Alabang Country Club, Inc.
(A Nonprofit Corporation)

Financial Statements
December 31, 2024 and 2023

and

Independent Auditor's Report

SGV
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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Alabang Country Club, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alabang Country Club, Inc. (a nonprofit corporation) (the Club), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Club as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Club in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS Accounting Standards, 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Club's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 25 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 Alabang 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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BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-158-2024, October 2, 2024, valid until October 1, 2027
PTR No. 10465400, January 2, 2025, Makati City

February 28, 2025

ALABANG COUNTRY CLUB, INC.
(A Nonprofit Corporation)
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱59,886,962**	₱82,277,517
Short-term investments (Note 5)	**63,664,144**	79,773,962
Receivables (Note 6)	**68,299,347**	61,171,232
Inventories (Note 7)	**2,259,672**	2,178,310
Current portion of debt instruments at fair value through other comprehensive income (FVOCI) (Note 9)	**14,915,640**	8,737,487
Other current assets (Note 8)	**23,804,322**	17,481,023
Total Current Assets	**232,830,087**	251,619,531
Noncurrent Assets		
Noncurrent portion of debt instruments at FVOCI (Note 9)	**46,225,548**	56,096,710
Property and equipment (Note 10)	**388,810,729**	361,813,363
Software costs (Note 11)	**2,615,344**	669,094
Retirement plan assets (Note 20)	**–**	3,087,801
Other noncurrent assets (Note 12)	**9,943,704**	5,935,916
Total Noncurrent Assets	**447,595,325**	427,602,884
TOTAL ASSETS	**₱680,425,412**	₱679,222,415
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 13)	**₱195,087,844**	₱184,833,821
Playing rights deposits (Note 14)	**24,400,000**	24,000,000
Contract liabilities (Note 16)	**26,582,039**	30,567,729
Total Current Liabilities	**246,069,883**	239,401,550
Noncurrent Liability		
Retirement benefit obligation (Note 20)	**548,529**	–
Deferred tax liabilities - net (Note 23)	**2,233,452**	2,507,730
Total Noncurrent Liabilities	**2,781,981**	2,507,730
Total Liabilities	**248,851,864**	241,909,280
Equity		
Capital stock (Note 15)	**313,053,187**	313,053,187
Share premium	**10,616,149**	10,616,149
Treasury shares (Note 15)	**(31,042,051)**	(31,042,051)
Accumulated excess of revenues over costs and expenses	**146,829,254**	153,601,964
Other comprehensive loss (Notes 9 and 20)	**(7,882,991)**	(8,916,114)
Total Equity	**431,573,548**	437,313,135
TOTAL LIABILITIES AND EQUITY	**₱680,425,412**	₱679,222,415

See accompanying Notes to Financial Statements.

ALABANG COUNTRY CLUB, INC.
(A Nonprofit Corporation)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2024	2023
REVENUES (Note 16)	**₱315,061,324**	₱303,537,675
COSTS AND EXPENSES		
Costs of sales and services (Note 17)	**202,030,416**	186,784,686
General and administrative expenses (Note 18)	**143,194,276**	118,594,201
	345,224,692	305,378,887
OTHER INCOME (CHARGES)		
Rental income (Note 21)	**16,334,267**	15,591,756
Interest income (Notes 4, 5, 6, and 9)	**7,413,294**	3,108,454
Gain (loss) on disposals of property and equipment (Notes 6 and 10)	**(3,664,536)**	2,947,604
Gain on reversal of long outstanding payables (Note 13)	**2,186,904**	226,559
Net interest income on retirement benefit (Note 20)	**294,914**	422,235
Others	**681,862**	117,094
	23,246,705	22,413,702
INCOME (LOSS) BEFORE INCOME TAX	**(6,916,663)**	20,572,490
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 23)		
Current	**474,700**	224,378
Deferred	**(618,653)**	649,799
	(143,953)	874,177
NET INCOME (LOSS)	**(6,772,710)**	19,698,313
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:		
Unrealized valuation gain (loss) on debt instruments at FVOCI (Note 9)	**6,306,991**	(1,046,929)
Income tax effect (Note 23)	**(1,576,748)**	261,732
	4,730,243	(785,197)
Other comprehensive losses not to be reclassified to profit or loss in subsequent periods:		
Actuarial losses on retirement benefit obligation (Note 20)	**(4,929,493)**	(3,956,118)
Income tax effect (Note 23)	**1,232,373**	989,029
	(3,697,120)	(2,967,089)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**1,033,123**	(3,752,286)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱5,739,587)**	₱15,946,027

See accompanying Notes to Financial Statements.

ALABANG COUNTRY CLUB, INC.
(A Nonprofit Corporation)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

					Other comprehensive loss		
	Capital Stock (Note 15)	**Share Premium**	**Treasury Shares** (Note 15)	**Accumulated Excess of Revenues Over Costs and Expenses**	**Unrealized Valuation Losses on Debt Instruments at FVOCI** (Note 9)	**Actuarial Gains (Losses) on Retirement Benefit Obligation** (Note 20)	**Total**
At January 1, 2023	**₱313,053,187**	**₱10,616,149**	**(₱13,042,051)**	**₱133,903,651**	**(₱4,289,156)**	**(₱874,672)**	**₱439,367,108**
Net income for the year	–	–	–	19,698,313	–	–	19,698,313
Other comprehensive loss	–	–	–	–	(785,197)	(2,967,089)	(3,752,286)
Total comprehensive income (loss)	–	–	–	19,698,313	(785,197)	(2,967,089)	15,946,027
Acquisition of treasury shares (Note 15)	–	–	(18,000,000)	–	–	–	(18,000,000)
At December 31, 2023	**₱313,053,187**	**₱10,616,149**	**(₱31,042,051)**	**₱153,601,964**	**(₱5,074,353)**	**(₱3,841,761)**	**₱437,313,135**
Net loss for the year	–	–	–	(6,772,710)	–	–	(6,772,710)
Other comprehensive income (loss)	–	–	–	–	4,730,243	(3,697,120)	1,033,123
Total comprehensive income (loss)	–	–	–	(6,772,710)	4,730,243	(3,697,120)	(5,739,587)
At December 31, 2024	**₱313,053,187**	**₱10,616,149**	**(₱31,042,051)**	**₱146,829,254**	**(₱344,110)**	**(₱7,538,881)**	**₱431,573,548**

See accompanying Notes to Financial Statements.

ALABANG COUNTRY CLUB, INC.
(A Nonprofit Corporation)
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	**(₱6,916,663)**	₱20,572,490
Adjustments for:		
Depreciation of property and equipment (Note 10)	**40,343,190**	35,162,251
Interest income (Notes 4, 5, 6, and 9)	**(7,413,294)**	(3,108,454)
Loss (gain) on disposals of property and equipment (Notes 6 and 10)	**3,664,536**	(2,947,604)
Movements in retirement benefit obligation	**(1,293,163)**	(1,179,550)
Amortization of software costs (Note 11)	**137,250**	17,156
Operating income before working capital changes	**28,521,856**	48,516,289
Decrease (increase) in:		
Receivables	**(6,737,487)**	2,928,049
Inventories	**(81,362)**	(248,865)
Other current assets	**(6,797,999)**	5,696,817
Other noncurrent assets	**(5,660,272)**	2,164,965
Increase (decrease) in:		
Trade and other payables	**10,254,023**	(23,735,862)
Playing rights deposits	**400,000**	2,100,000
Contract liabilities	**(3,985,690)**	8,541,991
Net cash flows generated from operating activities	**15,913,069**	45,963,384
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
Short-term investments (Note 5)	**(252,299,176)**	(200,810,422)
Debt instruments at FVOCI (Note 9)	**–**	(38,100,000)
Property and equipment (Note 10)	**(72,237,224)**	(46,268,425)
Software cost (Note 11)	**(2,083,500)**	(686,250)
Proceeds from:		
Disposal of short-term investments (Note 5)	**268,408,994**	263,972,147
Disposal of debt instruments at FVOCI (Note 9)	**10,000,000**	8,790,000
Sale of property and equipment (Notes 10)	**1,232,132**	115,000
Collections of installment receivable (Note 6)	**1,556,484**	498,469
Interest received	**7,118,666**	4,519,168
Net cash flows used in investing activities	**(38,303,624)**	(7,970,313)
CASH FLOWS FROM A FINANCING ACTIVITY		
Acquisition of treasury shares (Note 15)	**–**	(18,000,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(22,390,555)**	19,993,071
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**82,277,517**	62,284,446
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱59,886,962**	₱82,277,517

See accompanying Notes to Financial Statements.

