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

Financial Statements
June 30, 2021 and 2020
and Years Ended June 30, 2021, 2020
and 2019

and

Independent Auditor's Report

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BOA/PRC Reg. No. 0001,
August 25, 2021, valid until April 15, 2024
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, 2021 and 2020, 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, 2021, 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, 2021 and 2020, and its financial performance and its cash flows for each of the three years in the period ended June 30, 2021 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 34-2020 and 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 34-2020 and 15-2010 in Note 27 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

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Partner
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PTR No. 8534379, January 4, 2021, Makati City

September 1, 2021

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

STATEMENTS OF FINANCIAL POSITION

	June 30	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱51,715,093**	₱34,087,111
Trade and other receivables (Note 5)	**13,731,908**	16,987,794
Debt instruments at fair value through profit or loss (Note 9)	**10,024,917**	–
Other current assets (Note 6)	**7,994,765**	8,618,146
Total Current Assets	**83,466,683**	59,693,051
Noncurrent Assets		
Property and equipment (Note 7)	**215,385,047**	228,695,886
Investment properties (Note 8)	**214,565**	349,053
Trust fund (Note 9)	**4,811,529**	4,818,615
Deferred tax assets - net (Note 22)	**226,570**	684,991
Other noncurrent assets (Note 10)	**1,758,125**	1,334,964
Total Noncurrent Assets	**222,395,836**	235,883,509
TOTAL ASSETS	**₱305,862,519**	₱295,576,560
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Trade and other payables (Note 11)	**₱16,006,859**	₱16,276,250
Members' deposits and others (Note 12)	**16,888,951**	15,484,520
Contract liabilities (Note 13)	**7,809,771**	7,164,515
Provision for probable claims (Note 14)	**5,668,575**	5,810,669
Total Current Liabilities	**46,374,156**	44,735,954
Noncurrent Liabilities		
Retirement benefit obligation (Note 24)	**5,446,848**	7,976,808
Other noncurrent liability (Note 18)	**137,253**	150,978
Total Noncurrent Liabilities	**5,584,101**	8,127,786
Total Liabilities	**51,958,257**	52,863,740
Members' Equity		
Capital stock (Note 15)	**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 15)	**37,930,490**	26,739,048
Total Members' Equity	**253,904,262**	242,712,820
TOTAL LIABILITIES AND MEMBERS' EQUITY	**₱305,862,519**	₱295,576,560

See accompanying Notes to Financial Statements.

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

STATEMENTS OF INCOME

	Years Ended June 30		
	2021	2020	2019
REVENUES			
Revenue from contracts with customers (Note 16)	**₱122,163,041**	₱123,666,014	₱135,105,293
Rentals (Note 18)	**18,645,114**	15,343,492	15,945,144
Interest income (Notes 4 and 9)	**131,457**	694,990	806,196
Unrealized gain on financial assets at fair value through profit or loss (Note 9)	**36,877**	–	–
	140,976,489	139,704,496	151,856,633
COST AND EXPENSES			
Cost of services (Note 19)	**111,594,261**	131,011,939	123,749,600
General and administrative (Note 20)	**19,631,383**	23,982,266	19,877,359
	131,225,644	154,994,205	143,626,959
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE INCOME TAXES	**9,750,845**	(15,289,709)	8,229,674
PROVISION FOR INCOME TAXES (Note 22)	**328,652**	1,908,635	1,264,110
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	**₱9,422,193**	(₱17,198,344)	₱6,965,564

See accompanying Notes to Financial Statements.

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

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended June 30		
	2021	2020	2019
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	**₱9,422,193**	(₱17,198,344)	₱6,965,564
OTHER COMPREHENSIVE INCOME (LOSS)			
Item not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains (losses) on defined benefit obligation (Note 24)	**2,087,149**	(5,196,438)	951,175
Income tax effect	**(317,900)**	1,558,931	(285,353)
	1,769,249	(3,637,507)	665,822
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱11,191,442**	(₱20,835,851)	₱7,631,386

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

	Years Ended June 30		
	2021	2020	2019
CAPITAL STOCK (Note 15)	**₱14,346,000**	₱14,346,000	₱14,346,000
CONTRIBUTIONS IN EXCESS OF PAR VALUE	**201,627,772**	201,627,772	201,627,772
ACCUMULATED EXCESS OF REVENUES OVER EXPENSES (Note 15)			
Balances at beginning of year	**26,739,048**	47,574,899	39,943,513
Excess (deficiency) of revenues over expenses	**9,422,193**	(17,198,344)	6,965,564
Re-measurement gains (losses) on defined benefit obligation - net of tax	**1,769,249**	(3,637,507)	665,822
Total comprehensive income (loss)	**11,191,442**	(20,835,851)	7,631,386
Balance at end of year	**37,930,490**	26,739,048	47,574,899
TOTAL MEMBERS' EQUITY	**₱253,904,262**	₱242,712,820	₱263,548,671

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CASH FLOWS

	Years Ended June 30		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess (deficiency) of revenues over expenses before income taxes	**₱9,750,845**	(₱15,289,709)	₱8,229,674
Adjustments for:			
Depreciation and amortization (Notes 7, 8 and 10)	**23,455,146**	25,040,564	21,978,752
Movements in:			
Retirement benefit obligation	**(442,811)**	(865,209)	(592,722)
Provision for probable claims	**(142,094)**	4,790,929	–
Interest income (Notes 4 and 9)	**(131,457)**	(694,990)	(806,196)
Unrealized gain on financial assets at fair value through profit or loss (Note 9)	**(36,877)**	–	–
Interest expense (Note 20)	**11,094**	10,575	10,081
Gain on sale of property and equipment and investment properties (Notes 7, 8 and 16)	**(2,250)**	(320,536)	(7,442,159)
Provision for expected credit losses on receivables (Note 5)	–	243,212	(7,067)
Reversal of inventory obsolescence	–	–	(55,483)
Operating income before working capital changes	**32,461,596**	12,914,836	21,314,880
Decrease (increase) in:			
Trade and other receivables	**3,295,247**	(3,139,966)	(2,093,772)
Other current assets	**435,250**	1,015,076	(3,716,636)
Increase (decrease) in:			
Trade and other payables	**(269,391)**	(8,238,582)	6,779,746
Members' deposits and others	**1,404,431**	1,936,563	1,663,582
Contract liabilities	**645,256**	409,326	1,204,989
Payable to contractor	–	–	(4,523,504)
Net cash generated from operations	**37,972,389**	4,897,253	20,629,285
Interest received	**78,371**	639,987	709,274
Interest paid	**(11,094)**	(10,575)	(10,081)
Net cash flows generated from operating activities	**38,039,666**	5,526,665	21,328,478
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment (Note 7)	**(9,983,686)**	(17,926,910)	(25,794,656)
Decrease (increase) in:			
Debt instruments at fair value through profit or loss (Note 9)	**(10,000,000)**	–	–
Other noncurrent assets	**(449,294)**	(541,000)	(120,373)
Trust fund	**19,046**	(44,822)	(162,639)
Proceeds from sale of:			
Property and equipment (Note 7)	**2,250**	320,536	3,100,000
Investment properties (Note 8)	–	–	4,357,682
Net cash flows used in investing activities	**(20,411,684)**	(18,192,196)	(18,619,986)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**17,627,982**	(12,665,531)	2,708,492
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**34,087,111**	46,752,642	44,044,150
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱51,715,093**	₱34,087,111	₱46,752,642

