ANNEX "E"

SECURITIES AND EXCHANGE COMMISSION
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Industry Classification: O92499
Company Type: Stock Corporation

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Period Covered: December 31, 2023
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Remarks: None

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A 1 9 9 6 - 0 7 1 8 8

COMPANY NAME

FONTANA RESORT & COUNTRY CLUB, INC.

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

FONTANA CLUBHOUSE, FONTANA LEISURE PARKS, C.M. RECTO HIGHWAY, CLARK FREEPORT ZONE, PHILIPPINES

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANYINFORMATION

Country Club's Email Address	Country Club's Telephone Number	Mobile Number
–	(02) 8843-9114	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,554	Last Monday of September	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Juan Miguel Victor C. Dela Fuente	–	–	–

CONTACT PERSON'S ADDRESS

Unit 2704, 88 Corporate Center, Sedeno Street, Salcedo Village, Makati City

NOTE ***1 :*** *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

FONTANA RESORT & COUNTRY CLUB, INC.
(A non-profit organization)
CLARK FREEPORT ZONE – PHILIPPINES

FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

and

INDEPENDENT AUDITOR'S REPORT

CONTENTS

FONTANA

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **FONTANA RESORT & COUNTRY CLUB, INC.** is responsible for the preparation and fair presentation of the financial statements, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

The Board of Directors reviews and approves the financial statementsand submits the same to the stockholders.

Alas, Oplas & Co., CPAs, the independent auditors appointed by the stockholders for the periods December 31, 2023 and 2022, respectively, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Ms. Mary de Jesus
Chairman of the Board

Mr. Wu Shuiqing (Simon)
President and General Manager

Mr. Chen Long Wang
Treasurer

Signed this19th day of March 2024.

REPUBLIC OF THE PHILIPPINES)
IN THE CITY OF ANGELES) S.S.

SUBSCRIBED AND SWORN to before me this 5th day of April 2024, in the city of Angeles

Doc No. 1593 ;
Page No. 96 ;
Book No. CXII ;
Series of 2024

CYRIL VICTOR N. BERMUDO
Notary Public – Angeles City
Comm. No. 2022-998 until Dec. 31, 2024
Roll of Attorney's No. 50182
IBP Lifetime Membership No. 05453
PTR No. 2028255 / 01-02-2024 / A.C.
MCLE Comp. No. VII-0002457 / 02-27-20
1241-A Miranda St., Angeles City

Alas Oplas & Co., CPAs
7/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 7116-4366
Email: aocheadoffice@alasoplas.com
Website: www.alasoplascpas.com

Offices:
Makati Alabang Ortigas Paranaque
Cavite Bulacan Isabela Nueva Ecija
Bacolod Iloilo Bohol Legazpi

INDEPENDENT AUDITOR'S REPORT
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Board of Directors and Stockholders
FONTANA RESORT & COUNTRY CLUB, INC.
Fontana Clubhouse, Fontana Leisure Parks
C.M. Recto Highway, Clark Freeport Zone
Philippines

We have audited the accompanying financial statements of **FONTANA RESORT & COUNTRY CLUB, INC.** (the "Country Club") as of and for the years ended December 31, 2023 and 2022, on which we have rendered our report dated March 19, 2024.

In compliance with SRC Rule 68, we are stating that the said Country Club has a total of two (2) stockholders owning one hundred (100) or more shares each.

ALAS, OPLAS & CO., CPAs
BOA Registration No. 0190, valid from October 31, 2022, to February 18, 2025
BIR A.N. 08-001026-000-2024, issued on January 5, 2024; effective until January 4, 2027
SEC A.N. (Firm) 0190-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025 audit period
TIN 002-013-406-000

By:

DANILO T. ALAS
Partner
CPA License No. 0027120
BIR A.N. 08-001026-001-2024, issued on January 5, 2024; effective until January 4, 2027
SEC A.N. (Individual) 27120-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025
TIN 132-466-021-000
PTR No. 10075667, issued on January 2, 2024, Makati City

March 19, 2024
Makati City, Philippines

Alas Oplas & Co., CPAs

Alas Oplas & Co., CPAs
7/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 7116-4366
Email: aocheadoffice@alasoplas.com
Website: www.alasoplascpas.com

Offices:

Makati	Alabang	Ortigas	Paranaque
Cavite	Bulacan	Isabela	Nueva Ecija
Bacolod	Iloilo	Bohol	Legazpi

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
FONTANA RESORT & COUNTRY CLUB, INC.
Fontana Clubhouse, Fontana Leisure Parks
C.M. Recto Highway, Clark Freeport Zone
Philippines

Opinion

We have audited the accompanying financial statements of **FONTANA RESORT & COUNTRY CLUB, INC.** (the "Country Club"), which comprise the statements of financial position as at December 31, 2023 and 2022 and the statements of comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Country Club as at December 31, 2023 and 2022 and its financial performance and cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audit 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 Country 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Recoverability of Membership Dues Receivables
Refer to Note 4 (Significant Accounting Policies) and Note 9 (Membership dues and other receivables) in the financial statements.

As at December 31, 2023 and 2022, the Country Club has outstanding membership dues with gross amount of ₱245,689,086. Membership dues are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method, less provision for impairment.

BKR INTERNATIONAL | INDEPENDENT MEMBER

MABALACAT CITY, PAMPANGA
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The Country Club assessed the membership dues and receivables account to be impaired and has recognized provisions for expected credit losses in the statement of comprehensive loss amounting to ₱47,455,113 and ₱44,597,499 for 2023 and 2022, as disclosed in Note 9.

This is significant to our audit because of the materiality of the amount and the assessment of recoverability requires high level of management judgment and estimation of future cash repayments.

Significant management judgement is required to assess the recoverability of debt instruments in accordance with PFRS 9 "Financial Instrument". Management performed a detailed analysis taking into account customer's ageing profile, credit history and historical payment pattern and the forward-looking information for the estimation of expected credit losses ("ECLs") on its debt instruments.

Audit Response
Our audit procedures focused on the evaluation of management's assessment on the recoverability of membership dues.

Our audit procedure included the following:

- Obtaining an understanding and evaluating the process and control over the collection and assessment of the recoverability of debt instruments.
- We obtained list of long outstanding membership dues and assessed the recoverability of these through inquiry with the management.
- We evaluated the management's assessment on the ECLs debt instruments with reference to the historical payment records, and credit history of the customers.
- We considered the age of the debts as well as the trend of collections to identify the collection risks.
- We evaluated the management program on restoring and improving the facilities to encourage members to reactivate membership.

Impairment of Non-financial Asset
Refer to Note 4 (Significant Accounting Policies), Note 11 (Property and equipment), Note 12 (Investment properties) and Note 22 (Right-of-use assets) in the financial statements.

The Country Club made assessment at reporting date to determine whether there is any indication of impairment of any non-financial assets, except inventories. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price. The valuation of non-financial assets was identified as key audit matter due to the significance of this balance to the financial statements, as well as the significance of management's judgements in determining its valuation.

The assessment led to the recognition of an impairment loss on investment properties in 2023 amounting to ₱34,546,439 and an impairment loss on property and equipment in 2023 amounting to ₱694,519 which have been recognized in profit or loss as disclosed in Note 19 of the financial statements.

The carrying amount of property and equipment – net amounted to ₱28,454,006 and ₱51,994,084 as of December 31, 2023 and 2022, respectively as disclosed in Note 11. The carrying value of investment properties – net amounted to ₱932,431,558 and ₱1,025,967,232 as of December 31, 2023 and 2022, respectively as disclosed in Note 12.

The Management determined their recoverable amounts based on value-in-use calculation which is based on expected future cash flows from the property and equipment. The Management's recoverable amounts includes a variety of significant assumptions from external and internal factors with respect to the future level and results of the business and the discount rates applied to the forecasted cash flow.

Audit Response
Our audit procedures focused on the evaluation of management's assessment on the valuation of property and equipment and investment properties.

Our audit procedure included the following;

- Obtaining the projected cash flow
- Obtaining an understanding of the Country Club's financial performance and business condition.
- Inquiry and assessment of management plans for improvements of facilities of the club within the next five (5) years
- Observation of the Country Club's fixed asset.
- Evaluated the appropriateness of the factors included in the analysis of the Management in the projected cash flow.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Management is responsible for the preparation of the financial statements in accordance with Philippine Financial Reporting Standards, and for such internal controls 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 Country 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 Country Club or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional scepticism 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 Country 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 Country 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 Country 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 the Revised Securities Regulation Code Rule 68

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the index to the Financial Statements and supplementary schedules is presented for the purpose of compliance with the requirement under Revised Securities Regulation Code Rule 68 and is not part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards.

Such supplementary information is the responsibility of the Management. The supplementary information has been subjected to the auditing procedures applied in the 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.

Report on the Supplementary Information Required under Revenue Regulation No. 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Information in the notes 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 **FONTANA RESORT & 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

ALAS, OPLAS & CO., CPAs
BOA Registration No. 0190, valid from October 31, 2022, to February 18, 2025
BIR A.N. 08-001026-000-2024, issued on January 5, 2024; effective until January 4, 2027
SEC A.N. (Firm) 0190-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025 audit period
TIN 002-013-406-000

By:

DANILO T. ALAS
Partner
CPA License No. 0027120
BIR A.N. 08-001026-001-2024, issued on January 5, 2024; effective until January 4, 2027
SEC A.N. (Individual) 27120-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025
TIN 132-466-021-000
PTR No. 10075667, issued on January 2, 2024, Makati City

March 19, 2024
Makati City, Philippines

FONTANA RESORT & COUNTRY CLUB, INC.
(A non-profit organization)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
In Philippine Peso

	Notes	2023	2022
ASSETS			
Current Assets			
Cash	8	**2,606,937**	3,465,554
Membership dues and other receivables – net	9	**28,638,791**	78,100,997
Due from related parties	6	**215,276,076**	213,150,967
Current portion of finance lease receivables	22	**9,272,728**	8,625,794
Prepayments and other current assets	10	**5,526,596**	7,913,870
Total Current Assets		**261,321,128**	311,257,182
Non-Current Assets			
Property and equipment – net	11	**28,454,006**	51,994,084
Investment properties – net	12	**932,431,558**	1,025,967,232
Right-of-use assets – net	22	**293,746,164**	300,740,120
Finance lease receivables – net of current portion	22	**314,008,616**	305,767,773
Deferred tax assets	20	**13,317,097**	9,666,999
Utility deposits		**157,544**	661,344
Total Non-Current Assets		**1,582,114,985**	1,694,797,552
TOTAL ASSETS		**1,843,436,113**	2,006,054,734
LIABILITIES AND MEMBER'S EQUITY			
Current Liabilities			
Trade and other payables	13	**101,600,420**	103,014,733
Current portion of lease liabilities	22	**27,615,576**	19,608,693
Total Current Liabilities		**129,215,996**	122,623,426
Non-Current Liabilities			
Lease liabilities – net of current portion	22	**706,566,396**	687,872,721
Retirement benefits liability	23	**10,499,316**	7,790,425
Deferred tax liabilities	20	**6,552,487**	4,330,543
Total Non-Current Liabilities		**723,618,199**	699,993,689
Total Liabilities		**852,834,195**	822,617,115
Member's Equity			
Country club shares	14	**549,120**	549,120
Additional paid-in capital	14	**1,588,878,951**	1,588,878,951
Accumulated deficiency of revenues over costs and expenses		**(605,632,527)**	(414,449,707)
Other comprehensive income	23	**6,806,374**	8,459,255
Total Member's Equity		**990,601,918**	1,183,437,619
TOTAL LIABILITIES AND MEMBER'S EQUITY		**1,843,436,113**	2,006,054,734

See Notes to Financial Statements.

MABALACAT CITY PAMPANGA
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DATE: APR 2 2 2024
BY:
2% GIE ★ TFCFZ

FONTANA RESORT & COUNTRY CLUB, INC.
(A non-profit organization)
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 and 2021
In Philippine Peso

	Notes	**2023**	2022	2021
Revenues	15	**108,582,608**	121,475,110	125,497,453
Direct costs	16	**(174,474,590)**	(182,714,005)	(192,828,442)
Excess of costs over revenues before expenses and other income		**(65,891,982)**	(61,238,895)	(67,330,989)
General and administrative expenses	17	**(70,055,360)**	(65,596,565)	(64,174,700)
Finance cost	22	**(39,773,021)**	(38,682,740)	(37,582,912)
Other income (loss) – net	19	**(16,068,078)**	(51,119,914)	108,712,537
Excess of costs and expenses over revenues before income tax		**(191,788,441)**	(216,638,114)	(60,376,064)
Income tax expense – current	20	**(888,395)**	(247,229)	(231,385)
Income tax benefit (expense) – deferred	20	**1,494,016**	837,695	(1,370,436)
Excess of costs and expenses over revenues for the year		**(191,182,820)**	(216,047,648)	(61,977,885)
Other comprehensive income (loss) that will not be subsequently reclassified to profit or loss				
Remeasurement gain (loss) on retirement benefits, net of tax	23	**(1,652,881)**	1,869,284	1,969,361
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(192,835,701)**	(214,178,364)	(60,008,524)
Basic/Diluted loss per share	21	**(6,963)**	(7,869)	(2,257)

See Notes to Financial Statements.

