



110102019001176



## SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

### Barcode Page

The following document has been received:

**Receiving Officer/Encoder** : Buen Jose Mose - COS  
**Receiving Branch** : SEC Head Office  
**Receipt Date and Time** : October 10, 2019 12:40:10 PM  
**Received From** : Head Office

### Company Representative

---

Doc Source

### Company Information

---

**SEC Registration No.** 0000013951  
**Company Name** VALLEY GOLF AND COUNTRY CLUB INC.  
**Industry Classification**  
**Company Type** Stock Corporation

### Document Information

---

**Document ID** 110102019001176  
**Document Type** 17-A (FORM 11-A:AANU)  
**Document Code** 17-A  
**Period Covered** June 30, 2019  
**No. of Days Late** 0  
**Department** CFD  
**Remarks**

# COVER SHEET

1 3 9 5 1

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 A V E .

V I C T O R I A V A L L E Y , A N T I P O L O ,

R I Z A L

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

**ROSANNA R. ARGUELLES**

Contact Person

**658-4901**

Company Telephone Number

0 6

Month

3 0

Day

Fiscal Year

**SEC Form 17-A**

FORM TYPE

09 4<sup>th</sup> Sunday

Month

Day

Annual Meeting

Secondary License Type, If Applicable

C G F D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders  
Owning at Least One Board Lot

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

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, 2019
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 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   X   No           

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

Yes            No   X  

13. The market value of each share of stock of Valley Golf as of June 30, 2019 is P800,000 plus P112,000 transfer fee; for June 30, 2018 it was 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 P912,000.00 is P1,453,728,000.00

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.

**VALLEY GOLF & COUNTRY CLUB, INC.  
ANNUAL GENERAL MEETING  
September 22, 2019 at 4:00 P.M.  
Founders' Hall - Main Clubhouse, VGCCI**

PROXY  
No. 78 S-2019- ACCT. No. 3149

I, \_\_\_\_\_ the undersigned member of Valley Golf & Country Club, Inc. do hereby appoint, name and constitute:

\_\_\_\_\_

or, in the absence and/or non-attendance of my PROXY the Chairman of the Meeting, (EXCEPT THAT THE CHAIRMAN MAY NOT VOTE FOR CANDIDATES to the Board of Directors), as my attorney-in-fact and proxy, to represent me at the ANNUAL GENERAL MEETING of Valley Golf & Country Club, Inc., to be held on 22 September 2019 at 4:00pm<sup>1</sup>, and/or any postponements or adjournment(s) thereof, as fully and to all intents and purposes as I lawfully might or could do if present and voting in person, hereby ratifying and confirming any and all actions taken on matters which may properly come before him during such meeting or adjournment(s) thereof. In particular, I hereby direct my said proxy to vote on the agenda items as I have expressly indicated below by marking the same with an "X"

ITEMS	ACTION		
	FOR	AGAINST	ABSTAIN
1. To vote for Quorum purposes only.			
2. To approve the minutes of the 2018 Annual stockholders' meeting.			
3. To approve the Company's 2019 Annual Report and Audited Financial Statements.			
4. To confirm and ratify all acts and resolutions of the Board of Directors & Management (July 1, 2018 to June 30, 2019 inclusive).			
5. To appoint External Auditors.			
6. All matters arising from the agenda (except the sale of disposition, total or partial, of the corporate assets).			
7. Election of the Board of Directors			
a. PLARIDEL J. BOHOL II			
b. CARLO J. CARPIO			
c. ERROL U. COLLADO			
d. PABLITO M. GREGORE			
e. MARCOS C. HERMOSO			

If no instructions are indicated on a returned and duly signed proxy, my PROXY may vote the membership certificates under my name: FOR the approval of the minutes of the 2018 Annual Stockholders' Meeting; FOR the approval of the Company's 2019 Annual Report and Audited Financial

<sup>1</sup> Voting shall be held from 10:00 A.M. to 12:00 noon for members voting in person and 12:01PM to 5:00 P.M. for those voting by proxy.

Statement; FOR the Ratification/Confirmation of the Acts and Resolutions of the Board of Directors & Management (July 1, 2018 to June 30, 2019); FOR the appointment of External Auditors; FOR the approval of all other matters arising from the agenda (except the sale or disposition, total or partial, of the corporate assets), and; FOR the election of the Board of Directors according to his sound discretion.

A proxy form that is returned without a signature shall not be valid.

Each shareholder owning one share or his Proxy is entitled to cast one vote for as many positions for directors as are being voted upon or cumulate the votes and cast it in favor one or two candidates. Example - If there are 3 seats for directors open for voting, the shareholder or his proxy is entitled to 3 votes. They may either distribute the 3 votes among 3 candidates of their choice or cast all 3 votes in favor of one candidate or cast 2 votes in favor of 1 candidate and 1 vote for another candidate. If the Shareholder owns more than one share, each share shall be entitled to 3 votes which he may distribute evenly or cumulate in favor of just one or two candidates.

**Validation of Proxies**

Proxy form shall be validated as these are received by the Club, provided that the proxy forms are submitted to the Club on or before **5:00 p.m. of September 18, 2019** which is consistent with the deadline provided under the Club's By-Laws.

**Revocation of Proxies**

A member giving a proxy has the power to revoke it any time before the right granted is exercised. A proxy is also considered revoked if the member attends the meeting in person and expresses his intention to vote in person.

Signed this \_\_\_\_\_ at \_\_\_\_\_

\_\_\_\_\_  
Printed Name of Member

\_\_\_\_\_  
Signature of Member or Authorized Signatory

PLEASE DATE AND SIGN YOUR PROXY

PLEASE MARK, SIGN AND RETURN YOUR PROXY BY HAND OR MAIL (IN TIME FOR IT TO REACH CLUB PREMISES) ON OR BEFORE **5:00 P.M. OF SEPTEMBER 18, 2019** TO THE FOLLOWING ADDRESS: VALLEY GOLF & COUNTRY CLUB, INC. DON CELSO S. TUASON AVE., ANTIPOLO CITY.

## **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, except for 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 greens 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. The Men's Locker was recently renovated, and the Registration and Cashiering services was provided in the North Clubhouse. The tournament participants in the North Course and Non-members are required to register and avail of locker services in the North Clubhouse. 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

PARTICULARS	AMOUNT DISBURSED
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

PARTICULARS	AMOUNT DISBURSED
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

The following are the projects for Fiscal Year 2019

1. Dredging works at South Course Hole # 12, 16	P 1,749,438.54
---	----------------

And 17 and North Course Hole # 15 (on-going)	
2. Filter for pumps	959,576.00
3. Zoysia Matrella Turf Nursery	1,021,645.93
4. Reblocking and Drainage Improvement of DCT Avenue (on-going)	6,759,003.65
5. Men's Locker Roofing	2,052,998.41
6. Purchase of Forward Truck	1,450,000.00
7. Purchase of Manlift Truck	840,000.00
8. Purchase of 10 units Electric Golf Carts	2,940,000.00
9. Purchase of 20 units Electric Golf Carts	<u>6,500,000.00</u>
	24,272,662.53

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 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.

For the Fiscal year 2019, the significant contracts are as follows: Mr. Dan L. Salvador III was hired as General Manager effective July 14, 2018, Mr. Eugene Bunyi was hired as Golf Director effective Dec. 1, 2018 and upon expiration of the contract of Cubacub Law and Accounting Office as Internal Auditors, the Board of Directors in their Regular Meeting last Oct. 20, 2018 approved the hiring of Miss Maria Cristina T. Odon as Internal Audit Head and Miss Rachel Ann F. Magsakay as Internal Audit Assistant effective Dec. 1, 2018. The Club entered into a Memorandum of Agreement with Mulawin Homes Neighborhood Association Inc. on donation of a portion of a lot with an area of 1,362 sq. meters last Oct. 4, 2018. The Club hired a new security agency, Gold Cross Security and Investigation Agency Inc. last Dec. 1, 2018. On Jan. 17, 2019 the contract for the Reblocking and Improvement of Drainage of Don Celso Tuason Ave. with Verlin Konstrukt was approved by the Club. The dredging contract for the South and North courses was entered into with Z & S Diving and Marine Services Corp. last Jan. 21, 2019

The projects for implementation for Fiscal Year 2020 are as follows:

	Priority	Projected Cost	Notes
<b>1 GOLF COURSES</b>			
<b>South Course</b>			
1	1	1,500,000.00	In order to reduce maintenance costs on the pumps as well as reduce silt being irrigated onto the golf course. (500k/course)
			Construction of Filtration System at irrigation lakes for both the North and South Courses
2	1	1,500,000.00	To control siltation at #12 and allow for easy silt removal on an annual basis. Also, to catch garbage flow in 2 screens at the siltation wall, as well as an additional screen at entry #13 waterway.
			Waterways Management to Include Control of Silt and Garbage at Hole #12 and entrance to #13 Waterway
3	2	3,400,000.00	The continuation of the desilting works of silt that has been built up over many years. After #12 siltation control has been implemented, this should be a one-time only project.
			Clearing works and restoration of ponds in Holes #2,4,5,6, and 7
4	1	500,000.00	Includes golf course maintenance such as cleaning work and hiring of casual workers.
			Additional maintenance for both courses but not covered by VMJ
5	2	1,363,000.00	Replacement of silica sand to crushed marble
			Improvement of Bunkers
6	1		Project under review to determine primary needs location, as well as if the projects can be done in house with additional labor.
			Herring Bones Drainage, trench drain
7	2	122,000.00	Needs to be repriced.
			Widening of Bag drop area
8	1		big tournaments.
			Improvement of desilting/catch basin already included in #2 above
			Installation of Sluce gate. Concreting of catch basin flooring, construction of ramp for access of equipment, rip rapping along the perimeter and installation of screen as garbage catch as noted in #2 above.

9	Zoysia Japonica	1	1,200,000.00	For fairways (1,000 sq.m.) per month at Php95 per sqm. In addition, we will harvest grass (essentially free of charge) from coring of North Greens.
10	Rehabilitation of greens - Holes 1 - 18	1	2,200,000.00	Ongoing
11	Waterways upkeep team	1	465,000.00	4-person team to constantly monitor the upkeep and beautification of both North and South Waterways
12	Aerate and top dress fairways	1	1,500,000.00	For next two years we need to top dress fairways. Aeration will be regular practice, but top dressing once a year for 2 years will eliminate muddy conditions.
<b>North Course</b>				
1	Rehabilitation of Turbine Pumps and/or purchase of new pumps for North and South	1	2,500,000.00	To help improve the efficiency of irrigation system and reduce electric consumption costs, as well as pump maintenance costs. It is critical that water filtration systems be installed before purchasing any new pumps.
2	Transfer of Starter house	2	250,000.00	To make the Starter house accessible for both front and back nine, and to make #1 and #10 tee visible from starter house
3	Improvement of bridges	2	2,500,000.00	So long as bridges are structurally sound, the aesthetics should be reviewed and considered under a total design and branding plan for all facilities.
4	Improvement of fences	2	700,000.00	Holes 3, 16 and other areas with low fences can be better protected and secured.

5	Improvement/Automation of North Course sprinkler and control system.	2	4,500,000.00	This plan would convert North Course irrigation to Semi-automatic system. It would rehabilitate the controller boxes previously purchased but not yet in use, at a cost of about P900k. The estimated cost of the installation and commissioning of the system has not yet been determined. It will be required to have an accurate set of as-built drawings (cost of 100K) in order to determine the installation costs. We should NOT move forward with the rehabilitation of the controller boxes as a separate project, until we know and approve the cost of the installation. To do one without the other, would be a waste of resources.
6	Repair of Tee boxes	2	1,000,000.00	Includes sod cutting of existing turf, re-leveling, sand capping and stolonizing. We will get stolens from our existing grass nurseries at no cost except manpower. I believe the budget is high for this project.
7	Riprap at Tee house # 14	2	300,000.00	Clearing of the areas and installing additional fence for aesthetic purposes.
8	Trellis for North Course	2	250,000.00	Waiting area beautification should be reviewed under total design and branding plan.

**2 CLUBHOUSES, FACILITIES & OTHERS**

1	Sewerage Treatment Plant	1	3,000,000.00	Currently under study for implementation by Engineering.
2	Storeroom for Controllers' Files	2	250,000.00	
3	Drivers' Waiting Lounge	2	200,000.00	
4	Annual Improvement of Club Facilities	2	500,000.00	This includes the annual improvements on Club facilities such as clubhouse painting and course amenities. This also covers the preparation of the DCT Tournament.

5	Improvement of Don Celso Tuason Ave. Main Gate to Sumulong streetlights	2	300,000.00	To improve driving condition from Sumulong
6	Concrete epoxy sealing Main Gate to Ortigas gate	1	600,000.00	Sealing of minor cracks to prevent major cracks and reblocking works.
7	Improvement of Motorpool Area	1	500,000.00	Renovation works of warehouse including roofing repair, extension of roofing for new equipment, and cleaning and repainting. Roofing repair is approved and in pipeline already. Cleaning and repainting would go under Ongoing maintenance and repair for future.
8	Golf cart Parking Extension	1	2,000,000.00	Currently we have parking for only 50 carts leaving 50, club owned carts, exposed to the elements. Long term solution is to convert 2nd floor apartments of burned out building into good standard housing units. The 7 families currently living in the housing behind the motor pool will be moved to these units. The building that is currently their existing housing units will then be converted to a proper golf cart parking and storage facility. This is a VERY HIGH priority project to protect the company assets. Note, the final plan and costing is not developed, so this is provisional budget only. P1.6 for club owned and P400k members cart parking
9	Cabana and Pool	2	6,500,000.00	Previous budget was P6.5m. Bidding failed. It will require a redesign or re-budgeting.
10	Architectural Design for the Veranda	1	300,000.00	

### 3 PURCHASE OF MAINTENANCE EQUIPMENT, VEHICLES & OTHER EQUIPMENT

1	Two (2) units Desk top computers @ P40k each	1	80,000.00	For Internal Audit
2	Two (2) units MS Office 365 at P7,000 each	1	14,000.00	
3	One-unit Laptop each for Controller, Grounds Dept., and Sports and Games	1	115,000.00	P45k controller, P35k for Grounds and S&G
4	Printers:			
	Controllers - 2 units @ 15,000	2	30,000.00	



	Sports & Games - 1 unit @ 15,000	2	15,000.00	
	Audit - 1 unit @ 15,000	2	15,000.00	
	Office of the President - 1 unit @ 15,000	2	15,000.00	
	Registration North Clubhouse - 1 unit @ 15k	2	15,000.00	
5	MS Office 365 Renewal	1	217,000.00	
6	UPS for Server	1	79,500.00	
7	Hubs for MIS - 3 pcs @ 10,000	1	30,000.00	
8	Membership ID Maker	2	350,000.00	
9	Scoring System	1	250,000.00	
10	Data Privacy Audit	2	600,000.00	
11	Club Management & Accounting System	1	4,000,000.00	
12	Split type Aircon for Ladies' Locker	1	100,000.00	
13	Air Cooler - 4 units @ 20,000	1	80,000.00	
14	Generator Set for North Clubhouse	1	600,000.00	
15	Floor Polisher	1	38,000.00	For North Clubhouse Locker Room
16	Vacuum Cleaner	1	66,000.00	For North Clubhouse Locker Room.
17	Sink Tub for Main Satellite Kitchen	1	60,000.00	
18	Service Vehicle	2	1,200,000.00	
19	Motorcycle for Messenger Reliever	1	75,000.00	
20	Projector for Board and Conference rooms 2 units @ 50k	1	100,000.00	To replace old malfunctioning units
21	Fire Resistant Vault for files of shares of stock booklets	1	92,000.00	
22	Aircon for Warehouse Office	1	20,000.00	Old unit no longer working.
23	Aircon for Spa - 2 units @ P20,000	1	40,000.00	Old units malfunctioning
24	Aircon for Internal Audit area (split type)	1	50,000.00	No air-con in the area
25	Filing cabinets (8 units @ P8,000)	1	40,000.00	For Membership & Office of Pres.
26	Woodchipper	1	130,000.00	To reduce wood to smaller chips
27	Centralized Grease Trap	1	1,000,000.00	For the Main and North Clubhouse
28	Backpack Blower P45k (1 unit) & 2 string trimmers @15k each	1	75,000.00	For maintenance use
29	Rubber track pad	2	300,000.00	For the existing equipment to avoid additional damage to cart paths
30	Backhoe loader (Bobcat brand)	2	1,500,000.00	My recommendation is to rent equipment in this regard if it is

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 and upon recent amendments from the BIR our tax rate is now 30%.

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 greenhouse 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 20 General Manager, Department Managers and Supervisors and 64 rank and file employees. The 64 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 – 14, Clubhouse – 21, Controllers - 18, Engineering –23, Administration/HR – 5 and Internal Auditor - 2. 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 include 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, 2019 is P 263 Million. We do not issue unsecured bonds. Valley Golf has been in business for 61 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 DANLO G. TAYAG  
BERNADETTE G. JUAREZ  
RESIDA-ROSE T. ROSARIO  
RONALDO L. SANTOS, JR.  
RALPH G. JUICO  
MA. ELOISE R. CASTILLO

24 June 2019

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

Attn: **MR. PETER JOHN R. VENTURA**  
Partner-In-Charge

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

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

For the fiscal year ended June 30, 2019, the Annual Stockholders' Meeting was held on Sept. 23, 2018. Out of the 1,594 issued and subscribed shares, 1,003 shares were represented by proxy or present in person, and majority being in attendance, the President, as Presiding Chairman, declared a quorum.

