Valley Golf & Country Club, Inc.

Fiscal Year 2016-2017

ANNUAL REPORT

Valley Golf, the premier golf and country club, providing unparalleled recreational experience to our members, their families and guests.

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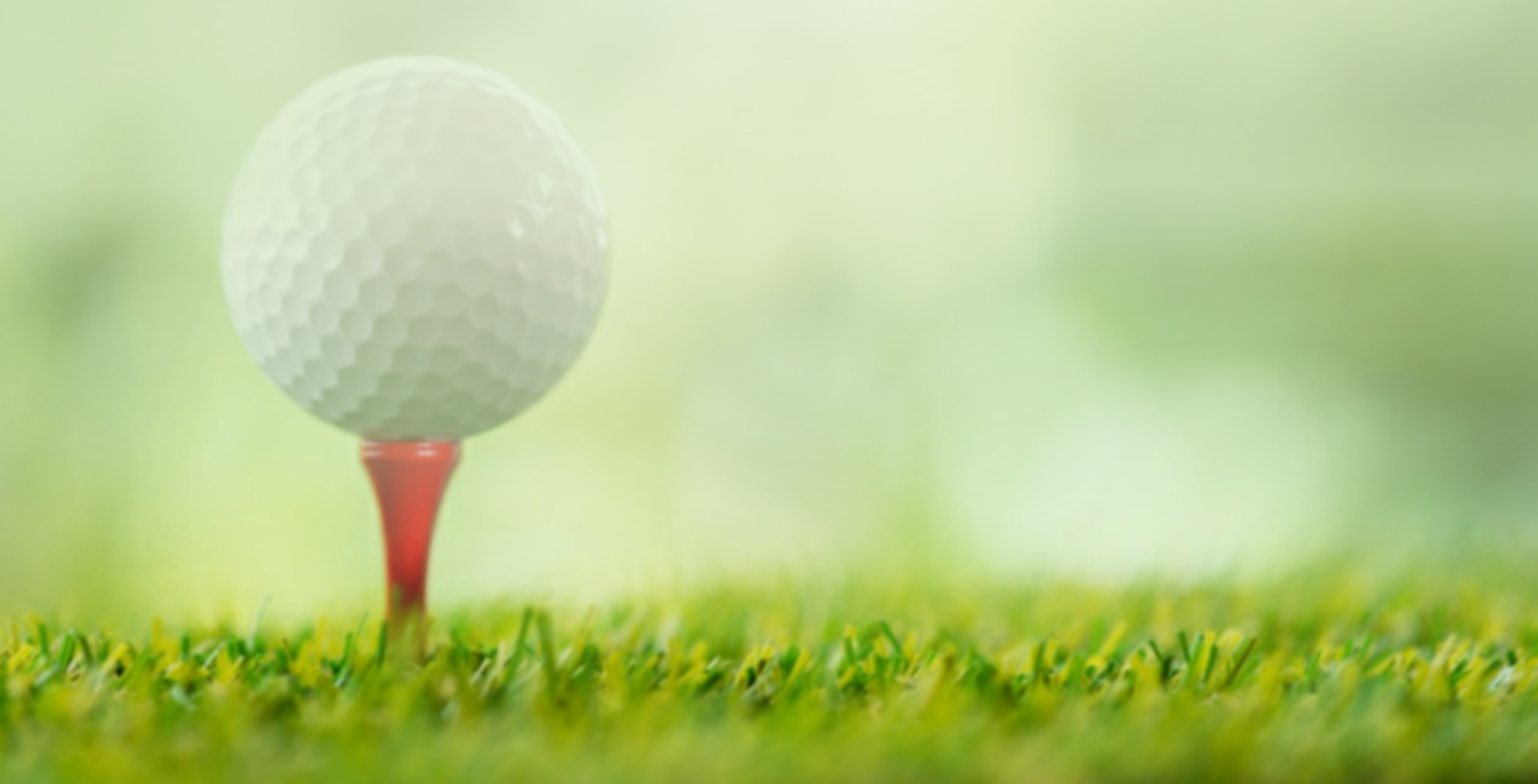


President's Report

I consider being included in the respectable roster of Presidents of Valley Golf & Country Club to be both a privilege and a challenge. During my term as President the expectations of our members for essential changes in the golf courses and in our operations are matters that were seriously taken into consideration. I am fortunate to have worked with an active Board of Directors who are primarily driven towards a common goal, my theme: The Pursuit of Valley Golf Transformation. I call this current Board of Directors - the blue collar BOARD - your working Board. My personal management style of hands on supervision, apolitical insights and collegial decision making proved to be very effective in the realization of our objectives.

I am proud to report of a milestone in the history of Valley Golf during this fiscal year. Through the collective effort of the Board of Directors and our Korean partners "Freeport Elite Resort, Inc. the long overdue world class driving range was finally constructed. The state-of-the-art fully lighted for night use driving range with two-level driving bays, all equipped with convex mirrors and the upper-level bays feature the revolutionary TMAX-GOLF motor less dispensers with amenities such as coffee shop and restaurant, sports bar, members' lounge, pro-shop and shower rooms is now the envy of other golf clubs. The most important thing in this project is that it was completed without any expense from Valley Golf; we have a 15 year Build Lease Transfer Agreement with Freeport Elite Resort, Inc.

Another first in our Club is the opening of three (3) new restaurants to satisfy the clamor of our members for variety in the menu. The food and beverage concessionaires in the Main Clubhouse and the North Clubhouse serve Filipino, Asian, International cuisine and gourmet sandwiches while the Driving Range specializes in Korean dishes. There is more reason now for my fellow golfers to wine and dine with your family and friends.

Other projects worth mentioning are the improvements of the entrances, aesthetic painting from entrance gate going around the Clubhouse perimeter, additional lockers for Men's Locker room, flood control projects along Don Celso Tuason Ave., improvement of the façade of the entrance along the drive way and preparation of the Operations Manual and Organizational Improvement Program Manual.

The conditions of both the South and North Courses have greatly improved during the year and maintaining the tip top condition of the greens, fairways and tee boxes are closely being monitored. Major projects for the golf courses include the rehabilitation of the bunkers in the South Course, complete repair of three (3) units vertical pumps with controllers in the South course will the least cost and continuous replacement and additional installation of the sprinkler heads in both courses.

Another good news to our members is the recent reciprocity agreement with the largest golf course in the world Mission Hills Golf Club in China.

Our resources at the beginning of the year are quite limited. My mandate is to keep the operations simple but relevant, optimize the use of available resources and limit the expenses to important matters that need urgency. Prudent use of funds paid off with the increase in revenue from operations from P105 Million in 2016 to P108 Million in 2017 while operating expenses decreased from P96 Million in 2016 to P93 Million in 2017.

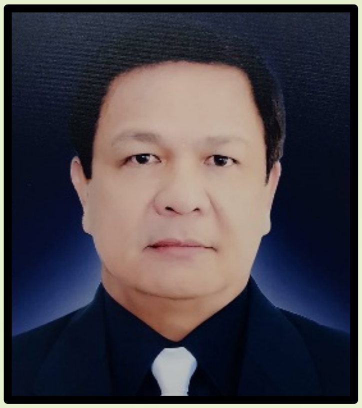
Several projects are still in the pipeline and all are geared toward developing Valley Golf to be the country club our predecessors had envisioned since the 80's. The North Course will be the focus of our next golf course rehabilitation particularly the bunkers and the pumps. The Main Clubhouse will likewise undergo major face lifting particularly the Dining area, the roof and gutters and the Ladies' Locker room.

All of us in the Board are hopeful that this concerted effort and projects will have far-reaching effects in terms of increase in market value of our shares of stocks and financial well being of our Club.

In closing, I wish to express my thanks and appreciation to my fellow members of the Board and to the various Committee chairmen and members for sharing my vision for our second home Valley Golf and for their unqualified support of our projects. The Valley Golf mancom and staff, who embraced my wish to be apolitical, just do their job professionally and support whoever is guiding them at the top and this they did. To my family-my children, grandchildren for which if tempted to do the other way, their images and laughter guide me to always do the right things. The Members for their trust and confidence in my leadership and to the Almighty for His guidance.

ISAURO V. SAN PEDRO, JR.
President

Treasurer's Report



The Chief Financial Officer of our Club is a position that is not to be taken lightly. The Golf and Country Club industry is a very competitive and highly volatile sector. The shares of stock as well as our finances may spiral up or down in a short span of time. The financial sustainability of our Club is something we all have to take seriously; we should not only consider the financial position during our term as Treasurer or a Board Member but look prospectively towards the next 5 or 10 years. The financial performances in the past, the comparative data in our industry and the present economic trends are valuable tools in assessing the financial forecasts. We need to think outside the box and make impartial decisions if we are serious in maintaining our liquidity and stable financial viability.

The results of our operations for the fiscal year July 1, 2016 to June 30, 2017 is reflected in the audited financial report. Our earnest effort to increase our variable revenue sources and closely monitor our operating expenses contributed in keeping our net loss at a minimal level of Php1.66 Million. We do not have non-recurring gain on sale of lot for this year as compared to last year's gain of Php8.7 Million.

Revenue from Operations for the year is Php108 Million or an increase of Php3 Million from last year's figure of Php105 Million. However our operating expenses decreased by Php4.4 Million. Worth noting is the decrease in our Grounds Maintenance from Php2.7 Million/month to Php2.5 Million/month starting March 2017 and the decrease in our Security services expenses by Php1 Million thru conscientious review of our contractual obligations. Strict adherence to the budget for operating expenses is being monitored by the Treasury and our policy is not to allow re-alignment of savings but its reversal to the general fund.

In our balance Sheet, Cash and Cash Equivalents are at Php21.97 Million or a decrease of Php58k from last year of Php22.03 Million. As of July 31, 2017 our cash had risen to Php29 Million because of proceeds from sale of lot of Php7.53 Million. At the end of the fiscal year we are pleased to report that after 22 years our Club had fully paid our loan from members, this is an accomplishment that we share with the present and past Board of Directors. The Treasury was able to fund various capex and projects during the year which include the Rehabilitation of the Pumps and controllers in the South Course, Rehabilitation of the bunkers in the South Course, additional sprinkler heads for both courses, expansion of the Men's locker room and purchase of additional 20 electric golf carts.

The increase in the market value of our shares of stock is a goal that all our stockholders are anticipating. We at the treasury had made initial improvement in the last auction wherein the highest bid price is at Php312k plus transfer fee. We shall continually devise schemes to achieve this objective coupled with keeping our golf courses in tip top condition so we can definitely realize the steady increase in the market value of our shares.

For the next fiscal year aside from focusing on the financial stability we shall finance the improvement of our North Course from funds generated from the sale of lots. The budget includes the Rehabilitation of the bunker sand and replacement of the existing pumps both in the North Course. Other forthcoming projects are the Renovation of the Swimming pool, Reblocking of the Don Celso Tuason Ave., Upgrade of the Tee houses, Improvement of the railings in the Main Clubhouse and Improvement of the function room in the North Clubhouse.

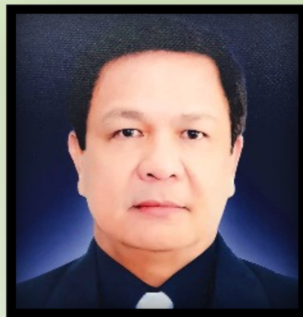
In closing, we thank our stockholders for their support and confidence in the Treasury Group, to our President Boy San Pedro and fellow members of the Board for their whole-hearted support of the policies laid down by the Treasury, to the Finance Committee composed of experts in their respective fields who have unselfishly shared their vision and ideas, all for the common good of our Club.

ABRAHAM C. DELA CRUZ
Treasurer

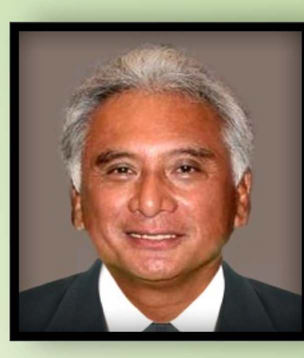
Board of Directors

ISAURO V. SAN PEDRO, JR.
President

LUIS MANUEL S. POLINTAN
Vice-President

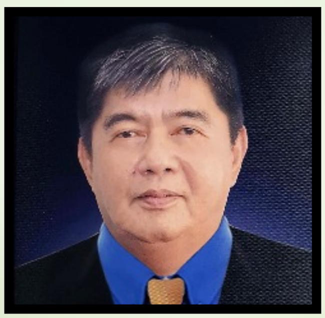


ABRAHAM C. DELA CRUZ
Treasurer

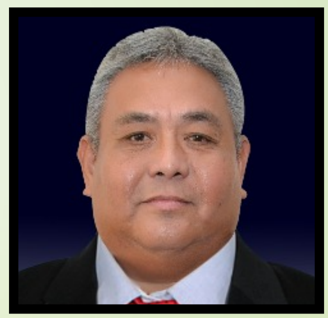


ALEXANDER S. MARQUEZ
Assistant Treasurer

VIRGILIO C BUCAT
Director

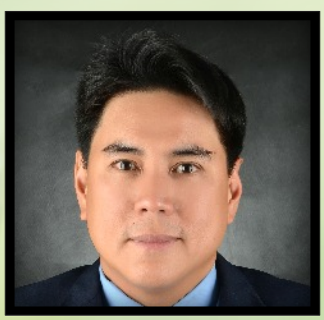


AUGUSTO A. CRUZ, JR.
Director

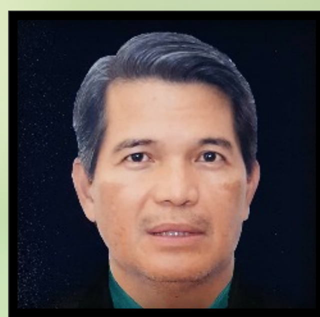


LAKAN D. FONACIER
Director

LUIS G. QUIOGUE
Director



JAIME VICTOR J. SANTOS
Director



ATTY. RIO SESINANDO E. VENTURANZA
Corporate Secretary

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Mr. Emerito Ramos
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Adviser Col. Antonio T. Sierrra

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Mr. Leslie C. Agoncillo

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Members Atty. Ricardo N. Fernandez
Mr. Santiago S. Lim
Mr. Marcos C. Hermoso

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Members Mr. Ruperto S. Kapunan
Mr. Carlos C. Ubaldo
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Mr. Jesus R. Aquino
Adviser Atty. Rio Sesinando E. Venturanza

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Members Atty. Ron Winston A. Reyes
Atty. Francisco B. Figura
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Members Atty. Felipe T. Cuison
Atty. Joel B. Ferrer

Ad-Hoc Special Projects
Chairman Dir. Alexander S. Marquez
Members Ms. Ma. Josefina Silva
Atty. Jeremy Parulan
Mr. Benjamin L. Esguerra
Mr. Aristotle Viray

Committee Reports

ADMINISTRATION

The Organizational Improvement Program (OIP) launched in 2015 during the term of President Isauro V. San Pedro, Jr. as Administration Committee Chairman, was completed in year June 2017.

