



STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **The Orchard Golf & Country Club, Inc.**, is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year ended **December 31, 2019**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the The Orchard Golf & Country Club, Inc.'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 Orchard Golf & Country Club, Inc. or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the The Orchard Golf & County Inc.'s financial reporting process.

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

SGV & CO, the independent auditors appointed by the shareholders, has audited the financial statements of the The Orchard Golf & Country Club, Inc. in accordance with Philippine Standards on Auditing, and in their report to the shareholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Vicente R. Santos
Chairman

Henry T. Cua Loping
Treasurer
Jose Ernilo P. Famy
General Manager & COO

SUBSCRIBED AND SWORN to before me this 26 JUN 2020 at ASMARINAS CITY, affiants exhibiting to me their Tax Identification Numbers:

Name
Vicente R. Santos
Henry T. Cua Loping
Jose Ernilo P. Famy

TIN
155-810-410
127-189-383
107-081-014

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Series of 2020

Atty. CRISANTON U. PASCUAL, JR.
Notary Public
Until December 31 2020
Roll No 37506 IBP No 053996
TIN 117-568-655 MCLE No 001277
PTR No 1093337 Imus City Cavite

F6 FOR FILING WITH SEC

**AFTER THE BIR HAS DULY
STAMPED "RECEIVED."**

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A S 0 9 2 0 0 0 7 9 8

COMPANY NAME

T H E O R C H A R D G O L F A N D C O U N T R Y C
L U B , I N C . (A N o n p r o f i t O r g a n i z
a t i o n)

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

K m . 2 7 A g u i n a l d o H i g h w a y , S a l a
w a g , D a s m a r i ñ a s C i t y , C a v i t e

Form Type

A A F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N / A

COMPANY INFORMATION

Company's Email Address

inquire@theorchardgolf.com

Company's Telephone Number

(02) 8982-2000

Mobile Number

09178834749

No. of Stockholders

1,884

Annual Meeting (Month / Day)

October 13

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Henry CuaLoping

Email Address

inquire@theorchardgolf.com

Telephone Number/s

(02) 982-2000

Mobile Number

09178834749

CONTACT PERSON'S ADDRESS

Suite 1822, Tytana Center, Plaza Lorenzo Ruiz, Binondo, Manila

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

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



INDEPENDENT AUDITOR'S REPORT

The Shareholders, the Members and the Board of Directors
The Orchard Golf and Country Club, Inc.
Km. 27 Aguinaldo Highway
Salitran, Dasmariñas City, Cavite

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Orchard Golf and 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 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Club in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 22 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 The Orchard Golf and Country Club, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Christine G. Vallejo
Christine G. Vallejo

Partner

CPA Certificate No. 99857

SEC Accreditation No. 1402-AR-2 (Group A),
November 11, 2019, valid until November 10, 2022

Tax Identification No. 206-384-906

BIR Accreditation No. 08-001998-105-2019,
November 7, 2019, valid until November 6, 2022

PTR No. 8125313, January 7, 2020, Makati City

June 23, 2020



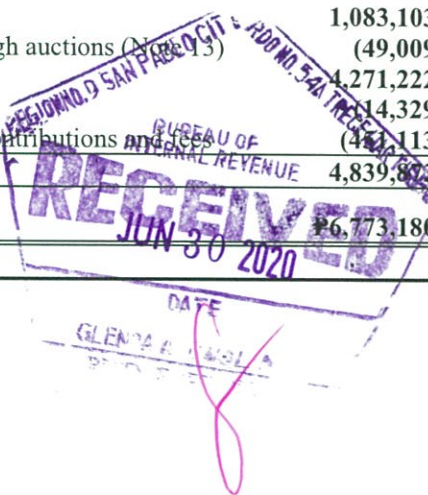
THE ORCHARD GOLF AND COUNTRY CLUB, INC.

(A Nonprofit Organization)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 19)	₱47,940,885	₱55,514,870
Receivables (Notes 5 and 19)	21,637,018	13,287,368
Inventories (Note 6)	4,639,301	5,098,168
Prepayments and other current assets (Note 7)	4,040,866	1,987,624
Total Current Assets	78,258,070	75,888,030
Noncurrent Assets		
Property and equipment (Note 8)	459,485,972	468,233,381
Land - at revalued amount (Note 9)	6,229,224,440	6,229,224,440
Other noncurrent assets	6,212,089	6,660,267
Total Noncurrent Assets	6,694,922,501	6,704,118,088
	₱6,773,180,571	₱6,780,006,118
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 10, 14, and 19)	₱66,205,699	₱54,612,148
Contract liabilities (Notes 2 and 11)	6,688,583	12,647,075
Deposits from assignees and others (Note 9)	11,180,565	2,814,530
Total Current Liabilities	84,074,847	70,073,753
Noncurrent Liabilities		
Deposits from assignees and others - net of current portion (Notes 11 and 19)	5,354,718	5,238,477
Deferred tax liability (Notes 9 and 18)	1,830,523,752	1,830,523,752
Retirement benefit obligation (Note 17)	13,354,905	6,544,455
Total Noncurrent Liabilities	1,849,233,375	1,842,306,684
Total Liabilities	1,933,308,222	1,912,380,437
Members' Equity		
Capital stock (Note 12)	1,083,103,341	1,083,103,341
Shares of delinquent shareholders acquired through auctions (Note 15)	(49,009,971)	(45,987,472)
Revaluation increment in land - net (Note 9)	4,271,222,088	4,271,222,088
Other comprehensive loss (Note 17)	(14,329,435)	(4,779,931)
Cumulative excess of expenses over members' contributions and fees	(451,113,674)	(435,932,345)
Total Members' Equity	4,839,892,349	4,867,625,681
	₱6,773,180,571	₱6,780,006,118

See accompanying Notes to Financial Statements.



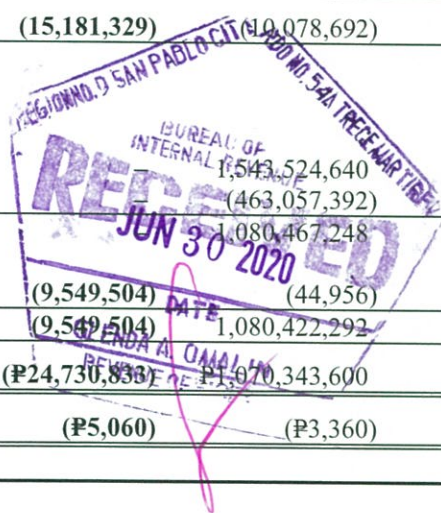
THE ORCHARD GOLF AND COUNTRY CLUB, INC.

(A Nonprofit Organization)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2019	2018	2017
REVENUES			
Maintenance dues	₱133,874,956	₱120,774,500	₱124,578,927
Transfer fees	8,407,268	11,030,160	14,140,080
Playing rights	2,910,757	2,718,943	3,825,000
Clubhouse operations:			
Green fees:			
Regular	81,277,975	74,582,244	73,450,349
Tournaments	10,216,237	8,407,453	8,065,735
Recreational facilities fees	3,889,196	4,769,309	4,032,731
	95,383,408	87,759,006	85,548,815
Facilities rental	4,527,999	5,205,022	4,565,600
Other income:			
Concessionaire's fee	10,888,254	6,030,903	5,642,539
Pro shop commission	2,385,900	2,595,837	2,728,805
Sale of proshop goods	1,135,351	804,959	1,240,990
Others – net	3,176,121	1,256,562	1,518,328
	17,585,626	10,688,261	11,130,662
	262,690,014	238,175,892	243,789,084
EXPENSES (OTHER INCOME)			
General and administrative expenses			
(Notes 14, 15 and 17)	286,876,926	255,666,442	251,380,573
Cost of pro shop goods sold (Note 6)	761,014	538,867	838,944
Interest expense (Note 17)	311,423	667,264	1,932,317
Interest income (Note 4)	(2,346,153)	(1,615,484)	(1,083,888)
Other operating income (Note 16)	(9,790,489)	(8,895,150)	(6,732,896)
	275,812,721	246,361,939	246,335,050
LOSS BEFORE INCOME TAX	(13,122,707)	(8,186,047)	(2,545,966)
PROVISION FOR CURRENT INCOME TAX			
(Note 18)	2,058,622	1,892,645	1,930,987
NET LOSS	(15,181,329)	(10,078,692)	(4,476,953)
OTHER COMPREHENSIVE INCOME			
NOT TO BE RECLASSIFIED TO PROFIT			
OR LOSS IN SUBSEQUENT PERIODS			
Revaluation increment in land (Note 9)		1,543,524,640	–
Deferred tax effect		(463,057,392)	–
Actuarial gain (loss) on retirement benefit obligation		1,080,467,248	–
(Note 16)	(9,549,504)	(44,956)	3,772,725
Total Comprehensive Income	(9,549,504)	1,080,422,292	3,772,725
NET COMPREHENSIVE INCOME (LOSS)	(₱24,730,833)	₱1,070,343,600	(₱704,228)
Loss Per Share (Note 12)	(₱5,060)	(₱3,360)	(₱1,492)

See accompanying Notes to Financial Statements.