ALABANG COUNTRY CLUB, INC.
(A Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Alabang Country Club, Inc. (the Club) is a nonprofit corporation duly registered with the Philippine Securities and Exchange Commission (SEC) on September 26, 1978. The Club is organized and operated exclusively for social, recreational, and athletic activities on a nonprofit basis among its stockholders. On January 31, 1979, the SEC granted the Club a secondary license to sell its securities to the public.

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) has 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 (SC) 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". Starting January 1, 2020, the Club did not collect the related output VAT for membership fees, assessment dues, and fees of similar nature.

The registered office address of the Club is Acacia Avenue, Ayala Alabang Village, Muntinlupa City.

The financial statements of the Club as at December 31, 2024 and 2023 and for the years then ended were approved and authorized for issuance by the Board of Directors (BOD) on February 28, 2025.

2. Material Accounting Policy Information

<u>Basis of Preparation</u>
The financial statements of the Club have been prepared on a historical cost basis, except for debt instruments at fair value through other comprehensive income (FVOCI) that have been 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.

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

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standard below effective in 2024. The Club has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Adoption of these amended PFRSs did not have an impact on the financial statements of the Club.

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7*, Disclosures: Supplier Finance Arrangements*

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Club intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Club's financial statements.

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21*, Lack of exchangeability*

Effective beginning on or after January 1, 2026
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

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*

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
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and fair value through profit or loss (FVPL).

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 them. The Club initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, 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. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model.

The Club's financial assets are in the nature of financial assets at amortized cost and FVOCI. As at December 31, 2024 and 2023 the Club has no financial assets classified as fair value through profit or loss (FVPL).The Club has not designated any financial assets at FVPL as at December 31, 2023 and 2022.

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

- *Financial assets at amortized cost (debt instruments)*
  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 profit or loss when the asset is derecognized, modified or impaired.

  The Club's financial assets at amortized cost includes cash and cash equivalents, short-term investments, receivables, and refundable deposits included under "Other noncurrent assets" (see Notes 4, 5, 6 and 12).

- *Financial assets at FVOCI*

  For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

  The Club's debt instruments at FVOCI includes investments in quoted debt securities (see Note 9).

<u>Impairment of Financial Assets</u>
The Club recognizes an allowance for expected credit loss (ECLs) for all debt instruments not held at FVPL.

For 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.

For debt instruments at FVOCI, short term investments, and cash and cash equivalents, the Club applies the low credit risk simplification. At every reporting date, the Club evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Club reassesses the internal credit rating of the debt instrument. In addition, the Club considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Club's debt instruments at FVOCI comprise solely quoted bonds and short term investments that are graded as investment category and, therefore, 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 uses the ratings from reputable market based agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Club considers a financial asset in default when contractual payments are more than 120 days past due. However, in certain cases, the Club may also consider a financial asset to be in default when internal or external information indicates that the Club is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Club. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value 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 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 at fair value 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 are valued at the lower of cost and net realizable value (NRV). NRV of supplies and spare parts is the current replacement cost.

Costs incurred in bringing the gasoline, candies and magazines, supplies, spare parts and each product to its present location and condition are accounted for using the first-in, first-out method.

Property and Equipment
Property and equipment, except for land, is stated at cost, excluding the cost of day-to-day servicing, less accumulated depreciation and any accumulated impairment in value. Land is stated at cost, less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties and nonrefundable purchase 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 cost is incurred if the recognition criteria are met. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred.

Depreciation are calculated on a straight-line method over the estimated useful lives of the property and equipment as follows:

Category	Estimated useful life in years
Building and improvements	3 to 50
Sports and recreational facilities	3 to 20
Household equipment	5 to 10
Furniture, fixtures and equipment	3 to 5
Transportation equipment	5

The useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Construction in-progress, included in property and equipment, is stated at cost, net of accumulated impairment losses, if any.

When items of property and equipment are retired or otherwise disposed of, the cost and related accumulated depreciation and any impairment in value are removed from the accounts and any resulting gain or loss is credited to or charged to profit or loss.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from the continued use of asset. The carrying cost and related accumulated depreciation and any impairment in value of the asset are eliminated from the accounts. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

Software Costs
Software cost acquired separately are measured on initial recognition at cost. Subsequently, software costs are carried at cost less accumulated amortization and any accumulated impairment loss.

Software cost is amortized on a straight-line basis over its estimated useful life of five (5) years.

Software cost is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year of derecognition.

Impairment of Property and Equipment and Computer Software
The Club assesses at each end of the reporting period whether there is an indication that property and equipment and software costs may be impaired. If any indication exists, the Club estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use.

Impairment losses are recognized in profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Club estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Capital Stock
Common shares are classified as equity. Incremental costs directly attributable to the issue of new common stock are shown in equity as a deduction, net of tax, from the proceeds.

Treasury Shares
Own capital stocks which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue, or cancellation of the Club's own capital stock. Any difference between the cost and the consideration, if reissued, is recognized in the share premium.

Revenue Recognition
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 disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

The following are the Club's performance obligations:

Membership Dues and Assessments
Revenues are recognized over time when membership dues and assessments 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 and assignees fees are provided to the members when they pay the annual dues in advance within a certain period. The discount is equivalent to one month membership dues and is presented as a reduction to the revenue recognized.
b. Discount on prompt payments for food and beverage paid in full one month after consumption. To estimate the variable consideration for the expected discount on prompt payments, the Club applies the most likely amount.

(ii) Significant financing component
Generally, the Club receives advance payments of membership dues from its members. Using the practical expedient in PFRS 15, the Club does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Sports and Recreation and Corporate Services
Revenues are recognized overtime when the related services have been rendered.

Sale of Goods
Revenues are recognized at a point in time when the control of the goods has transferred to the customer, being at the point the customer purchases the goods.

Concession Income
Revenues are recognized at a point in time when the concessionaire has delivered the goods to the customer and the related services have been rendered. 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 its customers.

Revenue from Special Events and Banquet Services
Revenue is recognized overtime when the related services have been rendered.

Patronage Fees
Revenues are recognized at a point in time (i.e. semi-annually) 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.

<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 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.

Leases
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 profit or loss 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 Costs
The net defined benefit asset is the aggregate of the present value of the defined benefit obligation at the end of the 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 asset; and
- Remeasurements of net defined benefit asset.

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

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

Remeasurements 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. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

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

Income Taxes

Current Income Tax

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

Deferred Tax

Deferred tax is provided using the 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 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, 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 profit or loss.

The Club offsets deferred tax assets and deferred tax liabilities 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.

Events After the End of the Financial Reporting Period
Post year-end events that provide additional information about the Club's financial position at the end of the reporting period (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 of the financial statements in accordance with PFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and its accompanying notes. The judgments, estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the Club's financial statements. Future events may occur which will cause the judgments, estimates and assumptions used in arriving at the estimates to change. The effects of any change in judgments, estimates and assumptions are reflected in the financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcome can differ from these estimates.

Judgments
In the process of applying the Club's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect in the amounts recognized in the financial statements:

Operating Lease - Club as lessor
The Club has entered into commercial property leases of land with third parties. 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.

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.

<u>Estimates and Assumptions</u>
The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Estimation of Provision for ECLs of Receivables
The Club uses a provision matrix to calculate ECLs for 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 (i.e., gross domestic product growth rate) are 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 more than 120 days 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 By-laws. A member may pay the overdue account at any time before the auction sale.

The carrying value of receivables amounted to ₱68,299,347 and ₱61,171,232 as at December 31, 2024 and 2023, respectively. Allowance for ECLs amounted to ₱1,415,939 as at December 31, 2024 and 2023 (see Note 6).