The OIP was partly spurred by the results of a survey commissioned by the Board of Directors in 2015 recommending the need for improvement in certain areas of the operation in order to be competitive or be at par with local golf clubs.

This led to the following significant and meaningful changes: restructuring of our organization and streamlining inter-department work processes, setting up the first job classification and salary structure and corresponding salary administration policies, work planning and performance evaluation system.

We also began training program to our employees to equip our managers and staff with the skills demanded by the new organization. The first batch of managers and supervisors recently completed 2-day " Work Attitude" seminar. More leadership and skills improvement courses are being planned.

Having set these changes in motion we expect to see marked improvement in the job performance of our staff leading to better customer service, cleanliness and better housekeeping, better appearance and maintenance of our grounds and fairways and facilities. We expect to revive and strengthen a culture of excellence in everything we do.

Needless to say, there is much to be done but we are confident that the OIP has set in place not only effective policies but also valued behaviors of initiative and accountability that will push day-today decision-making down the line. This will free our Board of Directors and Committees of involvement in minutiae so that they can focus their energy on strategy and long-term goals.

We earnestly hope this OIP manual will be helpful to all our executives and managers in the performance of their roles and responsibilities.

FINANCE

The primary concern of the Finance Committee for the fiscal year ending June 30, 2017 is the financial stability and cash flow viability both for operations and to fund various projects. The committee thoroughly evaluated the nature of our fixed and variable revenue sources and we concluded that the Club has taken advantage of all possible promos, discounts, marketing strategies and tapping other income sources to maximize the level of our revenue. The operating expenses were likewise assessed and reduced to a minimum level thereby contributing to the significant decrease of Php4.4 Million for the year. Based on said evaluation the committee is continually studying the ways and means to financial recovery without relying on the sale of real property.

The committee recommended to the Board three (3) auctions during the year scheduled in February, May and October 2017. The activity was very successful in the recovery of overdue accounts of our proprietary members and the highest bid was Php312k plus the transfer fee of Php67,200. The total proceeds from the February and May auction was Php3.34 Million for the eleven (11) shares sold. The auction of five (5) golf carts deemed economically unsound to maintain was done during the year and the total proceeds thereof is Php356k.

The committee ensures strict adherence to the financial and budget plan. Savings were strictly monitored and reverted back to our general fund rather than being realigned to other projects. The purchase of additional twenty (20) electric golf carts is a viable business venture that the committee proposed. Several promos on the transfer fee and membership service charges were implemented this year which contributed to the marketability of our shares of stock and playing rights membership. In keeping up with technology we now have an auto debit arrangement with BDO in addition to our collecting banks to make payments easier for our members.

Our external auditors, SyCip Gorres Velayo & Company had concluded the audit for the fiscal year and rendered an unqualified opinion on the fair presentation of our financial reports. The Finance Committee always ensures strict adherence to accounting and auditing standards. For fiscal year 2018 the Financial and Budget Plan was already reviewed and submitted by the committee to the Board.

MEMBERSHIP

There were a total of seventy-three (73) proprietary members, twenty-one (21) corporate representatives, twenty-seven (27) playing guests and three (3) associate members that were approved for the fiscal year 2016 to 2017.

As of June 30, 2017, there are a total of 1,593 shareholders.

Committee Reports

GROUNDS

It was a very busy and exciting past year. With the completion of the grass renovation project on the Greens, Tees, Fairways, Green Surrounds it will now allow the golf maintenance program to get started. The sand bunkers were also completed this past year which only took one year to complete. The South Course Pump Station was also rehabilitated which will help with the watering of these newly renovated areas and helps to keep the golf course in top playing condition.

With so much getting done it allows the Golf Maintenance Program to get established. With this program we will be able to produce a Golf Course with great playing conditions so all Valley Members will be proud of their South and North Courses.

Grass Renovation: The renovation of Tees, Fairways and Green Surrounds was started in May of 2015 with the original program to be a 3 year program. The last fairway to be planted was in January 2017 and the grow in period for the grass of 3 months the renovation program was finished in 24 months.

An ongoing herbicide program and manual weeding has been put into place to ensure that the weed problems will not re-occur.

A program of topdreessing Tees, Approaches and selected areas of the Fairways has been started. All the Tees and Approaches have been topdressed this year and now the selected areas of the Fairways will be next. The topdreesing will help with the firmness, the leveling and to create a drier playing surface.

Greens Grass Renovation: This was started this past May 2016 and on all Greens the foreign grass has been sodded out and replaced with new sod from the green nursery which was finished per schedule in January 2017.

Bunker Renovations: This project was started in December 2015. The Bunker renovation was scheduled to be completed in February 2017 and the last bunker was completed the first week of March 2017.

South Course Irrigation System: The South Course Controllers & Sprinklers are in good working order. There have been 24 new sprinklers installed in areas to better improve the quality of turf for a much better playing surface. There are plans for additional sprinklers to be installed on the South Course.

The South Course Pump Station has been rehabilitated and is operational and now only the filter system needs to be repaired.

North Course Irrigation System: The Rainbird sprinklers and controllers from The Country Club have been purchased. The Rainbird Eagle Sprinklers have been installed on all the Greens and Tees on the North Course. The Rainbird sprinklers have been installed on holes 1, 9, 10, 14 and 18 fairways also. The program is to go hole by hole until the system has been completed.

The Pump Station is working with only the filter system to be repaired.

Grass Nursery: The grass nursery for the greens and fairways was used intensively during the renovation project and was in need of a lot of work to restore it back to a condition that it can be used again. This is under way and will be back in good condition in the next couple of months. There was a need to expand the fairway nursery and this is under way now. This nursery is at the Tee area of hole 12 south course. An additional Fairway nursery is being installed near the Tee House by Hole 4 on The North Course.

Tree Trimming: This is an ongoing project. Trimming of the lower branch is underway on both the South and North Courses. Golf holes which have been trimmed this past year were hole1, 3, 9, 11, 12, 13, 14 and 15. Other areas have been addressed but are not completed as of this time.

SECURITY

For the year ending June 30, 2017, total collections for Road Users' Fee amount to Php2,856,492.24 an increase of 11% compared to last year and for Road Assessment Fee the amount is Php5,184,841.00 an increase of 27% compared to last year. The Committee also approved the issuance of passing thru ticket along Don Celso Tuason Avenue from Ortigas gate to Sumulong gate and vise versa to non-members and non-residents to generate additional funds for the club, started last March 15, 2017 to June 30, 2017, total collections for Road User's Fee 2 amount to 73,035.18.

For security purposes, the Security Committee initiated the installation of fence beside the of former Mitsubishi Corporation along Don Celso Avenue to prevent informal settlers to bring-in their construction materials. The Security Committee approved the additional of two security guards to be assigned at the sumulong gate and secondary gate (daytime shift) for more efficient security measures. The Committee also approved the construction of toilet near the secondary gate for our security guards.

The Security Committee vows to ensure the safety of our Members and their Guests and the strict implementation of Valley Golf rules and regulations.

Committee Reports

ENGINEERING

Various projects have been completed:

1. Fabrication and installation of two (2) units Manual Operated Flood Control Gate on Creek of Hole 9 of the North Course
2. Various repairs in the main clubhouse kitchen and restaurant area.
3. Repainting and various repairs at the Main clubhouse.
4. Installation of 100 pieces fairway drain gratings at the South Course
5. Repair of pot holes and repainting of humps and gutters along DCT Avenue
6. Installation of gutter in the cart path at hole 17 of the North Course.
7. Desilting of dams, lagoons and waterways.
8. Improvement of the Sumulong and Secondary gates.
9. Construction of a water purification station for the filtration system donated by Mr. Emilio Morales.
10. Expansion of the locker areas to accommodate additional 50 lockers.
11. Relocation of the Spa room.
12. Rehabilitation of the South course pump station.
13. Completion of the renovation of the caddie and umbrella girl area at the bag drop.

Despite the resignation of the Club's Engineering head at the end of 2016, the department successfully carried out all tasks that were mentioned above through the help of the Committee and the Board of Directors.

To address the long-time issue of flooding of the DCT Ave., future projects of the committee includes putting canal with steel grating in front of Igorot Village and tapping the drainage outlet to the manhole located at the corner of Ortigas Ave. Extension in front of Jollibee.

HOUSE

A full year has passed and your House Committee is pleased to present its accomplishments to the General Membership of Valley Golf and Country Club.

FOOD SERVICE

The House Committee began its term with a very difficult situation with the sourcing of a new foodservice concessionaire for Valley Golf & Country Club (VGCC). At that time, Interpro, the existing exclusive foodservice concessionaire was placed on probation, and eventually was terminated due to repeated and numerous complaints from members. Futhermore, Interpro was found to be misdeclaring their sales reports/transactions, which deprived VGCC of revenues.

The House Committee immediately began a search and selection process, subsequently narrowing the options to three (3) interested parties. However, because the Christmas season was approaching, most of the parties could not meet the immediate requirement of VGCC. To ensure that there would not be any disruption, your Committee, together with President Boy San Pedro was able to convince Anix's House of Kare-Kare to immediately take over the operations of the Veranda and Tee Houses in spite of the increased workload due to the holiday season for most in the foodservice industry. Slowly, with many difficulties along the way, both food concessions of VGCC are now capably operated by Anix's and Jay-j's (in the North Clubhouse) providing daily food and occasional catering services to the members and guests. The Tee Houses, operated by Anix's, is now serving a more extensive and varied menu, are now well patronized by members and their guests.

The third and newest foodservice provider is the Korean buffet at the Driving Range which commenced operations on 8 July 2017.

BINGO SOCIALS

The annual Bingo event was held on May 21, 2017 for the first time in fifteen (15) years, VGCC has finally settled its differences with PAGCOR. The event was hosted successfully, supervised by PAGCOR who operated the event using their modern Bingo equipment. VGCC earned a total of Php **2,853,580.49** from ticket sales. After paying PAGCOR, the event netted a total of Php **822,863.93** which is earmarked for House project.

DRIVING RANGE

The first Build, Operate and Transfer project of VGCC was inaugurated on July 8, 2017. The House Committee was instrumental in finally getting the new Driving Range fully operational and was in charge of the inaugural activities of the same.

BEAUTIFICATION OF ENTRANCES

Both entrances to VGCC (Sumulong and Interior Entrances) have undergone a major face lift. Stainless built-up signage, illuminated by LED lights have been installed and adjoining pocket gardens have been landscaped.

DIRECTIONAL SIGNAGE

Directional signage have been installed on roads leading to the Main Clubhouse. These signs are made of reflectorized sticker material, making them visible even at night.

RE-VARNISHING OF FURNITURE

Dining chairs and tables in the Veranda were repaired and given a fresh coat of varnish. Walls & posts were cleaned and retouched as well.

GROUNDSKEEPING

Overgrown grass alone Don Celso Tauson Avenue leading to the Main Clubhouse have been trimmed.

ON-GOING PROJECTS

1. Upgrading of Ladies Locker Room
2. Repair of gutters surrounding the Veranda
3. Renovation of bag drop are (phase 3)
4. Repair and upgrading of swimming pool
5. Landscaping of grounds
6. Installation of Smoking Area
7. Roll-up windows per Tee-houses for more security
8. Re-organization of tarpaulin signage
9. Re-painting of main Clubhouse Interior
10. Sunday Mass

Committee Reports

SPORTS AND GAMES

With the objective of increased engagement through the enjoyment of the game among its members, and guided by the highest principles of governance and transparency, the Sports and Games Committee is happy to report that it was greatly successful in meeting its objectives for the period encompassing October 2016 to September 2017.

MEMBER TOURNAMENTS

Within the reporting period, the amount of Php2,725,000 was allocated for the various tournaments in this period, a decrease of 15% (less Php475,000) from the PhP3,200,000 allocated for FY 2016, as well as less than the Php2,990,000 in 2015. In spite of the significant decrease in the budget allocated for club tournaments, this period saw a 16% increase in the number of members participating the Club tournaments.

<u>**Oct 2015 – Sep 2016**</u>			<u>**Oct 2016 – Sep 2017**</u>	
Tournament	**Players**		**Tournament**	**Players**
October	Directors Cup**	115	Tournament of Champions 50	
November	56th IntraClub	108	58th IntraClub	124
December	Member-Caddy	52	Member-Caddy	140
January			1st Quarterly Tournament	146
February	1st Quarterly Tournament	124	Club Championship	94
March			59th IntraClub	182
April	Club Championship	114		
	Barkadahan	276		
May	57th IntraClub	170		
June	2nd Quarterly Tournament	100	2nd Quarterly Tournament	142
July			Barkadahan	387
August	3rd Quarterly Tournament	120	WAGC (3rd Quarterly)	140
September	President's Cup 185		President's Cup *	180*
		1,364		1,585

**- -projection based on ongoing registration*
*** - not part of official Sports & Games tournament*

Most significant is the 40% increase in participants to the Valley Barkadahan, from 276 in FY16, to the present number of 387. This is attributable largely to the change in the application of handicaps, where opposing teams no longer have to award strokes for the handicap difference as the handicaps are used solely for classification. This change, designed to encourage participation from the mid to high handicappers -- who comprise the biggest chunk of our playing members -- was implemented by the Tournament Chairman with the support of the overwhelming majority of team captains.

