



110102018000974



## SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Industry Classification  
Company Type Stock Corporation

Document Information

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S.E.C Registration Number

V A L L E Y G O L F & C O U N T R Y  
C L U B I N C.

(Company's Full Name)

D O N C E L S O S T U A S O N  
B R G Y . M U N T I N D I L A W A N T I P O L O C I T Y

Business Address: No. Street City / Town / Province

ROSANNA R. ARGUELLES

Contact Person

658-0089

Company Telephone Number

0 6    3 0    1 8  
Month    Day    Year

Fiscal Year

SEC FORM 17-A

FORM TYPE

0 9    4th SUN  
Month    Day

Annual Meeting

Second License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number / Section

Total Amount of Borrowings

1,594

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17 - A**

**ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the Fiscal Year Ended June 30, 2018
2. SEC Identification No. 13951
3. BIR Tax Identification No. 000-649-197
4. Exact name of issuer as specified in its charter - VALLEY GOLF & COUNTRY CLUB, INC.
5. Province, Country or other jurisdiction of incorporation or organization - Antipolo, City, Philippines.
6.  (SEC Use only) Industry Classification Code
7. Address of principal office - Don Celso S. Tuason Ave. Victoria Valley, Antipolo, City
8. Issuer's telephone number - 658-4901 to 03, 658-4920, 658-0079 to 89
9. Former name, former address, and former fiscal year, if changed since last report - Not Applicable.
10. Securities registered pursuant to Sections 8 & 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of each class	Number of Shares of Ordinary Shares Outstanding and Subscribed
Common Shares	1,594 shares outstanding

11. Are any or all of these securities listed on the Philippine Stock Exchange.

Yes \_\_\_\_\_ No  X

12. Check whether the issuer :

(a) has filed all reports to be filed by Section 17 of the SRC and SRC Rule 17.1 there under or Section 11 of the RSA and RSA Rule 11(a)-1 there under and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes  No

(b) has been subject to such filing requirements for the past 90 days.

Yes  No

13. The market value of each share of stock of Valley Golf as of June 30, 2018 is P400,000.00 plus P112,000.00 transfer fee; for June 30, 2017 it was P312,000.00 plus transfer fee of P67,200 (promo period for transfer fee) or P112,000.00 (regular transfer fee rate), and; for June 30, 2016 and 2015 it was at P250,000.00 plus transfer fee of P56,000 (promo period for transfer fee) or P112,000.00 (regular transfer fee rate). For the years 2003 to 2014 market price is at P 400,000.00 to P 500,000.00 for Club subscription and P332,000 to P292,000 for third party market. Market prices were based on subscription rates and transactions processed in the club.

The aggregate market value therefore of the 1,594 issued and outstanding shares of Valley Golf at P512,000.00 is P816,128,000.00

14. Valley Golf is not involved in insolvency/suspension of payments proceeding during the preceding five years; this is not applicable to us.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

A. Annual report to security holders

The Annual Report to stockholders contains the President's and Treasurer's Report, the Financial Report of the Independent Auditors, the accomplishments of the present Board of Directors, the pictures of the present Board of Directors, the roster of Committee members and various pictures of the events of the preceding year. The financial report and its discussion are incorporated in Part II – Operational and Financial Information, whereas the information on the Directors is included in Part III – Control and Compensation Information.

B. Proxy Form

The proxy form attached is the form sent to all stockholders in connection with the stockholders' meeting and included therein are the matters to be voted upon by the stockholders. This is incorporated in Part I – Business and General Information.

**PROXY**

No. \_\_\_\_\_ **S-2018-Acct. No.**

**KNOW ALL MEN BY THESE PRESENTS:**

That the undersigned, \_\_\_\_\_, a **STOCKHOLDER/CORPORATE REPRESENTATIVE** of Valley Golf & Country Club, Inc., a Philippine Corporation, do hereby name, nominate, constitute and appoint:

\_\_\_\_\_

as my **PROXY** to represent me at the **ANNUAL GENERAL MEETING** of Valley Golf & Country Club, Inc., to be held on **23 September 2018**, and/or any postponements or adjournments thereof, for me and in my stead, as fully to all intents and purposes as I might or could do if present and acting in person; hereby revoking any and all proxies issued prior hereto; ratifying and confirming all that my **PROXY** may do or cause to be done in said meeting by virtue of this presents, as follows:

1. Vote for Quorum purposes only(\_\_\_\_);
  2. Vote for Approval of the Minutes of the 2017 Annual Stockholders' Meeting(\_\_\_\_);
  3. Vote for the Approval of the Company's 2018 Annual Report and Audited Financial Statements(\_\_\_\_);
  4. Vote for the Ratification/Confirmation of the Acts and Resolutions of the Board of Directors & Management (**July 1, 2017 to June 30, 2018** inclusive)(\_\_\_\_);
  5. Vote for the Appointment of External Auditors(\_\_\_\_);
  6. Vote on all matters arising from the agenda (except the sale or disposition, total or partial, of the corporate assets)(\_\_\_\_); and
  7. Vote for Candidates to the Board of Directors\*(\_\_\_\_).
- (Y)=Yes; (N)=No; (A)=Abstain.**

In case of absence and/or non-attendance of my PROXY at such meeting, I hereby authorize and duly empower the Chairman of the said Stockholders' Meeting to represent the undersigned on all matters related to above, EXCEPT TO VOTE FOR CANDIDATES to the Board of Directors.

**\*CANDIDATES FOR DIRECTOR**

**Number of Votes cast**

**Put (X) to withhold authority to vote for the following Candidates.**

**JAIME S. BILBAO**  
**LEOPOLDO M. GARCIA**  
**ALBERT G. QUE**  
**RONALD O. SOLIS**

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\_\_\_\_\_, 2018, Antipolo City, Philippines.

\_\_\_\_\_  
**Name of Stockholder/Corporate Representative**  
 Member's Account No. \_\_\_\_\_

**(N.B.: Each Proxy is entitled to cast a single vote to as many position being voted upon. Accordingly, a Proxy may opt to vote singly or collectively in favor of one or more candidates.)**

## **PART I - BUSINESS AND GENERAL INFORMATION**

### **ITEM 1. BUSINESS**

#### **A.) DESCRIPTION OF BUSINESS.**

##### **1.) Business Development**

Valley Golf & Country Club, Inc. is situated at the rolling hills of Antipolo, City, a private and non-profit club organized in 1958 by a group of golfers, well-known and influential businessmen headed by the late Don Celso S. Tuason. The property is about nine kilometers from EDSA and about seven kilometers from Antipolo. The site formerly owned by Hacienda Benito measures almost 210 hectares when it was originally purchased. On May 14, 1958 the original Articles of Incorporation was approved by SEC. At present the Club has an authorized capital stock of 1,800 shares at P 9,000 par value and 1,594 shares are issued and outstanding.

The building of this dream course has taken all of three years from the planning of the lay-out, the grading and the sculpturing of its contoured fairways and formidable greens, to the final touches on the tee-shaped clubhouse Architect Gabriel Formoso designed in the Malayan motif. To get the best playing possibilities from the saucer-shaped course, the Valley authorities brought in not one but two reputable golf course architects, an Englishman named Fred Smith and an Australian named Jas H. Scott. It is a tribute to their artistry, skill and thoroughness that, with the exception of two holes, their plans coincided almost exactly. It was Scott's lay-out which was finally accepted.

The original seven ( 7 ) Board of Directors were Celso S. Tuason, Aurelio Montinola, Sr., Ernest Kahn, Henry Belden, J. Antonio Araneta, Francisco Ortigas, Jr. and Jaime Velasquez. The course was opened for play on November 1961 and attracted a great traffic of players and aficionados. With this encouraging trend, the Club was expanded to accommodate another par-69, 18-hole course on the north in addition to its original south course in 1994.

The South Course is a par-72 championship layout, sits on 90 hectares of rolling hills and meandering brooks. It played host to the famed Philippine Open in 1975, 1983, 1991 and 2011. It was during the 1983 Philippine Open that American Jeff Lewis established the course record of 65.

On November 1991, Valley Golf for the first time, became the venue of XVI Southeast Asian Games Golf Championship.

Valley's green are meticulously designed so that the golfer is challenged to use most, if not all, of his clubs in the bag. The terrain provides the contour which assures that no two shots will ever be alike. Some notable holes: the tight first, the picturesque Nos 4 and 10, the intriguing No. 16 and the short but tricky No. 18.

When play traffic increased at Valley, a nine hole all-weather course with a par 36 layout spread over 50 hectares was added. Valley acquired from the adjoining property owners through barter arrangements several parcels of land, enabling it to expand the nine holes into an 18-hole complex now known as the North Course (formerly Executive Course). This is open to non-members and tourists who wish to play at Valley. It exemplifies the finest the Philippines have to offer in international championship golf courses. Some notable holes: Hole No. 15 with its tee overlooking the entire golf course and a man-made terrace; and Hole No. 6 best known for its island green.

The North Clubhouse has been completed and was inaugurated last Nov. 1999. It is now fast becoming the favorite venue for tournaments and parties. We have a new Food & Beverage concessionaire in the North Clubhouse offering a variety of new menus and accepts catering for special events. A Sports Clubhouse equipped with modern sports facilities and other amenities that will suit every man's needs are still in the planning stages. The Main Clubhouse was renovated while preserving the original aesthetic design and concept of the architect as a reminder of the historical past of one of the oldest golf club in the country. The latest renovation is the Men's Locker Rooms which was completed and inaugurated last April 10, 2013. The new locker room is spacious and accommodating to the needs of the golfing public. The amenities include the air-conditioned locker rooms, newly rehabilitated wood lockers, sauna bath, clean bathrooms and a scenic pocket garden.

The South Course was rehabilitated into a world class golf course. The plans for the course upgrading and engineering studies were prepared by Planning Resources and Operations Systems, Inc. The Club hired the services of Eco-Turf and Turf Care Systems, Inc. as the Construction Manager and Golforce, Incorporated as the Contractor. Works started on the back 9 holes in August 2002 and was completed last October 2003 and it was playable in November 2003. As per approved plans the layout will not be changed only the drainage system will be improved and the course will be all weather. Funding came from the shares sold on installment basis and loan from members.

Rehabilitation works of the front nine South Course started in November 2003 and after completion was inaugurated on Nov. 20, 2004. Contract for labor for the rehabilitation was awarded to bidder Philgolf Development & Equip, Inc. in the amount of P 20,000,000.00. Materials were purchased in-house with an initial budget of P 31,500,000 and additional budget of P 4,000,000.00 for the bunker sand and P 1,552,000.00 for herring bone installation. As of June 30, 2005 total cost of the renovation stood at P 130,000,000 (gross of vat) or P 125,000,000.00 (net of vat)

During the fiscal year 2009 the Board approved the renovation plans of the Main Clubhouse. Phase 1 included the Executive Offices, Board room, function rooms, upper and lower veranda and main lobby. With a total estimated cost of P 9 Million, the Board awarded the contract to Reyes Interiors for the amount of P 4.5 Million excluding the cost of plumbing fixtures, electrical fixtures, grillwork on veranda, gutter works, glass and aluminum panels, floor and wall tiles and ceramic tiles on base columns. Works started on July 15, 2008 and were finished sometime in September 2009.

For the fiscal year 2010, restoration works were done to repair the damage caused by the typhoon Ondoy on the Club's properties. Total cost amounted to P 4,504,509.00, which was taken from the special assessment to members with a total billing of P 4,886,000.00. The balance of the funds was used to continue the riprap works in the South Course. Capital expenditures during the year included extension of Hole # 14 of the North Course, riprap of waterways in the South and North courses, concreting of the DCTA, purchase of varifold for the Founders' Hall and purchase of ground equipment.

For the fiscal year ending June 2011, the projects undertaken included the concreting of the Don Celso Tuason Avenue from the bridge gate up to Sumulong gate which was completed at the cost of P 5 Million. Other projects during the year include riprapping of slope protection at the South and North courses, repair of the Caddie House and construction of new gasoline station. We also purchased 3 units Flymowers, 3 units Backpack blowers and 3 units Rotary mowers. By July, Renovation of the Main Clubhouse resumed which included Phase 2 – Construction of Office Basement and the Coffee Bar with a budget of P 3.7 Million and P 450,000 respectively. Another project undertaken was the construction of the golf car parking shed amounting to P 1.5 Million

For the fiscal year ending June 2012, the projects undertaken included Phase 2 of the Renovation of the Main Clubhouse – Construction/Renovation of the Office Basement – P 4.31 Million, golf cart parking shed – P 1.08 Million, Air conditioning units for basement office – P1.21 Million, Coffee bar – P 512k and Valley Golf cart shed – P 478,000. Ongoing projects at the time included the improvement of motorpool area and Riprap/slope protection at Hole # 17 of the South Course. The equipment purchased during the year included the following: Fairway aerator, Flymowers, Rotary mowers, bush cutters, walk behind fertilizer spreader, backpack blowers, sound system, ID card maker and PABX telephone system.

For the fiscal year ending June 2013, the projects undertaken included Phase 3 of the Renovation of the Main clubhouse – which consisted of the Renovation of the Men's locker room with a total contract price of P5,000,000.00, (materials supplied by the Club amounted to P1,000,000.00), construction of the pocket garden for P 600,000, purchase of air con units for P430,000 and installation of double panel solar water heater for P675,000 ( paid for with golf shares). The men's locker room in the North Clubhouse was likewise renovated at a cost of P535,000 and was used by members and guests from Jan. to Apr. 2013 during the renovation period of the locker room in the Main Clubhouse. Other projects undertaken were the: construction of the Wall of Honor – P88,000, satellite kitchen – P184,000, and guard house at Hole # 12 South Course – P201,000; Rehabilitation of the Koi Pond – P435,000; reblocking and asphalt overlay of DCTA – P 4 Million, and; riprapping works in the South Course – P191,000. Meanwhile, construction of the members' gym and lounge, renovation of the clinic and tee house in the North course were still on-going at the time. Equipment purchased included the greens mower with groomer – P615,000 and danfoss variable speed pump control – P250,000.



For the fiscal year ending June 30, 2014 the on-going projects from the previous year that were completed included – the Men’s Lounge and Gym – P419,000, tee house in the North Course Hole # 4 – P467,000 and renovation of the clinic – P247,000. Other projects completed during the year were – Phase 2 of the reblocking and asphalt overlay of DCTA – P3.88 Million, installation of roofing for the golf cart area – P773,000, Kitchen exhaust system – P217,000 and kitchen hood fire suppression system – P150,000. On-going projects at the time were the sanding of fairways and improvement of bridges in the North Course. Various equipment were purchased during the year which included – 10 units Golf carts – P 2.65 Million, 1 unit greens mower with groomer – P640,000, 2 units walk behind rotary mower – P150,000, 2 units flymower – P110,000, 1 unit Truck mounted man lifter – P690,000 and 1 server and computers.

Other projects of the Club included the streamlining of operations and the outsourcing of the grounds maintenance for both the South and North Courses. The Board of Directors approved on Aug. 8, 2014 the engagement of the services of MJ Carr Golf Management, Inc. for the maintenance of both courses for a monthly service fee of P 2.7 Million inclusive of VAT for a period of three years. Likewise, a voluntary early retirement program for the employees was approved with payment of 125% and 150% of the basic pay for every year of service.

For the fiscal year ending June 30, 2015, the following projects were completed:

1. Purchase of one (1) unit back hoe	P	3,303,571.43
2. Purchase of ten (10) units golf carts		2,800,000.00
3. Purchase of 4 units desk top computers		160,000.00
4. Purchase of 2 units 2 way radio		23,000.00
5. Repair of controller pump of the South course		150,714.29
6. Renovation of satellite kitchen		45,471.00
7. Driving range shot area		81,194.10
8. Additional golf cart storage		70,058.94
9. Purchase of copying machine		243,000.00
10. Purchase of 17 units Samsung Galaxy tablets		407,830.00
11. Purchase of 7 units transformer book		156,100.00
12. Purchase of 3 units brush cutters		37,500.00
13. Purchase of projector		33,900.00
14. Purchase of 2 units tru cut edger		40,850.00
15. Purchase of steel lockers		62,400.00
16. Improvement of bridges		226,555.98
17. Improvement of drainage in Hole # 5 South course		535,714.28
18. Improvement of driving range facilities		48,901.79
19. Renovation of Bag drop area		938,178.97
		<u>9,364,940.78</u>

The following were the projects for Fiscal year 2016

<b>PARTICULARS</b>	<b>AMOUNT DISBURSED</b>
1. Controller for vertical turbine pump	P 621,012.58
2. Rehabilitation of bunker sand	P 2,817,418.14
3. Repair of pump in the North Course	P 186,000.00
4. Sound system for the Founders' Hall	P 363,248.45
5. Purchase of tablets, Laptop and printers	P 144,830.00
6. Purchase of Riso digital duplicator	P 125,000.00
7. Rehabilitation of the South course	P 5,454,400.38

The following were the projects for Fiscal year 2017

<b>PARTICULARS</b>	<b>AMOUNT DISBURSED</b>
1. Repair of South Course pump (total project cost is P3.25 Million)	P 1,346,277.66 1,395,843.28
2. Irrigation system	
3. Construction of Expansion of Men's Locker room	225,000.00
4. Renovation of Secondary & Sumulong gates	199,988.00
5. Purchase of 20 units golf carts	5,880,000.00
6. Purchase of 8 units desktop computers	187,500.00
7. Rehabilitation of bunker sand	3,035,840.85
8. Repair of Bag drop area Phase 2	600,317.38
9. Repair of Pump North Course	245,000.00
10. Rehabilitation of South Course	5,379,464.16
11. Purchase of Suzuki carry for water delivery	160,000.00
12. Purchase of 2 units projectors	64,000.00
	P 18,719,231.33

The following were the projects for Fiscal Year 2018

1. Repair of the Main Clubhouse roofing (on-going)	P 1,654,387.30
2. Rehabilitation of the North Course bunkers (on-going)	2,321,428.57
3. Purchase of Service Vehicle	1,241,800.00
4. Purchase of 15 units electric golf carts	4,410,000.00
5. Purchase of Emergency vehicle	743,107.40
6. Purchase of Tables, Chairs and Sofa	250,000.00
7. Purchase of 11 units desk top computers	311,000.00
8. Purchase pf 1 unit welding generator	235,200.00
9. Purchase of 10 units Air coolers	159,950.00
10. Purchase of Sophos firewall	150,000.00
	P 11,476,873.27

For the fiscal year 2016, the Club engaged the services of Cafirma, Ong & Co., CPAs, represented by Mr. James A. Cafirma as the Internal Auditor of Valley Golf & Country Club, Inc. effective Jan. 12, 2016. This is the first time that the Club outsourced the Internal Audit services of the Club. The Club also entered into a Build Operate and Transfer Arrangement with Freeport Elite Resort Inc. for the construction and operation of

the Driving Range for a period of 15 years. Another food and beverage concessionaire, Jay-J's Food Management, Inc. was engaged by Valley Golf for the North Clubhouse for a period of 3 years. On January 20, 2017 the Club entered into a three year contract with Anix's House of Kare Kare as the F & B Concessionaire for the Main Clubhouse.

For the fiscal year 2018 the following are the significant contracts of Valley Golf. On October 2017 the Club engaged the services of Cubacub Law and Accounting Office as the Internal Auditor of Valley Golf & Country Club, Inc. Mr. Rizaldy Legaspi was hired as Golf Director effective Sept. 16, 2017. The contract with Smart Communications was renewed last Oct. 1, 2017 for another 10 years. Golf Course Maintenance Service Agreement was entered into between Valley Golf and VMJ Evergreen Golf Maintenance and Construction Corporation effective Jan. 1, 2018 up to Dec. 31, 2020.

**THE PROJECTS FOR IMPLEMENTATION FOR FISCAL YEAR 2019 ARE AS FOLLOWS:**

**FISCAL YEAR 2019**

**PRIORITY LEVEL**

**1 GOLF COURSES**

**South Course**

1	Dredging Works at Holes 12, 16 and 17	<b>1</b>	5,957,884.80
	South Course and Hole 15 North Course		
2	Perimeter Fence - Barbed Wire Installation		
	and Repairs	<b>1</b>	677,040.00
3	Repair of Driveway at Hole # 11	<b>1</b>	154,665.00
4	Improvement of path bridge approach	<b>1</b>	112,000.00

**North Course**

1	Lighting of Holes 1 to 18	<b>1</b>	3,472,000.00
2	Upgrade of Irrigation System and Cistern Tank	<b>1</b>	224,000.00
3	Installation of Lightning Arrestor		
	(8 units)	<b>1</b>	1,371,440.00

**2 CLUBHOUSES, FACILITIES & OTHERS**

1	Reblocking and Drainage Improvement	<b>1</b>	9,973,980.80
	of DCT Avenue		

**PURCHASE OF MAINTENANCE EQUIPMENT, VEHICLES & OTHER**

**3 EQUIPMENT**

1	Nine (9) units Desk top computers at P40,000 each.	2	360,000.00
2	Nine (9) units MS Office 365 at P6,625 each	2	59,625.00
3	Twenty-one (21) units renewal of MS Office 365	2	139,125.00
4	Printers		
	Controllers - 2 units @ 15,000	2	30,000.00
	Clubhouse Affairs/ Membership 2 units @ 12,000	2	24,000.00
	Sports & Games - 1 unit @ 24,000	2	24,000.00
5	Laptop - Sports & Games	2	35,000.00
6	Television 43" (2 units @ 32,000)	2	64,000.00
7	Membership ID Maker	2	235,000.00
8	Club Management System with Accounts Receivable Module	2	1,000,000.00
9	Mitsubishi L 300	2	750,000.00
10	Half lockers for Men's Locker room 10 units with 6 doors @ 10,000	1	100,000.00
11	Photocopying machine	1	495,000.00
12	Motorcycle for Marshal	1	75,000.00
13	Range Finder	1	20,000.00
14	Green Speed Reader	1	20,000.00
15	Hand Held Radio for Sports & Games 2 units @ 15,000.00	1	30,000.00
16	Backhoe loader .50 cu.m.	1	1,000,000.00
17	Backhoe 3/4 bucket (Long Arm) Wheel Type Electronic	1	4,000,000.00
18	Forward Truck	1	2,000,000.00
19	Barge	2	2,500,000.00
20	Manlift Truck	1	850,000.00

21	Aircon for Ladies' Locker (4hp split type)	2	65,000.00
22	DSLR Camera	2	25,000.00
23	Electric Golf Carts (10 units @ P294,000)	1	2,940,000.00
24	Air Coolers (10 units x P16,000)	1	160,000.00
25	Indoor Manlift	2	560,000.00
26	Aircon for Basement Office (additional)	1	66,000.00
<b>4</b>	<b>CLUB PROJECTS</b>		
1	Country Club activities such as Sunday Mass, Weekend barbecue, Easter Egg Hunt, Halloween party, Summer arts & crafts, Dance studio, Christmas Party, etc.	2	500,000.00
<b>5</b>	<b>CALAMITY FUND</b>	2	5,000,000.00
			<b>45,069,760.60</b>
			<b>45,069,760.60</b>
 <b>TOTAL PRIORITY 1</b>			33,699,010.6
<b>TOTAL PRIORITY 2</b>			11,370,750.00
			<b>45,069,760.60</b>
			<b>45,069,760.60</b>

## CAPEX OF PREVIOUS TWO FISCAL YEARS

### FISCAL YEAR 2018

		PRIORITY LEVEL	
<b>1</b>	<b>GOLF COURSES</b>		
<b>North Course</b>			
1	Rehabilitation of bunker sand	1	5,200,000.00
2	VLC Pumps	1	6,000,000.00
 <b>South Course</b>			
1	Filter for pumps	1	1,000,000.00
2	Rip rapping of Holes 5, 10 and 18	1	1,000,000.00

**2 CLUBHOUSES AND FACILITIES**

1	Upgrading of Tee houses	1	500,000.00
2	Replace the railings in the veranda to wood.	1	500,000.00
3	Improvement of Function room in the North Clubhouse	1	500,000.00
4	Replacement of Roof of Main Clubhouse and repair of eaves & gutters	1	6,264,461.89
5	Renovation of Ladies Locker Room	1	2,137,040.92
6	Lower Lanai Multi-Purpose Room	1	3,961,270.13
7	Renovation of Swimming pool	1	4,879,796.37
8	Guest Locker Room Renovation	1	965,829.16

**PURCHASE OF MAINTENANCE EQUIPMENT, VEHICLES & OTHER**

**3 EQUIPMENT**

1	Six (6) units MS Office License 1 License MS Office Pro at P22,500 each 5 License Open License at P5,500/year	2	50,000.00
2	System Enhancement	2	300,000.00
3	Payroll System	2	160,000.00

**33,418,398.47**

**TOTAL PRIORITY 1**

32,908,398.47

**TOTAL PRIORITY 2**

510,000.00

**33,418,398.47**

**FISCAL YEAR 2017**

**PRIORITY LEVEL**

**1 GOLF COURSES**

**South Course**

1	Construction of drainage at cart path # 5	1	85,000.00
2	Irrigation - Additional sprinklers (100 pcs. X P14,300.00)	1	1,430,000.00

**North Course**

1	Irrigation system Part 1 - P 3,500,000.00 Part 2 - P 3,500,000.00 Part 3 - P 3,338,750.00 Total - P10,338,750.00		
2	Renovation of pump room	1	230,000.00

**2 CLUBHOUSES AND FACILITIES**

1	Replacement of Roof of Motorpool area	2	460,000.00
2	Painting of roof of Motorpool Fabrication area.	2	75,000.00
3	Concreting of road from Driving range going to cart path of fairway #10 North course	2	150,000.00
4	Renovation of bag drop area Phase 3 for FY 2017 - P 3,000,000 (Includes the Restaurant area) Phase 4 for FY 2018 - P 5,000,000 (Includes Grill room restaurant)	1	3,000,000.00

**PURCHASE OF MAINTENANCE EQUIPMENT, VEHICLES & OTHER**

**3 EQUIPMENT**

1	One (1) unit Laptop	2	25,000.00
2	Timekeeping Software	2	75,000.00

3	Biometric machine	2	35,000.00
4	Aircon for room on upper level of North Clubhouse	2	35,000.00
<b>TOTAL FISCAL YEAR 2017</b>			<b>5,600,000.00</b>
<b>TOTAL PRIORITY 1</b>			4,745,000.00
<b>TOTAL PRIORITY 2</b>			855,000.00
			<b>5,600,000.00</b>

Valley Golf does not have any bankruptcy, receivership or similar proceedings.

Valley Golf does not have any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

2.) Business of Issuer

The main business of Valley Golf is golf and country club operations. Our main sources of income are monthly dues from the members and green fees from guests; they comprise 40% and 17% respectively of the gross income.

Valley Golf does not have foreign sales, distribution methods of products nor publicly announced new product.

International Opportunities - Being a member of Valley Golf & Country Club, Inc. allows the members the privilege of playing in foreign golf clubs like the Kelab Golf Negara Subang in Selangor, Malaysia; Singapore Island Golf and Country Club; and Royal Selangor Golf and Country Club in Kuala Lumpur, Malaysia. In the year 2002 we were able to establish reciprocal rights with Klub Golf Bogor Raya of Indonesia and Royal Palm Springs Golf Club of Malaysia. In 2017 the Club established reciprocity rights with the largest golf course operator in the world, Mission Hills Golf Club in China.