THE ORCHARD GOLF AND COUNTRY CLUB, INC.
(A Nonprofit Organization)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017**

	Capital Stock (Note 12)	Shares of Delinquent Shareholders Acquired Through Auctions (Note 13)	Revaluation Increment in Land - net (Note 9)	Other Comprehensive Income (Note 17)	Cumulative Excess of Members' Contributions and Fees	Total
Balance at December 31, 2018	₱1,083,103,341	(₱45,987,472)	₱4,271,222,088	(₱4,779,931)	(₱435,932,345)	₱4,867,625,681
Net loss	-	-	-	-	(15,181,329)	(15,181,329)
Other comprehensive income (Notes 9 and 17)	-	-	-	(₱9,549,504)	-	(9,549,504)
Net comprehensive loss	-	-	-	(₱9,549,504)	(15,181,329)	(24,730,833)
Shares of delinquent shareholders acquired through auctions	-	(3,022,499)	-	-	-	(3,022,499)
Balance at December 31, 2019	₱1,083,103,341	(₱49,009,971)	₱4,271,222,088	(₱14,329,435)	(₱451,113,674)	₱4,839,872,349
Balance at December 31, 2017, as previously stated	₱1,083,103,341	(₱46,125,692)	₱3,190,754,840	(₱4,734,975)	(₱421,875,038)	₱3,801,122,476
Adjustment due to adoption of PFRS 15	-	-	-	-	(3,978,615)	(3,978,615)
Balance at December 31, 2017, as restated	1,083,103,341	(46,125,692)	3,190,754,840	(4,734,975)	(425,853,653)	3,797,143,861
Net loss	-	-	-	-	(10,078,692)	(10,078,692)
Other comprehensive income (Notes 9 and 17)	-	-	1,080,467,248	(44,956)	-	1,080,422,292
Net comprehensive loss	-	-	1,080,467,248	(44,956)	(10,078,692)	1,070,343,600
Shares of delinquent shareholders acquired through auctions	-	138,220	-	-	-	138,220
Balance at December 31, 2018	₱1,083,103,341	(₱45,987,472)	₱4,271,222,088	(₱4,779,931)	(₱435,932,345)	₱4,867,625,681
Balance at December 31, 2016	₱1,083,103,341	(₱45,188,955)	₱3,190,754,840	(₱8,507,700)	(₱417,398,085)	₱3,802,763,441
Net loss	-	-	-	-	(4,476,953)	(4,476,953)
Other comprehensive income (Note 17)	-	-	-	3,772,725	-	3,772,725
Net comprehensive loss	-	-	-	3,772,725	(4,476,953)	(704,228)
Shares of delinquent shareholders acquired through auctions	-	(936,737)	-	-	-	(936,737)
Balance at December 31, 2017	₱1,083,103,341	(₱46,125,692)	₱3,190,754,840	(₱4,734,975)	(₱421,875,038)	₱3,801,122,476

See accompanying Notes to Financial Statements.



THE ORCHARD GOLF AND COUNTRY CLUB, INC.**(A Nonprofit Organization)****STATEMENTS OF CASH FLOWS**

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	(P13,122,707)	(P8,186,047)	(P2,545,966)
Adjustments to reconcile loss before income tax to net cash flows:			
Depreciation (Notes 8 and 15)	48,528,396	40,727,300	34,598,476
Movement in retirement benefit obligation (Note 17)	(5,856,945)	(11,314,855)	(18,829,278)
Interest income	(2,346,153)	(1,615,484)	(1,083,888)
Loss (gain) on sale of property and equipment	(2,073,207)	1,749	703,701
Working capital adjustments:			
Decrease (increase) in:			
Receivables	(8,349,650)	794,400	(602,232)
Inventories	458,867	(2,238,143)	282,529
Prepayments and other current assets	(801,752)	(77,459)	(186,426)
Increase (decrease) in:			
Accounts payable and other current liabilities	11,593,551	3,685,106	11,834,727
Deferred maintenance dues	—	—	(133,529)
Deposits from assignees and others	8,482,276	—	545,633
Contract liabilities	(5,958,492)	1,033,112	—
Cash generated from operations	30,554,184	22,809,679	24,583,747
Interest received	2,346,153	1,615,484	1,083,888
Income taxes paid	(3,310,112)	(1,892,645)	(1,930,988)
Net cash flows from operating activities	29,590,225	22,532,518	23,736,647
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment (Note 8)	(45,050,497)	(31,217,452)	(19,006,211)
Decrease (increase) in other noncurrent assets	448,178	(778,601)	468,362
Proceeds from sale of property and equipment (Note 8)	7,342,717	770,308	752,777
Net cash flows used in investing activities	(37,259,602)	(31,225,745)	(17,785,072)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from sale of Orchard share (Note 13)	95,392	138,220	206,253
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	(7,573,985)	(8,555,007)	6,157,828
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
	55,514,870	64,069,877	57,912,049
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)			
	P47,940,885	P55,514,870	P64,069,877

See accompanying Notes to Financial Statements.

THE ORCHARD GOLF AND COUNTRY CLUB, INC.

(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

The Orchard Golf and Country Club, Inc. (the Club) was registered with the Philippine Securities and Exchange Commission (SEC) on February 5, 1992. The Club was established to promote social, educational and athletic activities on a nonprofit basis among its members, the main objective of which is the maintenance of golf courses and related sports and recreational facilities.

The registered office address of the Club is Km. 27 Aguinaldo Highway, Salawag, Dasmariñas City, Cavite.

The accompanying financial statements were authorized for issue by the Board of Directors (BOD) on June 23, 2020.

2. Basis of Preparation and Summary of Significant Accounting Policies

Basis of Preparation

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

The financial statements have been prepared on a historical cost basis, except for land that has been measured at revalued amount. The financial statements are presented in Philippine peso, which is the Club's functional and presentation currency under PFRS, and rounded to the nearest Peso, except when otherwise indicated.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Club has adopted the following new accounting pronouncements starting January 1, 2019:

- PFRS 16, *Leases*

Under PFRS 16, a lease arrangement is established by a contract (the lease) that conveys to the user (the lessee) the right to control the use of an identified asset for a period of time in exchange for consideration. A portion of an asset is an identified asset if it is physically distinct. If it is not physically distinct, the portion of an asset is not an identified asset, unless the lessee has the right to use substantially all of the capacity of the asset during the lease term.

If a contract contains more than one lease component, or a combination of leasing and selling transactions, the consideration is allocated to each of the lease and non-lease components on conclusion and on each subsequent remeasurement of the contract on the basis of their relative stand-alone selling prices.

Under PFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.



Club as a Lessor.

Leases in which the Club does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial indirect cost incurred in negotiating an operating lease are added to the carrying amount of the lease assets and recognized over the lease term on the same bases as rent income. Contingent rents are recognized as revenue in the period in which they are earned.

For income tax reporting purposes, rental revenue under operating lease arrangements are treated as taxable income in conformity with the terms of the lease agreements or upon receipt of payment, whichever comes first.

The adoption of the standard had no impact on the financial statements of the Club.

▪ *Philippine Interpretation IFRIC-23, Uncertainty over Income Tax Treatments*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*. It does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;
- How an entity considers changes in facts and circumstances

The entity is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The entity shall assume that the taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of the uncertainty for each uncertain tax treatment using the method the entity expects to better predict the resolution of the uncertainty.

Based on the Club's assessment, it has no material uncertain tax treatments. Accordingly, the adoption of this Interpretation has no significant impact on the financial statements.



▪ Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the 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.

These amendments had no impact on the financial statements of the Club.

▪ Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments had no impact on the financial statements of the Club as it did not have any plan amendments, curtailments, or settlements during the period.

▪ Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.



These amendments had no impact on the financial statements as the Club does not have long-term interests in its associate and joint venture.

▪ *Annual Improvements to PFRSs 2015-2017 Cycle*

- Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted.

These amendments had no impact on the financial statements of the Club as there is no transaction where joint control is obtained.

- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted.

These amendments had no impact on the financial statements of the Club because dividends declared by the Club do not give rise to tax obligations under the current tax laws.

- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.



An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

Since the Club's current practice is in line with these amendments, they had no impact on the financial statements of the Club.

Standards Issued but Not Yet Effective

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

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*

The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

These amendments will apply on future business combinations of the Club.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after January 1, 2023

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.



The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted.

Deferred effectivity

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Current versus Noncurrent Classification

The Club presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when:

- It is expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realized within twelve months after the reporting date; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as noncurrent.

A liability is current when:

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

The Club classifies all other liabilities as non-current.



Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

Fair Value Measurement

The Club measures financial instruments such as derivatives, and non-financial assets such as land, at fair value at each balance sheet date.

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

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

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

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

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

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

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

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

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Club determines whether transfers have occurred between levels in the hierarchy by reassessing 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.

Financial Instruments - Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.



Financial assets

Initial Recognition, Subsequent Measurement and Impairment Upon Adoption of PFRS 9

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Club's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Club has applied the practical expedient, the Club initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Club has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Club's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Club commits to purchase or sell the asset.

Subsequent measurement

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

- Financial assets at amortized cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

Financial assets at amortized cost

This category is the most relevant to the Club. The Club measures financial assets at amortised cost if both of the following conditions are met:

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

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



The Club's cash and cash equivalents and receivables are included in this category as of December 31, 2019 and 2018.

Financial assets at fair value through OCI

The Club measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Club has no debt instruments at fair value through OCI as of December 31, 2019 and 2018.

Financial assets designated at fair value through OCI

Upon initial recognition, the Club can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Club benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Club has not designated any financial assets at OCI as of December 31, 2019 and 2018.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.



Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss in the statement of comprehensive income.

This category includes derivative instruments and listed equity investments which the Club had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

The Club has not designated any financial assets at FVPL as of December 31, 2019 and 2018.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristic and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded with a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Club's statement of financial position) when:

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

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

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



Impairment of financial assets

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

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

For cash and cash equivalents, the Club applies a general approach in calculating ECLs. The Club recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash and cash equivalents since initial recognition.

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

The Club considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Club may also consider a financial asset to be in default when internal or external information indicates that the Club is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Club. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Initial Recognition, Subsequent Measurement and Impairment Prior to the Adoption of PFRS 9

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity investments (HTM), available-for-sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at FVPL, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Club commits to purchase or sell the asset.

The Club's financial assets include cash and cash equivalents and receivables which are classified as loans and receivables.



Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

The effective interest rate amortization is included in interest income in the statement of comprehensive income. The losses arising from impairment of receivables are recognized in the statement of comprehensive income as part of general and administrative expenses.

Derecognition

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

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

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

Impairment of Financial Assets

The Club assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred "loss event"), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortized cost, the Club first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Club determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.



The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Club. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to interest expense in the statement of comprehensive income.

Financial liabilities

Initial Recognition and Subsequent Measurement Prior to and Upon Adoption of PFRS 9

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Club's financial liabilities include payables and other current liabilities (excluding statutory payables and contract liabilities), deferred maintenance dues, and deposits from assignees and others as of December 31, 2019 and 2018.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Club that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Club has not designated any financial liability as at fair value through profit or loss.

The Club has no financial liability at FVPL as of December 31, 2019 and 2018.



Loans and borrowings

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

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

This category includes payables and other current liabilities (excluding statutory payables and contract liabilities), deferred maintenance dues, and deposits from assignees and others as of December 31, 2019 and 2018.

Derecognition

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

Offsetting of Financial Instruments

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

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and that are subject to an insignificant risk of change in value.

Inventories

Inventories are stated at the lower of cost and net realizable value (NRV). Cost incurred in bringing each product to its present location and conditions are determined using the first-in, first-out method.

NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Land at Revalued Amount

Land is initially measured at cost, less accumulated depreciation and any accumulated impairment in value and subsequently measured using the revaluation method. The initial cost of the Land consist of the purchase price and any directly attributable cost. The net appraisal increment resulting from the revaluation was credited to "Revaluation increment in land" account shown in the members' equity section of the statement of financial position and the statements of changes in members' equity.



Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Such cost consists of the purchase price and any directly attributable costs in bringing the property and equipment to its location and condition necessary for it to be capable of operating in the manner intended by management. The cost of replacing a part is included if the recognition criteria are met. Likewise, when major repairs and maintenance is performed, its cost is recognized in the carrying amount of the item of property and equipment as a replacement if the recognition criteria are satisfied. Such major repairs and maintenance is capitalized and amortized over the remaining useful life of the asset.

All other repair and maintenance is recognized in the statement of comprehensive income as incurred.

Depreciation is calculated using straight-line method over the following estimated useful lives:

Land improvements	5–10 years
Buildings and structures:	
Buildings	47 years
House maintenance equipment	5 years
Facilities and equipment	3–10 years
Furniture and fixtures	5 years
Kitchen equipment	5 years

Each component of an item of property and equipment with a cost that is significant in relation to the total cost of the item of property and equipment is depreciated separately.

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

The residual values, useful lives and depreciation method are reviewed and adjusted if appropriate, at each financial year end to ensure that the residual values, periods and the method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use.

Construction in-progress represents properties under construction and is stated at cost. This includes costs of construction and other direct costs. Construction in-progress is not amortized until such time as the relevant assets are completed and are put into operational use.

Impairment of Nonfinancial Assets

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



In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Club bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Club's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Club estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Retirement Benefit Obligation and Employee Benefits

The net defined benefit liability is the aggregate of the present value of the defined benefit obligation (DBO) at the end of the reporting date reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

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



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 statement of comprehensive income.

Remeasurements comprising actuarial gains and losses 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.

Revenue Recognition

Under PFRS 15, revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Club expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties. Revenue is recognized when the Club satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

The Club assesses its revenue against specific criteria in order to determine if it is acting as principal or agent. The Club has concluded that, except for Pro shop commission and Concessionaire's fees, it is the principal in all of its revenue arrangements since it is the primary obligor in the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

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

Maintenance Dues. Maintenance dues are billed one month in advance and are recognized when earned and when no significant doubt as to its collectability exists. Upon adoption of PFRS 15, advance collection of membership dues are recognized as "Contract liability" account in the statement of financial position.

Playing rights

Playing rights are revenue related to playing rights being transferred from a member to an assignee for a period of time. Upon the adoption of PFRS 15, these playing rights shall be recognized over the contract term since the member receives substantially the benefits and privileges of being a member for such time. Any unamortized portion is recognized as contract liability.

In 2017, prior to adoption of PFRS 15, Playing Rights are earned upon assignment to members and recognized by the Club as revenue upon collection.

Transfer Fees. Transfer fees represent income from registration of transfer of ownership of a golf share in the Club's stock and transfer book. Revenues are recognized when services related to the transfer of ownership are rendered.

Green Fees. Revenue from the use of the Club's golf course by non-members is recognized when the golf course is used.

Recreational Facilities Fees and Facilities Rental. Revenue from the use of the Club's facilities is recognized when facilities are used.

Sale of Proshop Goods. Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer.



Pro Shop Commission. Revenue is recognized when the related services are rendered. Commission is computed as a certain percentage of the consignor's selling price.

Concessionaire's Fee. Income derived from entities allowed to do business within the Club premises are recognized in accordance with the terms of the agreement. Commission is computed as a certain percentage of the sales of the concessionaire.

Interest Income. Revenue is recognized as the interest accrues and collection is reasonably assured.

Miscellaneous Income. Revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Club has received consideration or an amount of consideration is due from the customer. If a customer pays consideration before the Club transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities also include payments received by the Club from the customer for which revenue recognition has not yet commenced.

Costs and Expenses Recognition

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

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset even if the right is not explicitly specified in the arrangement.

Club as a Lessor Prior to and Upon Adoption of PFRS 16

Leases where the Club does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Foreign Currency-denominated Transactions and Balances

The Club's financial statements are presented in Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Club operates.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Club's entities at their respective functional currency spot rates prevailing at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss in the statement of comprehensive income.



Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

Income Taxes

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at financial reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the profit or loss.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the financial reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences except: (1) when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward benefits of unused tax credits from excess 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 taxable profit will be available against which the deductible temporary differences and the carryforward benefit of unused tax credits and unused tax losses can be utilized except: (1) when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (2) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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



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

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

Value-Added Tax ("VAT"). Revenues, expenses and assets are recognized net of the amount of VAT, if applicable.

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

Provisions

Provisions are recognized when the Club has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying the economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are 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.

Contingencies

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

Loss per Share

Basic earnings (loss) per share amounts are calculated by dividing income (loss) for the year by the weighted average number of ordinary shares outstanding during the year.

Events After the Reporting Period

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



3. Significant Accounting Judgment, Estimates and Assumptions

The preparation of the Club's financial statements requires management to make judgment, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgment

In the process of applying the Club's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

Definition of Default and Credit-Impaired Financial Assets. Upon adoption of PFRS 9, the Club defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria.* The borrower is more than 90 days past due on its contractual payments, which is consistent with the Club's definition of default.
- *Qualitative Criteria.* The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
 - a. The borrower is experiencing financial difficulty or is insolvent;
 - b. The borrower is in breach of financial covenant(s);
 - c. Concessions have been granted by the Club, for economic or contractual reasons relating to the borrower's financial difficulty; or
 - d. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Club and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, LGD and EAD throughout the Club's ECL calculation.

Simplified Approach for Trade Receivables

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

Grouping of instruments for losses measured on collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. The characteristic used to determine groupings is based on the type of customer.

Macro-economic Forecasts and Forward-looking Information

Macro-economic forecasts are determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.



The Club takes into consideration using different macro-economic variables to ensure linear relationship between internal rates and outside factors. Regression analysis was used to objectively determine which variables to use.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 3 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The provision for doubtful accounts recognized in 2019 and 2018 amounted to ₱2.4 million and ₱1.8 million, respectively. The carrying amount of receivables amounted to ₱21.6 million and ₱13.2 million as at December 31, 2019 and 2018, respectively (see Note 5).

Estimating Allowance for Doubtful Accounts Prior to Adoption of PFRS 9

The Club reviews its receivables at each reporting date to assess whether an allowance for doubtful accounts should be recorded in the statement of financial position. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. In addition to specific allowance against individually significant receivables, the Club also makes a collective impairment allowance against exposures which, although not specifically identified as requiring specific allowance, have a greater risk of default than when originally granted.

Management evaluates the allowance for doubtful accounts based on a specific review of customer accounts as well as experience with collection trends in the industry and current economic and business conditions. As customer payment experience evolves, management will continue to refine the estimated allowance for doubtful accounts. Accordingly, the associated provision for doubtful accounts expense may fluctuate. Because individual customer account balances can be significant, the allowance and the expense can change significantly between periods, as information about a certain customer becomes known or as changes in a region's economy or legal systems occur.

The provision for doubtful accounts for the year ended December 31, 2017 amounted to ₱4.1 million. The carrying amount of receivables amounted to ₱14.1 million as of December 31, 2017.

Evaluation of Legal Contingencies

The estimate of the probable costs for the resolution of possible claims has been developed in consultation with outside legal counsel handling the Club's defense in these matters and is based upon thorough analysis of potential results.

No further details were provided, as allowed under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, because these may prejudice the Club's position in relation to these claims.

As of June 23, 2020, the Club is a party to certain lawsuits arising from the ordinary course of business. In the opinion of management and its legal counsel, the ultimate outcome of these lawsuits will not have a material adverse impact on the Club's financial position and performance.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Club based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Club. Such changes are reflected in the assumptions when they occur.



Impairment of Nonfinancial Assets

An impairment review is performed when certain impairment indicators are present. Nonfinancial assets are subject to annual impairment test or whenever there is a strong indication that the assets will be impaired. The Club recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach or based on the fair values using the latest sales price available in the market. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Management is required to make estimates and assumptions to determine the recoverable amounts. While the Club believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the financial statements. Future adverse events may cause the management to conclude that the affected assets are impaired and may have a material impact on the Club's financial condition and results of operations.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Management assessed that there are no indicators that property and equipment are impaired as at December 31, 2019 and 2018.

The carrying values of property and equipment amounted to ₱459.5 million and ₱468.2 million as at December 31, 2019 and 2018, respectively (see Note 8).

Revaluation of Land

The Club carries its land at fair value, with changes in fair value being recognized in other comprehensive income (OCI). On March 6, 2019, the Club engaged an independent valuation specialist to assess the fair value of the land. The value of the land was estimated by using the "Sales Comparison Approach". This is a comparative approach to value that considers the properties offered for sale and the related market data and establishes a value estimate by processes involving comparisons. Significant increase (decrease) in estimated price per square meter would result in a significantly higher (lower) fair value.

The key assumptions used to determine the fair value of the properties and sensitivity analysis are provided in Notes 8 and 19.

Land at fair value amounted to ₱6,229.2 million as at December 31, 2019 and 2018 (see Note 9).

Estimation of Retirement Benefit Obligation

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

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.



The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates.

The details of the assumptions used in the calculation are disclosed in Note 17.

Retirement benefit obligation amounted to ₱13.4 million and ₱6.5 million as at December 31, 2019 and 2018, respectively (see Note 17).

Recognition of Deferred Tax Assets

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable income will be available against which the differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income.

The Club's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of NOLCO and MCIT is based on the forecasted taxable income of the following reporting periods. This forecast is based on the Club's past results and future expectations on revenue and expenses. Deferred tax assets not recognized in the books amounted to ₱39.8 million and ₱31.9 million as at December 31, 2019 and 2018, respectively, as management believes that it is not probable that taxable income and tax due will be available against which these deferred tax assets can be applied with (see Note 18).

4. **Cash and Cash Equivalents**

	2019	2018
Cash on hand and in banks	₱15,224,956	₱10,352,667
Short-term deposits	32,715,929	45,162,203
	₱47,940,885	₱55,514,870

Cash in banks earn interest at the respective bank deposit rates. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the Club, and earn interest at the respective short-term deposit rates.

Interest income earned from cash in banks and short-term deposit amounted to ₱2,204,808 in 2019, ₱1,615,484 in 2018 and ₱1,083,888 in 2017.