DON CELSO TUASON & VALLEY FOUNDERS' CUP

The 18th Don Celso Tuason & Valley Founders' Cup was held from May 4 to 7 2017. A total of 496 participants registered in this edition, down from 604 from the previous year, as slots were purposely decreased to allow for faster pace of play. This tournament generated a total of PhP4.677 million in revenue, including the club subsidy of 600,000 pesos. The amount of this year's club subsidy represents a 40% reduction from the previous year's club subsidy of PhP1,001,175.17.

After total expenses of PhP4.3 million, the DCT & Valley FC generated a net income of 367,894 Pesos after including the cub subsidy.

OUTSIDE TOURNAMENTS

Our Club continues to be a breeding ground for golfing excellence, as evidenced by our Members' performance in outside tournaments. For FY 2016-2017, the accolades our members received were:

- Men's: 3rd Runner up, 70th PAL Interclub
- Ladies: Champion, LuzViMin Golf Tournament
- Seniors: 3rd Runner Up, Founders' Division, 70th PAL Interclub
- Juniors: Carl Corpuz – Champion, Ciputra World Junior Championship 2017 (June 6-9 2017, Indonesia)

Committee Reports

HOSTED TOURNAMENTS

For the period of July 2016 to June 2017, a total of 52 non-member tournaments were hosted at Valley's North and South courses, which saw 2,540 participants, and generated PhP2,569,355.89 in green fee revenue for the Club.

RELAUNCH OF THE VALLEY JUNIOR GOLF PROGRAM

This fiscal year also saw the groundwork laid for the relaunch of the Valley Junior Golf Program, with the first tournament slated for August 2017. Through this program, we hope to encourage more interest in golf from the youth, and through that, introduce potential future members to the Club while at a young age.

REAL ESTATE AND SPECIAL PROJECTS

The Real Estate and Special Projects Committee was mandated by the President at the start of his term to generate funds for the much needed projects for the golf courses and the clubhouses. We are pleased to report that the committee was able to negotiate, secure the approval of the Board and finalize the sale of three lots to our members with gross proceeds of Php8.72 Million received as of August 2017 and the balance of Php3.15 Million is collectible on the next fiscal year. The funds will be used for future capex projects of the Club.

Status report on matters involving land disputes are as follows:

1. Sitio Mulawin – the transfer of 73 informal settlers at the back portion of the lot was completed last March 2017. The total area donated by Valley Golf is 1,310 sq. meters. A revised Memorandum of Agreement and Deed of Donation will be signed by Valley Golf and the Homeowners' Association of Sitio Mulawin. The front portion of the lot with an area of 911.5 sq. meters is included in the lots sold during the year.

2. Sitio Malaya – the case pending in the Court of Appeals refers to the complaint of Valley Golf against the informal settlers. The informal settlers pursued the case to the Court of Appeals after the RTC released the decision in favor of Valley Golf. The previous Memorandum of Agreement was already rescinded because it is impossible to implement the MOA and the informal settlers filed an Opposition to the MOA. The committee plans to settle this matter thru Community Mortgage Program with the local government as guarantor after considering the time and legal expenses involved. The total area of the property is 2,082 sq. Meters.

3. Claim of Valley Golf Hills Homeowners' Association – the case filed by the Valley Golf Hills Homeowners' Association in HLURB against Valley Golf was dismissed by the HLURB Arbiter. The primary content of the complaint is for Valley Golf to turn over to Valley Golf Hills Homeowners' Association the control, management and security of the gates and roads within the subdivision. Valley Golf Club on its part already have a Supreme Court decision that is final and executory dated Dec. 17, 2002 which declares Valley Golf as the sole owner of the Don Celso Tuason Ave. Valley Golf likewise shoulders all the expenses for the street lights, security guards, repairs and maintenance and cementing or asphalting of the entire Don Celso Tuason Ave. since 1958. At present the Homeowners' Association filed an appeal to the HLURB Commission.

Other on-going projects of the committee are the recommendation on the Solar Power Installation for the Clubhouse at no cost to Valley Golf, the Condotel Project at no cost to Valley Golf under Build Operate Transfer Arrangement for a minimum period of 25 years, preparation of the Members' Handbook, Right of Way on the new owners of the Mitsubishi lot and recovery of the Gawad Kalinga funds

TRUST FUND

The Trust Fund balance as of June 30, 2017 is Php4,292,050. Additions to the fund this past year are, as follows:

1. 5% portion from the proceeds from the sale of unissued shares in the amount of Php23,800
2. Interest earned for the year amounting to Php5,754.37.

In compliance with the provisions of the Club's By-laws, the Trust Fund is placed in a short-term investment in a universal bank with an interest rate of .90% (net) p.a.

Valley Golf & Country Club, Inc.
(A Nonprofit Organization)

Financial Statements
June 30, 2017 and 2016
and Years Ended June 30, 2017, 2016
and 2015

and

Independent Auditor's Report

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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT

The Members and the Board of Directors
Valley Golf & Country Club, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Valley Golf & Country Club, Inc. (a nonprofit organization), which comprise the statements of financial position as at June 30, 2017 and 2016, and the statements of income, statements of comprehensive income, statements of changes in members' equity and statements of cash flows for each of the three years in the period ended June 30, 2017, 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 June 30, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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 PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Club to cease to continue as a going concern.

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

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

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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 29 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 Valley Golf & 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.

Alexis Benjamin C. Zaragoza

Alexis Benjamin C. Zaragoza III
Partner
CPA Certificate No. 109217
SEC Accreditation No. 1627-A (Group A),
April 4, 2017, valid until April 3, 2020
Tax Identification No. 246-663-780
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February 9, 2017, valid until February 8, 2020
PTR No. 5908782, January 3, 2017, Makati City

August 19, 2017

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

STATEMENTS OF FINANCIAL POSITION

	June 30	
	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱21,971,181**	₱22,029,184
Trade and other receivables (Note 5)	**13,734,949**	10,696,986
Other current assets (Note 6)	**5,127,571**	5,654,608
Total Current Assets	**40,833,701**	38,380,778
Noncurrent Assets		
Property and equipment - net (Note 7)	**225,040,986**	221,472,751
Investment properties (Note 8)	**8,322,340**	11,081,280
Trust fund (Note 9)	**4,292,050**	4,262,495
Deferred tax asset (Note 24)	**2,104,430**	3,410,425
Other noncurrent assets (Note 10)	**3,505,764**	3,621,122
Total Noncurrent Assets	**243,265,570**	243,848,073
TOTAL ASSETS	**₱284,099,271**	₱282,228,851
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Trade and other payables (Note 11)	**₱13,385,392**	₱9,649,272
Members' deposits and others (Note 12)	**9,708,014**	7,570,493
Membership dues paid in advance (Note 13)	**5,220,800**	4,812,886
Payable to a contractor (Note 14)	**4,523,504**	4,523,504
Accrued provision for probable claims (Note 15)	**1,019,740**	1,019,740
Short-term loans (Note 25)	–	2,500,000
Total Current Liabilities	**33,857,450**	30,075,895
Noncurrent Liabilities		
Deferred tax liability (Note 24)	**984,814**	34,194
Retirement benefit obligation (Note 26)	**5,686,930**	12,222,847
Total Noncurrent Liabilities	**6,671,744**	12,257,041
Members' Equity (Note 16)		
Capital stock	**14,337,000**	14,337,000
Contributions in excess of par value	**201,403,972**	201,403,972
Accumulated excess of revenues over expenses	**27,829,105**	24,154,943
Total Members' Equity	**243,570,077**	239,895,915
TOTAL LIABILITIES AND MEMBERS' EQUITY	**₱284,099,271**	₱282,228,851

See accompanying Notes to Financial Statements.

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

STATEMENTS OF INCOME

	Years Ended June 30		
	2017	2016	2015
REVENUES			
Members' dues	**₱52,357,321**	₱52,224,200	₱52,031,320
Green fees (Note 17)	**17,552,394**	17,291,914	18,304,311
Assessment for road maintenance	**8,912,059**	7,543,541	6,827,005
Rentals (Note 18)	**6,901,279**	6,822,351	6,312,970
Transfer fees	**4,420,000**	4,790,000	5,030,000
Patronage fees	**4,092,120**	4,022,230	3,928,102
Concessionaires' fees (Note 19)	**3,262,649**	3,123,286	3,146,363
Service charge on playing guests	**2,589,069**	2,991,810	2,467,287
Golf cart storage	**2,456,074**	2,313,419	2,199,474
Miscellaneous income (Note 20)	**7,161,386**	14,133,825	8,173,506
	109,704,351	115,256,576	108,420,338
COST AND EXPENSES			
Cost of services (Note 21)	**91,548,412**	96,695,169	103,530,589
General and administrative (Note 22)	**18,145,003**	16,792,905	19,164,716
	109,693,415	113,488,074	122,695,305
EXCESS (DEFICIENY) OF REVENUES OVER EXPENSES BEFORE INCOME TAXES	**10,936**	1,768,502	(14,274,967)
PROVISION FOR (BENEFIT FROM) INCOME TAXES (Note 24)	**1,667,736**	550,389	(90,047)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	**(₱1,656,800)**	₱1,218,113	(₱14,184,920)

See accompanying Notes to Financial Statements.

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

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended June 30		
	2017	2016	2015
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	**(₱1,656,800)**	₱1,218,113	(₱14,184,920)
OTHER COMPREHENSIVE INCOME (LOSS)			
Item not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains (losses) on defined benefit obligation (Note 26)	**6,315,776**	(2,487,768)	6,668,607
Income tax effect	**(984,814)**	2,113,567	(2,000,582)
	5,330,962	(374,201)	4,668,025
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱3,674,162**	₱843,912	(₱9,516,895)

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

	Years Ended June 30		
	2017	2016	2015
CAPITAL STOCK (Note 16)			
Issued and outstanding:			
Balance at beginning of year	**₱14,337,000**	₱14,292,000	₱14,193,000
Issuance of shares	–	45,000	99,000
Balance at end of year	**14,337,000**	14,337,000	14,292,000
Subscribed:			
Balance at beginning of year	–	45,000	99,000
Subscriptions	–	–	45,000
Share issuances	–	(45,000)	(99,000)
Balance at end of year	–	–	45,000
	14,337,000	14,337,000	14,337,000
CONTRIBUTIONS IN EXCESS OF PAR VALUE			
Balance at beginning of year	**201,403,972**	201,403,972	200,258,972
Premium on shares issued	–	–	1,145,000
Balance at end of year	**201,403,972**	201,403,972	201,403,972
ACCUMULATED EXCESS OF REVENUES OVER EXPENSES (Note 16)			
Balances at beginning of year	**24,154,943**	23,311,031	32,827,926
Comprehensive income (loss):			
Excess (deficiency) of revenues over expenses	**(1,656,800)**	1,218,113	(14,184,920)
Re-measurement gains (losses) on defined benefit obligation - net of tax	**5,330,962**	(374,201)	4,668,025
Total comprehensive income (loss)	**3,674,162**	843,912	(9,516,895)
Balance at end of year	**27,829,105**	24,154,943	23,311,031
TOTAL MEMBERS' EQUITY	**₱243,570,077**	₱239,895,915	₱239,052,003

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CASH FLOWS

	Years Ended June 30		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess (deficiency) of revenues over expenses before income taxes	**₱10,936**	₱1,768,502	(₱14,274,967)
Adjustments for:			
Depreciation and amortization (Notes 21 and 22)	**17,068,096**	16,507,221	16,219,880
Interest expense (Note 22)	**213,869**	133,083	910,814
Loss on write-off of:			
Property and equipment	**87,448**	17,066	58,729
Inventory	**12,724**	1,435,341	–
Interest income	**(107,883)**	(80,806)	(142,797)
Gain on sale of property and equipment - net (Notes 7 and 20)	**(361,202)**	(8,728,634)	(418,290)
Provision for impairment losses on receivables (Note 22)	**–**	–	393,607
Operating income before working capital changes	**16,923,988**	11,051,773	2,746,976
Decrease (increase) in:			
Trade and other receivables	**(3,047,097)**	2,968,052	(2,614,083)
Other current assets	**130,894**	(667,783)	(2,362,063)
Increase (decrease) in:			
Trade and other payables	**3,691,442**	(2,600,171)	1,587,385
Members' deposits and others	**2,137,521**	1,189,296	(3,206,295)
Membership dues paid in advance	**407,914**	116,714	(93,452)
Retirement benefit obligation	**(220,141)**	(340,659)	3,158,688
Net cash generated from (used in) operations	**20,024,521**	11,717,222	(782,844)
Interest received	**117,017**	81,164	113,363
Interest paid	**(213,869)**	(133,083)	(164,062)
Net cash flows from (used in) operating activities	**19,927,669**	11,665,303	(833,543)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property and equipment	**417,000**	9,827,493	300,000
Additions to:			
Property and equipment (Note 7)	**(17,725,129)**	(9,836,044)	(13,020,592)
Trust fund	**–**	(435,576)	–
Increase in:			
Other noncurrent assets	**(147,988)**	(98,436)	(2,219,326)
Trust fund	**(29,555)**	(5,732)	(4,009)
Net cash flows used in investing activities	**(17,485,672)**	(548,295)	(14,943,927)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of short-term loans (Note 25)	**(2,500,000)**	(3,000,000)	–
Proceeds from:			
Short-term loans	**–**	–	3,000,000
Issuance of stock	**–**	–	1,190,000
Net cash flows from (used in) financing activities	**(2,500,000)**	(3,000,000)	4,190,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(58,003)**	8,117,008	(11,587,470)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**22,029,184**	13,912,176	25,499,646
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱21,971,181**	₱22,029,184	₱13,912,176

See accompanying Notes to Financial Statements.

1. Corporate Information

Valley Golf & Country Club, Inc. (the Club) was organized in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on May 14, 1958 as a nonprofit organization for a term of 50 years up to 2008. The Club's corporate life was extended for another 50 years from May 15, 2008 as confirmed and ratified by the stockholders on November 18, 2007 and was subsequently approved by the SEC on April 29, 2008.

The primary purpose of the Club is to foster and promote the game of golf and operate and maintain a golf course and country club and, generally, to do and perform all such acts and things, and exercise such powers as are ordinarily done, performed and exercised by social and athletic clubs and associations.

The registered office of the Club, which is also its principal place of business, is located at Don Celso S. Tuason Ave., Antipolo City.