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

- 1. Mr. Leopoldo M. Garcia - 812 votes
- 2. Mr. Ronald O. Solis - 787 votes
- 3. Mr. Albert Que - 773 votes

The other directors whose term of office continued are Messrs. Augusto Cruz, Jaime Victor Santos, Virgilio Bucat, Albert San Gabriel, Wilfredo Manahan and Jeremy Parulan.

Matters discussed during the Annual Stockholders' Meeting include the ratification of the acts of the Board of Directors from July 1, 2017 to June 30, 2018, approval of the minutes of the annual meeting held on September 24, 2017 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, 2019.

The details of the discussion are as follows:

**MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF**

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

Held at the Board Room, Main Clubhouse  
Valley Golf & Country Club, Inc.,  
Don Celso Tuason Avenue, Antipolo City  
23 September 2018 at 4:00 p.m.

TOTAL NUMBER OF SHARES OUTSTANDING	1,594
TOTAL NUMBER OF SHARES PRESENT/REPRESENTED AND ENTITLED TO VOTE	1,003 (63.00%)

**I. CALL TO ORDER**

The Chairman, Mr. Abraham C. Dela Cruz, 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 Board of Directors together with a copy of the materials for the meeting.

Based on a certificate issued by the Club's stock transfer agent, 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 20 August 2018. A copy of the certificate has been attached to this minutes pursuant to the instruction of the Chairman.

The Secretary certified that, based on the register of attendees and proxies as tabulated by the Stock Transfer Agent, out of 1,594 shares of the total outstanding capital stock of the Club, holders of a total of 1003 shares of stock were present in person or by proxy representing an attendance rate of 63.00% 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**

Mr. Jose Ferlu O. Sudario noticed that his comment during the last stockholders meeting held on 24 September 2017 was just noted by the Board. During the said meeting, he asked the Board why there was a delay in starting the meeting. The Chairman then explained that they waited for the arrival of some members of the Board who represented the Club in a golf tournament. Mr. Sudario then requested the Board to put on record that the Annual Stockholders' meeting held on 24 September 2017 was late and started at 4:30 pm not 4:00 pm as scheduled. The Chairman noted the request.

Upon motion duly made and seconded, the reading of the minutes of the last stockholders' meeting held on 24 September 2017 was dispensed with as the same had previously been circulated/distributed to the stockholders before the annual meeting. The Chairman opened the floor for further questions about the minutes of the 2017 Annual Stockholders' Meeting. There being no further questions raised, the minutes of the last stockholders' meeting was thereafter approved, as corrected/circulated/distributed:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Approval of Minutes of the Previous Meeting of Stockholders	1003 (63.00%)	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 24 September 2017 be as it is hereby approved.”

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

The Chairman then opened the floor for inquiries relative to the previous year's minutes.

After a moment of silence, considering that there were no 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 23 September 2018 Annual Stockholders' meeting as presented.

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

The Chairman made it of record that all stockholders were provided copies of the Club's Annual Report.

The Chairman then presented the Club's 2017-2018 Annual Report and Audited Financial Statements. According to him fiscal year 2017-2018 was a relatively good year for the Club. He then presented the key financial performance indicators for 2018 vs. 2017.

Thereafter, the Chairman opened the floor for questions regarding the 2017-2018 Annual Report 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 2017 to 30 June 2018 were, 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 2017-2018 Annual Report and Financial Statements	1003 (63.00%)	0 (0.00%)	0 (0.00%)

The following resolution was likewise approved:

**“RESOLVED**, that the 2017-2018 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 2017 to 30 June 2018, be as they are hereby approved.”

Mr. Sudario Congratulated the Board of Directors for the good performance and healthy cash flow of the Club headed by Mr. Abraham C. Dela Cruz, as President and Chairman of the Board of Directors. He requested to put on record the significant accomplishments of the Board of Directors particularly for having an earned a net income of ₱13 Million and generating cash flow of up to ₱44 Million.

For the betterment of the Club and upon Mr. Sudario's request, the Board noted and put on record his two concerns.

**VII. RATIFICATION OF CORPORATE ACTS**

The Chairman next presented a list of the acts of the Club's Board of Directors and Management for Fiscal Year July 1, 2017 to June 30, 2018, including disposal of non-performing assets and settlement of cases that may involve disposal of some properties of the Club from the date of the last stockholders' meeting up to this meeting for the stockholders' confirmation, ratification, and approval.



Upon a motion 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 properties of the Club from the date of the last stockholders' meeting up to date of the present meeting being duly made and seconded, and there being no objections thereto, the motion was approved based on the following 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.	1003 (63.00%)	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, 2017 to June 30, 2018, including the disposal of non-performing assets and settlement of cases that may involve disposal of some properties of the Club from the last stockholders’ meeting on 24 September 2017 up to the date of this meeting, 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 auditors for the year 2018-2019.

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 auditors for year 2018-2019 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 2018-2019	1003 (63.00%)	0 (0.00%)	0 (0.00%)

The following resolution was likewise approved:

**“RESOLVED**, that **VALLEY GOLF & COUNTRY CLUB, INC.** (the ‘Club’) approve as it hereby approves the re-appointment of Sycip Gorres Velayo & Co. as the Bank's external auditor, for Year 2018-2019.”

## IX. ELECTION OF DIRECTORS

The Chairman announced that the next item in the agenda is the election of the members of the Board of Directors for the ensuing year.

The Chairman next 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.

The Chairman called on the Chairman of the Commission on Elections (Comelec), Atty. Plaridel J. Bohol II, to preside over the election of the new Directors. The other members of the Comelec were Atty. Joel Ferrer and Atty. Felipe T. Cuison. The following were the official nominees:

1.	<b>Jaime Bilbao</b>
2.	<b>Leopoldo M. Garcia</b>
3.	<b>Ronald O. Solis</b>
4.	<b>Albert G. Que</b>

After the votes were canvassed, the following persons were elected as new members of the Board of Directors of the Club for the year 2018-2019 after receiving the following most number of votes as indicated opposite their respective names:

Nominee	No. of Votes Received		
	In Person	By Proxy	Total
Mr. Leopoldo M. Garcia	2	810	812
Mr. Ronaldo O. Solis	28	759	787
Mr. Albert Que	14	759	773

## IX. OTHER MATTERS

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

### A. *PP Tayawa Two Issues in Proxy Form*

Past President(PP) Tayawa raised some questions regarding the replacement proxy form. He compared the previous years' procedure to the current one particularly on securing a replacement proxy form. PP Tayawa then suggested to re-visit the procedure in giving out the replacement proxy form.

The President noted the suggested and answered that the matter will be referred to the Comelec for study.

Mr. Renato Balibag raised some concerns coming from some senior members that they were not allowed to vote simply because of the proxy that they have executed. He then moved to change the rules on proxy.

Dir. Parulan commented that Mr. Balibag is suggesting that the Club amend the election procedure on proxy.

Mr. Rogelio Avenido reiterated his observation and that of Mr. Fernando Ramillano Jr.'s that if a shareholder cannot personally attend the election then he should sign a proxy. But in this case if the shareholder can come and vote, he should be issued a ballot and be allowed to vote. According to him this was the Club's practice and rule before.

Dir. Parulan commented that maybe the Club has to draw a balance between the time required for a proxy to be presented and the time during which a shareholder who signed a proxy can come and personally exercise his right to vote. Maybe, the Club can strike a compromise on the issue raised. He proposed to give the members until 2 o'clock in the afternoon to come and vote by themselves before any proxy can be recognized. A cut-off is necessary because of the need for enough time to have all proxies validated and counted for purposes of the election.

Atty. Bohol commented that according to the Secretariat, Messrs. Avenido and Ramillano Jr., came to personally cast their vote but their proxy was allowed to vote before they did. He explained that if there are complaints on the procedure, the members can post their comment thru email, social media, text and bulletin board and can even revoke their proxies up to the last day given to revoke the same. But even if no such revocation was made, if the shareholder can come in earlier than the proxy, the Comelec will recognize him and allow him to cast his vote. According to him, what happened in this case was that the proxy came in earlier than the shareholder and so was allowed to vote.

Mr. Avenido said that they have read the rules and procedures for the verification and authentication of proxies and election of Directors. He cited the rule in Item 6 which says, "*stockholders who are not represented by Attorney in fact must submit their proxies on or before 5:00 pm of before September 20, 2018. No cancellation or revocation or replacement of proxies shall be allowed after September 20*". He then appealed to reconsider the rules and asked if it was ratified or approved by the Board. Mr. Avenido added that higher priority should be given to stockholders or members of the Club in exercising their right even if they arrive at the last minute.

PP Tayawa said that when a special power of attorney (SPA) is issued, the attorney-in-fact is allowed to issue a proxy after the deadline to submit the SPA. The attorney-in-fact may even request for a replacement proxy. The stockholder in that case may not be able to personally vote because of the replacement proxy. He suggested to change the rules such that if the shareholder has already given an SPA or proxy, no more replacement proxy should be issued to avoid confusion.

Mr. Albert on his part suggested to give shareholders a 60-day period up to the time of the Stockholders' meeting to come over to the club to cast their vote. This way the proxy problems can be avoided.

Dir. Parulan agreed with Atty. Bohol and commented that the basic law here is the Corporation Code. The Club cannot amend the law but only its internal procedure in the conduct of the election. Proxies should be honored otherwise there will be stockholders whose votes will not be counted in the election of Directors. According to him the only way to prevent this is for the stockholders to come in early after the polls are open so that they can supersede the proxies previously issued. It is more of a look out on the part of the Stockholders and not the proxies because the latter are just acting on behalf of a principal.

After further discussion, the Board noted all the suggestions and comments of the members and stockholders. However, since this is a stockholders' meeting, all concerns will be referred to the next Board for consideration.

***B. Issue on deceased Member's Estate***

Mr. Rene raised an issue regarding a member who died with pending request for the transfer of his share. In the meantime, his estate continued paying the monthly dues. He moved to re-visit the procedure. Since the matter raised is a legal issue, the Chairman noted the request and replied that he will refer it to the Legal Committee for further study and recommendation.

***C. Awarding of Plaque***

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

The Corporate Secretary, Atty. Venturanza, together with the members of the Comelec, awarded the plaque of appreciation to: 1) Director Luis G. Quiogue, in recognition of his contributions to Valley Golf for services rendered as a member of the Board of Directors from 2015 to 2018; he served as the Chairman of the Sports Committee from 2015 to 2016, Chairman of the Trust Fund Committee from 2016 to 2018 and Chairman of the Real Estate Committee from 2017 to 2018. 2) Director Luis Manuel S. Polintan who served as member of the Board of Directors from 2015-2018, Vice President from 2016-2018, Chairman of the Audit Committee from 2015-2016, Chairman of the House Committee from 2016-2017 and Chairman of the Security Committee from 2017-2018, and 3) outgoing President Mr. Abraham C. Dela Cruz in recognition of his invaluable services to the Club in his capacity as member of the Board of Directors from 2015 to 2018, President from 2017 to 2018 and Chairman of the Security, Trust Fund, and Real Estate Committee from 2015 to 2016, and Chairman of the Membership and Finance Committee from 2016-2017.

**ADJOURNMENT**

The Chairman inquired whether there are other matters which the stockholders would like to discuss. 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. For the Fiscal Year 2019, the market price is P800,000.00 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, 2019 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. Phil. National Bank	4	0.25 %
10. Reliable Electric Co., Inc.	4	0.25 %
11. Edward Cheok	3	0.19 %
12. Dee C. Chuan & Sons, Inc.	3	0.19 %
13. Severo A. Tuason & Co.	3	0.19 %
14. Severo Jose Tuason	3	0.19 %
15. Perry Y. Uy	2	0.13 %
16. Anna's Catering, Inc.	2	0.13 %
17. Metropolitan Insurance Company	2	0.13 %

18. Tuason, Demetrio R.	2	0.13 %
19. Carmona, Manuel Y.	2	0.13 %
20. Phil. Long Distance Tel. Co.	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.
- c. To ascertain that the ongoing processes for controlling operations throughout the organization are adequately designed and functioning in an effective manner.

**ACTION PLAN:**

- 1. Full implementation of the following priority capital expenditures:
  - a. Renovation of Ladies' Locker Room with a budget of P2.14 Million by Dec. 2019
  - b. Lower Lanai Multi-Purpose Room with a budget of P3.96 Million by Feb. 2020
  - c. Renovation of Guests' Locker Room with a budget of P965k by Dec. 2019
  - d. Implementation of the new Club Management and Accounting System with a Budget of P4 Million by June 2020.
  - e. Installation of CCTV Cameras on vital areas of operation in the Clubhouses with a budget of P500k by December 2019.

**2. MANAGEMENT DISCUSSION AND ANALYSIS**

The results of operations for the Fiscal Year ending June 30, 2019 is reflected in the Audited Financial Reports. Gross Revenue from Operations amount to Php136.62 Million or an increase of Php15.26 Million from last year's figure of Php121.37 Million. Operating Expenses however increased from Php100.12 Million in 2018 to Php116.14 Million in 2019 or an increase of Php16.02 Million. Excess of revenue over expenses for

the year amount to P6.94 Million or a decrease of Php5.24 Million from last year's excess of Php12.18 Million.

In a more detailed analysis of our Revenue sources, the significant increases are from our Green Fees by Php3.25 Million, Assessment for Road Maintenance by Php3.39 Million, Service Fee on Membership and Transfer Fee by Php2.34 Million, Road Users' Fee by Php1.89 Million, and Golf Cart Rental by Php1.17 Million. Our Operating Expenses increased due to maintenance works concentrated in our golf courses and clubhouses as part of the Club's effort to give back to our members our excess revenues. The projects include the Zoysia Nursery - Php1.02 Million, Eves, gutters, downspouts and other minor repair works on the roof of the Locker area - Php1 Million, Desilting at Hole # 12 - Php598k, Drainage Improvement of the South Course - Php330k, Renovation of the Men's Locker in the North Clubhouse - Php297k and Zoysia Japonica for the Fairways - Php285k. External factor such as the 5.21% inflation rate in the later part of 2018 as a consequence of the Train Law also adversely affected our expenses.

During the year, the Treasury was able to finance various projects such as the Reblocking of the Don Celso Tuason Ave., purchase of 30 units electric golf carts, Dredging of Ponds and purchase of Forward Truck and Manlift Truck.

We would like to note the impressive improvement in our Balance Sheet. Our Current Assets increased by Php7.28 Million, from Php63.19 Million in 2018 to Php70.48 Million. Our Property and Equipment increased by Php6.60 Million. Our total assets for the Fiscal year 2019 are Php314.60 Million. Our Liabilities however, increased by Php5.12 Million due to payables on the installment terms of the golf carts and payables to suppliers that are not yet due.

The market value of our shares of stock has reached Php1 Million plus transfer fee. Our keen business decisions, the continuing development of our golf courses and the upward trend of the golf clubs' market are contributing factors for our achievement. Your Board is committed in its effort to maintain the steady increase in the market value of our shares of stock. The scheme to gradually return the exclusivity of the Club but at the same time introducing alternative revenue sources to cushion the financial impact is a matter we are considering to pursue.

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, 2019 the ratio is 1.54 (P70,490,713/P45,823,992) and for the year ended June 30, 2018 the ratio was 1.55 (P63,194,591/P40,712,567). This indicates that the Club was able to maintain its liquidity. The Cash and Cash Equivalents increased by P2,708,492 and other Current Assets increased by P1,367,411 while the trade and other payables increased by P5,720,472 and Payable to contractor decreased by P4,523,504.
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, 2019 it is 2.21% (6,965,564/314,615,451) and for the year ended June 30, 2018 it was 4.02% (P12,182,390/P303,041,135). Operations for the year resulted to a net income of P6,965,564 or a decrease of P5,216,826 from last year's net income of P12,182,390 and thus the rate of return on assets also decreased.
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, 2019 it is 16.23% (P51,066,785/P314,615,451) for the year ended June 30, 2018 it was 15.55% (P47,123,850/P303,041,135). Liabilities for the current year increased by P3.94 Million while assets increased by P11.57 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, 2019 the net income per share is P4,369.86 (P6,965,564/1,594) while for the year ended June 30, 2018 the net income per share was P7,642.65 (P12,182,390/1,594). Net income for the year is P6,965,564 or a decrease of P5.22 Million from the net income P12,182,390 in 2018.
5. Debt to Equity ratio - this represents the ratio of total liabilities against total Stockholders' Equity. For the year ended June 30, 2019 it is 19.38% (P51,066,785/P263,548,666) for the year ended June 30, 2018 it is 18.41% (P47,123,850/P255,917,285) This shows that in 2019 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 by P5.72 Million and accrued expenses and other liabilities by P3.68 Million.