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 members 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, the Club did not collect the related output VAT for membership fees, assessment dues, and fees of similar nature.

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 as at June 30, 2021 and 2020 and for each of the three years in the period ended June 30, 2021 on September 1, 2021.

2. **Summary of Significant Accounting Policies**

<u>Basis of Preparation</u>
The financial statements of the Club have been prepared on a historical cost basis, except for the debt instruments at fair value through profit or loss (FVTPL) and trust fund which are measured at fair value. The financial statements are presented in Philippine peso (₱), which is the Club's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

The financial statements provide comparative information in respect of the previous period.

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, 2020. Adoption of these pronouncements did not have any significant impact on the Club's financial position or performance.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*
- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*
- Amendments to Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*
- Conceptual Framework for Financial Reporting issued on March 29, 2018
- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

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

Effective beginning on or after July 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform - Phase 2*

Effective beginning on or after July 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after July 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- PFRS 17, *Insurance Contracts*

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*

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.

Financial Assets
Initial Recognition and Measurement of Financial Assets
Financial assets are classified, at initial recognition, as 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 the Club initially measures a financial asset at its fair value plus, in the case of financial assets not at FVTPL, transaction costs.

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 solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

Purchases or sales of financial assets that require delivery of assets within 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 and financial assets at FVTPL. The Club has no financial assets at FVTPL as of June 30, 2020, and no financial assets at FVOCI as of June 30, 2021 and 2020.

<u>Subsequent Measurement of Financial Assets</u>
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 effective interest rate (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 and trust fund (see Notes 4, 5 and 9).

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

Financial assets at FVTPL are carried in the balance sheet at fair value with net changes in fair value recognized in the statement of income.

The Club's financial assets at FVTPL includes its investments in unit investment trust fund (UITF) (see Note 9).

Impairment of Financial Assets
The Club recognizes an allowance for expected credit losses (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 bank and cash equivalents, debt instrument at FVTPL, 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. The Club considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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 120 days past due unless the Club has reasonable and supportable information to demonstrate that a more conservative default criterion is more appropriate.

Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Club compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Club considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Club's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Club's core operations.

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 granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
e) 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 the statement of income.

<u>Derecognition of Financial Assets</u>
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, 2021 and 2020.

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 the statement of income.

This category applies to trade and other payables and members' deposit and others (see Notes 11 and 12).

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 Measurement

The Club measures financial instruments and non-financial assets at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

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

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.

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

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

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

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

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 properties consist 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 impairment in value.

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, 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 statement 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 measured at par value for all 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 from Contracts with Customers
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Club expects to be entitled in exchange for those goods or services. 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 pertain 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.

<u>Contract Balances</u>
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.

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

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

<u>Leases</u>
Determination of Whether an Arrangement Contains a Lease
The Club assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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.

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 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.

For the non-VAT registered activities, the amount of VAT passed on from its purchase of goods or service is recognized as part of the cost of goods/asset acquired or as part of expense item, as applicable.

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 has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Rental income pertaining to these leases for the years ended June 30, 2021, 2020 and 2019 amounted to ₱18.6 million, ₱15.3 million, and ₱15.9 million, respectively (see Note 18).

Estimates and Assumptions

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

Estimation of Provision for Expected Credit Losses (ECLs) of Trade and Other Receivables

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 ₱50,000. A member may pay the overdue account at any time before the auction sale.

The carrying value of trade and other receivables amounted to ₱13.7 million and ₱17.0 million as at June 30, 2021 and 2020, respectively. Allowance for ECL amounted to ₱2.0 million as at June 30, 2021 and 2020 (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, 2021, and 2020, 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, 2021 and 2020 amounted to ₱215.4 million and ₱228.7 million, respectively (see Note 7). The carrying amount of investment properties as of June 30, 2021 and 2020 amounted to ₱0.2 million and ₱0.3 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 ₱5.4 million and ₱8.0 million as of June 30, 2021 and 2020, respectively (see Note 24).

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, 2021 and 2020, the Club's net deferred tax assets amounted to ₱0.2 million and ₱0.7 million, respectively (see Note 22).

Temporary deductible differences for which no deferred tax asset was recognized amounted to ₱11.3 million and ₱19.4 million as of June 30, 2021 and 2020, respectively (see Note 22).

Provisions 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 provision for probable claims amounting to ₱5.7 million ₱5.8 million as of June 30, 2021 and 2020, respectively (see Note 14).

4. Cash and Cash Equivalents

	2021	2020
Cash on hand	**₱120,000**	₱130,000
Cash in banks	**27,138,925**	10,304,474
Cash equivalents	**24,456,168**	23,652,637
	₱51,715,093	₱34,087,111

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 ₱0.1 million, ₱0.7 million and ₱0.8 million in 2021, 2020 and 2019, respectively.

