COVER SHEET

AS092-000798

SEC Registration Number

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

(Club's Full Name)

KM. 27 AGUINALDO HIGHWAY, SALAWAG, DASMARINAS CITY, CAVITE

(Business Address: No. Street City/Town/Province)

Atty. Jon P. Alamis

(Contact Person)

7919-4643

(Club Telephone Number)

12 31

Month *Day*
(Fiscal Year)

17-Q

(*Form Type*)

10 08

Month *Day*
(Annual Meeting)

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

Total Amount of Borrowings

1,883

Total No. of Stockholders

None **None**

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purpose

SEC Number **AS092-000798**
File Number

COVER SHEET

THE ORCHARD GOLF & COUNTRY CLUB, INC.
(A NONPROFIT ORGANIZATION)
(Company's Full Name)

Km. 27 Aguinaldo Highway, Salawag,
Dasmariñas City, Cavite 4114
(Company's Address)

(02) 8982-2000
(Telephone Number)

December 31
(Year Ending)
(Month & day)

SEC FORM 17-Q
Form Type

SEC FORM 17-Q
Amendment Designation (if applicable)

March 31, 2023
Period Ended Date

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2023.**

2. Commission identification number **AS092-000798** 3. BIR Tax Identification No. **002-829-253**

4. Exact name of issuer as specified in its charter **The Orchard Golf & Country Club, Inc.**

5. Province, country or other jurisdiction of incorporation or organization **Philippines**

6. Industry Classification Code: [ ] (SEC Use Only)

7. **Km. 27 Aguinaldo Highway, Salawag, Dasmariñas City, Cavite** **4114**
Address of issuer's principal office Postal Code

8. **(02) 8982-2000**
Issuer's telephone number, including area code

9. **Not Applicable**
Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Class "A"	1,800
Class "B"	700
Class "C"	500

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

Yes [ ] No [√]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [√] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.
Yes [ ] No [√]

PART I-FINANCIAL INFORMATION

Item 1. Financial Statements.

Statements of Financial Position
Statements of Comprehensive Income
Statements of Changes in Equity
Statements of Cash Flow
Notes to Financial Statements

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

SIGNATURES

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

Registrant: THE ORCHARD GOLF & COUNTRY CLUB, INC.

Signature and Title:

Jose Ernilo P. Famy
General Manager & Chief Operating Officer
Date: May 10, 2023

Irene G. Patricio
Finance Manager
Date: May 10, 2023

SUBSCRIBED AND SWORN to before me this 11 MAY 2023 at Dasmariñas City, Cavite affiants exhibiting to me their respective Tax Identification Numbers, to wit:

Jose Ernilo P. Famy	TIN No. 107-081-014
Irene G. Patricio	TIN No. 305-589-772

Atty. CRISANTO U. PASCUAL, JR.
Notary Public for Cavite Province
NP Case No. 00284-22 until 12-31-2024
Roll 37506 TIN 117568655 PTR 1871788
MCLE VII-00110394 /(9)/ IBP O.R.# 248271

Doc. No.: 447
Page No.: 90
Book No.: 09
Series of 2023

THE ORCHARD GOLF & COUNTRY CLUB, INC.

Financial Statements

As of March 31, 2023 (Unaudited) and December 31, 2022 (Audited)
And for the quarters ended March 31, 2023 and 2022 (Unaudited)

THE ORCHARD GOLF & COUNTRY CLUB, INC.
(A non-profit organization)

STATEMENTS OF FINANCIAL POSITION
(All amounts in Philippine Peso)

	NOTE	**(Unaudited) March 31, 2023**	(Audited) December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents	2	**₱ 167,685,604**	₱ 77,146,915
Receivables, net	3	**16,569,405**	18,028,465
Inventories	4	**2,776,021**	2,877,155
Prepayments and other current assets	5	**14,886,175**	16,114,832
Total current assets		**201,917,205**	114,167,367
Non-current assets			
Property and equipment, net	6	**440,396,593**	446,804,475
Land at revalued amount	7	**8,268,882,000**	8,268,882,000
Other non-current assets		**15,972,602**	3,119,860
Total non-current assets		**8,725,251,195**	8,718,806,335
Total assets		**₱ 8,927,168,400**	₱ 8,832,973,702
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and other current liabilities	8	**84,949,565**	67,216,265
Contract liabilities	9	**64,452,985**	9,043,816
Deposits from assignees and others	9	**12,055,611**	10,430,849
Total current liabilities		**161,458,161**	86,690,930
Non-current liabilities			
Deposits from assignees and others - net of current portion	9	**1,450,000**	1,450,000
Deferred income tax liability		**2,035,350,850**	2,035,350,850
Retirement benefit obligation	16	**5,206,049**	4,275,388
Total non-current liabilities		**2,042,006,899**	2,041,076,238
Total liabilities		**2,203,465,060**	2,127,767,168
Members' equity			
Capital stock	10	**1,083,103,341**	1,083,103,341
Accumulated excess of proceeds over cost from re-issuance of shares of delinquent members		**4,567,528**	4,567,528
Shares of delinquent members acquired through auctions	11	**(57,869,964)**	(57,869,964)
Revaluation increments on land, net	7	**6,106,052,550**	6,106,052,550
Remeasurement on retirement benefits, net	16	**(5,866,381)**	(5,866,381)
Cumulative excess of expenses over receipts		**(406,283,734)**	(424,780,540)
Total members' equity		**6,723,703,340**	6,705,206,534
Total liabilities and equity		**₱ 8,927,168,400**	₱ 8,832,973,702

THE ORCHARD GOLF & COUNTRY CLUB, INC.
(A non-profit organization)

STATEMENTS OF COMPREHENSIVE INCOME
(All amounts in Philippine Peso)