**The following are the details of the operations of the Club for the year 2019**

**A. OPERATING RESULTS**

1. Revenues – revenues increased from P131,024,822 in 2018 to P151,856,633 in 2019 or an increase of P20,831,811 or 15.90%. Significant sources of the increase are the Green Fees that increased by P3,251,793 and the Assessment for Road Maintenance that increased by P3,390,991. Other Revenue sources that showed increases include Golf cart rental by P1,169,199, Transfer Fee by P880,000, Service Charge by P1,459,529, Locker rental by P54,321, Concessionaires' Fee Main Clubhouse by P578,223, Golf Cart Storage Fee by P280,386, Road Users' Fee by P1,886,913, Self Insurance Fee by P114,643, Service Fee on Non Members by P58,124, Tournament Fee by P683,268, Locators Fee by P112,459 and Miscellaneous Income by P2,058,769.

Revenue sources that decreased in the year 2019 include Patronage Fee by P123,609, Green Fee coupons by P516,623 and Monthly Dues by P84,493.

Increase in Green Fee is due to the increase in total number of non-member golfers who played in our courses from 21,458 to 23,028 guests. Increase in Road User's Fee is due to increase in passing thru vehicles by P2.04 Million. Golf cart rental increased due to additional 30 units electric golf carts that were purchased during the year and increase in number of rentals by 1,609 units, from 12,461 in 2018 to 14,070 in 2019. 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 total sales of Main Clubhouse Anix's by P4.6 Million for this fiscal year. Service Charge increased because for the fiscal year 2019 there were 26 new members and 96 renewals all at full rate as compared to the discounted promo rates in fiscal year 2018. Golf cart storage fee increased due to increase in number of golf carts in storage from 385 units in 2018 to 408 units in 2019 or an increase of 23 units. Assessment for road maintenance increased due to increase in the prices of the car stickers and increase in quantity sold by 1,440 pcs. Miscellaneous Income increase due to change in accounting treatment of accounts receivable from concessionaires by P1 Million, Income from wheel clamping by P94k and fake stickers by P178k.

2. Cost and Expenses - For the fiscal year 2019 the total cost of services and general and administrative expenses amount to P143,626,959 or an increase of P25.26 Million or 21.34% from previous year's figure of P118,363,066

Personnel Expenses increased from P27,400,954 in 2018 to P30,380,488 in 2019 or an increase of P2,979,534 or 11%. Salaries and Wages increased by P1,927,451 CBA increase of P550.00 and in-house hiring of Internal Auditor and Golf Director. Corresponding increases in overtime, SSS, Philhealth, 13th month pay and the Employee of the Year incentive program. Meal Allowance increased by P110,400, 13<sup>th</sup> month Pay increased by P184,739, Vacation, Sick leave increased by P173,60, Overtime increased by P261,440, SSS, Philhealth

and ECC increased by P195,862, Bonus and Gratuity Pay increased by P195,998 and Training and Seminar decreased by P127,155.

Supplies increased from P13,393,444 in 2018 to P19,373,244 in 2019 or an increase of P5,979,801 or 45%. Stationeries and office supplies increased by P184,773, Gasoline and Oil Supplies by P255,416, Repairs & Maintenance by P5.37 Million, Toilet and cleaning supplies by P72,590, Janitorial supplies by P196,501, Medical and Dental supplies by P40,432 and Service supplies by P20,841. Swimming pool supplies decreased by P5,332, Linen supplies by P4,311, Motorpool and Ground supplies by P64,643 and Miscellaneous supplies by P103,296.

Utilities increased from P10,093,474 in 2018 to P12,681,377 in 2019 or an increase of P2,587,903 or 26%. Electricity increased by P2,591,755 and Communication by P67,612. Water decreased by P71,463.

Outside Services increased from P31,299,532 in 2018 to P35,848,969 in 2019 or an increase of P4,549,436 or 15%. Legal Fees increased by P492,7220, Audit Fees by P181,120, Security Services by P1,337,657, Laundry Services by P69,050 and Maintenance Crew by P2,725,331. Retainers Fee decreased by P1,434 and Internal Audit Services by P269,035

Sundries increased from P17,931,275 in 2018 to P17,853,997 or a decrease of P77,278 or .43%. Taxes and Licenses increased by P504,393, Transportation and Travel by P48,136, Insurance by P59,637, Board, Committee and Stockholders Meeting by P164,877, Marketing Expenses by P140,345, Dues & Registration fees by P31,313, Promotional and Industrial by P160,639, Bank Charges by P84,830 and Miscellaneous by P1,084,212. Prompt payment discount decrease by P263,214, Self-insurance expense by P179,079, Write-off on inventory loss by P72,909, Tournament expenses by P1,693,277 and Provision for inventory obsolescence by P55,483.

## **B. BALANCE SHEET ACCOUNTS**

1. Cash and cash equivalents – went up from P44,044,150 in 2018 to P46,752,642 in 2019 or an increase of P2,708,492 or 6.15%. Increase resulted from the net cash generated from operating activities amounting to P20.16 Million due to the positive operating results of the Club. Net cash flow used in investing activities amounting to P17.45 Million due to additions of property and equipment amounting to P25.79 Million offset by proceeds from sale of property & equipment and proceeds from sale of investment property amounting to P3.7 Million and P4.9 Million respectively.
2. Trade and other receivables – went up from P11,865,726 in 2018 to P14,049,761 in 2019 or an increase of P2,184,035 or 18.41%. Increase was due to increase in Members account by P1,840,015 and Other Receivables by P344,019.
3. Other current assets – went up from P7,285,053 in 2018 to P9,688,312 in 2019 or an increase of P2,403,259 or 32.99%. Increase resulted from

increase in supplies inventory mainly attributable to sprinklers and deferred input tax amounting to P1,036,186 and P655,368 respectively. Another source of the increase is the short term investment of P666,224.

4. Property and equipment – went up from P226,576,571 in 2018 to P233,177,487 in 2019 or an increase of P6,600,916 or 2.91%. The increase was due to purchase of transportation & operations equipment of P12.82 Million, Construction in Progress – DCTA Road Reblocking of P6.82 Million and Construction in Progress – Dredging of Ponds of P1.59 Million.
5. Investment properties – went down from P5,580,860 in 2018 to P2,911,947 in 2019 or a decrease of P2,668,913 or 47.82%. Depreciation for the fiscal year 2018 for the North clubhouse is P2.66 Million.
6. Deferred tax asset – amount for year ended June 30, 2019 is P979,605. This figure is arrived at deducting the deferred tax liability of P1,418,786 from the deferred tax asset of P2,398,390
7. Other non-current assets – went down from P874,372 in 2018 to P863,123 in 2019 or a decrease of P11,249 or 1.29%. Decrease is due to the depreciation of the Computer Software.
8. Trade and other payables – went up from P17,735,086 in 2018 to P24,514,832 in 2019 or an increase of P6,779,746 or 38.23%. Increase was due to unpaid portion of the installment purchase of 20 units golf cart in the amount of P3 Million, suppliers for the Don Celso Tournament that are net yet due in the amount of P1.76 Million and payable to previous security agency of P929,990.
9. Members' Deposits and Others went up from P11,884,375 in 2018 to P13,547,957 in 2019 or an increase of P1,663,582 or 14%. 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. Retirement benefit obligation –decreased from P5,189,476 in 2018 to P3,645,579 in 2019 or a decrease of P1,543,897 or 29.75% due to decrease in the present value of benefit obligation as per actuarial valuation.
11. Members' Equity –increased from P255,917,285 in 2018 to P263,548,671 in 2019 or an increase of P7,631,386 or 2.98%.

#### **Fiscal 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%.

## **ITEM 7. FINANCIAL STATEMENTS**

Attached Reports :

1. Statement of Management Responsibility
2. Audited Financial Statements for 2019 and 2018
3. Schedules A – I under RSA Rule 68

**VALLEY**



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

**CLUB, INC.**

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

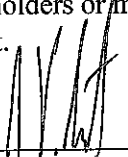
The management of Valley Golf and Country Club, Inc. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended June 30, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, 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.

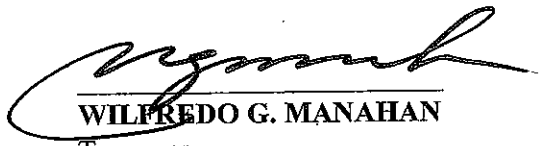
In preparing the financial statements, management is responsible for assessing the Club's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Club or to cease 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.

  
\_\_\_\_\_  
**JAIME VICTOR J. SANTOS**  
Chairman of the Board and President

  
\_\_\_\_\_  
**WILFREDO G. MANAHAN**  
Treasurer

Signed this 11<sup>th</sup> day of September 2019



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

Financial Statements  
June 30, 2019 and 2018  
and Years Ended June 30, 2019, 2018  
and 2017

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 triangle or a wing.

**Building a better  
working world**

A member firm of Ernst & Young Global Limited



SyCip Gorres Velayo & Co.  
6760 Ayala Avenue  
1226 Makati City  
Philippines

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

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

## INDEPENDENT AUDITOR'S REPORT

The 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) (the Club), which comprise the statements of financial position as at June 30, 2019 and 2018, 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, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Club as at June 30, 2019 and 2018, and its financial performance and its cash flows for each of the three years in the period ended June 30, 2019 in accordance with Philippine Financial Reporting Standards (PFRSs).

#### Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the 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 30 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.

*Peter John R. Ventura*

Peter John R. Ventura

Partner

CPA Certificate No. 0113172

SEC Accreditation No. 1735-A (Group A),

January 15, 2019, valid until January 14, 2022

Tax Identification No. 301-106-741

BIR Accreditation No. 08-001998-140-2018,

December 17, 2018, valid until December 16, 2021

PTR No. 7332625, January 3, 2019, Makati City

August 17, 2019



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

	June 30	
	2019	2018
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	P46,752,642	P44,044,150
Trade and other receivables (Note 5)	14,049,761	11,865,726
Other current assets (Note 6)	9,688,312	7,285,053
<b>Total Current Assets</b>	<b>70,490,715</b>	<b>63,194,929</b>
<b>Noncurrent Assets</b>		
Property and equipment (Note 7)	233,177,487	226,576,571
Investment properties (Note 8)	2,911,947	5,580,860
Trust fund (Note 9)	4,773,793	4,611,154
Deferred tax assets - net (Note 25)	979,605	2,203,249
Other noncurrent assets (Note 10)	863,123	874,372
<b>Total Noncurrent Assets</b>	<b>242,705,955</b>	<b>239,846,206</b>
<b>TOTAL ASSETS</b>	<b>P313,196,670</b>	<b>P303,041,135</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables (Note 11)	P24,514,832	P17,735,086
Members' deposits and others (Note 12)	13,547,957	11,884,375
Contract liabilities (Notes 2 and 13)	6,755,189	-
Membership dues paid in advance (Notes 2 and 13)	-	5,550,200
Accrued provision for probable claims (Note 15)	1,019,740	1,019,740
Payable to a contractor (Note 14)	-	4,523,504
<b>Total Current Liabilities</b>	<b>45,837,718</b>	<b>40,712,905</b>
<b>Noncurrent Liabilities</b>		
Retirement benefit obligation (Note 27)	3,645,579	5,189,476
Deferred tax liability (Note 25)	-	1,043,041
Other noncurrent liability (Note 21)	164,702	178,428
<b>Total Noncurrent Liabilities</b>	<b>3,810,281</b>	<b>6,410,945</b>
<b>Total Liabilities</b>	<b>49,647,999</b>	<b>47,123,850</b>
<b>Members' Equity</b>		
Capital stock (Note 16)	14,346,000	14,346,000
Contributions in excess of par value	201,627,772	201,627,772
Accumulated excess of revenues over expenses (Note 16)	47,574,899	39,943,513
<b>Total Members' Equity</b>	<b>263,548,671</b>	<b>255,917,285</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>P313,196,670</b>	<b>P303,041,135</b>

*See accompanying Notes to Financial Statements.*



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

**STATEMENTS OF INCOME**

	Years Ended June 30		
	2019	2018	2017
<b>REVENUES</b>			
Revenue from contracts with customers (Note 17)	P135,105,293	P-	P-
Rentals (Note 21)	15,945,144	13,886,742	10,497,115
Interest income (Notes 4 and 9)	806,196	507,362	186,938
Members' dues	-	52,394,200	52,357,321
Green fees (Note 19)	-	22,220,657	17,552,394
Assessment for road maintenance	-	11,920,146	8,912,059
Transfer fees	-	5,810,000	4,420,000
Concessionaires' fees (Note 20)	-	5,155,832	3,278,756
Patronage fees	-	3,657,382	4,092,120
Service charge on playing guests	-	2,872,531	2,589,069
Miscellaneous income (Notes 17 and 19)	-	12,599,970	5,818,579
	<b>151,856,633</b>	<b>131,024,822</b>	<b>109,704,351</b>
<b>COST AND EXPENSES</b>			
Cost of services (Note 22)	123,749,600	102,378,411	91,548,412
General and administrative (Note 23)	19,877,359	15,984,655	18,145,003
	<b>143,626,959</b>	<b>118,363,066</b>	<b>109,693,415</b>
<b>EXCESS OF REVENUES OVER EXPENSES BEFORE INCOME TAXES</b>	<b>8,229,674</b>	<b>12,661,756</b>	<b>10,936</b>
<b>PROVISION FOR INCOME TAXES</b> (Note 25)	<b>1,264,110</b>	<b>479,366</b>	<b>1,667,736</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>P6,965,564</b>	<b>P12,182,390</b>	<b>(P1,656,800)</b>

*See accompanying Notes to Financial Statements.*



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

**STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended June 30		
	2019	2018	2017
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>₱6,965,564</b>	<b>₱12,182,390</b>	<b>(₱1,656,800)</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 27)	951,175	(97,117)	6,315,776
Income tax effect	(285,353)	29,135	(984,814)
	<b>665,822</b>	<b>(67,982)</b>	<b>5,330,962</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱7,631,386</b>	<b>₱12,114,408</b>	<b>₱3,674,162</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		
	2019	2018	2017
<b>CAPITAL STOCK (Note 16)</b>			
Issued and outstanding:			
Balance at beginning of year	P14,346,000	P14,337,000	P14,337,000
Issuance of shares	-	9,000	-
Balance at end of year	<u>14,346,000</u>	<u>14,346,000</u>	<u>14,337,000</u>
<b>CONTRIBUTIONS IN EXCESS OF PAR VALUE</b>			
Balance at beginning of year	201,627,772	201,403,972	201,403,972
Premium on shares issued	-	223,800	-
Balance at end of year	<u>201,627,772</u>	<u>201,627,772</u>	<u>201,403,972</u>
<b>ACCUMULATED EXCESS OF REVENUES OVER EXPENSES (Note 16)</b>			
Balances at beginning of year	39,943,513	27,829,105	24,154,943
Excess (deficiency) of revenues over expenses	6,965,564	12,182,390	(1,656,800)
Re-measurement gains (losses) on defined benefit obligation - net of tax	665,822	(67,982)	5,330,962
Total comprehensive income	7,631,386	12,114,408	3,674,162
Balance at end of year	<u>47,574,899</u>	<u>39,943,513</u>	<u>27,829,105</u>
<b>TOTAL MEMBERS' EQUITY</b>	<b><u>P263,548,671</u></b>	<b><u>P255,917,285</u></b>	<b><u>P243,570,077</u></b>

*See accompanying Notes to Financial Statements.*





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

**STATEMENTS OF CASH FLOWS**

	Years Ended June 30		
	2019	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess of revenues over expenses before income taxes	P8,229,674	P12,661,756	P10,936
Adjustments for:			
Depreciation and amortization (Notes 22 and 23)	21,978,752	18,194,589	17,068,096
Gain on sale of property and equipment and investment properties (Notes 7, 8, and 17)	(7,442,159)	(7,020,564)	(361,202)
Interest income (Notes 4 and 9)	(806,196)	(507,362)	(186,938)
Movement in retirement benefit obligation	(592,722)	(594,571)	(220,141)
Reversal of inventory obsolescence (Note 6)	(55,483)	-	-
Interest expense (Note 23)	10,081	49,808	213,869
Provision for impairment losses on receivables	(7,067)	-	-
Loss on write-off of:			
Property and equipment	-	4,482	87,448
Inventory (Note 22)	-	-	12,724
Transfer fee on issuance of share	-	(60,000)	-
Operating income before working capital changes	21,314,880	22,728,138	16,624,792
Decrease (increase) in:			
Other current assets	(3,716,636)	(2,648,305)	130,894
Trade and other receivables	(2,093,772)	1,722,954	(3,047,097)
Increase (decrease) in:			
Trade and other payables	6,779,746	3,677,173	3,770,497
Members' deposits and others	1,663,582	2,176,361	2,137,521
Contract liabilities	1,204,989	-	-
Membership dues paid in advance	-	329,400	407,914
Payable to contractor	(4,523,504)	-	-
Net cash generated from operations	20,629,285	27,985,721	20,024,521
Interest received	709,274	653,631	117,017
Interest paid	(10,081)	(49,808)	(213,869)
Net cash flows generated from operating activities	21,328,478	28,589,544	19,927,669
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of:			
Property and equipment (Note 7)	3,100,000	2,375,000	417,000
Investment property (Note 8)	4,357,682	5,300,000	-
Additions to property and equipment (Notes 7 and 29)	(25,794,656)	(16,198,106)	(17,725,129)
Decrease (increase) in:			
Other noncurrent assets	(120,373)	2,325,635	(147,988)
Trust fund	(162,639)	(319,104)	(29,555)
Net cash flows used in investing activities	(18,619,986)	(6,516,575)	(17,485,672)
<b>CASH FLOWS FROM A FINANCING ACTIVITY</b>			
Payments of short-term loans	-	-	(2,500,000)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,708,492	22,072,969	(58,003)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	44,044,150	21,971,181	22,029,184
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	P46,752,642	P44,044,150	P21,971,181

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. On July 17, 1963, the SEC granted the Club a secondary license to sell its securities to the public.