5. Trade and Other Receivables

	2021	2020
Members	**₱11,540,158**	₱13,430,509
Others	**4,221,861**	5,587,396
	15,762,019	19,017,905
Less allowance for ECL	**2,030,111**	2,030,111
	₱13,731,908	₱16,987,794

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 concessionaires and maintenance provider 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, 2021, and 2020, the aging analysis of trade and other receivables are as follows:

	2021	2020
Not more than 30 days outstanding	**₱9,236,735**	₱8,819,108
Beyond 30 days outstanding:		
31-60 days	**894,091**	1,726,116
61-90 days	**769,181**	2,108,575
Over 90 days	**4,862,012**	6,364,106
	₱15,762,019	₱19,017,905

The movements in allowance for ECLs are as follows:

	2021	2020
Balances at beginning of year	**₱2,030,111**	₱1,786,899
Provision (Note 20)	–	243,212
Balances at end of year	**₱2,030,111**	₱2,030,111

6. **Other Current Assets**

	2021	2020
Supplies inventory at NRV	**₱3,597,263**	₱3,844,674
Prepayments	**2,502,227**	2,578,441
Creditable withholding tax (CWT)	**838,475**	784,165
Others	**1,056,800**	1,410,866
	₱7,994,765	₱8,618,146

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

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

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

	2021							
	Land	**Land Improvements**	**Building and Structures**	**Ground Tools and Service Machinery and Equipment**	**Furniture, Fixtures and Equipment**	**Transportation Equipment**	**Construction In Progress**	**Total**
Cost:								
Balances at beginning of year	**₱9,400,307**	**₱318,965,480**	**₱57,224,630**	**₱36,620,649**	**₱5,333,006**	**₱32,700,005**	**₱1,488,254**	**₱461,732,331**
Additions	**–**	**–**	**–**	**1,068,682**	**–**	**–**	**8,915,004**	**9,983,686**
Disposals	**–**	**–**	**–**	**(423,328)**	**–**	**(205,357)**	**–**	**(628,685)**
Transfers	**–**	**312,351**	**263,507**	**–**	**–**	**–**	**(575,858)**	**–**
Balances at end of year	**9,400,307**	**319,277,831**	**57,488,137**	**37,266,003**	**5,333,006**	**32,494,648**	**9,827,400**	**471,087,332**
Accumulated depreciation:								
Balances at beginning of year	**–**	**143,757,605**	**39,738,360**	**25,995,883**	**5,332,793**	**18,211,804**	**–**	**233,036,445**
Depreciation (Notes 19 and 20)	**–**	**12,752,784**	**2,002,710**	**3,741,881**	**–**	**4,797,150**	**–**	**23,294,525**
Disposals	**–**	**–**	**–**	**(423,328)**	**–**	**(205,357)**	**–**	**(628,685)**
Balances at end of year	**–**	**156,510,389**	**41,741,070**	**29,314,436**	**5,332,793**	**22,803,597**	**–**	**255,702,285**
Net book values	**₱9,400,307**	**₱162,767,442**	**₱15,747,067**	**₱7,951,567**	**₱213**	**₱9,691,051**	**₱9,827,400**	**₱215,385,047**

	2020							
	Land	Land Improvements	Building and Structures	Ground Tools and Service Machinery and Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Construction In Progress	Total
Cost:								
Balances at beginning of year	₱9,400,307	₱301,783,634	₱56,671,803	₱33,392,903	₱5,368,185	₱30,784,950	₱8,408,934	₱445,810,716
Additions	–	1,355,681	–	3,966,786	–	2,941,838	9,662,605	17,926,910
Disposals	–	(153,745)	–	(789,588)	(35,179)	(1,026,783)	–	(2,005,295)
Transfers	–	15,979,910	552,827	50,548	–	–	(16,583,285)	–
Balances at end of year	9,400,307	318,965,480	57,224,630	36,620,649	5,333,006	32,700,005	1,488,254	461,732,331
Accumulated depreciation:								
Balances at beginning of year	–	131,968,035	37,766,871	22,990,139	5,366,171	14,542,013	–	212,633,229
Depreciation (Notes 19 and 20)	–	11,943,315	1,971,489	3,795,332	1,801	4,696,574	–	22,408,511
Disposals	–	(153,745)	–	(789,588)	(35,179)	(1,026,783)	–	(2,005,295)
Balances at end of year	–	143,757,605	39,738,360	25,995,883	5,332,793	18,211,804	–	233,036,445
Net book values	₱9,400,307	₱175,207,875	₱17,486,270	₱10,624,766	₱213	₱14,488,201	₱1,488,254	₱228,695,886

In 2021, the Club sold five (1) units of golf cart that is fully depreciated. Proceeds and gain from the sale of gold cart amounted to ₱2,250 (see Note 16).

In 2020, the Club sold five (5) units of golf carts that is fully depreciated. Proceeds and gain from the sale of gold carts amounted to ₱0.3 million (see Note 16).

In 2019, the Club sold a parcel of land with a carrying value of ₱7,820. Proceeds from the sale of land amounted to ₱3.1 million resulting to a gain of ₱3.1 million (see Note 16).

The cost of fully depreciated property and equipment still used in operations amounted to ₱132.3 million and ₱114.8 million as of June 30, 2021 and 2020, respectively.

8. Investment Properties

	2021		
	North Clubhouse	**Land**	**Total**
Cost:			
Balances at beginning and end of year	**₱53,718,366**	**₱73,562**	**₱53,791,928**
Accumulated depreciation:			
Balances at beginning of year	**53,442,875**	**–**	**53,442,875**
Depreciation (Notes 19 and 20)	**134,488**	**–**	**134,488**
Balances at end of year	**53,577,363**	**–**	**53,577,363**
Net book values	**₱141,003**	**₱73,562**	**₱214,565**

	2020		
	North Clubhouse	Land	Total
Cost:			
Balances at beginning and end of year	₱53,718,366	₱73,562	₱53,791,928
Accumulated depreciation:			
Balances at beginning of year	50,879,981	–	50,879,981
Depreciation (Notes 19 and 20)	2,562,894	–	2,562,894
Balances at end of year	53,442,875	–	53,442,875
Net book values	₱275,491	₱73,562	₱349,053

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 16).

Based on the latest appraisal reports submitted by Top Consult, Inc., independent appraiser, dated June 24, 2021, the fair value of the land with aggregate land area of 9,055 sqm. and building with total floor area of 2,271 sqm., amounted to ₱99.2 million and ₱30.5 million, respectively.