The Club's Board of Directors (BOD) approved the issuance of the financial statements on August 19, 2017.

2. Summary of Significant Accounting Policy

Basis of Preparation
The financial statements have been prepared on a historical cost basis. The financial statements presented in Philippine peso, which is the Club's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance
The financial statements of the Club have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

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 July 1, 2016. Adoption of these pronouncements did not have any significant impact on the Club's financial position or performance unless otherwise indicated.

- Amendments to PFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*
- PFRS 14, *Regulatory Deferral Accounts*
- Amendments to PAS 1, *Disclosure Initiative*
- Amendments to PAS 16 and PAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization*
- Amendments to PAS 16 and PAS 41, *Agriculture: Bearer Plants*
- Amendments to PAS 27, *Equity Method in Separate Financial Statements*
    - Annual Improvements to PFRSs 2012 - 2014 Cycle
    - Amendment to PFRS 5, *Changes in Methods of Disposal*
    - Amendment to PFRS 7, *Servicing Contracts*

- Amendment to PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
- Amendment to PAS 19, *Discount Rate: Regional Market Issue*
- Amendment to PAS 34, *Disclosure of Information 'Elsewhere in the Interim Financial Report'*

Standards Issued But Not Yet Effective

The following are the new standards, amendment and improvements to PFRSs that were issued but are not yet effective as at June 30, 2017. Unless otherwise indicated, the Club does not expect that the future adoption of the said pronouncements to 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 July 1, 2017

- Amendment to PFRS 12, *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)
  The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

  The amendments do not have any impact on the Club's financial position and results of operation.

- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*
  The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted.

  Application of amendments will result in additional disclosures in the 2017 financial statements of the Club.

- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*
  The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

  Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted.

  These amendments are not expected to have any impact on the Club.

Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

  On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

  The amendment does not apply to the Club as it has no share-based payment.

- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*
  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

  The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

  The amendments are not applicable to the Club since the Club does not have activities that are predominantly connected with insurance or issue insurance contracts.

- PFRS 15, *Revenue from Contracts with Customers*
  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, 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. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018.

  The revised, amended and additional disclosures or accounting changes provided by the standards and interpretations will be included in the financial statements in the year of adoption, if applicable.

- PFRS 9, *Financial Instruments*
  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

  The adoption of PFRS 9 will have an effect on the classification and measurement of the Club's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Club's financial liabilities. The adoption will also have an effect on the Club's application of hedge accounting and on the amount of its credit losses. The Club is currently assessing the impact of adopting this standard.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)
  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*
  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*
  The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which

the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Effective beginning on or after January 1, 2019

- PFRS 16, *Leases*
  Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

  The Club is currently assessing the impact of adopting PFRS 16.

Deferred effectivity

- Amendments to PFRS 10 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, Business Combinations. 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 postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed 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.

Summary of Significant Accounting Policies

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 dates of acquisition and that are subject to insignificant risk of changes in value.

Financial Assets and Financial Liabilities

Date of recognition

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

Initial recognition and measurement of financial instruments

Financial assets in the scope of PAS 39, are classified as either financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments or available-for-sale (AFS) financial assets, as appropriate, while financial liabilities are classified as either financial liabilities at FVPL or other financial liabilities. When financial assets and financial liabilities are recognized initially, they are measured at fair value, plus, in the case of investments not at FVPL, directly attributable transaction costs. The Club determines the classification of its financial assets and financial liabilities upon initial recognition and, where allowed and appropriate, re-evaluates this designation at each year-end date.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income.

The Club's financial investments are of the nature of loans and receivables and other financial liabilities.

The Club does not have financial assets at FVPL, AFS financial assets, and HTM investments as at June 30, 2017 and 2016, respectively.

Subsequent measurement

The subsequent measurement of financial assets and financial liabilities depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently carried at amortized cost using the effective interest rate (EIR) method, less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are integral part of the EIR and transaction costs. Gains and losses are recognized in the statement of income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are classified as current assets when it is expected to be realized within twelve months after the reporting date or within the normal operating cycle whichever is longer. Otherwise, these are classified as noncurrent assets.

This accounting policy applies to the Club's 'cash and cash equivalents', 'trade and other receivables' and 'trust fund'.

Other financial liabilities (including interest bearing loans and borrowings)

This category pertains to issued financial liabilities or their components that are neither held for trading nor designated as at FVPL upon the inception of the liability and contain contractual obligations to deliver cash or another financial asset to the holder or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable debt issuance costs. Debt issuance costs are amortized using the EIR method and unamortized debt issuance costs are included and offset against the related carrying value of the loan in the statement of financial position.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument, as a whole, the amount separately determined as the fair value of the liability component on the date of issue.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral part of the EIR.

When a loan is paid, the related unamortized debt issuance costs at the date of repayment are charged against current operations. Gains or losses are recognized in statement of income when the liabilities are derecognized as well as through the amortization process.

This accounting policy applies primarily to the Club's 'trade and other payables', 'members' deposit and others' and 'short term loans'.

Derecognition of Financial Assets and Liabilities

Financial assets

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

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

Where the Club has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Club's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Club could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Club's continuing involvement is the amount of the transferred asset that the Club may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Club's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

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

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the statement of income.

Fair Value
The Club measures financial instruments and non-financial assets at fair value at each financial reporting 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 by the Club.

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

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

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

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

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

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

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

Impairment of Financial Assets
The Club assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers 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 where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Assets carried at amortized cost
The Club assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed 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.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in the statement of income. The asset, together with associated allowance accounts, is written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of income to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Assets carried at cost
If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Club assesses that it has 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.

Property and Equipment

Property and equipment, except for land, are stated at cost less accumulated depreciation and any impairment losses, if any. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, non-refundable taxes, estimated costs of dismantlement or restoration and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when the recognition criteria are met. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to the statement of income in the period when the costs are incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. The carrying amount of the replaced part regardless of whether the replaced part had been depreciated separately is derecognized if an entity recognizes in the carrying amount of an item of property and equipment the cost of a replacement for part of the item. If it is not practicable for an entity to determine the carrying amount of the replaced part, it may use the cost of the replacement as an indication of what the cost of the replaced part was at the time it was acquired or constructed.

When each major inspection 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.

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

Depreciation is computed on a straight-line basis over the following estimated useful lives of the assets:

Category	Number of Years
Land improvements	3-50
Building and structures	5-50
Ground tools and services machinery and equipment	3-10
Furniture, fixtures and equipment	3-10
Transportation equipment	5

Construction in progress is stated at cost. Depreciation is computed when the construction is completed.

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

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any allowance for impairment loss are removed from the accounts and any resulting gain or loss is credited to or charged against current operations. Impairment losses of items of property and equipment, related claims for or payments of compensation from third parties and any subsequent purchase or construction of replacement assets are separate economic events and are accounted for 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 from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognized.

Investment Properties

Investment property, which consists of land and building held for rentals or capital appreciation or both. Except for land, investment property is stated at cost less accumulated depreciation and impairment in value for building. The cost of the investment property comprises its purchase price and other direct costs. Depreciation on the building is computed on a straight-line basis over the estimated useful life of 20 years. Land is stated at cost less any accumulated impairment.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction of development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. These transfers are recorded using the carrying amount of the investment property at the date of the change in use.

Gains or losses resulting from the sale of an investment property are recognized in statement of income.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the statement of income in the year of retirement or disposal.

Computer Software

Computer software, included as part of 'Other noncurrent assets' is initially recognized at cost. Following initial recognition, computer software is carried at cost, less accumulated amortization and any accumulated impairment in value.

Computer software is amortized on a straight-line basis over its estimated useful economic life of three (3) years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization commences when the computer software is available for use. The period and method of amortization for the computer software are reviewed at each end of the reporting period. Changes in the estimated useful life is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense is recognized in the statement of income in the expense category consistent with the function of the computer software.

Trust Fund

Trust fund pertains to short-term deposits for which the use is restricted to the daily operations of the Club.

Impairment of Nonfinancial Assets

The Club assesses at each reporting date whether there is an indication that a nonfinancial asset may be impaired. If any such indication exists, or when annual impairment testing for a nonfinancial asset is required, the Club makes a formal estimate of recoverable amount. A nonfinancial asset's estimated recoverable amount is the higher of a nonfinancial asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual nonfinancial asset, unless the asset does not generate cash inflows that are largely independent of those from other nonfinancial assets or group of nonfinancial assets, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs. Where the carrying amount of a nonfinancial asset exceeds its estimated recoverable amount, the nonfinancial asset is considered impaired and is written down to its estimated recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the nonfinancial asset. Fair value less costs to sell is the amount obtainable from the sale of a nonfinancial asset or cash-generating unit in an arm's-length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the nonfinancial asset.

Impairment losses of continuing operations are recognized in the statements of income in those expense categories consistent with the function of the impaired nonfinancial asset, except for any property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the 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 nonfinancial 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 estimated recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of income.

Related Parties

Parties are considered to be related if one party has the ability to, directly or indirectly, control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties include members of key management personnel including directors and officers of the Club and close members of the family and companies associated with these individuals. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

Payable to Contractor

Payable to contractor are services rendered for the Club but not yet paid.

Capital Stock

Capital stock is determined using the nominal value shares that have been issued. When the Club issues more than one class of stock, a separate account is maintained for each class of stock and number of shares issued.

Contribution in Excess of Par Value

Amount of contribution in excess of par value is accounted for as an additional paid-in capital. Additional paid-in capital also arises from additional capital contribution from the members.

Revenue Recognition

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

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

Membership Dues
Members' dues are recognized monthly as the fees become due. Any advance payments for membership dues are recognized as a liability and credited to "Membership dues paid in advance" account in the statement of financial position.

Green Fees
Green fees are income generated from use of the golf course by member's guest and walk-in customers.

Assessment for Road Maintenance
Assessment for road maintenance is income generated from the use of the Club's main road, Don Celso S. Tuason Avenue. Revenues from toll fee is recognized upon the sale of car stickers and toll tickets.

Rentals and Concessionaires' Fees
Rentals and concessionaires' fees are recognized when the service is rendered in accordance with the terms of the agreements entered into by the Club.

Transfer Fees
Transfer fees are recognized when the shares of stocks have been transferred.

Patronage Fees
Patronage fees are consumables that members are entitled to for the consumption of food provided by the Club's concessionaire. These are recognized monthly as the fees expire.

Service Charge on Playing Guests
Service charges on playing guests are transaction fees or cash requirements in order to process the Club's playing rights to outside individuals. These are recognized when the service is rendered.

Golf Cart Storage
Golf cart storage is income generated from the safekeeping and storage of member's golf carts.

Interest Income
Interest is recognized as income when it accrues, taking into account the effective yield on the asset.

Miscellaneous Income
Miscellaneous income are recognized as the earning process occurs and collection is reasonably assured.

<u>Cost and Expenses</u>
Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decreases of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized when incurred.

Cost of Services
Costs of services are recognized when related services have been rendered.

General and Administration
Expenses incurred in the direction and general administration of day-to-day operation of the Club are generally recognized when the service is used or the expense arises.

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

Deferred tax
Deferred tax is provided using the balance sheet 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 tax liabilities are recognized for all taxable temporary differences, except:

- where 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 income or loss; and

- in respect of taxable temporary differences associated with investments in foreign subsidiaries 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, carryforward of unused tax credits in the form of minimum corporate income tax (MCIT) and unused tax losses in the form of net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences, and the carry forward benefit of MCIT and NOLCO can be utilized except:

- where the deferred 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 income or loss; and

- in respect of deductible temporary differences associated with investments in foreign subsidiaries 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 income will be available against which the temporary differences can be utilized.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Income tax relating to items recognized directly in equity is recognized directly in other comprehensive income and not in the statements of income.

Value-added Tax (VAT)
Input VAT represents VAT imposed on the Club by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations. Output VAT represents indirect taxes passed on to the Club's customers resulting from sale of goods and services and other income, as applicable, and as required by the Philippine taxation laws and regulations. The current portion of input VAT is applied against output VAT within twelve (12) months otherwise, it shall be considered as noncurrent asset.

Output VAT is presented net if input VAT and the resulting payable is included as part of 'Trade and other payables' account to be remitted to applicable taxation authorities. When the resulting outcome is a net input VAT, it is included as part of 'Other current assets' account, which can be recovered as tax credit against future tax liability of the Club.

Deferred input VAT represents input VAT on purchase of capital goods exceeding one million pesos. The related input VAT is recognized over five (5) years or the useful life of the capital goods, whichever is shorter.

<u>Leases</u>
The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets even if that right is not explicitly specified in an arrangement.

Club as a Lessor
Leases where the Club does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized as income on a straight-line basis over the lease term. 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 basis as rental income. Contingent rents are recognized as revenues in the period in which they are earned.

<u>Retirement Benefit Obligation</u>
Defined Benefit Plan
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the financial reporting period reduced by the fair value of plan assets (if any), 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
- Re-measurements 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 statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Re-measurements are not reclassified to statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Club, nor can they be paid directly to the Club. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Provisions

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

Where the Club expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income, net of any reimbursement.

Contingencies

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

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

3. Significant Accounting Judgments and Estimates

The preparation and fair presentation of the accompanying financial statements in compliance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and the accompanying notes. The judgments and estimates used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the financial statements. Future event may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimate are reflected in the financial statements as they become reasonably determinable. Actual results could differ from such estimates.

Judgments and estimates 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 circumstance.

Judgments
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:

Going concern assessment
The management has made an assessment on the Club's ability to continue as a going concern and is satisfied that the Club has the resources to continue their business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt about the Club's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

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

In addition, the Club classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether the quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

Operating Lease - Club as Lessor
The Club has entered into commercial property lease on its investment property. The Club determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of the investment property, thus the lease is accounted for as an operating lease.

<u>Estimations</u>
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.

Estimation of allowance for impairment losses
The Club maintains an allowance for impairment losses on receivables at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Club on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Club's relationship with members and debtors, their payment behavior and known market factors. The Club reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a continuous basis.

Provisions for impairment losses on trade and other receivables amounted to nil, nil and ₱0.4 million in 2017, 2016 and 2015, respectively. Trade and other receivables, net of allowance for impairment losses as of June 30, 2017 and 2016, amounted to ₱13.7 million and ₱10.7 million, respectively (see Note 5).