Estimation of Useful Lives of Property and Equipment
The Club estimates the useful lives of its property and equipment based on the period over which the assets are expected to be available for use. The Club reviews annually the estimated useful lives of property and equipment and software costs based on factors that include asset utilization, internal technical evaluation, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operation could be materially affected by changes in the Club's estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property and equipment would increase depreciation expense and decrease property and equipment.

There was no change in the estimated useful lives of property and equipment in 2024 and 2023. The carrying values of property and equipment amounted to ₱388,810,729 and 361,813,363 as at December 31, 2024 and 2023, respectively (see Note 10).

Determination of Retirement Benefit Costs
The defined benefit retirement costs and obligations are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates 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 the end of each reporting period.

Retirement benefit costs amounted to ₱1,450,085 and ₱1,125,146 in 2024 and 2023, respectively. The Club's retirement benefit liability amounted to ₱548,529 as at December 31, 2024 and retirement plan assets amounted to ₱3,087,801 as at December 31, 2023 (see Note 20).

Assessment on Recoverability of Deferred Tax Assets
The Club reviews the carrying amounts of deferred tax assets at the end of each reporting period and reduces deferred tax assets 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 assets to be utilized. The Club's assessment on the recognition of deferred tax assets is based on the expected future financial performance of the Club. The Club has recognized deferred tax assets amounting to ₱652,815 and ₱2,194,486 as at December 31, 2024 and 2023, respectively (see Note 23).

Temporary deductible differences for which no deferred tax asset was recognized amounted to ₱161,964,111 and ₱125,964,663 as at December 31, 2024 and 2023, respectively (see Note 23).

4. Cash and Cash Equivalents

	2024	2023
Cash on hand	**₱70,000**	₱70,000
Cash in banks	**59,816,962**	76,996,185
Cash equivalents	–	5,211,332
	₱59,886,962	₱82,277,517

Cash in banks earn interest at the respective bank deposit rates. Cash in banks are maintained to meet short-term cash requirements of the Club. 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 from cash and cash equivalents amounted to ₱58,421 and ₱176,053 in 2024 and 2023, respectively.

5. Short-term Investments

The movement of the short-term investments as at December 31, 2024 and 2023 are as follows:

	2024	2023
Balances at beginning of year	**₱79,773,962**	₱142,935,687
Placements	**252,299,176**	200,810,422
Maturities	**(268,408,994)**	(263,972,147)
Balances at end of year	**₱63,664,144**	₱79,773,962

Short-term investments consist of treasury bills with maturities of more than three (3) months but less than one (1) year, and earn interest at 3.83% to 6.16% per annum in 2024 and 3.65% to 7.00% per annum in 2023.

Interest income earned from short-term investments amounted to ₱4,352,884 and ₱1,451,632 in 2024 and 2023, respectively.

6. Receivables

	2024	2023
Receivables from:		
Active members	**₱53,294,586**	₱49,773,682
Inactive members	**452,666**	452,666
Sponsorships	**4,288,649**	–
Rent receivables	**4,517,302**	8,303,015
Current portion of installment contract receivable	**1,652,484**	1,556,484
Interest receivable	**577,066**	282,438
Others	**4,932,533**	2,218,886
	69,715,286	62,587,171
Less allowance for ECL	**1,415,939**	1,415,939
	₱68,299,347	₱61,171,232

Receivables from active members are due within thirty (30) days. This also includes accrued income earned from transfer and processing fees.

Receivables from inactive members pertain to accounts of delinquent members which are due and demandable.

Receivables from sponsorship pertain to annual sponsorships of telco partners as the sponsors for the Club's events which are due upon the happening of the annual events.

Rent receivables pertain to uncollected rentals from Globe Telecom, Inc., Smart Communications, Inc., and Petron Corporation which are due depending on the lease agreement (i.e., monthly, annually and semi-annually).

In August 2023, the Club sold household equipment to its golf maintenance provider for ₱4,642,857, payable in equal monthly installments for a period of 32 months starting on September 1, 2023. The installment contract receivable is noninterest bearing and thus, recognized initially at its present value amounting to ₱4,280,612. Accordingly, the resulting gain on disposal of the household equipment amounted to ₱2,857,916 which is included under "Other income (charges)" account in profit or loss. Collections for the year ended December 31, 2024 and 2023 amounted to ₱1,556,484 and ₱498,469, respectively.

Interest income earned from installment contract receivable amounted to ₱184,588 and ₱81,889 in 2024 and 2023, respectively. The noncurrent portion of the installment contract receivable amounted to ₱573,175 and ₱2,225,659 as at December 31, 2024 and 2024, respectively (see Note 12).

Interest receivable pertains to interest earned from cash and cash equivalents, short-term investments, and debt instruments at FVOCI which are due quarterly.

Others mainly pertain to SSS claim receivable and other receivables which are due and demandable.

7. Inventories

	2024	2023
At cost:		
Supplies and spare parts	**₱2,011,310**	₱1,928,127
Gasoline	**248,362**	250,183
	₱2,259,672	₱2,178,310

Total cost of inventories charged to costs of services amounted to ₱3,714,294 and ₱3,785,410 in 2024 and 2023, respectively (see Note 17). Total cost of inventories charged to general and administrative expenses amounted to ₱7,029,226 and ₱4,740,850 in 2024 and 2023, respectively (see Note 18).

There was no allowance for inventory losses recorded in 2024 and 2023.

8. Other Current Assets

	2024	2023
Advances to suppliers	**₱9,047,162**	₱5,304,011
Prepaid expenses	**7,152,872**	5,787,956
Caddies fund	**5,289,693**	5,685,073
Advances to officers and employees	**961,468**	687,371
Current portion of creditable withholding taxes (CWTs)	**1,353,127**	16,612
	₱23,804,322	₱17,481,023

Advances to suppliers consist mainly of advance payments made by the Club relating to purchases of materials and supplies for use in its operation and for special events. These will be applied against actual billings from the suppliers.

Prepaid expenses pertain mainly to advance payment of insurance, real property taxes and subscriptions which are amortized within 3 to 12 months after the end of the financial reporting period.

Caddies fund pertains to restricted cash set aside for purposes other than for use in the Club's normal operations.

Advances to officers and employees are noninterest-bearing and are deductible against the officers' and employees' salary.

CWTs are amounts withheld from income subject to expanded withholding taxes (EWT). 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. Current portion of CWT is expected to be utilized in the next 12 months. Noncurrent portion of CWT as at December 31, 2024 and 2023 amounted to ₱1,585,747 and ₱2,555,460 in 2024 and 2023, respectively (see Note 12).

9. **Debt Instruments at FVOCI**

The Club has the following investments in quoted debt instruments:

Debt instruments at FVOCI

	2024	2023
Government debt securities	**₱14,841,000**	₱14,819,400
Corporate debt securities	**46,300,188**	50,014,797
	61,141,188	64,834,197
Less current portion	**14,915,640**	8,737,487
	₱46,225,548	₱56,096,710

The movements of the net unrealized valuation losses on debt instruments at FVOCI recognized as a separate component of equity are as follows:

	2024	2023
Balances at beginning of year	**(₱6,765,804)**	(₱5,718,875)
Changes in fair value during the year	**6,306,991**	(1,046,929)
Balances at end of year	**(458,813)**	(6,765,804)
Income tax effect	**114,703**	1,691,451
	(₱344,110)	(₱5,074,353)

Interest income earned from the debt instruments at FVOCI amounted to ₱2,817,401 and ₱1,398,880 in 2024 and 2023, respectively.