The principal competitors near our area of operations are two privately owned golf courses, Forest Hills Golf and Country Club located in Cogeo, Antipolo City and Eastridge Golf & Country Club in Binangonan and one public course, Sun Valley Golf Course. These golf courses are relatively new and are still building up their membership base; whereas, Valley Golf having been in the business for 60 years old is already proud Golf Club with its roster of respectable membership. Valley Golf's luscious greens and fairways are still the best in the area and very well maintained. The rainforest trees in our courses that have matured through the years have provided a canopy on the fairways and its majestic beauty is



something that other golf courses cannot duplicate. The friendly atmosphere and the camaraderie of the entire membership and employees are what make our golf course unique. Eastridge has an 18-hole golf course and Forest Hills has a 36-hole golf course but Valley Golf's greens, fairways, trees, sandtraps and meandering rivers will always make the difference. Each golf course may have its own unique characteristics but Valley Golf's design and intriguing South Course is something that has always attracted the enthusiasm of golfers. The challenging contour of the courses will always make one's round of golf an enjoyable and unforgettable experience. Valley Golf's all weather South Course has already made its impact on the members and their guests.

Our competitors are marketing their new facilities and in anticipation of this Valley Golf rehabilitated the South Course into an all-weather golf course. We have completed phases 1 and 2 of the renovation of our Main Clubhouse including the Men's locker room, the restaurant/veranda area and the offices to keep up with the modern trends in interior design while still maintaining the unique architecture of our clubhouse. Financially, Valley Golf is more stable than our competitors because our focus now is maintenance and constant improvement. Moreover, our Stockholders' Equity has long been built up unlike our competitors who are still selling shares of stock to augment their capital.

Valley Golf has no branch or subsidiaries so we do not have transactions with related parties. The other parties we usually transact with are the suppliers of office, grounds and motorpool supplies. In Dec. 2015 the Club entered into a 3-year golf course maintenance agreement with MJ Carr Golf Management. Upon the expiration of the contract of MJ Carr, a Golf Course Maintenance Service Agreement was entered into between Valley Golf and VMJ Evergreen Golf Maintenance and Construction Corporation effective Jan. 1, 2018 up to Dec. 31, 2020. We have concessionaires for golf supplies, restaurants and driving range but these are not part of the Club's major sources of income. We do not have patents, trademarks, copyrights etc.

Valley Golf has an approved registration from BIR of its VAT and NON VAT activities. The Club keeps up to date its annual Municipal Business and Sanitary Permits from the City Government of Antipolo.

A governmental regulation which affected the Club was the implementation of the CTRP. Before the CTRP, the Club was exempted from the payment of income tax as per Sec. 27 of the NIRC. By reason of the CTRP, the Club is now subject to 32 % income tax effective Jan. 1998.

The 26 International Financial Reporting Standards and revised International Accounting Standards by the Accounting Standards Council which took effect in January 2005 started affecting the financial reports of the Club for the fiscal year ending June 30, 2006. The significant effects are on the recognition of income tax expense and derecognition of deferred tax assets in the absence of definite plans that operations for the coming years shall result to net income after depreciation. Other minor effects were in the recording of interest income, capital gains, property plant and equipment and depreciation and lease-finance expenses.

In August 2012, the BIR issued Revenue Memorandum Circular No. 35-2012 – Clarifying the Taxability of Clubs Organized and Operated Exclusively for Pleasure, Recreation and Other Non-profit purposes. Under Revenue Memorandum Circular No. 35-2012, membership dues which were previously exempted from VAT and income tax by virtue of BIR Rulings issued by the then Commissioner Chato and Asst. Commissioner Roldan in 1996 and 2006, respectively, are now subject to VAT and income tax. Said Revenue Memo caused a significant impact in our finances and adversely affected our cash flow forcing the Board of Directors on Sept. 15, 2012 to increase membership dues effective Oct. 2012. The Club complied under protest with the mandate of Revenue Memorandum Circular No. 35-2012.

For fiscal year 2014, the Club applied certain accounting standards that require restatement of previous year's financial statements, particularly Revised PAS 19, Employees Benefits. This required all actuarial gains and losses to be recognized in the Other Comprehensive Income. Also, unvested past service costs previously recognized over the average vesting period, were recognized immediately, whether in income or loss, when incurred.

Being a golf course, we do not spend much for research and development since our major concern is the maintenance of the golf course. We sometimes test new products for our insecticides, fertilizers, sands and grounds equipment but these are either samples given for free or the amount involved is very minimal.

The Club strictly adheres to all environmental laws. Sources of water are from the running creeks along the fairways and fertilizers used are all environmentally friendly and not hazardous to health. The Board signed a mutual environmental protection project and tree planting and seedling propagation with the DENR. Organic materials are being used for the maintenance of the greens and fairways. During the year 2001 the Club had undertaken the planting of around 300 golden coconut seedlings near the perimeter fence and within the golf course. Animals such as ducks and wild birds are allowed to roam within the creeks and fairways. In 2010, we constructed a green house for seedlings of various trees and several tree saplings were planted in the courses or given to members. In our locker rooms, we had eliminated the use of plastics and styropor. Instead we made use of cloth bags and paper cups. We also eliminated the use of plastic cups in the fairways and clubhouse; instead, we are using paper cups.

Total number of employees is 84, all full time. We have 17 General Manager, Department Managers and Supervisors and 67 rank and file employees. The 67 rank and file are covered by a CBA which will expire on Oct. 2022. The breakdown of the employees are as follows; Office of the GM – 1, Golf Affairs – 13, Clubhouse – 22, Controllers - 18, Engineering –24 and Administration/HR – 6. When we started engaging MJ Carr Golf Management for the maintenance of the golf courses, the Grounds Department was abolished. Our employees have never been on strike for the past three years neither are they threatening to strike. Supplemental benefits includes free meals during overtime and holidays and special events in the Club, free coffee during break time and various gift items during Christmas seasons.

There is no major risk involved in the business of Valley Golf & Country Club.

The club members' equity as of June 30, 2018 is P 256 Million. We do not issue unsecured bonds. Valley Golf has been in business for 60 years.

## **ITEM 2. DESCRIPTION OF PROPERTY**

Seen from the air, the Main Clubhouse, which was designed by noted Filipino Architect Gabriel Formoso, takes on the unmistakable shape of a golf ball perched on a tee. The "golf ball" houses the Men's Locker Room. The "tee" houses the upper veranda, the golfers' lounge and a viewing deck where one can enjoy the action on the 9th or 18th green.

Adjacent to the Main Clubhouse are two swimming pools with cabanas for men and women. The Club now has a state-of-the-art fully lighted for night use driving range with amenities such as coffee shop and restaurant, sports bar, members' lounge, pro-shop and shower rooms. The driving range has two-level driving bays, all equipped with convex mirrors while the upper-level bays feature the revolutionary TMAX-GOLF motor less dispensers. Adequate parking near the Main Clubhouse is assured for as many as 200 cars.

The North Clubhouse is furnished with modern facilities, complete with restaurant, function rooms, locker rooms and offices. The restaurant is now being managed by a concessionaire as part of innovations being introduced to the membership.

### **a.) Location and area of the properties.**

Valley Golf & Country Club, Inc. is located along Don Celso S. Tuason Ave., with entry and exit on Ortigas Ave., Extn. and Sumulong Highway. Total land area is 1,222,971 sq. meters, part of which is in Antipolo City and another part in Cainta, Rizal.

### **b.) Description and condition of the properties.**

All properties are registered in the name of Valley Golf Club, Inc. and none of the properties are mortgaged nor encumbered. The Club does not lease any of its land.

Valley Golf does not intend to acquire any properties in the next twelve (12) months.

## **ITEM 3. LEGAL PROCEEDINGS**

All pending legal cases are enumerated and discussed as per attached report of the Legal Counsel.



TEOFILO C. ABEJO II  
AMADO DANILO G. TAYAG  
BERNADETTE G. JUAREZ  
RESIDA-ROSE T. ROSARIO  
RONALDO L. SANTOS, JR.  
PATRICK JOSEPH M. QUINIO  
ARLENE B. FERANDO

25 June 2018

**SYCIP, GORRES, VELAYO & CO.**  
6760 Ayala Avenue, Makati City

Attn: **MR. ALEXIS BENJAMIN C. ZARAGOZA III**  
Partner-In-Charge

**MR. FLOYD P. DE LA CRUZ**  
Associate Director

Gentlemen:

Further to the letter request of our client Valley Golf and Country Club, Inc., we are submitting a report on the cases handled for our client.

1. **Heirs of Victor Reyes vs. Valley Golf and Country Club, Inc.**  
(SC GR No. 190641; CA-G.R Civil Case No. 80378; RTC-Makati City, Branch 138: Civil Case No. 01-528; SEC Case No. 01-97-5522)

This is a complaint by a former stockholder of VGCCI for reinstatement of playing rights and/or issuance of new shares of stocks. The complainant claims the auction sale in 1986 of his share for delinquency of his accounts was void for lack of notice to him. He is also claiming the amount of PhP20,000.00 as attorney's fees as well as costs of suit against the Club. In its Answer, the Club claims that the complainant's action is already barred by the statute of limitation and there was proper notice to him of his delinquency and the auction sale. As counterclaim, the Club is claiming PhP50,000.00 as moral damages, PhP50,000.00 as exemplary damages and PhP25,000.00 as attorney's fees. The Regional Trial Court has rendered judgment dismissing the complaint as there was no infirmity in the auction sale of complainant's share. Mr. Reyes has filed an Appeal with the Court of Appeals where the case of now pending. During the pendency of this appeal, the plaintiff passed away and the court, upon motion of his heirs, ordered their substitution as the plaintiffs.

On August 5, 2008, the Court of Appeals rendered a Decision reversing the decision of the Regional Trial Court and **declared the plaintiff (as substituted by his heirs) to be entitled to the reinstatement of his playing rights and/or the re-issuance of a new share of stock from Valley.** The Court of Appeals said that the notice issued to the plaintiff as to the auction sale was defective as the registry receipt was not sufficiently authenticated and that even assuming there was notice of delinquency sent to the plaintiff, the payment of dues was the responsibility at the time of the playing guest to whom the playing rights of the share was assigned. The Club filed a Motion for Reconsideration on August 26, 2008 which was denied by the Court of Appeals in its Resolution dated November 25, 2009. On December 18, 2009, the Club filed a Petition for Review with the Supreme Court. The heirs of Victor Reyes already filed their Comment to which Valley Golf filed its Reply on 03 January 2011.

On 10 November 2015, the Supreme Court rendered its decision denying the Club's petition for review and affirming the Court of Appeals decision. On 16 February 2016, Valley Golf filed its Motion for Reconsideration. However, this was denied by the Supreme Court in its Notice dated 16 March 2016 which we received on 25 May 2016. An Entry of Judgment has been issued and hence, the decision has become final and executory. On 30 April 2018, undersigned counsel received a Motion for Issuance of Writ of Execution filed by the plaintiffs' counsel. We then filed on 11 May 2018 a Comment/Manifestation to the motion stating that while Valley Golf intends to comply with the Decision dated 05 August 2008 of the Court of Appeals which has already become final and executory, its compliance should be in accordance with law and consistent also with Valley Golf's own rules and procedures regarding stock ownership, transfer of shares and approval of membership and playing rights. The court in its Order dated 21 May 2018 has already granted the plaintiffs' Motion for Issuance of Writ of Execution. To forestall any inconvenience to Valley Golf and ensure orderly compliance with the Court of Appeals' decision, we met with plaintiffs' counsel on 30 May 2018 to explain to them the rules and procedures regarding stock ownership, transfer of shares and approval of membership and playing rights and inquired if plaintiffs are willing to accept a playing right instead of a golf share. Plaintiffs' counsel undertook to relay the information given to his clients and revert to us which to date, he has yet to do.

2. **Valley Golf and Country Club, Inc. vs. Gabina Maestre, et al.**  
(Civil Case No. 09-8769, Branch 71 of the Regional Trial Court of Antipolo City)

This is a complaint for accion publiciana to recover possession of real property belonging to the Club under TCT No. 518354 currently being occupied by several squatters. The Club is seeking a decision from the Regional Trial Court ordering the defendants (about 37 in number), together with their families/households, and any and all persons claiming rights from them, at present and in the future, to vacate the subject properties in question and to restore the possession of the same to the Club. The Club is also seeking the payment of the attorney's fees in the amount of PHP50,000.00 acceptance fee and the amount of appearance fees, as and by way of attorney's fees, as well as for defendants to pay the costs of suit and litigation expenses.

Some of the defendants have filed an Answer claiming that they and their predecessors-in-interest have been in possession of the Club's property for more than thirty (30) years which will entitle them to the ownership and possession of the property. They also claim that the Club's title is not valid since the property was acquired from the Manila Railway Company and that under a 1900s law, the railway company was bound to give the property back to the public once it is no longer used for railway operation. As counterclaim, defendants are claiming PHP500,000.00 as moral damages and PHP20,000.00 attorney's fees for each of them.

Valley Golf has previously filed a motion to declare in default some of the defendants who failed to file their Answer and this motion was already granted by the court. On 04 September 2013, in view of the failure of the defendants represented by counsel to file their Pre-Trial Brief, the court allowed Valley Golf to present its evidence *ex-parte*. These defendants filed a Motion for Reconsideration which Valley opposed and the court denied this motion. Valley Golf presented its evidence *ex-parte* and filed its Formal Offer of Evidence. The other defendants filed another Manifestation with Motion, seeking that they be allowed to present their own evidence which was denied by the court after Valley Golf filed its opposition.

On 02 September 2015, Valley Golf through its counsels received the Decision of the Regional Trial Court which declared Valley Golf as the lawful owner of the property and ordered it to be placed in possession of it and the defendants were ordered to vacate the same to surrender it peacefully to Valley

Golf. Some of the defendants filed a Motion for Reconsideration to which Valley Golf filed its Comment/Opposition on 27 October 2015.

In the interval, Valley Golf signed in 2015 a Memorandum of Agreement with Malaya Valley Homeowners' Association, Inc., which, though not a party, claims to represent all the informal settlers on the subject property, some of which are already defendants in this case. Upon the instructions of the Board and management, Valley Golf's counsels filed a Motion for Approval of Compromise Agreement or the terms of the MOA. However, some of the individual defendants filed a Manifestation claiming that they did not sign and are vehemently opposing the Compromise Agreement (MOA).

On 24 October 2016, the RTC of Antipolo rendered an Order denying the Motion for Reconsideration of some of the defendants and approving the Compromise Agreement insofar as the defendants who were not opposing it. The defendants who filed the Motion for Reconsideration then filed a Notice of Appeal. On the other hand, upon the instructions of the Board of Directors, we filed on 21 December 2016 a Motion for Partial Reconsideration of the Order insofar as it approved the Compromise Agreement considering that a great number of defendants who are supposedly beneficiaries of the MOA are objecting to it thereby putting to naught the objective of the MOA to end the litigation, and that it will now be virtually impossible to implement the MOA based on its original terms and premises. The Motion for Partial Reconsideration was approved and defendants' Motion for Reconsideration was denied.

Some of the plaintiffs thereafter filed a Notice of Appeal from the Regional Trial Court's decision. On 19 June 2018, we received an Order from the Court of Appeals directing the defendants-appellants to file their Brief within forty five (45) days from their receipt of the Order. Valley Golf has forty five (45) days from receipt of the appellants' Brief to file its appellee's Brief.

3. ***Valley Golf Hills Homeowners Association, Inc. vs. Valley Golf and Country Club, Inc.***  
(HLURB Case No. NCRHOA-051016-2436, HLURB Expanded National Capital Region Field Office, Quezon City)

This a complaint filed by Valley Golf Hills Homeowners Association, Inc. against Valley Golf and Country Club, Inc. praying that the control, management, security, and maintenance of the gates to and roads within the subdivision be

turned over to them. The complainant seeks to enforce Section 10, pars. (c) and (d) of R.A. 9904, otherwise known as the "Magna Carta for Homeowners and Homeowners' Associations" which provides that homeowners associations have the right to regulate management of common areas, as well as to regulate access to, or passage through subdivision/village roads for purposes of preserving privacy, tranquility, internal security, and safety and traffic order.

On 10 June 2016, Valley Golf, through counsel, filed its Answer (with Counterclaim). In the Answer, it was argued that the complaint ought to be dismissed on the ground of lack of jurisdiction considering that it does not fall under any of the disputes or controversies under the jurisdiction of the HLURB, as provided for under Section 2, Rule 1 of the Revised Rules of Procedure of the HLURB. In any case, it was likewise argued that the complaint ought to be dismissed for utter lack of merit. At the outset, it was pointed out that the Supreme Court had already ruled with finality that the property (Don Celso Tuason Avenue) is private property solely owned by Valley Golf. Furthermore, the law sought to be enforced by the Complainant, in particular, Section 10 of R.A. No. 9904, does not apply in the present case. Lastly, it was stressed that to turn over the management of the gates and roads on property owned by Valley Golf would be tantamount to a taking without due process and without payment of just compensation in violation of the Respondent's property rights.

In view of the failure of the parties to agree on an amicable settlement during the mandatory mediation conferences, both parties were required to file their respective Position Papers. Thereafter, the case will be submitted for decision. On 02 August 2016, we filed Valley Golf's Position Paper.

On 24 May 2017, Valley Golf received through undersigned counsel a Motion for Issuance of Writ of Preliminary Injunction and/or Cease and Desist Order filed by plaintiff's new counsel. Valley Golf filed its Comment/Opposition to this Motion to which plaintiff filed its Reply. On 28 June 2017, Valley Golf filed its Rejoinder.

On 21 July 2017, Valley Golf received through undersigned counsel, the Notice of Decision of the Housing and Land Use Arbiter which ordered the dismissal of the complaint for lack of jurisdiction. On 17 August 2017, we received the Appeal Memorandum of the plaintiff appealing the said decision. Valley Golf filed its Counter-Memorandum on 29 August 2017. On 18 September 2017, we received the Notice of Receipt of Records from the Board of Commissioners of HLURB.



On 30 May 2018, plaintiff sent a copy of its Board resolution to Valley Golf whereby the former's board of directors resolved to drop the case against Valley Golf in the understanding that Valley Golf shall withdraw countercharges and no further complaints or charges will be pursued regarding the control of the gates along Sumulong Highway and Ortigas Extension. Upon instructions from Valley Golf's Board, we drafted a Compromise Agreement to be signed by both parties and filed with the HLURB in order to obtain a judgment by compromise. The draft Compromise Agreement is pending approval by Valley Golf's Board of Directors.

The Club has a monthly retainer agreement with the Firm. Valley Golf and Country Club, Inc. has an outstanding billing in the amount of **Thirty Three Thousand Seven Hundred Twelve Pesos (PHP33,712.00)** with our Firm as of June 30, 2018. We trust that we have been of assistance.

Very truly yours,

  
AMADO/DANILO G. TAYAG  
For the Firm

CC: **MR. ABRAHAM DE LA CRUZ**  
*President*  
**VALLEY GOLF AND COUNTRY CLUB, INC.**  
Antipolo City

#### **ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

For the fiscal year ended June 30, 2018, the Annual Stockholders' Meeting was held on Sept. 24, 2017. Out of the 1,593 issued and subscribed shares, 917 shares were represented by proxy or present in person, and majority being in attendance, the President, as Presiding Chairman, declared a quorum.

At the unsuing election, the following were elected as Directors:

1. Wilfredo G. Manahan - 939 votes
2. Jeremy Z. Parulan - 848 votes
3. Albert DG. San Gabriel - 735 votes

The other directors whose term of office continued are Messrs. Abraham C. dela Cruz, Luis Quiogue, Luis Manuel S. Polintan, Augusto Cruz, Jaime Victor Santos and Virgilio Bucat.

Matters discussed during the Annual Stockholders' Meeting include the ratification of the acts of the Board of Directors from July 1, 2016 to June 30, 2017, approval of the minutes of the annual meeting held on September 25, 2016 and the election of the external auditor. On the election of the External Auditor, the stockholders resolved to elect Sycip Gorres Velayo & Co. as the Club's External Auditor for the fiscal year ending June 30, 2018.

The details of the discussion are as follows:

#### **MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF VALLEY GOLF & COUNTRY CLUB, INC.**

Held at the Main Clubhouse  
Valley Golf & Country Club, Inc.,  
Don Celso Tuason Avenue, Antipolo City  
24 September 2017 at 4:00 p.m.

TOTAL NUMBER OF SHARES OUTSTANDING	1,593
TOTAL NUMBER OF SHARES PRESENT/REPRESENTED AND ENTITLED TO VOTE	917 (57.6%)

#### **I. CALL TO ORDER**

The Chairman, Mr. Isaura V. San Pedro, Jr., called the meeting to order and presided over the same. The Corporate Secretary, Mr. Rio Sesinando E. Venturanza, recorded the minutes of the proceedings.

#### **II. CERTIFICATION OF NOTICE AND QUORUM**

The Secretary confirmed that notices of the meeting were duly sent to all members of the Club together with a copy of the materials for the meeting.

Based on a certificate issued by the Club's courier, Suremail Courier Services Inc., attesting to the mailing of the notices of the meeting to the Club's stockholders of record,

the Secretary certified that notices of the meeting were sent to all stockholders of record as of 25 August 2017. A copy of the certificate has been attached to this minutes pursuant to the instructions of the Chairman.

The Secretary certified that, based on the register of attendees and proxies as tabulated by the Stock Transfer Agent, out of the 1,593 shares representing the total outstanding capital stock of the Club, 917 shares of stock were present in person or by proxy representing an attendance of 57.6% of the total outstanding capital stock of the Club. Accordingly, the Secretary certified that a quorum existed for the transaction of the business at hand.

### III. APPROVAL OF THE MINUTES OF THE LAST STOCKHOLDERS' MEETING

Upon motion duly made and seconded, the reading of the minutes of the last stockholders' meeting held on 25 September 2016 was dispensed with as the same had been previously circulated/distributed to the stockholders. The Chairman opened the floor for questions about the minutes of the 2016 Annual Stockholders' Meeting. There being no questions raised, the minutes of the last stockholders' meeting was thereafter approved as circulated/distributed:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Approval of Minutes of the Previous Meeting of Stockholders	917 (57.6%)	0 (0.00%)	0 (0.00%)

The following resolution was thereafter passed:

“RESOLVED, that the Minutes of the Annual Meeting of the Stockholders of **VALLEY GOLF & COUNTRY CLUB, INC.** (the ‘Corporation’) held on 25 September 2016 be as it is hereby approved.”

### IV. MATTERS ARISING FROM THE MINUTES OF THE LAST STOCKHOLDERS' MEETING

The Chairman, Mr. Isauro V. San Pedro, Jr., opened the floor for inquiries relative to the previous year's minutes.

Mr. Jose Ferlu Sudario raised two concerns. First, he asked why the Annual Stockholders' Meeting is being held late and second, the Annual Report was also distributed late. According to him, it was his first time to experience this kind of delay in the stockholders meeting.

The Chairman apologized and explained the cause of delay. The Board wanted to make sure the members of the Board of Directors are in complete attendance before the meeting started. A member of the Board happened to represent the Club in a golf tournament that was held almost at the same time. For the betterment of the Club and pursuant to Mr. Sudario's request, the Board noted and put on record his two concerns.

After the Chairman's explanation and considering that there are no other questions relative thereto, the Chairman proceeded with the next item on the agenda.

**V. READING AND APPROVAL OF THE AGENDA**

Upon motion made and duly seconded, the Board approved and adopted the agenda for the 24 September 2017 Annual Stockholders' meeting as presented.

**VI. PRESIDENT'S REPORT AND PRESENTATION OF AUDITED FINANCIAL STATEMENTS**

The Chairman, Mr. Isaura V. San Pedro, Jr. manifested that all stockholders were provided copies of the Club's Annual Report.

The Chairman, presented the Club's 2016 Annual Report and Audited Financial Statements. According to him 2016 was a relatively good year for the Club. He then presented the financial performance indicators for 2016 vs. 2015.

Thereafter, the Chairman opened the floor for questions regarding the 2016 Annual Report specifically on the Club's operations and Financial Statements. No questions having been raised by the stockholders present, the Annual Report together with the Audited Financial Statements for the Fiscal Year 1 July 2016 to 30 June 2017, was, upon motion duly made and seconded, approved based on the results of the voting via poll:

<b>AGENDA ITEM</b>	<b>VOTES IN FAVOR</b>	<b>VOTES AGAINST</b>	<b>ABSTAIN</b>
Approval of 2016 Annual Report and Financial Statements	917 (57.6%)	0 (0.00%)	0 (0.00%)

The following resolution was likewise approved:

**"RESOLVED**, that the 2017 Annual Report on the operations of **VALLEY GOLF & COUNTRY CLUB, INC.** (the 'Corporation') together with the Audited Financial Statements and accompanying notes for the fiscal year 1 July 2016 to 30 June 2017, be as it is hereby approved."

**VII. RATIFICATION OF CORPORATE ACTS**

The Chairman next presented for the stockholders' confirmation, ratification, and approval a list of the acts of the Club's Board of Directors and Management for Fiscal Year July 1, 2016 to June 30, 2017 including disposal of non-performing assets and settlement of cases that may involve disposal of some Club properties from the date of the last stockholders' meeting up to this meeting.

Upon a motion being made and duly seconded to confirm, ratify, and approve all the acts of the Club's Board of Directors and Management, including the disposal of non-performing assets and settlement of cases that may involve disposal of some Club properties from the date of the last stockholders' meeting up to date of the present meeting, and there being no objection from any of the stockholders' present, the motion was approved based on the results of voting via poll:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Ratification of all acts of the Board of Directors and Management from the date of the last stockholders' meeting up to the date of the present meeting.	917 (57.6%)	0 (0.00%)	0 (0.00%)

The following resolution was likewise approved:

“**RESOLVED**, that all acts of the Board of Directors and Management of **VALLEY GOLF & COUNTRY CLUB, INC.** (the ‘Corporation’) for the period July 1, 2016 to June 30, 2017, including the disposal of non-performing assets and settlement of cases that may involve disposal of some Club properties from the last stockholders’ meeting on 25September 2016 up to the date of this meeting, be as they are hereby confirmed, ratified and approved.”

#### VIII. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman informed the audience that, after deliberations and upon the recommendation of the Audit Committee, the Board of Directors approved the re-appointment of Sycip Gorres Velayo & Company (SGV & Co.) as the Club’s external auditor for the year 2017-2018.

No questions or objections having been raised by the stockholders present despite opportunity given, the proposal to re-appoint SGV & Co. as the Club’s external auditor for year 2017-2018 was approved by the stockholders based on the results of voting via poll:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Re-appointment of Sycip Gorres Velayo & Company as External Auditor for 2017-2018	917 (57.6%)	0 (0.00%)	0 (0.00%)

The following resolution was likewise approved:

“**RESOLVED**, that **VALLEY GOLF & COUNTRY CLUB, INC.** (the ‘Club’) hereby approves the re-appointment of Sycip Gorres Velayo & Company as the Bank’s external auditor, for Year 2017-2018.”

#### IX. ELECTION OF DIRECTORS

The Chairman declared a recess to allow for the election of three new directors for Valley Golf & Country Club Inc.

Mr. San Pedro, Jr. then announced the names of the nominees and informed the audience that the nominees, whose profiles appear in the Club’s Information Statement and Annual Report, were duly screened by the Nomination Committee.