Based on the latest appraisal reports submitted by Top Consult, Inc., independent appraiser, dated June 3, 2020 and August 13, 2020, the fair value of the land with aggregate land area of 9,055 sqm. and building with total floor area of 2,271 sqm., amounted to ₱45.2 million and ₱31.8 million, respectively.

Rental income earned from investment property amounted to ₱0.3 million in 2021, 2020 and 2019 (see Note 18). Direct expenses related to investment properties consist mainly of amortization amounting to ₱0.13 million in 2021, ₱2.6 million in 2020 and ₱2.7 million in 2019, respectively.

9. Trust Fund and Debt Instrument at FVTPL

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 Philippines.

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".

On February 19, 2021, the Club invested a total of ₱14.8 million in UITF. The investment consists of the Club's trust fund, originally invested in time deposits, amounting to ₱4.8 million and additional investment amounting to ₱10.0 million.

The Club's debt instruments at FVTPL as at June 30, 2021 are as follows:

	2021
Current asset	
Debt instrument at FVTPL	₱10,024,917
Noncurrent asset	
Trust fund	4,811,529
	₱14,836,446

The Club's trust fund, classified as debt instrument at amortized cost as at June 30, 2020 is as follows:

	2020
Noncurrent asset	
Trust fund	₱4,818,615

Movement in debt instruments at FVTPL are as follows:

	2021
Beginning balance	₱–
Additions	14,799,569
Changes in fair value	36,877
Ending balance	₱14,836,446

The valuation gain due to changes in fair value as of June 30, 2021 are allocated as follows:

	Cost at February 19, 2021	Unrealized gains	Fair value at June 30, 2021
Trust fund	₱4,799,569	₱11,960	₱4,811,529
Debt instrument at FVTPL	10,000,000	24,917	10,024,917
	₱14,799,569	₱36,877	₱14,836,446

Interest income recognized and realized for the trust fund amounted to ₱6,345, ₱44,822 and ₱31,000 for the years ended June 30, 2021, 2020 and 2019, respectively.

10. **Other Noncurrent Assets**

	2021	2020
Computer software	**₱955,828**	₱297,267
Refundable deposit	**750,297**	742,297
Advances to suppliers	**52,000**	295,400
	₱1,758,125	₱1,334,964

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.

Computer software includes the Club's in-house developed intangible assets.

Advances to suppliers relate to the installation of new pump and purchase of various equipment.

The movement of computer software is as follows:

	2021	2020
Cost:		
Balance at beginning and end of year	**₱2,860,952**	₱2,615,952
Additions	**684,694**	245,000
Balance at end of year	**3,545,646**	2,860,952
Accumulated amortization:		
Balance at beginning of year	**2,563,685**	2,494,526
Amortization (Notes 19 and 20)	**26,133**	69,159
Balance at end of year	**2,589,818**	2,563,685
Net book value	**₱955,828**	₱297,267

11. Trade and Other Payables

	2021	2020
Organizations and cooperative	**₱6,033,630**	₱4,919,926
Accrued expenses	**5,110,740**	5,387,722
Trade	**3,184,256**	5,018,457
Concessionaires	**518,610**	138,893
VAT payable	**391,212**	417,535
Others	**768,411**	393,717
	₱16,006,859	₱16,276,250

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

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

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

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

	2021	2020
Cash deposits	**₱9,145,000**	₱7,100,000
Due to former members	**7,477,891**	8,132,582
Security deposit	**266,060**	251,938
	₱16,888,951	₱15,484,520

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

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

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

13. Contract Liabilities

	2021	2020
Membership dues paid in advance (Note 16)	**₱6,331,200**	₱5,660,800
Green fee coupons	**1,254,788**	1,254,788
Tournament deposit	**139,009**	199,008
Others	**84,774**	49,919
	₱7,809,771	₱7,164,515

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

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.

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

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

14. Provision for Probable Claims

Movements in this account are as follows:

	2021	2020
Balances at beginning of year	**₱5,810,669**	₱1,019,740
Provision during the year	**–**	5,810,669
Reversals	**(142,094)**	(1,019,740)
Balances at end of year	**₱5,668,575**	₱5,810,669

Provision for probable claims pertains to the estimated liability to resolve various probable claims against the Club. 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 claims.

15. **Members' Equity**

Capital Stock

	Shares		Amount	
	2021	2020	**2021**	2020
Common shares - ₱9,000 par value				
Authorized - 1,800 shares				
Issued	**1,594**	1,594	**₱14,346,000**	₱14,346,000

Accumulated Excess of Revenues Over Expenses

	2021	2020
Accumulated excess of revenues over expenses	**₱36,903,008**	₱27,480,815
Other comprehensive income (loss) (Note 24):		
Item not to be reclassified into profit or loss in subsequent periods:		
Beginning balance	**(741,767)**	2,895,740
Re-measurement gains (losses) on defined benefit obligation	**1,769,249**	(3,637,507)
Ending balance	**1,027,482**	(741,767)
Total	**₱37,930,490**	₱26,739,048

16. **Revenue from Contracts with Customers**

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

	2021	2020	2019
Nature of services			
Membership dues	**₱53,934,260**	₱52,957,284	₱52,771,707
Assessment for road maintenance	**23,288,728**	15,390,417	16,060,509
Corporate services	**19,777,872**	11,026,339	11,022,061
Sports and recreation	**11,358,990**	20,965,399	26,505,536
Patronage fees	**3,885,024**	3,594,094	3,533,774
Concessionaires' fee (Note 17)	**2,412,288**	4,129,714	5,730,543
Revenue from special events	**1,802,900**	8,591,704	9,053,591
Surcharge	**729,074**	560,172	797,904
Sale of properties (Notes 7 and 8)	**2,250**	320,536	7,442,159
Others	**4,971,655**	6,130,355	2,187,509
	₱122,163,041	₱123,666,014	₱135,105,293

	2021	2020	2019
Timing of revenue recognition			
Services transferred over time	**₱119,019,429**	₱118,655,592	₱121,134,687
Goods transferred at a point in time	**3,143,612**	5,010,422	13,970,606
	₱122,163,041	₱123,666,014	₱135,105,293

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.