Estimation of useful lives of property and equipment and investment properties
The Club estimates the useful lives of property and equipment and investment properties based on the period over which the Club's property and equipment and investment properties are expected to be available for use. The estimated useful lives of property and equipment and investment properties are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. In addition, the Club's estimation of the useful lives of property and equipment and investment properties are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible that the future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

As of June 30, 2017 and 2016, there were no changes made in the estimated useful lives of the Club's property and equipment and investment properties.

The net carrying amount of property and equipment as of June 30, 2017 and 2016 amounted to ₱225.0 million and ₱221.4 million, respectively (see Note 7).

The net carrying amount of investment properties as of June 30, 2017 and 2016 amounted to ₱8.3 million and ₱11.1 million, respectively (see Note 8).

Estimation of useful life of computer software
The estimated useful life used as a basis for amortizing the computer software costs was determined on the basis of management's assessment of the period within which the benefits of the asset are expected to be realized by the Club.

There were no changes made in the estimated useful life of the Club's computer software in 2017.

The net carrying amount of computer software as of June 30, 2017 and 2016 amounted to ₱0.4 million and ₱0.4 million, respectively (see Note 10).

Estimation of impairment losses of nonfinancial assets
Internal and external sources of information are reviewed at each end of the reporting period to identify indications that property and equipment, investment properties, and computer software may be impaired or an impairment loss previously recognized no longer exists or may be decreased.

If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount. The Club assesses the impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Club considers important which could trigger an impairment review include the following:

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

As of June 30, 2017 and 2016, the Club has no accumulated impairment losses on property and equipment, investment properties, computer software. The aggregate carrying value of these nonfinancial assets as of June 30, 2017 and 2016 amounted to ₱233.8 million and ₱232.9 million, respectively (see Notes 7, 8, and 10).

Determining retirement benefit expense
The cost of defined benefit pension plans and 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, turnover rate 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 market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as at end of the reporting periods.

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

Retirement benefit expense amounted to ₱1.8 million, ₱1.7 million and ₱5.2 million in 2017, 2016 and 2015, respectively (see Note 23). Retirement benefit obligation amounted to ₱5.7 million and ₱12.2 million as of June 30, 2017 and 2016, respectively (see Note 26).

Estimation of realizability of deferred tax assets
The Club reviews the carrying amounts of deferred tax assets at each reporting date and reduced the amounts 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.

However, there is no assurance that the Club can generate sufficient taxable profit to allow all or part of its deferred taxable assets to be utilized.

As of June 30, 2017 and 2016, the Club's deferred tax assets amounted to ₱2.1 million and ₱3.4 million, respectively (see Note 24).

As of June 30, 2017 and 2016, the Club's deferred tax liability amounted to ₱1.0 million and ₱34.0 thousand, respectively (see Note 24).

Temporary deductible differences for which no deferred tax asset was recognized amounted to ₱23.3 million and ₱18.9 million as of June 30, 2017 and 2016, respectively (see Note 24).

Provision and Contingencies
The Club is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with its counsel handling the defense in these matters and is based upon an analysis of potential results. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Club's financial position and results of operations. It is possible, however, that the future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

The Club has accrued provision for probable claims amounting to ₱1.0 million as of June 30, 2017 and 2016 (see Note 15).

4. Cash and Cash Equivalents

	2017	2016
Cash on hand	**₱95,000**	₱95,000
Cash in banks	**20,200,716**	20,280,229
Short-term investments	**1,675,465**	1,653,955
	₱21,971,181	₱22,029,184

Cash in banks earn interest at the respective bank deposit rates. Short-term investments have varying maturities of up to 90 days and earn interest at the respective short-term deposit rates.

Interest income earned amounted to ₱0.2 million, ₱0.2 million and ₱0.1 million in 2017, 2016 and 2015, respectively (see Note 20).

5. Trade and Other Receivables

	2017	2016
Members	**₱11,792,742**	₱11,488,331
Others	**3,736,173**	1,386,745
	15,528,915	12,875,076
Less allowance for impairment losses	**1,793,966**	2,178,090
	₱13,734,949	₱10,696,986

Receivables from members, which are due 30 days after billing date, are noninterest-bearing and constitute a lien on the members' shares.

Other receivables consist mainly of the share of the homeowners for the security services and electricity of the access roads around the Club, advances made to officers and employees and receivables from concessionaires and various organizations.

As of June 30, 2017, the aging analysis of trade and other receivables are as follows:

	2017	2016
Not more than 30 days outstanding	**₱3,410,459**	₱1,463,709
Beyond 30 days outstanding:		
31-60 days	**6,567,009**	3,628,586
61-90 days	**1,356,725**	1,947,012
Over 90 days	**4,194,722**	5,835,769
	₱15,528,915	₱12,875,076

As of June 30, 2017 and 2016, the movements in the allowance for impairment losses are as follows:

	2017	2016
Balances at beginning of year	**₱2,178,090**	₱2,368,171
Less write-off	**384,124**	190,081
Balances at end of year	**₱1,793,966**	₱2,178,090

6. Other Current Assets

	2017	2016
Prepayments	**₱2,302,494**	₱2,306,767
Supplies inventory - net	**1,013,101**	1,321,305
Creditable withholding tax (CWT)	**757,336**	905,395
Others	**1,054,640**	1,121,141
	₱5,127,571	₱5,654,608

Prepayments pertain to prepaid taxes and licenses, prepaid medical expenses and prepaid insurance premiums.

Supplies inventory include gasoline and oil stocks, grounds materials, office, shop and maintenance supplies and construction materials.

As of June 30, 2017 and 2016, the balance of supplies inventories are as follows:

	2017	2016
Supplies inventory	**₱1,151,997**	₱1,321,305
Less allowance for inventory obsolescence	**138,896**	–
Supplies inventory - net	**₱1,013,101**	₱1,321,305

CWT is the tax withheld by the withholding agents from payments to the Club which can be applied against the income tax payable.

Others pertain to advances on purchases and deferred input VAT.

7. Property and Equipment

	2017							
	Land	Land Improvements	Building and Structures	Ground Tools and Service Machinery and Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Construction In Progress	Total
Cost:								
Balances at beginning of year	₱9,411,841	₱275,422,431	₱56,045,487	₱23,859,193	₱5,891,709	₱12,186,769	₱10,991,739	₱393,809,169
Additions	–	199,988	225,000	574,554	–	5,392,857	11,332,730	17,725,129
Disposals	–	(636,489)	–	(668,392)	(421,839)	(1,419,118)	(48,902)	(3,194,740)
Transfers	–	5,720,679	600,317	616,272	–	–	(6,937,268)	–
Balance at end of year	9,411,841	280,706,609	56,870,804	24,381,627	5,469,870	16,160,508	15,338,299	408,339,558
Accumulated depreciation:								
Balances at beginning of year	–	107,691,218	32,523,893	17,004,870	5,746,671	9,369,766	–	172,336,418
Depreciation (Notes 21 and 22)	–	6,336,118	4,085,553	2,174,431	50,570	1,399,137	–	14,045,809
Disposals	–	(636,489)	–	(606,233)	(421,823)	(1,419,110)	–	(3,083,655)
Balances at end of year	–	113,390,847	36,609,446	18,573,068	5,375,418	9,349,793	–	183,298,572
Net book values	₱9,411,841	₱167,315,762	₱20,261,358	₱5,808,559	₱94,452	₱6,810,715	₱15,338,299	₱225,040,986

	2016							
	Land	Land Improvements	Building and Structures	Ground Tools and Service Machinery and Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Construction In Progress	Total
Cost:								
Balances at beginning of year	₱9,423,172	₱275,201,031	₱55,816,380	₱23,055,790	₱5,956,937	₱12,186,769	₱3,262,410	₱384,902,489
Additions	–	–	–	641,624	–	–	9,194,420	9,836,044
Disposals	(11,331)	–	–	(852,805)	(65,228)	–	–	(929,364)
Transfers	–	221,400	229,107	1,014,584	–	–	(1,465,091)	–
Balance at end of year	9,411,841	275,422,431	56,045,487	23,859,193	5,891,709	12,186,769	10,991,739	393,809,169
Accumulated depreciation:								
Balances at beginning of year	–	101,466,397	28,373,399	15,657,429	5,761,327	8,396,552	–	159,655,104
Depreciation (Notes 21 and 22)	–	6,224,821	4,150,494	2,149,847	50,572	973,214	–	13,548,948
Disposals	–	–	–	(802,406)	(65,228)	–	–	(867,634)
Balances at end of year	–	107,691,218	32,523,893	17,004,870	5,746,671	9,369,766	–	172,336,418
Net book values	₱9,411,841	₱167,731,213	₱23,521,594	₱6,854,323	₱145,038	₱2,817,003	₱10,991,739	₱221,472,751

Fully depreciated equipment still used in operations amounted to ₱68.4 million and ₱72.3 million as of June 30, 2017 and 2016, respectively.

On November 2014, the Club entered a maintenance service agreement with MJ Carr Golf Management, Inc. (MJCARR) which resulted to a sale of ground tools and service machinery and equipment with a book value of ₱1.7 million. Proceeds from sale of equipment amounted to ₱2.4 million resulting to a gain on sale of ₱0.4 million (see Note 20).

On April 2017, the Club sold various property and equipment such as transportation equipment and furniture & fixture to its members, employees and Anix's House of Kare-kare with a book value of ₱11 thousand. Proceeds from sale amounted to ₱405 thousand resulting to a gain on sale of ₱361 thousand (see Note 20).

8. Investment Properties

	2017		
	North Clubhouse	Land	Total
Cost:			
Balances at beginning and end of year	₱53,718,366	₱88,237	₱53,806,603
Accumulated amortization:			
Balances at beginning of year	42,725,323	–	42,725,323
Amortization (Notes 21 and 22)	2,758,940	–	2,758,940
Balances at end of year	45,484,263	–	45,484,263
Net book values	₱8,234,103	₱88,237	₱8,322,340

	2016		
	North Clubhouse	Land	Total
Cost:			
Balances at beginning and end of year	₱53,718,366	₱88,237	₱53,806,603
Accumulated amortization:			
Balances at beginning of year	39,966,383	–	39,966,383
Amortization (Notes 21 and 22)	2,758,940	–	2,758,940
Balances at end of year	42,725,323	–	42,725,323
Net book values	₱10,993,043	₱88,237	₱11,081,280

Rental income earned from investment property amounted to ₱0.2 million in 2017, 2016 and 2015 (see Note 18). Direct expenses related to investment properties consist mainly of amortization amounting to ₱2.8 million in 2017 and 2016.

The aggregate fair value of the Club's investment properties amounted to ₱90.6 million with six thousand three hundred sixty six square meters (6,366 sqm.). The fair values of the Club's properties were determined on the valuation performed by TCI Top Consult, Inc. on June 7, 2017. The TCI Top Consult is an industry specialist in valuing these types of properties. The fair value represents the price that would be received to sell an asset or paid a liability in an orderly transaction between market participants at the measurement date.

9. Trust Fund

Pursuant to the resolution passed by the members on September 12, 1982 and as provided for in the Club's by laws, the trust fund committee is empowered to invest the Valley Golf Trust Fund, which in no case shall be less than the original amount of ₱3.5 million, in leading universal banks in the country.

The members' resolution further states that all proceeds from future sale of shares and real property, including all amortizations due on the sale of shares previously sold, shall accrue to the trust fund and that 85% of the interest income of the fund shall be made available for the maintenance and repair of the golf course. The remaining 15% of said interest income shall accrue to and form part of the fund.

On May 21, 1989, the members' resolution was amended stating that, "the proceeds of the sale of any real property of the Club or shares of stock to be used for capital expenditure and other infrastructure project shall not form part of the Valley Golf Trust Fund. However, any excess thereof shall form part of the Valley Golf Trust Fund".

The trust fund account was reported as part of the "noncurrent asset" portion in the statement of financial position.

Trust fund balance amounted to ₱4.3 million as at June 30, 2017 and 2016. Interest income recognized for the trust fund amounted to ₱38 thousand, ₱38 thousand and ₱37 thousand for the years 2017, 2016 and 2015, respectively (see Note 20).

10. Other Noncurrent Assets

	2017	2016
Refundable deposit	₱3,060,359	₱3,079,306
Computer software - net	445,405	387,637
Others	–	154,179
	₱3,505,764	₱3,621,122

Refundable deposit pertains to deposits from utility companies and MJ Carr. The carrying amounts of the deposits are regarded as its amortized cost since the timing of the refund or settlement of the deposits could not be reasonably estimated.

The movement of computer software is as follows:

	2017	2016
Cost:		
Balance at beginning and end of year	₱2,181,437	₱2,181,437
Additions	321,115	–
Balance at end of year	2,502,552	2,181,437
Accumulated Amortization:		
Balance at beginning of year	1,793,800	1,594,467
Amortization (Note 22)	263,347	199,333
Balance at end of year	2,057,147	1,793,800
Net Book Value	₱445,405	₱387,637

11. Trade and Other Payables

	2017	2016
Trade	₱4,877,025	₱2,078,170
Accrued expenses	3,791,412	2,336,748
Organizations and cooperative	2,960,628	3,272,824
Concessionaires	437,977	1,105,016
VAT payable	201,694	251,634
Others	1,116,656	604,880
	₱13,385,392	₱9,649,272

Trade payables are unsecured, noninterest-bearing and are payable to suppliers within 30 days.

Accrued expenses are obligations on the basis of normal credit terms and do not bear interest. These pertain to accruals made for outside services, utilities and other various accruals. These are normally settled throughout the next financial year.

Organizations and cooperative are loans and advances by the employees from the association.

Payable to concessionaires and other organizations pertains to collections received by the Club for and on behalf of the concessionaires and other organizations.

Other payables mainly consist of tournament deposits and withholding tax payable.

12. Members' Deposits and Others

	2017	2016
Cash deposit	**₱4,945,000**	₱4,525,000
Due to former members	**4,593,014**	2,875,493
Security deposit	**170,000**	170,000
	₱9,708,014	₱7,570,493

Cash deposit pertains to deposits made by playing guests. Any unpaid liabilities will be deducted from this account and the excess will be refunded upon resignation of the playing guest.