At this point, Chairman San Pedro Jr. called on the Chairman of the Commission on Elections (Comelec), Atty. Plaridel J. Bohol II, to preside over the proceedings to elect the new Directors. The other members of the Comelec were Atty. Joel B. Ferrer and Atty. Felipe T. Cuison. The following were the official nominees:

Donald Joseph C. Macomb  
 Wilfredo G. Manahan  
 Jeremy Z. Parulan  
 Albert DG. San Gabriel

Votes were then tabulated with the following candidates receiving the number of votes indicated opposite their respective names:

Nominee	No. of Votes Received		
	In Person	By Proxy	Total
Mr. Donald Joseph C. Macomb	1	0	
Mr. Wilfredo G. Manahan	13	926	939
Mr. Jeremy Z Parulan	31	817	848
Mr. Albert DG. San Gabriel	21	714	735

Mr. Bohol then announced that based on their tabulation, Messrs. Manahan, Parulan and San Gabriel received the three highest numbers of votes and endorsed the election results to the Board.

The Chairman called the meeting to resume and after noting the Comelec announcement, confirmed on behalf of the Board the election of Messrs. Manahan, Parulan and San Gabriel as the newly elected members of the Board of the Club to serve as such from 2017-2019.

**IX. OTHER MATTERS**

The Chairman opened the floor for other issues and/or unfinished business.

**A. PP Sierra Two Questions regarding Don Celso Tuason Avenue**

Past President Sierra raised two questions. First is on re-blocking of the Don Celso Tuason Avenue (DCTA). He is wondering why the third phase of the re-blocking plan has not been implemented since it has been previously approved by the past board. Second was the need to close the road in front of Valley View Royale as squatters are using the same to gain access to Valley Golf. The Chairman informed Mr. Sierra that the road has been closed. As to his second query, budget has already been set aside for the project. Dir. Bucat added that the Club is trying to address the flooding problem first along DCTA before resuming road re-blocking. In line with this, they have already constructed a trench canal in front of Igorot Village to catch the big run of rain water along Don Celso.

**B. Awarding of Plaque**

Thereafter, the Chairman proceeded to the awarding of plaque of appreciation to the outgoing Directors including himself.

PP Sierra moved to commend not only the three outgoing members but the entire members of the Board as well.

At this point, the Corporate Secretary, Atty. Venturanza, together with the members of the Comelec, awarded the plaque of appreciation to Dir. Lakan Fonacier in recognition for his invaluable contributions to Valley Golf as a member of the Board of Directors from 2014 to 2017. He also served as the Chairman of the Sports and Games Committee (2014-2015); Chairman of the Security Committee (2014- 2015); Chairman of the Membership Committee(2015-2016) and lastly; Chairman of the Audit Committee(2016-2017).He was followed by Director Alexander S. Marquez for his invaluable contribution as member of the Board of Directors from 2014 to 2017and Chairman of the Real Estate Committee (2016-2017). Finally, plaque of appreciation was awarded to outgoing President Mr. Isaura V. San Pedro, Jr. in recognition of his invaluable contributions to the Club as member of the Board of Directors (2014-2017); Chairman of the Administration Committee (2014-2016), and; President of the Club (2016-2017).

The Chairman then inquired whether there are other matters which the stockholders would like to discuss.

## **ADJOURNMENT**

There being no other matters to be discussed, the meeting was thereupon adjourned.

## **PART II - OPERATIONAL AND FINANCIAL INFORMATION**

### **ITEM 5. MARKET FOR REGISTRANTS COMMON EQUITY AND RELATED STOCKHOLDERS' MATTERS**

#### **1.) Market Information**

Valley Golf & Country Club, Inc. does not market its shares in the stock exchange and all stockholders have pre-emptive rights on the sale of club shares. Total number of authorized capital stock is 1,800 at P 9,000.00 par value. Valley Golf is a non-profit club and does not issue any stock or cash dividends.

The Board of Directors on their Special Meeting last June 22, 2009 approved the sale of 26 shares of stock with the following conditions:

1. The conditions of the sale are as follows:
  - 1.1 Cash basis
    - 1.1.1. Outright sale of shares at Php380,000.00 each (minimum price for the first batch). Transfer Fee shall not be applicable.
    - 1.1.2. For non-members, membership is subject to compliance to the Membership processing requirements and approval of the Membership Committee.

1.1.3. All shares must be activated within 30 days pursuant to Article VII, Section 3, of the By-Laws and Section 7 of the Articles of Incorporation.

1.2. Shares of stock will be sold in batches and prices as follows:

				Date of Sale
1.2.1.	First batch	- 3 shares of stock	P 380,000.00	June 26 – 30
1.2.2.	Second batch	- 3 shares of stock	P 400,000.00	Jul. 1 – Jul. 7 or after 1 <sup>st</sup> batch is sold whichever is earlier
1.2.3.	Third batch	- 3 shares of stock	P 425,000.00	Jul. 8 – Jul. 14 or after 2 <sup>nd</sup> batch is sold whichever is earlier
1.2.4.	Fourth batch	- 3 shares of stock	P 450,000.00	Jul. 15- Jul. 22 or after 3 <sup>rd</sup> batch is sold whichever is earlier
1.2.5.	Fifth batch	- 3 shares of stock	P 475,000.00	Jul. 23 -Jul.31 or after 4 <sup>th</sup> batch is sold whichever is earlier

Note: Prices are subject to change without prior notice.

2. Sale will be as follows:

2.1 From June 26 – July 7, 2009, only to proprietary members on record as of May 31, 2009. Proprietary members who are interested to buy shares after July 7, 2009 will be given priority.

2.2 Assuming that shares are still available, Playing guests, Corporate Representatives, children and spouses of proprietary members will be allowed to buy shares beginning July 8, 2009.

2.3 Assuming that shares are still available, Non-members will be allowed to buy beginning July 15, 2009.

3. The mechanics of the sale were as follows:

3.1 Sales inquiry must be coursed through the Office of the President beginning June 26, 2009.

3.2 Sale will be on a first come, first serve basis.

3.3 If there are more than three (3) interested buyers at the same time, the winner will be selected by raffle.

3.4 No reservations will be entertained.

4. Utilization of the proceeds of the sale:

4.1. Payment of outstanding loans.

4.2. To fund the 3-year development program

As of June 30, 2013, there were fifteen (15) shares sold from this issuance.

The Board of Directors in their regular meeting last Nov. 15, 2014 approved the following:

1. INSTALLMENT SALE OF SHARES OF STOCK

a.) Deferred payment of the share of stock and transfer fee.

b.) "All in selling price" of P 350k.

c.) Payable in 12 monthly installments.

d.) Membership of the buyers is subject to compliance with the Membership processing requirements and approval of the Membership Committee.



As of June 30, 2015, there were five (5) shares sold from this issuance.

For the fiscal years 2000 and 2001, the market price ranged from the club subscription rate of P 625,000.00 to P 500,000.00. For the year 2002 market price was between P 500,000.00 to P 450,000.00. For the years 2003 to 2014 market price ranged from P 400,000.00 to P 500,000.00 for Club subscription to P332,000 to P292,000 for third party market. Market prices included the transfer fee of P 112,000.00. For the fiscal year 2015 and 2016 the market price was P250,000.00 plus P56,000 transfer fee during the promo period or P112,000 after the promo. For the fiscal year 2017 the market price was P312,000.00 plus P67,2000 transfer fee during the promo period or P112,000 after the promo. The market value of the shares of stock of Valley Golf as of June 30, 2018 is P400,000.00 plus P112,000.00 transfer fee. Market prices were based on subscription rates and transactions processed in the Club.

## 2.) Holders

Total number of shares issued and outstanding as of June 30, 2018 is 1,594 shares. There is no individual or corporate stockholder who is the beneficial owner of at least five percent (5 %) of the total shares outstanding. The top twenty (20) shareholders are as follows:

NAME OF STOCKHOLDER	NO. OF SHARES OWNED	PERCENTAGE
1. PAE Ventures, Inc.	6	0.38 %
2. TDR, Incorporated	5	0.31 %
3. Manila Electric Co.	5	0.31 %
4. Solid State Multi Products Corp.	5	0.31 %
5. Squires Bingham Co., Inc.	5	0.31 %
6. First Phillippine Holdings Coporation	4	0.25 %
7. Vicente and Gerardo Madrigal	4	0.25 %
8. Metropolitan Bank and Trust Co.	4	0.25 %
9. Mitsubishi Motors Phils., Corp.	4	0.25 %
10. Phil. National Bank	4	0.25 %
11. Reliable Electric Co., Inc.	4	0.25 %
12. Edward Cheek	3	0.19 %
13. Dee C. Chuan & Sons, Inc.	3	0.19 %
14. Jalandoni, Johnny	3	0.19 %
15. Severo A. Tuason & Co.	3	0.19 %
16. Severo Jose Tuason	3	0.19 %
17. Perry Y. Uy	2	0.13 %
18. Anna's Catering, Inc.	2	0.13 %
19. Metropolitan Insurance Company	2	0.13 %
20. Tuason, Demetrio R.	2	0.13 %

There is no acquisition, business combination or other reorganization that may affect the amount and percentage of the present equity holdings of each director and nominee and of all directors and officers as a group nor are there any present commitments to such persons with respect to the issuance of shares.

3.) Dividends

Valley Golf is a non-profit club and does not declare any form of dividends. Income earnings are being used for maintenance of the golf courses and to improve services to the members.

4.) Recent sales of unregistered or exempt securities.

Valley Golf has not sold any unregistered or exempt securities during the present and previous fiscal years.

**ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.**

**1. PLAN OF OPERATION**

**OBJECTIVES:**

- a. To have a timely scheduled improvement of Club facilities and services.
- b. Profitability and financial liquidity for operations and to fund various projects.

**ACTION PLAN:**

1. Full implementation of the following priority capital expenditures:
  - a. All bunker sand in the North Course will be completely rehabilitated by Oct. 2018 with a budget of P5.2 Million
  - b. Replacement of the roof of the Main Clubhouse and repair of Gutters & Eaves will be completed by Sept. 2018 with a budget of P 6.2 Million.
  - c. Renovation of Ladies' Locker Room with a budget of P2.14 Million by Dec. 2018
  - d. Lower Lanai Multi-Purpose Room with a budget of P3.96 Million by June 2019
  - e. Renovation of Swimming pool with a budget of P4.88 Million by Dec. 2018
  - f. Renovation of Guests' Locker Room with a budget of P965k by Dec. 2018
  - g. Concrete reblocking of DCT Avenue with a budget of P5 Million by Feb. 2019.

**2. MANAGEMENT DISCUSSION AND ANALYSIS**

Reflected in the Audited Financial Statements for the fiscal year July 1 ,2017 to June 30, 2018 is a very financially sound and stable Valley Golf & Country Club, Inc. in terms of revenues as well as in cash position. Our Net Income for the year is P12.18 Million with an increase of P13.83 Million or 835% from our net loss of P1.66 Million last year, our Cash on the other hand is at P44 Million with a notable increase of P22.07 Million or 101% from last year. A more detailed analysis of our Income Statement showed a significant increase in our income from green fees of P4.67 Million or 26.6%. Green Fees

for this year reached P22.22 Million as compared to P17.55 Million last year. Worth noting is the P1.43 Million additional green fee from tournaments because of the earnest efforts of our members to invite golfing enthusiasts to have their tournaments here in our courses. Our accompanied guests increased as well by P3.23 Million. It is primarily our pristine golf courses and strategic location along with other external factors that contributed to the increases. Other operating revenues that contributed to our additional income came from Golf Cart rental, Concessionaires' Fees, Assessment for Road Maintenance, Transfer Fee and Road Users' Fee.

For the year under review our Operating Expenses amounted to P100.12 Million or an increase of P7.71 Million or 8.34% from last year's figure of P92.41 Million. Basically, the increases came from repairs and maintenance works for the golf courses and the Main Clubhouse which include dredging/desilting of lagoons and waterways, fencing the perimeters of the golf courses, riprap of lagoons, improvement of the spillways and car paths and various repairs and painting works in the Main Clubhouse. All these maintenance works are geared towards improvement of our golf courses and facilities for our members and guests. Inflationary pressures likewise affected our utilities, supplies and personnel expenses.

In our Balance Sheet, our Current Assets increased from P40.83 Million in 2017 to P63.19 Million in 2018 or an increase of P22.36 Million or 55%. The main source of the increase is the additional cash and cash equivalents while intensive collection efforts paid off as receivables decreased by P1.87 Million.

As a general principle we prioritized our capital expenditures and projects, subject to availability of funds before the start of the project. For this year the projects funded by the Treasury include the Rehabilitation of the bunkers in the North Course, Replacement of the Roof and repair of eaves and gutters in the Main Clubhouse, purchase of additional 15 electric Golf Carts and purchase of service and emergency vehicles.

Another objective of the Treasury that we are seriously pursuing is to increase the market value of our shares of stock. Business schemes were undertaken and with our golf courses in tip top condition, our market value has reached Php500k, inclusive of the Php112k transfer fee. Despite the keen competition in the golfing industry, we are optimistic that the upward trend will continue in the next fiscal year.

Valley Golf has no liquidity problems on its operations and projects and does not anticipate any liquidity problems in the future. All interest payments are being paid on due date and funds are available for the termination of loans when the need arises. All trade payables are paid based on the credit terms.

There are no seasonal aspects that had a material effect on the financial condition or results of operation.

There are no events that will trigger direct or contingent financial obligation that is material to Valley Golf. There is no anticipated default or acceleration of obligation.

There are no off-balance sheet transactions, arrangements, obligations or other relationships of the Club with unconsolidated entities or other persons created during the fiscal year.

There are no material commitments for capital expenditures.

There are no other trends, events or uncertainties that would have a material favorable or unfavorable impact on net sales or revenues.

There are no significant elements of income or loss that did not arise from Valley Golf's continuing operations.

**The five key performance indicators are as follows:**

1. **Current Ratio** - represents the ratio of current assets against current liabilities. This ratio represents the liquidity of the Club or the available current assets to settle the current liabilities. For the year ended June 30, 2018 the ratio is 1.55 (P63,194,929/P40,712,905) and for the year ended June 30, 2017 the ratio was 1.21 (P40,833,701/P33,857,450). This indicates an increase in the liquidity of the Club. The Cash and Cash Equivalents increased by P22,072,969 and other Current Assets increased by P2,157,482 while the trade and other payables increased by P4,349,693 and Members' deposits & others increased also by P2,176,361.
2. **Rate of return on assets** - represents the ratio of net income against assets. This represents the net earnings and the assets employed to arrive at the net earnings. For the year ended June 30, 2018 it is 4.02% (P12,182,390/P303,041,135) and for the year ended June 30, 2017 it was (.58%) (net loss of P1,656,800/P284,099,271). Operations for the year resulted to a net income of P12,182,390 and thus the rate of return on assets increased to 4.02%.
3. **Debt to total assets ratio** - this represents the ratio of total liabilities to total assets or the assets available to settle outstanding liabilities of the Club. For the year ended June 30, 2018 it is 15.55% (P47,123,850/P303,041,135) while for the year ended 2017 it was 14.27% (P40,529,194/ P284,099,271). Liabilities for the current year increased by P6.59 Million while assets increased by P18.94 Million thereby increasing the ratio.
4. **Earnings per share** - this represents the net income per share of stock issued and outstanding and subscribed. For the year ended June 30, 2018 the net income per share is P7,642.65 (P12,182,390/1,594) while for the year ended June 30, 2017 the net loss per share was P1,040.05 (net loss of P1,656,800/1,593). Net income for the year is P12,182,390 or an increase of P13.83 Million from the net loss of P1,656,800 in 2017.
5. **Debt to Equity ratio** - this represents the ratio of total liabilities against total Stockholders' Equity. For the year ended June 30, 2018 it is 18.41% (P47,123,850/P255,917,285) and for the year ended for the year ended 2017 it is 16.64% (P40,529,194/P243,570,077). This shows that in 2018 the ratio increased and thus the total liabilities comprise a higher percentage of the total stockholders' equity. This resulted from the increase of the Trade Payables and the proceeds from the sale of lot to Benderey in the amount of P3.7 Million which is temporarily recorded in

Accounts Payable Others until the issuance of the Certificate Authorizing Registration from the BIR.

**The following are the details of the operations of the Club for the year 2018**

**A. OPERATING RESULTS**

1. Revenues – revenues increased from P109,704,351 to P131,024,822 or an increase of P21,320,471 or 19.43%. Significant sources of the increase are the Green Fees that increased by P4,668,263 and the Gain on Sale of Property that increased by P6,480,634. Other Revenue sources that showed increases include Golf cart rental by P2,152,479, Transfer Fee by P1,390,000, Service Charge by P283,463, Locker rental by P57,207, Concessionaires' Fee Main Clubhouse by P1,401,540, Concessionaires' Fee North Clubhouse by P460,285, Golf Cart Storage Fee by P205,973, Road Users' Fee by P2,160,909, Self Insurance Fee by P167,900, Service Fee on Non Members by P114,635, Tournament Fee by P610,556 and Rental of Driving Range by P507,089.

Revenue sources that decreased in the year 2018 include Patronage Fee by P434,737, Locators Fee by P188,471, Assessment for Road Maintenance by P214,351 and Miscellaneous Income by P300,660.

Increase in Green Fee is due to the increase in total number of non-member golfers who played in our courses from 14,873 to 20,965 guests. During the year Primark paid a one-time Access Fee of P1.3 Million for the use of Club property in conducting their business. Increase in Road User's Fee is due to usage of road by First Optima and due to revenue for toll fee of P50.00 per pass though of light vehicles which started in March 2017. Golf cart rental increased due to additional 15 units electric golf carts that were purchased during the year and increase in number of players. In addition, the Club recognized rental income from the driving range in the amount of P0.5 Million, which started last July 2017. Increase in Transfer Fee is mainly due to the increase in number of members willing to sell or transfer their shares to 3<sup>rd</sup> party, 1<sup>st</sup> degree and foreigner. Increase in Concessionaires' Fee was due to increase in rate of Anix's from 7% to 10% and increase of total sales of Main Clubhouse Anix's and North Clubhouse JayJ's amounting to P11.75 Million and P6.58 Million respectively.

2. Cost and Expenses - For the fiscal year 2018 the total cost of services and general and administrative expenses amount to P118,363,066 or an increase of P8.67 Million or 7.90% from previous year's figure of P109,693,415.

Personnel Expenses decreased from P27,728,449 in 2017 to P27,400,954 in 2018 or a decrease of P327,496 or 1.18%. Salaries and Wages decreased by P241,000 ( due to resignation of the previous General Manager), Meal Allowance decreased by P24,000, 13<sup>th</sup> month Pay decreased by P33,000, Vacation and Sick leave decreased by P134,000, Retirement Benefit Expense decreased by P374,000. Overtime increased by P297,000, SSS, Philhealth and ECC increased by P28,000, Bonus and Gratuity Pay increased by P97,000 and Training and Seminar by P60,000.

Supplies increased from P9,275,087 in 2017 to P13,393,444 in 2018 or an increase of P4,118,356 or 44.40%. Stationeries and office supplies increased by P117,000, Gasoline and Oil Supplies by P235,000, Repairs & Maintenance by P2.37 Million, Swimming pool supplies by P46,000, Toilet and cleaning supplies by P291,000, Janitorial supplies by P139,000, Linen supplies by P417,000 and Miscellaneous supplies by P682,000. Service supplies decreased by P204,000.

Utilities increased from P8,875,761 in 2017 to P10,093,474 in 2018 or an increase of P1,217,713 or 13.72%. Electricity increased by P1.16 Million and Water by P227,000. Communication decreased by P173,000.

Outside Services decreased from P32,193,841 in 2017 to P31,299,532 in 2018 or a decrease of P894,000 or 2.78%. Retainers Fee decreased by P28,000, Legal Fees by P101,000 and Golf course maintenance by P1.42 Million and Internal Audit Services by P630,000. Security Services increased by P300,000, Laundry Services by P226,000 and Maintenance Crew by P750,000.

Sundries increased from P14,338,311 in 2017 to P17,931,275 in 2018 or an increase of P3,592,965 or 25.06%. Taxes and Licenses increased by P541,000, Insurance by P96,000, Board, Committee and Stockholders Meeting by P157,000, Promotional and Industrial by P36,000, Bank Charges by P140,000, Prompt payment discount by P28,000, Self insurance expense by P314,000, Write-off on inventory loss by P73,000, Tournament expenses by P1.3 Million and Miscellaneous by P1.18 Million. Transportation and Travel decreased by P39,000, Loss on write-off by P96,000 and Provision for inventory obsolescence by P139,000.

## **B. BALANCE SHEET ACCOUNTS**

1. Cash and cash equivalents – went up from P21,971,181 in 2017 to P44,044,150 in 2018 or an increase of P22,072,969 or 100.46%. Increase resulted from the net cash generated from operating activities amounting to P28.59 Million due to the positive operating results of the Club. Net cash flow used in investing activities amounting to P6.52 Million due to additions of property and equipment amounting to P16.2 Million offset by proceeds from sale of land and decrease in other noncurrent asset amounting to P7.68 Million and P2.33 Million respectively.
2. Trade and other receivables – went down from P13,734,949 in 2017 to P11,865,726 in 2018 or a decrease of P1,869,223 or 13.61%. Decrease was due to advances to suppliers which pertains to settlement of payable with MJ Carr for the installation of sprinklers to courses amounting to P1.5 Million.
3. Other current assets – went up from P5,127,571 in 2017 to P7,285,053 in 2018 or an increase of P2,157,482 or 42.08%. Increase resulted from increase in supplies inventory mainly attributable to sprinklers and deferred input tax amounting to P2.1 Million and P0.3 Million respectively.

4. Property and equipment – went up from P225,040,986 in 2017 to P226,576,571 in 2018 or an increase of P1,535,585 or 0.68%. The increase was primarily due to golf course renovation and installation of water system this year amounting to P16 Million netted by the depreciation of P15.15 Million.
5. Investment properties – went down from P8,322,340 in 2017 to P5,580,860 in 2018 or a decrease of P2,741,480 or 32.94%. Depreciation for the fiscal year 2018 for the North clubhouse is P2.74 Million.
6. Deferred tax asset – amount for year ended June 30, 2018 is P2,203,249. This figure is arrived at by adding the deferred income tax asset on advance payment of membership dues of P1.66 Million and Allowance for impairment losses of P538,000.
7. Other non-current assets – went down from P3,505,764 in 2017 to P874,372 in 2018 or a decrease of P2,631,392 or 75.06%. Decrease is due to the application of the refundable deposit of the Club to services rendered by MJ Carr.
8. Trade and other payables – went up from P13,385,392 in 2017 to P17,735,085 in 2018 or an increase of P4,349,693 or 32.5%. Increase was due to deposits received from Benderey amounting to P3.7 Million for the sale of land and collected proceeds of the Club for the tournament held this year amounting to P1.04 Million and deposited to Don Celso Tuason Tournament fund.
9. Members' Deposits and Others went up from P9,708,014 in 2017 to P11,884,375 in 2018 or an increase of P2,176,361 or 22.42%. Increase resulted from former members account on the sale of delinquent shares through public auction, refundable cash deposits from members and advance payments made by the members to avail of the 1 month discount promo of the Club upon payment of 1 year monthly dues.
10. Membership dues paid in advance – went up from P5,220,800 in 2017 to P5,550,200 in 2018 or an increase of P329,000 or 6.31%.
11. Retirement benefit obligation –decreased from P5,686,930 in 2017 to P5,189,476 in 2018 or a decrease of P497,454 or 8.75% due to decrease in the present value of benefit obligation as per actuarial valuation.
12. Members' Equity –increased from P243,570,077 in 2017 to P255,917,285 in 2018 or an increase of P12,347,208 or 5.07%.

#### **Fiscal Year 2017**

#### **A. OPERATING RESULTS**

1. Revenues – revenues went down from P115,256,576 in 2016 to P109,704,351 in 2017 or a decrease of 5,552,225 or 4.82%. A significant source of the

decrease came from the sale of property which decreased by P8.37 Million for 2017. For fiscal year 2016 the gain on sale of property (from the sale of lots) was P8.73 Million, whereas for fiscal year 2017 the gain on sale (of golf carts) is P361,000. Revenue sources that increased during the year include golf cart rental by P233,857, Monthly dues by P159,461, Green Fee coupons by P694,183, Patronage Fee by P69,890, Concessionaires' Fee from the North Clubhouse by P1,000,820, Pro-shop rental by P153,688, golf cart storage fee by P142,655, Road User's Fee by P300,892, Assessment for Road Maintenance by P1,096,911, Self Insurance Fee by P51,424, Service Fee for Non-members by P24,593, Tournament Fee by P775,929, Christmas Assessment Fee by P1,419,647 and Miscellaneous Income by P609,294.

Revenue sources that decreased in fiscal year 2017 include Green fees by P433,703, Transfer fee by P370,000, Service charge by P402,742, Locker rental by P164,914 and Concessionaires Fee Main Clubhouse by P736,573.

Golf cart rental increased due to additional 20 units electric golf carts that were purchased during the year. Monthly dues increased on the payment by one member of the previous month's unpaid monthly dues of P81k. Green Fee coupons increased due to the purchase by the Driving Range Concessionaire-Freeport Elite Resort Inc. of 2,100 pcs. green fee coupons in the amount of P1.47 Million. Concessionaires' Fee from the North Clubhouse increased due to the engagement of the new F & B concessionaire Jay J's Inasal starting July 2016. Pro-shop rental increased due to increase in the monthly sales. Golf cart storage increased due to additional golf carts in storage area. Road Users' Fee increased due to the imposition of the pass thru fee of P50.00 effective March 15, 2017 with a total collection of P81,000. Assessment for Road Maintenance increased due to increase in sales of car stickers. Miscellaneous income increased due to adjusting entry on the unutilized funds from the 2016 Don Celso Tournament of P789,000.

Green fees decreased due to decrease in Accompanied Guests and Tournaments by 507 players. Transfer fee decreased due to decrease in transfers from 84 in 2016 to 52 in 2017. Service charge decreased due to decrease in the number of renewals from 88 in 2016 to 78 in 2017, whereas new members increased from 18 in 2016 to 25 in 2017 and Corporate members from 12 in 2016 to 18 in 2017. Concessionaires Fee (Main Clubhouse) decreased due to decrease in the rate of the concessionaire's fee to 7% starting Jan. 2017 upon the engagement of Anix's House of Kare kare up to Sept. 2017.

2. **Cost and Expenses** – For the fiscal year 2017 the total cost of services and general and administrative expenses amounted to P109,693,415 or a decrease of P3.79 Million or 3.34% from previous year's figure of P113,488,074.

Personnel expenses increased from P27,541,473 in 2016 to P27,728,449 in 2017 or an increase of P186,977 or .68%. Overtime increased by P300,000, 13<sup>th</sup> month pay by P133,000, Vacation and Sick leave by P50,000, Retirement Benefit Expense by P120,000 and Training and Seminar by P25,000. Salaries



and wages decreased by P50,000, Meal Allowance by P158,000, SSS, PHIC & ECC by P15,000 and Gratuity Pay by P202,000.

Supplies increased from P8,781,910 in 2016 to P9,275,087 in 2017 or an increase of P493,177 or 5.62%. Repairs and Maintenance increased by P837,000 and Miscellaneous increased by P224,000. Stationeries and office supplies decreased by P22,000, Gasoline & Oil by P156,000, Swimming pool supplies by P50,000, Uniforms by P52,000 and Linen Supplies by P244,000.

Utilities decreased from P9,603,110 in 2016 to P8,875,761 in 2017 or a decrease of P727,349 or 7.57%. Electricity decreased by P307k and Water by P392,000.

