days	-	1,746,952	-	-	-	1,746,952
30 days and over	-	1,002,533	-	-	-	1,002,533
Total	₱53,044,411	₱13,638,689	₱11,384,510	₱14,814,450	₱86,480	₱92,968,540

b. Liquidity risk

The Club's policy is to maintain a level of cash that is sufficient to fund its monthly cash requirements. Operating expenses and working capital requirements are funded through cash collections. Furthermore, the Club places money in excess of immediate requirement in banks.

To manage this risk, the Club regularly monitors its projected and actual cash flows information and continuously assesses conditions in the financial market for opportunities to pursue fund raising initiatives. Furthermore, members may be assessed for any special purpose or assessment maybe increased with prior authority by the Club in a general meeting of voting proprietary members.

At December 31, 2019, the Club's financial liabilities have contractual maturities which are presented below:

	Within 6 to 12 months	Between 1 to 5 years
Trade and other payables*	₱41,922,463	₱ -
Member's cash and option deposits	-	24,071,500
Total	₱41,922,463	₱24,071,500

**Excluding amounts payable to government and unearned revenue with total amount of ₱3,325,355 as at December 31, 2019.*

This compares to the maturity of the Club's financial liabilities as at December 31, 2018 as follows:

	Within 6 to 12 months	Between 1 to 5 years
Trade and other payables*	₱35,157,282	₱-
Member's cash and option deposits	-	23,091,500
Total	₱35,157,282	₱23,091,500

**Excluding amounts payable to government and unearned revenue with total amount of ₱4,922,432 as at December 31, 2018.*

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting period.

23. CAPITAL RISK OBJECTIVE AND MANAGEMENT

The Club's objective in managing capital is to safeguard the Club's ability to continue as a going concern so that it can continue the Club's services.

The Club manages the members' equity and makes adjustments to it in the light of changes in the economic conditions. In order to adjust capital, the Club may change assessments to Club members. No changes were made in the objectives and policies in 2019 and 2018.

The Club's strategy is to maintain a debt to equity not lower than 1:2. However, the debt to equity ratio is above the target as shown below. The management continues to pursue operational improvements that will address the debt to equity ratio target. Debt comprises of liabilities and equity comprises of all components of members' equity.

Debt to equity ratio as at December 31, 2019 and 2018 are as follows:

	2019	2018
Total liabilities	**₱99,214,312**	₱89,302,411
Total equity	**318,910,300**	311,589,111
Total	**₱418,124,612**	₱400,891,522
Debt to equity ratio	**1:3.21**	1:3.49

The Club sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Club manages the members' equity and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets.

24. FAIR VALUE INFORMATION

Assets measured at fair value

The following table gives information about how the fair value of Club's assets is determined in particular, the valuation technique and inputs used.

	Fair values		Fair value	
	2019	2018	hierarchy	Value techniques
Trust fund investments				
Time deposit	**₱6,508,934**	₱6,093,208	Level 2	Discounted cash flows
Investment in private corporations	**5,780,953**	5,291,302	Level 1	Quoted bid price in an active market
Total	**₱12,289,887**	₱11,384,510		

Time deposit

The fair value is determined based on the discounted value of future cash flows using applicable interest rates for similar types of assets. Discount rate used was 3% as at December 31, 2019 and 2018.

Investment in private corporations

The fair value is determined by reference to current price of equity securities in an active market.

Asset and liabilities not measured at fair value

The following gives information about how the fair values of the Club's financial asset and liabilities, which are not measured at fair value, but the fair values are disclosed at the end of each reporting period are determined.

Cash and cash equivalents, Trade and other receivables, Refundable deposits, Trade and other payables and *Member's cash and option deposits*

The carrying amount approximates fair value due to the relatively short-term maturities of these financial assets and liabilities.