FONTANA RESORT & COUNTRY CLUB, INC.
(A non-profit organization)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
In Philippine Peso

	Country club share – Note 14	Additional paid-in capital – Note 14	Accumulated excess of costs and expenses over revenues	Other comprehensive income – Note 23	Total
Balance at January 1, 2021	549,120	1,588,878,951	(198,402,059)	6,589,971	1,397,615,983
Excess of costs and expenses over revenues for the year	–	–	(216,047,648)	–	(216,047,648)
Other comprehensive income – Note 23	–	–	–	1,869,284	1,869,284
Balances at December 31, 2022	**549,120**	**1,588,878,951**	**(414,449,707)**	**8,459,255**	**1,183,437,619**
Excess of costs and expenses over revenues for the year	**–**	**–**	**(191,182,820)**	**–**	**(191,182,820)**
Other comprehensive loss – Note 23	**–**	**–**	**–**	**(1,652,881)**	**(1,652,881)**
Balance at December 31, 2023	**549,120**	**1,588,878,951**	**(605,632,527)**	**6,806,374**	**990,601,918**

See Notes to Financial Statements.

FONTANA RESORT & COUNTRY CLUB, INC.
(A non-profit organization)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
In Philippine Peso

	Notes	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Excess of costs and expenses over revenues before income tax		**(191,788,441)**	(216,638,114)	(60,376,064)
Adjustments for:				
Depreciation	11,16	**91,679,621**	97,346,596	103,557,030
Provision for expected credit loss	9,17	**47,455,113**	44,597,499	44,597,499
Finance cost	22	**39,773,021**	38,682,740	37,582,912
Impairment losses	11,12,19	**35,240,958**	69,092,877	5,891,526
Retirement benefits expense	18,23	**1,470,261**	1,452,503	1,604,788
Interest income on bank deposits	8,19	**(1,418)**	(2,262)	(2,725)
Gain on reversal of impairment	10,19	**(776,572)**	(838,303)	–
Interest income on sublease	19,22	**(17,513,470)**	(17,037,121)	(16,556,436)
Provision for probable loss	17	**–**	–	2,523,211
Gain on disposal of property and equipment	19	**–**	–	(430)
Other income on sublease	19,22	**–**	–	(97,537,935)
Operating income before working capital changes		**5,539,073**	16,656,415	21,283,376
Decrease (increase) in:				
Membership dues and other receivables	9	**2,007,093**	17,581,764	92,301
Prepayments and other current assets	10	**2,275,452**	1,475,137	2,061,239
Due from related parties	6	**(33,507,088)**	(41,251,212)	28,972,501
Increase (decrease) in:				
Trade and other payables	13	**(1,414,313)**	(20,334,803)	4,355,113
Cash generated from (used in) operations		**(25,099,783)**	(25,872,699)	56,764,530
Interest received	8,19	**1,418**	2,262	2,725
Refund (payments) of utility deposits		**503,800**	(168,299)	(108,779)
Retirement benefits paid	23	**(348,390)**	–	(151,200)
Net cash generated from (used in) operating activities		**(24,942,955)**	(26,038,736)	56,507,276
CASH FLOW FROM INVESTING ACTIVITIES				
Collection of advances to related party	6	**35,913,984**	47,054,683	3,100,625
Proceeds from collection of interest portion of finance lease receivables	22	**8,625,693**	8,429,753	7,841,631
Acquisition of investment properties	12	**(23,850)**	(663,423)	–
Acquisition of property and equipment	11	**(2,827,021)**	(4,450,129)	(990,618)
Advances to related parties	6	**(4,532,005)**	(5,882,975)	(48,601,719)
Net cash generated from (used in) investing activities		**37,156,801**	44,487,909	(38,650,081)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of interest portion of lease liabilities	22	**(13,072,463)**	(19,177,418)	(17,826,085)
Net cash used in financing activities		**(13,072,463)**	(19,177,418)	(17,826,085)
NET INCREASE (DECREASE) IN CASH		**(858,617)**	(728,245)	31,110
CASH AT BEGINNING OF YEAR	8	**3,465,554**	4,193,799	4,162,689
CASH AT END OF YEAR	8	**2,606,937**	3,465,554	4,193,799

See Notes to Financial Statements.

1. CORPORATE INFORMATION

Country Club Profile

FONTANA RESORT & COUNTRY CLUB, INC. (the "Country Club") was incorporated and registered with the Philippine Securities and Exchange Commission on October 3, 1996 with registration number of A199607188. The Country Club is domiciled in the Philippines.

The principal activities of the Country Club include lease, operation and maintenance of a vacation resort, sports and recreational facilities and athletic activities among its stockholders-members on a non-profit basis.

The Country Club is 74.79% owned by Fontana Development Corporation (FDC) and 25.21% owned by other members. FDC, the immediate parent of the Country Club, is primarily engaged in the real estate business and is registered in the Philippines. Clark International Recreation Holdings Corporation (CIRHC), a holding Company, is the intermediate parent of the Country Club and is incorporated in the Philippines. The ultimate parent is Clark Resort Limited (CRL) incorporated in the British Virgin Islands.

The Country Club is located at the Clark Special Economic Zone (CSEZ) in Pampanga and is governed by the Clark Development Corporation (CDC) rules and regulations under Republic Act (RA) No. 9400 (An Act amending RA No. 7227, as amended, otherwise known as the Bases Conversion and Development Act of 1992). As a CSEZ-registered enterprise, the Country Club is entitled to certain incentives and benefits including, but not limited to, the following:

a. tax and duty-free importation of raw materials and capital equipment under specific conditions; and
b. exemptions from national and local taxes; in lieu of paying said taxes, the Country Club shall pay a 5% tax on gross income which shall be directly remitted as follows: 3% to the national government and 2% to the municipality or city where the enterprise is located.

The registered office address and principal place of business of the Country Club is at Fontana Clubhouse, Fontana Leisure Parks, C.M. Recto Highway, Clark Freeport Zone, Philippines.

2. FINANCIAL REPORTING FRAMEWORK

Statement of Compliance

The financial statements of the Country Club have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations issued by the Financial Reporting Standards Council (FRSC).

Basis of Preparation

The financial statements are prepared on a going concern basis under the historical cost convention, except where a Financial Reporting Standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

Presentation and functional currency

Items included in the financial statements of the Country Club are measured using Philippine Peso (₱), the currency of the primary economic environment in which the Country Club operates (the "functional currency"). All presented financial information has been rounded to the nearest Peso, except when otherwise indicated.

Use of Judgments and Estimates

The preparation of the Country Club's financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and amounts of assets, liabilities, revenues and expenses reported in the Country Club's financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Country Club's significant accounting policies and estimates and the application of these policies and estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Going Concern Assumption

The Country Club is not aware of any significant uncertainties that may cast doubts upon the Country Club's ability to continue as a going concern.

Current versus Non-current Classification

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

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

All other assets are classified as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

Fair value measurement

The Country Club measures some of its financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability; or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Country 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 Country 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 all assets and liabilities that are recognized in the financial statements on a recurring basis, the Country 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.

The Country Club's management determines the policies and procedures for recurring fair value measurement, such as unquoted financial assets.

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

3. ADOPTION OF NEW AND AMENDED ACCOUNTING TO STANDARDS

The Philippine Financial Reporting Standards Council (FRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRSs, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the FRSC and adopted by SEC.

These new and revised PFRS prescribe new accounting recognition, measurement and disclosure requirements applicable to the Company. When applicable, the adoption of the new standards was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors".

New and Revised PFRSs Applied with No Material Effect on the Financial Statements

The following new and revised PFRSs have also been adopted in these financial statements. The application of these new and revised PFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

New and Amended Standards and Interpretations Effective on January 1, 2023

The Company applied for the first time the following standards and amendments, which are effective for annual periods beginning on or after 1 January 2023, unless otherwise stated.

PFRS 17 Insurance Contracts

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

The overall objective of PFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. PFRS 17 is based on a general model, supplemented by:

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

The new standard had no impact on the Company's financial statements as the Company does not have any contracts that meet the definition of an insurance contract under PFRS 17.

Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in PAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in PAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

Amendments to PAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. Following the amendments to PAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

The amendments had no impact on the Company's financial statements.

Amendments to PAS 12 Income Taxes—International Tax Reform—Pillar Two Model Rules

The amendments to PAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments to PAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

The amendments had no impact on the Company's financial statements.

New and Amended Standards Issued But Not Yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to PAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to PAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to PAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

Amendments to PAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

Amendments to PAS 7 Statement of Cash Flows and PFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.
The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

Amendment to PFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to PFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in PFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in PFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in PFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying PFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with PAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied PFRS 16.

Deferred Effectivity

Amendments to PFRS 10 Consolidated Financial Statements and PAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Principal accounting and financial reporting policies applied by the Country Club in the preparation of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

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, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, 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 fair value through profit or loss, irrespective of the business model.

The Country Club's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

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

a. Financial assets at amortised cost (debt instruments)

   This is the category most relevant to the Country Club. The Country Club measures financial assets at amortized cost if both of the following conditions are met:
   - The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
   - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

   Financial assets at amortized cost are subsequently measured using the effective interest (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 Country Club's financial assets at amortized cost include cash, membership dues and other receivables, due from related parties, finance lease receivables and utility deposits.

   Cash
   In the statement of cash flows, cash includes cash on hand and cash in banks.

   Cash on hand includes petty cash fund and other cash items not yet deposited with the banks. Cash in banks include demand deposits which are unrestricted as to withdrawal. Cash equivalents are short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

   Cash is valued at face value. Cash in foreign currency is valued at the current exchange rate. If a bank holding the funds of the Country Club is in bankruptcy or financial difficulty, cash is written-down to estimated realizable value if the amount recoverable is estimated to be lower than the face amount.

Membership dues and other receivables
Membership dues and other receivables are amounts due from members and guests for services performed in the ordinary course of business. Membership dues and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method, less provision for impairment.

Due from related parties
Due from related parties represents receivables of the Country Club from its related parties for transactions made during the year. Due from related parties are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method, less provision for impairment.

Utility deposits
Utility deposits represent deposits made for various utilities that are refundable at a determinable period. Utility deposits are recognized as assets and measured at amortized cost, less provision for any impairment.

b. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Country Club measures debt instruments at fair value through OCI if both of the following conditions are met:
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of 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.

As of December 31, 2023 and 2022, the Country Club has no debt instruments at fair value through OCI.

c. Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Country Club can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Country Club benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

As of December 31, 2023 and 2022, the Country Club has no financial asset to be classified under this category.

d. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Country Club had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

As of December 31, 2023 and 2022, the Country Club has no financial asset to be classified under this category.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Country Club of similar financial assets) is primarily derecognized (i.e., removed from the Country Club's statement of financial position) when:

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

When the Country Club has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Country Club continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Country Club also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Country Club has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Country Club could be required to repay.

Impairment
The Country Club recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Country Club expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Country Club applies the simplified approach in the computation of ECL for its membership dues which initially based the expected loss rates on its historical default rates. The Country Club also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different members or debtors base. These historical default rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the counterparties to settle the receivables. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analyzed.

The Country Club applied the general approach in measuring ECL for other financial assets at amortized cost. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For debt instruments at fair value through OCI, the Country Club applies the low credit risk simplification. At every reporting date, the Country 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 Country Club reassesses the internal credit rating of the debt instrument. In addition, the Country Club considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Country Club considers a financial asset in default when contractual payments are over 180 days past due. However, in certain cases, the Country Club may also consider a financial asset to be in default when internal or external information indicates that the Country Club is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Country Club. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

As of December 31, 2023 and 2022, the Country Club's financial liabilities includes trade and other payables (excluding contract liabilities, asset replacement fund, due to government agencies and other payables) and lease liabilities.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

a. Financial liabilities at fair value through profit or loss

   Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Country Club that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Country Club has not designated any financial liability as at fair value through profit or loss.

b. Financial liabilities at amortized cost

This is the category most relevant to the Country Club. After initial recognition, financial liabilities under this category are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to trade and other payables (excluding contract liabilities, asset replacement fund, due to government agencies and other payables) and lease liabilities.

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Prepayments and Other Current Assets

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are expensed to profit or loss as they are consumed in the operations or expire with the passage of time.

Prepayments are classified in the statement of financial position as current asset when they are expected to be expensed within one year or the entity's normal operating cycle, whichever is longer. Otherwise, they are classified as non-current.

Other current assets include supplies. Supplies represent linens, supplies and other materials used for housekeeping, repairs and maintenance of the Country Club's villas and facilities. These are initially recorded as asset and measured at the amount of cash paid. Subsequently, these are charged to expense as these are consumed in the operations.

Supplies are stated at the lower of cost and net realizable value.

Cost of supplies is determined using first-in-first-out (FIFO) method.

The Country Club assesses at each reporting date whether any supplies are impaired. The Country Club makes the assessment by comparing the carrying amount of each item of supplies (or group of similar items) with its net realizable value. If an item of supplies (or group of similar items) is impaired, the Country Club reduces the carrying amount of the supplies (or the group) to its net realizable value. That reduction is an impairment loss and it is recognized immediately in profit or loss.

The Country Club makes a new assessment of net realizable value at each subsequent reporting date. When the circumstances that previously caused supplies to be impaired no longer exist, or when there is clear evidence of an increase in market value because of changed economic circumstances, the Country Club reverses the amount of the impairment (i.e., the reversal is limited to the amount of the original impairment loss) so that the new carrying amount is the lower of the cost and the revised selling price less costs to sell.

Property and Equipment

The Country Club measures an item of property and equipment at initial recognition at its cost. The cost of an item of property, plant and equipment comprises its purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These can include the costs of site preparation, initial delivery and handling, installation and assembly, testing of functionality and borrowing costs for long-term construction projects if the recognition criteria are met.

Cost also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If payment is deferred beyond normal credit terms, the cost is the present value of all future payments.