Outside Services decreased from P33,580,157 in 2016 to P32,193,841 in 2017 or a decrease of P1,386,316 or 4.13%. Legal Fees decreased by P135,000, Security Services by P1.02 Million, Maintenance Crew by P208,000 and Golf Course Maintenance by P639,000. Retainers Fee increased by P201,000 and Internal Audit Services by P457,000.

Sundries decreased from P17,341,119 in 2016 to P14,338,311 in 2017 or a decrease of P3 Million or 17%. Taxes and Licenses decreased by P164,000, Board, Committee & Stockholders' Meeting by P537,000, Ads & Publication by P80,000, Dues & Registration fees by P39,000, Promotional & Industrial by P50,000 and Loss on write-off by P1.35 Million. Transportation & Travel increased by P55,000, Bank charges by P105,000, Self Insurance Expense by P35,000 and Provision for Inventory Obsolescence by P139,000.

## **B. BALANCE SHEET ACCOUNTS**

13. Cash and cash equivalents – went down from P22,029,184 in fiscal year 2016 to P21,971,181 in 2017 or a decrease of P58,003 or .26%. Decrease resulted from Net cash flow from operating activities of P 19.93 Million, significant cash outflows are for payment of loan from members of P2.5 Million and additions to property and equipment of P17.73 Million.
14. Trade and other receivables – went up from P10,696,986 in 2016 to P13,734,949 in 2017 or an increase of P3,037,963 or 28%. Increase resulted from increase in Members' account by P304,000 and Advances to Suppliers in the amount of P1.53 Million referring to purchase of sprinkler heads & Irrigation parts and advances on labor for installation of the sprinkler heads of P300,000.
15. Other current assets – went down from P5,654,608 in 2016 to P5,127,571 in 2017 or a decrease of P527,037 or 9%. Decrease resulted from decrease in Supplies of P308,000 and Creditable withholding tax of P148,000.
16. Property and equipment – went up from P221,472,751 in 2016 to P225,040,986 in 2017 or an increase of P3,568,235 or 1.6%. Total additions for the year amount to P17.73 M and disposals are P3.19 M Accumulated depreciation increased by P14 M.

17. Investment properties – went down from P11,081,280 in 2016 to P8,322,340 in 2017 or a decrease of P2,758,940 or 25%. Depreciation for the fiscal year 2017 for the North clubhouse is P2.76 Million.
18. Deferred tax asset – amount for year ended June 30, 2017 is P2,104,430. This figure is arrived at by adding the deferred income tax asset on advance payment of membership dues of P1.57M and Allowance for impairment losses of P538,000.
19. Other non-current assets – went down from P3,621,122 in 2016 to P3,505,764 in 2017 or a decrease of P115,358 or 3.19%. Decrease is due to adjustment on deferred interest expense of P154k on the deposit to MJ Carr.
20. Trade and other payables – went up from P9,649,272 in 2016 to P13,385,392 or an increase of P3,736,120 or 38.72%. Increase resulted from increase in Trade payables by P2.8 Million and Accrued Expenses by P1.45 Million. Significant payables are the balance on purchase of golf cart of P1.1 Million and Deposit on sale of lot of P1.19.
21. Short term loans – went down from P2.5 Million in 2016 to \_\_\_\_\_. The decrease resulted from payment of loan from members of P 2.5 Million.
22. Membership dues paid in advance – went up from P4,812,886 in 2016 to P5,220,800 in 2017 or an increase of P408,000 or 8.47%.
23. Retirement benefit obligation –went down from P12,222,847 in 2016 to P 5,686,930 in 2017 or a decrease of P6,535,917 or 53% due to decrease in the present value of benefit obligation as per actuarial valuation.
24. Members' Equity –went up from P239,895,915 in 2016 to P243,570,077 in 2017 or an increase of P3,674,162 or 1.53%.

## **ITEM 7. FINANCIAL STATEMENTS**

Attached Reports :

1. Statement of Management Responsibility
2. Audited Financial Statements for 2018 and 2017
3. Schedules A – I under RSA Rule 68

# VALLEY GOLF & COUNTRY CLUB, INC.

ANTIPOLO CITY, PHILIPPINES  
P.O. BOX 202 Q. PLAZA, CAINTA  
TELS. 658-4901 TO 03, 658-4919 TO 20  
FAX NO. 658-4918

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Valley Golf and Country Club, Inc. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended June 30, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


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

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

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

SyCip, Gorres, Velayo & Co., the independent auditor appointed the board of directors, has audited the financial statements of the Club in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

  
ABRAHAM C. DELA CRUZ  
Chairman of the Board and President

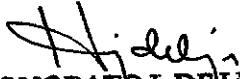
  
WILEREDO G. MANAHAN  
Treasurer

Signed this 25th day of August 2018

SUBSCRIBED AND SWORN TO before me this SEP 11 2018 at  
ANTIPOLO CITY. Affiant exhibiting to me his/her Tax Identification  
Number as indicated below his/her name and signature above.

SSS ID: 03-7295304-1

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Page No. 97  
Book No. 1211  
Series of 2018

  
ATTY. HONORATO J. DELEON, JR.  
NOTARY PUBLIC  
Until December 31, 2018  
Roll of Attorneys No. 27541  
MCLE Compliance No. V-0014592  
IBP No. 026779; Jan. 15, 2018, RSM  
PTR No. 8809359; Jan. 15, 2018, Antipolo City

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

Financial Statements  
June 30, 2018 and 2017  
and Years Ended June 30, 2018, 2017  
and 2016

and

Independent Auditor's Report

The logo for SGV, consisting of the letters 'SGV' in a bold, sans-serif font. Above the letters is a stylized, light-colored graphic element that resembles a golf club head or a similar shape.

**Building a better  
working world**

A member firm of Ernst & Young Global Limited



SyCip Gorres Velayo & Co.  
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1226 Makati City  
Philippines

Tel: (632) 891 0307  
Fax: (632) 819 0872  
ey.com/ph

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, 2018 and 2017, 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, 2018, 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, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

#### Basis for Opinion

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

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

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

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

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



### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

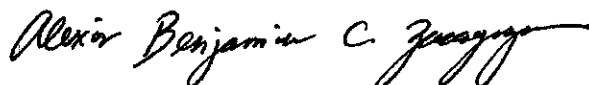
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 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 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

BIR Accreditation No. 08-001998-129-2017,

February 9, 2017, valid until February 8, 2020

PTR No. 6621351, January 9, 2018, Makati City

August 25, 2018





**VALLEY GOLF & COUNTRY CLUB, INC.**  
**(A Nonprofit Organization)**  
**STATEMENTS OF FINANCIAL POSITION**

	June 30	
	2018	2017
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	₱44,044,150	₱21,971,181
Trade and other receivables (Note 5)	11,865,726	13,734,949
Other current assets (Note 6)	7,285,053	5,127,571
<b>Total Current Assets</b>	<b>63,194,929</b>	<b>40,833,701</b>
<b>Noncurrent Assets</b>		
Property and equipment - net (Note 7)	226,576,571	225,040,986
Investment properties (Note 8)	5,580,860	8,322,340
Trust fund (Note 9)	4,611,154	4,292,050
Deferred tax asset (Note 24)	2,203,249	2,104,430
Other noncurrent assets (Note 10)	874,372	3,505,764
<b>Total Noncurrent Assets</b>	<b>239,846,206</b>	<b>243,265,570</b>
<b>TOTAL ASSETS</b>	<b>₱303,041,135</b>	<b>₱284,099,271</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables (Note 11)	₱17,735,086	₱13,385,392
Members' deposits and others (Note 12)	11,884,375	9,708,014
Membership dues paid in advance (Note 13)	5,550,200	5,220,800
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
<b>Total Current Liabilities</b>	<b>40,712,905</b>	<b>33,857,450</b>
<b>Noncurrent Liabilities</b>		
Retirement benefit obligation (Note 26)	5,189,476	5,686,930
Deferred tax liability (Note 24)	1,043,041	984,814
Other noncurrent liability (Note 18)	178,428	-
<b>Total Noncurrent Liabilities</b>	<b>6,410,945</b>	<b>6,671,744</b>
<b>Members' Equity</b>		
Capital stock (Note 16)	14,346,000	14,337,000
Contributions in excess of par value	201,627,772	201,403,972
Accumulated excess of revenues over expenses (Note 16)	39,943,513	27,829,105
<b>Total Members' Equity</b>	<b>255,917,285</b>	<b>243,570,077</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>₱303,041,135</b>	<b>₱284,099,271</b>

*See accompanying Notes to Financial Statements.*



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

**STATEMENTS OF INCOME**

	Years Ended June 30		
	2018	2017	2016
<b>REVENUES</b>			
Members' dues	P52,394,200	P52,357,321	P52,224,200
Green fees (Note 17)	22,220,657	17,552,394	17,291,914
Assessment for road maintenance	11,920,146	8,912,059	7,543,541
Rentals (Note 18)	9,673,826	6,901,279	6,822,351
Transfer fees	5,810,000	4,420,000	4,790,000
Concessionaires' fees (Note 19)	5,135,154	3,262,649	3,123,286
Patronage fees	3,657,382	4,092,120	4,022,230
Service charge on playing guests	2,872,531	2,589,069	2,991,810
Golf cart storage	2,662,047	2,456,074	2,313,419
Miscellaneous income (Note 20)	14,678,879	7,161,386	14,133,825
	<b>131,024,822</b>	<b>109,704,351</b>	<b>115,256,576</b>
<b>COST AND EXPENSES</b>			
Cost of services (Note 21)	102,378,411	91,548,412	96,695,169
General and administrative (Note 22)	15,984,655	18,145,003	16,792,905
	<b>118,363,066</b>	<b>109,693,415</b>	<b>113,488,074</b>
<b>EXCESS OF REVENUES OVER EXPENSES BEFORE INCOME TAXES</b>	<b>12,661,756</b>	<b>10,936</b>	<b>1,768,502</b>
<b>PROVISION FOR INCOME TAXES (Note 24)</b>	<b>479,366</b>	<b>1,667,736</b>	<b>550,389</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>P12,182,390</b>	<b>(P1,656,800)</b>	<b>P1,218,113</b>

*See accompanying Notes to Financial Statements.*



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

**STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Years Ended June 30</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>₱12,182,390</b>	<b>(₱1,656,800)</b>	<b>₱1,218,113</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Item not to be reclassified to profit or loss in subsequent periods:</i>			
Re-measurement gains (losses) on defined benefit obligation (Note 26)	(97,117)	6,315,776	(2,487,768)
Income tax effect	29,135	(984,814)	2,113,567
	<b>(67,982)</b>	<b>5,330,962</b>	<b>(374,201)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱12,114,408</b>	<b>₱3,674,162</b>	<b>₱843,912</b>

*See accompanying Notes to Financial Statements.*



**VALLEY GOLF & COUNTRY CLUB, INC.****(A Nonprofit Organization)****STATEMENTS OF CHANGES IN MEMBERS' EQUITY**

	Years Ended June 30		
	2018	2017	2016
<b>CAPITAL STOCK (Note 16)</b>			
Issued and outstanding:			
Balance at beginning of year	₱14,337,000	₱14,337,000	₱14,292,000
Issuance of shares	9,000	-	45,000
Balance at end of year	14,346,000	14,337,000	14,337,000
Subscribed:			
Balance at beginning of year	-	-	45,000
Subscriptions	-	-	-
Share issuances	-	-	(45,000)
Balance at end of year	-	-	-
	14,346,000	14,337,000	14,337,000
<b>CONTRIBUTIONS IN EXCESS OF PAR VALUE</b>			
Balance at beginning of year	201,403,972	201,403,972	201,403,972
Premium on shares issued	223,800	-	-
Balance at end of year	201,627,772	201,403,972	201,403,972
<b>ACCUMULATED EXCESS OF REVENUES OVER EXPENSES (Note 16)</b>			
Balances at beginning of year	27,829,105	24,154,943	23,311,031
Comprehensive income (loss):			
Excess (deficiency) of revenues over expenses	12,182,390	(1,656,800)	1,218,113
Re-measurement gains (losses) on defined benefit obligation - net of tax	(67,982)	5,330,962	(374,201)
Total comprehensive income	12,114,408	3,674,162	843,912
Balance at end of year	39,943,513	27,829,105	24,154,943
<b>TOTAL MEMBERS' EQUITY</b>	<b>₱255,917,285</b>	<b>₱243,570,077</b>	<b>₱239,895,915</b>

*See accompanying Notes to Financial Statements.*

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

**STATEMENTS OF CASH FLOWS**

	Years Ended June 30		
	2018	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess of revenues over expenses before income taxes	P12,661,756	P10,936	P1,768,502
Adjustments for:			
Depreciation and amortization (Notes 21 and 22)	18,194,589	17,068,096	16,507,221
Interest expense (Note 22)	49,808	213,869	133,083
Loss on write-off of:			
Property and equipment	4,482	87,448	17,066
Inventory (Note 21)	-	12,724	1,435,341
Transfer fee on issuance of share	(60,000)	-	-
Interest income	(507,362)	(107,883)	(80,806)
Gain on sale of property, plant, and equipment - net (Notes 7, 8, and 20)	(7,020,564)	(361,202)	(8,728,634)
Operating income before working capital changes	23,322,709	16,923,988	11,051,773
Decrease (increase) in:			
Trade and other receivables	1,722,954	(3,047,097)	2,968,052
Other current assets	(2,648,305)	130,894	(667,783)
Increase (decrease) in:			
Trade and other payables	3,677,173	3,691,442	(2,600,171)
Members' deposits and others	2,176,361	2,137,521	1,189,296
Membership dues paid in advance	329,400	407,914	116,714
Retirement benefit obligation	(594,571)	(220,141)	(340,659)
Net cash generated from operations	27,985,721	20,024,521	11,717,222
Interest received	653,631	117,017	81,164
Interest paid	(49,808)	(213,869)	(133,083)
Net cash flows generated from operating activities	28,589,544	19,927,669	11,665,303
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of:			
Property and equipment	2,375,000	417,000	9,827,493
Investment property	5,300,000	-	-
Additions to:			
Property and equipment (Notes 7 and 28)	(16,198,106)	(17,725,129)	(9,836,044)
Trust fund	-	-	(435,576)
Decrease (increase) in:			
Other noncurrent assets	2,325,635	(147,988)	(98,436)
Trust fund	(319,104)	(29,555)	(5,732)
Net cash flows used in investing activities	(6,516,575)	(17,485,672)	(548,295)
<b>CASH FLOWS FROM A FINANCING ACTIVITY</b>			
Payments of short-term loans (Note 25)	-	(2,500,000)	(3,000,000)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	22,072,969	(58,003)	8,117,008
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>			
	21,971,181	22,029,184	13,912,176
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
	P44,044,150	P21,971,181	P22,029,184

See accompanying Notes to Financial Statements.



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

**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 25, 2018.

---

**2. Summary of Significant Accounting Policy**

Basis of Preparation

The financial statements of the Club have been prepared under the historical cost basis and are presented in Philippine peso (₱), the Club's functional currency. All values are rounded to the nearest Philippine peso, except as otherwise indicated.

Statement of Compliance

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

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, 2017. Adoption of these pronouncements did not have any significant impact on the Club's financial position or performance, unless otherwise indicated.

- Amendments to PFRS 12, *Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)
- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*
- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

Standards and interpretations issued but not yet effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Club does not expect that the future adoption of the said pronouncements 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, 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 Club expects that the amendments will have no impact on the Club's financial position or performance since the Club has no share-based payment transactions.

- *PFRS 9, Financial Instrument*

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.

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 Club is currently assessing the impact of adopting this standard.

- *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 new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

The amendments are not applicable to the Company since it does not 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. Early adoption is permitted.

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.

The amendments are not expected to have any impact on the Club's financial statements since it has no investments in associates and joint ventures.

- 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.

The Club is currently assessing the impact of adopting this standard.

- 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. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity 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.

Since the Club's current practice is in line with the clarifications issued, it does not expect any effect on its financial statements upon adoption of this interpretation.

*Effective on or after July 1, 2020*

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

The amendments to PFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

Amendments to this standard are not applicable to the Club since it has no debt instrument with negative compensation prepayment features.

- *PFRS 16, Leases*

PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

Early application is permitted, but not before an entity applies PFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.



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

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

The amendments to PAS 28 clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using PFRS 9. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

The amendments are not expected to have a significant impact to the Club since it has no long-term interests in an associate or joint venture.

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

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

The interpretation specifically addresses the following:

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

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The Club is currently assessing the impact of adopting this interpretation.

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



Amendments to this standard will have no impact on the Club's financial position or performance since it has no investments in an associate or joint venture.

### Summary of Significant Accounting Policies

#### Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash in banks earns interest at floating rates based on daily bank deposit rates.

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 instruments 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, 2018 and 2017, respectively.

##### *Subsequent measurement of Financial Instruments*

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' and 'members' deposit and others'.

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.

Other Current Assets

*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.

*Creditable Withholding Taxes (CWT)*

CWTs are amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWTs which are expected to be utilized as payment for income taxes within twelve (12) months are classified as part of "Other current assets" in the statement of financial position.

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, 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:

<u>Category</u>	<u>Number of Years</u>
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.

#### Other noncurrent liability

Other noncurrent liability represents the excess of the principal amount of refundable deposits and advance rental made by the lessor over its fair value at the inception date of the operating lease and is amortized over the lease term.

#### 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 road usage is recognized upon the sale of car stickers and 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.

Cost and Expenses

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.



### Leases

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.

### Retirement Benefit Obligation

#### *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.

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### **3. Significant Accounting Judgments and Estimates**

The preparation and fair presentation of the accompanying financial statements in compliance with PFRSs 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:

*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.

Rental income pertaining to these leases as of June 30, 2018, 2017 and 2016 amounted to ₱9.7 million, ₱6.9 million and ₱6.8 million, respectively (see Note 18).

Estimations

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.

There were no provisions for impairment losses on trade and other receivables in 2018, 2017 and 2016. Trade and other receivables, net of allowance for impairment losses as of June 30, 2018 and 2017 amounted to ₱11.9 million and ₱13.7 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, 2018 and 2017, 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, 2018 and 2017 amounted to ₱226.6 million and ₱225.0 million, respectively (see Note 7).

The net carrying amount of investment properties as of June 30, 2018 and 2017 amounted to ₱5.6 million and ₱8.3 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 2018.

The net carrying amount of computer software as of June 30, 2018 and 2017 amounted to ₱0.2 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, 2018 and 2017, 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, 2018 and 2017 amounted to ₱232.3 million and ₱233.8 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 ₱1.4 million, ₱1.8 million and ₱1.7 million in 2018, 2017 and 2016, respectively. Retirement benefit obligation amounted to ₱5.2 million and ₱5.7 million as of June 30, 2018 and 2017, respectively (see Notes 23 and 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, 2018 and 2017, the Club's deferred tax assets amounted to ₱2.2 million and ₱2.1 million, respectively (see Note 24).

As of June 30, 2018 and 2017, the Club's deferred tax liability amounted to ₱1.0 million (see Note 24).

Temporary deductible differences for which no deferred tax asset was recognized amounted to ₱11.8 million and ₱20.2 million as of June 30, 2018 and 2017, 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, 2018 and 2017 (see Note 15).

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4. **Cash and Cash Equivalents**

	<b>2018</b>	2017
Cash on hand	<b>₱95,000</b>	₱95,000
Cash in banks	<b>17,185,694</b>	20,200,716
Short-term investments	<b>26,763,456</b>	1,675,465
	<b>₱44,044,150</b>	₱21,971,181

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 ₱0.5 million, ₱0.2 million and ₱0.2 million in 2018, 2017 and 2016, respectively (see Note 20).



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5. Trade and Other Receivables

	2018	2017
Members	₱10,792,011	₱11,792,742
Others	2,867,681	3,736,173
	13,659,692	15,528,915
Less allowance for impairment losses	1,793,966	1,793,966
	₱11,865,726	₱13,734,949

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, 2018, the aging analysis of trade and other receivables are as follows:

	2018	2017
Not more than 30 days outstanding	₱2,869,660	₱3,410,459
Beyond 30 days outstanding:		
31-60 days	4,194,933	6,567,009
61-90 days	1,740,614	1,356,725
Over 90 days	4,854,485	4,194,722
	₱13,659,692	₱15,528,915

As of June 30, 2018 and 2017, the movements in the allowance for impairment losses are as follows:

	2018	2017
Balances at beginning of year	₱1,793,966	₱2,178,090
Less write-off	—	384,124
Balances at end of year	₱1,793,966	₱1,793,966

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6. Other Current Assets

	2018	2017
Supplies inventory - net	₱3,126,119	₱1,013,101
Prepayments	2,303,144	2,302,494
Creditable withholding tax (CWT)	812,920	757,336
Others	1,042,870	1,054,640
	₱7,285,053	₱5,127,571

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



As of June 30, 2018 and 2017, the balance of supplies inventories are as follows:

	2018	2017
Supplies inventory	P3,265,015	P1,151,997
Less allowance for inventory obsolescence	138,896	138,896
<b>Supplies inventory - net</b>	<b>P3,126,119</b>	<b>P1,013,101</b>

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

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

	2018							Total
	Land	Land Improvements	Building and Structures	Ground Tools and Service Machinery and Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Construction In Progress	
<b>Cost:</b>								
Balances at beginning of year	P9,411,841	P280,706,609	P56,870,804	P24,381,627	P5,469,870	P16,160,508	P15,338,299	P408,339,558
Additions	-	232,000	1,035,998	2,755,437	-	5,772,657	6,902,014	16,698,106
Disposals	(3,714)	-	-	(317,171)	(55,394)	(1,026,786)	-	(1,403,065)
Transfers	-	16,202,168	-	3,508,679	-	-	(19,710,847)	-
<b>Balance at end of year</b>	<b>9,408,127</b>	<b>297,140,777</b>	<b>57,906,802</b>	<b>30,328,572</b>	<b>5,414,476</b>	<b>20,906,379</b>	<b>2,529,466</b>	<b>423,634,599</b>
<b>Accumulated depreciation:</b>								
Balances at beginning of year	-	113,390,847	36,609,446	18,573,068	5,375,418	9,349,793	-	183,298,572
Depreciation (Notes 21 and 22)	-	8,221,067	1,949,810	2,378,839	50,570	2,554,038	-	15,154,324
Disposals	-	-	-	(312,702)	(55,385)	(1,026,781)	-	(1,394,868)
<b>Balance at end of year</b>	<b>-</b>	<b>121,611,914</b>	<b>38,559,256</b>	<b>20,639,205</b>	<b>5,370,603</b>	<b>10,877,050</b>	<b>-</b>	<b>197,058,028</b>
<b>Net book values</b>	<b>P9,408,127</b>	<b>P175,528,863</b>	<b>P19,347,546</b>	<b>P9,689,366</b>	<b>P43,874</b>	<b>P10,029,329</b>	<b>P2,529,466</b>	<b>P226,576,571</b>

	2017							Total
	Land	Land Improvements	Building and Structures	Ground Tools and Service Machinery and Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Construction In Progress	
<b>Cost:</b>								
Balances at beginning of year	P9,411,841	P275,422,431	P56,045,487	P23,859,193	P5,891,709	P12,186,769	P10,991,739	P393,809,169
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)	-
<b>Balance at end of year</b>	<b>9,411,841</b>	<b>280,706,609</b>	<b>56,870,804</b>	<b>24,381,627</b>	<b>5,469,870</b>	<b>16,160,508</b>	<b>15,338,299</b>	<b>408,339,558</b>
<b>Accumulated depreciation:</b>								
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)
<b>Balance at end of year</b>	<b>-</b>	<b>113,390,847</b>	<b>36,609,446</b>	<b>18,573,068</b>	<b>5,375,418</b>	<b>9,349,793</b>	<b>-</b>	<b>183,298,572</b>
<b>Net book values</b>	<b>P9,411,841</b>	<b>P167,315,762</b>	<b>P20,261,358</b>	<b>P5,808,559</b>	<b>P43,452</b>	<b>P6,810,715</b>	<b>P15,338,299</b>	<b>P225,040,986</b>

Fully depreciated equipment still used in operations amounted to P83.0 million and P68.4 million as of June 30, 2018 and 2017, respectively.

In 2018, the Club sold a parcel of land with a carrying value of P4 thousand. Proceeds from sale of land amounted to P2.3 million resulting in a gain of P2.3 million. (see Note 20).

Total book values of property and equipment amounting to P1.4 million were disposed resulting to a loss of P4 thousand.



On April 2017, the Club sold various property and equipment with a book value of P11 thousand. Proceeds from the sale amounted to P405 thousand resulting in a gain on sale of P361 thousand (see Note 20).

## 8. Investment Properties

2018			
	North Clubhouse	Land	Total
<b>Cost:</b>			
Balances at beginning of year	P53,718,366	P88,237	P53,806,603
Disposal	-	(6,972)	(6,972)
Balances at end of year	53,718,366	81,265	53,799,631
<b>Accumulated amortization:</b>			
Balances at beginning of year	45,484,263	-	45,484,263
Amortization (Notes 21 and 22)	2,734,508	-	2,734,508
Balances at end of year	48,218,771	-	48,218,771
<b>Net book values</b>	<b>P5,499,595</b>	<b>P81,265</b>	<b>P5,580,860</b>
2017			
	North Clubhouse	Land	Total
<b>Cost:</b>			
Balances at beginning and end of year	P53,718,366	P88,237	P53,806,603
<b>Accumulated amortization:</b>			
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
<b>Net book values</b>	<b>P8,234,103</b>	<b>P88,237</b>	<b>P8,322,340</b>

Rental income earned from investment property amounted to P0.3 million, P0.2 million and P0.2 million in 2018, 2017 and 2016 (see Note 18). Direct expenses related to investment properties consist mainly of amortization amounting to P2.7 million and P2.8 million in 2018 and 2017, respectively.

In 2018, the Club sold land with a carrying value of P7 thousand. Proceeds from sale of land amounted to P5.3 million resulting in a gain on sale of P4.7 million (see Note 20).

The aggregate fair value of the Club's investment properties amounted to P75.7 million with twelve thousand forty six square meters (12,046 sqm.). The fair values of the Club's properties were determined on the valuation performed by TCI Top Consult, Inc. on July 18, 2018. 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.



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**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 ₱4.6 million and ₱4.3 million as at June 30, 2018 and 2017, respectively. Interest income recognized for the trust fund amounted to ₱32 thousand, ₱38 thousand and ₱38 thousand for the years 2018, 2017 and 2016, respectively (see Note 20).

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**10. Other Noncurrent Assets**

	2018	2017
Refundable deposit	<b>₱699,724</b>	₱3,060,359
Computer software - net	<b>174,648</b>	445,405
	<b>₱874,372</b>	₱3,505,764

Refundable deposit pertains to deposits from utility companies. 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:

	2018	2017
Cost:		
Balance at beginning and end of year	<b>₱2,502,552</b>	₱2,181,437
Additions	<b>35,000</b>	321,115
Balance at end of year	<b>2,537,552</b>	2,502,552
Accumulated Amortization:		
Balance at beginning of year	<b>2,057,147</b>	1,793,800
Amortization (Notes 21 and 22)	<b>305,757</b>	263,347
Balance at end of year	<b>2,362,904</b>	2,057,147
Net Book Value	<b>₱174,648</b>	₱445,405



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**11. Trade and Other Payables**

	2018	2017
Trade	₱6,971,348	₱4,877,025
Organizations and cooperative	5,693,219	2,960,628
Accrued expenses	3,954,946	3,791,412
Concessionaires	315,092	437,977
VAT payable	37,357	201,694
Others	763,124	1,116,656
	<b>₱17,735,086</b>	<b>₱13,385,392</b>

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.