The movements in debt instruments at FVOCI are as follows:

	2024	2023
Balances at beginning of year	**₱64,834,197**	₱36,571,126
Acquisitions	**–**	38,100,000
Maturities	**(10,000,000)**	(8,790,000)
Changes in fair value during the year	**6,306,991**	(1,046,929)
Balances at end of year	**₱61,141,188**	₱64,834,197

As of December 31, 2024, details of debt instruments at FVOCI are as follows:

	Maturity	Coupon Rate
Government debt securities		
First Metro Investment Corporation	2028	5.75%
Allied Irish Bank	2028	5.75%
Corporate debt securities		
SM Prime Holdings, Inc.	2025	6.16%
Manila Electric Company	2025	3.90%
Robinsons Land Corporation	2026	6.10%
Aboitiz Power Corporation	2026	5.75%
SM Prime Holdings, Inc.	2027	6.16%
Ayala Land, Inc.	2028	6.03%

As of December 31, 2023, details of debt instruments at FVOCI are as follows:

	Maturity	Coupon Rate
Government debt securities		
First Metro Investment Corporation	2028	5.75%
Allied Irish Bank	2028	5.75%
Corporate debt securities		
Metrobank Bank and Trust Company	2024	5.00%
SM Prime Holdings, Inc.	2025	6.21%
Manila Electric Company	2025	3.90%
Robinsons Land Corporation	2026	6.10%
Aboitiz Power Corporation	2026	3.88%
SM Prime Holdings, Inc.	2027	6.22%
Ayala Land, Inc.	2028	6.10%

10. **Property and Equipment**

	2024							
	Building and Improvements	**Sports and Recreational Facilities**	**Household Equipment**	**Furniture, Fixtures and Equipment**	**Transportation Equipment**	**Land**	**Construction In-Progress**	**Total**
Cost:								
Beginning balances	**₱357,653,029**	**₱302,224,911**	**₱32,774,494**	**₱70,390,853**	**₱7,641,014**	**₱23,404,000**	**₱19,414,098**	**₱813,502,399**
Additions	**9,407,040**	**18,432,450**	**4,732,146**	**9,524,295**	**–**	**–**	**30,141,293**	**72,237,224**
Transfers	**10,062,035**	**8,736,607**	**–**	**–**	**–**	**–**	**(18,798,642)**	**–**
Derecognition	**(6,702,644)**	**(4,451,815)**	**(1,779,191)**	**(1,794,756)**	**(1,424,863)**	**–**	**–**	**(16,153,269)**
Ending balances	**370,419,460**	**324,942,153**	**35,727,449**	**78,120,392**	**6,216,151**	**23,404,000**	**30,756,749**	**869,586,354**
Accumulated depreciation:								
Beginning balances	**237,329,386**	**121,627,339**	**25,043,044**	**62,457,801**	**5,231,466**	**–**	**–**	**451,689,036**
Depreciation (Notes 17 and 18)	**16,952,783**	**16,819,529**	**2,999,119**	**2,975,368**	**596,391**	**–**	**–**	**40,343,190**
Derecognition	**(2,223,060)**	**(4,451,815)**	**(1,779,191)**	**(1,377,672)**	**(1,424,863)**	**–**	**–**	**(11,256,601)**
Ending balances	**252,059,109**	**133,995,053**	**26,262,972**	**64,055,497**	**4,402,994**	**–**	**–**	**480,775,625**
Net book values	**₱118,360,351**	**₱190,947,100**	**₱9,464,477**	**₱14,064,895**	**₱1,813,157**	**₱23,404,000**	**₱30,756,749**	**₱388,810,729**

	2023							
	Building and Improvements	Sports and Recreational Facilities	Household Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Land	Construction In-Progress	Total
Cost:								
Beginning balances	₱347,933,613	₱298,818,056	₱70,670,990	₱68,530,330	₱5,746,115	₱23,404,000	₱4,181,051	₱819,284,155
Additions	1,416,059	3,785,523	578,572	3,263,325	1,894,899	–	35,330,047	46,268,425
Transfers	20,097,000	–	–	–	–	–	(20,097,000)	–
Derecognition	(11,793,643)	(378,668)	(38,475,068)	(1,402,802)	–	–	–	(52,050,181)
Ending balances	357,653,029	302,224,911	32,774,494	70,390,853	7,641,014	23,404,000	19,414,098	813,502,399
Accumulated depreciation:								
Beginning balances	236,487,347	106,484,574	59,136,591	60,129,044	4,891,402	–	–	467,128,958
Depreciation (Notes 17 and 18)	12,635,682	15,521,433	2,958,825	3,706,247	340,064	–	–	35,162,251
Derecognition	(11,793,643)	(378,668)	(37,052,372)	(1,377,490)	–	–	–	(50,602,173)
Ending balances	237,329,386	121,627,339	25,043,044	62,457,801	5,231,466	–	–	451,689,036
Net book values	₱120,323,643	₱180,597,572	₱7,731,450	₱7,933,052	₱2,409,548	₱23,404,000	₱19,414,098	₱361,813,363

The cost of fully depreciated property and equipment that are still being held and maintained amounted to ₱256,671,856 and ₱260,199,018 as at December 31, 2024 and 2023, respectively.

In 2024, the Club demolished one of its building and improvements which resulted to a loss on disposal of ₱4,479,584 which is included under "Other income (charges)" account in the statement of comprehensive income.

In 2024, the Club disposed various property and equipment for ₱1,232,232 which resulted to a gain on disposal of ₱815,048 which is included under "Other income (charges)" account in the statement of comprehensive income.

In 2023 the Club disposed sports and recreational facilities and furniture and fixtures equipment for ₱115,000 which resulted to a gain on disposal of ₱89,688 which is included under "Other income (charges)" account in the statement of comprehensive income.

The amount of depreciation expenses was distributed as follows:

	2024	2023
Costs of sales and services (see Note 17)	**₱35,020,195**	₱30,303,196
General and administrative expenses (see Note 18)	**5,322,995**	4,859,055
	₱40,343,190	₱35,162,251

11. **Software Costs**

	2024	2023
Cost		
Beginning balance	**₱6,210,752**	₱6,210,752
Additions	**2,083,500**	686,250
Ending balance	**8,294,252**	6,897,002
Accumulated amortization:		
Beginning balance	**5,541,658**	6,210,752
Amortization (Note 17)	**137,250**	17,156
Ending balance	**5,678,908**	6,227,908
Net book values	**₱2,615,344**	₱669,094

12. **Other Noncurrent Assets**

	2024	2023
Advances to suppliers	**₱6,409,571**	₱–
Noncurrent portion of:		
CWT (Note 8)	**1,585,747**	2,555,460
Installment contract receivable (Note 6)	**573,175**	2,225,659
Refundable deposits	**1,068,097**	558,097
Deferred input VAT	**307,114**	596,700
	₱9,943,704	₱5,935,916

Advances to suppliers pertain to down payments made in relation to purchase and/or construction of the Club's property and equipment.

Deferred input VAT pertains to input VAT arising from the Club's purchase of capital goods exceeding one (1) million pesos which will be claimed on a sixty (60) month term and input VAT.

Refundable deposits pertain to deposits made to utility companies which will be refunded at the end of the contract.

13. Trade and Other Payables

	2024	2023
Trade payables	**₱95,155,200**	₱86,128,104
Due to inactive members and assignees	**39,256,496**	55,905,029
Accrued expenses	**12,888,337**	17,198,473
Advances from contractors	**11,523,417**	12,855,474
Unearned income	**17,594,626**	6,878,365
Deposits (Notes 16 and 21)	**3,973,676**	3,973,676
Output VAT payable	**2,539,560**	881,632
Deferred output VAT	–	78,500
Others	**12,156,532**	934,568
	₱195,087,844	₱184,833,821

Trade payables consist mainly of amounts due to suppliers, which are noninterest-bearing and are normally settled within 30 days' terms. It includes amounts due to concessionaire which pertains to the portion of the income arising from the availment of the members of food and beverages, candies and others, gasoline sales and other services rendered by the concessionaire which will be collected by the Club and subsequently remitted to the concessionaire as provided in the concession agreement.

Due to inactive members and assignees pertains to the unclaimed proceeds from auction of shares of the inactive members, net of the amounts owed to the Club. It also pertains to the unclaimed playing rights deposits of the inactive assignees which are due and demandable.

Accrued expenses are obligations on the basis of normal credit terms and do not bear interest. These pertain to accruals made for professional fees, utilities and other various accruals. Accruals are normally settled within 12 months from the end of the reporting period.

Advances from contractors pertain to retention payable which is usually released to the contractors after the completion of the relevant project.

Unearned income pertains to the advance payment from UnionBank of the Philippines for its lease agreement with the Club and the sponsorships received for the special events of the Club.