5. **Receivables**

	2019	2018
Maintenance dues	₱57,849,164	₱55,948,076
Advances to officers and employees (see Note 14)	3,672,875	2,832,728
Credit card	2,649,869	1,672,926
Concessionaire	2,438,715	674,369
Sponsorship	2,206,000	1,303,411
Others	2,894,274	1,121,589
	71,710,897	63,553,099
Allowance for doubtful accounts	(50,073,879)	(50,265,731)
	₱21,637,018	₱13,287,368



Maintenance dues are noninterest-bearing and have a 30 days' term subject to 3% penalty per month.

Advances to officers and employees are noninterest-bearing and are collected through equal salary deductions.

Concessionaire and sponsorship are noninterest-bearing and normally have a 30 days' term.

Other receivables consist of raffle tickets which are noninterest-bearing and normally have 30 to 90 days' term.

Loss allowance is required to be computed on the 12-month or lifetime ECL of debt instruments measured at amortized cost. The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL is applied to these receivables.

Movements in the allowance for impairment of receivables are as follows:

	2019	2018
Balance at beginning of year	₱50,265,731	₱48,416,048
Reversal of allowance (see Note 15)	(2,630,000)	—
Provision for doubtful accounts (see Note 15)	2,446,097	1,877,845
Write off	(7,949)	(28,162)
Balance at end of year	₱50,073,879	₱50,265,731

6. Inventories - at cost

	2019	2018
Golf maintenance supplies	₱4,382,040	₱4,930,309
Pro shop supplies	257,261	167,859
	₱4,639,301	₱5,098,168

Total cost of inventories charged to expenses included under repairs and maintenance and supplies account amounted to ₱13,892,891 and ₱11,706,483 in 2019 and 2018, respectively (see Note 15).

7. Prepayments and Other Current Assets

	2019	2018
Input VAT - net	₱1,495,661	₱—
Prepaid supplies	1,293,714	977,552
Creditable withholding tax	1,251,491	1,010,072
	₱4,040,866	₱1,987,624

Net input VAT pertains to the amount of indirect taxes for purchase of goods or services in excess of the output VAT from sale of goods or services.



8. Property and Equipment

	Land Improvements	Buildings and Structures	Facilities and Equipment (see Note 14)	Furniture and Fixtures	Kitchen Equipment	Construction in Progress	Total
Cost							
At December 31, 2017	P608,069,332	P337,863,514	P409,135,365	P19,448,679	P2,121,657	P-	P1,376,638,547
Additions	-	6,283,374	22,604,464	1,258,185	-	1,071,429	31,217,452
Disposals	-	(121,536)	(4,786,661)	-	-	-	(4,908,197)
At December 31, 2018	P608,069,332	P344,025,352	P426,953,168	P20,706,864	P2,121,657	P1,071,429	P1,402,947,802
Additions	-	7,957,465	34,143,914	944,713	-	2,004,405	45,050,497
Disposals	-	(236,412)	(11,278,185)	-	-	(3,075,834)	(14,590,431)
At December 31, 2019	P608,069,332	P351,746,405	P449,818,897	P21,651,577	P2,121,657	P-	P1,433,407,868
Accumulated Depreciation							
At December 31, 2017	P369,670,508	P138,913,089	P368,894,690	P18,523,317	P2,121,657	P-	P898,123,261
Depreciation (see Note 15)	10,155,101	14,700,071	15,594,558	277,570	-	-	40,727,300
Disposals	-	-	(4,136,140)	-	-	-	(4,136,140)
At December 31, 2018	P379,825,609	P153,613,160	P380,353,108	P18,800,887	P2,121,657	P-	P934,714,421
Depreciation (see Note 15)	10,155,101	20,524,987	17,340,046	508,262	-	-	48,528,396
Disposals	-	-	(9,320,921)	-	-	-	(9,320,921)
At December 31, 2019	P389,980,710	P174,138,147	P388,372,233	P19,309,149	P2,121,657	P-	P973,921,896
Net Book Value							
At December 31, 2019	P218,088,622	P177,608,258	P61,446,664	P2,342,428	P-	P-	P459,485,972
At December 31, 2018	228,243,723	190,412,192	46,600,060	1,905,977	-	1,071,429	468,233,381

The cost of fully-depreciated property and equipment still used in operations amounted to P535,621,727 and P528,003,411 as of December 31, 2019 and 2018, respectively.

Gain (loss) from disposals amounted to P2,073,207 and (P1,749) as of December 31, 2019 and 2018, respectively (see Note 16).

9. Land - at Revalued Amount

	2019	2018
Balance at beginning of year	P6,229,224,440	P4,685,699,800
Revaluation increment during the year recognized in other comprehensive income	-	1,543,524,640
Balance at end of year	P6,229,224,440	P6,229,224,440
Acquisition cost	P127,478,600	P127,478,600

The carrying value of the 1,378,147 square meter land was revalued to its market value as at December 31, 2019 and 2018 based on the valuation performed by independent appraisers on its report dated March 06, 2019. Management evaluated that the fair value determined from this date approximates the fair value as of December 31, 2019.

Revaluation increment in land as at December 31, 2019 and 2018 are as follows:

	2019	2018
Balance at beginning of the year, net of tax	P4,271,222,088	P3,190,754,840
Revaluation increment during the year	-	1,543,524,640
Deferred tax liability	-	(463,057,392)
Balance at end of year, net of tax	P4,271,222,088	P4,271,222,088

Deferred tax liability on the revaluation increment on the value of the land amounted to P1,830,523,752 as at December 31, 2019 and 2018.



Description of the valuation techniques and key inputs to valuation of land to its revalued amount is as follows:

Valuation technique	Significant unobservable input	Range
Sales comparison approach	Selling price of identical piece of land	₱2,000 to ₱12,000 per square meter
	External factor adjustments	-10%
	Internal factor adjustments	-10% to -40%
	Average fair value after internal and external factor adjustments	₱4,520 per square meter

The value of the land was estimated by using the “Sales Comparison Approach”. This is a comparative approach to value that considers the properties offered for sale and the related market data and establishes a value estimate by processes involving comparisons. Significant increase (decrease) in estimated selling price per square meter would result in a significantly higher (lower) fair value.

The Club has no restrictions on the realizability of land and there are no contractual obligations to purchase, construct or develop.

The Club has determined that the highest and best use of the land, recreational development and utility, is its current use.

10. Accounts Payable and Other Current Liabilities

	2019	2018
Trade payables:		
Third parties	₱25,168,522	₱18,754,883
Related parties (see Note 14)	43,505	152,168
Due to members (see Note 14)	15,348,659	12,179,192
Accrued expenses:		
Professional fees	6,597,199	5,685,000
Outside services	5,289,880	4,262,400
Utilities	632,524	716,779
SSS and HDMF payable	560,669	475,190
Others	96,906	693,234
Consignment and due to concessionaires	7,584,026	6,207,945
Withholding tax payable	1,618,645	1,755,401
Output VAT – net	–	1,298,477
Others	3,265,164	2,431,479
	₱66,205,699	₱54,612,148

Trade payables to third parties are noninterest-bearing and are normally on 15 to 30 days’ terms.

Accrued expenses, which consist of accruals for utilities, salaries and wages of contracted labor, and employee benefits, are noninterest-bearing and have an average term of one month.

Due to members account pertains to player’s payment of golfers’ insurance fee and hole-in-one fund.



Consignment and due to concessionaires account pertain to unremitted sales to consignors and concessionaires.

Other payables which mainly pertain to liabilities from environment fees, tournament fees and other expenses are noninterest-bearing and are normally on 30 to 90 days' terms.

For terms and conditions of related party payables, refer to Note 14.

11. Contract Liabilities/ Deposits from Assignees and Others

Advances from customers related to food and beverage, golf rentals and other Club facilities are normally settled within one year. These are included in "Deposit from assignees and others" account in the Club's statements of financial position as at December 31, 2019 and 2018.

In accordance with PFRS 15, these are all considered as contract liabilities as at December 31, 2019 and 2018.

Deposit from assignees pertains to initial deposits related to the playing rights. These are refundable at the end of the contract term.

12. Capital Stock, Club Membership and Basic Loss per Share

Capital stock, no par value:	
Class "A" common stock (inclusive of seven Founders' shares) - Authorized and issued - 1,800 shares	₱448,455,086
Class "B" common stock - Authorized and issued - 700 shares	296,074,144
Class "C" common stock - Authorized and issued - 500 shares	338,574,111
	<u>₱1,083,103,341</u>

The capital stock of the Club is divided into Founders' shares and common shares which are further subdivided into Class "A," Class "B" and Class "C" shares.

Founders' shares and Class "A" shares may be sold to citizens of the Philippines or to partnerships, corporations or associations, of which at least sixty percent (60%) of the outstanding capital stock and entitled to vote is owned or controlled by citizens of the Philippines.

Class "B" shares may be sold to any individual, corporation, partnership, or association, irrespective of their nationality.

Class "C" shares are special corporate shares which may be sold to corporations irrespective of their nationality or citizenship.



Ownership of a share shall entitle the registered owner to the use of all the sports and other facilities of the Club. The ownership of all shares of stock is however, subject to the following restrictive conditions, among others:

- a. No transfer of shares of stocks of the Club which will reduce the stock ownership of Filipino citizens to less than the minimum percentage of the outstanding capital stock required by law to be owned by Filipino citizens shall be allowed or permitted to be recorded in the books of the Club. This restriction shall be printed or indicated in all the certificates of stocks to be issued by the Club. Any transfer made in violation hereof shall be null and void;
- b. No profit shall inure to the exclusive benefit of any of the shareholder, hence, no dividends shall be declared in their favor. Shareholders shall be entitled only to a pro-rata share of the assets of the Club at the time of the dissolution or liquidation;
- c. In case of foreclosure by the pledgee or mortgagee of the shares of shareholders in the Club, the pledgee/mortgagee shall, in the event of inability of the pledgor or mortgagor to meet the obligation of such pledgor or mortgagor under the terms of the pledge or chattel mortgage, notify the Club in writing of the date, time and place of foreclosure sale and of the nature and amount of obligation secured by the pledge or mortgage, which sale shall be conducted not earlier than 15 days from the date the Club received written notice thereof. The Club shall have the right to purchase the auctioned shares within 30 days from the award by paying in cash the price paid for by the winning bidder and expenses of sale incurred by the latter;
- d. Shareholders and members of the Club shall be subjected to the payment of monthly dues in an amount as may be prescribed by resolution of the BOD to meet the expenses for the general operations of the Club, and the maintenance and improvement of its premises and facilities. Such dues together with all other obligations of the shareholders to the Club, shall constitute a first lien on the shares, second only to any lien in favor of the national or local government and in the event of delinquency, such shares may be ordered sold by the BOD in the manner provided in the By-laws to satisfy said dues or other obligations of the shareholders;
- e. In case any shareholder violates the provisions of the Articles of Incorporation or the By-laws or rules and regulations of the Club or resolutions duly promulgated by the BOD or shareholders, or commit any other act or conduct which the BOD may deem injurious to the interest or hostile to the objects of the Club, such shareholder may be expelled by the BOD in the manner provided in the By-laws upon proper notice and hearing, and he shall then cease to be a shareholder, and shall have no right with respect to his share except the right to demand payment therefore in accordance with the By-laws. The Club shall have a period of 30 days from the expulsion of the shareholder to make payment of his share, and upon such payment the shareholder shall forthwith transfer and assign the share held by him as directed by the Club.