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.

Prior to 2012, the Club is exempt from payment of income tax on income received from social, recreational, and athletic activities on a nonprofit basis provided that no part of the Club's income shall inure to the benefit of any of its members, trustees and officers. Under Section 30 (E) of the Tax Reform Act of 1997, an organization organized for recreational, sports and athletic activities shall be exempt from payment of income tax on income received from aforementioned activities.

On August 3, 2012, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular (RMC) No. 35-2012 clarifying that clubs organized and operated exclusively for pleasure, recreation and other non-profit purposes are subject to income tax and value-added tax (VAT) on their income from whatever source, including but not limited to membership fees, assessment dues, rental income, and service fees.

On August 13, 2019, the Supreme Court declared that membership fees, assessment dues, and fees of similar nature collected by Clubs which are organized and operated exclusively for pleasure, recreation, and other nonprofit purposes do not constitute as: (a) "the income of recreational clubs from whatever source" that are "subject to income tax"; and (b) part of the "gross receipts of recreational clubs" that are "subject to VAT". Accordingly, RMC No. 35-2012 should be interpreted in this accordance with the decision. The Club is currently assessing the implications of the Supreme Court ruling.

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 17, 2019.

---

**2. Summary of Significant Accounting Policies**

**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, 2018. Adoption of these pronouncements did not have any significant impact on the Club's financial position or performance unless otherwise indicated.

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9 with PFRS 4*
- Amendments to PAS 28, *Investments in Associates and Joint Ventures, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*
- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*
- 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. Retrospective application of the amendments is not required and is only permitted if this is possible without the use of hindsight.

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

- PFRS 9, *Financial Instruments*  
PFRS 9 replaces Philippine Accounting Standard (PAS) 39, *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Club applied PFRS 9 prospectively, with an initial application date of July 1, 2018. The Club has not restated the comparative information, which continues to be reported under PAS 39. Differences arising from the adoption of PFRS 9 have been recognized directly in retained earnings and other components of equity.

The effects of adopting PFRS 9 as at July 1, 2018 are as follows:

*a. Classification and measurement*

Under PFRS 9, debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortized cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Club's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' (SPPI) on the principal amount outstanding.



The assessment of the Club's business model was made as of the date of initial application, July 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of PFRS 9 did not have a significant impact to the Club. Cash in banks and cash equivalents, trade and other receivables and trust fund previously classified as loans and receivables as at June 30, 2018 are held to collect contractual cash flows and give rise to cash flows representing SPPI. These are classified and measured as debt instruments at amortized cost beginning July 1, 2018.

The Club has not designated any financial liabilities as at FVTPL. There are no changes in classification and measurement for the Club's financial liabilities.

In summary, upon the adoption of PFRS 9, the Club had the following required or elected reclassifications as at July 1, 2018.

	Amount	PFRS 9 measurement
		Category
		Amortized cost
<b>PAS 39 measurement category</b>		
<i>Loans and receivables</i>		
Cash in banks and cash equivalents	₱43,949,150	₱43,949,150
Trade and other receivables	11,865,726	11,865,726
Trust fund	4,611,154	4,611,154
	<b>₱60,426,030</b>	<b>₱60,426,030</b>

*b. Impairment*

The adoption of PFRS 9 has fundamentally changed the Club's accounting for impairment losses for financial assets by replacing PAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PFRS 9 requires the Club to recognize an allowance for ECLs for all debt instruments not held at FVTPL and contract assets.

Upon adoption of PFRS 9, impairment losses did not have significant impact on the carrying amounts of the Club's cash in banks and cash equivalents, trade and other receivables, and trust fund as at July 1, 2018.

*c. Hedge accounting*

The Club has no existing hedge relationships as at June 30, 2018, thus will not have an impact on the financial statements of the Club.

- PFRS 15, *Revenue from Contracts with Customers*  
PFRS 15 supersedes, PAS 11, *Construction Contracts*, PAS 18, *Revenue*, and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. PFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be 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.



PFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Club adopted PFRS 15 using the modified retrospective method of adoption with the date of initial application of July 1, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Club elected to apply the standard to all contracts as at July 1, 2018.

The cumulative effect of initially applying PFRS 15 is recognized at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under PAS 18 and related Interpretations.

The effect of adopting PFRS 15 as of July 1, 2018 are as follows:

Statement of financial position

	As of June 30, 2018	Adjustments	As of July 1, 2018
<b>Current Liabilities</b>			
Membership dues paid in advance	P5,550,200	(P5,550,200)	P-
Trade and other payables	697,338	(697,338)	-
Contract liabilities	-	6,247,538	6,247,538

The adoption of PFRS 15 did not have a significant impact on the timing and recognition of revenue.

The nature of the adjustment as at July 1, 2018 and the reason for the change in presentation in the statement of financial position as at June 30, 2019 is that before adoption of PFRS 15, the Club recognized unearned income from the advance payments made by the members as part of "Membership dues paid in advance" and "Trade and other payables" accounts. Under PFRS 15, these advance payments qualify as "Contract liabilities" since the Club has an obligation to transfer goods or services to its members from which the Club has received a consideration.

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 will have a significant impact on its financial statements. The Club intends to adopt the following pronouncements when they become effective.

*Effective beginning on or after July 1, 2019*

- *Amendments to PFRS 9, Prepayment Features with Negative Compensation*  
Under PFRS 9, a debt instrument can be measured at amortized cost or at FVOCI, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from



January 1, 2019, with earlier application permitted. These amendments have no impact on the financial statements of the Club.

- 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.

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 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*  
The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:
  - Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
  - Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

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



The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Club.

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

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

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

The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted. Since the Club does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its financial statements.

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

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*, 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 the interpretation.

- ***Annual Improvements to PFRSs 2015-2017 Cycle***

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

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



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

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments are currently not applicable to the Club but may apply to future transactions.

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

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

An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments are not applicable to the Club.

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

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

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

Since the Club's current practice is in line with these amendments, the Club does not expect any effect on its financial statements upon adoption.

*Effective beginning on or after July 1, 2020*

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

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

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

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





- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*  
The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

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

*Effective beginning on or after January 1, 2021*

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

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

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

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted. PFRS 17 is not relevant to the Club.

*Deferred effectivity*

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

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

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.



Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or
- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period

The Club classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Cash and Cash Equivalents

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

Financial Instruments

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

*Accounting policies on the classification and measurement and impairment of financial assets applied before July 1, 2018*

Initial Recognition and Measurement of Financial Assets

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

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

The Club's financial assets are in the nature of loans and receivables. As at June 30, 2018, the Club does not have financial assets at FVTPL, AFS financial assets, and HTM investments.



#### Subsequent Measurement of Financial Assets

The subsequent measurement of financial assets 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.

This accounting policy applies to the Club's cash and cash equivalents, trade and other receivables and trust fund (see Notes 4, 5, and 9).

#### Impairment of Financial Assets

The Club assesses at each end of the reporting period whether 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 has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

##### *Financial Assets Carried at Amortized Cost*

The Club first 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 the Club determines 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.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of income. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The assets together with the associated allowance are 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.



*Accounting policies on the classification and measurement and impairment of financial assets applied on or after July 1, 2018*

Initial Recognition and Measurement of Financial Assets

Financial assets are measured at fair value on initial recognition, and are subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and FVTPL.

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

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

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

The Club's financial assets are in the nature of financial assets at amortized cost. As at June 30, 2019 the Club has no financial assets classified as FVOCI and FVTPL.

Subsequent Measurement of Financial Assets

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

*Financial assets at amortized cost (debt instruments)*

The Club measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognized in the statement of income when the asset is derecognized, modified or impaired.



The Club's financial assets at amortized cost includes cash and cash equivalents, trade and other receivables, short-term investments under "Other current assets" and trust fund (see Notes 4, 5, 6, and 9).

#### Impairment of Financial Assets

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

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

For cash in banks and cash equivalents, short-term deposits under "Other current assets" account and trust fund, the Club applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Club's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

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

#### *Definition of default*

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

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

Irrespective of the above analysis, the Club considers that default has occurred when a financial asset is more than 45 days past due unless the Club has reasonable and supportable information to demonstrate that a more conservative default criterion is more appropriate.

#### *Credit-impaired financial assets*

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

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event;



- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having
- d) granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- e) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- f) the disappearance of an active market for that financial asset because of financial difficulties.

The Club implements a policy on its receivables, wherein members in the delinquent list or those with accounts that are past due for a certain period are reported to the BOD. The respective shares of the members or of the juridical entities they represent shall be ordered sold by the BOD, through an auction, to satisfy the claims of the Club.

#### *Write-off policy*

The Club writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Club's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in the statement of income.

#### Derecognition of 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*

##### Initial Recognition and Measurement of Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivative designated as hedging instruments in an effective hedge, as appropriate.



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

The Club has no financial liabilities at FVTPL and derivative instruments as at June 30, 2019 and 2018.

#### Subsequent Measurement of Financial Liabilities

##### *Loans and borrowings and Payables*

This is the category most relevant to the Club. After initial recognition, loans and borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of income when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss.

This category applies to trade and other payables, members' deposit and others, and payable to a contractor (see Notes 11, 12 and 14).

#### Derecognition of Financial Liabilities

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

#### Offsetting of 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.

#### Fair Value

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.

#### Inventories

Inventories consist of gasoline, maintenance supplies, spare parts, office supplies and others. Inventories are valued at the lower of cost and net realizable value (NRV). Costs incurred in bringing each product to its present location and condition are accounted for using the first-in, first-out method.

NRV of the saleable merchandise is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. NRV of gasoline, maintenance supplies, spare parts and others is the estimated replacement costs. In determining NRV, the Club considers any adjustment necessary for spoilage, breakage and obsolescence. An allowance for inventory obsolescence is determined based on a regular review and management evaluation of movement and condition of supplies.

#### 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.

#### Impairment of Property and Equipment, Investment Properties and Computer Software

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. The nonfinancial asset's estimated recoverable amount is the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other 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 the 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 the 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.

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 statement of income.

#### 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.

Accumulated Excess of Revenue Over Expenses

Accumulated excess of revenue over expenses represents accumulated net profits (losses).

Revenue Recognition (prior to adoption of PFRS 15)

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Club and the amount of revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and other sales taxes or duties. The Club has generally concluded that it is the principal in its revenue arrangements, except for the concessionaire services, because it typically controls the goods or services before transferring them to the customer.

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.

Revenue Recognition (upon adoption of PFRS 15)

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Club expects to be entitled in exchange for those goods or services. The Club has generally concluded that it is the principal in its revenue arrangements, except for the concessionaire services, because it typically controls the goods or services before transferring them to the customer.

The following are the Club's performance obligations:

*Membership Dues*

Membership dues pertains to monthly member's dues and administration fee charged to the Club's members and past Club presidents, respectively. Revenues are recognized over time when membership dues are due and demandable, net of any discount. Any advance payments are recorded under "Contract liabilities" account in the statement of financial position.

(i) *Variable Consideration*

- a. Discount on annual dues are provided to the members when they pay the annual dues in advance. The discount is equivalent to one-month membership dues and is presented as a reduction to the revenue recognized.
- b. Discount on prompt payments are provided to members when they pay their account balance in full within one month after billing. To estimate the variable consideration for the expected discount on prompt payments, the Club applies the most likely amount.

*Sports and Recreation*

Sports and recreation pertains to fees charged for use of the Club's golf and swimming pool facilities. This also includes the service fee charged for every play of golf. Revenues are recognized overtime when the related services have been rendered.

(i) *Variable Consideration*

- a. Discount on green fees are provided to guests when they purchase coupons which may be redeemed at a later date. Upon redemption, the green fee revenue recognized is net of the discount.

*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 are recognized overtime when the related services have been rendered.

*Corporate Services*

Corporate services pertain to fees charged by the Club for processing members transactions. This includes transfer fees and service charge on playing guests. Transfer fees are transaction fees for transfers of members shares of stocks. Service charges on playing guests are transaction fees or cash requirements in order to process the Club's playing rights to outside individuals. Revenues are recognized overtime when the related services have been rendered.

*Concession Fees*

Concession fees pertains to a fee charged by the Club to its concessionaires in exchange for the right granted to the later to render food and beverage services and sale of goods to its members and guests. The amount of the commission income is based on the terms of the concessionaires' agreements. The



Club acts as an agent on its concession agreements since it does not have control over the specified goods or services that will be delivered by the concessionaires to the Club's members and guests. Revenues are recognized at a point in time when the concessionaire has delivered the goods to the members and guests and the related services have been rendered.

*Revenue from Special Events*

Revenue from special events pertains to fees charged for golf tournaments and Club's social events. Revenue is recognized overtime upon occurrence of the event.

*Patronage Fees*

Patronage fees are consumables that members are entitled to for the consumption of food provided by the Club's concessionaire. Revenue are recognized overtime upon determination of the expired and unconsumed portion of the minimum required purchase of food and beverage, subject to the Club's policy. Any advance payments are recorded under "Contract liabilities" account in the statement of financial position.

*Sale of Properties*

Revenue from sale of properties are recognized at the point in time when control of the asset is transferred to the customer. The Club considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of properties, the Club considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

*Surcharge on Past Due Accounts*

Surcharge on past due accounts are penalties charged to members with delinquent accounts for over 45 days from the statement or cut-off date of the later statement of account until the account is paid in full. Revenues are recognized at a point in time upon collection of the amount charged to the member for delayed payment.

Contract Balances

*Receivables*

A receivable represents the Club's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

*Contract assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Club performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

*Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Club has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Club transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Club performs under the contract.

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.

#### Leases

##### *Determination of Whether an Arrangement Contains a Lease*

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

- (a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
- (b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- (c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
- (d) There is a substantial change to the asset.

When a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances give rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

#### *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.

#### Income Taxes

##### *Current Income Tax*

Current income tax assets and liabilities for the current and the prior period are measured at the amount expected to be recovered from or paid to the taxation authority. The income tax rates and income tax laws used to compute the amount are those that are enacted or substantively enacted at the end of each financial reporting period.

##### *Deferred Tax*

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

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.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and the carryforward benefits of unused tax credits and unused tax losses 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.

The carrying amount of deferred tax assets is reviewed at each end of reporting period and reduced to the extent that it is no longer probable that sufficient future 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 end of reporting period and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the income tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on income tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. Deferred tax relating to items recognized directly in equity is recognized in equity and not in the statement of income.

The Club offsets deferred tax assets and deferred tax liabilities if and only if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

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

#### Provisions

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

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

#### Contingencies

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





Events After the Reporting Date

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

---

**3. Significant Accounting Judgments, Estimates and Assumptions**

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:

*Revenue from contracts with customers*

The Club applied the following judgement that significantly affect the determination of the amount of revenue from contracts with customers:

- *Principal versus agent considerations*

The Club enters into contracts with its concessionaires to perform, on their behalf, sale of goods and services to its members. The Club determined that it does not control the goods before they are transferred to customers. The following factors indicate that the Club does not control the goods before they are being transferred to customers. Therefore, the Club determined that it is an agent in these contracts.

- The Club is not primarily responsible for fulfilling the promise to provide the goods or services.
- The Club's revenue is in the form of a fixed commission income as established in the concession contract with the concessionaires.
- The Club does not have inventory risk before or after the goods has been transferred to the customer.
- The Club has no discretion in establishing the price for the goods and services.

*Operating Lease - Club as Lessor*

The Club has entered into commercial property leases. 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 properties, thus the leases are accounted for as operating leases.

Rental income pertaining to these leases for the years ended June 30, 2019, 2018 and 2017 amounted to ₱15.9 million, ₱13.9 million, and ₱10.5 million, respectively (see Note 21).



Estimations and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Estimating Allowance for Impairment Losses on Trade and Other Receivables (prior to adoption of PFRS 9)*

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.

The carrying value of trade and other receivables amounted to ₱11.9 million as at June 30, 2018. Allowance for impairment losses amounted to ₱1.8 million as at June 30, 2018 (see Note 5).