The Country Club adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Country Club. The carrying amount of the replaced part is derecognized.
The Country Club recognizes the cost of day-to-day servicing (repairs and maintenance) of an item of property and equipment in profit or loss in the period in which the costs are incurred.

At reporting date, the Country Club measures an item of property and equipment after initial recognition at cost less any accumulated depreciation and accumulated impairment loss.
If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property measure using the fair value model, the Country Club thereafter accounts for that item in accordance with the cost model under property and equipment until a reliable measure of fair value becomes available.

Depreciation of property and equipment is provided on a straight-line method to allocate the cost of assets less their residual values over their estimated useful lives. The estimated useful lives are as follows:

Category	Estimated useful life
Amusement and amenities	10 to 30 years
Leasehold improvements	30 years or the term of the relevant lease, whichever is shorter
Furniture and fixtures	3 to 5 years
Transportation equipment	5 years

If the major components of an item of property and equipment have significantly different patterns of consumption of economic benefits, the Country Club allocates the initial cost of the asset to its major components and depreciates each such component separately over its useful life. Other assets are depreciated over their useful lives as a single asset.

The assets' useful lives and depreciation methods are reviewed and adjusted prospectively, if appropriate, and if there is an indication of a significant change since the last reporting date.

Fully depreciated assets still in use are retained in the financial statements.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the separate financial statements and any resulting gain or loss is credited or charged to profit or loss. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

An asset's carrying amount is written down immediately to its recoverable amount when its carrying amount is greater than its estimated recoverable amount.

Investment Properties

Investment property, which is property held to earn rentals and/or for capital appreciation including land and property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation (except for land) and any accumulated impairment losses.

Depreciation is computed using the straight-line method over the estimated useful life of 8 to 30 years. The remaining useful lives, residual values and depreciation method are reviewed and adjusted periodically, if appropriate, to ensure that such periods and method of depreciation are consistent with the expected pattern of economic benefits from the items of investment properties.

Investment properties are derecognized either when they have been disposed of or permanently withdrawn from use and no future economic benefit is expected form their disposal. Any gain or loss on the retirement and disposal of investment property is recognized in profit or loss in the period of retirement or disposal.

Transfers are made to or from investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of operating lease to another party.

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent accounting is its carrying amount at the date of change in use. If the property occupied by the Country Club as an owner-occupied property becomes an investment property, the Country Club accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Construction in-progress (CIP) represents investment properties under construction. This includes cost of construction and other direct costs related to the asset being constructed. CIP is depreciated upon transfer to the respective asset account once completed and placed into operational use.

Leases

The Country 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.

The Country Club as a Lessee
The Country Club applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Country Club recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-Use Assets

The Country Club recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the asset which is forty-seven (47) years.

If ownership of the leased asset transfers to the Country Club at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment following the accounting policy on impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Country Club recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Country Club and payments of penalties for terminating the lease, if the lease term reflects the Country Club exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Country Club uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term Leases and Leases of Low-value Assets

The Country Club applies the short-term lease recognition exemption to its short-term leases of building equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Country Club as a Sublessor
The Country Club, as an intermediate lessor, classifies the sublease as a finance lease or an operating lease as follows:

a. If the head lease is a short-term lease that the Country Club, as a lessee, has accounted lease payments associated with the head lease as an expense on either a straight-line basis over the lease term or another systematic basis, the sublease is classified as an operating lease.
b. Otherwise, the sublease is classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset (for example, the item of property and equipment that is the subject of the lease).

The Country Club classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. The Country Club classifies the lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

The Country Club as a Sublessor Under a Finance Lease
When the Country Club, as an intermediate lessor enters into the sublease, the Country Club:

a. Derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease;
b. Recognizes any difference between the right-of-use asset and the net investment in the sublease in profit or loss; and
c. Retains the lease liability relating to the head lease in its statement of financial position, which represents the lease payments owed to the head lessor.

Finance Lease Receivables

Initial Measurement
At the commencement date, the Country Club recognises assets held under a finance lease in its statement of financial position and present them as a receivable at an amount equal to the net investment in the lease.

The Country Club uses the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease since the interest rate implicit in the lease to measure the net investment in the sublease cannot be readily determined.

Subsequent Measurement
After the commencement date, the Country Club recognizes finance income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Country Club applies the derecognition and impairment requirements in PFRS 9 to the net investment in the lease.

Impairment of Non-Financial Assets Other than Inventories

At each reporting date, the Country Club assesses whether there is any indication that any non-financial assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of these assets is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Country Club estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties less the costs of disposal.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income.

Provisions and Contingencies

Provisions
Provisions are recognized when the Country Club has a present obligation, whether legal or constructive, as a result of a past event, it is probable that the Country Club will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the Country Club expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The Country Club charges against a provision only those expenditures for which the provision was originally recognized. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent Liabilities and Assets
Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Country Club.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are disclosed only when an inflow of economic benefits is probable.

Member's Equity

Equity is the residual interest in the assets of the Country Club after deducting all its liabilities. A liability is a present obligation of the Country Club arising from past events, the settlement of which is expected to result in an outflow from the entity of cash or other resources. Equity includes investments by the owners of the Country Club, plus additions to those investments earned through profitable operations and retained for use in the entity's operations, minus reductions to owners' investments as a result of unprofitable operations and distributions to owners.

Country Club Shares
The account represents the ownership and number of certificates issued, which are measured at the par value of each type of share.

Additional Paid-In Capital
Excess of proceeds and/or fair value of considerations received over par value, if any, is recognized as additional paid-in capital.

Accumulated Deficiency of Revenue Over Costs and Expenses
Accumulated deficiency of revenue over costs and expenses represents the cumulative balance of the results of the Country Club's operations.

Other Comprehensive Income
Other comprehensive income pertains to the accumulated remeasurement gain or loss on the Country Club's retirement benefits liability arising from experience adjustments and changes in financial assumptions. Remeasurements of retirement benefits liability, and the corresponding deferred tax component, are recognized immediately in other comprehensive income and are included in equity. These are not reclassified to profit or loss in subsequent periods.

Earnings (Loss) per share

The Country Club computes its basic earnings (loss) per share by dividing excess (deficiency) of revenues over costs and expenses attributable to ordinary stockholders of the Country Club by the weighted average number of ordinary shares outstanding during the period. Earnings (loss) per share is computed in the same way as basis earnings (loss) except that the weighted average number of ordinary shares is adjusted for potential ordinary shares.

Diluted earnings (loss) per share is calculated in the same manner, adjusted for the effects of all dilutive shares.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the Customer simultaneously receives and consumes the benefits as the Country Club performs its obligations; (b) the Country Club's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Country Club's performance does not create an asset with an alternative use to the Country Club and the Country Club has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time. The Country Club accounts for any cash received from members and customers as "Contract liabilities" when the related performance obligation for which payment was made has not yet been performed. Excess of collections over satisfied performance obligations is also classified as contract liabilities. Contract liabilities are reduced by the amounts of revenue recognized during the reporting period. Customers' deposits, deferred membership dues and consumable coupons accounts are accounted for and recognized as contract liabilities.

The Country Club also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Country Club has assessed that it acts as a principal in all of its revenue sources. The following specific recognition criteria must also be met before revenue is recognized:

- *Room rentals, amusement and other fees.* Room rentals, amusement and other fees are recognized when the services are rendered.
- *Membership dues.* Membership dues are recognized as revenue on a monthly basis. No revenue is recognized for delinquent members.
- *Interest income.* Interest income is recognized as income when earned using the effective interest rate.
- *Other income.* Other income is recognized when earned.

Cost and Expense Recognition

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distribution to equity participants.

Cost and expenses are generally recognized in profit or loss in the following manner:

- On the basis of a direct association between costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and association with income can only be broadly or indirectly determined; or

- Immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

Direct Costs
Direct costs are recognized when the related services are rendered.

General and Administrative Expenses
General and administrative expenses constitute costs of administering the activities of the Country Club. These are charged to profit or loss in the period when these are incurred.

Finance cost
Finance cost consists of interest expense arising from the recognition of lease liability.

Expenses are classified as to function, whether distribution cost, administrative expense, or other expenses and losses.

Employee Benefits

Short-term Benefits
The Country Club recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Said benefits are measured at the undiscounted amount expected to be paid in exchange for services rendered. Short-term benefits given by the Country Club to its employees include salaries and wages, social security contributions, short-term compensated balances and bonuses, non-monetary benefits and other short-term benefits.

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the reporting date. They are included in "Trade and Other Payables" account in the statements of financial position.

Post-employment Benefits
The Country Club has no retirement plan. Retirement expense is determined using the projected unit credit actuarial valuation method taking into account the factors of discount rates, the expected rates of return on plan assets, expected rates for salary increases, salary turnover, mortality, and medical cost trend rates.

The Country Club recognize the net retirement benefit liability or asset in its statement of financial position. However, the measurement of a net retirement benefit asset is the lower of any surplus in the fund and the 'asset ceiling' (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan)

The measurement of a net retirement benefit liability or assets requires the application of an actuarial valuation method, the attribution to periods of service, and the use of actuarial assumptions. The Fair Value of Plan Asset (FVPA) is deducted from the present value of the Retirement Benefit Obligation (RBO) in determining the net deficit or surplus.

The determination of the net retirement benefit liability (or asset) is carried out with sufficient regularity such that the amounts recognized in the financial statements do not differ materially from those that would be determined at the end of the reporting period.

The present value of the Country Club's RBO and related service costs is determined using the 'projected unit credit method', which sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately in building up the final obligation. This requires the Country Club to attribute benefit to the current period (to determine current service cost) and the current and prior periods of service using the plan's benefits formula, unless an employee's service in later years will lead to a materially higher of benefit than in earlier years, in which case a straight-line basis is used.

Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced). Past service cost is recognized as an expense at the earlier of the date when a plan amendment or curtailment occurs and the date when an entity recognizes any termination benefits, or related restructuring costs.

Gain or losses on the settlement of a retirement benefit plan are recognized when the settlement occurs.

Before past service costs are determined, or a gain or loss on settlement is recognized, the net retirement benefit liability or asset is required to be remeasured, however, an entity is not required to distinguish between past service costs resulting from curtailments and gains and losses on settlement where these transactions occur together.

The components of retirement benefit cost are recognized as follows:

- As components or profit or loss:
  - Service cost attributable to the current and past periods;
  - Net interest on the net defined benefit liability or assets, determined using the discount rate at the beginning of the period.
- As components of other comprehensive income (not reclassified to profit or loss in a subsequent period), comprising:
  - Actuarial gains and losses
  - Return on plan assets
  - Some changes in the effect of the asset ceiling

The retirement benefit obligation recognized in the statement of financial position represents the present value of the retirement benefit obligation, and as reduced by the fair value of plan assets.

Termination Benefits
Termination benefits are payable when employment is terminated by the Country Club before the normal retirement date, or whenever an employee accepts redundancy in exchange for these benefits. The Country Club recognizes termination benefits at the earlier of the following dates: (a) when the Country Club can no longer withdraw the offer of those benefits; and (b) when the Country Club recognizes costs for a restructuring that is within the scope of PAS 37: "*Provisions, Contingent Liabilities and Contingent Assets"* and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Borrowing Costs

Borrowing costs are interest and other costs that the Country Club incurs in connection with the borrowing of funds. Borrowing costs include interest expense calculated using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Foreign Currency Transactions and Translation

Transactions in currencies other than Philippine Peso are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, outstanding monetary assets and liabilities denominated in foreign currencies are restated at the closing exchange rates at the reporting date. Gains and losses arising on retranslation are included in profit or loss. Outstanding non-monetary items carried at historical cost in foreign currencies are retranslated using the exchange rates prevailing on the dates of transactions. Outstanding non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date the fair value was determined.

Related Parties and Related Party Transactions

Related Party Relationship
Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The key management personnel of the Country Club, post-employment benefit plans for the benefit of the Country Club's employees, and close members of the family of any individuals owning directly or indirectly a significant voting power of the Country Club that gives them significant influence in the financial and operating policy decisions of the Country Club are also considered to be related parties.

Related Party Transactions
A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. An entity is related to the Country Club when it directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the Country Club. Transactions between related parties are accounted for at arm's length prices or on terms similarly offered to non-related entities in an economically comparable market.

Income Taxes

Current tax is determined in accordance with is the amount reported on the Country Club's income tax return for the period in conformity with tax laws or regulations. Deferred tax is income tax payable (recoverable) in respect of the taxable profit (tax loss) for future reporting periods as a result of past transactions or events. The past transactions or events are those that have not yet been included in the Country Club's income tax return although they have been included when measuring profit or loss in conformity with PFRSs or have been included in the Country Club's income tax return although they have been not yet been included when measuring profit or loss in conformity with PFRSs.

The Country Club recognizes a deferred tax asset or liability for tax recoverable or payable in future periods as a result of past transactions or events. Such tax arises from the difference between the amounts recognized for the Country Club's assets and liabilities in the statement of financial position and the recognition of those assets and liabilities by the tax authorities, and the carry-forward of currently unused tax losses and tax credits. In most cases, those differences between the amounts in the statement of financial position and the amounts recognized by the tax authorities are accompanied by corresponding differences between profit or loss as measured by PFRSs and taxable profit or loss. If the Country Club expects to recover the carrying amount of an asset or settle the carrying amount of a liability without affecting taxable profit, no deferred tax arises in respect of the asset or liability.