Member's dues paid in advance by its existing members amounted to ₱6.3 million and ₱5.7 million as at June 30, 2021 and 2020, respectively. Members' dues paid in advance is considered as a contract liability of the Club to its members.

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 ₱3.9 million, ₱3.6 million and ₱3.5 million in 2021, 2020 and 2019, respectively.

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.

Sports and recreation arise from green fees which 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 ₱0.1 million, ₱0.1 million and ₱1.0 million in 2021, 2020 and 2019, respectively.

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.

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.

Others pertains to income earned by the Club from corkage, commission on art display and sale of scraps.

17. **Concessionaires' Fees**

	2021	2020	2019
Food and beverage services	**₱1,434,859**	₱3,374,760	₱4,735,860
Retail services	**977,429**	725,972	969,528
Spa and barbershop services	–	28,982	25,155
	₱2,412,288	₱4,129,714	₱5,730,543

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 contract was further extended for short-term periods until July 31, 2020. On July 18, 2020, the BOD approved the contract extension for three (3) months after the end of the community quarantine. On December 2020, the contract was expanded, on a temporary basis, to include the main clubhouse starting January 1, 2021 until such time a new concessionaire for the main clubhouse is engaged.

   The concessionaire fee recognized from JFMI amounted to ₱0.5 million, ₱1.1 million and ₱1.5 million in 2021, 2020 and 2019, respectively.

b) Anix's House of Kare-kare (AHK), a local food concessionaire and the Club entered into a concession agreement whereby AHK manages the food and beverage operations of the Club at the Main Clubhouse. The agreement also provides that the concessionaire shall pay a fee of 7% plus VAT of the monthly gross sales for the first six (6) months of operations and 10% plus VAT of the monthly gross sales for the succeeding months or ₱100,000 whichever is higher including catering services contracted for the members and guest and to purchase one (1) share of stock. The share of stock is pledged to the Club which serves as a security deposit to answer for any damages or expenses incurred. The agreement is for a period of three (3) years from January 20, 2017 up to January 19, 2020, subject to renewal at the option of the Club under such terms and conditions to be mutually agreed by the parties. The agreement was extended on January 20, 2020 until June 30, 2020. On July 18, 2020, the BOD approved the contract extension for three (3) months after the end of the community quarantine. The contract was further extended to last until December 31, 2020. This extension revised the concessionaire fee to 7% plus VAT of the monthly gross sales.

   The concessionaire fee recognized from AHK amounted to ₱0.7 million, ₱2.3 million and ₱3.3 million in 2021, 2020 and 2019, respectively.

c) Doturak International Group, Inc. (DIGI), a local food concessionaire and the Club entered into a concession agreement whereby DIGI manages the food and beverage operations of the Club at the Tee House. The agreement also provides that the concessionaire shall pay a basic minimum rental of ₱40,000 or 10% of the gross sales per month inclusive of VAT, whichever is higher. The agreement is for a period of five (5) years starting January 1, 2021.

   The concessionaire fee recognized from DIGI amounted to ₱0.2 million in 2021.

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 (2) 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. As of date, the finalization of the contract renewal is ongoing. 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 ₱1.0 million, ₱0.7 million and ₱1.0 million in 2021, 2020 and 2019, respectively.

18. **Rentals**

	2021	2020	2019
Golf cart rental	**₱13,720,361**	₱8,843,670	₱9,158,518
Golf cart storage	**3,220,457**	3,139,648	3,012,128
Locker rental	**891,391**	946,098	944,084
Driving range	**505,961**	432,119	517,032
Communication cell site (Note 8)	**305,404**	305,404	305,404
Pullcart rental	**1,540**	591,150	736,645
Venue and room fee	–	942,009	1,078,320
Others	–	143,394	193,013
	₱18,645,114	₱15,343,492	₱15,945,144

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, 2021, 2020 and 2019 are as follows:

	2021	2020	2019
Within one (1) year	**₱457,612**	₱463,014	₱518,452
More than one (1) year but not more than five (5) years	**2,586,579**	2,586,579	2,586,579
More than five (5) years	**2,597,942**	3,114,974	3,632,005
	₱5,642,133	₱6,164,567	₱6,737,036

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 ₱0.1 million and ₱0.2 million as at June 30, 2021 and 2020, respectively. The current portion under "Trade and other payables" amounting to ₱41,175 and ₱27,450 in the statement of financial position in 2021 and 2020, respectively. Straight-line amortization of deferred rent amounted to ₱13,725 as at June 30, 2021 and 2020.

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 lessee shall pay ₱23,197, inclusive of VAT, subject to a 4.5% escalation starting on the second year of the new lease period.

The future minimum lease commitment under this operating lease as of June 30, 2021, 2020 and 2019 are as follows:

	2021	2020	2019
Within one (1) year	**₱305,404**	₱305,404	₱305,404
More than one (1) year but not more than five (5) years	**1,527,020**	1,527,020	1,527,020
More than five (5) years	**76,351**	381,755	687,159
	₱1,908,775	₱2,214,179	₱2,519,583

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

19. **Cost of Services**

	2021	2020	2019
Outside services	**₱37,054,304**	₱37,925,988	₱33,891,093
Depreciation and amortization (Notes 7, 8, and 10)	**23,177,151**	24,748,395	21,751,957
Personnel cost (Note 21)	**20,859,157**	22,479,363	22,206,954
Repairs and maintenance	**9,028,382**	7,551,955	10,855,913
Supplies	**8,645,016**	9,868,403	7,644,658
Utilities	**8,332,710**	14,068,617	12,066,285
Club events	**1,802,900**	6,090,755	5,495,985
Others	**2,694,641**	8,278,463	9,836,755
	₱111,594,261	₱131,011,939	₱123,749,600

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

Outside services pertains to retainer fees, legal fees, maintenance crews, and audit fees.