Membership in the Club consists of regular, assignee, honorary and founding members.

Regular Members. Regular members are natural persons who are registered shareowners and the duly designated representatives of juridical entities in whose name the share certificates have been issued.

Assignee Members. Assignee members are natural persons who are entitled to use all facilities and privileges of the Club, except the right to vote, the right to hold office, and the right to the assets and property of Club.



Honorary Members. Honorary membership shall be automatically extended to the President of the Philippines, the Governor of Cavite, the Congressman and Mayor of the City of Dasmariñas, Cavite.

Founding Members. Founding members shall be composed of the original incorporators or subscribers of the Club who are holders of Founders' shares.

On December 13, 1994, the BOD of the Club approved the resolution that no membership dues shall be charged to the original holders' non-activated shares, unless they transfer or sell their share or assign the playing rights. Non-activated shares refer to those shares that have not been applied for membership and the monthly dues of which are not being paid. Original shareholders refer to Sta. Lucia Realty Development Inc., AFP-Retirement and Separation Benefits Systems, ACL Development Corporation and Helena Benitez. They were given shares of stock in the Club as compensation for their respective investments constituting land and development costs. Notwithstanding though the nonpayment of fees and dues, holders of non-activated shares shall still have the right to vote in accordance with the right of a regular member in good standing.

Thus, in the case of original shareholders of non-activated shares, the nonpayment of fees, dues and assessments do not constitute delinquent shares and therefore are still entitled to vote.

Basic loss per share

The following table presents information used to calculate loss per share:

	2019	2018	2017
Net loss	(₱15,181,329)	(₱10,078,692)	(₱4,476,953)
Number of shares	3,000	3,000	3,000
Loss per share	(₱5,060)	(₱3,360)	(₱1,492)

Basic and diluted EPS are equal as the Club does not have any dilutive potential ordinary shares in 2019, 2018 and 2017.

13. Shares of Delinquent Shareholders Acquired Through Auctions

This represents the following shares of delinquent shareholders which were acquired through auctions pursuant to the Club By-laws as settlement of their long outstanding accounts.

	2019	2018
Class "A"	241	233
Class "B"	55	56
Class "C"	43	42
	339	331

These long outstanding accounts were fully provided with allowance for impairment of receivables in prior years.

The cost of share of a delinquent shareholder acquired through auction represents mainly the outstanding receivable from the delinquent shareholder which is less than the fair market value of the share as of reporting dates.



14. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) individuals owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Club; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Club that gives them significant influence over the Club and close members of the family of any such individual.

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

The Club has the following transactions with related parties:

Related parties		Terms and conditions	Amount/ Volume of Transactions	Outstanding Receivables (Payables)
Members - Purchases and Services				
The Turf Company	2019	Noninterest-bearing;	₱5,095,175	₱377,628
	2018	on demand and unsecured	6,441,895	-
	2017		5,402,899	(561,274)
International Heavy Equipment Corporation	2019	Noninterest-bearing;	-	-
	2018	on demand and unsecured	491,350	-
	2017		1,895,039	-
ADY Printing Press	2019	Noninterest-bearing;	289,732	-
	2018	on demand and unsecured	362,857	(54,219)
	2017		339,399	-
Scents of the Island	2019	Noninterest-bearing;	219,434	(16,880)
	2018	on demand and unsecured	236,313	(16,880)
	2017		67,518	(16,880)
BNG Transmedia Services	2019	Noninterest-bearing;	108,900	-
	2018	on demand and unsecured	145,200	(36,300)
	2017		326,268	(36,300)
Szolare Company Inc.	2019	Noninterest-bearing;	59,544	(10,941)
	2018	on demand and unsecured	81,268	(3,171)
	2017		76,312	-
Sanitary Care Products Asia	2019	Noninterest-bearing;	68,989	(15,684)
	2018	on demand and unsecured	78,801	(25,496)
	2017		81,490	(15,734)
Omnisource International Trading	2019	Noninterest-bearing;	-	-
	2018	on demand and unsecured	78,072	(16,102)
	2017		114,962	-
C-Mon Trading	2019	Noninterest-bearing;	29,633	-
	2018	on demand and unsecured	-	-
	2017		-	-
Officers and employees				
	2019	Noninterest-bearing;	6,504,518	3,672,875
Loans and advances				
	2018	receivable monthly	4,684,670	2,832,728
	2017	through payroll deductions	5,593,812	2,837,977
Members				
Other Payables				
	2019	Noninterest-bearing;	27,527,851	(15,348,659)
	2018	on demand and unsecured	21,579,908	(12,179,192)
	2017		-	(9,251,977)
Totals				
Trade and other payables (see Note 10)	2019			(₱15,392,164)
	2018			(12,331,360)
Advances to officers and employees (see Note 5)	2019			3,672,875
	2018			2,832,728



Purchases of operating supplies and certain equipment from members are made at prices mutually agreed by both parties. Outstanding liabilities arising from purchase transactions are included in the "Accounts payable and other current liabilities" account in the statements of financial position.

Outstanding balances at year-end are unsecured, interest-free and cash settled. There have been no guarantees received for any related party payables.

Compensation of key management personnel of the Club which are already included in "General and administrative expenses" (see Note 15) are as follows:

	2019	2018	2017
Short-term benefits	₱16,718,175	₱16,356,469	₱21,225,213
Post-employment benefit	867,931	963,402	2,968,720
	₱17,586,106	₱17,319,871	₱24,193,933

15. General and Administrative Expenses

	2019	2018	2017
Salaries, wages and employee benefits (see Note 17)	₱73,336,065	₱65,658,756	₱80,049,349
Repairs and maintenance (see Note 6)	69,733,356	62,753,679	51,828,070
Depreciation (see Note 8)	48,528,396	40,727,300	34,598,476
Utilities	17,457,847	16,817,372	15,117,889
Security services	16,001,151	14,746,054	13,478,693
Supplies (see Notes 6 and 14)	10,899,637	8,741,469	10,488,638
Tournament expenses	9,906,303	7,808,566	8,637,926
Taxes and licenses	9,638,234	9,634,234	9,670,762
Professional fees and legal costs	6,594,917	7,124,175	5,066,190
Communications	3,252,046	3,148,719	2,987,776
Collection fees	2,638,810	2,294,318	2,186,088
Laundry expenses	1,817,748	1,597,786	1,609,936
Member relations	1,621,857	1,531,717	1,316,574
Insurance	1,599,041	1,692,680	1,724,064
Beauty salon expenses	1,289,623	1,131,001	1,051,565
Provision for (reversal of) doubtful accounts - net (see Note 5)	(183,903)	1,877,845	4,110,239
Miscellaneous	12,745,798	8,380,771	7,458,338
	₱286,876,926	₱255,666,442	₱251,380,573



16. Other Operating Income

	2019	2018	2017
Gain (loss) on sale of property and equipment	₱2,073,207	(₱1,749)	(₱703,701)
Late payment charges	1,671,173	2,532,384	2,067,272
Foreign currency gain (loss) - net	(27,594)	37,950	5,987
Miscellaneous	6,073,703	6,326,565	5,363,338
	<u>₱9,790,489</u>	<u>₱8,895,150</u>	<u>₱6,732,896</u>

Miscellaneous income is primarily composed of receipts from the Club's claims from its legal case and adjustments for unapplied contributions for hole-in-one and golfers' insurance. This account also includes entry fees for membership activities (excluding golf tournaments), interest earned from contract deposits and various sales on banquet functions and events.



17. Retirement Benefit Obligation

The Club has a funded, non-contributory defined benefit retirement plan, administered by a trustee, covering all of its regular and full-time employees. The plan provides for lump sum benefit payment upon retirement. Contributions and costs are determined in accordance with the actuarial study made for the plan. The latest actuarial valuation report is as at December 31, 2019.

The following tables summarize the components of retirement benefits in “salaries, wages and employee benefits” under “General and administrative expenses” in the Club’s statements of comprehensive income and retirement benefit obligation in the Club’s statements of financial position

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	Net Pension Cost in Profit or Loss			Remeasurements in Other Comprehensive Income Actuarial						
	December 31, 2018	Current Service Cost	Net Interest Cost	Subtotal	Benefits Paid	Gain on Defined Benefit Obligation	Loss on Remeasurement Plan Assets	Subtotal	Contributions by Employer	December 31, 2019
Present value of defined benefit obligation	(P37,324,570)	(P2,325,102)	(P2,873,992)	(P5,199,094)	P375,579	(P9,078,649)	P-	(P9,078,649)	P-	(P51,226,734)
Fair value of plan assets	30,780,115	-	2,562,569	2,562,569	-	-	(470,855)	(470,855)	5,000,000	37,871,829
Net pension liability	(P6,544,455)	(P2,325,102)	(P311,423)	(P2,636,525)	P375,579	(P9,078,649)	(P470,855)	(P9,549,504)	P5,000,000	(P13,354,905)

	Net Pension Cost in Profit or Loss			Remeasurements in Other Comprehensive Income Actuarial						
	December 31, 2017	Current Service Cost	Net Interest Cost	Subtotal	Benefits Paid	Gain on Defined Benefit Obligation	Loss on Remeasurement Plan Assets	Subtotal	Contributions by Employer	December 31, 2018
Present value of defined benefit obligation	(P35,505,575)	(P2,174,764)	(P2,048,672)	(P4,223,436)	P1,656,883	P747,558	P-	P747,558	P-	(P37,324,570)
Fair value of plan assets	17,691,221	-	1,381,408	1,381,408	-	-	(792,514)	(792,514)	12,500,000	30,780,115
Net pension liability	(P17,814,354)	(P2,174,764)	(P667,264)	(P2,842,028)	P1,656,883	P747,558	(P792,514)	(P44,956)	P12,500,000	(P6,544,455)

	Net Pension Cost in Profit or Loss			Remeasurements in Other Comprehensive Income Actuarial						
	December 31, 2016	Current Service Cost	Net Interest Cost	Subtotal	Benefits Paid	Gain on Defined Benefit Obligation	Loss on Remeasurement Plan Assets	Subtotal	Contributions by Employer	December 31, 2017
Present value of defined benefit obligation	(P50,442,850)	(P11,679,714)	(P2,658,338)	(P14,338,052)	P24,941,309	P4,334,018	P-	P4,334,018	P-	(P35,505,575)
Fair value of plan assets	10,026,493	-	726,021	726,021	-	-	(561,293)	(561,293)	7,500,000	17,691,221
Net pension liability	(P40,416,357)	(P11,679,714)	(P1,932,317)	(P13,612,031)	P24,941,309	P4,334,018	(P561,293)	P3,772,725	P7,500,000	(P17,814,354)



The Club's retirement fund is maintained and managed by a trustee bank.