The Country Club measures its deferred tax liabilities (assets) using the tax rates and laws that have been enacted or substantively enacted by the reporting date. When different tax rates apply to different levels of taxable profit, the Country Club measures deferred tax expense (income) and related deferred tax liabilities (assets) using the average enacted or substantively enacted rates that it expects to be applicable to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled.

The Country Club does not discount deferred tax assets and liabilities.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. An entity shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Carry-forward benefit of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) arising in the current period which can be applied against the entity's future taxable income and future tax liability, respectively, should be recognized as an asset to the extent that it is probable that sufficient taxable profit will allow the unused tax losses or unused tax credits be utilized.

Events After the End of the Reporting Date

The Country Club identifies subsequent events as events that occurred after the reporting date but before the date of the financial statements were authorized for issue. Any subsequent events that provide additional information about the Country Club's position at the reporting date, adjusting events, are reflected in the financial statements, while subsequent events that do not require adjustments, non-adjusting events, are disclosed in the notes to financial statements.

5. INFORMATION ABOUT KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGMENTS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the separate financial statements and related disclosures. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis to ensure they incorporate all relevant information available at the reporting date. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgment in Applying Accounting Policies

The following critical judgments, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have not the most significant effect on the amounts recognized in the financial statements:

Determining the Functional Currency
Based on the economic substance of the underlying circumstances relevant to the Country Club, the functional currency has been determined to be the Philippine peso. The Philippine Peso is the currency of the Primary economic environment in which the Country Club operates. It is the currency that mainly influences the sales price of goods and the cost of producing these goods.

Determining the Lease Term of Contracts with Renewal and Terminal Options – The Country Club as a Lessee
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The Country Club considers the factors below as the most relevant in assessing the options:
- If there are significant penalties to terminate (or not extend), the Country Club is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Country Club is typically reasonably certain to extend (or not terminate).
- Otherwise, the Country Club considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Short-term leases
Payments associated with short-term leases are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Classification of Leases – The Country Club as a Sublessor
The Country Club classifies subleases as finance or operating lease in accordance with the substance of the contractual agreement and the transfer of the risks and rewards incidental to the ownership of the leased item. Subleases where management has determined that the risks and rewards related to the leased items are transferred to the sublessees are classified as finance lease. Otherwise, these are accounted for as operating lease.

In 2020, the Country Club has entered into a sublease of its right-of-use assets pertaining to the 25.22 hectares of land as disclosed in Note 22. The Country Club has determined, based on an evaluation of the terms and conditions of the arrangement, that the lease term constitutes a major part of the economic life of the right-of-use assets on the 25.22 hectares of land and that it does not retain substantially all the risks and rewards incidental to ownership of these properties. The sublease agreement is therefore classified and accounted for as a finance lease.

Classification of Cost and Expenses
The Country Club determines the classification of costs and expenses as either direct costs or operating expenses. Classification of costs and expenses to direct costs are determined on the basis of direct association with the revenues of the Country Club. All other costs and expenses are classified as operating expenses and allocated to either distribution costs or administrative expenses.

Distinction between Provision and contingencies
The Country Club determines whether to disclose or accrue for contingencies based on an assessment of whether the risk of loss is remote, reasonably possible or probable. Provisions can be distinguished from other liabilities because there is uncertainty about the timing and amount of settlement. Contingent liabilities of the Country Club are not recognized but disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingency assumptions involve judgments that are inherently subjective and can involve matters that are in litigation, which by its nature is unpredictable. Management believes that its assessment of the probability of contingencies is reasonable, but because of the subjectivity involved and the unpredictable nature of the subject matter at issue, management's assessment may prove ultimately to be incorrect, which could materially impact the financial statements in current or future periods.

Moreover, the Country Club's accounting policy requires recognition of the best estimate of the amount that would be required to settle an obligation and the estimate may be based on information that produces a range of amounts.

The Country Club's provision for probable loss presented as part of "Others" under "Trade and other payables" amounted to ₱7.9 million ₱9.04 million as at December 31, 2023 and 2022 (Note 13).

Recognition of Deferred Income Tax
Management's judgment is required in determining the provision for income taxes, deferred tax assets and liabilities, and the extent to which deferred income tax assets can be recognized. Judgement is also required to determine whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require the Country Club to assess the likelihood that it will generate sufficient taxable earnings in future periods, in order to utilize recognized deferred tax assets. Management also considers future taxable income and tax planning strategies in assessing whether deferred tax assets should be recognized in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature, it is likely that deferred tax calculation relates to complex fact patterns for which assessments of likelihood are judgmental and not susceptible to precise determination.

Key Sources of Estimation Uncertainty

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

Provision for Expected Credit Losses of Trade Receivables
The Country Club applies the simplified approach in the computation of ECL for its membership dues which initially based the expected loss rates on its historical default rates. The Country Club also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different members or debtor's base. These historical default rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the counterparties to settle the receivables. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analyzed.

For membership dues, the Country Club only recognizes receivable from members up to the extent of the fair value of their respective shares as these can be auctioned to the public. Details of membership dues are shown in Note 9.

The Country Club applied the general approach in measuring ECL for other financial assets at amortized cost which uses a 12-month expected loss allowance. The Country Club continues to apply this method until a significant increase in credit risk has occurred, at which point the loss allowance is measured based on lifetime credit losses.

ECL on dues from related parties mainly pertains to the Country Club's foregone benefit arising from the time value of money. Discount rate used to measure the time value of money is computed using the interest rate on government bonds that have terms to maturity approximating the estimated time to liquidate assets of the counterparty identified for settlement.

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event – instead, the combined effect of several events may have caused financial assets to become credit-impaired.

The Country Club has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Country Club only with reputable banks and companies with good credit standing and relatively low risk of defaults.

Accordingly, no provision for ECL on other financial assets at amortized cost was recognized in 2023 and 2022.

Estimation of useful lives of property and equipment, investment properties and right-of-use assets
The useful lives of the Country Club's property and equipment, investment properties and right-of-use assets are estimated based on the period over which these assets are expected to be available for use.

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

In Philippine Peso

There were no changes in the estimated useful lives of the Country Club's property and equipment, investment properties, and right-of-use assets in 2023 and 2022.

The carrying values of property and equipment, investment properties and ROU asset are as follows:

	Notes	2023	2022
Property and equipment	11	**28,454,006**	51,994,084
Investment properties	12	**932,431,558**	1,025,967,232
Right-of-use asset	22	**293,746,163**	300,740,120

Impairment of Non-financial Assets
An assessment is made at reporting date to determine whether there is any indication of impairment of any non-financial assets except inventories or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of the estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets, or, if it is not possible, for the cash-generating unit to which the asset belongs.

Management has made significant estimates on the recoverability of the Country Club's property and equipment, investment properties and right of use assets. In 2023, there is an impairment loss recognized for of the Country Club's investment properties and property and equipment amounting to ₱34,546,439 (Note 12) and ₱3,776,018 2023 (Note 11), respectively, while there is no indication of impairment on right of use assets. An assessment is made at each reporting date whether there is an indication that the asset may be impaired.

As at December 31, 2023 and 2022, the aggregate net carrying amount of property and equipment amounted to ₱28,454,006 and ₱51,994,084 respectively as disclosed in Note 11.

As at December 31, 2023 and 2022, the aggregate net carrying amount of investment properties amounted to ₱932,431,558 and ₱1,025,967,232 respectively as disclosed in Note 12.

As at December 31, 2023 and 2022, the aggregate net carrying amount of right of use assets amounted to ₱293,746,163 and ₱300,740,120 respectively as disclosed in Note 22.

Retirement Benefits Liability
The determination of the retirement benefits expense and liability is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. These assumptions are described in Note 23 to the financial statements and include, among others, discount rate and salary increase rate. Actual results that differ from the assumptions are accumulated and recognized as part of equity. While the Country Club believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect retirement benefits liability. All assumptions are reviewed at each reporting date.

Details of retirement benefit obligation and the related sensitivity analysis are presented in Note 23.

Deferred Taxes
The Country Club reviews the carrying amounts of deferred income taxes at each reporting date and reduces deferred income taxes to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Country Club will generate sufficient taxable profit to allow all or part of its deferred income tax assets to be utilized.

Management believes that the Country Club will have sufficient future taxable profits against which the deferred income tax assets can be utilized.

In Philippine Peso

Deferred tax assets amounted to ₱13,317,097 and ₱9,666,999 as of December 31, 2023 and 2022, respectively as disclosed in Note 20.

Deferred tax liability amounted to ₱6,552,487 and ₱4,330,543 as of December 31, 2023 and 2022, respectively as disclosed in Note 20.

Leases – Estimating the Incremental Borrowing Rate
To determine the incremental borrowing rate, the Country Club uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. Where third party financing cannot be obtained, the Country Club uses the government bond yield, adjusted for the credit spread specific to the Country Club. The discount rate applied by the Country Club is disclosed in Note 22.

If the incremental borrowing rate increases by 1%, the deficiency of revenues over costs and expenses before income tax for the year ended December 31, 2023 would have been lower by ₱2,910,991 (2022 – lower by ₱1,198,288).

If the incremental borrowing rate decreases by 1%, the deficiency of revenues over costs and expenses for the year ended December 31, 2022 would have been higher by ₱3,404,163 (2022 – higher by ₱552,203).

6. RELATED PARTY TRANSACTIONS

Related party relationships
Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among the reporting entities, which are under common control or common significant influence with the reporting enterprise, or between, and/or among the reporting entities and its key management personnel, directors, or its shareholders.

Related parties on these financial statements refer to stockholders, key management personnel and those companies under common control. They are as follows:

Related party	Place of Incorporation	Relationship
Clark Resort Limited	British Virgin Islands	Ultimate Parent Company
Fontana Development Corporation (FDC)	Philippines	Immediate Parent Company*
Clark International Recreation Holdings Corporation (CIRHC)	Philippines	Intermediate Parent Company*
Clark Resort Travel and Amusement (CRTA)	Philippines	Under common control
Fort Ilocandia Land Development Corp (FILDC)	Philippines	Under common management
AmazinglyClean, Inc. (ACI)	Philippines	Under common management

**Under common control*

In Philippine Peso

Related party transactions and balances

There are transactions and arrangements between the Country Club and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

The Country Club's transaction and balances with related parties are as follows:

		Transactions with related parties			Balances with related parties	
Entity	**Year**	**Rental of villas and facilities**	**Room, amenities charges and others**	**Others**	**Due from**	**Terms and conditions**
Immediate Parent Company						
a) Fontana Development Corporation (FDC)	**2023**	**62,284,001**	**(38,213,805)**	**–**	**129,795,647**	Unsecured, non-interest bearing, payable on demand and to be settled in cash or be subjected to offsetting;
	2022	56,161,493	(25,250,971)	–	140,527,201	
b) Clark International Recreation Holdings Corp (CIRHC)	**2023**	**–**	**–**	**–**	**620,928**	Unsecured, non-interest bearing, payable on demand and to be settled in cash or be subjected to offsetting;
	2022	–	25,912	–	361,887	
Entity under common control						
c) Clark Resort Travel and Amusement (CRTA)	**2023**	**4,697,000**	**2,342,638**	**–**	**40,581,296**	Unsecured, non-interest bearing, payable on demand and to be settled in cash or be subjected to offsetting;
	2022	1,157,973	7,493,197	–	35,141,658	
Entities under common management						
d) Fort Ilocandia Land Development Corp (FILDC)	**2023**	**–**	**40,001**	**–**	**5,120,443**	Unsecured, non-interest bearing, payable on demand and to be settled in cash or be subjected to offsetting;
	2022	–	21,013	–	5,080,442	
e) AmazinglyClean, Inc. (ACI)	**2023**	**–**	**2,845,019**	**–**	**39,157,762**	Unsecured, non-interest bearing, payable on demand and to be settled in cash or be subjected to offsetting;
	2022	–	2,061,411	–	32,039,779	
Others						
f) Key Management Compensation	**2023**	**–**	**–**	**6,254,796**	**–**	
	2022	–	–	5,878,677	–	
	2023	**66,981,001**	**(32,986,147)**	**6,513,837**	**215,276,076**	
	2022	57,319,466	(15,649,438)	5,878,677	213,150,967	

a. Fontana Development Corporation (FDC)

As of December 31, 2023, and 2022, the Country Club's due from Fontana Development Corporation (FDC) amounted to ₱129,795,647 and ₱140,527,201, respectively.

Outstanding balances at year-end are unsecured, non-interest-bearing and normally settled in cash. There have been no guarantees provided or received for any related party receivables or payables. The outstanding balances of accounts due from or to related parties are normally collectible or payable on demand. The assessment is undertaken each financial year by examining the financial position of related parties and the market in which they operate.

The Country Club also has the following agreements with FDC:

a. Cost allocation of expenses, mainly utilities, salaries and repairs and maintenance. During 2023 and 2022, sharing of expenses amounted to ₱487,766 and ₱418,818, respectively.
b. Short-term rental arrangement on transferred properties in 2019 for a certain fee to cover for the fixed cost of maintaining the properties. Rent income recognized in profit or loss as part of room rentals revenue amounted to ₱44.4 million in 2023 (2022 – ₱44.4 million).

The Country Club charges the related party for the rental of villas and facilities amounting to ₱62,284,001 and ₱56,161,493 during 2023 and 2022.

Room, amenities and other charges amounted to ₱38,213,805 and ₱25,250,971 in 2023 and 2022 which pertains to intercompany charges for using of amenities between related parties such as staff quarters, room charges and utility charges. The Country Club also made advances for working capital amounting to ₱75,669 and ₱850,979 while fund transfers amounted to ₱34,238,315 and ₱46,203,704 as of December 31, 2023 and 2022, respectively.

b. Clark International Recreation Holdings Corp (CIRHC)

As of December 31, 2023, and 2022, the Country Club's due from Clark International Recreation Holdings Corp (CIHRC) amounted to ₱620,928 and ₱361,887 which pertains to advances for working capital and expenses paid by the Country Club on behalf of the related party.