		(Unaudited)	
		Quarters Ended March 31	
	NOTE	**2023**	2022
Members' dues and fees			
Membership dues	12	**₱ 36,131,083**	₱ 35,690,000
Assignment and transfer fees	12	**18,081,250**	16,106,063
Total members' dues and fees		**54,212,333**	51,796,063
Revenues from clubhouse operations			
Green fees	12	**17,780,520**	5,851,777
Golf cart fees	12	**10,477,831**	8,580,700
Concessionaire's fees	12	**3,138,329**	1,714,674
Facilities rental	12	**1,418,439**	390,178
Tournament fees	12	**1,040,271**	159,822
Recreational facilities fees	12	**1,035,314**	511,919
Driving range fee	12	**855,959**	697,026
Pro shop commission	12	**772,371**	558,112
Pro shop sales	12	**468,484**	258,724
Others	12	**365,110**	70,476
Total revenue from clubhouse operations		**37,352,628**	18,793,408
Total receipts		**91,564,961**	70,589,471
Cost of goods sold and services	13	**(12,813,822)**	(10,006,163)
Excess of receipts over cost before operating expenses, other income and depreciation expense		**78,751,139**	60,583,308
Operating expenses other than depreciation	14	**(47,529,993)**	(41,710,987)
Interest expense		**(704,326)**	(505,864)
Interest income	2	**737,097**	70,318
Reversal of (provision) for doubtful accounts	3	**(1,754,194)**	(29,354)
Other income, net	15	**335,215**	2,446,167
Excess of receipts and other income over costs and operating expenses other than depreciation expense		**29,834,938**	20,853,588
Depreciation expense	6	**(11,150,632)**	(10,082,042)
Excess (deficiency) of receipts over expenses before income tax		**18,684,306**	10,771,546
Income tax expense		**(187,500)**	(250,000)
Excess (deficiency) of receipts over expenses after income tax for the year		**18,496,806.00**	10,521,546.00
Basic and diluted earnings (loss) per share	10	**₱ 6,990**	₱ 3,973

THE ORCHARD GOLF & COUNTRY CLUB, INC.
(A non-profit organization)

STATEMENTS OF CHANGES IN EQUITY
(All amounts in Philippine Peso)

		(Unaudited)	
		Quarters Ended March 31	
	NOTE	**2023**	2022
Capital Stock	10	**₱ 1,083,103,341**	₱ 1,083,103,341
Excess of proceeds over cost from re-issuance of shares of delinquent members		**4,567,528**	2,812,288
Shares of delinquent members acquired through auctions	11	**(57,869,964)**	(55,865,843)
Revaluation increment on land - net	7	**6,106,052,550**	5,382,525,375
Remeasurement on retirement benefits - net	16	**(5,866,381)**	(7,993,822)
Cumulative excess of expenses over members' contributions and fees		**(406,283,734)**	(448,245,066)
Total Members' Equity		**₱ 6,723,703,340**	₱ 5,956,336,273

THE ORCHARD GOLF & COUNTRY CLUB, INC.
(A non-profit organization)

STATEMENTS OF CASH FLOWS
(All amounts in Philippine Peso)

		(Unaudited)	
		Quarters Ended March 31	
	NOTE	**2023**	2022
Cash flows from operating activities			
Excess of receipts over expenses before income tax		**₱ 18,684,306**	₱ 10,771,546
Adjustments for:			
Depreciation expense	6	**11,150,632**	10,082,042
Loss (gain) on disposal of property and equipment	6	**-**	52,321
Retirement benefit cost	16	**1,672,586**	(1,243,398)
Interest income	2	**(737,097)**	(70,319)
Excess of receipts over expenses before working capital changes		**30,770,427**	19,592,192
Decrease (increase) in:			
Receivables		**1,459,060**	824,394
Inventories		**101,134**	(127,469)
Prepayments and other current assets		**1,228,657**	458,979
Other non-current assets		**(12,852,742)**	(8,673,072)
Increase (decrease) in:			
Accounts payable and other current liabilities		**17,545,800**	(5,972,047)
Contract liabilities		**55,409,169**	49,882,147
Deposits from assignees and others		**1,624,762**	(1,709,274)
Cash generated from operations		**95,286,267**	54,275,850
Interest received	2	**737,097**	70,319
Retirement benefits paid	16	**(741,925)**	-
Net cash from operating activities		**95,281,439**	54,346,169
Cash flows from investing activities			
Additions to property and equipment	6	**(4,742,750)**	(1,646,522)
Proceeds from sale of property and equipment	6	**-**	227,678
Net cash used in investing activities		**(4,742,750)**	**(1,418,844)**
Net increase (decrease) in cash		**90,538,689**	52,927,325
Cash and cash equivalents at beginning of the year		**77,146,915**	60,107,373
Cash and cash equivalents at end of the year		**₱ 167,685,604**	₱ 113,034,698

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

NOTES TO FINANCIAL STATEMENTS
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 – General information

The Orchard Golf & 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 non-profit basis among its members, the main objective of which is the maintenance of golf courses and related sports and recreational facilities.

The Club has a permit from the Philippine SEC to offer its securities for sale to the public consisting of 3,000 proprietary certificates, 7 shares of which are founders' certificates while 2,993 shares are regular certificates.

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

Note 2 – Cash and cash equivalents

Cash and cash equivalents as at March 31, 2023 and December 31,2022 consist of:

	March 31, 2023	December 31, 2022
Cash on hand	**500,000**	500,000
Cash in banks	**31,167,107**	26,292,185
Short-term deposits	**136,018,497**	50,354,730
	167,685,604	77,146,915

Cash in banks earns 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 ranging from 0.50% to 4.30%.

Interest income earned from cash in banks and short-term deposits for the quarter ended March 31, 2023 amounted to P672,160 (December 31, 2022 – P722,954). Other interest income amounting to P64,937 (December 31, 2022 – P153,825) is earned from loans provided to officers presented as part of advances to officers and employees (Note 3).