*Estimation of Provision for ECLs of Trade and Other Receivables (upon adoption of PFRS 9)*

The Club uses a provision matrix to calculate ECLs for its trade and other receivables. The provision rates are based on days past due of each member that have similar loss pattern. The provision matrix is initially based on the Club's historical observed default rates. The Club calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions expected to deteriorate over the next year which can lead to an increased number of defaults in its members, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Club's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Receivables from members that are considered as delinquent for a certain period and the amount due the club has exceeded the credit limit of members as maybe fixed by the BOD from time to time shall be reported to the BOD and their shares of the juridical entities they represent shall thereafter be ordered sold by the BOD at auction to satisfy the claims of the Club as stated in the By-laws. It shall be absolutely prohibited to auction the share of a member whose overdue/delinquent account does not exceed such member's credit limit. As approved by the BOD, the members' credit limit shall be fixed at ₱50 thousand. A member may pay the overdue account at any time before the auction sale.

The carrying value of trade and other receivables amounted to ₱14.0 million as at June 30, 2019. Allowance for ECL amounted to ₱1.8 million as at June 30, 2019 (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, 2019, and 2018, there were no changes made in the estimated useful lives of the Club's property and equipment and investment properties. The carrying amount of property and equipment as of June 30, 2019 and 2018 amounted to P233.2 million and P226.6 million, respectively (see Note 7). The carrying amount of investment properties as of June 30, 2019 and 2018 amounted to P2.9 million and P5.6 million, respectively (see Note 8).

#### *Determining Retirement Benefit Costs*

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuation. 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 obligation amounted to P3.6 million and P5.2 million as of June 30, 2019 and 2018, respectively (see Note 27).

#### *Assessing Recoverability 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, 2019 and 2018, the Club's deferred tax assets amounted to P2.4 million and P2.2 million, respectively (see Note 25).

Temporary deductible differences for which no deferred tax asset was recognized amounted to P10.4 million and P11.8 million as of June 30, 2019 and 2018, respectively (see Note 25).

#### *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 P1.0 million as of June 30, 2019 and 2018 (see Note 15).



#### 4. Cash and Cash Equivalents

	2019	2018
Cash on hand	₱683,475	₱95,000
Cash in banks	23,516,221	17,185,694
Cash equivalents	22,552,946	26,763,456
	<b>₱46,752,642</b>	<b>₱44,044,150</b>

Cash on hand consists of fund for daily operating expenses and undeposited collections. Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short term deposits made for varying periods of up to three (3) months and earns interest at the respective short-term deposit rates.

Interest income earned amounted to ₱0.8 million, ₱0.5 million and ₱0.2 million in 2019, 2018 and 2017, respectively.

#### 5. Trade and Other Receivables

	2019	2018
Members	₱12,624,960	₱10,792,011
Others	3,211,700	2,867,681
	15,836,660	13,659,692
Less allowance for ECL/impairment losses	1,786,899	1,793,966
	<b>₱14,049,761</b>	<b>₱11,865,726</b>

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 which are settled within 30-90 days' term.

As of June 30, 2019 and 2018, the aging analysis of trade and other receivables are as follows:

	2019	2018
Not more than 30 days outstanding	₱8,167,851	₱2,869,660
Beyond 30 days outstanding:		
31-60 days	2,378,158	4,194,933
61-90 days	961,631	1,740,614
Over 90 days	4,329,020	4,854,485
	<b>₱15,836,660</b>	<b>₱13,659,692</b>

The movements in allowance for ECL/allowance for impairment loss are as follows:

	2019	2018
Balances at beginning of year	₱1,793,966	₱1,793,966
Provision (Note 23)	4,066	-
Write-off	(11,133)	-
Balances at end of year	<b>₱1,786,899</b>	<b>₱1,793,966</b>



## 6. Other Current Assets

	2019	2018
Supplies inventory at NRV	P4,162,305	P3,126,119
Prepayments	2,645,648	2,303,144
Short-term investments	666,224	-
Creditable withholding tax (CWT)	494,211	812,920
Others	1,719,924	1,042,870
	<b>P9,688,312</b>	<b>P7,285,053</b>

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

As of June 30, 2019 and 2018, the balance of supplies inventory is as follows:

	2019	2018
Supplies inventory at cost	P4,245,718	P3,265,015
Less allowance for inventory obsolescence	83,413	138,896
Supplies inventory at NRV	<b>P4,162,305</b>	<b>P3,126,119</b>

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

Short-term investments consist of time deposits with maturities of more than three (3) months but less than one (1) year, and earn interest at the respective short-term investment rates.

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 claimed against the income tax due, represents excess of the tax payable and carried over in the succeeding period for the same purpose.

Others pertain to advances on purchases and deferred input VAT.

## 7. Property and Equipment

	2019							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	P9,408,127	P297,140,777	P57,906,802	P30,328,572	P5,414,476	P20,906,379	P2,529,466	P423,634,599
Additions	-	-	-	3,942,399	-	9,878,571	11,973,686	25,794,656
Disposals	(7,820)	-	(2,686,360)	(878,068)	(46,291)	-	-	(3,618,539)
Transfers	-	4,642,857	1,451,361	-	-	-	(6,094,218)	-
Balances at end of year	9,400,307	301,783,634	56,671,803	33,392,903	5,368,185	30,784,950	8,408,934	445,810,716
<b>Accumulated depreciation:</b>								
Balances at beginning of year	-	121,611,914	38,559,256	20,639,205	5,370,603	10,877,050	-	197,058,028
Depreciation (Notes 22 and 23)	-	10,356,121	1,893,975	3,229,002	41,859	3,664,963	-	19,185,920
Disposals	-	-	(2,686,360)	(878,068)	(46,291)	-	-	(3,618,719)
Balances at end of year	-	131,968,035	37,766,871	22,990,139	5,366,171	14,542,013	-	212,633,229
<b>Net book values</b>	<b>P9,400,307</b>	<b>P169,815,599</b>	<b>P18,904,932</b>	<b>P10,402,764</b>	<b>P2,014</b>	<b>P16,242,937</b>	<b>P8,408,934</b>	<b>P233,177,487</b>



2018								
	Land	Land Improvements	Building and Structures	Ground Tools and Service Machinery and Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Construction In Progress	Total
<b>Cost:</b>								
Balances at beginning of year	₱9,411,841	₱280,706,609	₱56,870,804	₱24,381,627	₱3,469,870	₱16,160,508	₱15,338,299	₱408,339,558
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)	-	(1,403,063)
Transfers	-	16,202,168	-	3,508,679	-	-	(19,710,847)	-
<b>Balances 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 22 and 23)	-	8,221,067	1,949,810	2,378,839	30,570	2,554,038	-	15,134,324
Disposals	-	-	-	(312,702)	(55,385)	(1,026,781)	-	(1,394,868)
<b>Balances 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>₱9,408,127</b>	<b>₱175,528,863</b>	<b>₱19,347,546</b>	<b>₱9,689,367</b>	<b>₱43,873</b>	<b>₱10,029,329</b>	<b>₱2,529,466</b>	<b>₱226,576,571</b>

In 2019, the Club sold a parcel of land with a carrying value of ₱8 thousand. Proceeds from the sale of land amounted to ₱3.1 million resulting to a gain of ₱3.1 million. (see Note 17). In 2018, the Club sold a parcel of land with a carrying value of ₱4 thousand. Proceeds from sale of land amounted to ₱2.4 million resulting to a gain of ₱2.4 million (see Note 17).

Total book value of certain fully depreciated property and equipment amounting to ₱3.6 million and ₱1.4 million were disposed resulting to a loss of nil and ₱4 thousand in 2019 and 2018, respectively.

The cost of fully depreciated property and equipment still used in operations amounted to ₱103.9 million and ₱83.0 million as of June 30, 2019 and 2018, respectively.

## 8. Investment Properties

2019			
	North Clubhouse	Land	Total
<b>Cost:</b>			
Balances at beginning of year	₱53,718,366	₱81,265	₱53,799,631
Disposal	-	(7,703)	(7,703)
<b>Balances at end of year</b>	<b>53,718,366</b>	<b>73,562</b>	<b>53,791,928</b>
<b>Accumulated amortization:</b>			
Balances at beginning of year	48,218,771	-	48,218,771
Amortization (Notes 22 and 23)	2,661,210	-	2,661,210
<b>Balances at end of year</b>	<b>50,879,981</b>	<b>-</b>	<b>50,879,981</b>
<b>Net book values</b>	<b>₱2,838,385</b>	<b>₱73,562</b>	<b>₱2,911,947</b>
2018			
	North Clubhouse	Land	Total
<b>Cost:</b>			
Balances at beginning of year	₱53,718,366	₱88,237	₱53,806,603
Disposal	-	(6,972)	(6,972)
<b>Balances at end of year</b>	<b>53,718,366</b>	<b>81,265</b>	<b>53,799,631</b>
<b>Accumulated amortization:</b>			
Balances at beginning of year	45,484,263	-	45,484,263
Amortization (Notes 22 and 23)	2,734,508	-	2,734,508
<b>Balances at end of year</b>	<b>48,218,771</b>	<b>-</b>	<b>48,218,771</b>
<b>Net book values</b>	<b>₱5,499,595</b>	<b>₱81,265</b>	<b>₱5,580,860</b>



In 2019, the Club sold parcel of land with a carrying value of ₱8 thousand. Proceeds from the sale of land amounted to ₱4.4 million resulting to a gain of ₱4.4 million (see Note 17). In 2018, the Club sold land with a carrying value of ₱7 thousand. Proceeds from sale of land amounted to ₱5.3 million resulting to a gain on sale of ₱4.7 million (see Note 17).

Based on the latest appraisal report submitted by Top Consult, Inc., independent appraiser, dated June 14, 2019, the fair value of the land with aggregate land area of 9,577 sqm. and building with total floor area of 2,271 sqm., amounted to ₱45.1 million and ₱32.7 million, respectively. Based on the appraisal report dated July 18, 2018, the aggregate land area of 9,577 sqm. and building with total floor area of 2,271 sqm., amounted to ₱42.2 million and ₱33.6 million. The valuation method used by the appraiser for land and building is Sales Comparison Approach.

Rental income earned from investment property amounted to ₱0.3 million, ₱0.3 million and ₱0.2 million in 2019, 2018 and 2017 (see Note 21). Direct expenses related to investment properties consist mainly of amortization amounting to ₱2.6 million and ₱2.7 million in 2019 and 2018, respectively.

---

#### 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 assets" portion in the statement of financial position.

Trust fund balance amounted to ₱4.8 million and ₱4.6 million as at June 30, 2019 and 2018, respectively. Interest income recognized for the trust fund amounted to ₱31 thousand, ₱32 thousand and ₱38 thousand for the years 2019, 2018 and 2017, respectively.

---

#### 10. Other Noncurrent Assets

	2019	2018
Refundable deposit	₱741,697	₱699,724
Computer software	121,426	174,648
	<b>₱863,123</b>	<b>₱874,372</b>

Refundable deposit pertains to deposits to 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:

	2019	2018
Cost:		
Balance at beginning and end of year	₱2,537,552	₱2,502,552
Additions	78,400	35,000
Balance at end of year	<u>2,615,952</u>	<u>2,537,552</u>
Accumulated Amortization:		
Balance at beginning of year	2,362,904	2,057,147
Amortization (Notes 22 and 23)	131,622	305,757
Balance at end of year	<u>2,494,526</u>	<u>2,362,904</u>
Net book value	<u>₱121,426</u>	<u>₱174,648</u>

#### 11. Trade and Other Payables

	2019	2018
Trade	₱12,691,821	₱6,971,348
Organizations and cooperative	5,848,532	5,693,219
Accrued expenses	4,323,784	3,954,946
VAT payable	790,400	37,357
Concessionaires	450,504	315,092
Others	409,791	763,124
	<u>₱24,514,832</u>	<u>₱17,735,086</u>

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

Organizations and cooperative are loans and advances by the employees from the association which are payable on demand.

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.

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

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

#### 12. Members' Deposits and Others

	2019	2018
Due to former members	₱7,699,969	₱6,261,595
Cash deposits	5,580,000	5,365,000
Security deposit	267,988	257,780
	<u>₱13,547,957</u>	<u>₱11,884,375</u>

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





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.

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

---

**13. Contract Liabilities/Membership Dues Paid in Advance**

	2019	2018
Membership dues paid in advance	P6,099,800	P5,550,200
Tournament deposit	171,429	-
Green fee coupons	376,024	-
Others	107,936	-
	<b>P6,755,189</b>	<b>P5,550,200</b>

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

Tournament deposits pertains to advance payments of the Club's members made for an upcoming golf tournament.

Green fee coupons are issued to Freeport Elite Resorts, Inc. which operates a driving range facility within the Club at a discounted price. The coupons are issued at different prices. These coupons are then sold to Korean guests of the Club also at a discounted price.

Others pertains to the advance payments of the members for dues and fees, and for golf cart storage and locker rentals.

Prior to adoption of PFRS 15, the tournament deposit, green fee coupons and other advance payments are presented as part of "Trade and other payables".

---

**14. Payable to a Contractor**

This pertains to the payable for the construction of the Club's main road, Don Celso S. Tuason Avenue.

On January 3, 2012, the Club and the contractor 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 P4.9 million.

On October 6, 2017, the Club executed a deed of absolute sale with a third-party corporation for a consideration equivalent to the outstanding payable of the Club to a contractor of P4.5 million. In 2019, the transfer of ownership to the third-party corporation was made. Correspondingly, the payable to contractor was settled.

As of June 30, 2019 and 2018, payable to a contractor amounted to nil and P4.5 million, respectively.



### 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, 2019, and 2018, accrued provision for probable claims amounted to ₱1.0 million.

### 16. Members' Equity

#### Capital Stock

	Shares		Amount	
	2019	2018	2019	2018
Common shares - ₱9,000 par value Authorized - 1,800 shares				
Issued				
Balance at beginning of year	1,594	1,593	₱14,346,000	₱14,337,000
Additions during the year	-	1	-	9,000
Balance at end of year	1,594	1,594	₱14,346,000	₱14,346,000

On September 6, 2017, the Club issued one (1) share of stock for ₱300,000 (see Note 29).

#### Accumulated Excess of Revenues Over Expenses

	2019	2018
Accumulated excess of revenues over expenses	₱44,679,159	₱37,713,595
Other comprehensive income (loss) (Note 27): <i>Item not to be reclassified into profit or loss in subsequent periods:</i>		
Beginning balance	2,229,918	2,297,900
Re-measurement gains (losses) on defined benefit obligation	665,822	(67,982)
	2,895,740	2,229,918
Total	₱47,574,899	₱39,943,513



**17. Revenue from Contracts with Customers**

The table below presents the disaggregation of the Club's revenue from contracts with customers:

	2019
<b>Nature of services</b>	
Membership dues (Note 18)	₱52,771,707
Sports and recreation (Note 19)	26,505,536
Assessment for road maintenance	16,060,509
Corporate services	11,022,061
Revenue from special events	9,053,591
Sale of properties (Notes 7 and 8)	7,442,159
Concessionaires' fee (Note 20)	5,730,543
Patronage fees (Note 18)	3,533,774
Surcharge	797,904
Others	2,187,509
	<b>₱135,105,293</b>
<hr/>	
	2019
<b>Timing of revenue recognition</b>	
Services transferred over time	₱121,134,687
Goods transferred at a point in time	13,970,606
	<b>₱135,105,293</b>

Assessment for road maintenance are toll fees charged by the Club to users of the Club's main road, Don Celso S. Tuason Avenue. A specified fix rate is charged for different type of motor vehicles.

Revenue from special events are fees charged to the Club's members for golf tournaments held at the Club. This also includes assessment fees to the Club's members for Club's social events. Tournament fees and assessment fees included under "Miscellaneous income" account in 2018 and 2017 amounted to ₱2.3 million and ₱1.7 million, respectively.

Gain on sale of properties included under "Miscellaneous income" account in 2018 and 2017 amounted to ₱7.0 million and ₱0.4 million in 2018 and 2017, respectively.

Surcharge are penalties charged to members with delinquent accounts for over 45 days from the statement or cut-off date. A surcharge of 5% shall be imposed on any account that remains delinquent including interest of 1% a month until the account is paid in full. Surcharges included under "Miscellaneous income" account in 2018 and 2017 amounted to ₱0.8 million and ₱0.9 million, respectively.

Others pertains to the miscellaneous income earned by the Club such as corkage, commission on art display and sale of scraps. These other income were included under "Miscellaneous income" account in 2018 and 2017 amounted to ₱1.3 million and ₱1.9 million, respectively.



---

## 18. Membership Dues and Patronage Fees

### Membership Dues

Membership dues and assessments are collected by the Club from its members primarily to cover expenses related to the maintenance and, for that matter, are utilized for improvements in the Club's facilities. The collection of these dues and assessments does not arise from any sale of goods or services but are imposed to cover and defray necessary expenses related to the maintenance of, and improvements in, the Club's facilities and as such, no part of the Club's income inures to the benefit of any of its members.

Members' dues recognized amounted to ₱52.8 million, ₱52.4 million and ₱52.4 million in 2019, 2018 and 2017, respectively.