Outstanding balances at year-end are unsecured, non-interest-bearing and normally settled in cash. There have been no guarantees provided or received for any related party receivables or payables.

The outstanding balances of accounts due from or to related parties are normally collectible or payable on demand. The assessment is undertaken each financial year by examining the financial position of related parties and the market in which they operate.

c. Clark Resort Travel and Amusement (CRTA)

As of December 31,2023, and 2022, the Country Club's due from Clark Resort Travel and Amusement (CRTA) amounted to ₱40,581,296 and ₱35,141,658 which pertains to fund transfer, rental of villas and facilities, and intercompany charges for using of amenities such as staff quarters, room charges and utility charges. Advances to made during 2023 and 2022 amounted to ₱259,041 and ₱198,570, respectively.

Rental of villas and facilities during 2023 and 2022 amounted to ₱4,697,000 and ₱1,157,973, respectively. During 2023 and 2022, intercompany charges for using of amenities amounted to ₱2,342,638 and ₱7,493,197 while fund transfer amounted to ₱1,600,000 and nil respectively.

Outstanding balances at year-end are unsecured, non-interest-bearing and normally settled in cash. There have been no guarantees provided or received for any related party receivables or payables. The outstanding balances of accounts due from or to related parties are normally collectible or payable on demand. The assessment is undertaken each financial year by examining the financial position of related parties and the market in which they operate.

In Philippine Peso

d. Fort Ilocandia Land Development Corp (FILDC)

As of December 31, 2023 and 2022, the Country Club's due from Fort Ilocandia Land Development Corp. (FILDC) amounted to ₱5,120,443 and ₱5,080,442.

In 2023 and 2022, intercompany charges for using of amenities amounted to ₱40,001 and ₱21,013.

Outstanding balances at year-end are unsecured, non-interest-bearing and normally settled in cash. There have been no guarantees provided or received for any related party receivables or payables. The outstanding balances of accounts due from or to related parties are normally collectible or payable on demand. The assessment is undertaken each financial year by examining the financial position of related parties and the market in which they operate.

e. AmazinglyClean, Inc. (ACI)

As of December 31, 2023, and 2022, the Country Club's due from AmazinglyClean Inc. (ACI) amounted to ₱39,157,762 and ₱32,039,779 which pertains to fund transfer, advances for working capital and intercompany charges for using of amenities such as staff quarters, room charges and utility charges.

During 2023 and 2022, intercompany charges for using of amenities amounted to ₱2,845,019 and ₱2,061,411 while fund transfer amounted to ₱2,884,504 and ₱4,253,313 respectively. Advances to during 2023 and 2022 amounted to ₱4,272,964 and ₱5,684,405, respectively.

Outstanding balances at year-end are unsecured, non-interest-bearing and normally settled in cash. There have been no guarantees provided or received for any related party receivables or payables. The outstanding balances of accounts due from or to related parties are normally collectible or payable on demand. The assessment is undertaken each financial year by examining the financial position of related parties and the market in which they operate.

Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Country Club, directly or indirectly. Details of the key management compensation of the Country Club as at December 31 are as follows:

	2023	2022	2021
Short term employee benefits	**5,604,008**	5,332,570	6,128,793
Retirement benefits	**650,788**	546,107	836,845
	6,254,796	5,878,677	6,965,638

No member of the board of directors have received per diem or any compensation for any service provided as trustee for the year. The Country Club has no other arrangement in material terms, including consulting contracts, pursuant to which any trustee was compensated, or is to be compensated directly or indirectly for the year, for any service provided as trustee.

Notes to Cashflows:
Movement of related parties can be reconciled to the related items in the statements of cashflows as follows:

Collection of advances	**2023**	2022
Fontana Development Corporation (FDC)	**34,313,984**	47,054,683
Clark Resort Travel and Amusement (CRTA)	**1,600,000**	–
	35,913,984	47,054,683

In Philippine Peso

Continued...

Advances to related parties	2023	2022
Clark Resort Travel and Amusement (CRTA)	**259,041**	198,570
AmazinglyClean, Inc. (ACI)	**4,272,964**	5,684,405
	4,532,005	5,882,975

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk Management Objectives and Policies

The Country Club's overall risk management program seeks to minimize potential adverse effects mainly of credit risk and liquidity risk arising from its activities on the financial performance of the Country Club. The Country Club regularly reports risk management activities and the result of these activities to the BOT. The policies for managing specific risks are summarized below.

The Country Club is exposed to market risk, credit risk and liquidity risk. The Country Club's management oversees the management of these risks. The management ensures that the Country Club's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Country Club's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

The Country Club's financial instruments consist of:

	Notes	2023	2022
Financial Assets:			
Cash	8	**2,606,937**	3,465,554
Membership dues and other receivables*	9	**28,261,520**	76,210,793
Due from related parties	6	**215,276,076**	213,150,967
Finance lease receivables	22	**323,281,344**	314,393,567
Utility deposit		**157,544**	661,344
Total Financial Assets		**569,583,421**	607,882,225
Financial Liabilities:			
Measured at /amortized cost			
Trade and other payables**	13	**34,416,552**	39,678,427
Lease liabilities	22	**734,181,972**	707,481,414
Total Financial Liabilities		**770,598,524**	747,159,841

**net of allowance for expected credit losses and excluding advances to supplier amounting to ₱377,271 and ₱1,890,204 as of December 31, 2023 and 2022, respectively.*
***excluding contract liabilities, asset replacement fund, dues to government agencies*

Market Risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates that will affect the Country Club's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Country Club is subject to risks from fluctuations in exchange rates.

Credit Risk

Credit risk refers to the risk when a counterparty defaults on its contractual obligations resulting in financial loss to the Country Club. The Country Club trades only with its members and recognized, credit-worthy third parties. It is the Country Club's policy that all prospective members are subjected to credit verification procedures.

In Philippine Peso

In addition, membership dues are monitored on an ongoing basis against the market values of the related club shares with the result that the Country Club's exposure to credit losses is reduced. There are no significant concentrations of credit risk within the Country Club considering the large number of counterparties.

With respect to credit risk arising from the other financial assets of the Country Club, which consist of cash in banks, due from related parties and utility deposits, the Country Club's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets. There are no collaterals or other credit enhancements held over these assets.

The credit quality is managed by the Country Club using the internal credit quality ratings as follows:

a. High Grade— Pertains to counterparty who is not expected by the Country Club to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions and companies. Credit quality was determined based on the credit standing of the counterparty.
b. Standard Grade— Other financial assets not belonging to high-grade financial assets are included in this category.

The following table summarizes the credit quality of the Country Club's financial assets per category as at December 31:

	Performing				
2023	High Grade	Standard Grade	Underperforming	Non-performing	Total
Cash	**2,606,937**	–	–	–	**2,606,937**
Receivables*					
Membership dues	–	–	**26,600,935**	**219,088,151**	**245,689,086**
Accounts receivables	–	**846,510**	–	–	**846,510**
Others	–	**814,075**	–	–	**814,075**
Due from related parties	–	**215,276,076**	–	–	**215,276,076**
Finance lease receivables	–	**323,281,344**	–	–	**323,281,344**
Utility deposits	–	**157,544**	–	–	**157,544**
	2,606,937	**540,375,549**	**26,600,935**	**219,088,151**	**788,671,572**
2022					
Cash	3,465,554	–	–	–	3,465,554
Receivables*					
Membership dues	–	–	71,198,434	174,490,652	245,689,086
Accounts receivables	–	2,078,964	–	–	2,078,964
Others	–	2,933,395	–	–	2,933,395
Due from related parties	–	213,150,967	–	–	213,150,967
Finance lease receivables	–	314,393,567	–	–	314,393,567
Utility deposits	–	661,344	–	–	661,344
	3,465,554	533,218,237	71,198,434	174,490,652	782,372,877

**Excluding advances to supplier amounting to ₱ 377,271 and ₱1,890,204 as at December 31, 2023 and 2022, respectively*

Cash in banks

The Country Club deposits its cash balance in universal banks, which is considered the first top tier bank, in terms of capitalization as categorized by the Philippine Banking System to minimize credit risk exposure. Universal banks are also authorized to engage in underwriting and other functions of investment houses, and to invest in equities of non-allied undertakings.

The maximum exposure to credit risk at the reporting date is the fair value of cash in banks as presented in the statement of financial position. Cash in banks as at December 31, 2023 and 2022 are all considered high grade financial assets. The expected credit loss is determined to be immaterial.

The remaining cash in the statement of financial position pertains to cash on hand, which is not subject to credit risk.

In Philippine Peso

Membership dues and other receivables
The Country Club applies PFRS 9 simplified and general approach to measuring expected credit losses for membership dues and other receivables, respectively. To measure the expected credit losses, membership dues have been grouped based on shared credit risk characteristics and the days past due. There is no concentration of credit risk with respect to membership dues since the Country Club has a large number of counterparties involved. None of the membership dues and other receivables that are fully performing has been renegotiated.

The loss allowance as at December 31 was determined as follows:

	Performing	Underperforming	Non-performing	
Expected loss rate	0%	0%	100%	Total
2023				
Membership dues	–	**26,600,935**	**219,088,151**	**245,689,086**
Loss allowance	–	–	**219,088,151**	**219,088,151**
2022				
Membership dues	–	71,198,434	174,490,652	245,689,086
Loss allowance	–	–	174,490,652	174,490,652

Other receivables do not contain impaired assets. The expected credit loss is determined to be immaterial.

Due from related parties
As at December 31, 2023 and 2022, management believes that the receivables from related parties have zero expected credit loss rate, hence, no provision for impairment is necessary.

Finance lease receivables
As of December 31, 2023 and 2022, the management believes that finance lease receivables have minimal credit risk. The management estimated that finance lease receivables are highly collectible, hence no provision for impairment is necessary.

Utility deposits
There is minimum exposure to credit risk on utility deposits as these are deemed fully collectible from third parties at the end of the related contract. To manage the risk of not being able to recover the deposits, the Country Club ensures that specific provisions related to the return of the deposits are explicitly detailed in the agreements.

Liquidity Risk

Liquidity risk is the risk that the Country Club will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Country Club's approach to managing liquidity is to ensure, as far as possible, that it always has the sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Country Club's reputation.

The Country Club manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

In Philippine Peso

The table below summarizes the maturity profile of the Country Club's financial liabilities based on the contractual undiscounted obligations, except for lease liabilities:

	Due within one year	Due more than one year	Total
2023			
Lease liabilities	**27,615,576**	**706,566,396**	**734,181,972**
Accounts payable	**24,303,623**	–	**24,303,623**
Accrued expenses	**4,130,637**	–	**4,130,637**
	56,049,836	**706,566,396**	**762,616,232**

2022	Due within one year	Due more than one year	Total
Lease liabilities	19,608,693	687,872,721	707,481,414
Accounts payable	25,786,614	–	25,786,614
Accrued expenses	3,637,738	–	3,637,738
	49,033,045	687,872,721	736,905,766

Capital Management

The Country Club manages its capital to ensure that it will be able to continue as a going concern. No changes were made in the objectives, policies or processes during the years ended December 31, 2023 and 2022. The capital structure of the Country Club consists of country club shares, APIC, and accumulated deficiency of revenues over expenses and other comprehensive income.

The Country Club is not subject to externally – imposed capital requirements.

Base equity measures the level of dependence of the Country Club on its members or creditors in meeting its financial obligation. The ratio provided below is within the acceptable range of the Country Club:

	2023	2022
Total member's equity	**990,601,918**	1,183,437,619
Total assets	**1,843,436,113**	2,006,054,734
	0.54:1.00	0.59:1.00

Fair Value of Financial Instruments

The carrying amount of current financial assets and current financial liabilities are assumed to approximate their fair values, due to the liquidity, short term maturities and nature of such items.

The carrying amount of utility deposits represents its fair value, as the impact of discounting is not material. Non-current portion of lease liabilities approximates market rates.

Fair Value Hierarchy

The Country Club uses the following hierarchy in determining the fair value of financial instruments by valuation technique:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Country Club uses level 2 in determining the fair value of financial instruments as of December 31, 2023 and 2022. There were no transfers of fair value levels for the years ended.

In Philippine Peso

8. CASH

For the purpose of the statements of cash flows, cash includes cash on hand and in banks.

Cash at the end of reporting period, as shown in in the statements of cash flows, can be reconciled to the related items in the statements of financial positions as follows:

	2023	2022
Cash on hand	**758,435**	644,470
Cash in banks	**1,848,502**	2,821,084
	2,606,937	3,465,554

Cash in banks earn interest at the respective bank deposit rates. Interest income earned for the period ended December 31, 2023, 2022 and 2021 amounted to ₱1,418, ₱2,262, and ₱2,725, respectively, as disclosed in Note 19.

There was no restriction imposed upon cash in bank and on hand by either management, members, or outside parties.