Due to former members consist mainly of proceeds from auction sale of shares, payable to former members and other advance payments made by them.

Security deposit pertains to various deposits received by the Club from its concessionaires and lessee and is to be refunded at the end of their respective agreements.

13. Membership Dues Paid in Advance

This account represents advance collection of monthly membership dues which are applied in the next financial year.

As of June 30, 2017 and 2016, membership dues paid in advance amounted to ₱5.2 million and ₱4.8 million, respectively.

14. Payable to a Contractor

This pertains to the payable for the construction of the Club's main road, Don Celso S. Tuazon Avenue with a total amount of ₱4.5 million as of June 30, 2017 and 2016.

On January 3, 2012, the parties agreed in principle to settle the debt in exchange of 985 square meters of land belonging to the Club. The market value of the land amounted to ₱4.9 million.

15. Accrued Provision for Probable Claims

Accrued provision for probable claims pertains to the estimated liability to resolve various probable claims against the Club. Any payment of actual claims against the Club requires the approval of the BOD.

The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims, arbitration and assessments.

As of June 30, 2017 and 2016, accrued provision for payable claims amounted to ₱1.0 million.

16. Member's Equity

Capital Stock

	Shares		Amount	
	2017	2016	**2017**	2016
Common shares - ₱9,000 par value				
Authorized - 1,800 shares				
Issued				
Balance at beginning of year	**1,593**	1,588	**₱14,337,000**	₱14,292,000
Additions during the year	**–**	5	**–**	45,000
Balance at end of year	**1,593**	1,593	**14,337,000**	14,337,000
Subscribed				
Balance at beginning of year	**–**	5	**–**	45,000
Additions during the year	**–**	–	**–**	–
Issuance of shares during the year	**–**	(5)	**–**	(45,000)
	–	–	**–**	–
	1,593	1,593	**₱14,337,000**	₱14,337,000

The selling price per share of installment sales is ₱350,000 for 2016, payable with a down payment of ₱30,000 and the balance in 11 equal monthly installments of ₱30,000 and one final installment of ₱20,000, without interest if paid on or before due date. Penalty interest of 2% per month is charged on any default in installment payment.

Accumulated Excess of Revenues Over Expenses

	2017	2016
Accumulated excess of revenues over expenses	**₱25,531,205**	₱27,188,005
Other comprehensive income (loss):		
Item not to be reclassified to profit or loss in subsequent periods:		
Beginning balance	**(3,033,062)**	(2,658,861)
Re-measurement gains (losses) on defined benefit obligation	**5,330,962**	(374,201)
	2,297,900	(3,033,062)
	₱27,829,105	₱24,154,943

17. Green Fees

Green fees are generated from the use of the Club's golf courses. The Club has two golf courses: the North and South course. The North course is open to its members, their guests, and walk-in customers while the South course is open to its members and their guests only.

On July 1, 2013, the Club entered into an agreement with Korea Golf & Members Leisure, Inc. (Korea Golf) for the use of the Club's North course. The Club also grants Korea Golf the use of its North Clubhouse office space. The agreement is for a minimum of ₱4.0 million worth of green fee coupons a year. Payments from this agreement would be earned and included in the Club's green fees upon usage of the Club's facilities. The agreement is valid until July 1, 2018.

During 2015, there was a default to the contract by Korea Golf. They had failed to purchase the minimum green fees coupons as stated in the contract. The Club rescinded the contract and forfeited all the payments made by Korea Golf. The green fees from Korea golf amounted to nil, ₱0.2 million and ₱1.3 million in 2017, 2016 and 2015, respectively.

On September 30, 2016, the Club entered into agreement with Freeport Elite Resort, Inc.to purchase one thousand (1,000) coupons and another one thousand (1,000) coupons upon consumption of all coupons previously purchased. The green fees from Freeport Elite Resort, Inc. amounted to ₱0.86 million in 2017.

18. Rentals

	2017	2016	2015
Golf carts and lockers	**₱6,669,396**	₱6,600,453	₱6,100,627
Communication cell site	**231,883**	221,898	212,343
	₱6,901,279	₱6,822,351	₱6,312,970

Rentals of golf carts are for the use of the golf carts provided by the club for its members. Rentals of lockers are for the use of the Club's locker rooms.

The Club leases the north clubhouse's rooftop to a local telecommunications company to be used as a cell site under certain conditions. Monthly rental amounts to ₱15,000, subject to a 4.5% escalation starting on the fourth (4) year. The lease period is from October 1, 2007 to September 30, 2017, renewable for a period to be mutually agreed upon by the parties.

Minimum rentals to be collected from the long-term lease are as follows:

	2017	2016	2015
Within one year	**₱61,239**	₱242,318	₱231,883
After one year but more than five	**–**	61,239	487,273
	₱61,239	₱303,557	₱719,156

19. Concessionaires' Fees

	2017	2016	2015
Food and beverage services	**₱2,287,195**	₱2,022,949	₱2,112,254
Retail services	**975,454**	821,766	776,966
Driving range operations	**–**	278,571	257,143
	₱3,262,649	₱3,123,286	₱3,146,363

Concession agreements entered into by the Club are shown below:

Food and Beverage Services

a) Jay-j's Food Management, Inc. (JFMI), a local food concessionaire and the Club entered into a concession agreement whereby JFMI manages the food and beverage operations of the Club located at the North Clubhouse. The agreement also provides that the concessionaire shall pay a fee of 7% plus VAT of the monthly gross sales including special functions contracted for the members and guest and to purchase one (1) share of stock. The share of stock is pledged to the Club which serves as a security deposit to answer for any damages or expenses incurred. The agreement is for a period of three (3) years from August 1, 2016 up to July 31, 2019, subject to renewal at the option of the Club under such terms and conditions to be mutually agreed by the parties. The concession income recognized from JFMI amounted to ₱1 million in 2017.

b) Anix's House of Kare-kare (AHK), a local food concessionaire and the Club entered into a concession agreement whereby AHK manages the food and beverage operations of the Club at the Main Clubhouse. The agreement also provides that the concessionaire shall pay a fee of 7% plus VAT of the monthly gross sales for the first six (6) months of operations and 10% plus VAT of the monthly gross sales for the succeeding months or ₱100,000 whichever is higher including catering services contracted for the members and guest and to purchase one (1) share of stock. The share of stock is pledged to the Club which serves as a security deposit to answer for any damages or expenses incurred. The agreement is for a period of three (3) years from January 20, 2017 up to January 19, 2020, subject to renewal at the option of the Club under such terms and conditions to be mutually agreed by the parties. The concession income recognized from AHK amounted to ₱0.68 million in 2017.

Retail Shop

Pacsport Phils, Inc. was awarded the concession to operate a retail sales outlet, inside the Clubhouse to serve the members, guests and dependents, exclusively. In consideration for operating the Shop, the Club charges a basic minimum monthly rental of ₱65,000 or 15% of their gross sales per month inclusive of value added tax, whichever is higher. The agreement is for a period of two years from March 15, 2016 up to May 14, 2018. The concessionaire fees from Pacsport Phils, Inc. amounted to ₱0.98 million in 2017

20. Miscellaneous Income

	2017	2016	2015
Service fee	**₱1,014,707**	₱938,691	₱1,002,360
Surcharge	**864,995**	910,999	858,117
Pull carts	**454,580**	366,589	300,682
Gain on sale of properties (Note 7)	**361,202**	8,728,634	418,290
Interest	**186,938**	157,225	142,797
Others	**4,278,964**	3,031,687	5,451,260
	₱7,161,386	₱14,133,825	₱8,173,506

Others mainly consist of fees from venue and room, rental, tournament, swimming pool, spa and barber shop, and from bingo session net proceeds.

21. Cost of Services

	2017	2016	2015
Outside services	**₱30,160,464**	₱31,849,392	₱25,110,709
Personnel cost (Note 23)	**19,925,636**	21,156,966	31,418,436
Depreciation and amortization (Notes 7, 8, 10)	**16,687,593**	16,156,146	15,851,358
Utilities	**8,258,372**	9,019,029	8,907,168
Supplies	**5,356,042**	5,901,187	8,936,376
Repairs and maintenance	**3,121,313**	2,278,776	5,845,463
Loss on write-off of inventory	**12,720**	1,435,341	–
Others	**8,026,272**	8,898,332	7,461,079
	₱91,548,412	₱96,695,169	₱103,530,589

Others pertain to provision for tournament expenses, insurance, ads and publication, promotional and industrial expenses, parking fee, and other miscellaneous expenses.

22. General and Administrative

	2017	2016	2015
Personnel costs (Note 23)	**₱7,802,814**	₱6,505,505	₱8,732,275
Taxes and licenses	**3,788,406**	3,953,221	3,866,497
Outside services	**2,033,379**	1,730,766	836,294
Bank charges	**967,949**	862,321	772,533
Supplies	**790,316**	589,473	717,647
Board members' meetings	**686,899**	1,223,876	1,195,926
Utilities	**617,389**	584,081	621,292
Depreciation and amortization (Notes 7, 8, 10)	**380,503**	351,075	368,522
Interest	**213,869**	133,083	910,814
Loss on write-off of property and equipment	**87,448**	17,066	58,729
Provision for impairment losses on receivables (Note 5)	**–**	–	393,607
Others	**776,031**	842,438	690,580
	₱18,145,003	₱16,792,905	₱19,164,716

Other expenses consist mainly of advertising expenses, prompt payment discounts, insurance and net expenses incurred during tournaments.

23. Personnel Costs

	2017	2016	2015
Cost of services (Note 21):			
Salaries and wages	**₱14,854,818**	₱15,600,187	₱16,061,650
Employee benefits	**3,651,002**	4,224,270	11,055,514
Retirement benefits expense (Note 26)	**1,419,816**	1,332,509	4,301,272
	19,925,636	21,156,966	31,418,436
General and administrative (Note 22):			
Salaries and wages	**6,097,309**	4,969,836	4,195,362
Employee benefits	**1,346,808**	1,210,183	3,680,843
Retirement benefits expense (Note 26)	**358,697**	325,486	856,070
	7,802,814	6,505,505	8,732,275
	₱27,728,450	₱27,662,471	₱40,150,711

24. Personnel Income Taxes

The Club's provision for current income tax in 2017 and 2016 pertains to MCIT.

The compositions of provision for (benefit from) income taxes were:

	2017	2016	2015
Current	**₱395,935**	₱397,068	₱145,758
Deferred	**1,271,801**	153,321	(235,805)
	₱1,667,736	₱550,389	(₱90,047)

The reconciliation of income computed at the statutory tax rates to provision for income tax as shown in the statements of income is as follows:

	2017	2016	2015
Income tax computed at statutory rate	**₱3,281**	₱530,551	(₱4,282,490)
Income tax effects of:			
Expired MCIT	**464,384**	494,185	–
Nondeductible expenses	**6,250**	43,618	140,313
Interest income subjected to final tax	**(32,365)**	(24,242)	(31,571)
Movement of unrecognized deferred tax assets	**1,226,186**	(493,723)	4,083,701
	₱1,667,736	₱550,389	(₱90,047)

The components of the Club's net deferred tax asset (liability) are as follows:

	2017	2016
Deferred tax assets:		
Advanced payments of membership dues and others	₱1,566,240	₱1,443,866
Allowance for impairment losses	538,190	653,427
MCIT	–	1,007,210
Accrued provision for probable claims	–	305,922
	₱2,104,430	₱3,410,425

	2017	2016
Deferred tax liabilities:		
Re-measurement gain on defined benefit obligation	(₱984,814)	₱–
Interest income from accretion	–	(34,194)
	(₱984,814)	(₱34,194)

No deferred tax assets from the following deductible temporary difference were recognized as it is not probable that sufficient taxable profit will be available to allow the benefit of the deferred tax assets to be utilized:

	2017	2016
Retirement benefit obligation	₱8,969,644	₱9,189,785
NOLCO	8,705,098	9,148,565
Accrued provision for probable claims	1,019,740	–
MCIT	938,761	–
Unrecognized PSC	601,952	–
	₱20,235,195	₱18,338,350

As of June 30, 2017, the Club has NOLCO that can be claimed as deduction from future taxable income as follows:

Year incurred	Available up to	Amount	Applied	Expired	Balance
2015	2016-2018	₱9,148,565	₱443,467	₱–	₱8,705,098

The Club has available MCIT which can be applied to the Club's future tax liabilities as follows:

Year incurred	Available up to	MCIT	Applied	Expired	Balance
2014	2015-2017	₱464,384	₱–	₱464,384	₱–
2015	2016-2018	145,758	–	–	145,758
2016	2017-2019	397,068	–	–	397,068
2017	2018-2020	395,935	–	–	395,935
		₱1,403,145	₱–	₱464,384	₱938,761

25. Related Party Transactions

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

A summary of major account balances with related parties follows:

	Year	Amount/ Volume	Receivable	Liability	Terms	Conditions
Short term loans from Members	**2017**	**₱2,500,000**	**₱–**	**₱–**	1 year term, interest bearing	Unsecured
	2016	₱3,000,000	₱–	₱2,500,000		
Interest expense on short term loans from Members	**2017**	**20,833**	**–**	**–**	**3%**	**–**
	2016	208,854	–	–	3%	
	2017	**₱2,520,833**	**₱–**	**₱–**		
	2016	3,208,854	–	2,500,000		

Short-term Loans
These represent one-year loans obtained from Club members, renewable on a yearly basis upon mutual agreement of the parties. The Club however has the option to preterminate the loan. These loans bear annual interests of 3% in 2017 and 2016. The loans are secured by unissued shares of stock of the Club. The Club fully settled the short-term loan in 2017.

Interest incurred on the short-term loan amounted to ₱20 thousand, ₱.21 million and ₱0.16 million in 2017, 2016 and 2015, respectively.

Key Management Personnel Compensation
Compensation of key management personnel amounted to ₱1.3 million, ₱1.3 million and ₱1.2 million in 2017, 2016 and 2015, respectively, which represent short-term benefits.