20. General and Administrative

	2021	2020	2019
Personnel costs (Note 21)	**₱6,818,086**	₱6,855,334	₱8,173,535
Taxes and licenses	**5,312,964**	5,861,950	4,834,349
Outside services	**3,011,566**	4,451,897	1,957,876
Supplies	**1,129,130**	925,054	852,531
Bank charges	**999,930**	1,160,939	1,193,201
Board members' meetings	**684,297**	857,520	1,008,652
Utilities	**349,824**	604,711	615,092
Depreciation and amortization (Notes 7, 8, and 10)	**277,995**	292,169	226,795
Interest	**11,094**	10,575	10,081
Provision for ECL (Note 5)	**–**	243,212	4,066
Others	**1,036,497**	2,718,905	1,001,181
	₱19,631,383	₱23,982,266	₱19,877,359

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

21. Personnel Costs

	2021	2020	2019
Cost of services (Note 19):			
Salaries and wages	**₱15,628,063**	₱17,220,703	₱16,961,111
Employee benefits	**3,989,911**	4,230,384	4,117,500
Retirement benefit expense (Note 24)	**1,241,183**	1,028,276	1,128,343
	20,859,157	22,479,363	22,206,954
General and administrative (Note 20):			
Salaries and wages	**5,171,193**	5,196,329	6,386,145
Employee benefits	**1,332,233**	1,387,281	1,509,801
Retirement benefit expense (Note 24)	**314,660**	271,724	277,589
	6,818,086	6,855,334	8,173,535
	₱27,677,243	₱29,334,697	₱30,380,489

22. **Income Taxes**

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

	2021	2020	2019
Current	**₱188,131**	₱55,090	₱1,368,860
Deferred	**140,521**	1,853,545	(104,750)
	₱328,652	₱1,908,635	₱1,264,110

a. The Club's provision for current income tax pertains to MCIT in 2021 and 2020, and RCIT in 2019.

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

	2021	2020	2019
Income tax at the statutory rate	**₱2,437,711**	(₱4,586,913)	₱2,468,902
Income tax effects of:			
Nondeductible expenses	**17,175,421**	21,243,136	350,208
Nontaxable revenues	**(17,978,816)**	(19,379,290)	–
Movement of unrecognized deferred tax assets	**(1,267,012)**	3,006,141	(1,317,259)
Interest income subject to final tax	**(38,652)**	(204,379)	(237,741)
Derecognition of advance payments of membership dues	**–**	1,829,940	–
	₱328,652	₱1,908,635	₱1,264,110

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

	2021	2020
Deferred tax assets:		
Allowance for ECL	**₱507,528**	₱609,034
Advanced payments for membership dues and others	**21,194**	14,975
Re-measurement loss on defined benefit obligation	**–**	317,900
	528,722	941,909
Deferred tax liabilities:		
Rent receivable	**(298,766)**	(253,644)
Interest income from accretion	**(3,386)**	(3,274)
	(302,152)	(256,918)
	₱226,570	₱684,991

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

	2021	2020
Balances at beginning of year	**₱684,991**	₱979,605
Benefit from (provision for) deferred tax during the year recognized in:		
Profit or loss	**(140,521)**	(1,853,545)
OCI	**(317,900)**	1,558,931
Balances at end of year	**₱226,570**	₱684,991

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:

	2021	2020
NOLCO	**₱3,535,815**	₱10,390,337
Retirement benefit obligation	**5,446,848**	6,917,141
Unrecognized past service cost	**2,124,100**	1,995,933
MCIT	**243,221**	55,090
	₱11,349,984	₱19,358,501

d. Bayanihan to Recover as One Act
On September 11, 2020, President Rodrigo R. Duterte signed into law RA No. 11494, *An Act Providing for COVID-19 Response and Recovery Interventions and Providing Mechanisms to Accelerate the Recovery and Bolster the Resiliency of the Philippine Economy, Providing Funds therefor, and for Other Purposes", which shall be known and cited* as "Bayanihan to Recover As One Act".

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of June 31, 2021, the Club has incurred NOLCO before taxable year 2021 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Availment Period	Amount	NOLCO Applied Previous Year/s	NOLCO Expired	NOLCO Applied Current year	NOLCO Unapplied
2020	2021-2023	₱10,390,337	₱–	₱–	(₱6,854,522)	₱3,535,815

e. As of June 30, 2021, the Club has available MCIT that can be claimed as deductions from future taxable liabilities, movement in excess of MCIT over RCIT are as follows:

Year Incurred	Availment Period	As at June 30, 2020	Addition	Expired	As at June 30, 2021
2021	2022-2024	₱–	₱188,131	₱–	₱188,131
2020	2021-2023	55,090	–	–	55,090
		₱55,090	₱188,131	₱–	₱243,221

23. **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. Related parties may be individuals or corporate entities.

A summary of major account balances with related parties follows:

Key Management Personnel Compensation
Compensation of key management personnel amounted to ₱2.1 million, ₱2.7 million and ₱2.5 million in 2021, 2020 and 2019, 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:

	2021	2020	2019
Beginning balance	**46**	365	31
Additions during the year	**2,720**	2,000	3,380
Issuances during the year	**(2,646)**	(2,319)	(3,046)
Ending balance	**120**	46	365

The amount of green fees charged to playing guest ranges from ₱921 to ₱1,983. On March 1, 2020 these green fee rates are changed ranging from ₱1,421 to ₱2,221. On January 16, 2021, these green fee rates are changed ranging from ₱1,700 to ₱2,500.

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

24. **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:

	2021	2020	2019
Service cost	**₱1,300,611**	₱1,131,772	₱1,055,974
Net interest cost:			
Interest cost on benefit obligation	**928,724**	1,158,222	1,467,337
Interest income on plan assets	**(673,492)**	(989,994)	(1,117,379)
Retirement benefit expense	**₱1,555,843**	₱1,300,000	₱1,405,932

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

	2021	2020	2019
Actuarial losses (gains):			
Changes in financial assumptions	**(₱1,517,134)**	₱3,290,567	₱1,749,818
Experience adjustments	**(513,168)**	356,365	(1,992,350)
Changes in demographic assumptions	**–**	1,058,641	(222,669)
	(2,030,302)	4,705,573	(465,201)
Return on plan assets excluding the amount included in net interest cost	**(56,847)**	490,865	(485,974)
Re-measurement losses (gains) on defined benefit obligation	**(₱2,087,149)**	₱5,196,438	(₱951,175)

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

	2021	2020
Balances at beginning of year	**₱1,059,667**	(₱4,136,771)
Actuarial loss (gain)	**(2,030,302)**	4,705,573
Return on assets excluding amount included in net interest cost	**(56,847)**	490,865
	(1,027,482)	1,059,667
Income tax effect	**–**	(317,900)
Total amount recognized in OCI	**(₱1,027,482)**	₱741,767