Deposits consist of security deposits on lease agreements and from concessionaires that are refundable at the end of the agreement.

Deferred output VAT pertains to VAT on sales of services to members and other guest fees that are deferred until payment has been collected by the Club.

Other payables consist mainly of amounts due to the Social Security System, Philippine Health Insurance Corporation, Home Development Mutual Fund and withholding taxes that are noninterest-bearing and are settled in 10 to 30 days' term.

In 2024 and 2023, the Club reversed various long outstanding payables amounting to ₱2,186,904 and ₱226,559, respectively, which are included under "Other income (charges)" account in the statement of comprehensive income.

14. Playing Rights Deposits

This account represents noninterest-bearing deposits made by the assignees of the Club's members. These deposits are refundable, net of any outstanding obligations of the assignee, upon the termination of the playing rights as agreed by the members and their respective assignees.

The assignees shall be entitled to use all the facilities and enjoy the privileges offered by the Club, except the right to the assets and properties of the Club, the right to vote and to hold office. The assignees shall pay the regular monthly dues and assignee's fee. In the event of delinquency on the part of the assignee, the member shall be held liable for any outstanding obligations.

Playing rights deposits amounted to ₱24,400,000 and ₱24,000,000 as at December 31, 2024 and 2023, respectively.

15. Capital Stock

	2024	2023
Capital stock - no par value		
Founders' shares		
Authorized and issued - 9 shares	**₱452,543**	₱452,543
Class A:		
Authorized - 1,741 shares		
Issued - 1,677 shares	**239,205,700**	239,205,700
Class B:		
Authorized - 750 shares		
Issued - 699 shares	**73,394,944**	73,394,944
	₱313,053,187	₱313,053,187
Treasury shares	**(31,042,051)**	(31,042,051)
	₱282,011,136	₱282,011,136

The Club's authorized capital stock was registered with SEC on September 26, 1978 totaling to 2,500 shares with an offer price of ₱5 at no par value. The authorized capital stock was divided into Founders, Class A and Class B shares. Class A shares may be sold to citizens of the Philippines or to partnerships, corporations or associations, 60% of the voting power of which is owned or controlled by citizens of the Philippines. On the other hand, Class B shares may be sold to any party regardless of their nationality or citizenship.

On January 4, 2023, the Club purchased one (1) of its Class A shares of stocks amounting to ₱18,000,000.

The Club has six (6) Class A and three (3) Class B treasury shares as at December 31, 2024 and six (6) Class A and three (3) Class B treasury shares as at December 31, 2024.

There is no movement in the Club's issued and outstanding shares in 2024.

16. **Revenues**

The table below presents the disaggregation of the Club's revenues:

	2024	2023
Nature of services		
Membership dues and assessments	**₱141,017,891**	₱140,649,069
Corporate services	**50,112,933**	65,250,347
Sports and recreation	**59,219,676**	46,070,826
Revenue from special events	**28,947,887**	26,648,429
Concession income	**22,595,213**	16,076,189
Banquet services	**7,075,671**	3,965,268
Patronage fees	**2,173,083**	1,658,325
Others	**3,918,970**	3,219,222
	₱315,061,324	₱303,537,675

	2024	2023
Timing of revenue recognition		
Services transferred over time	**₱308,969,271**	₱298,660,128
Goods transferred at a point in time	**6,092,053**	4,877,547
	₱315,061,324	₱303,537,675

Membership Dues and Assessments
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.

Membership dues paid in advance by its existing members which are classified as contract liabilities under current liabilities amounted to ₱26,582,039 and ₱30,567,729 as at December 31, 2024 and 2023, respectively.

Sports and Recreation
Sports and recreation represent revenue derived from the usage of the Club's facilities such as the gym, racquet, lockers, golf car and other sports and recreational facilities. It also includes guest fees from non-members, tournament fees, trainers' fees and revenue from special event and other services.

Concessionaires and Other Revenues
Concessionaires and other revenues pertain to the fee charged by the Club to various concessionaires. For and in consideration of its concession rights, the concessionaires pay the Club a percentage of total gross sales as concession fee plus VAT and net of all applicable taxes.

Under PFRS 15, the Club assessed that it serves as an agent in the concession agreement with the third-party provider of goods and services to the members, since it does not control the goods and services before they are transferred to the members.

Security deposits from concessionaires amounted to ₱1,415,000 as at December 31, 2024 and 2023 (see Note 13).

17. Costs of Sales and Services

	2024	2023
Repairs and maintenance	**₱46,852,270**	₱51,591,971
Depreciation and amortization (Notes 10 and 11)	**35,157,445**	30,320,352
Personnel costs (Note 19)	**33,927,568**	29,510,019
Cost of sales	**30,159,397**	24,870,824
Utilities	**23,573,573**	22,485,931
Taxes and licenses	**10,191,938**	10,193,321
Tournament costs	**9,517,335**	6,521,191
Supplies (Note 7)	**3,714,294**	3,785,410
Contracted services	**5,292,176**	3,703,602
Transportation and gasoline	**300,061**	310,417
Others	**3,344,359**	3,491,648
	₱202,030,416	₱186,784,686

Repairs and maintenance pertain to the cost incurred by the Club to ensure that the operation of golf and other sports and food and beverages facilities continues to operate and remain usable for its members.

Cost of sales pertains to the direct cost incurred by the Club in the performance of services and sale of goods to its members.

18. General and Administrative Expenses

	2024	2023
Personnel costs (Note 19)	**₱49,385,187**	₱40,870,955
Repairs and maintenance	**34,595,234**	30,947,989
Contracted services	**13,749,987**	13,274,286
Advertising and marketing expenses	**10,949,852**	8,977,835
Depreciation (Note 10)	**5,322,995**	4,859,055
Supplies (Note 7)	**7,029,226**	4,740,850
Professional fees	**4,956,556**	4,209,530
Insurance	**3,034,158**	2,795,985
Taxes and licenses	**4,211,966**	2,362,823
Utilities	**1,888,720**	1,773,307
Transportation and gasoline	**1,655,586**	1,592,095
Others	**6,414,809**	2,189,491
	₱143,194,276	₱118,594,201

Repairs and maintenance pertain to the costs incurred by the Club to ensure that the administrative and support service facilities of the Club continue to operate and remain usable for its members.

19. Personnel Costs

	2024	2023
Cost of services (Note 17):		
Salaries and wages	**₱23,385,610**	₱20,753,608
Retirement benefits (Note 20)	**425,046**	671,064
Other employee benefits and related expenses	**10,116,912**	8,085,347
	33,927,568	29,510,019
General and administrative expenses (Note 18):		
Salaries and wages	**33,858,841**	26,586,511
Retirement benefits (Note 20)	**1,319,953**	876,317
Other employee benefits and related expenses	**14,206,393**	13,408,127
	49,385,187	40,870,955
	₱83,312,755	₱70,380,974

20. Retirement Benefits

The Club has a funded, noncontributory defined benefit retirement plan which covers all of its regular employees. The benefits are based on the number of years of service and compensation on the last year of employment.

The latest actuarial valuation report as at December 31, 2024 was prepared by an actuary.