Complimentary Club Coupons and House Guests Privileges
Complimentary green fee coupons are given to the BOD and certain officers for distribution to prospective members and certain guests and friends of the Club. The outstanding green fee coupons for each fiscal year are as follows:

	2017	2016	2015
Beginning balance	**550**	388	439
Additions during the year	**2,794**	3,298	3,188
Issuances during the year	**(2,813)**	(3,136)	(3,239)
Ending balance	**531**	550	388

The amount of green fees charged to playing guest ranges from ₱625 to ₱2,536. Green fee coupons expire after six months.

The Club also authorizes certain Club officers to entertain houseguests and use the Club's facilities free-of-charge.

Non-Paying Members and their Dependents
Certain members of the Club and their dependents are exempt from paying monthly dues.

Retirement Fund
The Club's retirement fund is being held in trust by a trustee bank. As of June 30, 2017 and 2016, the fair value of plan assets amounted to ₱15.0 million and ₱13.1 million, respectively (see Note 26).

26. Retirement Benefit Obligation

The Club has a funded, non-contributory, defined benefit retirement plan covering all its qualified officers and employees. Under the plan, qualified officers and employees are entitled to receive pension benefits on a lump sum basis when they reach the retirement age of 60. With the consent of the Club, an employee may elect to retire early provided he has rendered at least 20 years of credited service or at least 15 years of credited service and at least 50 years old. The projected unit credit cost method was used to determine the retirement benefit costs and obligation.

The following tables summarize the components of the retirement benefit cost recognized in the statement of income and the retirement benefit obligation recognized in the statement of financial position for the retirement plan.

Retirement benefits expense recognized in the statements of income:

	2017	2016	2015
Service cost	**₱1,344,762**	₱1,174,909	₱1,841,312
Settlement loss	**–**	–	2,388,480
Net interest cost:			
Interest cost on benefit obligation	**955,155**	973,524	1,641,728
Interest income on plan assets	**(521,404)**	(490,438)	(714,178)
Retirement benefit expense	**₱1,778,513**	₱1,657,995	₱5,157,342

Re-measurement losses (gains) on defined benefit obligation recognized under OCI in the statements of comprehensive income:

	2017	2016
Actuarial losses (gains):		
Changes in demographic assumptions	**(₱3,139,027)**	₱–
Changes in financial assumptions	**(2,472,914)**	2,027,017
Experience adjustments	**(793,571)**	2,848,282
	(6,405,512)	4,875,299
Return on plan assets excluding the amount included in net interest cost	**89,736**	(2,387,531)
Re-measurement losses (gains) on defined benefit obligation	**(₱6,315,776)**	₱2,487,768

Cumulative re-measurement effect recognized in OCI included in the accumulated excess of revenues over expenses:

	2017	2016
Balances at beginning of year	**₱3,033,062**	₱2,658,861
Actuarial loss (gain)	**(6,405,512)**	4,875,299
Return on assets excluding amount included in net interest cost	**89,736**	(2,387,531)
Income tax effect	**984,814**	(2,113,567)
Total amount recognized in OCI	**(₱2,297,900)**	₱3,033,062

Movements in retirement benefit obligation in 2017 and 2016 are as follows:

	2017	2016
Balances at beginning of year	**₱12,222,847**	₱10,075,738
Retirement benefit expense	**1,778,513**	1,657,995
Contributions paid	**(1,998,654)**	(1,998,654)
Total amount recognized in OCI	**(6,315,776)**	2,487,768
Balance at end of year	**₱5,686,930**	₱12,222,847

Changes in the present value of defined benefit obligation as follows:

	2017	2016
Balances at beginning of year	**₱25,335,682**	₱21,071,950
Current service cost	**1,344,762**	1,174,909
Interest cost	**955,155**	973,524
Net actuarial loss (gain) due to:		
Experience adjustments on plan liabilities	**(793,571)**	2,848,282
Changes in financial assumptions	**(2,472,914)**	2,027,017
Changes in demographic assumptions	**(3,139,027)**	–
Benefits paid from plan assets	**(563,658)**	(2,760,000)
Balances at end of year	**₱20,666,429**	₱25,335,682

Changes in the fair value of plan assets are as follows:

	2017	2016
Balances at beginning of year	**₱13,112,835**	₱10,996,212
Interest income on retirement plan assets	**521,404**	490,438
Actual contributions	**1,998,654**	1,998,654
Actual return excluding amount included in net interest cost	**(89,736)**	2,387,531
Benefits paid	**(563,658)**	(2,760,000)
Balances at end of year	**₱14,979,499**	₱13,112,835

Retirement obligation as reported in the statement of financial position:

	2017	2016
Present value of benefit obligation	**₱20,666,429**	₱25,335,682
Fair value of retirement plan assets at end of year	**(14,979,499)**	(13,112,835)
	₱5,686,930	₱12,222,847

The major categories of plan assets are as follows:

	2017	2016
Deposit in banks	**₱12,318**	₱12,143
Investment in government securities	**9,956,511**	7,009,549
Other securities and debt instruments	**3,255,391**	2,986,000
Shares of stock	**2,409,850**	2,677,718
Accrued interest receivable	**134,837**	113,657
Miscellaneous receivable	**–**	329,902
Accrued trust fees and other payables	**(789,408)**	(16,134)
	₱14,979,499	₱13,112,835

Deposit in banks includes regular savings.

Investments in government securities consist of retail treasury bonds that bear interest ranging from 5.0% to 11.1% and will mature on various dates starting July 2013 to October 2037.

Other securities and debt instruments pertains to 'due from Bangko Sentral ng Pilipinas' and 'time certificate of deposit'.

Miscellaneous receivable pertains to 'dividends receivable' and 'due from brokers'.

The principal actuarial assumptions used in determining retirement benefit obligations for the Club's retirement plan are as follows:

	2017	2016
Discount rate	**5.28%**	3.77%
Future salary increases	**3.00%**	3.00%
Turnover rate	**10% at age 19 to 6% at age 45**	14% at age 19 to 1% at age 45

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 period, assuming all other assumptions were held constant:

	Increase (decrease)	Effect on defined benefit obligation
Discount rates	+1%	(₱1,414,769)
	-1%	1,587,581
Salary increase rate	+1%	₱1,608,317
	-1%	(1,457,672)

Shown below is the maturity profile of the undiscounted benefit payments:

	Expected benefit payments
2018	₱796,351
2019	1,609,416
2020	1,776,938
2021	1,563,180
2022	4,652,299
2023-2027	15,673,742

Retirement benefit expense from defined benefit retirement plan is actuarially determined using the projected unit credit method.

The Club's latest actuarial valuation report was on June 30, 2017. It also expects to contribute ₱2.0 million in 2018.

27. Financial Instruments

Financial Risk Management Objectives and Policies

The Club's principal financial liabilities comprise of trade and other payables, members' deposit and others, and short term loans. The main purpose of these financial liabilities is to raise finance for the Club's operations. The Club has various financial assets such as cash and cash equivalents, trade and other receivables and trust fund, which arise directly from its operations.

The main risks arising from the Club's financial instruments are credit risk and liquidity risk.

The BOD reviews and approves the policies for managing each of these risks and they are summarized below.

Credit risk

The Club establishes credit limits at the level of the individual borrower, corporate relationship and industry sector. Also, the Club transacts only with recognized third parties, with no required collateral.

Loans and other receivables are monitored on an ongoing basis with the result that the Club's exposure to bad debts is not significant. Provision for impairment losses on receivables will also be made if the situation so warrants subject to the BOD's review and approval.

The following table represents the Club's maximum exposure to credit risk:

	2017	2016
Cash and cash equivalents*	**₱21,876,181**	₱21,934,184
Trade and other receivables	**13,719,200**	10,681,543
Trust fund	**4,292,050**	4,262,495
	₱39,887,431	₱36,878,222

**Excludes cash on hand*

Credit quality per class of financial asset
The credit quality of financial assets is being managed by the Club using internal credit ratings. High grade financial assets are those that are current and collectible. Standard grade financial assets need to be consistently followed up but are still collectible.

The tables below show the credit quality by class of financial asset based on the Club's credit rating system:

As of June 30, 2017

	Neither past due nor impaired		Past due	Past due and	
		Standard	but	individually	
	High grade	grade	not impaired	impaired	Total
Cash and cash equivalents*	**₱21,876,181**	**₱–**	**₱–**	**₱–**	**₱21,876,181**
Trade and other receivables:					
Trade receivables	**1,511,325**	**–**	**8,487,451**	**1,793,966**	**11,792,742**
Others	**–**	**3,720,424**	**–**	**–**	**3,720,424**
Trust fund	**4,292,050**	**–**	**–**	**–**	**4,292,050**
	₱27,679,556	**₱3,720,424**	**₱8,487,451**	**₱1,793,966**	**₱41,681,397**

**Excludes cash on hand*

As of June 30, 2016

	Neither past due nor impaired		Past due	Past due and	
		Standard	but	individually	
	High grade	grade	not impaired	impaired	Total
Cash and cash equivalents*	₱21,934,184	₱–	₱–	₱–	₱21,934,184
Trade and other receivables:					
Trade receivables	1,111,545	–	8,198,696	2,178,090	11,488,331
Others	–	1,371,302	–	–	1,371,302
Trust fund	4,262,495	–	–	–	4,262,495
	₱27,308,224	₱1,371,302	₱8,198,696	₱2,178,090	₱39,056,312

**Excludes cash on hand*

A financial asset is considered past due when the counterparty failed to make payment when contractually due. The Club has past due amounting to ₱8.5 million and ₱8.2 million as of June 30, 2017 and 2016, respectively.

Impaired financial assets are those accounts identified by the Club that needs to be provided with allowance. The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts such as but not limited to the length of the Club's relationship with the member, the member's payment behavior and known market factors.

The Club has impaired financial assets amounting to ₱1.8 million and ₱2.2 million as of June 30, 2017 and 2016 (see Note 5).

Liquidity risk
Liquidity risk is defined as the risk that the Club may not be able to settle or meet its obligations as they fall due. The Club monitors and maintains a level of cash deemed adequate by the management to finance the Club's operations and mitigate the effects of fluctuations in cash flows.

The table below summarizes the maturity profile of the Club's financial liabilities as of June 30, 2017 and 2016, based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Club's financial assets in order to provide a complete view of the Club's contractual commitments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates.

As of June 30, 2017

	On demand	Less than 30 Days	31 to 60 days	61 to 90 days	More than 91 Days	Total
Financial liabilities						
Other financial liabilities						
Trade payables	₱4,485,951	₱61,240	₱–	₱149,421	₱180,413	₱4,877,025
Accrued expenses	1,627,353	692,273	622,602	–	395,100	3,337,328
Others**	1,683,779	217,721	–	118,659	2,187,373	4,207,532
Members deposits and others	9,708,014	–	–	–	–	9,708,014
	₱17,505,097	₱971,234	₱622,602	₱268,080	₱2,762,886	₱22,129,899
Financial assets						
Loans and receivables:						
Cash and cash equivalents	₱21,971,181	₱–	₱–	₱–	₱–	₱21,971,181
Trade and other receivable:						
Trade receivables	1,511,325	3,748,222	2,401,523	970,373	1,367,333	9,998,776
Others	1,183,857	688,884	364,602	319,321	1,163,760	3,720,424
Trust fund	4,292,050	–	–	–	–	4,292,050
	₱28,958,413	₱4,437,106	₱2,766,125	₱1,289,694	₱2,531,093	₱39,982,431

**Excludes statutory liabilities*

As of June 30, 2016

	On demand	Less than 30 Days	31 to 60 days	61 to 90 days	More than 91 Days	Total
Financial liabilities						
Other financial liabilities						
Trade payables	₱1,295,588	₱47,313	₱–	₱–	₱617,413	₱1,960,314
Accrued expenses	1,487,459	274,105	154,105	164,452	256,627	2,336,748
Others**	2,551,250	114,618	103,540	35,440	1,824,626	4,629,474
Members deposits and others	7,570,493	–	–	–	–	7,570,493
Short term loans including interest expense	2,510,415	–	–	–	–	2,510,415
	₱15,415,205	₱436,036	₱257,645	₱199,892	₱2,698,666	₱19,007,444
Financial assets						
Loans and receivables:						
Cash and cash equivalents	₱22,029,184	₱–	₱–	₱–	₱–	₱22,029,184
Trade and other receivable:						
Trade receivables	1,111,545	3,628,586	1,947,011	891,218	1,731,880	9,310,240
Others	352,164	–	–	–	1,019,137	1,371,301
Trust fund	4,262,495	–	–	–	–	4,262,495
	₱27,755,388	₱3,628,586	₱1,947,011	₱891,218	₱2,751,017	₱36,973,220

**Excludes statutory liabilities*

Fair Values

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transactions.

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

Cash and cash equivalents, trade and other receivables, trust fund, trade and other payables, members' deposit and others, and short term loans.

The carrying values of cash and cash equivalents, trade and other receivables, trust fund, trade and other payables, members' deposit and others, and short term loans, approximate their fair values due to the relatively short-term maturity of these financial instruments.

Fair Value Hierarchy

The Club uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Those inputs for the asset or liability that are not based on observable market data (unobservable inputs)

As of June 30, 2017 and 2016, the Club does not have any financial instruments to be presented under the fair value hierarchy required by PFRS 7.

Capital Management

The primary objective of the Club's capital management policy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize members' value. The club manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Club is not subject to externally imposed capital requirements.

No changes were made in the objectives, policies or processes for the years ended June 30, 2017 and 2016.

28. Subsequent Events

On July 10, 2017, the Club entered into a contract to sell with Friend at Work Corporation certain lands with approximate land area of nine hundred twelve (912sqm) square meters as described in the TCT Nos. 693612-693619. The vendee shall pay for the property a total consideration of ₱5.3 million based on the minimum saleable area.

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

The Club reported and/or paid the following types of taxes in 2017:

VAT

The Club's sales are subject to output VAT while its purchases from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is 12.0%.

The NIRC of 1997 provides for the imposition of VAT on sales of goods and services. Accordingly, the Club's sales are subject to output VAT while its purchases from other VAT-registered individuals or corporations are subject to input VAT. R.A. No. 9337 increased the VAT rate from 10.0% to 12.0%, effective February 1, 2006.