The carrying value of the Club's plan assets equal to their fair value as at December 31, 2019 and 2018.

The major categories of the fair value of the plan assets are as follows:

	2019	2018
Assets:		
Unit investment trust fund	₱37,915,450	₱30,810,962
Cash in bank	2,911	3,844
Liability -		
Accrued trust fee payable	(46,532)	(34,691)
	₱37,871,829	₱30,780,115

Retirement benefits are payable in the event of termination of employment due to: (i) early, normal, or late retirement; (ii) physical disability; or (iii) involuntary separation from service. For plan members retiring under normal, early or late terms, retirement benefit is equal to a percentage of final monthly salary for every year of credited service.

Pension benefits paid amounting to ₱375,579 in 2019 pertains to payments made by the Club, from book reserves, to 2019 retired employees who availed the early retirement program offered by the Club.

The principal assumptions used to determine pension obligations are as follows:

	2019	2018	2017
Discount rates	5.54%	7.70%	5.77%
Expected average rate of salary increases	6.00%	6.00%	5.00%

The discount rate is derived by discounting all expected benefit payments using various rates that correspond to the timing of benefits payments, after which, a single discount rate is computed considering the aggregate amount of all discounted values.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting date, assuming all other assumptions were held constant:

	Increase (decrease)	Increase (decrease) in Present Value of Obligations
Discount rates	(10.0%)	(₱5,162,368)
	11.7%	6,016,460
Future salary increase rate	11.5%	5,927,841
	(10.1%)	(5,186,979)
Increase in DBO, no attrition rates	2.3%	1,190,635



The Club expects no contribution to its defined benefit retirement plan in 2020.

The average duration of the defined benefit obligation is 10.8 years in 2019, 10.6 years in 2018 and 11.6 years in 2017.

Shown below is the expected future benefit payment:

Financial Year	Amount
Year 1	₱1,766,026
Year 2	567,528
Year 3	1,819,544
Year 4	741,036
Year 5	1,790,690
Years 6-10	41,352,466

Movements in the actuarial loss (gain) are as follows:

	2019	2018	2017
Balance at beginning of year	₱4,779,931	₱4,734,975	₱8,507,700
Actuarial loss (gain) during the year	9,549,504	44,956	(3,772,725)
Balance at end of year	₱14,329,435	₱4,779,931	₱4,734,975

18. Income Tax

The current provision for income tax pertains to 30% RCIT arising from net taxable income from operations.

The reconciliation of the benefit from income tax computed by applying the statutory income tax rate to income before income tax with the provision for income tax as shown in the statements of comprehensive income is as follows:

	2019	2018
Benefit from income tax at 30% RCIT rate	(₱3,936,812)	(₱2,455,814)
Change in unrecognized deferred tax assets	6,758,975	678,407
Nondeductible expenses	832,074	968,619
Expiration of MCIT	-	2,065,720
Taxable deferred income	-	1,179,467
Income subjected to final tax	(1,595,615)	(543,754)
	₱2,058,621	₱1,892,645

Deferred tax liability of ₱1,830,523,752 as at December 31, 2019 and 2018, pertain to the tax effect of cumulative revaluation increment in land (see Note 9).

Details of the carryforward benefits of NOLCO and MCIT and other deductible temporary differences for which deferred tax assets were not recognized as the Club management believes that it is not probable that taxable income will be available against which these deferred tax assets can be applied are as follows:



	2019	2018
Recognized in profit or loss:		
Carryforward benefits of NOLCO	₱24,601,153	₱13,136,270
Retirement benefit obligation	3,805,401	1,764,525
Past service cost	18,506,637	18,378,867
Allowance for impairment of receivables	50,073,879	50,265,730
Carryforward benefits of MCIT	5,882,254	3,823,632
Provisions for contingency	6,278,199	5,340,000
	109,147,523	92,709,024
Recognized in other comprehensive income -		
Retirement benefit obligation	9,549,504	4,779,930
	₱118,697,027	₱97,488,954

The carryforward benefits of MCIT, which can be claimed as tax credit against future normal income tax due, and NOLCO, which can be claimed as deduction from future taxable income, are as follows:

Year Incurred	Expiry Date	NOLCO	MCIT
December 31, 2017	December 31, 2020	₱9,585,426	₱1,930,987
December 31, 2018	December 31, 2021	3,550,844	1,892,645
December 31, 2019	December 31, 2022	11,464,883	2,058,622
		₱24,601,153	₱5,882,254

19. Financial Management Objectives and Policies

The Club's principal financial instruments comprise cash and cash equivalents, receivables, accounts payable and other current liabilities and deposits from assignees and others. The main purpose of these financial instruments is to raise finances for the Club's operations.

The main risks arising from the Club's financial instruments are credit risk and liquidity risk. The BOD reviews and agrees the policies for managing each of these risks and they are summarized below.

Credit Risk. Credit risk is the risk that the Club will incur a loss because its members or counterparties failed to discharge their contractual obligations. The maximum exposure to credit risk on members' receivables, including those arising from other financial assets such as cash equivalents and other receivables arises from default of the counterparty.

The table below shows the maximum exposure to credit risk for the Club's financial assets, without taking account of any collateral and other credit enhancements:

	2019	2018
Cash in banks and cash equivalents*	₱47,440,885	₱55,014,870
Receivables:		
Maintenance dues	7,775,285	5,682,345
Advances to officers and employees	3,672,875	2,832,728
Credit card	2,649,869	1,672,926
Concessionaire	2,438,715	674,369
Sponsorship	2,206,000	1,303,411
Others	2,894,274	1,121,589
Total credit risk exposure	₱69,077,903	₱68,302,238

*Excluding cash on hand amounting to ₱500,000 as at December 31, 2019 and 2018.



The analysis of receivables are as follows:

2019					
	Neither Past Due Nor Impaired	Past Due but not Impaired		Impaired	Total
		1-30 Days	31-60 Days		
Cash in banks and cash equivalents*	₱47,440,885	₱-	₱-	₱-	₱47,440,885
Maintenance dues	6,258,760	1,521,517	828,750	49,240,137	57,849,164
Advances to officers and employees	3,672,875	-	-	-	3,672,875
Credit card	2,649,869	-	-	-	2,649,869
Concessionaire	1,764,346	-	674,369	-	2,438,715
Sponsorship	45,000	-	2,110,000	51,000	2,206,000
Others	2,018,258	-	93,273	782,742	2,894,273
	₱63,849,993	₱1,521,517	₱3,706,392	₱50,073,879	₱119,151,781

*Excluding cash on hand amounting to ₱500,000.

2018					
	Neither Past Due Nor Impaired	Past Due but not Impaired		Impaired	Total
		1-30 Days	31-60 Days		
Cash in banks and cash equivalents*	₱55,014,870	₱-	₱-	₱-	₱55,014,870
Maintenance dues	3,418,818	2,105,799	664,456	49,759,003	55,948,076
Advances to officers and employees	2,832,728	-	-	-	2,832,728
Credit card	1,672,926	-	-	-	1,672,926
Sponsorship	1,136,744	-	115,667	51,000	1,303,411
Concessionaire	674,369	-	-	-	674,369
Others	665,861	-	-	455,728	1,121,589
	₱65,416,316	₱2,105,799	₱780,123	₱50,265,731	₱118,567,969

*Excluding cash on hand amounting to ₱500,000.

It is the Club's policy that any individual or corporation who wishes to become a member or assignee be subjected to strict membership qualification screening. Receivables are monitored on an ongoing basis and it is the Club's policy that receivables from members outstanding for more than 90 days be provided with 100% allowance for impairment. Shares with substantial delinquent balances are being auctioned.

The table below shows the credit quality of the Club's receivables based on their historical experience with the corresponding third parties.

2019				
	Neither Past Due nor Impaired - High	Past Due but not Impaired - Standard	Impaired	Total
Cash in banks and cash equivalents	₱47,440,885	₱-	₱-	₱47,440,885
Maintenance dues	6,258,760	2,350,267	49,240,137	57,849,164
Advances to officers and employees	3,672,875	-	-	3,672,875
Credit card	2,649,869	-	-	2,649,869
Concessionaire	1,764,346	674,369	-	2,438,715
Sponsorship	45,000	2,110,000	51,000	2,206,000
Others	2,018,258	93,273	782,742	2,894,273
	₱63,849,993	₱5,227,909	₱50,073,879	₱119,151,781

*Excluding cash on hand amounting to ₱500,000.



	2018			
	Neither Past Due nor Impaired - High	Past Due but not Impaired - Standard	Impaired	Total
Cash in banks and cash equivalents	P55,014,870	P-	P-	P55,014,870
Maintenance dues	3,418,818	2,770,255	49,759,003	55,948,076
Advances to officers and employees	2,832,728	-	-	2,832,728
Credit card	1,672,926	-	-	1,672,926
Concessionaire	674,369	-	-	674,369
Sponsorship	1,136,744	115,667	51,000	1,303,411
Others	665,861	-	455,728	1,121,589
	P65,416,316	P2,885,922	P50,265,731	P118,567,969

*Excluding cash on hand amounting to P500,000.

Receivables classified as “High” grade are those with high probability of collection. “Standard” grade covers accounts with customers having unpredictable and irregular payment behavior and those with pending payment negotiations.