Net retirement benefit expense recognized in profit or loss is as follows:

	2024	2023
Current service cost (Note 19)	**₱1,744,999**	₱1,547,381
Interest cost on defined benefit obligation	**1,865,704**	1,837,962
Expected return on plan assets	**(2,160,618)**	(2,260,197)
Net retirement benefit expense	**₱1,450,085**	₱1,125,146
Actual return on plan assets	**₱714,498**	₱3,025,640

The amounts recognized in the statements of financial position as retirement plan assets (liabilities) are as follows:

	2024	2023
Fair value of plan assets	**₱32,758,878**	₱30,524,624
Present value of defined benefit obligation	**(33,307,407)**	(27,436,823)
Retirement plan assets (liabilities)	**(₱548,529)**	₱3,087,801

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

	2024	2023
Beginning balances	**₱30,524,624**	₱31,391,619
Contributions paid	**2,743,248**	2,304,696
Interest income	**2,160,618**	2,260,197
Actuarial gains (losses) on plan assets	**(1,446,120)**	765,443
Benefits paid	**(1,223,492)**	(6,197,331)
Ending balances	**₱32,758,878**	₱30,524,624

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

	2024	2023
Beginning balances	**₱27,436,823**	₱25,527,250
Current service cost	**1,744,999**	1,547,381
Interest cost	**1,865,704**	1,837,962
Benefits paid	**(1,223,492)**	(6,197,331)
Actuarial losses due to:		
Changes in financial assumptions	**1,958,041**	3,690,341
Experience adjustments	**1,525,332**	1,031,220
Ending balances	**₱33,307,407**	₱27,436,823

Actuarial losses on retirement plan asset (obligation) recognized in the statements of comprehensive income is as follows:

	2024	2023
Actuarial loss on defined benefit obligation due to:		
Changes in financial assumptions	**(₱1,958,041)**	(₱3,690,341)
Experience adjustments	**(1,525,332)**	(1,031,220)
Actuarial loss gain (loss) on plan assets	**(1,446,120)**	765,443
Actuarial losses on retirement benefit obligation	**(4,929,493)**	(3,956,118)
Income tax effect	**1,232,373**	989,029
	(₱3,697,120)	(₱2,967,089)

Cumulative re-measurement losses recognized in OCI:

	2024	2023
Balances at beginning of year	**(₱5,122,348)**	(₱1,166,230)
Actuarial losses	**(4,929,493)**	(3,956,118)
Balances at end of year	**(10,051,841)**	(5,122,348)
Income tax effect	**2,512,960**	1,280,587
	(₱7,538,881)	(₱3,841,761)

The principal actuarial assumptions used in determining the retirement obligation of the Club are shown below:

	2024	2023
Discount rate	**6.20%**	6.80%
Salary increase rate	**4.00%**	4.00%

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 if all other assumptions were held constant:

	Increase (decrease)	Effect on the defined benefit obligation 2024	2023
Discount rate	+1%	**(₱3,164,232)**	(₱2,645,437)
	-1%	**3,722,491**	3,096,845
Future salary increases	+1%	**3,768,765**	3,154,457
	-1%	**(3,254,832)**	(2,735,544)

The defined benefit retirement plan is funded by contributions of the Club to a trust fund managed by a trustee bank.

The Club does not perform formal asset liability matching (ALM) studies. Instead, the overall investment policy and ALM strategy of the retirement plan is based on the client sustainability assessment, as provided by its trustee bank in compliance with the Bangko Sentral ng Pilipinas requirements.

The categories of plan assets as a percentage of the fair value of total retirement plan assets are as follow:

	2024	2023
Unit investment trust funds and mutual funds	**100%**	100%

The Club's retirement fund is administered by a trustee bank with assets held separately from those of the Club.

The Club is expected to contribute ₱2,500,000 to the defined benefit retirement plan in 2024.

Shown below is the maturity profile of the expected retirement benefit payments:

	2024	2023
1 year and less	**₱606,379**	₱541,752
More than 1 year to 5 years	**13,924,849**	8,680,251
More than 5 years to 10 years	**21,365,881**	22,449,789
More than 10 years to 15 years	**25,473,326**	21,783,578
More than 15 years to 20 years	**27,405,774**	25,817,153
More than 20 years	**147,971,261**	102,958,412
Total expected payments	**₱236,747,470**	₱182,230,935

The average duration of the defined benefit obligation is 16.9 years and 15.6 years in 2024 and 2023, respectively.

21. **Lease Agreements**

The Club (as a lessor) has entered into commercial property leases on its land with third parties. The term of these leases ranges from five (5) to 15 years. Renewals are subject to mutual consent of the lessor and the lessee. Total rent income amounted to ₱16,334,267 and ₱15,591,756 in 2024 and 2023, respectively.

a. On October 10, 2016, the Club entered into a lease of its land with Globe Telecom, Inc. for a period of 10 years. The lease agreement is renewable for another term depending on the agreement of the contracting parties. The monthly rental payment amounted to ₱366,179 subject to 3% escalation every year beginning on the third year. Rental income recorded amounted to ₱4,903,478 in 2024 and 2023. Security deposits amounted to ₱1,025,292 as at December 31, 2024 and 2023, included under "Deposits" in the "Trade and other payables" account (see Note 13).

   The future minimum rental receivables under this operating lease agreement as at December 31, 2024 and 2023 are as follows:

	2024	2023
Within one (1) year	**₱5,444,781**	₱5,286,196
Beyond one (1) year but not more than 10 years	**4,174,783**	9,619,564
	₱9,619,564	₱14,905,760

b. The Club entered into a lease agreement with Smart Communications, Inc. for the lease of a portion of the Club's land for a cell site tower. The lease contract was for a period of 10 years commencing on September 1, 2021 and renewable for another term upon mutual agreement of both parties. The monthly rental payment amounted to ₱489,396 subject to annual escalation of 5% starting on the 3rd to 5th year, and 6% escalation starting on the 6th to 10th year. Rental income recorded amounted to ₱7,180,795 in 2024 and 2023. Security deposits amounted to ₱1,217,208 as at December 31, 2024 and 2023, included under "Deposits" in the "Trade and other payables" account (see Note 13).

   The future minimum rental receivables under this operating lease agreement as at December 31, 2024 and 2023 are as follows:

	2024	2023
Within one (1) year	**₱6,798,448**	₱6,474,712
Beyond one (1) year but not more than 10 years	**40,622,891**	47,421,339
	₱47,421,339	₱53,896,051

c. The Club entered into a lease contract with Petron Corporation to build and construct a fuel service station inside the Club's premise that shall serve exclusively the fuel needs of the Club and its members, bona fide dependents and guests. The lease contract is for a period of 15 years commencing on November 19, 2013. The lessee shall be required to pay monthly rental of ₱96,451 for the first five (5) years, ₱103,339 for the next 5 years and ₱148,808 for last five (5) years of the lease. Rental income recorded amounted to ₱1,394,393 in 2024 and 2023.

   The monthly rental for the 10-year lease shall be paid by lessee immediately upon the commencement of the lease contract. The monthly rentals for the succeeding 5 years shall be prepaid on or before the fifth of January of each year. In 2013, the Club received an advance rental payment from Petron Corporation amounting to ₱13,425,900.

The future minimum rental receivables under this operating lease agreement as at December 31, 2024 and 2023 are as follows:

	2024	2024
Within one (1) year	**₱1,785,696**	₱1,785,696
Beyond one (1) year but not more than 15 years	**5,357,089**	7,142,785
	₱7,142,785	₱8,928,481

d. The Club entered into a lease contract with UnionBank of the Philippines for the lease of one of its facilities to be used as a business lounge. The lease contract commenced on March 1, 2020 and will end after five (5) years. The monthly rental payment amounted to ₱40,000 subject to 5% escalation every year.

   On March 17, 2023, the term of the original lease contract was amended to extend for another five years effective March 1, 2023 to February 29, 2028 and to adjust the leased floor area from 52.32 sqm to 71.81 sqm. The revised monthly rental payment amounted to ₱143,620 subject to 5% escalation every year. Rental income amounted to ₱1,904,616 and ₱1,675,590 in 2024 and 2023, respectively. Security deposits amounted to ₱94,176 as at December 31, 2024 and 2023, and included under "Deposits" in the "Trade and other payables" account (see Note 13).

   The future minimum rental receivables under this operating lease agreement as at December 31, 2024 and 2023 are as follows:

	2024	2023
Within one (1) year	**₱1,809,612**	₱1,723,440
Beyond one (1) year but not more than five (5) years	**5,990,042**	7,799,654
	₱7,799,654	₱9,523,094

e. The Club leased certain facilities to some of its employees. The lease contract is for a period of one (1) year. On March 1, 2022, the lease contract has expired. Security deposits which were not yet claimed amounted to ₱52,000 as at December 31, 2024 and 2023, and included under "Deposits" in the "Trade and other payables" account (see Note 13).

f. On February 25, 2023, the Club leased its townhouse unit to a third party for a period of two (2) years. Rental income earned amounted to ₱428,571 and ₱357,143 in 2024 and 2023, respectively. Security deposits amounted to ₱80,000 as at December 31, 2024 and 2023, and included under "Deposits" in the "Trade and other payables" account (see Note 13).

g. On September 19, 2023, the Club leased its house and lot to a third party for a period of two (2) years. Rental income earned amounted to ₱482,143 and ₱80,357 in 2024 and 2023, respectively. Security deposits amounted to ₱90,000 as at December 31, 2024 and 2023, and included under "Deposits" in the "Trade and other payables" account (see Note 13).

h. In August 2024, the Club leased its point-of-sale (POS) machine to one of its concessionaires for a month. Rental income earned amounted to ₱40,271 in 2024.