Details of the Club's net sales/receipts, output VAT and input VAT accounts are as follows:

a. Net Sales/Receipts and Output VAT declared in the Club's VAT returns

	Net Sales/ Receipts	Output VAT
Taxable sales:		
Sales of services	₱87,167,408	₱10,460,089
Membership dues collected in advance	8,025,000	963,000
Exempt sales	29,940,385	–
Exempt membership dues collected in advance	2,831,424	–
	₱127,964,217	₱11,423,089

Input VAT

Balance at July 1, 2016	₱–
Current year's domestic purchases/payments for:	
Goods other than for resale or manufacture	2,654,081
Capital goods exceeding ₱1,000,000	139,286
Domestic purchases of services	5,431,001
	8,224,368
Applied against output tax	(8,224,368)
Balance at June 30, 2017	₱–

Withholding Taxes

Withholding taxes on compensation and benefits	₱1,607,754
Expanded withholding taxes	1,566,658
Final withholding taxes	460,000
	₱3,634,412

Other Taxes and Licenses
This includes all other taxes, local and national, including real estate taxes, licenses and permit fees lodged under "Taxes and Licenses" account under "General and Administrative" section in the statement of income:

Real estate taxes	₱3,107,150
Business taxes (local business tax)	657,760
Documentary stamp tax	23,496
	₱3,788,406

Tax Assessments
The Club did not receive any final tax assessments in 2017, nor did it have tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the administration of BIR.

CLUB EVENTS


BARKADAHAN




BINGO SOCIAL

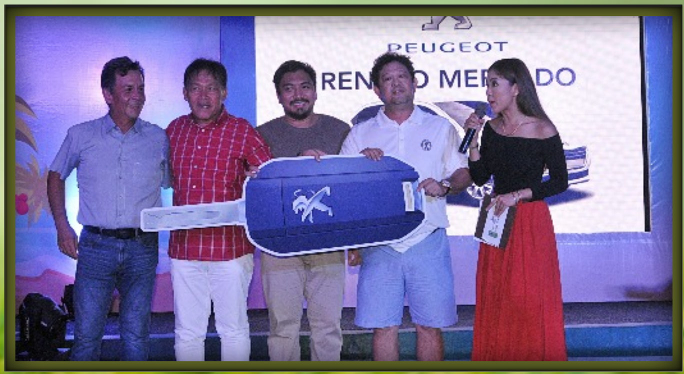


CLUB EVENTS

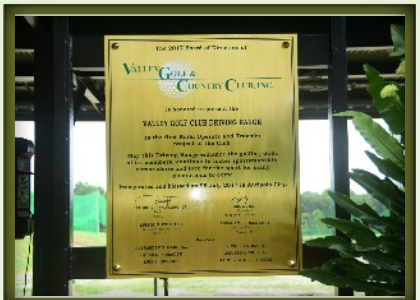
President's Cup

Stockholders' Meeting & Election

18th Don Celso Tuason & Founders' Cup

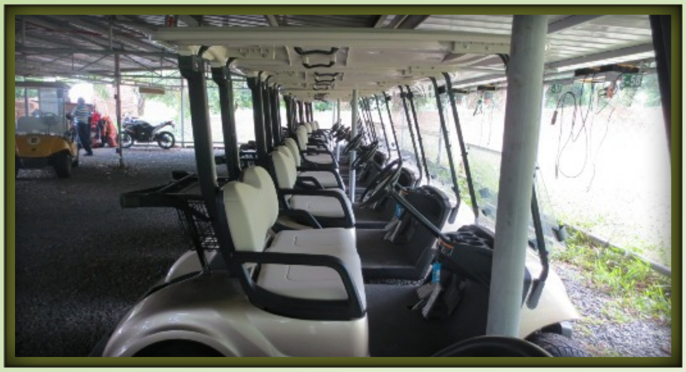


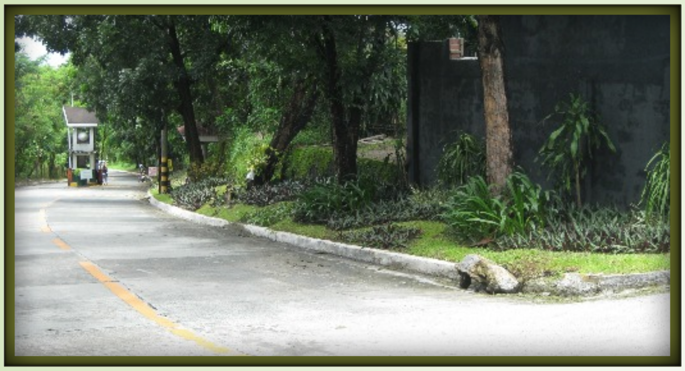
CLUB PROJECTS

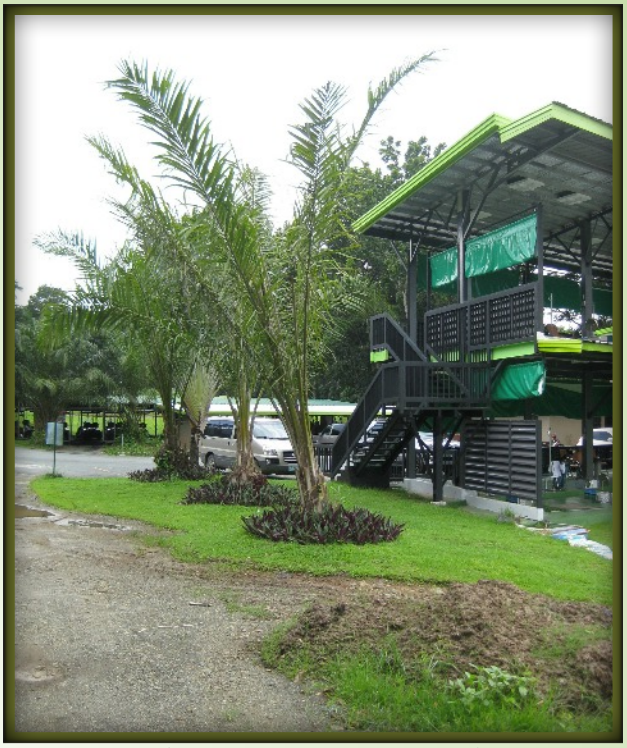


Driving Range

CLUB PROJECTS







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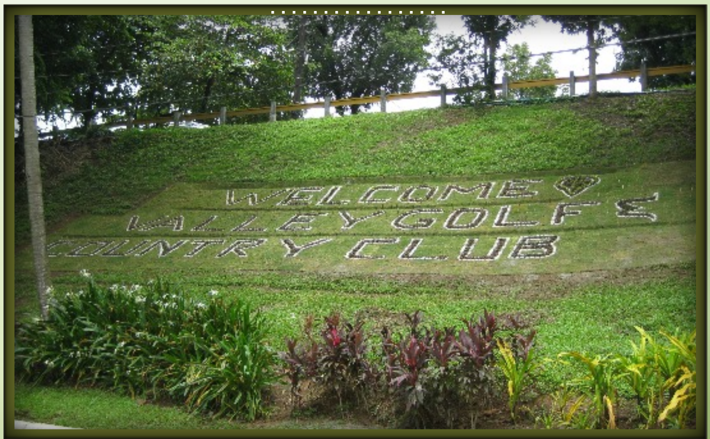

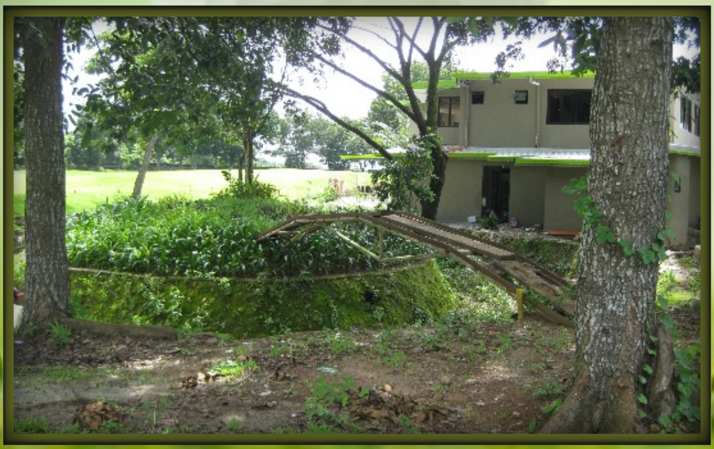

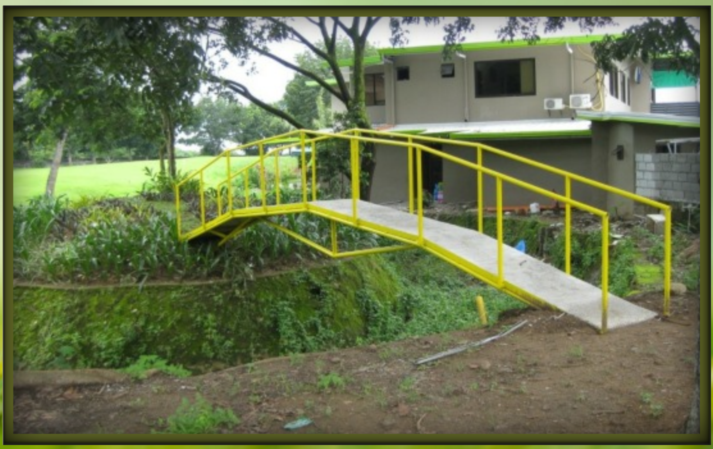

CLUB PROJECTS

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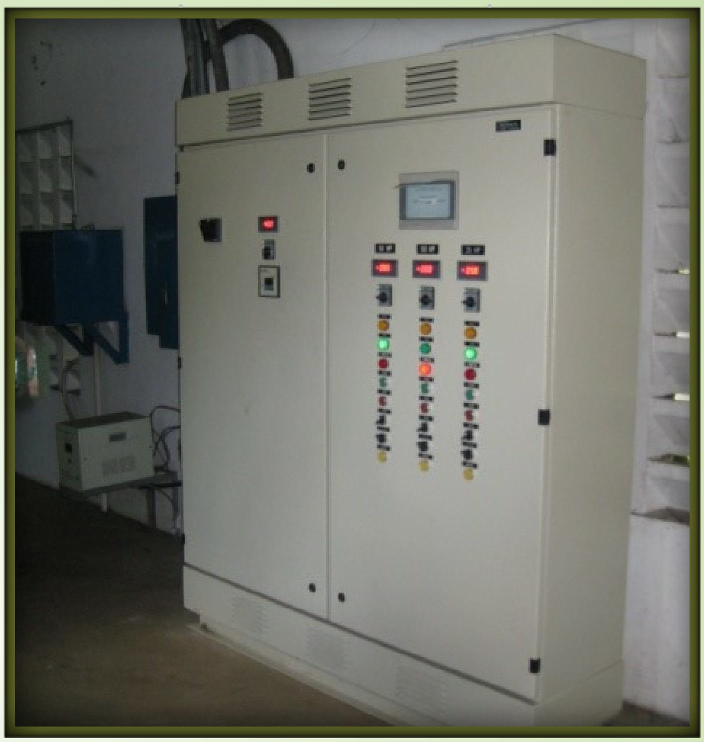

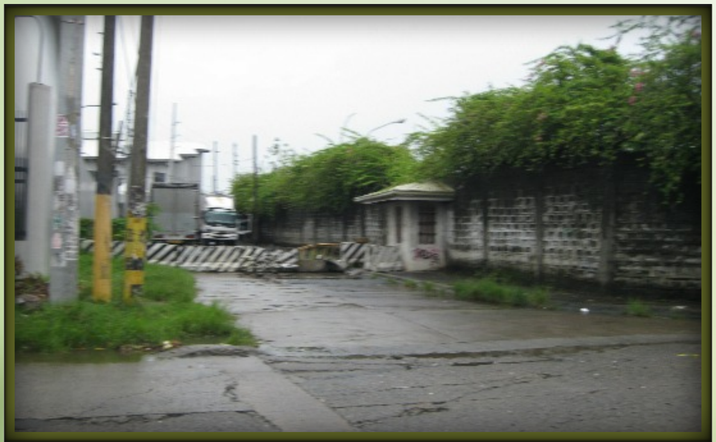

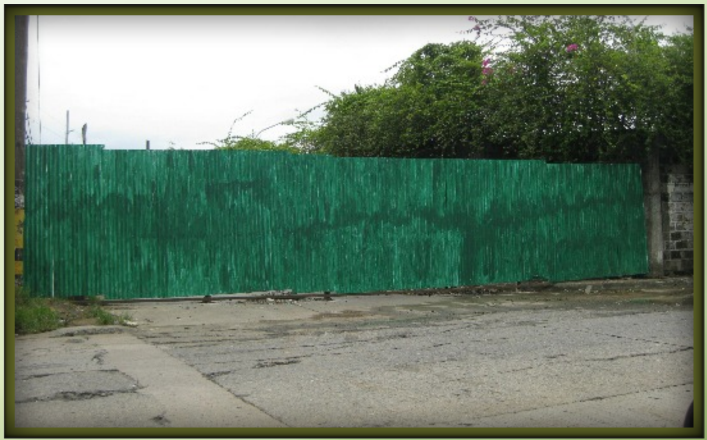

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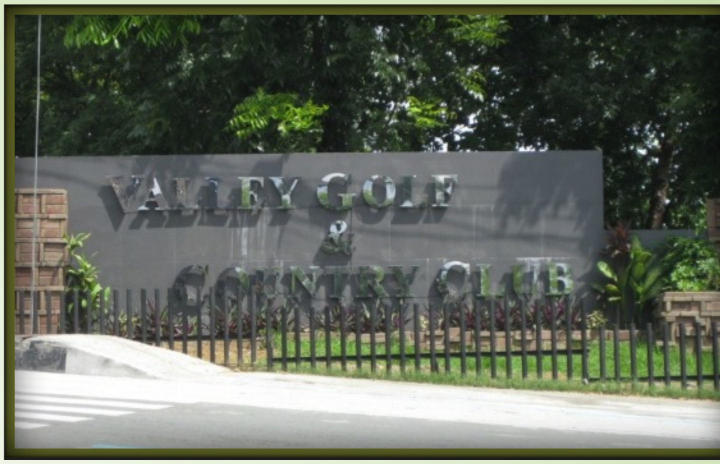

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