Cash and cash equivalents are deposited in top ten banks in the Philippines, hence, considered high grade.

Liquidity Risk. Liquidity risk arises from the possibility that the Club may encounter difficulties in raising funds to meet or settle its obligations at a reasonable price.

The Club monitors its risk to a shortage of funds through monitoring of financial assets and projected cash flows from operations. The Club’s objectives to manage its liquidity profile are:

a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; and c) to be able to access funding when needed at the least possible cost.

The Club manages its liquidity risk by maintaining balance sheet strength and quality where debt-to-equity ratio should not exceed 1.00:1.00. The Club also maintains a financial strategy that the scheduled debts are well within the Club’s ability to generate cash from its business operations.

The table below summarizes the maturity profile of the Club’s financial liabilities based on contractual undiscounted payments:

	2019				Total
	Current	61-90 Days	91-365 Days	>365 Days	
Trade payables:					
Third parties	P25,168,522	P-	P-	P-	P25,168,522
Related parties	43,505	-	-	-	43,505
Due to members	15,348,659	-	-	-	15,348,659
Accrued expenses	13,177,178	-	-	-	13,177,178
Consignment and due to concessionaires	7,584,026	-	-	-	7,584,026
Others	3,265,164	-	-	-	3,265,164
Contract liabilities	6,688,583	-	-	-	6,688,583
Deposit from assignees and others (including noncurrent portion)	11,180,565	-	-	5,354,718	16,535,283
	P82,456,202	P-	P-	P5,354,718	P87,810,920



	2018				Total
	Current	61-90 Days	91-365 Days	>365 Days	
Trade payables:					
Third parties	₱18,754,883	₱-	₱-	₱-	₱18,754,883
Related parties	152,168	-	-	-	152,168
Due to members	12,179,192	-	-	-	12,179,192
Accrued expenses	11,832,603	-	-	-	11,832,603
Consignment and due to concessionaires	6,207,945	-	-	-	6,207,945
Others	2,431,479	-	-	-	2,431,479
Contract liabilities	12,647,075	-	-	-	12,647,075
Deposits from assignees and others (including noncurrent portion)	2,814,530	-	-	5,238,477	8,053,007
	₱67,019,875	₱-	₱-	₱5,238,477	₱72,258,352

The Company's financial assets (consisting of cash and cash equivalents and receivables) which are readily available to settle the maturing financial liabilities amounted to ₱69,577,904 and ₱68,802,238 as at December 31, 2019 and 2018, respectively.

Capital Management

The primary objective of the Club's capital management is to safeguard the Club's ability to continue as a going concern, so that it can continue to provide service to its members and benefits for other stakeholders.

The Club monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as total liabilities divided by total equity.

The Club's strategy, which was unchanged from prior period, was to maintain the debt-to-equity ratio not exceeding 1.00:1.00. The debt-to-equity ratio is as follows:

	2019	2018
Total current liabilities	₱84,074,847	₱70,073,753
Total noncurrent liabilities	1,849,233,375	1,842,306,684
Total liabilities (a)	1,933,308,222	1,912,380,437
Total equity (b)	4,839,872,349	4,867,625,681
Debt-to-equity ratio (a/b)	0.40:1.00	0.39:1.00

20. Fair Value

Assets measured at fair value:

	2019			
	Total	Level 1 Quoted Prices in Active Markets	Level 2 Significant Observable Input	Level 3 Significant Unobservable Input
Land	₱6,229,224,440	₱-	₱-	₱6,229,224,440

There were no known transfers in level 1, level 2, and level 3 in 2019.

The carrying value of the Club's financial assets and liabilities approximate their fair values as at December 31, 2019 and 2018 due to the short-term nature of these financial instruments.



21. Event after the Reporting Period

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, unless earlier lifted or extended. On April 7, 2020, the Office of the President of the Philippines, through a memorandum from the Executive Secretary, further extended the ECQ over the entire Luzon until April 30, 2020. This was further extended to May 15, 2020. On May 12, 2020, the Office of the President of the Philippines announced to shift Metro Manila, Laguna and Cebu City from ECQ to modified enhanced community quarantine (MECQ) while the rest of the country to general community quarantine (GCQ) from May 16 to 31, 2020. On May 28, 2020, the Office of the President shifted the quarantine of Metro Manila and other areas in Luzon to GCQ from June 1 to 15, 2020. On June 16, the Office of the President announced the extension of GCQ of Metro Manila and several other provinces until June 30, 2020, while Cebu City shifted back to ECQ starting June 16, 2020. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

The Club considers the measure taken by the government as a non-adjusting subsequent event, which does not impact its financial position and performance as of and for the year ended December 31, 2019. However, it could have a material impact on its 2020 financial results and even periods thereafter. Considering the evolving nature of this outbreak, the Club cannot determine at this time the impact to its financial position, performance and cash flows.

22. Supplementary Tax Information under Revenue Regulations (RR) 15-2010

The Club reported and/or paid the following types of taxes in 2019:

a. Value-added Tax (VAT)

Net Sales/Receipts and Output VAT declared in the Club's VAT returns (Form 2550) for 2019:

	Net Sales/ Receipts	Output VAT
Taxable receipts:		
Maintenance dues	₱65,790,090	₱7,894,810
Green fees:		
Guest	52,051,025	6,246,123
Tournaments	10,095,486	1,211,458
Other golf revenues	21,351,234	2,562,148
F&B sales	65,638,708	7,876,645
Pro-shop Sales	10,521,609	1,262,593
Facilities rental	4,527,999	543,360
Income from sports and recreation operations	3,889,196	466,703
Others	18,638,664	2,236,640
	₱252,504,011	₱30,300,480

On August 3, 2012, the BIR issued RMC No. 35-2012 which clarified the taxability of clubs organized and operated exclusively for pleasure, recreation and other non-profit purposes. Pursuant to this RMC, the Club charged VAT on membership fees starting in August 2012.



However, in the case of G.R No. 228539 Association of Non-profit clubs, Inc. (ANPC), v. Bureau of Internal Revenue (BIR) dated June 26,2019, the Supreme Court declares that membership fees, assessment dues, and fees of similar nature collected by clubs which are organized and operated exclusively for pleasure, recreation, and other nonprofit purposes do not constitute as: (a) "the income of recreational clubs from whatever source" that are "subject to income tax"; and (b) part of the "gross receipts of recreational clubs" that are "subject to [Value Added Tax]." Accordingly, Revenue Memorandum Circular No. 35-2012 should be interpreted in accordance with this Decision. The same has become final and executory and was hereby recorded in the Books of Entries of Judgements.

In light of the above consideration, the Club commenced not subjecting to Value Added tax its receipt of Maintenance Dues for the year 2019. Moreover, since the Club already subjected its Annual Maintenance Dues to VAT at the beginning of the 2019, the Club made an adjustment to it accordingly.

As of December 31, 2019, the details of the Club's input VAT follow:

	Purchases	Input VAT
Balance at beginning of year		₱-
Input VAT from net purchases	193,959,416	23,275,130
Amortization of deferred input VAT	13,442,607	1,613,113
Application of output VAT		(23,392,582)
Balance at end of year		₱1,495,661

b. Taxes and licenses for 2019

Real property taxes	₱8,839,341
Permits and licenses	798,893
	₱9,638,234

c. Excise tax

The Club's products are not subject to excise tax, thus, there was no excise tax paid in 2019.

d. Documentary stamp tax (DST)

The Club did not pay any DST in 2019.

e. Withholding taxes

	Tax on Compensation and Benefits	Expanded Withholding Taxes	Final Withholding Taxes	Fringe Benefit Taxes
Balance at beginning of year	₱381,357	₱240,097	₱891,071	₱242,876
Additions	4,091,711	2,862,869	1,212,626	625,366
Applications/remittances	(4,336,442)	(2,793,450)	(1,146,886)	(652,549)
Balance at end of year	₱136,626	₱309,516	₱956,811	₱215,693

f. Tax assessments and cases

The Club received on September 19, 2012 a Letter of Authority from the Bureau of Internal Revenue (BIR) to examine its book of accounts and accounting records for the year 2010.



On March 26, 2014, the Club received a copy of the Preliminary Assessment Notice (PAN) dated February 17, 2014, which substantially states that after investigation, the Club was found liable for deficiency taxes. The deficiency assessment contained in the PAN were heavily premised on the BIR's issuance of Revenue Memorandum Circular (RMC) 35-2012 dated August 3, 2012, subjecting maintenance dues of recreational clubs such as the Orchard to income tax and value added tax. However, consistent with Section 246 of the National Internal Revenue Code (NIRC) which prohibits retroactivity of the Commissioner of Internal Revenue Rulings, it is the Club's position that this new interpretation of the NIRC provisions should not be given any retroactive effect, for to do so would be prejudicial to the taxpayers.

Consequently, the Club, on April 10, 2014, filed a protest to the PAN, requesting for a reinvestigation thereof. Shortly after the filing of the Club's protest to the PAN, and without any ruling thereon, the BIR issued a Final Assessment Notice (FAN) with attached Details of Discrepancies, dated March 28, 2014, which was received by the Club last April 21, 2014, for alleged deficiency taxes in the aggregate amount of ₱113,766,848. On May 21, 2014, the Club filed a Formal Protest, requesting for a reinvestigation or reconsideration of the findings under the FAN. The Club filed on July 21, 2014 the documents in support of the Formal Protest. The BIR had 180 days from July 21, 2014, or until January 17, 2016 to rule on the Formal Protest. However, the BIR did not rule on the Formal Protest on or before the lapse of the 180-day period. The Club, on February 16, 2016, filed its petition for review before the Court of Tax Appeals (CTA). The BIR has already presented its evidence and witnesses and filed its Formal Offer of Evidence on February 2018. The CTA issued a Resolution dated April 16, 2018 admitting, denying, and noting several exhibits thus offered by the Club. The CTA also set the presentation of the Club's rebuttal evidence on July 2, 2018. After the Club's presentation of Independent Certified Public Accountant (ICPA) as its rebuttal witness, the Club moved for the correction of the marking of certain exhibits, which the CTA granted. On July 2, 2018, the CTA directed the Club to file its Formal Offer of Evidence, and the respondent BIR to file its Comments/Opposition to the same. The Club filed on August 28, 2018 a Motion and Manifestation, stating, among others, that it will no longer be submitting a Formal Offer of Evidence on Rebuttal, considering that no new exhibit or documentary evidence was presented. BIR also manifested that it will no longer file a Comment to said Motion and Manifestation. Later, both parties filed their respective Memoranda, to which the CTA issued a Resolution dated January 23, 2019, submitting the case for decision.