9. MEMBERSHIP DUES AND OTHER RECEIVABLES – NET

Membership dues and other receivables consist of:

	2023	2022
Membership dues	**245,689,086**	245,689,086
Allowance for expected credit losses	**(219,088,151)**	(174,490,652)
	26,600,935	71,198,434
Accounts receivable	**846,510**	2,078,964
Advances to suppliers	**377,271**	1,890,204
Other receivables	**814,075**	2,933,395
	28,638,791	78,100,997

Movements of allowance for expected credit losses are as follows:

	Note	2023	2022
At the beginning of year		**174,490,652**	129,893,153
Provision during the year	17	**47,455,113**	44,597,499
Accounts written-off		**(2,857,614)**	–
At the end of year		**219,088,151**	174,490,652

Membership dues are collected on an average credit period of 30 days. Membership dues revenue amounted to ₱13,166,510, ₱22,815,071and ₱14,406,280 in 2023, 2022 and 2021, respectively as disclosed in Note 15.

A 2% interest a month is imposed on membership dues that are not paid within 60 days from the due date. Interest income from membership dues is recognized only as collected since the probability of collection is uncertain. Related interest earned and collected, included as part of membership dues revenue, amounted to nil in 2023 and 2022, respectively.

Uncollected membership dues are regularly monitored against the market values of the related club shares to minimize the Country Club's exposure to credit losses. In the event of delinquency in the payment of monthly or yearly dues, the share may be sold at an auction by the BOT in the manner provided for in the Country Club's By-Laws to satisfy all unpaid dues and other obligations of the owner.

In Philippine Peso

A member is declared delinquent if the member is unable to pay three consecutive monthly dues and will be included in the list of delinquent members by the end of the succeeding month. Once a delinquent member is included in the list, the member, his representatives, immediate family, and guests shall not be allowed to use any of the facilities in the Country Club until payment is made.

Accounts receivable includes receivables from long-staying guests and credit card companies. These are noninterest-bearing and are generally settled on 30-60 day terms except for credit card companies which are due within two (2) to three (3) days.

Aging analysis of the Country Club's membership dues and other receivables is as follows:

	2023	2022
One (1) to two (2) months	**1,011,233**	2,369,607
Three (3) to twelve (12) months	**408,475**	985,608
Over one (1) year	**246,307,234**	249,236,434
	247,726,942	252,591,649

10. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets are shown below:

	2023	2022
Supplies	**5,144,513**	8,185,778
Allowance for impairment	**(1,195,152)**	(1,971,723)
	3,949,361	6,214,055
Prepayments	**1,577,235**	1,699,815
	5,526,596	7,913,870

Supplies include materials used for the Country Club's daily operations and maintenance activities.

The Country Club charged supplies expense to direct costs amounting to ₱1,467,816, ₱1,526,711 and ₱1,270,020 in 2023, 2022 and 2021, respectively as disclosed in Note 16.

In 2021, the Country Club recognized impairment loss amounting to ₱2,810,027 to write-down supplies to its net realizable value. The said allowance has been reduced due to reversal of impairment loss amounting to ₱776,572 and ₱838,303 for 2023 and 2022, respectively, as disclosed in Note 19. The reversal of impairment loss is due to the issuance or usage of supplies where allowance for impairment loss has been set up.

No supplies were used as collateral or pledged to secure any liability.

Prepayments include advance payments for fuel, gasoline and prepaid tax.

In Philippine Peso

11. PROPERTY AND EQUIPMENT – NET

The analysis of carrying amounts of the Country Club's property and equipment as of December 31, 2022 and 2021 are as follows:

2023	Amusement and amenities	Leasehold improvements	Furniture and fixtures	Transportation equipment	Construction in progress	Total
Cost:						
At beginning of year	**482,798,704**	**154,929,970**	**125,569,821**	**24,827,900**	**748,985**	**788,875,380**
Additions	**854,786**	**245,000**	**476,066**	**1,251,169**	**–**	**2,827,021**
At end of year	**483,653,490**	**155,174,970**	**126,045,887**	**26,079,069**	**748,985**	**791,702,401**
Accumulated depreciation and impairment:						
At beginning of year	**464,731,444**	**128,174,625**	**119,545,887**	**24,429,340**	**–**	**736,881,296**
Depreciation – Note 16	**14,735,876**	**7,124,890**	**2,527,541**	**1,284,273**	**–**	**25,672,580**
Impairment – Note 19	**694,519**	**–**	**–**	**–**	**–**	**694,519**
At end of year	**480,161,839**	**135,299,515**	**122,073,428**	**25,713,613**	**–**	**763,248,395**
Carrying amount, December 31	**3,491,651**	**19,875,455**	**3,972,459**	**365,456**	**748,985**	**28,454,006**

2022	Amusement and amenities	Leasehold improvements	Furniture and fixtures	Transportation equipment	Construction in progress	Total
Cost:						
At beginning of year	482,282,592	154,275,765	123,778,459	24,088,435	–	784,425,251
Additions	516,112	654,205	1,791,362	739,465	748,985	4,450,129
Disposal	–	–	–	–	–	–
At end of year	482,798,704	154,929,970	125,569,821	24,827,900	748,985	788,875,380
Accumulated depreciation and impairment:						
At beginning of year	445,620,398	121,121,144	116,806,170	23,553,020	–	707,100,732
Depreciation – Note 16	19,111,046	7,053,481	2,739,717	876,320	–	29,780,564
At end of year	464,731,444	128,174,625	119,545,887	24,429,340	–	736,881,296
Carrying amount, December 31	18,067,260	26,755,345	6,023,934	398,560	748,985	51,994,084

In Philippine Peso

During 2022, the Country Club commenced the construction of hotsprings, additional swimming pools, cabanas, and other recreational facilities. As of December 31, 2022, the accumulated cost incurred on the construction amounted to ₱748,985. The construction has not yet been completed as of December 2023. The management believes that construction will continue in the future.

All additions to property and equipment in 2023 and 2022 were paid in cash.

As of December 31, 2023 and 2022, the Country Club has no outstanding contractual commitments to acquire certain property and equipment and there are no other assets pledged as security for a liability.

As of December 31, 2023 and 2022, the Country Club has no temporary idle property and equipment.

The cost of fully depreciated property and equipment still in use amounted to ₱306,512,436 and ₱196,752,498 as of December 31, 2023 and 2022, respectively.

The Country Club carried out a review of the recoverable amounts of its property and equipment. The review led to the recognition of an impairment loss on amusement and amenities amounting to ₱3,776,018 and ₱3,081,499 in 2023 and 2022, which has been recognized in profit or loss as disclosed in Note 19. The Country Club recognized additional impairment loss for Lake and Lagoon amounting to ₱694,519 during the year as disclosed in Note 19. The net recoverable amount of ₱3,491,651 in 2023 has been determined on the basis of the relevant assets' value in use and compared with their carrying amount of ₱7,267,669. The discount rate used in measuring value in use was 5% per annum.

12. INVESTMENT PROPERTIES – NET

Details and movements of investment properties as at and for the years ended December 31 are as follows:

2023	Villas and furnishing	Construction in Progress	Total
Cost:			
Balance at beginning of year	**1,893,734,747**	**138,185,754**	**2,031,920,501**
Additions	**23,850**	**–**	**23,850**
Balance at end of year	**1,893,758,597**	**138,185,754**	**2,031,944,351**
Accumulated depreciation and impairment:			
Balance at beginning of year	**936,860,392**	**69,092,877**	**1,005,953,269**
Depreciation – Note 16	**59,013,085**	**–**	**59,013,085**
Impairment loss – Note 19	**–**	**34,546,439**	**34,546,439**
Balance at end of year	**995,873,477**	**103,639,316**	**1,099,512,793**
Carrying amount, December 31	**897,885,120**	**34,546,438**	**932,431,558**

2022	Villas and furnishing	Construction in Progress	Total
Cost:			
Balance at beginning of year	1,893,071,324	138,185,754	2,031,257,078
Additions	663,423	–	663,423
Balance at end of year	1,893,734,747	138,185,754	2,031,920,501
Accumulated depreciation:			
Balance at beginning of year	876,302,692	–	876,302,692
Depreciation – Note16	60,557,700	–	60,557,700
Impairment loss	–	69,092,877	69,092,877
Balance at end of year	936,860,392	69,092,877	1,005,953,269
Carrying amount, December 31	956,874,355	69,092,877	1,025,967,232

In Philippine Peso

All additions to investment properties in 2023 were paid in cash.

Construction in progress account pertains to villas and other improvements. Contractual commitment for the ongoing construction amounted to ₱143,585,755 million as of December 31, 2023 and 2022.

As of December 31, 2023 and 2022, the Country Club has no investment property that has a restricted title and/or is pledged as security for liabilities. Also, there are no restrictions on the realizability of investment property or the remittance of income and proceeds of disposal.

The amounts recognized in profit or loss relating to investment properties are as follows:

	Note	2023	2022	2021
Rental income	15	**90,956,146**	93,741,893	107,049,367
Related direct costs arising from investment properties	16	**61,681,171**	64,083,041	67,313,537
Impairment loss	19	**(34,464,386)**	(68,254,574)	–

The rental income was recorded as part of room rentals under revenues and the related expense forms part of direct costs.

The latest valuation report was carried out by an independent third-party appraiser in 2019 which reported a fair value of the Country Club's investment properties amounting to approximately ₱1,074,213,712. Based on the appraisal results, the carrying values of the investment properties remain to be appropriate as of reporting date. The fair value measurement used is categorized as Level 3 (significant unobservable inputs). The fair value of investment properties was derived using cost approach which implies the use of economic principle of substitutions. This approach considers the replacement costs less allowance for physical depreciation adjusted to estimate entrepreneurial incentive or developers profit/loss, among others. Average remaining useful lives used in the valuation range from 30 to 35 years. Management has assessed that there were no conditions present in 2023 that would significantly reduce the appraised values of investment properties except for the construction in progress where an impairment loss of ₱34,546,439 has been recognized due to prolonged discontinuance of construction and other external factors.

13. TRADE AND OTHER PAYABLES

Trade and other payables consist of:

	2023	2022
Accounts payable	**24,303,623**	25,786,614
Contract liabilities:		
Deferred membership dues and consumable coupons	**24,927,662**	24,199,713
Customer's deposits	**9,806,497**	11,841,398
Asset replacement fund	**26,600,176**	26,600,176
Accrued expenses:		
Utilities	**2,865,788**	2,434,255
Salaries and other employee benefits	**551,826**	692,542
Outside services	**713,023**	510,941
Due to government agencies	**3,849,533**	695,019
Other payables	**7,982,292**	10,254,075
	101,600,420	103,014,733

Trade payables are the amounts of Country Club's obligations to its suppliers for the goods delivered or service rendered by the latter as part of the ordinary course of business.

Accounts payable represent unsecured non-interest-bearing payables for purchases of goods and services from suppliers with average credit term of 30 days.

In Philippine Peso

Contract liabilities represent collections received from members and guests for the future use of the Country Club's villas and facilities. These are recorded as revenue when the related service has been rendered.

Asset replacement fund is held to cover for future losses and breakages.

Accrued expenses include accrued salaries, utilities and outside services that were incurred but not yet paid as at reporting date.

Due to government agencies pertains to withholding and other taxes and charges payable to government agencies.

Other payables consist mainly of liabilities that may arise from potential claims against the Country Club.

As allowed under PAS 37, Provisions, Contingent Liabilities and Contingent Assets, further requirements are not disclosed so that the Country Club's position on these potential claims will not be prejudiced.

14. MEMBER'S EQUITY

The Country Club's authorized shares with ₱20 par value have been subscribed and fully paid as follows:

Class	No. of Shares	Amount
Founder's shares	7	140
Presidential shares	825	16,500
Class "A" shares	1,248	24,960
Class "B" shares	1,976	39,520
Class "C" shares	7,384	147,680
Class "D" shares	16,016	320,320
	27,456	549,120

On September 30, 1994, the Country Club entered into a Subscription and Development Agreement (SDA) with FDC for 27,456 of the Country Club's Presidential and Classes A, B, C and D shares. FDC paid the sum of ₱548,980 and agreed to:

a. Assign, transfer and convey to the Country Club the long-term leasehold rights over a portion of the property that FDC leases from CDC covering approximately 65 hectares (part of 95 hectares).
b. Develop and construct the Country Club's resort and related facilities.

The cost incurred by FDC in excess of par value of shares subscribed amounting to ₱1,588,878,951 was taken up by the Country Club as additional paid-in capital.

15. REVENUES

Revenues for the years ended December 31 consist of:

	Notes	**2023**	2022	2021
Revenue recognized over time:				
Room rentals				
Long-term use	12	**53,728,391**	51,259,787	60,153,158
Other room rentals	12	**37,227,755**	42,482,106	46,896,209
Membership dues	9	**13,166,510**	22,815,071	14,406,280
Recognized at a point in time:				
Amusement and other fees		**4,459,952**	4,918,146	4,041,806
		108,582,608	121,475,110	125,497,453

In Philippine Peso

Long-term use includes fees earned from the long-term staying guest of the Country Club. Other room rentals include fees earned from walk-in guest/members, transportation, housekeeping and others.

Amusement and other fees include fees earned for the use of water theme park, sports center and other amenities by the Country Club's members and guests.