The carrying amount and fair value of the categories of noncurrent financial asset and liabilities presented in the statements of financial position are shown below:

	2019			
	Carrying values	**Fair values**	Fair value hierarchy	Value techniques
Financial asset:				
Refundable deposits	**₱105,520**	**₱102,447**	Level 2	Discounted cash flows

Financial liabilities:				
Members' cash deposits	**₱24,068,500**	**₱23,367,476**	Level 2	Discounted cash flows
Members' option deposits	**3,000**	**2,910**	Level 2	Discounted cash flows
Total	**₱24,071,500**	**₱23,370,386**		

	2018			
	Carrying values	**Fair values**	Fair value hierarchy	Value techniques
Financial asset:				
Refundable deposits	**₱86,480**	**₱83,961**	Level 2	Discounted cash flows
Financial liabilities:				
Members' cash deposits	**₱23,088,500**	**₱22,416,019**	Level 2	Discounted cash flows
Members' option deposits	**3,000**	**2,910**	Level 2	Discounted cash flows
Total	**₱23,091,500**	**₱22,418,929**		

The fair value of refundable deposits, members' cash deposits and option deposits is based on the discounted cash flow at a discount rate of 3% in 2019 and 2018, which reflects the prevailing borrowing rate at the end of the reporting period.

The following gives information about how the fair value of the Club's nonfinancial asset which is not measured at fair value, but the fair value is disclosed at the end of each reporting period are determined.

25. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The reconciliation about the changes in the Club's liabilities arising from financing activities including both cash and non-cash changes as follows:

	2018	Changes from financing cash flows	**2019**
Members' cash and option deposit	₱23,091,500	₱980,000	**₱24,071,500**
Unearned admission fees	18,248,034	5,505,345	**23,753,379**
Total	₱41,339,534	6,485,345	**₱47,824,879**

	2017	Changes from financing cash flows	**2018**
Members' cash and option deposit	₱22,196,500	₱895,000	**₱23,091,500**
Unearned admission fees	12,712,153	5,535,881	**18,248,034**
Total	₱34,908,653	₱6,430,881	**₱41,339,534**

26. IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic has severely impacted the economy as businesses are forced to cease or minimize operations. Measures taken by the government to contain the spread of the virus include quarantines, social distancing, and closure of non-essential services, among others. The Club suspends its business operation in compliance to the government's protocol of social distancing measures and restrictions.

The Club determined that these events are non-adjusting subsequent events. The statement of financial position as at December 31, 2019 and statement of comprehensive income for the year ended December 31, 2019 have not been adjusted to reflect the impact of the pandemic. Its duration and impact remain unclear at this time which makes it not possible to reliably estimate its impact on the financial position and results of activities of the Club for future periods.

Although in the subsequent period, the Club expects losses in its operations due to the suspension until further notice of tourist and local golf tournaments which significantly contributes to the Club's revenue and temporarily, the Club will depend solely on the monthly dues from members to continue its operation.

27. SUPPLEMENTAL INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)

On December 28, 2010, the BIR issued Revenue Regulation (RR) No.15-2010, which amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRSs.

(a) Output VAT

The Club declared output VAT for the year is as follows:

	Revenues	Output VAT
Sales subject to 12% VAT		
Sale of goods	₱134,608,406	₱16,153,009
Exempt sales	20,474,302	-
Total	₱155,082,708	₱16,153,009

(b) *Input VAT*

Input VAT for the year is summarized below.

	2019
Balance at beginning of year	₱622,377
Add: Current year's domestic purchase/payments	6,262,553
Total available input VAT	6,884,930
Less: Applied against output VAT during the year	(6,458,157)
Balance at end of year	₱426,773

Balance at end of year pertains to unamortized portion of the input tax on purchase of capital goods exceeding ₱1,000,000.

(c) *Taxes on importation, excise tax and documentary stamp tax*

The Club has not paid nor accrued custom duties or tariff fees as the Club did not import any goods or equipment. The Club has not paid nor accrued any excise tax. The Club has not paid any documentary stamp tax, as there is no related transaction that requires the payment of the said tax.

(d) *Taxes and licenses*

Details of the Club's all other local and national taxes for the year are as follows:

	2019
Real property tax	₱7,696,132
Business permit	746,118
Insurance tax	84,984
BIR registration	500
Total	₱8,527,734

(e) *Withholding taxes*

Details of the Club's withholding taxes for the year are as follows:

	2019
Expanded withholding taxes	₱1,194,909
Tax on compensation and benefits	262,938
Total	₱1,457,847

(f) There are no deficiency tax assessments incurred and paid for during the year 2019. The Club has no tax cases under preliminary investigation and/or prosecution in courts or bodies outside the BIR.

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