Note 3 – Receivables, net

Receivables, net as at March 31, 2023 and December 31, 2022 consist of:

	March 31, 2023	December 31, 2022
Receivables from members	**53,047,887**	51,185,509
Advances to officers and employees	**4,260,738**	4,855,571
Receivable from concessionaires	**1,657,659**	571,285
Receivable from credit card companies	**1,154,949**	1,773,597
Others	**4,291,109**	5,731,245
	64,412,342	64,117,207
Allowance for doubtful accounts	**(47,842,937)**	(46,088,742)
	16,569,405	18,028,465

Receivables from members are non-interest-bearing and have a 30 days' term subject to 3% penalty per month for unpaid amounts. Late payment charges for the quarter ended March 31, 2023 amounting to P305,107 (December 31, 2022 – P5,461,968) are recognized in profit or loss within other income (Note 15).

Advances to officers and employees are non-interest-bearing and are collected through equal salary deductions over six (6) to twelve (12) months.

Receivable from concessionaires are non-interest-bearing and normally have a credit term of 30 days.

Other receivables are non-interest-bearing and normally have 30 to 90 days term.

The movements in the allowance for impairment of receivables for the years ended December 31 are as follows:

	March 31, 2023	December 31, 2022
Beginning of the year	**46,088,742**	52,227,242
Provision for impairment of receivables	**1,754,195**	-
Write-off	**-**	(144,257)
Reversal	**-**	(5,994,243)
End of the year	**47,842,937**	46,088,742

Critical accounting estimates and assumptions: Expected credit losses (ECL) on receivables

Provision for impairment of receivables is maintained at a level considered adequate to provide for uncollectible receivables. Provision for impairment is calculated using expected credit losses (ECLs). ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Club used relevant historical information and loss experience to determine the probability of default of the receivables and incorporated forward-looking information, which involved significant estimates and judgements.

The Club also evaluates specific account of members, customers, and other counterparties who are unable to meet their financial obligations. In these cases, management uses judgment and assessment based on the best available facts, including but not limited to, the debtor's payment history and the result of the Club's follow-up action to recover overdue debts. Any change in the Club's assessment of the collectability of receivables could impact the recorded carrying amount of receivables and related provision for impairment.

Management believes that the recorded allowance as at each reporting period is sufficient to cover the receivables that are impaired and assessed to be uncollectible.

Note 4 – Inventories

Inventories as at March 31, 2023 and December 31, 2022 consist of:

	March 31, 2023	December 31, 2022
Golf maintenance supplies	**2,462,011**	2,562,418
Pro shop supplies	**314,010**	314,737
	2,776,021	2,877,155

Note 5 – Prepayments and other current assets

Prepayments and other current assets as at March 31, 2023 and December 31, 2022 consist of:

	March 31, 2023	December 31, 2022
Prepaid taxes	**10,455,500**	11,874,310
Prepaid supplies	**4,430,675**	4,240,522
	14,886,175	16,114,832

Prepaid tax pertains to excess tax credits of the Club which can be applied against future income tax liability and real property taxes paid by the Club in advance for year 2023.

Prepaid supplies include payments for prepaid insurance and advances to suppliers for golf course maintenance projects such as sprinklers replacement and bunker renovation.

Note 6 – Property and equipment, net

Details of property and equipment, net at March 31, 2023 and December 31, 2022 are as follows:

	Land improvements	Buildings and structures	Facilities and equipment	Furniture and fixtures	Kitchen equipment	Construction-in-progress	Total
At January 1, 2022							
Cost	608,069,332	364,951,541	471,944,875	21,956,225	2,121,657	5,519,373	1,474,563,003
Accumulated depreciation	(410,290,912)	(196,750,374)	(406,084,381)	(20,548,377)	(2,121,657)	-	(1,035,795,701)
Net carrying value	197,778,420	168,201,167	65,860,494	1,407,848	-	5,519,373	438,767,302
Year ended December 31, 2022							
Opening net carrying value	197,778,420	168,201,167	65,860,494	1,407,848	-	5,519,373	438,767,302
Additions	-	11,410,346	34,873,748	-	-	3,850,134	50,134,228
Depreciation	(10,155,101)	(12,658,140)	(18,264,039)	(668,941)			(41,746,221)
Disposal							
Cost	-	-	(22,893,530)	-	-	-	(22,893,530)
Depreciation	-	-	22,542,696	-	-	-	22,542,696
Closing net carrying value	187,623,319	166,953,373	82,119,369	738,907	-	9,369,507	446,804,475
At December 31, 2022							
Cost	608,069,332	376,361,887	483,925,093	21,956,225	2,121,657	9,369,507	1,501,803,701
Accumulated depreciation	(420,446,013)	(209,408,514)	(401,805,724)	(21,217,318)	(2,121,657)	-	(1,054,999,226)
Net carrying value	187,623,319	166,953,373	82,119,369	738,907	-	9,369,507	446,804,475
Quarter ended March 31, 2023							
Opening net carrying value	187,623,319	166,953,373	82,119,369	738,907	-	9,369,507	446,804,475
Additions	-	-	1,734,434	-	-	3,008,316	4,742,750
Depreciation	(2,563,305)	(3,372,428)	(5,059,162)	(155,737)	-	-	(11,150,632)
Disposal							
Cost	-	-	(135,536)	-	-	-	(135,536)
Depreciation	-	-	135,536	-	-	-	135,536
Closing net carrying value	185,060,014	163,580,945	78,794,641	583,170	-	12,377,823	440,396,593
At March 31, 2023							
Cost	608,069,332	376,361,887	485,523,991	21,956,225	2,121,657	12,377,823	1,506,410,915
Accumulated depreciation	(423,009,318)	(212,780,942)	(406,729,350)	(21,373,055)	(2,121,657)	-	(1,066,014,322)
Net carrying value	185,060,014	163,580,945	78,794,641	583,170	-	12,377,823	440,396,593

Critical accounting estimates: Estimated useful life of property and equipment

The Club estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Such estimation is based on a collective assessment of the practices of similar businesses and experiences with similar assets.

Based on management's assessment, there is no change in estimated useful lives of property and equipment during the reporting periods. Actual results, however, may vary due to changes in estimates brought about by changes in factors discussed in the foregoing.