Member's dues paid in advance by its existing members amounted to ₱6.1 million and ₱5.6 million as at June 30, 2019 and 2018, respectively. In 2019, upon the adoption of PFRS 15, members' dues paid in advance is considered as a contract liability of the Club to its members.

### Patronage Fees

Patronage fees are monthly consumables that members are entitled for the consumption of food and beverage provided by the Club's concessionaires that has expired and unconsumed.

Patronage fees recognized amounted to ₱3.5 million, ₱3.7 million and ₱4.1 million in 2019, 2018 and 2017, respectively.

---

## 19. Sports and Recreation

### 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 September 30, 2016, the Club entered into agreement with Freeport Elite Resort, Inc. to purchase 1,000 coupons and another 1,000 coupons upon consumption of all coupons previously purchased. The green fees from Freeport Elite Resort, Inc. amounted to ₱1.0 million, ₱1.6 million and ₱0.86 million in 2019, 2018 and 2017, respectively.

The Club's aggregate green fees earned amounted to ₱24.0 million, ₱22.2 million and ₱17.6 million in 2019, 2018 and 2017, respectively. Service fees charged to guests for every play of golf amounted to ₱1.5 million in 2019. Service fees included under "Miscellaneous income" account in 2018 and 2017 amounted ₱1.3 million, and ₱1.0 million, respectively.

---

## 20. Concessionaires' Fees

	2019	2018	2017
Food and beverage services	₱4,735,860	₱4,149,021	₱2,287,195
Retail services	969,528	986,132	975,454
Spa and barbershop services	25,155	20,679	16,107
	<b>₱5,730,543</b>	<b>₱5,155,832</b>	<b>₱3,278,756</b>



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. On June 15, 2019, the contract was extended for a period of three (3) months, starting from August 1, 2019 up to October 31, 2019. The concessionaire fee recognized from JFMI amounted to ₱1.5 million in 2019 and 2018, and ₱1.0 million in 2017.
- b) Anix's House of Kare-kare (AHK), a local food concessionaire and the Club entered into a concession agreement whereby AHK manages the food and beverage operations of the Club at the Main Clubhouse. The agreement also provides that the concessionaire shall pay a fee of 7% plus VAT of the monthly gross sales for the first six (6) months of operations and 10% plus VAT of the monthly gross sales for the succeeding months or ₱100,000 whichever is higher including catering services contracted for the members and guest and to purchase one (1) share of stock. The share of stock is pledged to the Club which serves as a security deposit to answer for any damages or expenses incurred. The agreement is for a period of three (3) years from January 20, 2017 up to January 19, 2020, subject to renewal at the option of the Club under such terms and conditions to be mutually agreed by the parties. The concessionaire fee recognized from AHK amounted to ₱3.3 million, ₱2.7 million and ₱0.68 million in 2019, 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 outlet, the Club charges a basic minimum monthly concession fee of ₱65,000 or 15% of their gross sales per month inclusive of VAT, 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 ₱0.9 million, ₱1.0 million and ₱0.9 million in 2019, 2018 and 2017, respectively.

**21. Rentals**

	2019	2018	2017
Golf cart rental	₱9,158,518	₱7,989,319	₱5,836,840
Golf cart storage	3,012,128	2,662,047	2,456,074
Venue and room fee	1,078,320	738,168	511,384
Locker rental	944,084	889,763	832,556
Pullcart rental	736,645	629,685	454,580
Driving range	517,032	507,089	-
Communication cell site (Note 8)	305,404	287,655	231,883
Others	193,013	183,016	173,798
	<b>₱15,945,144</b>	<b>₱13,886,742</b>	<b>₱10,497,115</b>



Golf carts, pull carts, and lockers pertain to rental fees charged to members and guests. The Club provides for pull carts to its members and guests in exchange for a rental fee for every play of golf. However, the players may opt to rent a golf cart instead, thus, the pull cart fee will be waived. Rentals of golf carts and lockers 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.

Golf cart storage pertains to rental fees charged to members for keeping the golf carts in reserve within the Club's premises.

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 (3rd) 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, 2019, 2018 and 2017 are as follows:

	2019	2018	2017
Within one (1) year	<b>₱518,452</b>	₱267,857	₱-
More than one (1) year but not more than five (5) years	<b>2,586,579</b>	1,243,125	-
More than five (5) years	<b>3,632,005</b>	6,250,133	-
	<b>₱6,737,036</b>	₱7,761,115	₱-

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. Straight-line amortization of deferred rent amounted to ₱13 thousand in 2019 and 2018.

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 a 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 (2nd) year of the new lease period.

The future minimum lease commitment under this operating lease as of June 30, 2019, 2018 and 2017 are as follows:

	2019	2018	2017
Within one (1) year	<b>₱305,404</b>	₱305,404	₱61,239
More than one (1) year but not more than five (5) years	<b>1,527,020</b>	1,527,020	-
More than five (5) years	<b>687,159</b>	992,563	-
	<b>₱2,519,583</b>	₱2,824,987	₱61,239

Others pertain to rental fees from the Club's housing and employee's canteen.



**22. Cost of Services**

	2019	2018	2017
Outside services	P33,891,093	P30,025,468	P30,160,464
Personnel cost (Note 24)	22,206,954	21,407,116	19,925,636
Depreciation and amortization (Notes 7, 8, and 10)	21,751,957	17,907,874	16,687,593
Utilities	12,066,285	9,588,934	8,258,372
Repairs and maintenance	10,855,913	5,497,280	3,121,313
Supplies	7,644,658	7,178,936	5,356,042
Club events	5,495,985	-	-
Loss on write-off of inventory	-	-	12,724
Others	9,836,755	10,772,803	8,026,268
	<b>P123,749,600</b>	<b>P102,378,411</b>	<b>P91,548,412</b>

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

**23. General and Administrative**

	2019	2018	2017
Personnel costs (Note 24)	P8,173,535	P5,994,242	P7,802,814
Taxes and licenses	4,834,349	4,329,956	3,788,406
Outside services	1,957,876	1,274,064	2,033,379
Bank charges	1,193,201	1,108,371	967,949
Board members' meetings	1,008,652	843,775	686,899
Supplies	852,531	713,381	790,316
Utilities	615,092	504,540	617,389
Depreciation and amortization (Notes 7, 8, and 10)	226,795	286,715	380,503
Interest	10,081	49,808	213,869
Provision for impairment losses (Note 5)	4,066	-	-
Others	1,001,181	879,803	863,479
	<b>P19,877,359</b>	<b>P15,984,655</b>	<b>P18,145,003</b>

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

**24. Personnel Costs**

	2019	2018	2017
Cost of services (Note 22):			
Salaries and wages	P16,961,111	P16,476,142	P14,854,818
Employee benefits	4,117,500	3,846,188	3,651,002
Retirement benefit expense (Note 27)	1,128,343	1,084,786	1,419,816
	<b>22,206,954</b>	<b>21,407,116</b>	<b>19,925,636</b>

*forward*



	2019	2018	2017
General and administrative (Note 23):			
Salaries and wages	₱6,386,145	₱4,497,484	₱6,097,309
Employee benefits	1,509,801	1,177,461	1,346,808
Retirement benefit expense (Note 27)	277,589	319,297	358,697
	<b>8,173,535</b>	<b>5,994,242</b>	<b>7,802,814</b>
	<b>₱30,380,489</b>	<b>₱27,401,358</b>	<b>₱27,728,450</b>

## 25. Income Taxes

The composition of provision for (benefit from) income taxes is:

	2019	2018	2017
Current	₱1,368,860	₱490,823	₱395,935
Deferred	(104,750)	(11,457)	1,271,801
	<b>₱1,264,110</b>	<b>₱479,366</b>	<b>₱1,667,736</b>

- The Club's provision for current income tax pertains to RCIT in 2019 and MCIT in 2018 and 2017.
- 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:

	2019	2018	2017
Income tax at the statutory rate	₱2,468,902	₱3,798,527	₱3,281
Income tax effects of:			
Expired MCIT	–	145,758	464,384
Expired NOLCO	–	368,513	–
Nondeductible expenses	350,208	–	6,250
Interest income subject to final tax	(237,741)	(136,031)	(32,365)
Income subject to capital gains tax	–	(1,417,504)	–
Movement of unrecognized deferred tax assets	(1,317,259)	(2,279,897)	1,226,186
	<b>₱1,264,110</b>	<b>₱479,366</b>	<b>₱1,667,736</b>

- The components of the recognized net deferred tax assets are as follows:

	2019	2018
Deferred tax assets:		
Advanced payments of membership dues and others	₱1,862,321	₱1,665,059
Allowance for impairment losses	536,070	538,190
	<b>2,398,391</b>	<b>2,203,249</b>

*forward*





	2019	2018
Deferred tax liabilities:		
Re-measurement gain on defined benefit obligation	P(1,241,032)	P(955,679)
Rent receivable	(175,425)	(86,128)
Interest income from accretion	(2,329)	(1,234)
	<u>(1,418,786)</u>	<u>(1,043,041)</u>
	<u>P979,605</u>	<u>P1,160,208</u>

The reconciliation of the net deferred tax assets is as follows:

	2019	2018
Balances at beginning of year	P1,160,208	P1,119,616
Benefit from (provision for) deferred tax during the year recognized in:		
Profit or loss	104,750	11,457
OCI	(285,353)	29,135
Balances at end of year	<u>P979,605</u>	<u>P1,160,208</u>

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:

	2019	2018
Retirement benefit obligation	P7,782,353	P8,375,073
MCIT	-	1,283,826
Unrecognized past service cost	1,633,026	1,151,748
Accrued provision for probable claims	1,019,740	1,019,740
	<u>P10,435,119</u>	<u>P11,830,387</u>

- d. As at June 30, 2019, the Club does not have NOLCO that can be claimed as deductions from future taxable income.
- e. As at June 30, 2019, the Club does not have MCIT that can be claimed as deductions from future taxable liabilities, as follows:

Year Incurred	Year of Expiration	MCIT	Applied	Balance
2016	2019	P397,068	P397,068	P-
2017	2020	395,935	395,935	-
2018	2021	490,823	490,823	-
		<u>P1,283,826</u>	<u>P1,283,826</u>	<u>P-</u>

Movements in excess of MCIT over RCIT follow:

	2019	2018
Beginning balances	P1,283,826	P938,761
Additions	-	490,823
Expirations	-	(145,758)
Applications	(1,283,826)	-
Ending balances	<u>P-</u>	<u>P1,283,826</u>



---

## 26. Related Party Transactions

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. 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 loans represent 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 loans bear annual interest rate of 3% in 2017. The loan is secured by unissued shares of stock of the Club. There are no short-term loans in 2019 and 2018.

Interest incurred on the short-term loan amounted to ₱20 thousand in 2017.

### Key Management Personnel Compensation

Compensation of key management personnel amounted to ₱2.5 million, ₱0.8 million and ₱1.3 million in 2019, 2018 and 2017, 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:

	2019	2018	2017
Beginning balance	31	531	550
Additions during the year	3,380	2,804	2,794
Issuances during the year	(3,046)	(3,304)	(2,813)
Ending balance	365	31	531

The amount of green fees charged to playing guest ranges from ₱921 to ₱1,721. 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.

---

## 27. 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 Club's retirement fund is being held in trust by a trustee bank.

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:

	2019	2018	2017
Service cost	<b>₱1,055,974</b>	₱1,144,582	₱1,344,762
Net interest cost:			
Interest cost on benefit obligation	<b>1,467,337</b>	1,091,187	955,155
Interest income on plan assets	<b>(1,117,379)</b>	(831,686)	(521,404)
<b>Retirement benefit expense</b>	<b>₱1,405,932</b>	₱1,404,083	₱1,778,513

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

	2019	2018	2017
Actuarial losses (gains):			
Experience adjustments	<b>(₱1,992,350)</b>	₱1,049,691	(₱793,571)
Changes in financial assumptions	<b>1,749,818</b>	(2,162,468)	(2,472,914)
Changes in demographic assumptions	<b>(222,669)</b>	(130,737)	(3,139,027)
	<b>(465,201)</b>	(1,243,514)	(6,405,512)
Return on plan assets excluding the amount included in net interest cost	<b>(485,974)</b>	1,340,631	89,736
<b>Re-measurement losses (gains) on defined benefit obligation</b>	<b>(₱951,175)</b>	₱97,117	(₱6,315,776)

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

	2019	2018
Balances at beginning of year	<b>(₱3,185,597)</b>	(₱3,282,714)
Actuarial loss (gain)	<b>(465,201)</b>	(1,243,514)
Return on assets excluding amount included in net interest cost	<b>(485,974)</b>	1,340,631
	<b>(4,136,772)</b>	(3,185,597)
Income tax effect	<b>1,241,032</b>	955,679
<b>Total amount recognized in OCI</b>	<b>(₱2,895,740)</b>	(₱2,229,918)



Movements in retirement benefit obligation in 2019 and 2018 are as follows:

	2019	2018
Balances at beginning of year	₱5,189,476	₱5,686,930
Retirement benefit expense	1,405,932	1,404,083
Contributions paid	(1,998,654)	(1,998,654)
Remeasurement losses (gains) recognized in OCI	(951,175)	97,117
<b>Balance at end of year</b>	<b>₱3,645,579</b>	<b>₱5,189,476</b>

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

	2019	2018
Balances at beginning of year	₱21,204,293	₱20,666,429
Current service cost	1,055,974	1,144,582
Interest cost	1,467,337	1,091,187
Net actuarial loss (gain) due to:		
Experience adjustments on plan liabilities	(1,992,350)	1,049,691
Changes in financial assumptions	1,749,818	(2,162,468)
Changes in demographic assumptions	(222,669)	(130,737)
Benefits paid from plan assets	(1,734,104)	(454,391)
<b>Balances at end of year</b>	<b>₱21,528,299</b>	<b>₱21,204,293</b>

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

	2019	2018
Balances at beginning of year	₱16,014,817	₱14,979,499
Interest income on retirement plan assets	1,117,379	831,686
Actual contributions	1,998,654	1,998,654
Actual return excluding amount included in net interest cost	485,974	(1,340,631)
Benefits paid	(1,734,104)	(454,391)
<b>Balances at end of year</b>	<b>₱17,882,720</b>	<b>₱16,014,817</b>

Retirement obligation as reported in the statement of financial position:

	2019	2018
Present value of benefit obligation	₱21,528,299	₱21,204,293
Fair value of retirement plan assets at end of year	(17,882,720)	(16,014,817)
	<b>₱3,645,579</b>	<b>₱5,189,476</b>

The major categories of plan assets are as follows:

	2019	2018
Deposit in banks	₱177,297	₱12,223
Investment in government securities	10,377,162	9,816,158
Other securities and debt instruments	4,351,000	3,196,000
Shares of stock	2,802,057	2,807,731
Accrued interest receivable	186,416	173,225
Other receivables	11,464	29,983
Accrued trust fees and other payables	(22,676)	(20,503)
	<b>₱17,882,720</b>	<b>₱16,014,817</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:

	2019	2018
Discount rate	5.38%	6.92%
Future salary increases	3.00%	3.00%
Turnover rate	8% at age 19 to 24 7% at age 45	8% at age 19 to 24 7% 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%	(P1,165,594)
	-1%	1,287,773
Salary increase rate	+1%	P1,305,761
	-1%	(1,202,316)

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

	2019	2018
Year 1	P962,082	P2,724,923
Year 2	2,716,133	1,240,477
Year 3	4,412,466	1,654,478
Year 4	2,691,975	6,436,729
Year 5	6,726,755	5,159,382
Year 6 - 10	9,256,275	10,553,860

The average duration of the defined benefit obligation is 5.7 years as of June 30, 2019 and 2018.

The Club's latest actuarial valuation report was as of June 30, 2019. It also expects to contribute nil in 2020.



## 28. Financial Instruments

### Financial Risk Management Objectives and Policies

The Club's principal financial liabilities comprise of trade and other payables, members' deposit and others. 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 in banks and cash equivalents, trade and other receivables, short term investments under "Other current assets", 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*

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Club manages credit risk by establishing credit limits at the level of the individual borrower, corporate relationship and industry sector. Also, the Club transacts only with recognized third parties.

In addition, receivables balances are monitored on an ongoing basis with the result that the Club's exposure to bad debts is not significant. Provision for ECL/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:

	2019	2018
	<i>Amortized cost</i>	<i>Loans and receivables</i>
Cash in banks and cash equivalents	₱46,069,167	₱43,949,150
Trade and other receivables	15,836,660	13,646,978
Short-term investments under "other current assets"	666,224	-
Trust fund	4,773,793	4,611,154
	<b>₱67,345,844</b>	<b>₱62,207,282</b>

#### *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, 2019

	<u>Neither past due nor impaired</u>		Past due but not impaired	Past due and individually impaired	Total
	High grade	Standard grade			
<i>Amortized cost:</i>					
Cash in banks and cash equivalents	₱46,069,167	₱-	₱-	₱-	₱46,069,167
Trade and other receivables:					
Trade receivables	2,139,402		8,698,659	1,786,899	12,624,960
Others	-	3,211,700	-	-	3,211,700
Short-term investments under "other current assets"	666,224	-	-	-	666,224
Trust fund	4,773,793	-	-	-	4,773,793
	<b>₱53,648,586</b>	<b>₱3,211,700</b>	<b>₱8,698,659</b>	<b>₱1,786,899</b>	<b>₱67,345,844</b>



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			
<i>Loans and receivables:</i>					
Cash in banks 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
	<u>P50,453,554</u>	<u>P2,854,969</u>	<u>P7,104,793</u>	<u>P1,793,966</u>	<u>P62,207,282</u>

Cash in banks and cash equivalents, short-term investments under “other current assets” and trust fund are considered as high grade since these are deposited with reputable financial institutions.