16. DIRECT COSTS

Direct costs for the years ended December 31 are as follows:

	Notes	2023	2022	2021
Depreciation		**91,679,621**	97,346,596	103,557,030
Personnel costs	18	**36,025,618**	32,176,153	33,127,529
Electricity and water		**22,002,241**	27,479,148	29,646,672
Landscaping, repairs and maintenance		**10,137,173**	9,888,345	8,426,928
Outside services		**5,763,125**	6,223,710	8,380,120
Villa maintenance		**2,668,086**	3,525,341	3,505,363
Transportation and travel		**2,063,021**	2,402,148	1,218,891
Rent	22	**1,769,517**	1,534,341	1,848,531
Supplies	10	**1,467,816**	1,526,711	1,270,020
Communication		**264,786**	258,524	947,842
Postage and freight		**177,528**	74,588	435,615
Other direct costs		**456,058**	278,400	463,901
		174,474,590	182,714,005	192,828,442

Details of depreciation expense are as follows:

	Notes	2023	2022	2021
Property and equipment	11	**25,672,580**	29,780,564	32,754,899
Investment properties	12	**59,013,085**	60,557,700	63,808,174
Right-of-use assets	22	**6,993,956**	7,008,332	6,993,957
		91,679,621	97,346,596	103,557,030

17. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended December 31 are as follows:

	Notes	2023	2022	2021
Provision for expected credit loss	9	**47,455,113**	44,597,499	44,597,499
Personnel cost	18	**12,696,536**	11,173,217	9,482,368
Computer maintenance		**2,156,411**	1,329,628	1,149,877
Professional fees		**1,077,616**	1,028,723	708,574
Insurance		**923,796**	560,663	237,182
Entertainment, amusement and recreation		**754,865**	1,224,563	919,907
Penalty charges		**884,618**	259,575	66,597
Commissions		**552,082**	597,320	430,640
Printing supplies		**358,153**	454,451	394,606
Laundry and dry cleaning		**147,512**	124,583	150,176
Rent	22	**126,000**	139,258	140,250
Advertising and promotions		**87,611**	305,315	108,147
Taxes and licenses		**93,687**	93,193	67,827
Repairs and maintenance		**37,205**	75,991	89,400
Provision for probable loss		**–**	–	2,523,211
Miscellaneous expense		**2,704,155**	3,632,587	3,108,439
		70,055,360	65,596,566	64,174,700

In Philippine Peso

Miscellaneous expense includes penalties, insurance, notarial, processing fees, communication and travel expense.

18. PERSONNEL COSTS

This account consists of the following:

	Notes	2023	2022	2021
Salaries, wages and allowances		**39,027,145**	35,057,491	34,546,278
Government contributions		**3,614,988**	3,084,553	2,674,480
Retirement benefit expense	23	**1,470,261**	1,452,503	1,604,788
Other employee benefits		**4,609,760**	3,754,823	3,784,351
		48,722,154	43,349,370	42,609,897

Personnel costs is distributed as follows:

	Notes	2023	2022	2021
Direct costs	16	**36,025,618**	32,176,153	33,127,529
General and administrative expenses	17	**12,696,536**	11,173,217	9,482,368
		48,722,154	43,349,370	42,609,897

19. OTHER INCOME (LOSS) – NET

Other income (loss) for the years ended December 31 consists of:

	Notes	2023	2022	2021
Interest income on sublease	22	**17,513,470**	17,037,121	16,556,436
Gain on reversal of impairment	10	**776,572**	838,303	–
Interest income on bank deposits	8	**1,418**	2,262	2,725
Impairment loss	11,12	**(35,240,958)**	(69,092,877)	(5,891,526)
Other income on sublease	22	**–**	–	97,537,935
Gain on disposal of property and equipment	11	**–**	–	430
Other income		**881,420**	95,277	506,537
		(16,068,078)	(51,119,914)	108,712,537

Gain on reversal of impairment was recognized due to issuance or usage during the year of previously impaired supplies amounting to ₱776,572 and ₱838,303 in 2023 and 2022, respectively, as disclosed in Note 10.

The breakdown of impairment loss reported under other income (loss) – net are as follows:

	Note	2023	2022
Investment property	12	**34,546,439**	69,092,877
Property and equipment	11	**694,519**	–
		35,240,958	69,092,877

Other income on sublease pertains to the amount recognized in profit or loss equivalent to the difference between the right-of-use asset and the net investment in the sublease as required by PFRS 16 (Note 22).

Gain on disposal of property and equipment pertains to the net benefit received by the Country Club from the disposal of the property and equipment as disclosed in Note 11.

In Philippine Peso

Other income includes reimbursements or recoveries from customer losses, breakages, and others.

20. INCOME TAXES

The components of income tax expense (benefit) recognized in profit or loss during the years are as follows:

	2023	2022	2021
Income tax expense – current	**888,395**	247,229	231,385
Income tax expense (benefit) – deferred	**(1,494,016)**	(837,695)	1,370,436
	(605,621)	(590,466)	1,601,821

The reconciliation between income tax at statutory tax rate and the actual income tax benefit (expense) is shown below:

	2023	2022	2021
Deficiency of revenue over costs and expenses before income tax	**(191,788,441)**	(216,638,114)	(60,376,064)
Income tax computed at statutory rate of 5%	**(9,589,422)**	(10,831,906)	(3,018,803)
Tax effects of:			
Non-deductible expenses	**8,199,554**	10,095,735	4,488,110
Interest income subject to final tax	**(71)**	(113)	(136)
Other items subject to 25% RCIT	**(104,077)**	(101,411)	(98,735)
	(1,494,016)	(837,695)	1,370,436
Interest income on sublease	**17,513,470**	17,037,121	16,556,436
Interest expense	**(15,431,932)**	(15,008,903)	(14,582,170)
Gain on disposal of property and equipment	–	–	430
Net income subject to RCIT	**2,081,538**	2,028,218	1,974,696
Income tax computed at 25%	**520,385**	507,055	493,674
Non-taxable income at 25% RCIT	**368,010**	(259,826)	(262,289)
	888,395	247,229	231,385
	(605,621)	(590,466)	1,601,821

Deferred Tax Assets

Deferred tax assets are determined using the income tax rate in the period the temporary differences are expected to be recovered. Movement and composition of deferred tax assets are as follow:

Year Incurred	Deferred revenue on membership	Customer's deposits	Excess of interest and depreciation over lease payments	Retirement benefit obligation	Total
January 1, 2021	2,099,060	498,834	3,059,350	333,453	5,990,697
Origination	–	–	2,870,669	46,454	2,917,123
Reversal	(2,099,060)	(9,798)	–	–	(2,108,858)
Recognized in OCI	–	–	–	(58,707)	(58,707)
December 31, 2021	–	489,036	5,930,019	321,200	6,740,255
Origination	–	103,034	2,839,296	47,206	2,989,536
Recognized in OCI	–	–	–	(62,792)	(62,792)
December 31, 2022	–	**592,070**	**8,769,315**	**305,614**	**9,666,999**
Origination	–	**(101,745)**	**3,756,689**	**61,014**	**3,715,958**
Recognized in OCI	–	–	–	**(65,860)**	**(65,860)**
December 31, 2023	–	**490,325**	**12,526,004**	**300,768**	**13,317,097**

In Philippine Peso

Deferred Tax Liabilities
Deferred income tax liabilities are determined using the income tax rate in the period the temporary differences are expected to be settled. The Country Club recognized deferred tax liabilities on the excess of interest income over sublease payments received amounting to ₱2,221,185 and ₱2,151,842 in 20223 and 2022.

As of December 31, 2023 and 2022, total deferred tax liabilities amounted to ₱6,552,487 and ₱4,330,543, respectively.

Movements in deferred tax assets and liabilities have been recognized as follows:

	2023	2022	2021
Through profit or loss	**(1,494,016)**	(837,695)	1,370,436
Through other comprehensive income	**(65,860)**	(62,792)	(58,707)
	(1,559,876)	(900,487)	1,311,729

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

Under the CREATE Law, effective July 1, 2020, the corporate income tax rate is 20% for domestic corporations with total assets not exceeding ₱100 million, excluding land, and total net taxable income of not more than ₱5 million. The corporate income tax of all other corporations, both domestic and resident foreign, is 25%. Minimum corporate income tax (MCIT) was also lowered from 2% to 1% effective July 1, 2020 until June 30, 2023. Moreover, Registered Business Enterprises (RBEs) granted an ITH followed by 5% GIT or are currently enjoying 5% GIT are allowed to avail of the 5% GIT for 10 years.

21. BASIC/DILUTED LOSS PER SHARE

Basic and diluted loss per share are computed as follows:

	2023	2022	2021
Deficiency of revenues over costs and expenses before income tax	**(191,182,820)**	(216,047,648)	(61,977,885)
Weighted number of shares outstanding	**27,456**	27,456	27,456
	(6,963)	(7,869)	(2,257)

There are no potential dilutive shares which can be associated to the Country Club's operations in the years covered. Thus, basic and diluted loss per share is stated at the same value.

22. LEASE COMMITMENTS

The Country Club as a Lessee

Long-term Lease Agreement
Pursuant to the Subscription and Development Agreement (Note 14), the Country Club has assumed all the rights and obligations of FDC pertaining to the assigned portion of the land it leases from CDC covering approximately 65 hectares.

The term of the lease agreement is 50 years starting March 1996 and renewable for another 25 years upon terms and conditions agreeable to both parties. The lease was amended during 2016 and the term was extended for another 50 years commencing on January 1, 2016 and is renewable for another twenty-five years upon mutual agreement of both parties. Lease payments shall be remitted to CDC based on minimum guaranteed lease payments or certain percentages of the gross revenues, whichever is higher.

In Philippine Peso

The monthly minimum guaranteed lease from January 1, 2016 to March 28, 2016 amounts to ₱1,691,035 and is subject to a 10% escalation rate every two years starting March 29, 2016. The Country Club is unable to measure reliably the future cash outflows arising from the variable lease payments.

Details and movements of right-of-use assets for the years ended December 31 are as follows:

	2023	2022
Cost:		
At beginning of year	**328,730,321**	328,715,945
Remeasurement	**–**	14,376
At end of year	**328,730,321**	328,730,321
Accumulated Depreciation:		
At beginning of year	**27,990,201**	20,981,869
Depreciation	**6,993,956**	7,008,332
At end of year	**34,984,157**	27,990,201
Carrying amount, December 31	**293,746,164**	300,740,120

On January 1, 2021, the carrying amount of the right-of-use assets pertaining to 65 hectares of land from the head lease were adjusted by ₱199,533,459 for the effect of sublease of 25.22 hectares.

Details and movements in lease liabilities for the years ended December 31 are as follows:

	2023	2022
At beginning of year	**707,481,414**	687,961,716
Accretion of interest	**39,773,021**	38,682,740
Remeasurement	**–**	14,376
Payments of interest	**(13,072,463)**	(19,177,418)
	734,181,972	707,481,414

The following is the current and non-current portion of lease liabilities as at December 31:

	2023	2022
Current	**27,615,576**	19,608,693
Non-current	**706,566,396**	687,872,721
	734,181,972	707,481,414

The maturity analysis of lease liabilities as of December 31 is as follows:

	2023	2022
Lease payments:		
Within 1 year	**21,079,345**	19,608,693
1 to 2 years	**21,569,562**	21,079,345
2 to 3 years	**23,187,280**	21,569,562
3 to 4 years	**23,726,519**	23,187,280
4 to 5 years	**25,506,008**	23,726,519
5 to 10 years	**113,727,135**	139,233,143
10 to 25 years	**2,500,840,833**	2,500,840,833
	2,729,636,682	2,749,245,375

In Philippine Peso

Interest:	**2023**	2022
Within 1 year	**40,893,549**	39,773,021
1 to 2 years	**41,998,493**	40,893,549
2 to 3 years	**43,131,336**	41,998,493
3 to 4 years	**44,241,357**	43,131,336
4 to 5 years	**45,376,066**	44,241,357
5 to 10 years	**192,549,557**	237,925,623
10 to 25 years	**1,587,264,352**	1,593,800,582
	1,995,454,710	2,041,763,961

Continued...

Present value:	**2023**	2022
Within 1 year	**20,449,166**	19,031,712
1 to 2 years	**19,807,186**	19,347,632
2 to 3 years	**20,135,978**	18,740,234
3 to 4 years	**19,503,830**	19,051,315
4 to 5 years	**19,827,587**	18,453,219
5 to 10 years	**95,486,284**	91,483,987
10 to 25 years	**538,971,941**	521,373,315
	734,181,972	707,481,414

Discount rate
The Country Club uses its incremental borrowing rate as basis for the discount rate which is the rate that the Country Club would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU assets in a similar economic environment. The Country Club recognized ROU assets and liabilities using discount rate 5.55%.

Extension and termination options
Extension and termination options are included in the lease agreements of the Country Club. These are used to maximize operational flexibility in terms of managing the assets used in the Country Club's operations. This extension and termination options held are exercisable only with the consent of both the Country Club and the lessor.

Short-term lease agreements
The Country Club also entered into short-term leases of equipment and transportation vehicles during the years.

Total rent expense on these short-term leases charged to operations for the years ended December 31 are as follows:

	Notes	**2023**	2022	2021
Direct costs	16	**1,769,517**	1,534,341	1,848,531
General and administrative expenses	17	**126,000**	139,258	140,250
		1,895,517	1,673,599	1,988,781

The following are the amounts recognized in profit or loss by the Country Club as a lessee:

	Note	**2023**	2022	2021
Interest expense on lease liabilities		**39,773,021**	38,682,740	37,582,912
Depreciation of right-of-use assets	16	**6,993,956**	7,008,332	6,993,957
Expense relating to short-term leases		**1,895,517**	1,673,599	1,988,781
		48,662,494	47,364,671	46,565,650

In Philippine Peso

The Country Club as a Sublessor

In 2020, the Country Club entered into a sublease agreement for an undeveloped parcel of land with an area of 25.22 hectares. The 25.22 hectares is part of the lease with CDC (the "head lease") for the 65 hectares of land. As the Country Club transfers substantially all of the risks and rewards of ownership of the right-of-use asset related to the 25.22 hectares, the sublease is classified as a finance lease.