Concessionaires pertains to collections received by the Club for and on behalf of the concessionaires.

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

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**12. Members' Deposits and Others**

	2018	2017
Due to former members	₱6,261,595	₱4,593,014
Cash deposits	5,365,000	4,945,000
Security deposit	257,780	170,000
	<b>₱11,884,375</b>	<b>₱9,708,014</b>

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.

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**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, 2018 and 2017, membership dues paid in advance amounted to ₱5.6 million and ₱5.2 million, respectively.



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**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, 2018 and 2017.

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.

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**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, 2018 and 2017, accrued provision for payable claims amounted to ₱1.0 million.

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**16. Member's Equity**

Capital Stock

	Shares		Amount	
	2018	2017	2018	2017
Common shares - ₱9,000 par value				
Authorized - 1,800 shares				
Issued				
Balance at beginning of year	1,593	1,593	₱14,337,000	₱14,337,000
Additions during the year	1	-	9,000	-
Balance at end of year	1,594	1,593	14,346,000	14,337,000
Subscribed				
Balance at beginning of year	-	-	-	-
Additions during the year	-	-	-	-
Issuance of shares during the year	-	-	-	-
	-	-	-	-
	1,594	1,593	₱14,346,000	₱14,337,000

On September 6, 2017, the Club issued one (1) share of stock for ₱300,000.

Accumulated Excess of Revenues Over Expenses

	2018	2017
Accumulated excess of revenues over expenses	₱37,713,595	₱25,531,205
Other comprehensive income (loss):		
<i>Item not to be reclassified to profit or loss in subsequent periods:</i>		
Beginning balance	2,297,900	(3,033,062)
Re-measurement gains (losses) on defined benefit obligation	(67,982)	5,330,962
	2,229,918	2,297,900
	₱39,943,513	₱27,829,105



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**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, nil and ₱0.2 million in 2018, 2017 and 2016, 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 ₱1.6 million and ₱0.86 million in 2018 and 2017, respectively.

The Club's aggregate green fees earned amounted to ₱22.2 million, ₱17.6 million and ₱17.3 million in 2018, 2017 and 2016, respectively.

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**18. Rentals**

	2018	2017	2016
Golf carts and lockers	<b>₱8,879,082</b>	₱6,669,396	₱6,600,453
Driving Range	<b>507,089</b>	-	-
Communication cell site	<b>287,655</b>	231,883	221,898
	<b>₱9,673,826</b>	₱6,901,279	₱6,822,351

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's recognized lease income on golf carts amounted to ₱8.0 million, ₱5.8 million and ₱5.6 million in 2018, 2017, and 2016, respectively.

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.

The contract was renewed in 2017 for the period of 10 years which took effectivity on October 1, 2017 and expiring on September 30, 2027. The lessor shall pay ₱23,197, inclusive of VAT, subject to a 4.5% escalation starting on the second (2<sup>nd</sup>) year of the new lease period.





The future minimum lease commitment under this operating lease as of June 30, 2018, 2017 and 2016 are as follows:

	2018	2017	2016
Within one (1) year	<b>₱305,404</b>	₱61,239	₱242,318
More than one (1) year but not more than five (5) years	<b>1,527,020</b>	—	61,239
More than five (5) years	<b>992,563</b>	—	—
	<b>₱2,824,987</b>	₱61,239	₱303,557

On September 16, 2016, the Club entered into a Build-Lease-Transfer agreement with a third party to construct a Double Deck Driving Range with amenities located at the north course. The agreement includes a lease term of fifteen (15) years which commenced on July, 8, 2017. The lessee shall pay a monthly lease of ₱25,000, inclusive of VAT, subject to a 10% escalation starting on the third (3<sup>rd</sup>) year. As part of the agreement, the lessee shall pay ₱450,000 representing one (1) year advance rental and six (6) months security deposits.

The future minimum rental commitment under this operating lease as of June 30, 2018, 2017 and 2016 are as follows:

	2018	2017	2016
Within one (1) year	<b>₱267,857</b>	₱—	₱—
More than one (1) year but not more than five (5) years	<b>1,243,125</b>	—	—
More than five (5) years	<b>6,250,133</b>	—	—
	<b>₱7,761,115</b>	₱—	₱—

The excess of principal amount of the refundable security deposits over its fair value, at inception date of operating lease, is presented under "Other noncurrent liability" amounting to ₱0.2 million and its current portion under "Trade and other payables" amounting to ₱13 thousand in the statement of financial position. Movement of rental income from straight-line amortization of deferred rent amounting to ₱13 thousand and nil in 2018 and 2017, respectively (see Note 20).

#### 19. Concessionaires' Fees

	2018	2017	2016
Food and beverage services	<b>₱4,149,022</b>	₱2,287,195	₱2,022,949
Retail services	<b>986,132</b>	975,454	821,766
Driving range operations	—	—	278,571
	<b>₱5,135,154</b>	₱3,262,649	₱3,123,286

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 ₱1.5 million and ₱1 million in 2018 and 2017, respectively.

- 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 ₱2.7 million and ₱0.68 million in 2018 and 2017, respectively.

#### 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.

On July 9, 2018, the contract was renewed and shall be effective for a period of two (2) years, starting from March 15, 2018 up to May 14, 2020. The contract provides that the concessionaire shall pay a fee of ₱70,000 or 15% of their gross sales per month inclusive of value added tax, whichever is higher.

The concessionaire fees from PacSPORT Phils, Inc. amounted to ₱0.99 million and ₱0.98 million in 2018 and 2017, respectively.

## **20. Miscellaneous Income**

	2018	2017	2016
Gain on sale of properties (Notes 7 and 8)	<b>₱7,020,408</b>	₱361,202	₱8,728,634
Tournament fee	<b>1,386,485</b>	775,929	-
Service fee	<b>1,297,243</b>	1,014,707	938,691
Bingo Income/ Expenses	<b>878,461</b>	920,917	-
Surcharge	<b>754,911</b>	864,995	910,999
Pull carts	<b>629,685</b>	454,580	366,589
Interest (Notes 4 and 9)	<b>507,362</b>	186,938	157,225
Others	<b>2,204,324</b>	2,582,118	3,031,687
	<b>₱14,678,879</b>	<b>₱7,161,386</b>	<b>₱14,133,825</b>

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

	2018	2017	2016
Outside services	<b>₱30,025,468</b>	₱30,160,464	₱31,849,392
Personnel cost (Note 23)	<b>21,407,116</b>	19,925,636	21,156,966
Depreciation and amortization (Notes 7, 8, and 10)	<b>17,907,874</b>	16,687,593	16,156,146
Utilities	<b>9,588,934</b>	8,258,372	9,019,029
Supplies	<b>7,178,936</b>	5,356,042	5,901,187
Repairs and maintenance	<b>5,497,280</b>	3,121,313	2,278,776
Loss on write-off of inventory	-	12,720	1,435,341
Others	<b>10,772,803</b>	8,026,272	8,898,332
	<b>₱102,378,411</b>	₱91,548,412	₱96,695,169

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

	2018	2017	2016
Personnel costs (Note 23)	<b>₱5,994,242</b>	₱7,802,814	₱6,505,505
Taxes and licenses	<b>4,329,956</b>	3,788,406	3,953,221
Outside services	<b>1,274,064</b>	2,033,379	1,730,766
Bank charges	<b>1,108,371</b>	967,949	862,321
Board members' meetings	<b>843,775</b>	686,899	1,223,876
Supplies	<b>713,381</b>	790,316	589,473
Utilities	<b>504,540</b>	617,389	584,081
Depreciation and amortization (Notes 7, 8, and 10)	<b>286,715</b>	380,503	351,075
Interest	<b>49,808</b>	213,869	133,083
Others	<b>879,803</b>	863,479	859,504
	<b>₱15,984,655</b>	₱18,145,003	₱16,792,905

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

## 23. Personnel Costs

	2018	2017	2016
Cost of services (Note 21):			
Salaries and wages	<b>₱16,476,142</b>	₱14,854,818	₱15,600,187
Employee benefits	<b>3,846,188</b>	3,651,002	4,224,270
Retirement benefits expense (Note 26)	<b>1,084,786</b>	1,419,816	1,332,509
	<b>21,407,116</b>	19,925,636	21,156,966

(Forward)



	2018	2017	2016
General and administrative (Note 22):			
Salaries and wages	4,497,484	6,097,309	4,969,836
Employee benefits	1,177,461	1,346,808	1,210,183
Retirement benefits expense (Note 26)	319,297	358,697	325,486
	<b>5,994,242</b>	<b>7,802,814</b>	<b>6,505,505</b>
	<b>₱27,401,358</b>	<b>₱27,728,450</b>	<b>₱27,662,471</b>

#### 24. Income Taxes

The Club's provision for current income tax in 2018 and 2017 pertains to MCIT.

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

	2018	2017	2016
Current	₱490,823	₱395,935	₱397,068
Deferred	(11,457)	1,271,801	153,321
	<b>₱479,366</b>	<b>₱1,667,736</b>	<b>₱550,389</b>

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:

	2018	2017	2016
Income tax computed at statutory rate	₱3,798,527	₱3,281	₱530,551
Income tax effects of:			
Expired MCIT	145,758	464,384	494,185
Expired NOLCO	368,513	-	-
Nondeductible expenses	-	6,250	43,618
Interest income subject to final tax	(136,031)	(32,365)	(24,242)
Income subject to capital gains tax	(1,417,504)	-	-
Movement of unrecognized deferred tax assets	(2,279,897)	1,226,186	(493,723)
	<b>₱479,366</b>	<b>₱1,667,736</b>	<b>₱550,389</b>

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

	2018	2017
Deferred tax assets:		
Advanced payments of membership dues and others	₱1,665,059	₱1,566,240
Allowance for impairment losses	538,190	538,190
	<b>₱2,203,249</b>	<b>₱2,104,430</b>



	2018	2017
<b>Deferred tax liabilities:</b>		
Re-measurement gain on defined benefit obligation	(P955,679)	(P984,814)
Rent receivable	(86,128)	-
Interest income from accretion	(1,234)	-
	<b>(P1,043,041)</b>	<b>(P984,814)</b>

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:

	2018	2017
Retirement benefit obligation	P8,375,073	P8,969,644
MCIT	1,283,826	938,761
Accrued provision for probable claims	1,019,740	1,019,740
NOLCO	-	8,705,098
Unrecognized PSC	1,151,748	601,952
	<b>P11,830,387</b>	<b>P20,235,195</b>

As of June 30, 2018, 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	P8,705,098	P7,476,721	P1,228,377	P-

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
2015	2016-2018	P145,758	P-	P145,758	P-
2016	2017-2019	397,068	-	-	397,068
2017	2018-2020	395,935	-	-	395,935
2018	2019-2021	490,823	-	-	490,823
		<b>P1,429,584</b>	<b>P-</b>	<b>P145,758</b>	<b>P1,283,826</b>

## 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:

### Short-term Loans

Short-term loan represents the outstanding principal balance of short-term borrowings from Club members, renewable on a yearly basis upon mutual agreement of the parties. The Club however has the option to pre-terminate the loan. The loan bear annual interest rate of 3% in 2017 and 2016. The loan



is secured by unissued shares of stock of the Club. As at June 30, 2018 and 2017, payments made for short-term loan amounted to nil and ₱2,500,000, respectively.

Interest incurred on the short-term loan amounted to nil, ₱20 thousand and ₱0.21 million in 2018, 2017 and 2016, respectively.

Key Management Personnel Compensation

Compensation of key management personnel amounted to ₱0.76 million, ₱1.3 million and ₱1.3 million in 2018, 2017 and 2016, 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:

	2018	2017	2016
Beginning balance	531	550	388
Additions during the year	2,804	2,794	3,298
Issuances during the year	(3,304)	(2,813)	(3,136)
Ending balance	31	531	550

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, 2018 and 2017, the fair value of plan assets amounted to ₱16.0 million and ₱15.0 million, respectively (see Note 26).

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**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:

	2018	2017	2016
Service cost	₱1,144,582	₱1,344,762	₱1,174,909
Net interest cost:			
Interest cost on benefit obligation	1,091,187	955,155	973,524
Interest income on plan assets	(831,686)	(521,404)	(490,438)
<b>Retirement benefit expense</b>	<b>₱1,404,083</b>	<b>₱1,778,513</b>	<b>₱1,657,995</b>

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

	2018	2017
Actuarial losses (gains):		
Experience adjustments	₱1,049,691	(₱793,571)
Changes in demographic assumptions	(130,737)	(3,139,027)
Changes in financial assumptions	(2,162,468)	(2,472,914)
	(1,243,514)	(6,405,512)
Return on plan assets excluding the amount included in net interest cost	1,340,631	89,736
<b>Re-measurement losses (gains) on defined benefit obligation</b>	<b>₱97,117</b>	<b>(₱6,315,776)</b>

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

	2018	2017
Balances at beginning of year	(₱3,282,714)	₱3,033,062
Actuarial loss (gain)	(1,243,514)	(6,405,512)
Return on assets excluding amount included in net interest cost	1,340,631	89,736
	(3,185,597)	(3,282,714)
Income tax effect	955,679	984,814
<b>Total amount recognized in OCI</b>	<b>(₱2,229,918)</b>	<b>(₱2,297,900)</b>

Movements in retirement benefit obligation in 2018 and 2017 are as follows:

	2018	2017
Balances at beginning of year	₱5,686,930	₱12,222,847
Retirement benefit expense	1,404,083	1,778,513
Contributions paid	(1,998,654)	(1,998,654)
Total amount recognized in OCI	97,117	(6,315,776)
<b>Balance at end of year</b>	<b>₱5,189,476</b>	<b>₱5,686,930</b>



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

	2018	2017
Balances at beginning of year	P20,666,429	P25,335,682
Current service cost	1,144,582	1,344,762
Interest cost	1,091,187	955,155
Net actuarial loss (gain) due to:		
Experience adjustments on plan liabilities	1,049,691	(793,571)
Changes in financial assumptions	(2,162,468)	(2,472,914)
Changes in demographic assumptions	(130,737)	(3,139,027)
Benefits paid from plan assets	(454,391)	(563,658)
<b>Balances at end of year</b>	<b>P21,204,293</b>	<b>P20,666,429</b>

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

	2018	2017
Balances at beginning of year	P14,979,499	P13,112,835
Interest income on retirement plan assets	831,686	521,404
Actual contributions	1,998,654	1,998,654
Actual return excluding amount included in net interest cost	(1,340,631)	(89,736)
Benefits paid	(454,391)	(563,658)
<b>Balances at end of year</b>	<b>P16,014,817</b>	<b>P14,979,499</b>

Retirement obligation as reported in the statement of financial position:

	2018	2017
Present value of benefit obligation	P21,204,293	P20,666,429
Fair value of retirement plan assets at end of year	(16,014,817)	(14,979,499)
	<b>P5,189,476</b>	<b>P5,686,930</b>

The major categories of plan assets are as follows:

	2018	2017
Deposit in banks	P12,223	P12,318
Investment in government securities	9,816,158	9,956,511
Other securities and debt instruments	3,196,000	3,255,391
Shares of stock	2,807,731	2,409,850
Accrued interest receivable	173,225	134,837
Other receivables	29,983	-
Accrued trust fees and other payables	(20,503)	(789,408)
	<b>P16,014,817</b>	<b>P14,979,499</b>

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:

	2018	2017
Discount rate	6.92%	5.28%
Future salary increases	3.00%	3.00%
Turnover rate	8% at age 19 to 7% at age 45	10% at age 19 to 6% 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%	(P1,153,114)
	-1%	1,274,643
Salary increase rate	+1%	P1,103,944
	-1%	(1,018,128)

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

	Expected benefit payments
Year 1	P2,724,923
Year 2	1,240,477
Year 3	1,654,478
Year 4	6,436,729
Year 5	5,159,382
Year 6 - 10	10,553,860

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, 2018. It also expects to contribute P2.0 million in 2019.

## 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:

	2018	2017
Cash and cash equivalents*	P43,949,150	P21,876,181
Trade and other receivables	11,853,012	13,719,200
Trust fund	4,611,154	4,292,050
	<b>P60,413,316</b>	<b>P39,887,431</b>

\*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, 2018**

	Neither past due nor impaired		Past due but not impaired	Past due and individually impaired	Total
	High grade	Standard grade			
Cash and cash equivalents*	P43,949,150	P-	P-	P-	P43,949,150
Trade and other receivables:					
Trade receivables	1,893,250	-	7,104,793	1,793,966	10,792,009
Others	-	2,854,969	-	-	2,854,969
Trust fund	4,611,154	-	-	-	4,611,154
	<b>P50,453,554</b>	<b>P2,854,969</b>	<b>P7,104,793</b>	<b>P1,793,966</b>	<b>P62,207,282</b>

\*Excludes cash on hand

**As of June 30, 2017**

	Neither past due nor impaired		Past due but not impaired	Past due and individually impaired	Total
	High grade	Standard grade			
Cash and cash equivalents*	P21,876,181	P-	P-	P-	P21,876,181
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
	<b>P27,679,556</b>	<b>P3,720,424</b>	<b>P8,487,451</b>	<b>P1,793,966</b>	<b>P41,681,397</b>

\*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 P7.1 million and P8.5 million as of June 30, 2018 and 2017, 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 P1.8 million as at June 30, 2018 and 2017 (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, 2018 and 2017, 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, 2018**

	On demand	Less than 30 Days	31 to 60 days	61 to 90 days	More than 91 Days	Total
<i>Financial liabilities</i>						
Other financial liabilities						
Trade payables	P2,512,735	P-	P526,429	P-	P3,932,184	P6,971,348
Accrued expenses	2,867,543	703,955	36,400	42,127	303,237	3,953,262
Others**	1,104,969	732,773	189,864	163,113	4,045,517	6,236,236
Members deposits and others	11,884,375	-	-	-	-	11,884,375
	<b>P18,369,622</b>	<b>P1,436,728</b>	<b>P752,693</b>	<b>P205,240</b>	<b>P8,280,938</b>	<b>P29,045,221</b>
<i>Financial assets</i>						
Loans and receivables:						
Cash and cash equivalents	P44,044,150	P-	P-	P-	P-	P44,044,150
Trade and other receivable:						
Trade receivables	1,893,250	3,285,399	1,596,505	882,442	1,340,447	8,998,043
Others	963,697	909,534	94,761	384,543	502,434	2,854,969
Trust fund	4,611,154	-	-	-	-	4,611,154
	<b>P51,512,251</b>	<b>P4,194,933</b>	<b>P1,691,266</b>	<b>P1,266,985</b>	<b>P1,842,881</b>	<b>P60,508,316</b>

\*\*Excludes statutory liabilities

**As of June 30, 2017**

	On demand	Less than 30 Days	31 to 60 days	61 to 90 days	More than 91 Days	Total
<i>Financial liabilities</i>						
Other financial liabilities						
Trade payables	P4,485,951	P61,240	P-	P149,421	P180,413	P4,877,025
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
	<b>P17,505,097</b>	<b>P971,234</b>	<b>P622,602</b>	<b>P268,080</b>	<b>P2,762,886</b>	<b>P22,129,899</b>
<i>Financial assets</i>						
Loans and receivables:						
Cash and cash equivalents	P21,971,181	P-	P-	P-	P-	P21,971,181
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
	<b>P28,958,413</b>	<b>P4,437,106</b>	<b>P2,766,125</b>	<b>P1,289,694</b>	<b>P2,531,093</b>	<b>P39,982,431</b>

\*\*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, and members' deposit and others.*

The carrying values of cash and cash equivalents, trade and other receivables, trust fund, trade and other payables, and members' deposit and others, 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, 2018 and 2017, 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, 2018 and 2017.

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## **28. Notes to Statements of Cash Flows**

The non-cash investing activity of the Club pertains to the purchase of fifteen (15) electric golf carts by trading in five (5) used golf carts amounting to ₱200,000 in 2018.

The non-cash financing activity of the Club pertains to the issuance of one (1) share in exchange for the services rendered amounting to ₱240,000 and ₱60,000 of transfer fee in 2018.



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

The Club reported and/or paid the following types of taxes in 2018:

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
<b>Taxable sales:</b>		
Sales of services	₱106,954,632	₱12,834,556
Membership dues collected in advance	8,246,199	989,544
Exempt sales	36,683,879	—
Exempt membership dues collected in advance	2,976,697	—
	<u>₱154,861,407</u>	<u>₱13,824,100</u>

**Input VAT**

Balance at July 1, 2017	₱—
Current year's domestic purchases/payments for:	
Goods other than for resale or manufacture	3,095,629
Capital goods exceeding ₱1,000,000	221,601
Domestic purchases of services	5,245,573
	<u>8,562,803</u>
Applied against output tax	<u>(8,562,803)</u>
Balance at June 30, 2018	<u>₱—</u>

**Withholding Taxes**

Withholding taxes on compensation and benefits	₱844,567
Expanded withholding taxes	1,753,962
	<u>₱2,598,529</u>



Other Taxes and Licenses

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

Real estate taxes	₱3,184,371
Business taxes (local business tax)	705,082
Capital gains tax	318,000
Documentary stamp tax	122,503
	<hr/>
	₱4,329,956

Tax Assessments

The Club did not receive any final tax assessments in 2018, nor did it have tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the administration of BIR.



Schedule A. Marketable Securities.( Current Marketable Equity Securities & Other Short-term Cash Investments )

Name of Issuing entity and association of each issue ( 1 )	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet ( 2 )	Valued based on market quotation at balance sheet date ( 3 )	Income received and accrued
1. Metro Bank & Trust Co.	11,692,098.57	11,692,098.57	11,692,098.57	9,931.83
2. Security Bank & Trust Co.	10,046,357.81	10,046,357.81	10,046,357.81	0.00
3. Rizal Commercial Banking Corp.	5,025,000.00	5,025,000.00	5,025,000.00	108,640.00
	26,763,456.38	26,763,456.38	26,763,456.38	118,571.83

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

	Name and Designation of Debtor ( 1 )	Balance at beginning of period	Additions	Amounts collected ( 2 )	Amounts written off ( 3 )	Current	Not Current	Balance at end of period
<b>Other Receivables:</b>								
1	Employees	15,749.25	166,979.81	170,015.07		12,713.99		12,713.99
2	Driving Range Operator	3,687.05	13,316.10	17,003.15		0.00		0.00
3	Locators	356,678.45	801,565.43	1,158,243.88		0.00		0.00
4	Pacsport Phils.	174,036.45	1,235,871.71	1,219,569.72		190,338.44		190,338.44
5	SSS- sickness benefits	46,825.00	32,550.00	41,400.00		37,975.00		37,975.00
6	Suppliers	1,526,269.85	3,544,383.80	5,034,853.65		35,800.00		35,800.00
7	Various Sponsors	110,978.58	1,355,000.00	1,215,978.58		250,000.00		250,000.00
8	Various Banks	21,263.98	387,389.13	241,119.86		167,533.25		167,533.25
9	Employees Canteen	.00	114,459.34	114,459.34		0.00		0.00
10	ANIX Restaurant	371,705.91	3,723,743.76	3,498,396.49		597,053.18		597,053.18
11	MJ CARR Golf Management	102,667.12	1,228,735.67	1,331,402.79		0.00		0.00
12	Others -employees	283,226.30	872,865.73	933,983.87		222,108.16		222,108.16
13	BALI SPA/Barber Shop	4,580.40	43,747.45	44,019.85		4,308.00		4,308.00
14	FREEPOR	.00	866,447.70	706,405.33		160,042.37		160,042.37
15	SMART	184,467.62	712,166.14	719,258.93		177,374.83		177,374.83
16	Pioneer Insurance	92,500.00	100,000.00	192,500.00		0.00		0.00
17	JAY J'S Restaurant	309,364.03	2,220,278.75	2,203,542.50		326,100.28		326,100.28
18	Celestial Security	34,872.51	114,673.88	138,146.53		11,399.86		11,399.86
19	Caddie Association	.00	6,016.86	2,500.00		3,516.86		3,516.86
20	VMJ Evergreen		1,380,678.61	1,244,418.81		136,259.80		136,259.80
21	Other supplier		4,743.75			4,743.75		4,743.75
22	GAUDAN	97,300.82	146,019.96			243,320.78		243,320.78
23	SMART/FREEPOR-rent		287,092.22			287,092.22		287,092.22
		3,736,173.32	19,358,725.80	20,227,218.35	.00	2,867,680.77	.00	2,867,680.77



Schedule C. Non-Current Marketable Equity Securities, Other Long-Term Investments in Stock and Other Investments

Name of Issuing entity and description of Investment (1)	Beginning Balance			Additions		Deductions		Ending Balance	
	Number of shares or principal amount of bonds and notes (2)	Amount in Pesos	Equity in earnings (losses of investees for the period (3)	Other (4)	Distribution of earnings by investees (5)	Other (6)	Number of shares or principal amounts of bonds and notes (2)	Amount in Pesos (7)	Dividends received from investments not accounted for by the equity method
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Schedule D. Indebtedness of Unconsolidated Subsidiaries and Related parties

Name of Related parties (1)	Balance at beginning of period	Balance at end of period (2)
N.A.	N.A.	N.A.

Schedule E. Intangible Assets - Other Assets

Description ( 1 )	Beginning balance	Additions at cost ( 2 )	Charged to cost and expenses	Charged to other accounts	Other Changes additions (deductions)	Ending balance
<b>Other Assets</b>						
Miscellaneous deposits	689,845.33	24,334.03	14,455.42			699,723.94
Deposit to MJCarr	2,370,516.24	40,198.00	2,410,714.24			0.00
Computer soft-wares & systems	445,405.85	35,000.00	305,758.25			174,647.60
	<u>3,505,767.42</u>	<u>99,532.03</u>	<u>2,730,927.91</u>	<u>0.00</u>	<u>0.00</u>	<u>874,371.54</u>

Schedule F. Long Term Debt

Title of issue and type of obligation ( 1 )	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet ( 2 )	Amount shown under caption "Long term debt in related balance sheet ( 3 )
	N/A	N/A	N/A

Schedule G. Indebtedness to Related Parties ( Long-Term Loans from Related Companies )

Name of Related Party ( 1 )	Balance at beginning of period	Balance at end of period ( 2 )
N.A.	N.A.	N.A.

Schedule H. Guarantees of Securities of Other Issuers ( 1 )

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding ( 2 )	Amount owned by person for which statement is filed	Nature of guarantee ( 3 )
N.A.	N.A.	N.A.	N.A.	N.A.

Schedule I. Capital Stock ( 1 )

Title of issue ( 2 )	Number of Shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by parties ( 3 )	Directors, officers and employees	Others
Common share	1,800	1,594	0	0	9	1,585

## **ITEM 8. CHANGES IN AND DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.**

For the Fiscal years ended June 30, 1998 up to June 30, 2003, the Club's external auditor was Joaquin Cunanan & Co.. The handling partner was Miss Irene Valletero. The engagement of Joaquin Cunanan & Co. was terminated in May 2004 upon approval by the Board on April 29, 2004 of the hiring of Punongbayan & Araullo.

For the years ended June 30, 2004 up to 2007, the financial statements of Valley Golf & Country Club were audited by Punongbayan & Araullo. The handling partner is Ms. Mailene Sigue-Bisnar. Punongbayan & Araullo was hired to audit the 2004 books of account by the Board of Directors, in compliance with the resolution approved during the Stockholders' Meeting of September 28, 2003 to leave the decision on the hiring of the new external auditors to the sound discretion of the Board subject to the observance of SEC Regulations on Good Corporate Governance. The election of Punongbayan and Araullo as the Club's External Auditors was approved during the September 26, 2004 Stockholders' Meeting.