The foregoing notwithstanding, the Club has valid defenses against said potential deficiency tax assessment, given that the BIR is basing the deficiency tax assessment on RMC No. 35-2012, which came two (2) years after the taxable year of 2010. In short, the BIR cannot hold the Club liable for deficiency taxes based on revenue memorandum circular which took effect two (2) years after the taxes have been paid. In addition, the ICPA engaged by the Club for purposes of the petition for review before the CTA has issued a report stating that the Club should not be held liable for any and all of the deficiency tax assessment issued by the BIR.

Moreover, in the decision of the CTA case No. 8986, the Orchard Golf and Country Club versus the Commissioner of Internal Revenue, the instant Petition for Review was granted. Accordingly, the FLD/FAN dated March 28, 2014 assessing the Club for deficiency taxes in the aggregate amount of ₱113,766,848, for taxable year 2010, was hereby cancelled and set aside.





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BOA/PRC Reg. No. 0001.
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

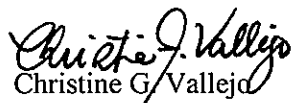
INDEPENDENT AUDITOR'S REPORT

The Shareholders, the Members and the Board of Directors
The Orchard Golf and Country Club, Inc.
Km. 27 Aguinaldo Highway
Salitran, Dasmariñas City, Cavite

We have audited the financial statements of The Orchard Golf and Country Club, Inc. (the Club) for the year ended December 31, 2019, on which we have rendered the attached report dated June 23, 2020.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the above Club has two (2) shareholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.


Christine G. Vallejo

Partner

CPA Certificate No. 99857

SEC Accreditation No. 1402-AR-2 (Group A),

November 11, 2019, valid until November 10, 2022

Tax Identification No. 206-384-906

BIR Accreditation No. 08-001998-105-2019,

November 7, 2019, valid until November 6, 2022

PTR No. 8125313, January 7, 2020, Makati City

June 23, 2020





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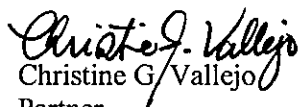
BOA/PRC Reg. No. 0001.
October 4, 2018, valid until August 24, 2021
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November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Shareholders, the Members and the Board of Directors
The Orchard Golf and Country Club, Inc.
Km. 27 Aguinaldo Highway
Salitran, Dasmariñas City, Cavite

We have audited in accordance with Philippine Standards on Auditing, the financial statements of The Orchard Golf and Country Club, Inc. as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 included in this Form 17-A and have issued our report thereon dated June 23, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Club's management. These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.


Christine G. Vallejo

Partner

CPA Certificate No. 99857

SEC Accreditation No. 1402-AR-2 (Group A),
November 11, 2019, valid until November 10, 2022

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BIR Accreditation No. 08-001998-105-2019,
November 7, 2019, valid until November 6, 2022

PTR No. 8125313, January 7, 2020, Makati City

June 23, 2020



THE ORCHARD GOLF AND COUNTRY CLUB

INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

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- Statement of management's responsibility for the Financial Statements
- Independent Auditor's Report on the Audit of the Financial Statements
- Report on the Supplementary Information Required Under Revenue Regulations 15-2010
- Statements of Financial Position
- Statements of Comprehensive Income
- Statements of Changes in Equity
- Statements of Cash Flows
- Notes to the Financial Statements

SUPPLEMENTARY SCHEDULES

- Independent Auditor's report on Supplementary Schedules
- Financial Soundness Indicators
- Schedule of Receipts and Disbursements
- Supplementary Schedules required by Annex 68-J
 - *Schedule A.* Financial assets
 - *Schedule B.* Amounts receivables from directors, employees, related parties, and principal stockholders
 - *Schedule C.* Amounts receivable from related parties which are eliminated during the consolidation of financial statements
 - *Schedule D.* Long term Debt
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 - *Schedule F.* Guarantees of securities of other issuers
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THE ORCHARD GOLF AND COUNTRY CLUB
FINANCIAL SOUNDNESS INDICATORS

	2019	2018
Current ratio:		
Total current assets	₱78,258,070	₱75,888,030
Total current liabilities	84,074,847	70,073,753
	0.93:1.00	1.08:1.00
Debt-to-equity ratio:		
Total liabilities	1,933,308,222	1,912,380,437
Total member's equity	4,839,872,349	4,867,625,681
	0.40:1.00	0.39:1.00
Asset-to-equity ratio:		
Total assets	6,773,180,571	6,780,006,118
Total member's equity	4,839,872,349	4,867,625,681
	1.40:1.00	1.39:1.00
Acid test ratio:		
Current assets excluding prepayments and other current assets	74,217,204	73,900,406
Total current liabilities	84,074,847	70,073,753
	0.88:1.00	1.05:1.00
Solvency ratio:		
Net loss + depreciation	33,347,067	30,648,608
Total liabilities excluding deferred tax liability	102,784,470	81,856,685
	0.32:1.00	0.37:1.00
Net profit margin:		
Net loss	(15,181,329)	(10,078,692)
Revenue	262,690,014	238,175,892
	(5.78%)	(4.23%)
Return on Equity:		
Net loss	(15,181,329)	(10,078,692)
Net members' equity excluding revaluation increment in land	568,650,261	596,403,593
	(2.67%)	(1.69%)

THE ORCHARD GOLF AND COUNTRY CLUB

SCHEDULE OF RECEIPTS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Total
Cash Receipts	
Membership dues	₱131,468,634
Green fees	70,269,970
Commissions	10,895,333
Interest income	4,908,722
Refundable deposits	1,250,000
Others	70,413,573
	₱289,206,232

THE ORCHARD GOLF AND COUNTRY CLUB

SCHEDULE OF DISBURSEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Total
Cash Disbursements	
Payment for operating expenses	₱302,758,178
Remittance to concessionaires and other liabilities	162,244,742
Payment for acquisition of property and equipment	46,289,789
Payment for purchase of inventory	12,767,118
	₱524,059,827

THE ORCHARD GOLF AND COUNTRY CLUB

Schedule A - Financial Assets

December 31, 2019

Name of issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet(ii)	Valued based on market quotation at end of reporting period	Income received and accrued
<i>Cash and cash equivalents</i>				
BDO	P-	₱14,290,221	₱14,290,221	P-
Security bank	-	604,281	604,281	-
Metro bank	-	-	-	-
Others	-	32,546,383	32,546,383	-
		47,440,885	47,440,885	-
<i>Receivables</i>				
Maintenance dues	-	7,775,284	7,775,284	-
Advances to officers and employees	-	3,672,875	3,672,875	-
Other receivables	-	10,188,859	10,188,859	-
	-	21,637,018	21,637,018	-
Total financial assets	P-	₱69,077,903	₱69,077,903	P-

(i) Each issue shall be stated separately, except that reasonable grouping, without enumeration may be made of (a) securities issued or guaranteed by the Philippine Government or its agencies and (b) securities issued by others for which the amounts in the aggregate are not more than two percent of total assets.

(ii) State the basis of determining the amounts shown in the column. This column shall be totaled to correspond to the respective balance sheet caption or captions.

THE ORCHARD GOLF AND COUNTRY CLUB
Schedule B -Amounts Receivable from Directors, Officers, Employees, Related Parties
and Principal Stockholders (Other than Related Parties)
December 31, 2019

Name and designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
Various officers and employees	₱2,832,728	₱6,504,518	₱5,664,371	₱-	₱3,672,875	₱-	₱3,672,875

Amounts receivables from directors, officers, employees, related parties and principal stockholders are subject to usual terms and arising in the ordinary course of business.

(i) Show separately accounts receivables and notes receivable. In case of notes receivable, indicate pertinent information such as the due date, interest rate, terms of repayment and collateral, if any.

THE ORCHARD GOLF AND COUNTRY CLUB
Schedule C -Amounts Receivable from Related Parties which are Eliminated
during the Consolidation of Financial Statements
December 31, 2019

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected(i)	Amounts written off(ii)	Current	Not current	Balance at end of period
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None to report. No consolidation of financial statement is performed.

- (i) If collection was other than in cash, explain.
- (ii) Give reasons for write off.

THE ORCHARD GOLF AND COUNTRY CLUB
Schedule D -Long-Term Debt
December 31, 2019

Title of issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet(ii)	Amount shown under caption "Long-term debt" in related balance sheet(iii)
---	--------------------------------	---	---

None to report. No long-term debt to unrelated parties is presented in the balance sheet.

- (i) Include in this column each type of obligation authorized.
- (ii) This column is to be totaled to correspond to the related balance sheet caption.
- (iii) Include in this column details as to interest rates, amounts or number of periodic installments, and maturity dates.

THE ORCHARD GOLF AND COUNTRY CLUB
Schedule E – Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2019

Name of related party(i)	Balance at beginning of period	Balance at end of period(ii)
--------------------------	--------------------------------	------------------------------

None to report. No long-term loans from related parties are presented in the balance sheet.

(i) The related parties named shall be grouped as in Schedule D. The information called for shall be stated separately for any persons whose investments were shown separately in such related schedule.

(ii) For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase during the period that is in excess of 10 percent of the related balance at either the beginning or end of the period.

THE ORCHARD GOLF AND COUNTRY CLUB
Schedule F -Guarantees of Securities of Other Issuers
December 31, 2019

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed(i)	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee(ii)
--	--	---	--	-------------------------

None to report.

(i) Indicate in a note any significant changes since the date of the last balance sheet filed. If this schedule is filed in support of consolidated financial statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the consolidated balance sheet.

(ii) There must be a brief statement of the nature of the guarantee, such as "Guarantee of principal and interest", "Guarantee of Interest", or "Guarantee of dividends". If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends so guaranteed.

THE ORCHARD GOLF AND COUNTRY CLUB
Schedule G - Capital Stock
December 31, 2019

Title of Issue(i)	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties(ii)	Directors, officers and employees	Others(iii)
Class A	1,800	1,800	-	4	9	1,787
Class B	700	700	-	1	-	699
Class C	500	500	-	3	-	497

(i) Include in this column each type of issue authorized.

(ii) Related parties referred to include persons for which separate financial statements are filed and those included in consolidated financial statements, other than the issuer of the particular security.

(iii) Indicate in a note any significant changes since the date of the last balance sheet filed.