It is possible that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by the change in the factors mentioned above. A reduction in the estimated useful life of any property and equipment would increase the recorded expenses and decrease non-current assets.

Critical accounting judgment: Determination of impairment of non-financial assets

Non-financial assets including property and equipment, and land at revalued amount are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable.

Management believes that there are no events or changes in circumstances which indicate that the carrying amount of its non-financial assets may be impaired as at each reporting period.

Note 7 – Land at revalued amount

Details of land at revalued amount as at March 31, 2023 and December 31, 2022 are as follows:

	March 31, 2023	December 31, 2022
Balance at beginning of year	**8,268,882,000**	7,304,179,100
Revaluation increment during the year recognized in other comprehensive income	**-**	964,702,900
Balance at end of year	**8,268,882,000**	8,268,882,000

The land has a historical cost amounting to P127,478,600.

Description of the valuation techniques and key inputs to the valuation of land at revalued amount are as follows:

Valuation technique	Significant unobservable inputs	Range
Market (data) approach	Selling price of identical piece of land	12,000 to 15,000 per square meter
	External factor adjustments	-10% to -15%
	Internal factor adjustments	-10% to -50%
	Average fair value after internal and adjustments	6,000 per square meter external factor

The Club determines that the said properties were valued within a range of reasonable fair value estimates where all resulting fair value estimates are categorized as fair value measurements using significant unobservable inputs (Level 3).

Valuations are performed with sufficient regularity at least once every two (2) years enough to ensure that the fair value of the revalued asset does not differ significantly from its carrying value.

Critical accounting estimates: Fair value estimation of land

Land at revalued amount is measured at revalued amount, which approximates its fair value at the date of the revaluation less any accumulated impairment losses. In determining the fair value of land, the Club, through the professional services of an independent external appraiser, utilized a sales comparison approach. The technique of this approach requires comparison of properties with similar characteristics that are offered for sale or have been sold recently.

When a valuation is obtained, management reviews the key inputs, assesses valuation movements and holds discussions with the valuer as part of the process. Discussions about the valuation processes and results are held between the management and the Club's BOD.

Note 8 – Accounts payable and other current liabilities

Accounts payable and other current liabilities as at March 31, 2023 and December 31, 2022 consist of:

	March 31, 2023	December 31, 2022
Trade payables:		
Due to members	**14,475,799**	17,851,157
Third parties	**10,120**	13,393,404
Related parties	**25,163,001**	226,604
Accrued expenses:		
Professional fees	**4,347,487**	3,760,862
Outside services	**2,016,259**	3,393,001
Utilities	**591,018**	511,983
Others	**2,416,642**	714,563
Consignment and due to concessionaires	**22,800,000**	8,100,253
Payable to government agencies	**8,210,939**	3,148,300
Others	**2,465,811**	16,116,138
	2,452,489	67,216,265

Trade payables to third parties are non-interest-bearing and are normally on 15 to 30 days' terms.

Due to members account pertains to player's payment of golfers' insurance fee and hole-in-one fund. These are amounts paid by the members every time they play in the Club in anticipation of a hole-in-one and fund in case of accidents relating to the insurance.

Accrued expenses are non-interest-bearing and have an average term of one month.

Consignment and due to concessionaires account pertain to unremitted sales to consignors and concessionaires. These are all collections by the Club, made through its point-of-sale system, which shall be operated and maintained exclusively by the Club, after the deduction of the appropriate concession fee and cash advances which are remitted to the concessionaires at the end of each month (Note 12).

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

Note 9 – Contract liabilities/deposits from assignees and others

Contract liabilities pertain to advances received from members and customers for food and beverage, golf rentals, and other Club facilities, which are recognized as part of revenue upon satisfaction of performance obligations, normally within one year upon receipt of advances. As at March 31, 2023 contract liabilities amounted to P64,452,985 (December 31, 2022 – P9,043,816).

Deposits from assignees pertain to initial deposits from members' assignees related to the playing rights and are refundable at the end of the contract term. Deposits from others pertain to deposits for guest fees which are refundable at the end of each use of the facilities. As at March 31, 2023, deposits from assignees and others amounted to P13,505,611 (December 31, 2022 – P11,880,849).

Note 10 – Capital stock, club membership and basic earnings (loss) per share

Details of capital stock as at March 31, 2023 and December 31, 2022 are as follows:

	Authorized		Issued, subscribed and outstanding	
	Number of shares	Amount	Number of shares	Amount
Class A	1,800	448,455,086	1,800	448,455,086
Class B	700	296,074,144	700	296,074,144
Class C	500	338,574,111	500	338,574,111
	3,000	1,083,103,341	3,000	1,083,103,341

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 the 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 Dasmarinas, Cavite.

Founding Members

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

Non-activated 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 the non-payment 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 and diluted Earnings Per Share

	March 31, 2023	December 31, 2022
Excess of receipts over expenses after income tax	**18,496,806**	10,521,546
Number of shares	**2,646**	2,648
Basic and diluted earnings per share	**6,990**	3,973

Basic and diluted earnings per share are equal as the Club does not have any dilutive potential ordinary shares in March 31, 2023 and December 31, 2022.