For the years ended June 30, 2008 up to 2012, the financial statements of Valley Golf & Country Club, Inc. were audited by Uy Singson Abella & Co. The handling partner is Ms. Milagros F. Padernal. The change in external auditor was approved by the Board of Directors on their regular meeting last June 14, 2008.

For the years ended June 30, 2013 up to 2018, the financial statements of Valley Golf & Country Club, Inc. were audited by Sycip Gorres Velayo & Co. The handling partner was Mr. Jose Pepito E. Zabat III from 2013 to 2016. For fiscal year 2017 and 2018 the handling partner was and still is Mr. Alexis Benjamin C. Zaragoza III. The change in external auditor was approved by the Board of Directors in their regular meeting held on May 19, 2012 and the appointment was approved during Regular Stockholders' Meeting on September 22, 2013.

The regular changes in external auditors are in compliance with SEC Memo Circular No. 8 (Series of 2003)/SRC Rule 68 (4)(b)(iv) on rotation of external auditors at least every five (5) years, and have been reflected in corresponding reports submitted to the SEC.

There are no disagreements with Joaquin Cunanan & Co, Punongbayan & Araullo, Uy Singson Abella and Sycip Gorres Velayo & Co on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

## **PART III - CONTROL AND COMPENSATION INFORMATION**

### **ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER**

***Incumbent Board of Directors, Executive Officers and Significant Employees of Valley Golf & Country Club, Inc.***

Name	Age	Citizenship	Position	Term of Office as Director/ Period Served
Abraham C. dela Cruz	63	Filipino	President	3 yrs. 2015 - Present
Luis Manuel S. Polintan	69	Filipino	Vice-President	3 yrs. 2015 - Present
Wilfredo G. Manahan	53	Filipino	Treasurer	3 yrs. 2017 - Present
Albert DG. San Gabriel	47	Filipino	Asst. Treasurer	3 yrs. 2017 - Present
Luis G. Quiogue *	52	Filipino	Director	3 yrs. 2015 - Present
Virgilio C. Bucat	58	Filipino	Director	3 yrs. 2016 - Present
Augusto A. Cruz, Jr.	63	Filipino	Director	3 yrs. 2016 - Present
Jaime Victor J. Santos *	45	Filipino	Director	3 yrs. 2016 - Present
Jeremy Z. Parulan *	60	Filipino	Director	3 yrs. 2017 - Present
Rio Sesinando E. Venturanza	59	Filipino	Corporate Secretary	N.A.
* Independent Director				

**Mr. Abraham C. Dela Cruz** has been a member of the Club since March, 2006. He is currently the President/General Manager of Triple "A" Commercial and Trading Corp., Chairman of Candaba Water District (2007- Present), Chairman of Multi System Const. Dev. Corp. (2012-Present).

**Mr. Luis Manuel S. Polintan** has been a member of the Club since June, 1999 as Playing Guest and became a Proprietary Member in September, 2010. He is the President/Owner of Interworld Security Agency and Emplres Commercial. He is currently the Chairman of the Security Committee and Bids & Awards Committee.

**Mr. Wilfredo G. Manahan** is a CPA by profession. He has been a member of the Club since January 2005 as Playing Guest and became a Proprietary Member in January 2010. He is the Owner/Manager of Lubetech Car Care Center. He was a Former Director of PNB Employees and Savings & Loan Association, Past President of Rotary Club of Metro West 3780 from 2008 to 2009 and Assistant Governor of the R.I. District 3780. He is also affiliated with the Freemasonry under the Jurisdiction of the Grand Lodge of the Philippines. He is actively serving the Club as Chairman of the Finance and Membership Committees.

**Mr. Albert DG. San Gabriel** has been a member of the Club since June 22, 2012. He is currently a Board Director and General Manager of Olongapo Maintenance Services, Inc. He is also an officer and director of Acasa Properties Corp, Eagle89 Construction and Trading Corp and Tipid Busog Meals, Inc. He is actively serving the Club as Chairman of the House Committee

**Mr. Luis G. Quiogue** has been a member of the Club as playing guest since 2002 and became a proprietary member on April 2013. He is currently the General Manager of Presidential Commission on Good Governance from March 2011 to present. He is the Chairman of the Real Estate Committee and Trust Fund Committee.

**Mr. Virgilio C. Bucat** is a Club member since Oct. 2005 as Playing Guest and became a Proprietary Member on Nov. 19, 2005. He is the President of SAGADA Builders. A member of the Real Estate Committee in 2014-2015 and currently the Chairman of the Grounds and Engineering Committee and Marketing and Reciprocity Committee.

**Mr. Augusto A. Cruz, Jr.** is a Club Member since Feb. 1987 and became a Proprietary member on April 2007. He is a Sales Agent of Pioneer Life, Inc. and Account officer of PCI Leasing & Finance, Inc. He is currently the Chairman of the Administration Committee.

**Mr. Jaime Victor J. Santos** is a Club Member as Proprietary Member since Nov. 10, 2007. He is the Managing Director of Jamar Development and Realty Corporation, Dahilayan Agri Development Corporation and Belen & Sons Commodities Inc. He is also a Director of Association of Fresh Fish Traders of the Philippines, Inc. He is currently the Chairman of the Sports & Games Committee.

**Atty. Jeremy Z. Parulan** is an Attorney by profession. He has been a member of the Club since August 1997 as Playing Guest and become a Proprietary Member in August 2006. He is the Managing Partner – Parulan Soncuya & Trinidad Law Offices and President – Magistech Business Solutions Inc. He is currently the Chairman of the Legal and Audit Committees

**Atty. Rio Sesinando E. Venturanza** is a Club Member as Proprietary Member since March 19, 2011. Atty. Venturanza is a Partner at Tan Venturanza Valdez Law Offices and Chairman of the Board of TV Realty Inc.. He is a graduate of Bachelor of Economics and Bachelor of Laws at the University of the Philippines. He is currently a member of the Adhoc and Special Projects Committee.

The directors are independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out their responsibilities as directors. There are no other directors other than the above mentioned names.

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers or persons nominated or chosen by the registrant to become directors or executive officers.

During the past five (5) years there was no bankruptcy petition filed by or against any business of which the directors, any nominee for election as director and executive officers is a general partner or executive officer either at the time of bankruptcy or within two years prior to that time.

There is no conviction by final judgment, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding

traffic violations and other minor offenses against the directors, any nominee for election as director and executive officers.

None of the directors, any nominee for election as director and executive officers is subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities.

None of the directors, any nominee for election as director and executive officers was found by a domestic or foreign court of competent jurisdiction, the Commission of comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended or vacated.

## SIGNIFICANT EMPLOYEES

**Mr. Dan L. Salvador III** was born on June 5, 1964 in Paranaque City and is now 54 years old. He is a graduate of Business Commerce major in Business Management in De La Salle University. His last previous employment is with Summit Point Golf & Country Club as General Manager. Mr. Salvador started his employment in Valley Golf last July 28, 2018 as General Manager.

**Mr. Rizaldy A. Legaspi** was born in Cavite City on Dec. 12, 1970 and is now 47 years old. He is a graduate of Master in Business Administration in De La Salle University – Dasmarias. His last previous employment is as Project Manager of Sohoton Eco Tourism Dev. Inc., Platinum Group Metals Corp. Mr. Legaspi was hired as Golf Director of Valley Golf last Sept. 16, 2017 and his contract ended last Sept. 15, 2018

**Ms. Rosanna R. Arguelles** was born on October 9, 1963 in Antipolo City and is now 54 years old; She is a CPA and a graduate of BSC major in Accounting at University of Santo Tomas. She was previously Chief Accountant of the Municipality of Antipolo. She started her employment at Valley Golf in 1988 and is now the Division Manager of the Controller's Division.

**Ms. Elda C. Jugo** was born on September 9, 1962 in Binangonan, Rizal and is now 55 years old. She graduated from Far Eastern University with a degree of Bachelor of Science in Accounting. She was initially hired as typist-filing clerk in 1986 and is now the Finance and Accounting Manager of the Club.

**Mr. Sigfried Arguelles** was born on January 5, 1962 and is now 56 years old. He started working at Valley Golf in 1990 and now the Clubhouse and External Affairs Manager of the Club.

These are the General Manager, Division Manager and Department Managers and are considered the key personnel of the Club. The division and department managers as well as supervisors were previously given a yearly increase in salaries at a maximum of 3%. But in 2010, instead of giving annual increases, managers and supervisors were given performance bonuses - percentage from the audited net income. They also receive Christmas bonuses.

All duties and responsibilities are ensured to be rotated to other supervisors within the department so there will be no monopoly of knowledge. The friendly atmosphere between management and supervisors and the benefits that the employees receive are factors that contribute to the sense of loyalty of the employees.

**ITEM 10. EXECUTIVE COMPENSATION**

Executive Compensation

General

The President, Vice-President, Treasurer, Asst. Treasurer and all members of the Board are not paid any compensation of whatever kind since election to the Board up to the present.

**SUMMARY COMPENSATION TABLE**

Name	Position Fiscal	Salary/month Year	13 <sup>th</sup> month Retainer	Bonus
Dan L. Salvador III	General Manager 2018	130,000.00		
Rizaldy Legaspi	Golf Director 2018	80,000.00	23,452.05	24,633.84
Rosanna R. Arguelles	Division Manager Controller			
	2012	71,890.00	71,890.00	23,385.90
	2013	76,390.00	76,390.00	24,780.90
	2014	80,890.00	80,890.00	26,175.90
	2015	80,890.00	80,890.00	26,175.90
	2016	83,317.00	83,317.00	30,298.27
	2017	83,317.00	83,317.00	30,298.27
	2018	85,817.00	85,817.00	32,523.27
Elda C. Jugo	F & A Mngr.			
	2012	38,840.00	38,840.00	13,140.40
	2013	43,340.00	43,340.00	14,535.40
	2014	47,840.00	47,840.00	15,930.40
	2015	47,840.00	47,840.00	15,930.40
	2016	49,275.00	49,275.00	19,745.25
	2017	49,275.00	49,275.00	19,745.25
	2018	50,753.00	50,753.00	21,753.42
Sigfried C. Arguelles	Clubhouse and External Aff. Manager			
	2014	30,000.00	30,000.00	10,400.00
	2015	30,000.00	30,000.00	10,400.00
	2016	30,900.00	30,900.00	14,049.00
	2017	30,900.00	30,900.00	14,049.00
	2018	32,500.00	32,500.00	15,895.00



## **Compensation of Directors**

Valley Golf & Country Club's directors have not been and still are not compensated, directly or indirectly for any services provided as such pursuant to Article IV, Section 2 of the By-laws.

## **Employment contracts and termination of employment and change-in-control arrangements**

The Board of Directors is composed of nine (9) members. Every year at the annual stockholders' meeting, three (3) directors are elected for a term of three (3) years. No director can serve consecutively for more than three (3) years.

The Club has no compensatory plan or arrangement with its directors and General Manager resulting from resignation, retirement or any other termination of their relationship with the company, or from a change in control of the company or a change of responsibilities following a change in control.

## **Warrants and Options Outstanding: Repricing**

There are no warrants or options held by the company's CEO, the executive officers, and all officers and directors as a group.

## **Family Relationships**

As of the filing of this report, management is not aware of any relationship (up to the fourth civil degree), either by consanguinity or affinity among the directors, executive officers or members nominated to be directors.

## **ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

1. There is no person or any group of persons who is the owner on record or the beneficial owner, directly or indirectly of more than five percent (5%) of the Club's voting securities.
2. All members of the Board are the owners on record of one share each which qualifies them for directorship. There is no director who is the beneficial owner of other shares of stocks.

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Amount/Nature of Beneficial Ownership</b>	<b>Citizenship</b>	<b>Percent of Class</b>
Ordinary	Abraham C. dela Cruz	1 share	Filipino	Negligible
Ordinary	Luis Manuel S. Polintan	1 share	Filipino	Negligible
Ordinary	Wilfredo G. Manahan	1 share	Filipino	Negligible
Ordinary	Albert DG. San Gabriel	1 share	Filipino	Negligible
Ordinary	Luis G. Quiogue *	1 share	Filipino	Negligible
Ordinary	Virgilio C. Bucat	1 share	Filipino	Negligible
Ordinary	Augusto A. Cruz, Jr.	1 share	Filipino	Negligible
Ordinary	Jaime Victor J. Santos *	1 share	Filipino	Negligible
Ordinary	Jeremy Z. Parulan *	1 share	Filipino	Negligible
Ordinary	Rio Seseinando E. Venturanza	1 share	Filipino	Negligible

2. The Club is not aware of the existence of any voting trust holders of any proportion of the existing authorized capital stock.
3. There is no arrangement, which may result in a change in management control of registrant since the beginning of the last fiscal year.

#### **ITEM 12 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

In line with the policy of Valley Golf of transparency and avoidance of conflict of interest situations by its directors/officers as provided in the By-Laws, Valley Golf does not have any transactions with or involving a company or any of its subsidiaries in which a director, executive officer, or stockholder owns ten percent (10%) or more of the total outstanding shares and members of their immediate family had or is to have a direct or indirect material interest.

Valley Golf did not have transactions with promoters.

Valley Golf does not have a parent company or a subsidiary company.

## **PART IV – CORPORATE GOVERNANCE**

### **ITEM 13 – CORPORATE GOVERNANCE**

**PLEASE REFER TO ATTACHED ANNUAL CORPORATE GOVERNANCE REPORT (ACGR)**

## **PART V - EXHIBITS AND SCHEDULES**

### **ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C**

#### **1. Exhibits**

- A. Amended Articles of Incorporation – 15 pages
- B. Amended By-Laws – 15 pages
- C. Annual Report to Security Holders – 64 pages
- D. Minutes of the September 24, 2017 Stockholders' Meeting

Valley Golf does not have Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession, Instruments defining rights of security holders, voting trust agreement, subsidiaries, power of attorney or other reports mentioned.

#### **2. Reports on SEC Form 17 – C and Form 17 - Q**

- a. On Aug. 3, 2017, Valley Golf submitted the Current Report 17-C on the Appointment of the Club's Corporate Secretary Atty. Rio Sesinando Venturanza, to be, concurrently the Compliance Officer of Valley Golf. Included also in the said report is the appointment of the Nomination Committee for the Sept. 24, 2017 Annual Stockholders' Meeting and Election of the Board of Directors.
- b. On Aug. 23, 2017, Valley Golf submitted the Current Report 17-C on the resignation of Atty. Alvin Geli as member of the Committee on Elections and the appointment of Atty. Felipe Cuison as member of the Committee on Elections.
- c. On Sept. 22, 2017, Valley Golf submitted the Current Report 17-C on


- the issuance of one (1) share of stock for the repair of two (2) units Vertical Turbine Pump.
- d. On Sept. 29, 2017, Valley Golf submitted the Current Report 17-C on the election of the Board of Directors, Board Members who ceased to hold their positions and new officers elected by the Board of Directors in the organizational meeting on Sept. 24, 2017.
  - e. On Sept. 29, 2017, Valley Golf submitted the Current Report 17-C on the appointment of Sycip Gorres Velayo & Co. as Valley Golf's External Auditors or Independent Accountants during the Sept. 24, 2016 Stockholders' meeting.
  - f. On Sept. 29, 2017, Valley Golf submitted the Current Report 17-C on the appointment of the Chairman of the Audit Committee and Assistant Treasurer. Also included in the said report is the appointment of Cubacub Law and Accounting Office as the Internal Auditor of Valley Golf.
  - g. On Oct. 25, 2017, Valley Golf submitted the Current Report 17-C on the acquisition of the Club of two (2) Treasury Shares of Stock.
  - h. On Nov. 2, 2017, Valley Golf submitted the Current Report 17-C on the appointment of the Chairman of the Audit Committee, Chairman of the Remuneration and Compensation Committee and the Committee on Elections.
  - i. On Nov. 7, 2017, Valley Golf submitted 17-Q for the quarterly report for the first quarter.
  - j. On Nov. 22, 2017, Valley Golf submitted the Current Report 17-C on the appointment of Atty. Jeremy Z. Parulan as Independent Director.
  - k. On Nov. 22, 2017, Valley Golf submitted the Current Report 17-C on the appointment of the members of the Audit Committee.
  - l. On Dec. 14, 2017, Valley Golf submitted the Current Report 17-C on the appointment of the Chairman of the Audit Committee.
  - m. On Jan. 24, 2018, Valley Golf submitted the current report 17-C on compliance with the Manual of Corporate Governance for the year ended December 31, 2017.
  - n. On Feb 1, 2018, Valley Golf submitted 17-Q for the quarterly report for the second quarter.
  - o. On April 6, 2018, Valley Golf submitted the current report 17-C on the attendance of Dir. Albert D.G. San Gabriel in the training for corporate governance.
  - p. On May 10, 2018, Valley Golf submitted 17-Q for the quarterly report for the third quarter.


## **SIGNATURES**


Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Antipolo on September 19, 2018.

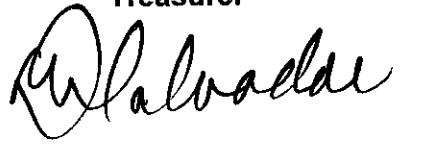
VALLEY GOLF & COUNTRY CLUB, INC.

By:

  
ABRAHAM C. DELA CRUZ  
Principal Executive Officer/  
President

  
WILFREDO G. MANAHAN  
Principal Financial Officer/  
Treasurer

  
RIO SESINANDO E. VENTURANZA  
Corporate Secretary

  
DAN L. SALVADOR III  
General Manager/Compliance  
Officer

  
ROSANNA R. ARGUELLES  
Comptroller/Head Controllers'  
Division

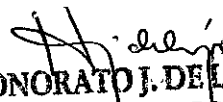
  
ELDA C. JUGO  
Principal Accounting Officer/  
Finance & Accounting Manager

SUBSCRIBED AND SWORN to before me this SEP 26 2018 day of SEP, 2018  
affiants exhibiting to me their valid ID's, as follows:

Name  
Abraham C. Dela Cruz  
Wilfredo G. Manahan  
Rio Sesinando E. Venturanza  
Dan L. Salvador III  
Rosanna R. Arguelles  
Elda C. Jugo

**SEP 26 2018**  
SUBSCRIBED AND SWORN TO BEFORE ME  
THIS 26 DAY OF SEP AT ANTIPOLLO CITY  
AFFIANT EXHIBITING TO ME HIS/HER GOVT  
VALID ID NOTED BELOW HIS NAME  
TIN No. 106-571-~~988~~  
TIN No. 109-940-874  
TIN No. 100-699-738  
TIN No. 106-096-808  
PRC ID No. 069065  
TIN No. 102-778-591

Doc. No. 124  
Page No. 25  
Book No. XXXX  
Series of 2018

  
ATTY. HONORATO J. DE LEON, JR.  
NOTARY PUBLIC  
NOTARY PUBLIC  
Until December 31, 2018  
Roll of Attorneys No. 27541  
MCLE Compliance No. V-0014592  
IBP No. 026779; Jan. 15, 2018 4:54M  
PTR No. 8909359; Jan. 15, 2018 4:54M in City



REPUBLIC OF THE PHILIPPINES  
**SECURITIES AND EXCHANGE COMMISSION**  
SEC Building, EDSA, Greenhills  
City of Mandaluyong, Metro Manila

Company Reg. No. 13951

**CERTIFICATE OF FILING  
OF  
AMENDED ARTICLES OF INCORPORATION**

**KNOW ALL PERSONS BY THESE PRESENTS:**

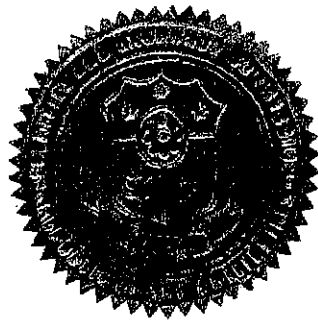
**THIS IS TO CERTIFY** that the amended articles of incorporation of the

**VALLEY GOLF & COUNTRY CLUB, INC.**  
[Amending Article IV by extending the term of its existence thereof.]

copy annexed, adopted on July 29, 2006 by a majority vote of the Board of Directors and on November 18, 2007 by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock, and certified under oath by the Secretary and a majority of the Board of Directors of the corporation was approved by the Commission on this date pursuant to the provision of Section 16 of the Corporation Code of the Philippines, Batas Pambansa Blg. 68, approved on May 1, 1980 and copies thereof are filed with the Commission.

Unless this corporation obtains or already has obtained the appropriate Secondary License from this Commission, this Certificate does not authorize it to undertake business activities requiring a Secondary License from this Commission such as, but not limited to acting as: broker or dealer in securities, government securities eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing company, pre-need plan issuer, general agent in pre-need plans and time shares/club shares/membership certificates issuers or selling agents thereof. Neither does this Certificate constitute as permit to undertake activities for which other government agencies require a license or permit.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of this Commission to be affixed at Mandaluyong City, Metro Manila, Philippines, this 29<sup>th</sup> day of April, Two Thousand Eight.



  
BENITO A. CATARAN  
Director  
Company Registration and Monitoring Department



COVER SHEET

1 3 9 5 1  
S.E.C. Registration Number

VALLEY GOLF & COUNTRY  
CLUB INC

(Company's Full Name)

DON CELSO S TUASON AVENUE  
VICTORIA VALLEY ANTIPOLO CITY

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

TESS GAN  
Contact Person

634-5692/93  
Company Telephone Number

0 6 3 0  
Month Day  
Fiscal Year

Amended Articles of  
Incorporation  
FORM TYPE

0 9 4th Sun  
Month Day  
Annual Meeting

Second License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings  
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

Document I.D.

LCU 4-17-06

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

AMENDED  
ARTICLES OF INCORPORATION  
OF  
VALLEY GOLF & COUNTRY CLUB,  
INC.  
(Amended as of September 10, 1989)  
(Formerly Valley Golf Club, Inc.)

**KNOW ALL MEN BY THESE PRESENTS:**

That we, all of whom are of legal age and residents of the Philippines, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the Philippines.

**AND WE HEREBY CERTIFY:**

**FIRST.** That the name of said corporation shall be "VALLEY GOLF & COUNTRY CLUB, INC." (As amended on September 10, 1989).

**SECOND.** That the purposes for which the said corporation is formed are:

**PRIMARY PURPOSE**

To foster and promote the game of golf and operate and maintain a golf course and country club.

**SECONDARY PURPOSE**

To buy, lease or otherwise acquire, own, hold and dispose of, such real and personal property as may be necessary, advantageous or convenient in the conduct of its business; to develop, improve, and subdivide any properties owned by the corporation; and, generally, to do and perform all such acts and things, and to



exercise such powers as are ordinarily done, performed and exercised by social and athletic clubs and associations.

**THIRD.** That the place where the principal office of the corporation is to be established or located is Antipolo, Rizal, Philippines.

**FOURTH.** That the term for which said corporation is to exist for another **FIFTY (50) YEARS** from May 15, 2008. (as amended on November 18, 2007).

**FIFTH.** That the names, residence and nationality of the incorporators of said corporation are as follows:

<u>Name</u>	<u>Nationality</u>	<u>Residence</u>
Celso Tuason	Filipino	Wilson St., San Juan, Rizal
Aurelio Montinola, Sr.	Filipino	Mahogany Rd., Forbes Park Makati, Rizal
Ernest Kahn	Filipino	Russell Ave., Pasay City
Henry Belden	American	13 <sup>th</sup> St., New Manila, Q. C.
J. Antonio Araneta	Filipino	Mckinley Rd., Forbes Park Makati, Rizal

**SIXTH.** That the number of Directors of said corporation shall be nine (9) and the names and residences of the Directors of the corporation who are to serve until their successors are elected and qualified as provided by the By-Laws are as follows:

<u>Name</u>	<u>Nationality</u>	<u>Residence</u>
Celso Tuason	Filipino	Wilson St., San Juan, Rizal
Aurelio Montinola, Sr.	Filipino	Mahogany Rd. Forbes Park, Makati, Rizal
Ernest Kahn	Filipino	Russell Ave., Pasay City
Henry Belden	American	13 <sup>th</sup> St., New Manila, Q. C.

J. Antonio Araneta	Filipino	Mckinley Rd., Forbes Park, Makati, Rizal
Francisco Ortigas, Jr.	Filipino	R. Alunan St., Manila
Jaime Velasquez	Filipino	Easy St., San Juan, Rizal

**SEVENTH.** That the capital stock of said corporation is Sixteen Million Two Hundred Thousand Pesos (PhP16,200,000.00) divided into One Thousand Eight Hundred (1,800) shares of the par value of Nine Thousand Pesos (PhP9,000) each. (as amended on September 13, 1981).

Said shares of stock shall be owned by and the interest thereof accrue only to the registered owner thereof, who, aside from his rights as shareholder, may in addition, and subject to such rules and regulations as may be promulgated by, and to screening and approval of the Board of Directors, be issued a regular membership card that would entitle him to all the rights and privileges that are extended to all holders of regular membership cards for the use and enjoyment of the facilities and premises of the Club.

Any person who owns or buys a share in the company must apply for membership within thirty (30) days from date of registration of sale. This condition shall appear in the stock certificates.

**EIGHTH.** That the amount of said capital stock which has been actually subscribed is ONE MILLION PESOS (PhP1,000,000.00) and the following persons have subscribed for the number of shares and amount of capital stock set out after their respective names.