Movements in retirement benefit obligation in 2021 and 2020 are as follows:

	2021	2020
Balances at beginning of year	**₱7,976,808**	₱3,645,579
Retirement benefit expense	**1,555,843**	1,300,000
Contributions paid	**(1,998,654)**	(2,165,209)
Remeasurement losses (gains) recognized in OCI	**(2,087,149)**	5,196,438
Balance at end of year	**₱5,446,848**	₱7,976,808

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

	2021	2020
Balances at beginning of year	**₱27,395,976**	₱21,528,299
Current service cost	**1,300,611**	1,131,772
Interest cost	**928,724**	1,158,222
Net actuarial loss (gain) due to:		
Changes in financial assumptions	**(1,517,134)**	3,290,567
Changes in demographic assumptions	**(513,168)**	1,058,641
Experience adjustments on plan liabilities	**–**	356,365
Benefits paid from plan assets	**(1,102,965)**	(1,127,890)
Balances at end of year	**₱26,492,044**	₱27,395,976

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

	2021	2020
Balances at beginning of year	**₱19,419,168**	₱17,882,720
Interest income on retirement plan assets	**673,492**	989,994
Actual contributions	**1,998,654**	2,165,209
Actual return excluding amount included in net interest cost	**56,847**	(490,865)
Benefits paid	**(1,102,965)**	(1,127,890)
Balances at end of year	**₱21,045,196**	₱19,419,168

Retirement obligation as reported in the statement of financial position:

	2021	2020
Present value of benefit obligation	**₱26,492,044**	₱27,395,976
Fair value of retirement plan assets at end of year	**(21,045,196)**	(19,419,168)
	₱5,446,848	₱7,976,808

The major categories of plan assets are as follows:

	2021	2020
Deposit in banks	**₱4,827,592**	₱4,587,518
Investment in government securities	**11,494,165**	11,300,632
Other securities and debt instruments	**803,344**	702,137
Investment in trust fund	**150,000**	–
Investment in shares of stock	**3,679,680**	2,809,421
Accrued interest receivable	**174,544**	163,030
Other receivables	**107,391**	2,991
Accrued trust fees and other payables	**(191,520)**	(146,561)
	₱21,045,196	₱19,419,168

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:

	2021	2020
Discount rate	**4.32%**	3.39%
Future salary increases	**3.00%**	3.00%

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
2021		
Discount rates	**+1%**	**(₱1,460,955)**
	-1%	**1,638,188**
Salary increase rate	**+1%**	**₱1,643,537**
	-1%	**(1,492,337)**
2020		
Discount rates	+1%	(₱1,749,166)
	-1%	1,976,476
Salary increase rate	+1%	₱1,964,144
	-1%	(1,771,601)

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

	2021	2020
Year 1	**₱4,360,138**	₱1,074,348
Year 2	**2,623,365**	4,806,787
Year 3	**5,860,924**	2,627,401
Year 4	**1,663,429**	5,922,280
Year 5	**2,910,090**	1,662,198
Year 6 - 10	**10,928,507**	11,015,720

The average duration of the defined benefit obligation is 5.8 years and 6.8 years as of June 30, 2021 and 2020, respectively.

The Club’s latest actuarial valuation report was as of June 30, 2021.

25. **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 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:

	2021	2020
Cash in banks and cash equivalents	**₱51,595,093**	₱33,957,111
Trade and other receivables	**13,731,908**	16,987,794
Debt instrument at FVTPL	**10,024,917**	–
Trust fund	**4,811,529**	4,818,615
	₱80,163,447	₱55,763,520

Impairment of financial assets
The Club's financial assets that are subject to the ECL model consists of cash and cash equivalents, trade and other receivables, short-term investments under "other current assets" and trust fund.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due of trade and other receivables. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

With respect to credit risk for these financial assets, the Club's maximum exposure equals to the carrying amount of these instruments. The Club has impaired financial assets amounting to ₱2.0 million as at June 30, 2021 and 2020 (see Note 5).

Trade and other receivables

Below is the information about the credit risk exposure on the Club's trade and other receivables using a provision matrix:

	Days past due						
2021	**Current**	**< 30 days**	**30-60 days**	**61-90 days**	**91-120 days**	**>120 days**	**Total**
Expected credit loss rate	**0.3832%**	**0.6439%**	**1.4045%**	**2.9061%**	**6.3405%**	**100%**	
Estimated total gross carrying amount at default	**₱3,190,879**	**₱3,770,276**	**₱1,879,172**	**₱1,852,557**	**₱3,369,394**	**₱1,699,741**	**₱15,762,019**
Expected credit loss	**₱12,227**	**₱24,277**	**₱26,393**	**₱53,837**	**₱213,636**	**₱1,699,741**	**₱2,030,111**

	Days past due						
2020	Current	< 30 days	30-60 days	61-90 days	91-120 days	>120 days	Total
Expected credit loss rate	0.3178%	0.5372%	1.1974%	2.4473%	5.4592%	100%	
Estimated total gross carrying amount at default	₱6,310,672	₱2,496,302	₱1,717,156	₱2,095,714	₱4,731,570	₱1,666,491	₱19,017,905
Expected credit loss	₱20,055	₱13,410	₱20,561	₱51,288	₱258,306	₱1,666,491	₱2,030,111

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, 2021 and 2020, based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Club's financial assets in order to provide a complete view of the Club's contractual commitments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates.