Note 11 – Shares of delinquent members acquired through auctions

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

	March 31, 2023	December 31, 2022
Class A	**247**	247
Class B	**57**	57
Class C	**50**	50
	354	354

Note 12 – Receipts

The Club derives receipts from membership dues and fees, and revenue from sale of goods and services for the quarters ended March 31 as follows:

	2023	2022
At a point in time		
Assignment and transfer fees	**18,081,250**	16,106,063
Green fees	**17,780,520**	5,851,777
Golf cart fees	**10,477,831**	8,580,700
Facilities rental	**1,418,439**	390,178
Tournament fees	**1,040,271**	159,822
Recreational facilities fees	**1,035,314**	511,919
Driving range fees	**855,959**	697,026
Pro shop commission	**772,371**	558,112
Pro shop sales	**468,484**	258,724
Others	**365,110**	70,476
	52,295,549	33,184,797
Over time		
Membership dues	**36,131,083**	35,690,000
Concessionaire's fees	**3,138,329**	1,714,674
	39,269,412	37,404,674
	91,564,961	70,589,471

Note 13 – Cost of goods sold and services

The components of cost of goods sold and services for the quarters ended March 31 are as follows:

	2023	2022
Salaries, wages and employee benefits	**5,748,832**	5,712,964
Tournament Expenses	**2,125,043**	96,337
Utilities	**1,528,633**	938,070
Repairs and maintenance	**1,280,345**	1,522,897
Operating Supplies	**757,543**	484,275
Member relations	**381,277**	200,202
Cost of Proshop Sold	**299,051**	184,777
Taxes and Licenses	**177,382**	150,067
Beauty Salon Expenses	**153,026**	152,365
Professional Fees	**83,671**	87,200
Representation	**73,592**	6,333
Communication	**34,284**	81,360
Linen & Laundry	**9,965**	53,092
Others	**161,178**	336,224
	12,813,822	10,006,163

Note 14 – Operating expenses other than depreciation

The components of general and administrative expenses for the quarters ended March 31 are as follows:

	2023	2022
Repairs and maintenance	**15,468,987**	13,781,026
Salaries, wages and employee benefits	**14,236,822**	12,119,273
Security services	**4,401,242**	3,477,665
Utilities	**3,240,431**	2,054,633
Operating supplies	**2,729,600**	1,379,464
Taxes and licenses	**2,220,835**	2,220,835
Professional fees	**1,154,856**	916,993
Collection fees	**864,375**	552,977
Representation	**770,966**	922,038
Communication	**591,393**	593,571
Insurance	**359,404**	321,259
Linen and laundry	**261,011**	-
Input VAT written-off	**-**	2,652,075
Others	**1,230,071**	719,178
	47,529,993	41,710,987

Note 15 – Other operating income

The components of other income, net for the quarters ended March 31 are as follows:

	2023	2022
Late payment charges	**305,107**	752,350
Foreign exchange gain (loss) - net	**(13,701)**	13,447
Gain (loss) on sale of property and equipment	**-**	(25,000)
Others	**43,809**	1,705,370
	335,215	2,446,167

Note 16 – Retirement benefit obligation

The Club has a funded, non-contributory defined benefits retirement plan, administered by a trustee, covering all of its regular and full-time employees. The Club recognizes the amount of retirement benefits that need to be accrued following the minimum retirement benefit required by Republic Act 7641 (the "Act"). An independent actuary conducted an actuarial valuation of the funded defined benefit plan using the projected unit credit cost method based on the provisions of the Act. 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.

Movements in the present value of defined benefit obligation as of March 31, 2023 and December 31, 2022 are as follows:

	March 31, 2023	December 31, 2022
Balance at beginning of the year	4,275,388	6,209,999
Pension cost	968,260	3,299,509
Interest expense	704,326	2,777,157
Contributions	-	(2,500,000)
Benefits paid	(741,925)	(924,009)
Interest income on plan asset	-	(2,459,827)
Remeasurement (gain) loss	-	(2,127,441)
Balance at end of the year	5,206,049	4,275,388

Critical accounting estimates: Retirement benefit obligation

The present value of the retirement benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for retirement benefit include the discount rate and future salary increases. Any changes in these assumptions will impact the carrying amount of retirement benefit obligation.

The Club determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligation. In determining the appropriate discount rate, the Club considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement benefit obligation and related retirement benefit expense.

Other key assumptions in determining retirement benefit obligation are based in part on current market conditions.

Note 17 – Critical accounting estimates, assumptions and judgments

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

The Club makes estimates, assumptions and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments 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.

a) Critical accounting estimates and assumptions
   - *Expected credit loss (ECL) on receivables (Note 3)*
   - *Estimating useful life of property and equipment (Note 6)*
   - *Fair value estimation of land (Note 7)*
   - *Retirement benefit obligation (Note 16)*

b) Critical judgments in applying the Club's accounting policies
   - *Determination of impairment of property and equipment (Note 6)*

Note 18 – Summary of significant accounting and financial policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

18.1 Basis of Preparation

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

The financial statements have been prepared on a historical cost basis of accounting except for land which is measured at the revalued amount and net retirement benefits liability which is measured at the present value of defined benefits obligation less the fair value of the plan assets.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Club's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are summarized in Note 20.

18.2 Changes in accounting policies and disclosures

New and amended standards adopted by the Company

The Company has applied the following amendments for the first time for their annual reporting period commencing January 1, 2022:

- *Property, Plant and Equipment: Proceeds before Intended Use - Amendments to PAS 16*
- *Onerous Contracts - Cost of Fulfilling a Contract - Amendments to PAS 37*
- *Annual Improvements to PFRS Standards 2018-2020, and*
- *Reference to the Conceptual Framework - Amendments to PFRS 3*

The amendments listed above do not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for December 31, 2022 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

18.3 Financial assets

Classification and presentation

18.3.1 Classification

The Club classifies its financial assets in the following measurement categories:

(a) those measured subsequently at fair value [either through OCI (FVOCI) or through profit or loss (FVTPL); and
(b) those measured at amortized cost.

The classification depends on the Club's business model for managing the financial assets and the contractual terms of the cash flows. The Club did not hold financial assets under category (a) during and as at March 31, 2023 and December 31, 2022. The Club's financial assets under category (b) includes cash and cash equivalents (Note 2) and receivables (Note 3).

18.3.2 Recognition and measurement

The Club recognizes a financial asset in the statement of financial position when the Club becomes a party to the contractual provisions of the instrument. Regular-way purchases and sales of financial assets are recognized on trade date - the date on which the Club commits to purchase or sell the asset.