High grade trade receivables pertain to those receivables from customers that consistently pay before the maturity date. Standard grade receivables include other receivables that are collected on their due dates even without an effort from the Club to follow them up.

Past due but not impaired trade receivables include those that are past due but are still collectible.

Past due and individually 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.

*Impairment of financial assets*

The Club’s financial assets that are subject to the ECL model consists of cash in banks and cash equivalents, trade and other receivables, short-term investments under “other current assets” and trust fund.

With respect to credit risk for these financial assets, the Branch’s maximum exposure equals to the carrying amount of these instruments. The Club has impaired financial assets amounting to P1.8 million as at June 30, 2019 and 2018 (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, 2019 and 2018, 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.



*Cash in banks and cash equivalents, trade and other receivables, short-term deposits under "other current assets", trust fund, trade and other payables, and members' deposit and others*

The carrying values of cash in banks and cash equivalents, trade and other receivables, short-term deposits under "other current assets" trust fund, trade and other payables, and members' deposit and others and payable to a contractor, approximate their fair values due to the relatively short-term maturity of these financial instruments.

As of June 30, 2019, and 2018, 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. The Club considers total member's equity as capital.

	2019	2018
Capital stock	₱14,346,000	₱14,346,000
Contributions in excess of par value	201,627,772	201,627,772
Accumulated excess of revenues over costs and expenses	47,574,899	39,943,513
	<u>₱263,548,671</u>	<u>₱255,917,285</u>

No changes were made in the objectives, policies or processes for the years ended June 30, 2019 and 2018.

---

#### 29. 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.

---

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

On November 25, 2010, the BIR issued RR 15-2010 prescribing the manner of compliance in connection with the preparation and submission of financial statements accompanying the tax returns. It includes provisions for additional disclosure requirements in the notes to the financial statements, particularly on taxes, duties and licenses paid or accrued during the year. The Club reported and/or paid the following types of taxes in 2019:





a. 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:

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

	Net Sales/ Receipts	Output VAT
Taxable sales:		
Sales of services	P136,695,102	P16,403,413
Membership dues collected in advance	8,546,053	1,025,526
Exempt sales	46,232,545	-
Exempt membership dues collected in advance	3,689,621	-
	P195,163,321	P17,428,939

ii. Input VAT

Balance at July 1, 2018	P-
Current year's domestic purchases/payments for:	
Goods other than for resale or manufacture	3,900,634
Capital goods exceeding P1,000,000	356,061
Domestic purchases of services	8,745,449
	13,002,144
Applied against output tax	(13,002,144)
Balance at June 30, 2019	P-

b. Withholding Taxes

Withholding taxes on compensation and benefits	P190,579
Expanded withholding taxes	2,280,141
	P2,470,720

c. Other Taxes and Licenses

Real estate taxes	P3,350,045
Business taxes (local business tax)	1,397,650
Documentary tax	86,655
	P4,834,350

d. Tax Assessments

The Club did not receive any final tax assessments in 2019, 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.	11,090,094.11	11,090,094.11	11,090,094.11	64,219.54
2. Security Bank & Trust Co.	11,462,852.18	11,462,852.18	11,462,852.18	416,494.37
	<u>22,552,946.29</u>	<u>22,552,946.29</u>	<u>22,552,946.29</u>	<u>480,713.91</u>

chedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Pricipal 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	12,713.99	180,208.00	171,499.00		21,422.99		21,422.99
2	Locators	.00	713,952.08	713,952.08		0.00		0.00
3	Pacsport Phils.	190,338.44	1,157,083.08	1,145,862.77		201,558.75		201,558.75
4	SSS- sickness benefits	37,975.00	65,120.00	9,925.00		93,170.00		93,170.00
5	Suppliers	35,800.00	6,770,897.41	6,657,997.41		148,700.00		148,700.00
6	Various Sponsors	250,000.00	373,400.00	433,400.00		190,000.00		190,000.00
7	Various Banks	167,533.25	703,350.48	786,546.19		84,337.54		84,337.54
8	Employees Canteen	.00	138,027.22	134,493.74		3,533.48		3,533.48
9	ANIX Restaurant	597,053.18	4,615,589.99	4,566,219.83		646,423.34		646,423.34
10	Others -employees	222,108.16	468,155.10	477,533.36		212,729.90		212,729.90
11	BALI SPA/Barber Shop	4,308.00	52,797.71	51,980.01		5,125.70		5,125.70
12	FREEPORT/PRIME SPORTS	160,042.37	1,048,156.74	1,065,314.09		142,885.02		142,885.02
13	SMART	177,374.83	1,062,362.80	1,044,931.86		194,805.77		194,805.77
14	Goldcross Security	.00	47,261.54	6,684.24		40,577.30		40,577.30
15	JAY J'S Restaurant	326,100.28	2,371,154.94	2,367,538.68		329,716.54		329,716.54
16	Celestial Security	11,399.86	50,219.07	51,179.17		10,439.76		10,439.76
17	Caddie Association	3,516.86	.00	1,000.00		2,516.86		2,516.86
18	VMJ Evergreen	136,259.80	3,432,634.95	3,453,256.54		115,638.21		115,638.21
19	Other supplier	4,743.75	50.00	4,743.75		50.00		50.00
20	GAUDAN	243,320.78	.00	60,000.00		183,320.78		183,320.78
21	SMART/FREEPORT-rent	287,092.22	297,656.00	.00		584,748.22		584,748.22
		<u>2,867,680.77</u>	<u>23,548,077.11</u>	<u>23,204,057.72</u>	<u>.00</u>	<u>3,211,700.16</u>	<u>.00</u>	<u>3,211,700.16</u>

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)	Number of shares or principal amount of bonds and notes (2)	Amount in Pesos	Equity in earnings (losses of investees for the period (3)	Beginning Balance		Additions		Deductions		Ending Balance	
				(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
N.A.	N.A.	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	699,723.94	41,973.18				741,697.12
Computer soft-ware & systems	174,647.60	78,400.00	131,621.57			121,426.03
	<u>874,371.54</u>	<u>120,373.18</u>	<u>131,621.57</u>	<u>0.00</u>	<u>0.00</u>	<u>863,123.15</u>

Schedule F. Long Term Debt

Title of issue and type of obligation ( 1 )	Amount authorized by indenture	Amount shown under caption "Current 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 Vallesteros. 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 2019, 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 Mr. Alexis Benjamin C. Zaragoza III. For the current Fiscal Year 2019 the handling partner is Mr. Peter John R. Ventura. 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
Jaime Victor J. Santos	47	Filipino	President	3 yrs. 2016 - Present
Albert DG. San Gabriel	48	Filipino	Vice-President	3 yrs. 2017 - Present
Wilfredo G. Manahan	54	Filipino	Treasurer	3 yrs. 2017 - Present
Leopoldo M. Garcia	70	Filipino	Asst. Treasurer	3 yrs. 2018 - Present
Virgilio C. Bucat	60	Filipino	Director	3 yrs. 2016 - Present
Augusto A. Cruz, Jr. *	65	Filipino	Director	3 yrs. 2016 - Present
Jeremy Z. Parulan *	61	Filipino	Director	3 yrs. 2017 - Present
Albert G. Que *	61	Filipino	Director	3 yrs. 2018 - Present
Ronald O. Solis	59	Filipino	Director	3 yrs. 2018 - Present
Rio Sesinando E. Venturanza	61	Filipino	Corporate Secretary	N.A.
* Independent Director				

**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.

**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 and the 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, Membership and Marketing & Reciprocity Committees.



**Engr. Leopoldo M. Garcia** is a Club Member since June 2015. He is the President & CEO of Polzon Enterprises and President and CEO of Symanpro Manpower Service Contractor Corporation. He was a member of the Grounds Committee in 2017-2018 and is currently the Chairman of the Administration 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 Security 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 Audit 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 Sports & Games Committee

**Mr. Albert G. Que** is a Club Member since July 2003 as Playing Guest and became Proprietary Member in November 2007. He is the President and CEO of Integrated Pipe Specialist. He is currently the Chairman of the Grounds and Engineering/Construction Committees

**Atty. Ronald O. Solis** is a Club Member since June 2003. He is the Senior Partner in Solis Medina Limpingco & Fajardo Law Offices, President of UP Sigma Rho Council, Lecturer in UP Diliman and the College of Law, Lyceum of the Philippines and First Vice-President and Director of the Philippine Electronics & Telecommunications Federation Inc. He is currently the Chairman of the Legal and Real Estate 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. He is a graduate of Bachelor of Laws in the University of the Philippines.

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. Cliff M. Friedman** was born on Oct. 24, 1958 in USA and is now 60 years old. Mr. Friedman started his employment with Valley Golf last June 11, 2019 with a 2-year contract up to June 12, 2021. He is a graduate of Associate of Arts, Secondary Education in Northern Marianas College, Saipan, Northern Marianas Islands. His last previous employment is with Bana Hills Golf Club in Danang Vietnam.

**Mr. Dan L. Salvador III** was born on June 5, 1964 in Paranaque City and is now 55 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 as General Manager last July 28, 2018 and his contract ended on June 22, 2019.

**Ms. Rosanna R. Arguelles** was born on October 9, 1963 in Antipolo City and is now 55 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 56 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 57 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 Year	Salary/month	13 <sup>th</sup> month	Bonus
Cliff Friedman	General Manager	2019	100,000.00	for Fiscal year 2020	
Dan Salvador III	General Manager	2019	130,000.00	55,561.64	21,362.88
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
		2019	85,817.00	85,817.00	32,573.27
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

		2019	50,753.00	50,753.00	21,803.42
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
		2019	32,500.00	32,500.00	15,945.00

### 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	Jaime Victor J. Santos	1 share	Filipino	Negligible
Ordinary	Albert DG. San Gabriel	1 share	Filipino	Negligible
Ordinary	Wilfredo G. Manahan	1 share	Filipino	Negligible
Ordinary	Leopoldo M. Garcia	1 share	Filipino	Negligible
Ordinary	Virgilio C. Bucat	1 share	Filipino	Negligible
Ordinary	Augusto A. Cruz, Jr.	1 share	Filipino	Negligible
Ordinary	Jeremy Z. Parulan	1 share	Filipino	Negligible
Ordinary	Albert G. Que	1 share	Filipino	Negligible
Ordinary	Ronald O. Solis	1 share	Filipino	Negligible
Ordinary	Rio Sesinando 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 – 78 pages
- D. Minutes of the September 23, 2018 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 July 19, 2018, Valley Golf submitted the Current Report 17-C on the appointment of the new General Manager, Mr. Dan L. Salvador III
- b. On Sept. 27, 2018, 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. 23, 2018.
- c. On Sept. 27, 2018, 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. 23, 2018 Stockholders' meeting.
- d. On Oct. 24, 2018, Valley Golf submitted the Current Report 17-C on the appointment of the Chairman and Members of the Audit Committee, Chairman and Members of the Remuneration and Compensation Committee, the appointment of the Asst. Treasurer and the hiring of the Internal Auditors.
- e. On Nov. 9, 2018, Valley Golf submitted 17-Q for the quarterly report for the first quarter.
- f. On Nov. 22, 2018, Valley Golf submitted the Current Report 17-C on the attendance of General Manager Dan L. Salvador III in the Seminar on Corporate Governance Orientation Program on Nov. 20, 2018 at the Institute of Corporate Directors.
- g. On Jan. 10, 2019, Valley Golf submitted the current report 17-C on compliance with the Manual of Corporate Governance for the year ended December 31, 2018.
- h. On Feb 8, 2019, Valley Golf submitted 17-Q for the quarterly report for the second quarter.
- i. On May 9, 2019, Valley Golf submitted 17-Q for the quarterly report for the third quarter.
- j. On June 13, 2019, Valley Golf submitted the Current Report 17-C on the appointment of the new General Manager, Mr. Cliff M. Friedman.
- k. On June 19, 2019, Valley Golf submitted the Current Report 17-C on the members of the Committee on Elections and Nominating Committee.

## 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 , 2019.

VALLEY GOLF & COUNTRY CLUB, INC.


By:


  
JAIME VICTOR J. SANTOS  
Principal Executive Officer/  
President

  
WILFREDO G. MANAHAN  
Principal Financial Officer/  
Treasurer

  
RIO SESINANDO E. VENTURANZA  
Corporate Secretary

  
CLIFF M. FRIEDMAN  
General Manager/Compliance  
Officer

  
ROSANNA R. ARGUELLES  
Comptroller/Head Controllers'  
Division

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

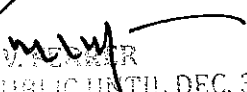
OCT 03 2019

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2019  
affiants exhibiting to me their valid ID's, as follows:

Name

Jaime Victor J. Santos	TIN No. 183-903-577
Wilfredo G. Manahan	TIN No. 109-940-874
Rio Sesinando E. Venturanza	TIN No. 100-699-738
Cliff M. Friedman	TIN No. 205-657-276
Rosanna R. Arguelles	PRC ID No. 069065
Elda C. Jugo	TIN No. 102-778-591

Doc. No. 330 ;  
Page No. 66 ;  
Book No. XIII ;  
Series of 2019

  
~~ANDREW V. VILLAR~~  
NOTARY PUBLIC UNTIL DEC. 31, 2019  
PTR NO. 11324183A; 01/03/19  
IBP OR NO. 058312; 01/03/19  
**NOTARY PUBLIC**  
Rizal Chapter / MCLR Compliance ?  
No. V-0026182, December 27, 2017  
Roll No. 39811 / Appointment No. 18-09,  
No. 9, A. Bonifacio Ave., Calamba, Rizal





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

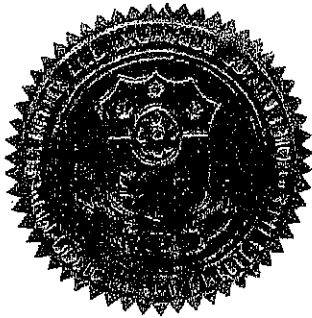
**VALLEY GOLF & COUNTRY CLUB, INC.**

[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

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

Document I.D.

LCU

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 Unjieng, Benito	Manila	1	10,000.00
Dampierre, 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
Jalbuena, 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
Velliguth, 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
Alaftris, 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 Unjieng, Benito	Manila	3,500.00
Dampierre, 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
Jaibuena, 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
		<u>P 350,000</u>

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  
CELSO 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 GARANDANG**  
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

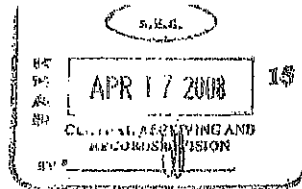
(Sgd.)  
**ORLANDO C. PARAY**  
Secretary

**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.

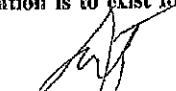
**DIRECTORS' CERTIFICATE**





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. 100-143-453  
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

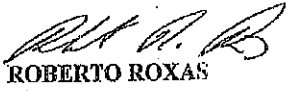
  
**BONIFACIO SUMBILLA**  
Treasurer/Director  
TIN No. 150-146-618  
Res. Cert. No. 14723842  
Issued at Cainta, Rizal  
on January 3, 2008

  
**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





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

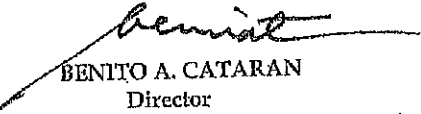
KNOW ALL PERSONS BY THESE PRESENTS:

THIS IS TO CERTIFY that the Amended By-Laws of

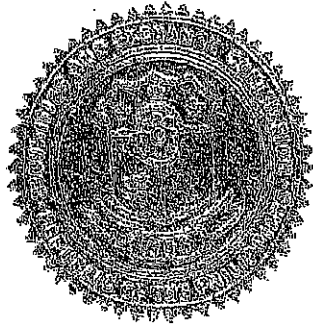
**VALLEY GOLF & COUNTRY CLUB, INC.**

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 24 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

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 A V E N U E  
V I C T O R I A V A L L E Y A N T I P O L O C I T Y

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

TESS GAN

Contact Person

638-04-00

Company Telephone Number

0 6 3 0

Month

Day

Fiscal Year

Amended By-Laws

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

Total No. of Stockholders

Foreign

To be accomplished by SEC Personnel concerned

RECORDS  
To be accomplished by SEC Personnel concerned

File Number

Document I.D.