22. Related Party Transactions

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

Key Management Personnel
Compensation of key management personnel of the Club amounted to ₱9,062,245 and ₱7,296,999 in 2024 and 2023, respectively.

23. Income Taxes

a. The provision for current income tax in 2024 and 2023 pertains to minimum corporate income tax (MCIT.).

b. The reconciliation between the income tax computed at the statutory tax rate and the provision for income tax follows:

	2024	2023
Income tax at the statutory tax rate	**(₱1,729,166)**	₱5,143,123
Adjustments to income tax resulting from:		
Nontaxable income	**(47,782,706)**	(51,474,854)
Nondeductible expenses	**41,819,327**	38,723,177
Interest income subjected to final tax	**(1,853,324)**	(777,114)
Movement in unrecognized deferred tax assets	**9,401,916**	9,145,649
Expired MCIT	–	114,196
	(₱143,953)	₱874,177

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Company recognized MCIT using the effective rate of 2% and 1.5% in 2024 and 2023, respectively, in accordance with RMC 69-2023.

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

	2024	2023
Deferred tax assets:		
Unamortized past service costs	**₱400,980**	₱503,035
Unrealized valuation losses on debt instruments at FVOCI	**114,703**	1,691,451
Retirement benefit obligation	**137,132**	–
	652,815	2,194,486

(Forward)

	2024	2023
Deferred tax liabilities:		
Excess of insurance proceeds over the carrying value of asset	**₱1,865,817**	₱2,032,174
Excess of rental income over receipts	**1,016,668**	1,898,092
Unrealized forex gain	**3,782**	–
Retirement plan asset	**–**	771,950
	2,886,267	4,702,216
Net deferred tax liabilities	**₱2,233,452**	₱2,507,730

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

	2024	2023
Balances at beginning of year	**₱2,507,730**	₱3,108,692
Benefit from (provision for) deferred tax during the year recognized in:		
Profit or loss	**(618,653)**	649,799
OCI	**344,375**	(1,250,761)
Balances at end of year	**₱2,233,452**	₱2,507,730

As at December 31, 2024 and 2023, the Club has the following temporary differences for which no deferred tax assets 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.

	2024	2023
NOLCO	**₱159,763,322**	₱124,238,574
Allowance for ECLs	**1,415,939**	1,415,939
MCIT	**784,850**	310,150
Ending balances	**₱161,964,111**	₱125,964,663

As at December 31, 2024, the Club has available MCIT that can be claimed as deductions from future income tax due, for the next three (3) consecutive taxable years, as follows:

Year Incurred	Year of Expiration	MCIT
2022	2025	₱85,772
2023	2026	224,378
2024	2027	474,700
		₱784,850

As at December 31, 2024 and 2023, the Club has incurred NOLCO in taxable year 2021 and 2020 that can be claimed as deduction from future taxable income for the next five (5) consecutive taxable years, as follows:

Year Incurred	Year of Expiration	NOLCO
2020	2025	₱23,389,381
2021	2026	35,937,704
		₱59,327,085

As at December 31, 2024, the Club has incurred NOLCO in taxable year 2023 that can be claimed as deduction from future taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Year of Expiration	NOLCO
2022	2025	₱28,769,622
2023	2026	36,141,867
2024	2027	35,524,748
		₱100,436,237

d. Movements in NOLCO are as follows:

	2024	2023
Beginning balances	**₱124,238,574**	₱88,096,707
Additions	**35,524,748**	36,141,867
Ending balances	**₱159,763,322**	₱124,238,574

e. Movements in excess of MCIT over RCIT are as follow:

	2024	2023
Beginning balances	**₱310,150**	₱199,968
Additions	**474,700**	224,378
Expirations	**–**	(114,196)
Ending balances	**₱784,850**	₱310,150

24. **Financial Instruments**

Risk Management Structure
The Club's management, as a whole, is responsible for the comprehensive monitoring, evaluation and analysis of the Club's risks in line with the policies and limits set by the BOD. The President and the General Manager shall provide the Audit Committee with the results of management's annual risk assessment exercise on the Club's risk exposures and its remedies.

Policies on Financial Instruments
The principal financial instruments of the Club consist of cash and cash equivalents and investments in fixed-income generating funds. The main purpose of these financial instruments is to raise funds for the Club. The Club has various other financial instruments such as receivables, trade and other payables, refundable deposits and playing rights deposits which arise directly from its operations.

The main risks arising from the financial instruments of the Club are credit risk, liquidity risk and market risk. The Club's management reviews and approves policies for managing each of these risks and they are summarized below. The Club also monitors the market price risk arising from all financial instruments. The magnitudes of these risks that have arisen over the year are likewise discussed below.

a. *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.

Credit risk exposures
The table below shows the gross maximum exposure to on and off credit risk exposures of the Club, without considering the effects of collateral, credit enhancements and other credit risk mitigation techniques:

	2024	2023
Amortized cost		
Cash in bank and cash equivalents	**₱59,816,962**	₱82,207,517
Short-term investments	**63,664,144**	79,773,962
Receivables*	**68,872,522**	63,396,891
Refundable deposits under "Other noncurrent assets"	**1,068,097**	558,097
Debt instruments at FVOCI	**61,141,188**	64,834,197
Ending balances	**₱254,562,913**	₱290,770,664

** Includes noncurrent installment contract receivable*

Impairment of financial assets
The Club has financial assets that are subject to the expected credit loss model:

- cash and cash equivalents
- short-term investments
- receivables
- refundable deposits; and
- debt instruments at FVOCI

While cash and cash equivalents, short-term investments and refundable deposits are also subject to the impairment requirements of PFRS 9, the identified impairment loss were immaterial.

Receivables
The Club applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all receivables. The ECL on receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Club has identified the unemployment rate to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Club expects to fully realize receivables from its members. The ownership shares of its members serve as collaterals which ensure the payment of membership dues and other charges. In case of a delinquent member, the delinquent member's share is sold at an auction in order to realize the unpaid dues. The net proceeds of the auction will be returned to the delinquent member, less the amount due by the member to the Club.

The Club has allowance for ECL amounting to ₱1,415,939 as at December 31, 2024 and 2023.

Debt instruments
The Club's debt investments at FVOCI are considered to have low credit risk, and the loss allowance recognized during the period was therefore limited to 12 months expected losses. Management considers 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency.

Debt instruments at FVOCI include listed debt securities. There is no loss allowance for debt instruments at FVOCI recognized in the statement of comprehensive income.

With respect to credit risk from other financial assets of the Club, it consisted mainly of cash in banks and cash equivalents which are maintained mostly with reputable financial institutions, and receivables which arise from the default of the counterparty. The Club's maximum exposure equals to the carrying amount of these instruments.

b. *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 maintains a level of cash and short-term investments deemed adequate by management to meet unanticipated cash disbursements arising from operations and payments to creditors.

The following table summarizes the maturity profile of the Club's financial liabilities as at December 31, 2024 and 2023, based on contractual undiscounted cash flows.

The analysis into relevant maturity groupings is based on the remaining term at the end of the reporting period to the contractual maturity dates.