As of June 30, 2021

	On demand	**Less than 30 Days**	**30 to 60 days**	**61 to 90 days**	**More than 91 Days**	**Total**
Financial liabilities						
At amortized cost:						
Trade and other payables:						
Trade payables	**₱2,368,388**	**₱815,868**	**₱–**	**₱–**	**₱–**	**₱3,184,256**
Accrued expenses	**4,432,988**	**136,878**	**133,174**	**135,900**	**271,800**	**5,110,740**
Others*	**1,146,497**	**244,254**	**96,603**	**328,252**	**5,110,737**	**6,926,343**
Members deposits and others	**16,888,951**	–	–	–	–	**16,888,951**
	₱24,836,824	**₱1,197,000**	**₱229,777**	**₱464,152**	**₱5,382,537**	**₱32,110,290**
Financial assets						
At amortized cost:						
Cash and cash equivalents	**₱51,715,093**	**₱–**	**₱–**	**₱–**	**₱–**	**₱51,715,093**
Trade and other receivables:						
Trade receivables	**1,345,694**	**3,632,676**	**867,698**	**715,344**	**2,948,635**	**9,510,047**
Others	**4,093,274**	**128,587**	–	–	–	**4,221,861**
Debt instrument at FVTPL	**10,024,917**	–	–	–	–	**10,024,917**
Trust fund	**4,811,529**	–	–	–	–	**4,811,529**
	₱71,990,507	**₱3,761,263**	**₱867,698**	**₱715,344**	**₱2,948,635**	**₱80,283,447**

**Excludes statutory liabilities amounting to ₱785,520*

As of June 30, 2020

	On demand	Less than 30 Days	30 to 60 days	61 to 90 days	More than 91 Days	Total
Financial liabilities						
At amortized cost:						
Trade and other payables:						
Trade payables	₱3,658,662	₱136,191	₱–	₱1,075,313	₱148,291	₱5,018,457
Accrued expenses	2,636,740	387,027	935,105	326,527	1,102,323	5,387,722
Others*	865,776	184,448	72,950	247,879	3,859,369	5,230,422
Members deposits and others	15,484,520	–	–	–	–	15,484,520
	₱22,645,698	₱707,666	₱1,008,055	₱1,649,719	₱5,109,983	₱31,121,121
Financial assets						
At amortized cost:						
Cash and cash equivalents	₱34,087,111	₱–	₱–	₱–	₱–	₱34,087,111
Trade and other receivables:						
Trade receivables	866,017	2,332,230	1,705,555	2,057,287	4,439,309	11,400,398
Others	5,427,146	160,250	–	–	–	5,587,396
Trust fund	4,818,615	–	–	–	–	4,818,615
	₱45,198,889	₱2,492,480	₱1,705,555	₱2,057,287	₱4,439,309	₱55,893,520

**Excludes statutory liabilities amounting to ₱639,649*

Fair Value Measurements

The following provides the fair value measurement hierarchy of the Club's assets and liabilities as at June 30, 2021 and 2020:

		Fair Value Measurement			
	Date of Valuation	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets for which fair values are disclosed					
Investment Properties					
(Note 8)	**2021**	**₱129,731,800**	–	–	**₱129,731,800**
	2020	₱76,955,400	–	–	₱76,955,400
Assets measured at fair value					
Debt instrument at FVTPL					
(Note 9)	**2021**	**₱10,024,917**	–	–	**₱10,024,917**
	2020	₱–	–	–	₱–
Trust Fund (Note 9)	**2021**	**₱4,811,529**	–	–	**₱4,811,529**
	2020	₱–	–	–	₱–

Significant unobservable inputs for fair value measurement of the Club's investment properties include sales listing of currently executed transactions involving similar items within the immediate vicinity of the property. The fair value of the investment properties is adjusted considering the location, size and physical attributes of the property.

Description of significant unobservable inputs to valuation:

Assets	Valuation Technique	Significant Unobservable Input	Range of Input	Sensitivity of the Input to Fair Value
Investment properties	Market approach and cost approach	Price per area	Various	Increase (decrease) in price per area would increase (decrease) the fair value

There are no changes in the valuation techniques used for assets classified under Level 3 category. During the years ended June 30, 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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

Debt instruments at FVTPL
The carrying values of debt instruments at FVTPL are measured at fair value and is computed based on certain valuation techniques.

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.

	2021	2020
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	**37,930,490**	26,739,048
	₱253,904,262	₱242,712,820

No changes were made in the objectives, policies or processes for the years ended June 30, 2021 and 2020.

26. Other Matters

In a move to contain the COVID-19 outbreak, on March 16, 2020, the Office of the President of the Philippines issued Proclamation No. 929, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020 which was subsequently extended until May 15, 2020.

On May 12, 2020, this was further extended into a modified enhanced community quarantine, wherein certain implementing rules have been relaxed.

The community quarantine classification was subsequently extended or changed as follows:

Classification	Effectivity
General community quarantine	June 1 - August 1, 2020
Modified enhance community quarantine	August 2 - 18, 2020
General community quarantine	August 19, 2020 - March 31, 2021
Enhanced community quarantine	March 29, 2021 - April 11, 2021
Modified enhance community quarantine	April 12, 2021 - May 14, 2021
General community quarantine	May 15, 2021 - August 5, 2021
Enhanced community quarantine	August 6, 2021 - August 20, 2021
Modified enhance community quarantine	August 21, 2021 - September 15, 2021

The measures implemented by the government impacted the Club's daily operation due to delay in operational movement brought by the several lockdowns. In 2021, the Club resumed its operations on a skeletal work force and adopted the work-from-home arrangement when deemed appropriate in the circumstances. Furthermore, the Club maximizes its use of online platforms for communications as a venue for group planning. Considering the evolving nature of this outbreak, the Club will continue to monitor the situation.

27. Supplementary Information under Revenue Regulations (RR) 34-2020 and 15-2010

RR 34-2020
The Club is not covered by the requirements and procedures for related party transactions provided by RR 34-2020 which prescribes the guidelines and procedures for the submission of BIR Form 1709 Related Party Transactions Form, transfer pricing documentation and other supporting documents.

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 2021:

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	₱69,785,381	₱8,374,246
Exempt sales	15,129,757	–
	₱84,915,138	₱8,374,246

ii. Input VAT

Balance at July 1, 2020	₱–
Current year's domestic purchases/payments for:	
Goods other than for resale or manufacture	1,236,702
Capital goods exceeding ₱1,000,000	–
Domestic purchases of services	3,107,357
	4,344,059
Applied against output tax	(4,344,059)
Balance at June 30, 2021	₱–

b. Withholding Taxes

Expanded withholding taxes	₱1,720,916
Withholding taxes on compensation and benefits	32,578
	₱1,753,494

c. Other Taxes and Licenses

Real estate taxes	₱3,870,433
Business taxes (local business tax)	1,442,396
Documentary tax	135
	₱5,312,964

d. Tax Assessments
The Club did not receive any final tax assessments in 2021, nor did it have tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the administration of BIR.