<u>Name</u>	<u>Residence</u>	<u>No. of Shares</u>	<u>Amount Subscribed</u>
Aguinaldo, Francisco R.	Quezon City	1	P10,000.00
Aguirre, Tomas B.	Pasay City	1	10,000.00
Alafris, Arturo A.	Pasay City	1	10,000.00
Araneta, J. Antonio	Makati, Rizal	1	10,000.00
Araneta, Luis M.	Manila	1	10,000.00
Babat, Chester	Quezon City	1	10,000.00
Balcoff, Charles I.	Manila	1	10,000.00
Barredo, Manuel	Manila	1	10,000.00
Bautista, Constantino	Quezon City	1	10,000.00
Belden, Henry	Quezon City	1	10,000.00
Bennett, Henry E.	San Juan, Rizal	1	10,000.00
Brias, Enrique	Makati, Rizal	1	10,000.00
Brias, Jaime	Manila	1	10,000.00
Cacho, Francisco	Mandaluyong, Rizal	1	10,000.00
Cacho, Jose A.	Manila	1	10,000.00
Chua, Antonio Roxas	Manila	1	10,000.00
Cojuangco, Pedro	Manila	1	10,000.00
Consunji, Ricardo	Mandaluyong, Rizal	1	10,000.00
Cortes, Jose Ma.	Quezon City	1	10,000.00
Cortes, Felix	Quezon City	1	10,000.00
Cruz, Bienvenido	Pasay City	1	10,000.00
Cu Urjieng, Benito	Manila	1	10,000.00
Damperre, Alfonso R. de	Manila	1	10,000.00
Diaz, Pompeyo	Manila	1	10,000.00
Feria, Jose	Manila	1	10,000.00
Fernandez, Jose	Manila	1	10,000.00
Frieder, Robert	Quezon City	1	10,000.00
Gabaldon, Isauro	Manila	1	10,000.00
Gamboa, Regino D.	Manila	1	10,000.00
Gonzales, Antonio	Quezon City	1	10,000.00
Gonzales, Rafael	Quezon City	1	10,000.00
Guerrero, Oscar E.	S. Juan, Rizal	1	10,000.00
Halling, F. R.	Makati, Rizal	1	10,000.00
Huang, Frank	S. Juan, Rizal	1	10,000.00
Jaibuena, L. P.	Pasay City	1	10,000.00
Kahn, Ernest	Pasay City	1	10,000.00
Klar, Jose	Quezon City	1	10,000.00
Liboro, Andres	Quezon City	1	10,000.00
Licaros, Gregorio, Sr.	Manila	1	10,000.00
Licaros, Gregorio, B. Jr.	Manila	1	10,000.00
Lim, P. L.	S. Juan, Rizal	1	10,000.00
Lim, Peter	Makati, Rizal	1	10,000.00
Locsin, Jose	Manila	1	10,000.00
Lopa, Manuel	Pasay City	1	10,000.00
Lopez, Honrado C.	Manila	1	10,000.00
Lovell, G. H.	Pasig, Rizal	1	10,000.00
Luz, Alfredo J.	Manila	1	10,000.00
Madrigal, Antonio P.	Quezon City	1	10,000.00
Madrigal, Jose P.	Quezon City	1	10,000.00
Manahan, Constantino P.	Quezon City	1	10,000.00
Manglapus, Raul	San Juan, Rizal	1	10,000.00
Manotoc, Ricardo S.	Quezon City	1	10,000.00

Matilla, Faustino	Quezon City	1	10,000.00
Miranda, Antonio	Pasay City	1	10,000.00
Montinola, Aurelio Sr.	Makati, Rizal	1	10,000.00
Montinola, Aurelio Jr.	Makati, Rizal	1	10,000.00
Montinola, Sergio	Bacolod City	1	10,000.00
Nathan, Karl	Quezon City	1	10,000.00
Norton, J. E.	Quezon City	1	10,000.00
Olives, Sebastian	Quezon City	1	10,000.00
Ortigas, Eduardo	Quezon City	1	10,000.00
Ortigas, Francisco	Manila	1	10,000.00
Ortigas, Rafael	Manila	1	10,000.00
Perez Rubio, Miguel	Makati, Rizal	1	10,000.00
Picazo, Evaristo	Makati, Rizal	1	10,000.00
Picornell, Santiago	Manila	1	10,000.00
Preysler, J. B.	Makati, Rizal	1	10,000.00
Quirino, Carlos	Manila	1	10,000.00
Recto, Alfonso	Makati, Rizal	1	10,000.00
Reyes, Narciso Jr.	Manila	1	10,000.00
Reyes, Victor	Manila	1	10,000.00
Roco, Fernando S.	Quezon City	1	10,000.00
Roxas, Antonio	Pasay City	1	10,000.00
Roxas, Eduardo	Makati, Rizal	1	10,000.00
Rufino, Ernesto D.	Pasay City	1	10,000.00
Santayana, Luis S.	Makati, Rizal	1	10,000.00
Soriano, Andres	Pasay City	1	10,000.00
Soriano, Andres Jr.	Makati, Rizal	1	10,000.00
Soriano, Jose Maria	Pasay City	1	10,000.00
Sycip, Washington	Makati, Rizal	1	10,000.00
Tuason, Celso A.	San Juan, Rizal	1	10,000.00
Tuason, Juan E.	Manila	1	10,000.00
Tuason, Severo A.	Manila	1	10,000.00
Unson, Miguel R.	Pasay City	1	10,000.00
Uy, James	Makati, Rizal	1	10,000.00
Velasquez, Jaime	San Juan, Rizal	1	10,000.00
Velayo, Alfredo	Makati, Rizal	1	10,000.00
Vellguth, Alfred C.	Parañaque, Rizal	1	10,000.00
Villa-Abrille, Alfredo	Makati, Rizal	1	10,000.00
Villareal, Fernando Sr.	Quezon City	1	10,000.00
Wilkinson, Gerald	Quezon City	1	10,000.00
Wilson, Calude M., Jr.	Mandaluyong City	1	10,000.00
Young, Walter Au	San Juan, Rizal	1	10,000.00
Ysmael, Carlos	Quezon City	1	10,000.00
Ysmael, Felipe	Quezon City	1	10,000.00
Yu Kho Siong	Manila	1	10,000.00
Yu Kho Thai	Pasay City	1	10,000.00
Yujuico, Alejandro S.	Quezon City	1	10,000.00
Yujuico, Jesus S.	Quezon City	1	10,000.00
Zulueta, Cesar de	Makati City	1	10,000.00
		<u>100</u>	<u>P1,000,000</u>

**NINTH.** That the following persons have paid on the shares of capital stock for which they have subscribed the amounts set out after their respective names.

<u>Name</u>	<u>Residence</u>	<u>Amount Subscribed</u>
Aguinaldo, Francisco R.	Quezon City	P 3,500.00
Aguirre, Tomas B.	Pasay City	3,500.00
Alafris, Arturo A.	Pasay City	3,500.00
Araneta, J. Antonio	Makati, Rizal	3,500.00
Araneta, Luis Ma.	Manila	3,500.00
Balcoff, Chester	Quezon City	3,500.00
Blacoff, Charles T.	Manila	3,500.00
Barredo, Manuel	Manila	3,500.00
Bautista, Constantino	Quezon City	3,500.00
Belden, Henry	Quezon City	3,500.00
Bennett, Henry E.	San Juan, Rizal	3,500.00
Brias, Enrique	Makati, Rizal	3,500.00
Brias, Jaime	Manila	3,500.00
Cacho, Francisco	Mandaluyong, Rizal	3,500.00
Cacho, Jose A.	Manila	3,500.00
Chua, Antonio Roxas	Manila	3,500.00
Cojuangco, Pedro	Manila	3,500.00
Consunji, Ricardo	Mandaluyong, Rizal	3,500.00
Cortes, Jose Ma.	Quezon City	3,500.00
Cortes, Felix	Quezon City	3,500.00
Cruz, Bienvenido	Pasay City	3,500.00
Cu Urjieng, Benito	Manila	3,500.00
Damperre, Alfonso R.de	Manila	3,500.00
Diaz, Pompeyo	Manila	3,500.00
Feria, Jose	Manila	3,500.00
Fernandez, Jose	Manila	3,500.00
Frieder, Robert	Quezon City	3,500.00
Gabaldon, Isauro	Manila	3,500.00
Gamboa, Regino D.	Manila	3,500.00
Gonzales, Rafael	Quezon City	3,500.00
Guerrero, Oscar E.	S. Juan, Rizal	3,500.00
Halling, F. R.	Makati, Rizal	3,500.00
Huang, Frank	S. Juan, Rizal	3,500.00
Jalbuena, L.P.	Pasay City	3,500.00
Kahn, Ernest	Pasay City	3,500.00
Klar, Jose	Quezon City	3,500.00
Liboro, Andres	Quezon City	3,500.00
Licaros, Gregorio, Sr.	Manila	3,500.00
Licaros, Gregorio, B. Jr.	Manila	3,500.00
Lim, P. L.	S. Juan, Rizal	3,500.00
Lim, Peter	Makati, Rizal	3,500.00
Locsin, Jose	Manila	3,500.00
Lopa, Manuel	Pasay City	3,500.00
Lopez, Honrado G.	Manila	3,500.00
Lovell, G. H.	Pasig, Rizal	3,500.00
Luz, Alfredo J.	Manila	3,500.00
Madrigal, Antonio P.	Quezon City	3,500.00

Madrigal, Jose P.	Quezon City	3,500.00
Manahan, Constantino P.	Quezon City	3,500.00
Manglapus, Raul	San Juan, Rizal	3,500.00
Manotoc, Ricardo S.	Quezon City	3,500.00
Matilla, Faustino	Quezon City	3,500.00
Miranda, Antonio	Pasay City	3,500.00
Montinola, Aurelio Sr.	Makati, Rizal	3,500.00
Montinola, Aurelio Jr.	Makati, Rizal	3,500.00
Montinola, Sergio	Bacolod City	3,500.00
Nathan, Karl	Quezon City	3,500.00
Norton, J. E.	Quezon City	3,500.00
Olives, Sebastian	Quezon City	3,500.00
Ortigas, Eduardo	Quezon City	3,500.00
Ortigas, Francisco	Manila	3,500.00
Ortigas, Rafael	Manila	3,500.00
Perez Rubio, Miguel	Makati, Rizal	3,500.00
Picazo, Evaristo	Makati, Rizal	3,500.00
Pirconell, Santiago	Manila	3,500.00
Preysler, J. B.	Makati, Rizal	3,500.00
Quirino, Carlos	Manila	3,500.00
Alfonso, Recto	Makati, Rizal	3,500.00
Reyes, Narciso Jr.	Manila	3,500.00
Reyes, Victor	Manila	3,500.00
Roco, Fernando S.	Quezon City	3,500.00
Roxas, Antonio	Pasay City	3,500.00
Roxas, Eduardo	Makati, Rizal	3,500.00
Rufino, Ernesto D.	Pasay City	3,500.00
Santayana, Luis S.	Makati, Rizal	3,500.00
Soriano, Andres	Pasay City	3,500.00
Soriano, Andres Jr.	Makati, Rizal	3,500.00
Soriano, Jose Maria	Pasay City	3,500.00
Sycip, Washington	Makati, Rizal	3,500.00
Tuason, Celso A.	San Juan, Rizal	3,500.00
Tuason, Juan E.	Manila	3,500.00
Tuason, Severo A.	Manila	3,500.00
Unson, Miguel R.	Pasay City	3,500.00
Uy, James	Makati, Rizal	3,500.00
Velasquez, Jaime	San Juan, Rizal	3,500.00
Velayo, Alfredo	Makati, Rizal	3,500.00
Vellcuth, Alfred C.	Parañaque, Rizal	3,500.00
Villa-Abrille, Alfredo	Makati, Rizal	3,500.00
Villareal, Fernando Sr.	Quezon City	3,500.00
Wilkinson, Gerald	Quezon City	3,500.00
Wilson, Calude M., Jr.	Mandaluyong City	3,500.00
Young, Walter Au	San Juan, Rizal	3,500.00
Ysmael, Carlos	Quezon City	3,500.00
Ysmael, Felipe	Quezon City	3,500.00
Siong, Yu Khe	Manila	3,500.00
Tai, Yu Khe	Pasay City	3,500.00
Yujuico, Alejandro S.	Quezon City	3,500.00
Yujuico, Jesus S.	Quezon City	3,500.00
Zulueta, Cesar de	Makati City	3,500.00

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P 350,000

**TENTH.** That ERNEST KAHN has been elected by the subscribers as Treasurer of the Corporation to act as such until his successor is duly elected and qualified in accordance with the By Laws, and that no such Treasurer he has been authorized to receive for the corporation and to receipt in its name for all subscriptions paid in by said subscribers.

IN WITNESS WHEREOF, we have hereunto set our hands in the City of Manila, Philippines, this 14<sup>th</sup> day of May, 1958.

(Sgd.) Celso Tuason  
CELSON TUASON

(Sgd.) Aurelio Montinola  
AURELIO MONTINOLA

(Sgd.) Ernest Kahn  
ERNEST KAHN

(Sgd.) Henry T. Belden  
HENRY T. BELDEN

(Sgd.) J. Antonio Araneta  
J. ANTONIO ARANETA

Signed in the presence of:

(Sgd.) Illegible

(Sgd.) Illegible

REPUBLIC OF THE PHILIPPINES)  
CITY OF MANILA ) S. S.

Before me, a Notary Public in and for the City of Manila, Philippines, this 14<sup>th</sup> day of May, 1958, personally appeared the following persons with their respective residence certificates, to wit:

Name	Residence Cert. No.	Date and Place of Issue
Celson Tuason	A-0204962	Jan. 22, 1958 - Manila
Aurelio Montinola, Sr.	A-0023051	Jan. 6, 1958 - Manila
Ernest Kahn	A-0006403	Jan. 2, 1958 - Manila
Henry Belden	A-0067620	Jan. 13, 1958 - Manila
J. Antonio Araneta	A-0120887	Jan. 17, 1958 - Manila

all known to me and to me known to be the same persons who executed the foregoing Articles of Incorporation of Valley Golf Club, Inc., and acknowledged to me that the same is of their free and voluntary act and deed.

**WITNESS** my hand and seal at the place and on the date first above written.

(Sgd.) Mariano B. Pineda, Jr.  
**MARIANO B. PINEDA, JR.**  
Notary Public  
Until December 31, 1958

Doc. No. 186  
Page No. 52  
Book No. II  
Series of 1958.



## DIRECTOR'S CERTIFICATE

WE, the Chairman, Secretary and majority of the elected and qualified members of the Board of Directors of VALLEY GOLF CLUB, INC., a stock corporation organized and existing under the laws of the Philippines do hereby certify:

That as an Annual Meeting of the Stockholders and members of the Board of Directors held on September 10, 1989 at 4:20 p.m. at the principal office of the corporation and following resolution was duly approved, adopted and recorded in the minutes:

"RESOLVED, as it is hereby received that Article I of the Articles of Incorporation of VALLEY GOLF CLUB, INC. be amended by changing the corporate name to VALLEY GOLF AND COUNTRY CLUB, INC."

That the above resolution was confirmed, approved and ratified by the vote of the stockholders owning/representing at least two-thirds (2/3) of the entire outstanding capital stock at a special stockholders and directors meeting held on the same date and place;

That the attached articles of Incorporation is a true and correct copy of the present Articles of Incorporation, as amended, reflecting its new corporate name.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 25<sup>th</sup> day of September 1989 at Makati, Metro Manila.

**PEDRO H. YAP**  
Director  
Res. Cert. No. 764301-A  
Issued at: Manila  
on: Feb. 2, 1989

(Sgd.)  
**ROMEO M. LIAMZON**  
Director  
Res. Cert. No.  
Issued at: Antipolo  
on: March 4, 1989

(Sgd.)  
**MARCELINO L. GO**  
Director  
Res. Cert. No. 000006435  
Issued at: Manila  
on: 1-31-1989

(Sgd.)  
**EMMANUEL CASTAÑEDA**  
Director  
Res. Cert. No. 025367  
Issued at: Antipolo  
on: 1-18-89

(Sgd.)  
**LUIS SICAT**  
Director  
Res. Cert. No. 214630-E  
Issued at: Q. C.  
on: 3-21-1989

(Sgd.)  
**JOHNNY SARMENTA**  
Director  
Res. Cert. No. 09538558J  
Issued at: Q. C.  
on: 3-20-89

(Sgd.)  
**JOSE VILCHEZ, JR.**  
Director  
Res. Cert. No. 1158001G  
Issued at: Antipolo  
on: 4-1-1989

**FEDERICO CARANDANG**  
Director  
Res. Cert. No.  
Issued at:  
on:

(Sgd.)  
**CRISMEL VERANO**  
Director  
Res. Cert. No. 4925502  
Issued at: Q. C.  
on: 2-23-1989

ATTESTED:

(Sgd.)  
**PEDRO H. YAP**  
President

(Sgd.)  
**ORLANDO C. PARAY**  
Secretary

**SUBSCRIBED AND SWORN** to before me this 25<sup>th</sup> day of September 1989,  
affiants exhibiting to me their Res. Cert. No. printed below their respective name.

Sgd.  
**EDGAR A. PACIS**  
NOTARY PUBLIC  
Until December 31, 1990  
PTR No. 566199, Makati  
Jan. 3, 1989

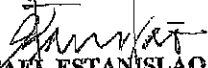
Doc. No. 439;  
Page No. 89;  
Book No. II;  
Series of 1989.

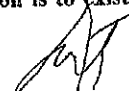
**DIRECTORS' CERTIFICATE**





We, the undersigned majority of the Directors and Corporate Secretary of **VALLEY GOLF & COUNTRY CLUB, INC.**, do hereby certify that the Articles of Incorporation of said corporation was amended by a majority vote of the directors on July 29, 2006 and the vote of stockholders representing at least two-thirds (2/3) of the outstanding capital stock at a meeting held on November 18, 2007 at the principal office of the corporation.


The amended provisions of the attached Amended Articles of Incorporation refer to Article 4 "That the Term for which said corporation is to exist for another Fifty (50) years from May 15, 2008."


  
**RAFAEL ESTANISLAO**  
President/Director  
TIN No. 100-143-433  
Res. Cert. No. 12450200  
Issued at Antipolo City  
on January 4, 2008


  
**LINO TOPACIO**  
Vice President/Director  
TIN No. 110-062-048  
Res. Cert. No. 07594500  
Issued at Quezon City  
on January 3, 2008

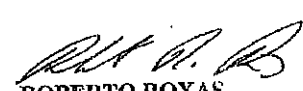
  
**BONIFACIO SUMBILLA**  
Treasurer/Director  
TIN No. 150-146-618  
Res. Cert. No. 14723842  
Issued at Cainta, Rizal  
on January 3, 2008


  
**TEODORO PAPA**  
Asst. Treasurer/Director  
TIN No. 111-924-493  
Res. Cert. No. 24199012  
Issued at Quezon City  
on April 4, 2008

  
**JAI ME LARDIZABAL**  
Director  
TIN No. 103-405-178  
Res. Cert. No. 23742105  
Issued at Pasig City  
on February 23, 2008

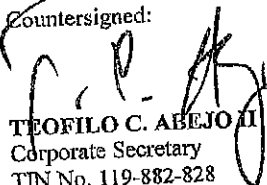
  
**FRANCISCO BEN REYES**  
Director  
TIN No. 115-808-073  
Res. Cert. No. 07649077  
Issued at Quezon City  
on January 10, 2008

  
**BERNARDO P. CRUZ**  
Director  
TIN No. 128-282-687  
Res. Cert. No. 11562615  
Issued at Marikina City  
on January 3, 2008

  
**ROBERTO ROXAS**  
Director  
TIN No. 106-207-376  
Res. Cert. No. 19475836  
Issued at Makati City  
on January 11, 2008


  
**JOSE TERLU SUDARIO**  
Director  
TIN No. 125-972-748  
Res. Cert. No. 12465301  
Issued at Antipolo City  
on January 2, 2008

Countersigned:

  
**TEFILO C. ABEJO II**  
Corporate Secretary  
TIN No. 119-882-828  
Res. Cert. No. 11875770  
Issued at Mandaluyong City  
on January 4, 2008

SUBSCRIBED AND SWORN to before me this **APR 16 2008** day of \_\_\_\_\_, 2008 at **CITY OF PASIG** by the above-named persons who exhibited to me their Community Tax Certificates.

Doc. No. 11ab ;  
Page No. 55 ;  
Book No. I ;  
Series of 2008.

  
**AMADO DANILO G. YAYAG**  
Notary Public for Pasig City  
Until December 31, 2009  
PTR No. 4919254; 01/03/08; Rizal  
IBP No. 732659; 01/03/08; Rizal  
San Juan - Mandaluyong  
Roll No. 43175



REPUBLIC OF THE PHILIPPINES  
SECURITIES AND EXCHANGE COMMISSION  
SEC Building, EDSA, Greenhills  
City of Mandaluyong, Metro Manila

Company Reg. No. 13951

CERTIFICATE OF FILING  
OF  
AMENDED BY-LAWS

KNOW ALL PERSONS BY THESE PRESENTS:

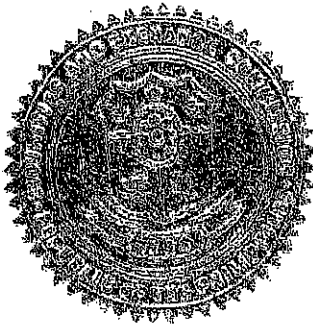
THIS IS TO CERTIFY that the Amended By-Laws of

**VALLEY GOLF & COUNTRY CLUB, INC.**

copy annexed, adopted on August 21, 2010 by a majority vote of the Board of Directors and on September 26, 2010 by the vote of the stockholders owning or representing at least majority of the outstanding capital stock, and certified under oath by the Corporate Secretary and majority of the said Board was approved by the Commission on this date pursuant to the provisions of Section 48 of the Corporation Code of the Philippines Batas Pambansa Blg. 68, approved on May 1, 1980, and copies thereof are filed with the Commission.

IN WITNESS WHEREOF, I have set my hand and caused the seal of this Commission to be affixed to this Certificate at Mandaluyong City, Metro Manila, Philippines, this 5<sup>th</sup> day of November, Twenty Ten.

  
BENITO A. CATARAN  
Director  
Company Registration and Monitoring Department



# COVER SHEET

1 3 9 5 1  
S.E.C. Registration Number

VALLEY GOLF & COUNTRY  
CLUB INC.

(Company's Full Name)

DON CELSO S TUASON AVENUE  
VICTORIA VALLEY ANTIPOLO CITY

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

TESS GAN

Contact Person

638-04-00  
Company Telephone Number

06 30  
Month Day  
Fiscal Year

Amended By-Laws  
FORM TYPE

09 4th Sun  
Month Day  
Annual Meeting

Second License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings  
Foreign

To be accomplished by SEC Personnel concerned

File Number

Document I.D.

RECORDS  
To be accomplished by SEC Personnel concerned

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

**AMENDED BY-LAWS OF  
VALLEY GOLF & COUNTRY CLUB**

**ARTICLE I - OFFICE**

The Principal office of the Club shall be located at Antipolo City, Rizal Philippines.

**ARTICLE II - SEAL**

The Board of Directors is authorized to design and to adopt a seal for the Club.

**ARTICLE III - MEETING**

**Section 1. Annual Meetings** – The annual meetings of stockholders shall be held at the Clubhouse on the Fourth Sunday of September of each year at 4:00 o'clock in the afternoon.

**Section 2. Special Meetings** – Special meetings of stockholders may be called at anytime by resolution of the Board of directors or by order of the President, or upon written request of ten percent (10%) of stockholders. No action will be taken at such special meeting except for the purpose(s) specified in the call.

**Section 3. Notice of Meetings** – Written notice of meetings for every regular or special meeting of stockholders shall be given to stockholders at least (10) days prior to the date of the meeting. Any failure or irregularity of notice of any meeting shall be deemed cured where the complaining stockholders appear at the meeting.

**Section 4. Quorum** – A quorum at any meeting shall consist of a majority of the stockholders, represented in person or by proxy, and a majority of such quorum shall decide any question that may come before the meeting, except in cases where a different number of votes is required by law.

**Section 5. Proxies** – Every stockholder is entitled to vote at any meeting of stockholders and may so vote by proxy, provided that the proxy shall have been appointed by the stockholder himself or by his duly authorized attorney-in-fact in an official numbered proxy form issued by the Club. No other proxy form shall be recognized by the Club.

**Section 6. Election of Directors** – The election of Directors shall be held at the annual meeting of stockholders and shall be conducted in the manner provided for in the Corporation Law, and with such formalities as the officer presiding at the meeting shall then and there determine and provided.

The external auditor or auditors shall likewise be elected by the stockholders either in the annual stockholder's meeting or in a special stockholders' meeting called for the purpose.

**Section 7. Order of Business** – The order of the business of the annual meeting and, as far as possible, at all other meeting of stockholders, shall be as follows:

- a) Calling the roll.
- b) Secretary's proof of due notice of the meeting.
- c) Reading and disposal of the unapproved minutes.
- d) Report of officers, annual and otherwise.
- e) Unfinished business.
- f) New business.
- g) Election of Directors.
- h) Adjournment.

**Section 8. Eligibility to vote and be voted**

a) Only stockholders in good standing shall have the right to vote and be voted upon at any meeting of the stockholders.

b) Qualifications of Nominees for the Election of Directors:

- i. Has one (1) share recorded in his/her name for at least three (3) years at the time of nomination and shall continue to own a share during his/her term of office. If the nominee has been a member of a standing committee for at least one (1) year, or a playing guest or corporate representative for at least two (2) years, the three-year requirement will be reduced to one (1) year.
- ii. Is an active proprietary member who has not assigned the playing right of his/her share of stock upon his/her nomination, has committed in writing not to assign said playing right during his/her incumbency if elected, and is in good standing, with no delinquent account/s;
- iii. Shall have sufficient time and willing to share his/her professional and executive expertise; and,
- iv. Has no official record of grave and serious misconduct that merited Club membership suspension and has not been convicted in any criminal case. (As amended by the stockholders on September 26, 2010 and by the Board of Directors on August 21, 2010).



**Section 9. Stockholder's Consent** – The consent of 2/3 of the outstanding capital stock shall be required in the following instances:

- a) A substantial change in the present layout in the 36 holes golf course.
- b) Any expenditure of the funds of the Club for alteration covered by the preceding paragraph.
- c) Any capital expenditure for new projects other than any those approved at previous stockholders' meeting which requires special assessment against the stockholders, or an increase in the number of authorized shares of Club.

For the purpose of this section, the consent of stockholders may be obtained by referendum.

**Section 10. Committee on Election** – Members of the Committee on Election shall be appointed by the Board of Directors, composed of three (3) proprietary members in good standing. Such proprietary members shall be of unquestionable integrity and occupy the highest esteem of his peers. For purposes of the Comelec, a playing representative of a corporate proprietary member may be appointed as member of the Comelec provided that said designated playing representative shall be the incumbent President or Chairman of the Corporation and should own equity in the said Corporation and subject to such other requirements and/or limitations that the Board may impose."

The Club General Manager, Comptroller and Internal Auditor shall form part of the Comelec Secretariat.

#### ARTICLE IV - DIRECTORS

**Section 1. Board of Directors** – The business and property of the Club shall be managed by a Board of nine (9) Directors. At the next annual stockholders' meeting, nine (9) Directors shall be elected, the first three (3) Directors receiving the highest number of votes shall serve for a term of three (3) years; the three (3) other Directors receiving the next highest number of votes shall serve for a term of two (2) years; and the remaining three (3) Directors shall serve for a term of one (1) year. Every year thereafter, at the annual stockholders' meeting, there shall be three (3) elected Directors who shall serve for a term of three (3) years. No Directors can serve consecutively for more than three (3) years.

No more than sixty (60) days prior to the annual meeting of stockholders, the President with the approval of the Board of Directors, shall appoint a nominating Committee of five (5) stockholders, three (3) of whom are not Directors. The said nominating committee shall prepare, sign and post at least fifteen (15) days before the annual meeting, a list of not less than four (4) nor more than six (6) candidates for the Board of Directors for the ensuing year. Any five (5) stockholders may nominate additional candidates for the Board by posting a signed list not later than ten (10) days before the Annual Meeting.

The nominating Committee shall evaluate all candidates to ensure compliance with the required qualifications. A list of the qualified candidates nominated shall be included in the notice of the annual meeting that is sent out to each stockholder. (As amended by the stockholders on September 26, 2010 and by the Board of Directors on August 21, 2010)

**Section 2.** Directors to act as of Board – The Board of Directors shall act only as a board and no power is vested in the individual director as such. A majority of the Board shall constitute a quorum for the transaction of business, except for the filling of vacancies in the Board, in which case majority of the remaining Directors shall constitute a quorum. Directors shall receive no salaries or fees as such.

**Section 3.** Board Meeting – The regular meeting of the Board of Directors shall be held once a month at such time and place as shall be determined by the Board. Special meetings of the Board may be called by the President, or upon written petition of three (3) members. Notice of Board Meetings shall be served on each director at least three (3) days before the meeting, unless notice is waived by all the Directors present.

**Section 4.** Order of Business – The order of business at any regular or special meeting of the Board of Directors shall be:

- a) Calling the roll.
- b) Secretary's proof of due notice of the meeting.
- c) Reading and disposal of unapproved minutes in the case of regular meetings of the Board.
- d) Report of officers.
- e) Unfinished business.
- f) New business.
- g) Adjournment.