At initial recognition, the Club measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequently, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

18.3.3 Impairment

The Club assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.
Loss allowances of the Club are measured on either of the following bases:

- 12-month expected credit losses (ECLs) - these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs - these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Club applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition, as well as to contract assets or trade receivables that do not constitute a financing transaction in accordance with PFRS 15.

Additionally, the Club elects an accounting policy to recognize full lifetime expected losses for all contract assets and/or all trade receivables that do constitute a financing transaction in accordance with PFRS 15.

General approach

The Club applies the general approach to provide for ECLs on non-trade receivables. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Club assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Club considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Club's historical experience and informed credit assessment and includes forward-looking information.

The Club considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Club in full, without recourse by the Club to actions such as realizing security (if any is held); or
- the financial asset is more than 360 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Club is exposed to credit risk.

18.3.4 Measurement of ECLs

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

18.3.5 Credit-impaired financial assets

At each reporting date, the Club assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as actual default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

18.3.6 Write-off

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Club determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Club' procedures for recovery of amounts due.

18.3.7 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Club has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in profit or loss.

18.4 Financial liabilities

Classification

The Club classifies its financial liabilities in the following categories: (i) financial liabilities at fair value through profit or loss and (ii) financial liabilities at amortized cost. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

Financial liabilities at fair value through profit or loss have two sub-categories: (i) financial liabilities classified as held for trading; and (ii) financial liabilities designated by the Club as at fair value through profit or loss upon initial recognition.

The Club does not have financial liabilities at fair value through profit or loss.

The Club's financial liabilities at amortized cost consist mainly of accounts payable and other liabilities (except payable to government agencies and liabilities from special assessments) (Note 8) and deposits from assignees and others (Note 9).

Financial liabilities are contractual obligations which are either to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Club. These are included in current liabilities, except for maturities greater than 12 months from the reporting date, which are classified as non-current liabilities.

Initial recognition and subsequent measurement

Financial liabilities are recognized in the statement of financial position when the Club becomes a party to the contractual provisions of the instruments.

Financial liabilities are initially recognized at fair value, net of transaction costs incurred, which normally equal its nominal amount. Financial liabilities are subsequently measured at amortized cost using the effective interest method.

Derecognition

Financial liabilities are derecognized when extinguished, that is, when the obligation specified in a contract is discharged or cancelled or when the obligation expires.

18.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Club or the counterparty.

The Club has no existing offsetting arrangement as at March 31, 2023 and December 31, 2022.

18.6 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Club classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Club is the current bid price. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The carrying amounts of financial assets and liabilities approximate their fair values at reporting period, as the impact of discounting is not significant considering that financial assets and liabilities generally have short-term maturities.

Non-financial assets

For non-financial assets, the Club uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

Significant non-financial asset of the Club is land which is carried at fair value under Level 3 hierarchy.

The Club has no other significant non-financial assets and liabilities carried at fair value.

18.7 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.

Relevant accounting policies for classification, recognition, measurement, impairment and derecognition are presented in Note 18.3.

18.8 Receivables

Receivables arising from regular service, with average credit term of 30 to 90 days, are initially recognized at transaction price and subsequently measured at amortized cost less provision for impairment, if any.

Other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment, if any.

The relevant policies on classification, recognition, measurement, impairment and derecognition are further disclosed in Note 18.3.

18.9 Inventories

Inventories comprise mainly of golf equipment and apparel. Inventories are initially recorded at cost and are valued at the lower of cost and net realizable value (NRV). Costs are accounted for using first-in, first-out basis. The NRV of inventories is its current replacement cost.

Inventories are periodically reviewed and evaluated for obsolescence. An allowance for inventory obsolescence is provided for slow moving, obsolete, defective or damaged inventories based on physical inspection and management evaluation. Obsolete inventories are scrapped or disposed of and related costs are charged to profit or loss.

Write-offs represent the release of previously recorded provision from the allowance account and credited to the inventory account following the disposal of the inventories.

Reversals of previously recorded provisions are credited in profit or loss based on the result of management's update assessment, considering available facts and circumstances, including but not limited to net realizable value at the time of disposal.

Inventories are derecognized when they are sold. The carrying amount of those inventories is recognized as an expense (reported as cost of sales in profit or loss) in the period in which the related revenue is recognized.

18.10 Prepayments and other current assets

Prepayments are recognized in the statement of financial position in the event that payment has been made in advance of obtaining right of access to goods or receipt of services and measured at nominal amounts. These are derecognized in the statement of financial position upon delivery of goods or when services have been rendered, through amortization over a certain period of time, and use or consumption.

Prepaid taxes consist substantially of real property taxes which is recognized as assets in the period when the advance payment has been made. These are derecognized in the statement of financial position when they are amortized over twelve (12) months.

Prepayments and other non-financial assets are included in current assets, except when the related goods or services are expected to be received or rendered more than 12 months after the reporting period which are classified as non-current assets.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss within other expenses.

18.11 Property and equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and 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.

The initial cost of property and equipment 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 profit or loss as incurred.

Land is not depreciated. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

	Number of years
Land improvements	5 to 10 buildings and structures
Buildings	47
Facilities and equipment	3 to 10
Furniture and fixtures	5
Kitchen equipment	5

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 profit or loss 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 depreciated until such time as the relevant assets are completed and are put into operational use.

Land at revalued amount

Land is initially measured at cost which consist of the purchase price and any directly attributable cost.

Land is subsequently measured at revalued amount less any accumulated impairment in value and subsequently measured using the revaluation method. Land is not depreciated.

Revalued amounts are determined through the appraisal of an external, independent and SEC-accredited appraisal company. Revaluations are made in every two years to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The net appraisal increment resulting from the revaluation was credited to "Revaluation increment on land" account shown in the members' equity section of the statement of financial position and the statement of changes in members' equity.

Any decrease in the carrying amount resulting from a revaluation is recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognized in other comprehensive income (OCI) also reduces the “Revaluation increment on land” account in the members’ equity section of the statement of financial position.