2024	**On demand**	**Within three (3) Months**	**More than Three (3) Months but Less than One (1) year**	**More than One (1) year**	**Total**
Financial Liabilities					
Trade payables	**₱17,241,670**	**₱77,913,530**	**₱–**	**₱–**	**₱95,155,200**
Due to inactive members and assignees	**39,256,496**	**–**	**–**	**–**	**39,256,496**
Accrued expenses	**–**	**12,888,337**	**–**	**–**	**12,888,337**
Advances from contractors	**11,523,417**	**–**	**–**	**–**	**11,523,417**
Playing rights deposits	**2,200,000**	**22,200,000**	**–**	**–**	**24,400,000**
Deposits	**–**	**–**	**3,973,676**	**–**	**3,973,676**
	₱70,221,583	**₱113,001,867**	**₱3,973,676**	**₱–**	**₱187,197,126**

2023					
Financial Liabilities					
Trade payables	₱8,214,574	₱77,913,530	₱–	₱–	₱86,128,104
Due to inactive members and assignees	55,905,029	–	–	–	55,905,029
Accrued expenses	–	17,198,473	–	–	17,198,473
Advances from contractors	12,855,474	–	–	–	12,855,474
Playing rights deposits	1,800,000	22,200,000	–	–	24,000,000
Deposits	–	–	3,973,676	–	3,973,676
	₱78,775,077	₱117,312,003	₱3,973,676	₱–	₱200,060,756

The tables below summarize the maturity profile of the Club's financial assets used to manage liquidity risk of the Club as at December 31, 2024 and 2023.

2024	**On demand**	**Within three (3) Months**	**More than Three (3) Months but Less than One (1) year**	**More than One (1) year**	**Total**
Amortized cost					
Cash	**₱59,886,962**	**₱–**	**₱–**	**₱–**	**₱59,886,962**
Short-term investments	**–**	**–**	**63,664,144**	**–**	**63,664,144**
Receivables*	**66,069,797**	**1,012,334**	**1,741,070**	**145,089**	**68,968,290**
Refundable deposits under "Other noncurrent assets"	**–**	**–**	**–**	**1,068,097**	**1,068,097**
Debt instruments at FVOCI	**–**	**–**	**14,915,640**	**46,225,548**	**61,141,188**
	₱125,956,759	**₱1,012,334**	**₱80,320,854**	**₱47,438,734**	**₱254,728,681**

2023					
Amortized cost					
Cash and cash equivalents	₱77,066,185	₱5,211,332	₱–	₱–	₱82,277,517
Short-term investments	–	–	79,773,962	–	79,773,962
Receivables	59,332,310	717,706	1,305,804	2,321,427	63,677,247
Refundable deposits under "Other noncurrent assets"	–	–	–	558,097	558,097
Debt instruments at FVOCI	–	–	8,737,487	56,096,710	64,834,197
	₱136,398,495	₱5,929,038	₱89,817,253	₱58,976,234	₱291,121,020

** Includes noncurrent installment contract receivable*

c. *Market Risk*
Market risk is the risk of change in fair value of financial instruments from fluctuation in market interest rates (interest rate risk) whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

d. *Interest Rate Risk*
Interest rate risk arises from the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest.

In 2024 and 2023, the Club does not have significant exposure to interest rate risks, as the interest on the Club's cash in banks, cash equivalents, short-term investments and debt instruments at FVOCI is fixed until the maturity of these instruments.

Fair Value of Financial Instruments
The Club has determined that the carrying amounts of cash and cash equivalents, short-term investments, receivables excluding installment contract receivable, trade and other payables, and playing rights deposits reasonably approximate their fair values due to the short-term nature of these financial instruments.

For the debt instruments at FVOCI, the fair values amounting to ₱61,141,188 and ₱64,834,197 as at December 31, 2024 and 2023, respectively, were based on quoted prices in active markets and categorized under Level 1 hierarchy.

For refundable deposits under "Other non-current assets" and installment contract receivable, the estimated fair values amounting to ₱3,293,756 and ₱4,340,240 and as at December 31, 2024 and 2023, respectively, were based on the discounted value of future cash flows using prevailing interest rates and categorized under Level 3 hierarchy.

Capital Management
The primary objective of the Club's capital management is to ensure its ability to continue on a going concern basis. As such, the Club continuously evaluates its strategy to maintain future viability. The Club's overall strategy remains unchanged. The Club manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes in 2024 and 2023.

As at December 31, 2024 and 2023, the Club's capital structure follows:

	2024	2023
Capital stock	**₱313,053,187**	₱313,053,187
Share premium	**10,616,149**	10,616,149
Accumulated excess of revenue over costs and expenses	**146,829,254**	153,601,964
	470,498,590	477,271,300
Less cost of treasury shares	**31,042,051**	31,042,051
	₱439,456,539	₱446,229,249

The Club's current ratios as at December 31, 2024 and 2023 are as follows:

	2024	2023
Total current assets	**₱232,830,087**	₱251,619,531
Total current liabilities	**246,069,883**	239,401,550
Current ratio	**0.95:1**	1.05:1

The Club's debt-equity ratios as at December 31, 2024 and 2023 are as follows:

	2024	2023
Total liabilities	**₱248,851,864**	₱241,909,280
Total equity	**431,573,548**	437,313,135
Debt-equity ratio	**0.58:1**	0.55:1

The Club is not subject to externally imposed capital requirements.

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

Disclosure requirement of RR 34-2020
The Club is not covered by the requirements and procedures for related party transactions provided under RR 34-2020.

Disclosure requirement of RR 15-2020
On November 25, 2010, the BIR has 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 and licenses fees paid or accrued during the year.

On August 13, 2019, the SC declared that membership fees, assessment dues, and fees of similar nature collected by Clubs do not constitute an income that are subject to income tax and part of the gross receipts that are subject to output VAT. As such, the input VAT on cost and expenses, inventories, completed projects and purchases that are relayed to these non-vatable revenue activities formed part of the recorded amount of cost and expenses, inventories and property and equipment.

a. *VAT*

The National Internal Revenue Code of 1997 provides for the imposition of VAT on sales of goods and services. The Club's sales are subject to output VAT while its importations and purchases from other VAT-registered individuals or corporations are subject to input VAT.

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

i. Gross sales/receipts and output VAT declared in the Club's VAT returns filed for the year ended December 31, 2024.

	Gross Sales/ Receipts	Output VAT
Sales of services	₱497,282,604	₱59,673,912
Leasing income	13,740,344	1,648,841
Others	514,092	61,691
	511,537,040	61,384,444
Exempt sales	17,103,101	–
Total	528,640,141	61,384,444
Less remittance		6,768,072
	₱528,640,141	₱54,616,372

The Club's sales of goods and services that are subject to VAT are reported under the following accounts: (a) concessionaires and other revenues; (b) sports and recreation; (c) corporate services; and (d) food and beverage. In computing the output tax due for purposes of filing of the VAT returns, (a) the Club uses the gross amount of sales of other goods, exclusive of the related direct cost and (b) the Club's sales of services are based on actual collections received; hence, may not be the same as amounts accrued in the statement of comprehensive income. Sales from services represent collections received from such sales which for the year amounted to ₱497,282,604.

ii. Input VAT

Balance at January 1, 2024	₱–
Current year's domestic purchases/payments for:	
Goods other than capital goods	30,848,330
Capital goods exceeding ₱1 million	156,552
Services lodged under cost of goods sold	21,071,930
	52,076,812
Less: application against output VAT	52,076,812
Balance at December 31, 2024	₱–

b. *Withholding Taxes*

Details of withholding taxes for the year ended December 31, 2024 are as follows:

Withholding taxes on compensation and benefits	₱3,702,156
Expanded withholding taxes	10,143,894
Final withholding taxes	1,505,323
	₱15,351,373

c. *Other Taxes and Licenses*
This includes all other taxes, local and national, including real estate taxes, licenses and permit fees. There is no payment of capital gains tax during the year.

Details of other taxes and licenses for the year ended December 31, 2024 are as follows:

Real property	₱11,898,130
Business permit	659,697
Licenses and registrations	203,259
Community tax certificate	11,456
Others	1,631,362
	₱14,403,904

d. *Tax assessments and cases*
On May 24, 2024, the Club has settled the initial assessment on its deficiency tax on Value Added Tax (VAT) for the taxable period from January 1, 2022 to December 31, 2022 for ₱1,506,362 including penalties.

As at December 31, 2024, the Club is currently not involved in any tax cases, preliminary investigations, litigation or prosecution in courts outside of BIR.