**Section 5.** A director must have at least one (1) share registered in his name during his term of office otherwise, he shall be automatically disqualified from the position. The stockholders holding 2/3 of the outstanding capital stock in the books of the corporation may remove a director who has absented himself for three (3) consecutive regular meetings of the Board unless such absences be executed by reason of sickness, physical disability or other justifiable reason(s) acceptable to the Board of Directors.

**Section 6.** The immediately preceding five (5) past President of the Club shall become ex-officio members of the Board without the right to vote.

## ARTICLE V - OFFICERS

**Section 1.** Designation – Majority of all the Board of Directors at its first meeting shall elect as Executive Officers of the Club a President, Vice-President, a Treasurer, a Secretary and such other administrative officers as it may deem proper.

**Section 2.** Qualification -- All Executive Officers of the Club must be incumbent directors, with the exception on the Secretary who must, however, be a resident and citizen of the Philippines.

**Section 3.** Every executive officers shall be elected by the Board for a term of one (1) year, unless sooner removed by the Board of Directors, and all vacancies occurring among such officers however arising shall be filled by the Board.

**Section 4.** Compensation -- The compensation and working conditions of officers of the Club who are not directors shall be fixed by the Board, Directors acting as such, or as officers of the Club including members of standing or special committees, shall receive no salaries or fees, whatsoever for their services.

**Section 5.** Duties and Responsibilities -- The duties and responsibilities of the different officers of the Club are as follows:

a) The President -- The President shall preside at all meetings and shall sign the membership certificate of the Club. He shall be the chief executive officer of the Club and have general supervision of the business affairs and property of the Club and over its several agents and employees, with authority to hire said employee, and dispenses with their services subject to confirmation by the Board of Directors. He shall sign contracts on behalf of the Club and shall see that all orders and resolutions of the Board are carried into effect. In addition to the above duties expressly vested in him by these By-Laws, he shall do and perform such acts and duties as from the time to time may be assigned to him by the Board of Directors.

b) The Vice-President -- In the absence or disability of the President, the Vice-President shall exercise all the powers and discharge all the duties of the President. The Vice-President shall, in addition, have such powers and duties as may, from time to time be conferred on him by the Board.

c) The Treasurer -- The Treasurer, except as otherwise provided by the Board of Directors, shall have the custody of all moneys, securities and values of the Club that come into his possession, and shall keep regular books of accounts. He shall deposit said moneys, securities and values in such banking institutions as may be designated, from time to time by the Board of Directors, subject to withdrawal therefrom on the signature of such officers of the Club as the Board may, by resolution, designate. He shall perform all other duties incident to his office and all that are properly required on him by the Board of Directors. He shall furnish a bond conditioned upon the faithful performance of his duties, if and when required so to do by the Board of Directors; the amount of said bond to be determined and fixed by the said Board.

d) The Secretary -- The Secretary shall issue notices of all meetings, shall keep their minutes, shall have charge of the seal and corporate books;

shall countersign the certificate of stock and sign such other instruments as required such signature, and shall make such reports and perform such other duties as are incident to his office or are properly required of him by the Board of Directors.

#### ARTICLE VI - COMMITTEES

**Section 1. Standing Committee** – The President with the approval of the Board of Directors, shall appoint the chairman and members (**who must all be non-delinquent members**) of the different standing committees of the Club and prescribed their respective duties and responsibilities, as well as, create new committees as may be necessary for the different handling of club affairs. The standing committees are as follows:

- |                     |                   |
|---------------------|-------------------|
| a) House            | e) Finance        |
| b) Grounds          | f) Administration |
| c) Sports and Games | g) Engineering    |
| d) Membership       |                   |

**Section 2. Trust Fund Committee** – The Trust Fund Committee, consisting of five (5) members, created pursuant to the resolutions passed by the stockholders last September 12, 1982, and empowered only to invest the "THE VALLEY GOLF TRUST FUND" in accordance with law shall meet at least once a year or anytime upon request of the Board of Directors. Three (3) members shall constitute a quorum and the unanimous consent of three (3) members shall be necessary to constitute a decision of the Committees. Any vacancy in the Committee for any reason whatsoever shall be filed by the Board of Directors.

The Board of Directors shall also determine the amount of the fund to be administered by the Trust Committee which shall not be less than the original amount of P3.5 Million.

#### ARTICLE VII - MEMBERSHIP

**Section 1. Classification** – Membership in the Club shall be classified into (a) Proprietary (b) Playing Guest (c) Honorary and (d) Social

a) A proprietary Member is any person who is the registered stockholder of at least one (1) share of stock of the Club whose membership had been previously approved as hereinafter provided. In case the proprietary member is a juridical person it shall be entitled to designate its representative who shall exercise all the rights and privileges of membership including the right to vote.

b) An Honorary Member is any person who has been conferred playing rights by the Board of Directors under terms and conditions specified for such membership.

c) A playing Guest is any person who is the assignee of the playing rights of a share of stock registered in the name of another person.

d) A *Social Member* is a natural person who has been granted the privilege of using the facilities of the Club, except the golf course.

**Section 2.** Membership in the Club shall be subject for approval by the Board of Directors upon the favorable recommendation of the Membership Committee. All members shall pay the stipulated monthly dues and other assessments of the Club.

**Section 3.** A stockholder, whether a member or not shall nevertheless be obligated to pay the regular monthly dues and special assessments effective from the date of issuance of their respective certificate of stock.

**Section 4.** Stockholders who subscribed to the additional increase in capital stock of P8.1 Million last August 1981 shall be excluded from paying the regular monthly dues and special assessments corresponding to such additional shares until they decide to sell the same, or to assign the playing rights corresponding thereto.

#### ARTICLE VIII - CLUB ACCOUNTS

**Section 1.** Lien - The Club has the first lien on the share of the stockholder who has, in his/her/its name, or in the name of an assignee, outstanding accounts and liabilities in favor of the Club to secure the payment thereof.

**Section 2.** No sale, or transfer of a share of stock, shall be registered in the books of the Club until and unless the lien established under Section 1 and the requirements of Article VII, Section 2, shall have been first fully satisfied.

**Section 3.** The account of any member shall be presented to such member every month. If any statement of accounts remained unpaid for a period of forty-five (45) days after cut-off date, said member may be posted as delinquent. No delinquent member shall be entitled to *enjoy the privileges* of such membership for the duration of the delinquency. After the member shall have been posted as delinquent, the Board may order his/her/its share sold to satisfy the claims of the Club; pursuant to such rules and procedures which the Board of Directors may promulgate to govern the conduct of sale/auction of shares of delinquent members; after which the member *loses his/her/its* rights and privileges permanently. No Member can be indebted to the Club at any time any amount in excess of the credit limit set by the Board of Directors from time to time. The unpaid account referred to here includes non-payment of dues, charges and other assessments and non-payment for subscriptions.

ARTICLE IX - FISCAL YEAR

The Fiscal Year of the Club shall commence on the first day of July of each year and shall close on the 30<sup>th</sup> day of June of the following year.

ARTICLE X - AMENDMENT

Section 1. These By-Laws may be altered, amended or repealed at any meeting of stockholders by a majority of the subscribed capital stock. The Board of Directors, by resolution, may likewise amend these By-Laws, as however, shall be circularized to all stockholders.

ARTICLE XI - TRANSITORY PROVISIONS

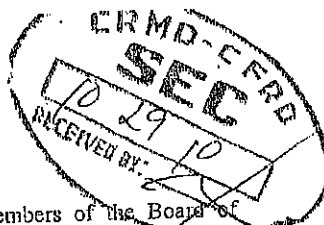
These By-Laws shall be deemed to be complete and shall repeal the By-Laws, including amendments adopted prior to this date.  
Adopted June 6, 1958, at Manila, Philippines.

(Sgd.) Francisco R. Aguinaldo	(Sgd.) Tomas B. Aguirre
(Sgd.) Arturo A. Alafitz	(Sgd.) J. Antonio Araneta
(Sgd.) Luis Ma. Araneta	(Sgd.) Chest Babst
(Sgd.) Charles T. Blacoff	(Sgd.) Manuel Berredo
(Sgd.) Constantino Baulista	(Sgd.) Henry Belden
(Sgd.) Henry E. Bennett	(Sgd.) Enrique Brias
(Sgd.) Jaime Brias	(Sgd.) Francisco Cacho
(Sgd.) Jose A. Cacho	(Sgd.) Antonio Roxas Chua
(Sgd.) Pedro Cojuangco	(Sgd.) Ricardo Consunji
(Sgd.) Jose Ma. Cortes	(Sgd.) Felix Cortes
(Sgd.) Bienvenido Cruz	(Sgd.) Benito Cu Unjieng
(Sgd.) Alfonso R. de Dampere	(Sgd.) Pompeyo Diaz
(Sgd.) Jose Feria	(Sgd.) Jose Fernandez
(Sgd.) Robert Fieder	(Sgd.) Isaura Cabaldon
(Sgd.) Regino D. Gamboa	(Sgd.) Antonio Gonzales
(Sgd.) Rafael Gonzales	(Sgd.) Oscar E. Guerrero
(Sgd.) F.R. Halling	(Sgd.) Frank Huang
(Sgd.) B.R. Jalbuena	(Sgd.) Ernest Kahn
(Sgd.) Jose Klar	(Sgd.) Andres Liboro
(Sgd.) P.L. Lim	(Sgd.) Peter Lim
(Sgd.) Jose Locsin	(Sgd.) Manuel Lopa
(Sgd.) Honrado G. Lopez	(Sgd.) G.H. Lovell
(Sgd.) Alfredo Luz	(Sgd.) Antonio P. Madrigal
(Sgd.) Jose P. Madrigal	(Sgd.) Constantino P. Manahan
(Sgd.) Raul Manglapus	(Sgd.) Ricardo S. Manoloc
(Sgd.) Faustino Matilla	(Sgd.) Antonio Miranda
(Sgd.) Sergio Montinola, Sr.	(Sgd.) Aurelio Montinola, Jr.
(Sgd.) Sergio Montinola	(Sgd.) Karl Nathan
(Sgd.) J.E. Norton	(Sgd.) Sebastian Oliveros
(Sgd.) Eduardo Ortigas	(Sgd.) Francisco Ortigas
(Sgd.) Rafael Ortigas	(Sgd.) Miguel Perez
(Sgd.) Evaristo Picazo	(Sgd.) Santiago Pirconell
(Sgd.) J.B. Preysler	(Sgd.) Carlos Quirino
(Sgd.) Alfonso Recto	(Sgd.) Narciso Reyes, Jr.
(Sgd.) Victor Reyes	(Sgd.) Fernando S. Roco

(Sgd.) Antonio Roxas  
(Sgd.) Ernesto D. Rufino  
(Sgd.) Andres Soriano  
(Sgd.) Jose Maria Soriano  
(Sgd.) Celso A. Tuason  
(Sgd.) James Uy  
(Sgd.) Alfredo Velayo  
(Sgd.) Alfredo Villa Abrille  
(Sgd.) Gerald Wilkinson  
(Sgd.) Felipe Ysmael  
(Sgd.) Walter Euyang  
(Sgd.) Yu Khe Tai  
(Sgd.) Jesus S. Yujuico

(Sgd.) Eduardo Roxas  
(Sgd.) Luis S. Santayana  
(Sgd.) Andres Soriano, Jr.  
(Sgd.) Washington Sycolp  
(Sgd.) Juan E. Tuason  
(Sgd.) Miguel R. Unson  
(Sgd.) Jaime Velasquez  
(Sgd.) Alfred C. Vellcuth  
(Sgd.) Fernando Villareal, Sr.  
(Sgd.) Claude M. Wilson, Jr.  
(Sgd.) Yu Khe Siang  
(Sgd.) Alejandro S. Yujuico  
(Sgd.) Cesar de Zulueta

DIRECTORS' CERTIFICATE



We, the undersigned representing the majority members of the Board of Directors and the Corporate Secretary of VALLEY GOLF & COUNTRY CLUB, INC. do hereby certify that the attached By-Laws of said corporation was amended by the vote of the stockholders representing at least a majority of the outstanding capital stock at a meeting held on September 26, 2010, at the principal office of the corporation.

The amendment was likewise approved by majority of the directors at a meeting held at the principal office of the corporation, on August 21, 2010.

The amended provisions of the attached Amended By-laws refer to Article III, Section 8 and Article IV of the By-Laws, to wit:

Article III, Section 8. Eligibility to vote and be voted -

- a) Only stockholders in good standing shall have the right to vote and be voted upon at any meeting of the stockholders.
- b) Qualifications of Nominees for the Election of Directors:
  - i. Has one (1) share recorded in his/her name for at least three (3) years at the time of nomination and shall continue to own a share during his/her term of office. If the nominee has been a member of a standing committee for at least one (1) year, or a playing guest or corporate representative for at least two (2) years, the three-year requirement will be reduced to one (1) year.
  - ii. Is an active proprietary member who has not assigned the playing right of his/her share of stock upon his/her nomination, has committed in writing not to assign said playing right during his/her incumbency if elected, and is in good standing, with no delinquent account/s.
  - iii. Shall have sufficient time and willing to share his/her professional and executive expertise; and,
  - iv. Has no official record of grave and serious misconduct that merited Club membership suspension and has not been convicted in any criminal case. (As amended by the stockholders on September 26, 2010 and by the Board of Directors on August 21, 2010).




Article IV – Directors

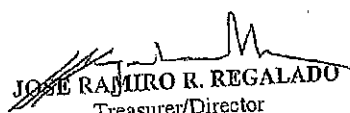
Section 1. Board of Directors – The business and property of the Club shall be managed by a Board of nine (9) Directors. At the next annual stockholders' meeting, nine (9) Directors shall be elected, the first three (3) Directors receiving the highest number of votes shall serve for a term of three (3) years; the three (3) other Directors receiving the next highest number of votes shall serve for a term of two (2) years; and the remaining three (3) Directors shall serve for a term of one (1) year. Every year thereafter, at the annual stockholders' meeting, there shall be three (3) elected Directors who shall serve for a term of three (3) years. No Directors can serve consecutively for more than three (3) years.

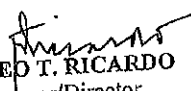
No more than sixty (60) days prior to the annual meeting of stockholders, the President with the approval of the Board of Directors, shall appoint a nominating Committee of five (5) stockholders, three (3) of whom are not Directors. The said nominating Committee shall prepare, sign and post at least fifteen (15) days before the annual meeting, a list of not less than four (4) nor more than six (6) candidates for the Board of Directors for the ensuing year. Any five (5) stockholders may nominate additional candidates for the Board by posting a signed list not later than ten (10) days before the Annual Meeting. The nominating Committee shall evaluate all candidates to ensure compliance with the required qualifications A list of the qualified candidates nominated shall be included in the notice of the annual meeting that is sent out to each stockholder. (As amended by the stockholders on September 26, 2010 and by the Board of Directors on August 21, 2010)

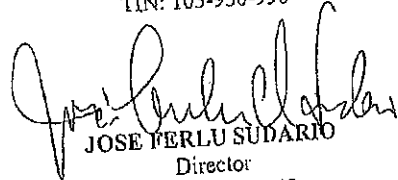
IN WITNESS WHEREOF, we hereby set our hands this 7<sup>th</sup> day of OCT 2010  
2010, at Makati City, Philippines.

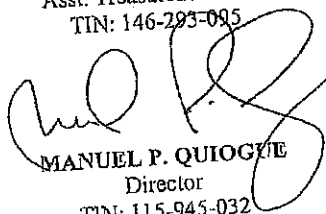
  
BERNARDO P. CRUZ  
President/Director  
TIN: 128-282-687


ROBERTO ROXAS  
Vice President/Director  
TIN No. 106-207-376


  
JOSE RAIMIRO R. REGALADO  
Treasurer/Director  
TIN: 103-950-996

  
GEN. ROMEO T. RICARDO  
Asst. Treasurer/Director  
TIN: 146-293-095

  
JOSE FERLU SUDARIO  
Director  
TIN: 125-972-748

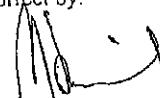
  
MANUEL P. QUIOGUE  
Director  
TIN: 115-945-032

  
LUIS C. GONZALEZ  
Director  
TIN: 113-024-410

  
ALFREDO A. FIGUERAS  
Director  
TIN: 106-169-744

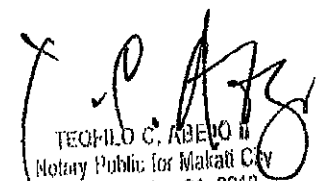
VISAURO SAN PEDRO, JR.  
Director  
TIN: 115-968-382

Certified Correct by:

  
PEDRO H. MANIEGO, JR.  
Corporate Secretary  
TIN: 130-488-850

SUBSCRIBED AND SWORN to before me this 20 OCT 2010 day of  
2010, at Makati City, by the above-named persons who  
exhibited to me their Competent Identification.

Doc. No. 96;  
Page No. 2;  
Book No. III;  
Series of 2010.

  
TEODORO C. ABEJO  
Notary Public for Makati City  
Until December 31, 2010  
I-TR No. 5447349 01/06/09; Rizal  
RIP No. 789080; 01/06/09; Makati City  
Roll No. 30031

**MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF  
VALLEY GOLF & COUNTRY CLUB, INC.**

Held at the Main Clubhouse  
Valley Golf & Country Club, Inc.,  
Don Celso Tuason Avenue, Antipolo City  
24 September 2017 at 4:00 p.m.

TOTAL NUMBER OF SHARES OUTSTANDING	1,593
TOTAL NUMBER OF SHARES PRESENT/REPRESENTED AND ENTITLED TO VOTE	917 (57.6%)

**I. CALL TO ORDER**

The Chairman, Mr. Isauro V. San Pedro, Jr., called the meeting to order and presided over the same. The Corporate Secretary, Mr. Rio Sesinando E. Venturanza, recorded the minutes of the proceedings.

**II. CERTIFICATION OF NOTICE AND QUORUM**

The Secretary confirmed that notices of the meeting were duly sent to all members of the Club together with a copy of the materials for the meeting.

Based on a certificate issued by the Club's courier, Suremail Courier Services Inc., attesting to the mailing of the notices of the meeting to the Club's stockholders of record, the Secretary certified that notices of the meeting were sent to all stockholders of record as of 25 August 2017. A copy of the certificate has been attached to this minutes pursuant to the instructions of the Chairman.

The Secretary certified that, based on the register of attendees and proxies as tabulated by the Stock Transfer Agent, out of the 1,593 shares representing the total outstanding capital stock of the Club, 917 shares of stock were present in person or by proxy representing an attendance of 57.6% of the total outstanding capital stock of the Club. Accordingly, the Secretary certified that a quorum existed for the transaction of the business at hand.

**III. APPROVAL OF THE MINUTES OF THE LAST STOCKHOLDERS' MEETING**

Upon motion duly made and seconded, the reading of the minutes of the last stockholders' meeting held on 25 September 2016 was dispensed with as the same had been previously circulated/distributed to the stockholders. The Chairman opened the floor for questions about the minutes of the 2016 Annual Stockholders' Meeting. There being no questions raised, the minutes of the last stockholders' meeting was thereafter approved as circulated/distributed:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Approval of Minutes of the Previous Meeting of Stockholders	917 (57.6%)	0 (0.00%)	0 (0.00%)

The following resolution was thereafter passed:

“RESOLVED, that the Minutes of the Annual Meeting of the Stockholders of **VALLEY GOLF & COUNTRY CLUB, INC.** (the ‘Corporation’) held on 25 September 2016 be as it is hereby approved.”

**IV. MATTERS ARISING FROM THE MINUTES OF THE LAST STOCKHOLDERS' MEETING**

The Chairman, Mr. Isauro V. San Pedro, Jr., opened the floor for inquiries relative to the previous year’s minutes.

Mr. Jose Ferlu Sudario raised two concerns. First, he asked why the Annual Stockholders’ Meeting is being held late and second, the Annual Report was also distributed late. According to him, it was his first time to experience this kind of delay in the stockholders meeting.

The Chairman apologized and explained the cause of delay. The Board wanted to make sure the members of the Board of Directors are in complete attendance before the meeting started. A member of the Board happened to represent the Club in a golf tournament that was held almost at the same time. For the betterment of the Club and pursuant to Mr. Sudario’s request, the Board noted and put on record his two concerns.

After the Chairman’s explanation and considering that there are no other questions relative thereto, the Chairman proceeded with the next item on the agenda.

**V. READING AND APPROVAL OF THE AGENDA**

Upon motion made and duly seconded, the Board approved and adopted the agenda for the 24 September 2017 Annual Stockholders’ meeting as presented.

**VI. PRESIDENT’S REPORT AND PRESENTATION OF AUDITED FINANCIAL STATEMENTS**

The Chairman, Mr. Isauro V. San Pedro, Jr. manifested that all stockholders were provided copies of the Club’s Annual Report.

The Chairman, presented the Club’s 2016 Annual Report and Audited Financial Statements. According to him 2016 was a relatively good year for the Club. He then presented the financial performance indicators for 2016 vs. 2015.

Thereafter, the Chairman opened the floor for questions regarding the 2016 Annual Report specifically on the Club’s operations and Financial Statements. No questions having been raised by the stockholders present, the Annual Report together with the Audited Financial Statements for the Fiscal Year 1 July 2016 to 30 June 2017, was, upon motion duly made and seconded, approved based on the results of the voting via poll:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Approval of 2016 Annual Report and Financial Statements	917 (57.6%)	0 (0.00%)	0 (0.00%)

The following resolution was likewise approved:

“RESOLVED, that the 2017 Annual Report on the operations of **VALLEY GOLF & COUNTRY CLUB, INC.** (the ‘Corporation’) together with the Audited Financial Statements and accompanying notes

for the fiscal year 1 July 2016 to 30 June 2017, be as it is hereby approved.”

## VII. RATIFICATION OF CORPORATE ACTS

The Chairman next presented for the stockholders’ confirmation, ratification, and approval a list of the acts of the Club’s Board of Directors and Management for Fiscal Year July 1, 2016 to June 30, 2017 including disposal of non-performing assets and settlement of cases that may involve disposal of some Club properties from the date of the last stockholders’ meeting up to this meeting.

Upon a motion being made and duly seconded to confirm, ratify, and approve all the acts of the Club’s Board of Directors and Management, including the disposal of non-performing assets and settlement of cases that may involve disposal of some Club properties from the date of the last stockholders’ meeting up to date of the present meeting, and there being no objection from any of the stockholders’ present, the motion was approved based on the results of voting via poll:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Ratification of all acts of the Board of Directors and Management from the date of the last stockholders’ meeting up to the date of the present meeting.	917 (57.6%)	0 (0.00%)	0 (0.00%)

The following resolution was likewise approved:

“**RESOLVED**, that all acts of the Board of Directors and Management of **VALLEY GOLF & COUNTRY CLUB, INC.** (the ‘Corporation’) for the period July 1, 2016 to June 30, 2017, including the disposal of non-performing assets and settlement of cases that may involve disposal of some Club properties from the last stockholders’ meeting on 25September 2016 up to the date of this meeting, be as they are hereby confirmed, ratified and approved.”

## VIII. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman informed the audience that, after deliberations and upon the recommendation of the Audit Committee, the Board of Directors approved the re-appointment of Sycip Gorres Velayo & Company (SGV & Co.) as the Club’s external auditor for the year 2017-2018.

No questions or objections having been raised by the stockholders present despite opportunity given, the proposal to re-appoint SGV & Co. as the Club’s external auditor for year 2017-2018 was approved by the stockholders based on the results of voting via poll:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Re-appointment of Sycip Gorres Velayo & Company as External Auditor for 2017-2018	917 (57.6%)	0 (0.00%)	0 (0.00%)

The following resolution was likewise approved:

**“RESOLVED**, that **VALLEY GOLF & COUNTRY CLUB, INC.** (the ‘Club’) hereby approves the re-appointment of Sycip Gorres Velayo & Company as the Bank’s external auditor,for Year 2017-2018.”

**IX. ELECTION OF DIRECTORS**

The Chairman declared a recess to allow for the election of three new directors for Valley Golf & Country Club Inc.

Mr. San Pedro, Jr. then announced the names of the nominees and informed the audience that the nominees, whose profiles appear in the Club’s Information Statement and Annual Report, were duly screened by the Nomination Committee.

At this point, Chairman San Pedro Jr. called on the Chairman of the Commission on Elections (Comelec), Atty. Plaridel J. Bohol II, to preside over the proceedings to elect the new Directors. The other members of the Comelec were Atty. Joel B. Ferrer and Atty. Felipe T. Cuison. The following were the official nominees:

Donald Joseph C. Macomb  
Wilfredo G. Manahan  
Jeremy Z. Parulan  
Albert DG. San Gabriel

Votes were then tabulated with the following candidates receiving the number of votes indicated opposite their respective names:

Nominee	No. of Votes Received		
	In Person	By Proxy	Total
Mr. Donald Joseph C. Macomb	1	0	
Mr. Wilfredo G. Manahan	13	926	939
Mr. Jeremy Z Parulan	31	817	848
Mr. Albert DG. San Gabriel	21	714	735

Mr. Bohol then announced that based on their tabulation, Messrs. Manahan, Parulan and San Gabriel received the three highest numbers of votes and endorsed the election results to the Board.

The Chairman called the meeting to resume and after noting the Comelec announcement, confirmed on behalf of the Board the election of Messrs. Manahan, Parulan and San Gabriel as the newly elected members of the Board of the Club to serve as such from 2017-2019.

**IX. OTHER MATTERS**

The Chairman opened the floor for other issues and/or unfinished business.

**A. PP Sierra Two Questions regarding Don Celso Tuason Avenue**

Past President Sierra raised two questions. First is on re-blocking of the Don Celso Tuason Avenue (DCTA). He is wondering why the third phase of the re-blocking plan has not been implemented since it has been previously approved by the past board. Second was the need to close the road in front of Valley View Royale as squatters are using the same to gain access to Valley Golf. The Chairman

informed Mr. Sierra that the road has been closed. As to his second query, budget has already been set aside for the project. Dir. Bucat added that the Club is trying to address the flooding problem first along DCTA before resuming road re-blocking. In line with this, they have already constructed a trench canal in front of Igorot Village to catch the big run of rain water along Don Celso.

**B. Awarding of Plaque**

Thereafter, the Chairman proceeded to the awarding of plaque of appreciation to the outgoing Directors including himself.

PP Sierra moved to commend not only the three outgoing members but the entire members of the Board as well.

At this point, the Corporate Secretary, Atty. Venturanza, together with the members of the Comelec, awarded the plaque of appreciation to Dir. Lakan Fonacier in recognition for his invaluable contributions to Valley Golf as a member of the Board of Directors from 2014 to 2017. He also served as the Chairman of the Sports and Games Committee (2014-2015); Chairman of the Security Committee (2014- 2015); Chairman of the Membership Committee(2015-2016) and lastly; Chairman of the Audit Committee(2016-2017).He was followed by Director Alexander S. Marquez for his invaluable contribution as member of the Board of Directors from 2014 to 2017and Chairman of the Real Estate Committee (2016-2017). Finally, plaque of appreciation was awarded to outgoing President Mr. Isauro V. San Pedro, Jr. in recognition of his invaluable contributions to the Club as member of the Board of Directors (2014-2017); Chairman of the Administration Committee (2014-2016), and; President of the Club (2016-2017).

The Chairman then inquired whether there are other matters which the stockholders would like to discuss.

**ADJOURNMENT**

There being no other matters to be discussed, the meeting was thereupon adjourned.

*Attested by:*

**RIO SESINANDO E. VENTURANZA**  
Corporate Secretary