18.12 Impairment of non-financial assets

The Club assesses at each reporting date whether there is an indication that an asset (e.g., land at revalued amount, property and equipment) may be impaired. If any 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 unit’s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income.

After such a reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

18.13 Accounts payable and other liabilities

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Club is established. These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using effective interest method. These are derecognized when extinguished, that is, when the obligation specified in the contract is settled, discharged, cancelled or when the obligation expires.

18.14 Contract liabilities and deposits from assignees and others

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.

Deposits from assignees and others

Deposits from assignees and others represent refundable deposits from assignees for playing rights and deposits from food and beverage concessionaires. Deposits from assignees are being recognized by the Club once the member assigned its playing rights to the assignee. These are refundable at the end of assignment term.

18.15 Employee Benefits

Short-term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Club has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Net retirement benefits liability

The net defined benefits liability is the aggregate of the present value of the defined benefits 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 benefits 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 benefits plans is actuarially determined using the projected unit credit method.

Defined benefits costs comprise the following:

(a) Service cost
(b) Net interest on the net defined benefits liability or asset
(c) Remeasurements of net defined benefits liability or asset

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

Net interest on the net defined benefits liability or asset is the change during the period in the net defined benefits 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 benefits liability or asset. Net interest on the net defined benefits liability or asset is recognized as expense or income in profit or loss.

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.

18.16 Capital stock

Capital stock has no par value. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

Proceeds and/or fair value of consideration received are recognized as capital stock.

Excess of proceeds over cost from re-issuance of shares of delinquent members

Excess of proceeds over cost from re-issuance of shares of delinquent members is the excess between the consideration received and the cost of reacquired shares from delinquent members.

Shares of delinquent members acquired through auctions

This represents the shares of delinquent members which were acquired by the Club through auctions pursuant to the Club's Article of Incorporation and By-laws in settlement of member's long outstanding receivables.

Cumulative excess of expenses over receipts

Cumulative excess of expenses over members' contribution and fees includes current and prior years' results, net of transactions with shareholders, if any.

Other comprehensive income (OCI)

Other comprehensive income comprises items of income and expense that are not recognized in profit or loss for the year in accordance with PFRS.

18.17 Revenue recognition

Revenue from contracts with customers

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 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, 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 risks.

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

Membership Dues

Membership dues are billed one month in advance and are recognized over time when earned and when no significant doubt as to its collectability exists. Advance collection of membership dues are recognized as "Contract liabilities" account in the statement of financial position.

Assignment fees

Assignment fees are revenue related to playing rights being transferred from a member to an assignee for a period of time. These are recognized upon transfer of playing rights to the assignee.

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 upon transfer of ownership to the buyer.

Green Fees, golf cart fees, tournament fees, driving range fees, recreational facilities fees, facilities rental

Revenue from the use of the Club's golf course and other amenities and availment of the Club's services are recognized when services are rendered, and amenities are used.

Sale of Pro Shop Goods and Pro Shop Commission

Revenue is recognized at point in time when customer obtains control of the goods which coincides with the receipt and acknowledgment of the customer of the goods. 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 recognized over time and 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.

18.18 Costs and expenses recognition

Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset, or an increase in a liability has arisen, that can be measured reliably.

Costs and expenses are recognized:

(i) on the basis of a direct association between the costs incurred and the earning of specific items of income;
(ii) on the basis of systematic and rational allocation procedures (i.e., when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined); or
(iii) immediately (i.e., when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position).

Costs and expenses are presented in profit or loss according to their function.

18.19 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

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 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.

18.20 Current and deferred income tax

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

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income 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
- 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 income tax assets are recognized for all deductible temporary differences, carry forward benefits of unused tax credits from excess minimum corporate income tax (MCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and NOLCO can be utilized.

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

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

Income tax relating to items recognized directly in equity is recognized in equity and not in the statement of total comprehensive income.

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

18.21 Provisions

Provisions are recognized when the Club has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where that Club expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at each reporting date and adjusted to reflect management's current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and derecognized from the statement of financial position.

18.22 Foreign currency transactions and translation

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

18.23 Earnings/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. Diluted earnings per share amounts are calculated by adjusting the profit or loss attributable to ordinary equity holders and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

18.24 Contingencies

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

18.25 Events after the reporting period

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

THE ORCHARD GOLF & COUNTRY CLUB, INC.

SEC FORM 17-Q
For the period ended March 31, 2023

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the financial statements and related notes as of March 31, 2023 and December 31, 2022. This discussion contains forward-looking statements, which involve risks and uncertainties that may differ materially from actual results, indicating the current views with respect to future events and future financial performance.

Overview

Financial Position
March 31, 2023 (Unaudited) vs. December 31, 2022 (Audited)

Total assets as of March 31, 2023 amounted to P8,927.2 million, surpassing December 31, 2022's P8,833.0 million by P94.2 million or 1.1% which is comprised of current assets' P87.9 million and non-current assets' P6.4 million. The substantial growth in current assets is mainly due to higher cash and cash equivalents, which recorded an increase on of P90.5 million or 117.4%, as a result of collection of annual dues this year and higher receipts from operations such as tournaments, events and dine-in services. On the other hand, receivables and prepayments & other current assets balance decreased by P1.5 million or 8.1% and P1.2 million or 7.6%, respectively. As for the non-current assets, the increment is primarily attributed to other non-current assets, which is higher by P12.8 million or 412%, due to advance payment made to suppliers in relation to the Club's ongoing CAPEX projects. Meanwhile, the decrease in property and equipment by P6.4 million or 1.4% pertains to its depreciation for three (3) months.