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 filing 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 PB.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

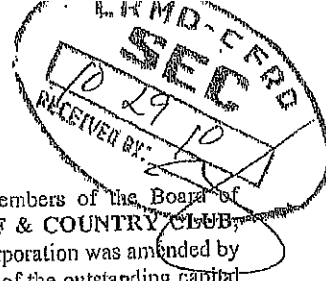
These By-Laws shall be deemed to be complete and shall repeal the By-Laws, including amendments adopted prior to this date.  
Adopted June 6, 1958, at Manila, Philippines.

(Sgd.) Francisco R. Aguinaldo	(Sgd.) Tomas B. Aguirre
(Sgd.) Arturo A. Alariz	(Sgd.) J. Antonio Araneta
(Sgd.) <i>Luis Ma. Araneta</i>	(Sgd.) Chest Babst
(Sgd.) Charles T. Blacoff	(Sgd.) Manuel Barredo
(Sgd.) Constantino Bautista	(Sgd.) Henry Belden
(Sgd.) Henry E. Bennett	(Sgd.) <i>Enrique Brias</i>
(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.) <i>Felix Cortes</i>
(Sgd.) Bienvenido Cruz	(Sgd.) Benito Cu Urjieng
(Sgd.) <i>Alfonso R. de Dampere</i>	(Sgd.) <i>Pompayo Diaz</i>
(Sgd.) Jose Ferla	(Sgd.) Jose Fernandez
(Sgd.) Robert Fleder	(Sgd.) <i>Isauro Cabaldon</i>
(Sgd.) Regino D. Gamboa	(Sgd.) Antonio Gonzales
(Sgd.) Rafael Gonzales	(Sgd.) <i>Oscar E. Guerrero</i>
(Sgd.) F.R. Halling	(Sgd.) Frank Huang
(Sgd.) B.R. Jalbuena	(Sgd.) <i>Ernest Kahn</i>
(Sgd.) Jose Klar	(Sgd.) Andres Liboro
(Sgd.) P.L. Lim	(Sgd.) <i>Peter Lim</i>
(Sgd.) Jose Locsin	(Sgd.) Manuel Lopa
(Sgd.) Honrado G. Lopez	(Sgd.) <i>G.H. Lovell</i>
(Sgd.) Alfredo Luz	(Sgd.) Antonio P. Madrigal
(Sgd.) Jose P. Madrigal	(Sgd.) <i>Constantino P. Manahan</i>
(Sgd.) Raul Manglapus	(Sgd.) Ricardo S. Manoloc
(Sgd.) Faustino Matilla	(Sgd.) <i>Antonio Miranda</i>
(Sgd.) Sergio Montinola, Sr.	(Sgd.) Aurelio Montinola, Jr.
(Sgd.) Sergio Montinola	(Sgd.) <i>Karl Nathan</i>
(Sgd.) J.E. Norton	(Sgd.) Sebastian Oliveros
(Sgd.) Eduardo Ortigas	(Sgd.) <i>Francisco Ortigas</i>
(Sgd.) Rafael Ortigas	(Sgd.) Miguel Perez
(Sgd.) Evaristo Picazo	(Sgd.) <i>Santiago Pironell</i>
(Sgd.) J.B. Preysler	(Sgd.) Carlos Quirino
(Sgd.) Alfonso Recto	(Sgd.) <i>Narciso Reyes, Jr.</i>
(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. Yujulco

(Sgd.) Eduardo Roxas  
(Sgd.) Luis S. Santayana  
(Sgd.) Andres Soriano, Jr.  
(Sgd.) Washington Sycip  
(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 Siong  
(Sgd.) Alejandro S. Yujulco  
(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

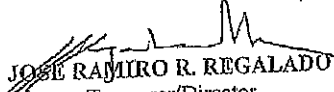
Section 1. Board of Directors – The business and property of the Club shall be managed by a Board of nine (9) Directors. At the next annual stockholders' meeting, nine (9) Directors shall be elected, the first three (3) Directors receiving the highest number of votes shall serve for a term of three (3) 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.

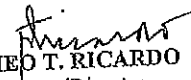
No more than sixty (60) days prior to the annual meeting of stockholders, the President with the approval of the Board of Directors, shall appoint a nominating Committee of five (5) stockholders, three (3) of whom are not Directors. The said nominating Committee shall prepare, sign and post at least 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)

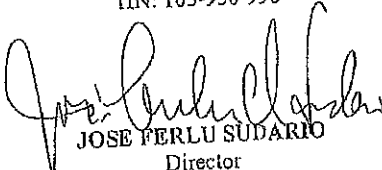
IN WITNESS WHEREOF, we hereby set our hands this 7<sup>th</sup> day of OCT 2010  
2010, at Makati City, Philippines.

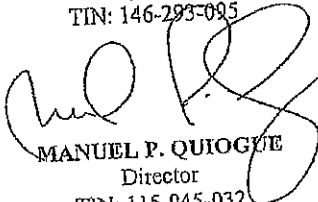
  
BERNADO P. CRUZ  
President/Director  
TIN: 128-282-687

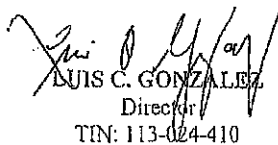
ROBERTO ROXAS  
Vice President/Director  
TIN No. 106-207-376

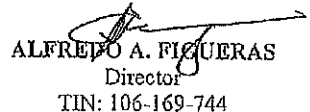
  
JOSE RAMIRO R. REGALADO  
Treasurer/Director  
TIN: 103-950-996

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

  
JOSE FERLU SUDARIO  
Director  
TIN: 125-972-748

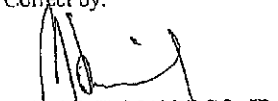
  
MANUEL P. QUIOGTE  
Director  
TIN: 115-945-032

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

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

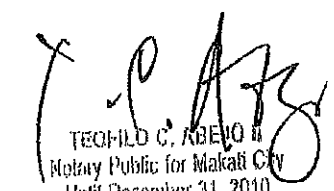
VISAURO SAN PEDRO, JR.  
Director  
TIN: 115-968-382

Certified Correct by:

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

SUBSCRIBED AND SWORN to before me this 28 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.

  
TEOFILO C. ABEJO II  
Notary Public for Makati City  
Until December 31, 2010  
PTR No. 5447349 01/06/09; Rizal  
UP No. 769880; 01/06/09; Makati City  
Roll No. 30031

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

Held at the Board Room, Main Clubhouse  
Valley Golf & Country Club, Inc.,  
Don Celso Tuason Avenue, Antipolo City  
23 September 2018 at 4:00 p.m.

TOTAL NUMBER OF SHARES OUTSTANDING	1,594
TOTAL NUMBER OF SHARES PRESENT/REPRESENTED AND ENTITLED TO VOTE	1,003 (63.00%)

**I. CALL TO ORDER**

The Chairman, Mr. Abraham C. Dela Cruz, 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 Board of Directors together with a copy of the materials for the meeting.

Based on a certificate issued by the Club's stock transfer agent, 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 20 August 2018. A copy of the certificate has been attached to this minutes pursuant to the instruction of the Chairman.

The Secretary certified that, based on the register of attendees and proxies as tabulated by the Stock Transfer Agent, out of 1,594 shares of the total outstanding capital stock of the Club, holders of a total of 1003 shares of stock were present in person or by proxy representing an attendance rate of 63.00% 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**

Mr. Jose Ferlu O. Sudario noticed that his comment during the last stockholders meeting held on 24 September 2017 was just noted by the Board. During the said meeting, he asked the Board why there was a delay in starting the meeting. The Chairman then explained that they waited for the arrival of some members of the Board who represented the Club in a golf tournament. Mr. Sudario then requested the Board to put on record that the Annual Stockholders' meeting held on 24 September 2017 was late and started at 4:30 pm not 4:00 pm as scheduled. The Chairman noted the request.

Upon motion duly made and seconded, the reading of the minutes of the last stockholders' meeting held on 24 September 2017 was dispensed with as the same had previously been circulated/distributed to the stockholders before the annual meeting. The Chairman opened the floor for further questions about the minutes of the 2017 Annual Stockholders' Meeting. There being no further questions raised, the minutes of the last stockholders' meeting was thereafter approved, as corrected/circulated/distributed:

AGENDA ITEM	VOTES IN FAVOR	VOTES AGAINST	ABSTAIN
Approval of Minutes of the Previous Meeting of Stockholders	1003 (63.00%)	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 24 September 2017 be as it is hereby approved.”

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

The Chairman then opened the floor for inquiries relative to the previous year’s minutes.

After a moment of silence, considering that there were no 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 23 September 2018 Annual Stockholders’ meeting as presented.

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

The Chairman made it of record that all stockholders were provided copies of the Club’s Annual Report.

The Chairman then presented the Club’s 2017-2018 Annual Report and Audited Financial Statements. According to him fiscal year 2017-2018 was a relatively good year for the Club. He then presented the key financial performance indicators for 2018 vs. 2017.

Thereafter, the Chairman opened the floor for questions regarding the 2017-2018 Annual Report 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 2017 to 30 June 2018 were, 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 2017-2018 Annual Report and Financial Statements	1003 (63.00%)	0 (0.00%)	0 (0.00%)

The following resolution was likewise approved:

“RESOLVED, that the 2017-2018 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 2017 to 30 June 2018, be as they are hereby approved.”

Mr. Sudario Congratulated the Board of Directors for the good performance and healthy cash flow of the Club headed by Mr. Abraham C. Dela Cruz, as President and Chairman of the Board of Directors. He requested to put on record the significant accomplishments of the Board of

Directors particularly for having earned a net income of ₱13 Million and generating cash flow of up to ₱44 Million.

For the betterment of the Club and upon Mr. Sudario's request, the Board noted and put on record his two concerns.

#### VII. RATIFICATION OF CORPORATE ACTS

The Chairman next presented a list of the acts of the Club's Board of Directors and Management for Fiscal Year July 1, 2017 to June 30, 2018, including disposal of non-performing assets and settlement of cases that may involve disposal of some properties of the Club from the date of the last stockholders' meeting up to this meeting for the stockholders' confirmation, ratification, and approval.

Upon a motion 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 properties of the Club from the date of the last stockholders' meeting up to date of the present meeting being duly made and seconded, and there being no objections thereto, the motion was approved based on the following 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.	1003 (63.00%)	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, 2017 to June 30, 2018, including the disposal of non-performing assets and settlement of cases that may involve disposal of some properties of the Club from the last stockholders' meeting on 24 September 2017 up to the date of this meeting, 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 auditors for the year 2018-2019.

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 auditors for year 2018-2019 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 2018-2019	1003 (63.00%)	0 (0.00%)	0 (0.00%)

The following resolution was likewise approved:



**“RESOLVED, that VALLEY GOLF & COUNTRY CLUB, INC. (the ‘Club’) approve as it hereby approves the re-appointment of Sycip Gorres Velayo & Co. as the Bank’s external auditor, for Year 2018-2019.”**

**IX. ELECTION OF DIRECTORS**

The Chairman announced that the next item in the agenda is the election of the members of the Board of Directors for the ensuing year.

The Chairman next 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.

The Chairman called on the Chairman of the Commission on Elections (Comelec), Atty. Plaridel J. Bohol II, to preside over the election of the new Directors. The other members of the Comelec were Atty. Joel Ferrer and Atty. Felipe T. Cuison. The following were the official nominees:

1. **Jaime Bilbao**
2. **Leopoldo M. Garcia**
3. **Ronald O. Solis**
4. **Albert G. Que**

After the votes were canvassed, the following persons were elected as new members of the Board of Directors of the Club for the year 2018-2019 after receiving the following most number of votes as indicated opposite their respective names:

Nominee	No. of Votes Received		
	In Person	By Proxy	Total
Mr. Leopoldo M. Garcia	2	810	812
Mr. Ronaldo O. Solis	28	759	787
Mr. Albert Que	14	759	773

**IX. OTHER MATTERS**

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

**A. PP Tayawa Two Issues in Proxy Form**

Past President (PP) Tayawa raised some questions regarding the replacement proxy form. He compared the previous years’ procedure to the current one particularly on securing a replacement proxy form. PP Tayawa then suggested to re-visit the procedure in giving out the replacement proxy form.

The President noted the suggested and answered that the matter will be referred to the Comelec for study.

Mr. Renato Balibag raised some concerns coming from some senior members that they were not allowed to vote simply because of the proxy that they have executed. He then moved to change the rules on proxy.

Dir. Parulan commented that Mr. Balibag is suggesting that the Club amend the election procedure on proxy.

Mr. Rogelio Avenido reiterated his observation and that of Mr. Fernando Ramillano Jr.’s that if a shareholder cannot personally attend the election then he should sign a proxy. But

in this case if the shareholder can come and vote, he should be issued a ballot and be allowed to vote. According to him this was the Club's practice and rule before.

Dir. Parulan commented that maybe the Club has to draw a balance between the time required for a proxy to be presented and the time during which a shareholder who signed a proxy can come and personally exercise his right to vote. Maybe, the Club can strike a compromise on the issue raised. He proposed to give the members until 2 o'clock in the afternoon to come and vote by themselves before any proxy can be recognized. A cut-off is necessary because of the need for enough time to have all proxies validated and counted for purposes of the election.

Atty. Bohol commented that according to the Secretariat, Messrs. Avenido and Ramillano Jr., came to personally cast their vote but their proxy was allowed to vote before they did. He explained that if there are complaints on the procedure, the members can post their comment thru email, social media, text and bulletin board and can even revoke their proxies up to the last day given to revoke the same. But even if no such revocation was made, if the shareholder can come in earlier than the proxy, the Comelec will recognize him and allow him to cast his vote. According to him, what happened in this case was that the proxy came in earlier than the shareholder and so was allowed to vote.

Mr. Avenido said that they have read the rules and procedures for the verification and authentication of proxies and election of Directors. He cited the rule in Item 6 which says, "*stockholders who are not represented by Attorney in fact must submit their proxies on or before 5:00 pm of before September 20, 2018. No cancellation or revocation or replacement of proxies shall be allowed after September 20*". He then appealed to reconsider the rules and asked if it was ratified or approved by the Board. Mr. Avenido added that higher priority should be given to stockholders or members of the Club in exercising their right even if they arrive at the last minute.

PP Tayawa said that when a special power of attorney (SPA) is issued, the attorney-in-fact is allowed to issue a proxy after the deadline to submit the SPA. The attorney-in-fact may even request for a replacement proxy. The stockholder in that case may not be able to personally vote because of the replacement proxy. He suggested to change the rules such that if the shareholder has already given an SPA or proxy, no more replacement proxy should be issued to avoid confusion.

Mr. Albert Que on his part suggested to give shareholders a 60-day period up to the time of the Stockholders' meeting to come over to the club to cast their vote. This way the proxy problems can be avoided.

Dir. Parulan agreed with Atty. Bohol and commented that the basic law here is the Corporation Code. The Club cannot amend the law but only its internal procedure in the conduct of the election. Proxies should be honored otherwise there will be stockholders whose votes will not be counted in the election of Directors. According to him the only way to prevent this is for the stockholders to come in early after the polls are open so that they can supersede the proxies previously issued. It is more of a look out on the part of the Stockholders and not the proxies because the latter are just acting on behalf of a principal.

After further discussion, the Board noted all the suggestions and comments of the members and stockholders. However, since this is a stockholders' meeting, all concerns will be referred to the next Board for consideration.

#### ***B. Issue on deceased Member's Estate***

Mr. Rene raised an issue regarding a member who died with pending request for the transfer of his share. In the meantime, his estate continued paying the monthly dues. He moved to re-visit

the procedure. Since the matter raised is a legal issue, the Chairman noted the request and replied that he will refer it to the Legal Committee for further study and recommendation.

*C. Awarding of Plaque*

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


The Corporate Secretary, Atty. Venturanza, together with the members of the Comelec, awarded the plaque of appreciation to: 1) Director Luis G. Quiogue, in recognition of his contributions to Valley Golf for services rendered as a member of the Board of Directors from 2015 to 2018; he served as the Chairman of the Sports Committee from 2015 to 2016, Chairman of the Trust Fund Committee from 2016 to 2018 and Chairman of the Real Estate Committee from 2017 to 2018. 2) Director Luis Manuel S. Polintan who served as member of the Board of Directors from 2015-2018, Vice President from 2016-2018, Chairman of the Audit Committee from 2015-2016, Chairman of the House Committee from 2016-2017 and Chairman of the Security Committee from 2017-2018, and 3) outgoing President Mr. Abraham C. Dela Cruz in recognition of his invaluable services to the Club in his capacity as member of the Board of Directors from 2015 to 2018, President from 2017 to 2018 and Chairman of the Security, Trust Fund, and Real Estate Committee from 2015 to 2016, and Chairman of the Membership and Finance Committee from 2016-2017.

**ADJOURNMENT**

The Chairman inquired whether there are other matters which the stockholders would like to discuss. There being no other matters to be discussed, the meeting was thereupon adjourned.

*Attested by:*

  
ABRAHAM C. DELA CRUZ  
President

  
RIO SESNANDO E. VENTURANZA  
Corporate Secretary