Total liabilities as of March 31, 2023 amounted to P2,203.5 million, surpassing December 31, 2022's P2,127.8 million by P75.7 million or 3.6%, which consists of current liabilities' P74.8 million and non-current liabilities' P931 thousands. The increment in current liabilities is primarily attributed to contract liabilities, recording an increase of P55.4 million or 612.7% due collection of annual dues this year. Moreover, the increase in accounts payable and other current liabilities of P17.7 million or 26.4% pertains to advances received from the sale of treasury shares and members' consumable for the first quarter of 2023. Deposits from assignees and others likewise increased by P1.6 million or 15.6% as a result of higher number of assignees and higher rate for playing rights' refundable deposit. As for the non-current liabilities, the slight increase of P931 thousands refers to the retirement cost recognized from January to March 2023.

Total members' equity as of March 31, 2023 amounted to P6,723.7 million, surpassing December 31, 2022's P6,705.2 million by P18.5 million or 0.3%, which represents the excess of receipts over expenses, net of tax for the first quarter of 2023.

Results of Operations
Quarter Ended March 31, 2023 vs. Quarter Ended March 31, 2022 (Unaudited)

Excess of receipts over expenses, net of tax for the quarter ended March 31, 2023 amounted to P18.5 million, which grew by P8.0 million or 75.8% from P10.5 million reported in the same quarter of the previous year. The improvement was driven by the following:

> A significant increase of P21.0 million or 29.7% in total receipts is due to re-opening of the economy and lesser restrictive government protocols. Income from green fees and golf cart recorded a swift growth of P11.9 million or 203.8% and P1.9 million or 22.1%, respectively, as the Club is now accepting tourists and made an adjustment to increase the number of tee time slots, hence resulting in a higher guest round (March 2023: 7,597 vs. March 2022: 3,228) and higher guest ratio (March 2023: 26% vs. March 2022: 14%). Moreover, assignment and transfer fees improved by P2.0 million or 12.3%, as a result of the increased membership fees effective January 1 this year. The increase in concessionaire's fees and facilities rental of P1.4 million or 83% and P1.0 million or 263.5%, respectively, pertains to resumption of monthly buffets and allowing full capacity for dine-in services and banquet functions.
>
> The upsurge in operating expenses other than depreciation of P5.8 million or 14% is attributable to payroll-related expenses in relation to annual merit increase and DOLE-mandated minimum wage; repairs & maintenance for the continuous preservation and upkeeping of the courses, clubhouse and other facilities; and utilities as a result of higher electricity consumption and electricity rate.
>
> The increase in cost of goods sold and services of P2.8 million or 28.1% pertains to tournament-related expenditures, as there were no tournaments organized in the same period last year due to strict government protocol.
>
> The decrease in other income, net of P2.1 million or 86.3% is mainly attributed to the last year's reversal of the unclaimed playing rights deposit.
>
> The increase in the provision for doubtful accounts of P1.7 million or 5,876.1% is due to lower collection from the delinquent members of their past due balances as compared to the same period last year.

Earnings per share for the quarter ended March 31, 2023 reached P6,990, significantly better than the P3,973 earnings per share recorded last year.

Management made no changes in its estimates in prior financial year and current financial year nor did it have changes in the amount of estimates previously reported that has a material effect in the current interim period. There were no subsequent events to the end of the interim period that could materially affect the interim report. The Club is not involved in any business combination nor does it have subsidiaries nor maintain long-term investment. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Club with unconsolidated entities or other persons created during the reporting period.

Key Performance Indicators

The top four (4) key performance indicators of the Club are as follows: (1) current ratio; (2) earnings before interests, taxes, depreciation and amortization (EBITDA); (3) dues-paying members; and (4) golf rounds, trends and efficiency ratios.

	(Unaudited)	
	Quarters ended March 31	
	2023	2022
Current ratio	**1.25:1**	1.12:1
EBITDA	**P29.8 million**	P21.3 million
Dues-paying members	**2,397**	2,364
Golf rounds	**29,211**	23,773

Current ratio

Current ratio is a primary test of solvency to meet current obligations from current assets as a going concern. It also measures the adequacy of working capital. As of March 31, 2023, the Club has a current ratio of 1.25:1, which is higher than the 1.12:1 current ratio reported in the same period last year.

EBITDA

EBITDA measures the company's overall financial performance. It focuses on the financial outcome by eliminating the impact of non-operating management decisions. As of March 31, 2023, EBITDA amounted to P29.8 million, better than March 2022's P21.3 million by P8.5 million or 40%.

Dues-paying members

Dues-paying members refer to shareholders of the Club that are subject to the payment of monthly maintenance dues in such amount as may be prescribed by resolution of the Board of Directors to meet the expenses for the general operations of the Club, and maintenance and improvement of its premises and facilities. As of March 31, 2023, the number of dues-paying members increased to 2,397 from 2,364 in March 31, 2022.

Golf rounds, trends and efficiency ratios

Golf rounds, trends and efficiency ratios refer to the number of golf rounds in comparison with other selected golf clubs within the industry. As of March 31, 2023, the Club recorded total golf rounds of 29,211 with a member-guest ratio of 74:26, which is higher by 5,438 rounds as compared to the same period in 2022 with total golf rounds of 23,773 and member-guest ratio of 85:15.

Operating Plan

The Club's operating plan for the next nine months will still focus on maintaining its golf courses in the best possible condition, as this is the core business of the Club. Improving the Club's financial condition is also one of Management's top priorities. Management will continue to operate in accordance with the approved budget and business plan for the period. The Club's capital expenditures will be limited to P60.0 million and will continue to serve as a catalyst in improving our services to members and guests.

Management is cognizant of the economic uncertainties caused by the COVID-19 pandemic and has instituted measures to address the same. In line with the Club's commitment to improve our facilities while providing the best golf experience to our members and other customers, the Management had prioritized projects and other upgrades that create revenue opportunities without compromising the health and safety of our stakeholders. Among others, the Management has an ongoing course lighting project to create more tee time for our players and to avoid course traffic. In addition, Management have upgraded our booking facilities to promote tee time reservation efficiency while also minimizing players queue onsite.

As of this report, apart from the COVID-19 pandemic, Management has no known material events and uncertainties that would affect past operations and have an impact on future operations, and on the Club's liquidity, planned capital expenditures, net sales, revenues and income.