The sublease agreement is for a period of 26 years starting January 1, 2021 and is subject to renewal by mutual agreement of the parties. The renewal shall be coterminous with the lease term of the head lease. The head lease will end on December 31, 2065. The lease term is determined to be 45 years as both parties are reasonably certain that the extension option will be exercised.

Monthly rental amounts to ₱653,469 subject to 10% escalation every 2 years starting March 29, 2022. The Country Club recognized net investment on the sublease amounting to ₱297,071,394. Consequently, the carrying amount as of January 1, 2021 of the right-of-use assets related to the 25.22 hectares amounting to ₱199,533,459 has been derecognized. Other income on sublease recognized in the 2021 profit or loss amounting to ₱97,537,935 is accounted for as the difference between the net investment and the carrying amount of the right-of-use assets derecognized in the head lease. The Country Club used the discount rate of 5.55% used in the head lease to measure the net investment in the sublease.

Details and movements in finance lease receivables for the years ended December 31 are as follows:

	Note	2023	2022
Balance at the beginning of the year		**314,393,567**	305,786,199
Accretion of interest	19	**17,513,470**	17,037,121
Collection of interest		**(8,625,693)**	(8,429,753)
Balance, end of the year		**323,281,344**	314,393,567

Finance lease receivables are presented in the statement of financial position as follows:

	2023	2022
Current	**9,272,728**	8,625,794
Non-current	**314,008,616**	305,767,773
	323,281,344	314,393,567

The maturity analysis of lease receivables, including the undiscounted lease payments to be received as of December 31 are as follows:

	2023	2022
Less than 1 year	**9,272,728**	8,625,794
More than 1 year but less than 2 years	**9,488,373**	9,272,728
More than 2 years but less than 3 years	**10,200,001**	9,488,373
More than 3 years but less than 4 years	**10,437,210**	10,200,001
More than 4 years but less than 5 years	**11,220,001**	10,437,210
More than 5 years	**1,150,139,154**	1,161,359,054
Total undiscounted lease payments receivable	**1,200,757,467**	1,209,383,160
Unearned interest income	**(877,476,123)**	(894,989,593)
Net investment in the sublease	**323,281,344**	314,393,567

Details of amounts recognized in profit or loss as a result of sublease are as follows:

	Notes	2023	2022	2021
Interest income on sublease	19	**17,513,470**	17,037,121	16,556,436
Other income on sublease	19	**–**	–	97,537,935

In Philippine Peso

23. RETIREMENT BENEFIT OBLIGATION

The Country Club has an unfunded and non-contributory defined benefit plan covering all of its qualified employees. The retirement benefits are based on years of service and compensation in the last year of employment as determined by an external actuary. The latest actuarial valuation was carried out as of December 31, 2022.

The movements in retirement benefits liability recognized in the statements of financial position are as follows:

	2023	2022
At beginning of year	**7,790,425**	8,269,999
Current service cost	**907,792**	1,025,771
Interest cost	**562,469**	426,732
Benefits paid	**(348,390)**	–
Remeasurement gain recognized in other comprehensive income	**1,587,020**	(1,932,077)
At end of year	**10,499,316**	7,790,425

The components of retirement benefits expense recognized in profit or loss are as follows:

	2023	2022	2021
Current service cost	**907,792**	1,025,771	1,254,547
Interest cost	**562,469**	426,732	350,241
	1,470,261	1,452,503	1,604,788

Retirement benefit expense are charged to operations as follows:

	Notes	**2023**	2022	2021
Direct costs	16	**1,220,317**	944,127	929,088
General and administrative expenses	17	**249,944**	508,376	675,700
		1,470,261	1,452,503	1,604,788

The cumulative actuarial gains recognized in other comprehensive income are as follows:

	Accumulated actuarial gains	Tax effect	Net
January 1, 2022	6,825,843	(235,872)	6,589,971
Remeasurement gain	1,932,077	(62,793)	1,869,284
December 31, 2022	8,757,920	(298,665)	8,459,255
Remeasurement loss	**(1,587,020)**	**(65,861)**	**(1,652,881)**
December 31, 2023	**7,170,900**	**(364,526)**	**6,806,374**

The principal actuarial assumptions used in determining retirement benefit liability of the Country Club are as follows:

	2023	2022
Discount rate	**6.07%**	7.22%
Expected rate of salary increase	**3%**	3%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming if all other assumptions were held constant:

	Increase (Decrease)	Effect on defined benefit obligation **2023**	2022
Discount rate	+ 100bps	**(975,121)**	(693,976)
	– 100bps	**1,152,213**	842,823
Salary increase rate	+ 100bps	**1,177,214**	815,358
	– 100bps	**(1,010,835)**	(726,648)

In Philippine Peso

The defined benefit plan exposes the Country Club to the following risks:

- Salary risk— any increase in the salary of qualified employees will increase the liability for the defined benefit plan;
- Longevity risk— any increase in the life expectancy of qualified employees will increase the liability for the defined benefit plan; and
- Interest rate risk— a decrease in bond interest rate will increase the present value of retirement benefits liability.

As at December 31, the expected future benefit payments are as follows:

	2023	2022
Within one (1) year	**1,722,361**	1,355,745
Between two (2) to five (5) years	**2,884,535**	2,117,234
Beyond five (5) years	**5,892,420**	4,317,446
	10,499,316	7,790,425

The weighted average duration of the defined benefit obligations as at December 31, 2023 is 10.1 years (2022 – 9.7 years).

24. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following are the financing activities resulting to changes in the Country Club's liabilities:

	Lease liabilities	
	2023	2022
At beginning of year	**707,481,414**	687,961,716
Accretion of interest	**39,773,021**	38,682,740
Remeasurement	**–**	14,376
Cash flows*	**(13,072,463)**	(19,177,418)
At end of year	**734,181,972**	707,481,414

** Cash flows from lease liabilities pertain only to cash outflows from payment of monthly rental due representing the interest portion of the lease liabilities during the respective years.*

25. PROVISIONS AND CONTINGENCIES

The Country Club is aware of any pending or threatened litigation, claims or assessments or unasserted claims of assessments that are required by PAS 37 *Provisions, Contingent Liabilities and Contingent Assets* of PFRS to be accrued or disclosed in the financial statements.

As of December 31, 2023, and 2022, the Country Club has accrued provision for probable loss amounting to ₱7,982,292 and ₱9,039,748, respectively. These provisions were recognized for future claims and assessment.

Except for the above, the Country Club is not aware of any failure of the Country Club to act in accordance with applicable law, which could result in a material liability. The Country Club has complied with all aspects of contractual agreements that could have a material effect on the accounts in the event of non-compliance.

26. EVENTS AFTER THE END OF THE REPORTING DATE

No events after the end of the reporting date were identified in these financial statements that provide evidence of conditions that existed at the reporting date (adjusting events after reporting date), and that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

In Philippine Peso

27. APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements were authorized and approved for issue by the Board of Directors on March 19, 2024.

28. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATION NO. 15-2010

Revenue Regulations (RR) No. 21-2002 prescribing additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying income tax returns was amended under RR 15-2010. The amendment that became effective on December 28, 2010 requires the inclusion in the notes to financial statements, information on taxes, duties and license fees paid or accrued during the year in addition to what is required under the Philippine Financial Reporting Standards and such other standards and/or conventions.

The Country Club is located at the CSEZ in Pampanga and is governed by the CDC rules and regulations under RA No. 9400 (An act amending RA No. 7227, as amended, otherwise known as the Bases Conversion and Development Act Of 1992). AS a CSEZ-registered enterprise, the Country Club is entitled to certain incentives and benefits including, but not limited to, the exemption from national and local taxes; in lieu of paying said taxes, the Country Club shall pay a 5% tax on gross income which shall be directly remitted as follows: 3% to the national government and 2% to the municipality or city where the enterprise is located.

Other taxes and licenses
Details of the Country Club's taxes and licenses paid are as follows:

	2023	2022
Permits and licenses	87,243	75,502
Others	6,444	17,691
	93,687	93,193

Withholding Taxes
Withholding taxes paid, accrued and/or withheld for the year ended December 31, 2023 and 2022 consist of:

2023	Accrued	Paid	Total
Withholding tax on compensation	–	112,543	112,543
Expanded withholding tax	5,347	74,206	79,553
	5,347	186,749	192,096

2022	Accrued	Paid	Total
Withholding tax on compensation	–	80,667	80,667
Expanded withholding tax	19,802	170,959	190,761
	19,802	251,626	271,428

Tax assessments and cases
The Country Club has no pending tax cases in courts or other regulatory bodies outside of BIR as of December 31, 2023 and 2022.

Alas Oplas & Co., CPAs

Alas Oplas & Co., CPAs
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Makati Alabang Ortigas Paranaque
Cavite Bulacan Isabela Nueva Ecija
Bacolod Iloilo Bohol Legazpi

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
FONTANA RESORT & COUNTRY CLUB, INC.
Fontana Clubhouse, Fontana Leisure Parks
C.M. Recto Highway, Clark Freeport Zone
Philippines

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **FONTANA RESORT & COUNTRY CLUB, INC.** (the "Country Club"), as of and for the years ended December 31, 2023 and 2022, and have issued our report thereon dated March 19, 2024. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules A to G listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Country Club's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

ALAS, OPLAS & CO., CPAs
BOA Registration No. 0190, valid from October 31, 2022, to February 18, 2025
BIR A.N. 08-001026-000-2024, issued on January 5, 2024; effective until January 4, 2027
SEC A.N. (Firm) 0190-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025 audit period
TIN 002-013-406-000

By:

DANILO T. ALAS
Partner
CPA License No. 0027120
BIR A.N. 08-001026-001-2024, issued on January 5, 2024; effective until January 4, 2027
SEC A.N. (Individual) 27120-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025
TIN 132-466-021-000
PTR No. 10075667, issued on January 2, 2024, Makati City

March 19, 2024
Makati City, Philippines

BKR INTERNATIONAL INDEPENDENT MEMBER

FONTANA RESORT & COUNTRY CLUB, INC.
(A non-profit organization)
INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES

FONTANA RESORT & COUNTRY CLUB, INC.
(A non-profit organization)
SCHEDULE A: FINANCIAL ASSETS
DECEMBER 31, 2023

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received and accrued
Financial assets at amortized cost:			
Cash	N/A	2,606,937	1,348
Membership dues and other receivables, net*	N/A	28,261,520	–
Due from related parties	N/A	215,276,076	–
Finance lease receivables	N/A	323,281,344	–
Utility deposits	N/A	157,544	–

**net of allowance for expected credit losses and excluding advances to suppliers amounting to ₱377,271.*

FONTANA RESORT & COUNTRY CLUB, INC.
(A non-profit organization)
SCHEDULE B: AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2023

Name and Designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
N/A	N/A	N/A	N/A	N/A		N/A	N/A

FONTANA RESORT & COUNTRY CLUB, INC.
(A non-profit organization)
SCHEDULE C: AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2023

Name and Designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

FONTANA RESORT & COUNTRY CLUB, INC.
(A non-profit organization)
SCHEDULE D: LONG TERM DEBT
DECEMBER 31, 2023

Name of issuer and type of obligation	Total Outstanding Balance	Amount shown under caption "Current portion of long-term debt"	Amount shown caption "Long-term Debt"
N/A	N/A	N/A	N/A

FONTANA RESORT & COUNTRY CLUB, INC.
(A non-profit organization)
SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES (LONG - TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2023

Name of related party	Balance at the beginning of period	Balance at the end of period
N/A	N/A	N/A

FONTANA RESORT & COUNTRY CLUB, INC.
(A non-profit organization)
SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2023

Name of the issuing entity of securities guaranteed by the company for which the statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is lifted	Nature of guarantee
N/A	N/A	N/A	N/A	N/A

FONTANA RESORT & COUNTRY CLUB, INC.
(A non-profit organization)
SCHEDULE G: CAPITAL STOCK
DECEMBER 31, 2023

Title of Issue	Number of Shares Authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	27,456	27,456	–	20,537	4	6,915

Alas Oplas & Co., CPAs

Alas Oplas & Co., CPAs

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Offices:

Makati, Alabang, Ortigas, Paranaque
Cavite, Bulacan, Isabela, Nueva Ecija
Bacolod, Iloilo, Bohol, Legazpi

INDEPENDENT AUDITOR'S REPORT
ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
FONTANA RESORT & COUNTRY CLUB, INC.
Fontana Clubhouse, Fontana Leisure Parks
C.M. Recto Highway, Clark Freeport Zone
Philippines

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **FONTANA RESORT & COUNTRY CLUB, INC.** (the "Country Club"), as of and for the years ended December 31, 2023 and 2022, and have issued our report thereon dated March 19, 2024. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness are the responsibility of the Country Club's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by Securities and Exchange Commission, and is not part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Country Club's financial statements as of and for the years ended December 31, 2023 and 2022.

ALAS, OPLAS & CO., CPAs
BOA Registration No. 0190, valid from October 31, 2022, to February 18, 2025
BIR A.N. 08-001026-000-2024, issued on January 5, 2024; effective until January 4, 2027
SEC A.N. (Firm) 0190-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025 audit period
TIN 002-013-406-000

By:

DANILO T. ALAS
Partner
CPA License No. 0027120
BIR A.N. 08-001026-001-2024, issued on January 5, 2024; effective until January 4, 2027
SEC A.N. (Individual) 27120-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025
TIN 132-466-021-000
PTR No. 10075667, issued on January 2, 2024, Makati City

March 19, 2024
Makati City, Philippines

BKR INTERNATIONAL | INDEPENDENT MEMBER

FONTANA RESORT & COUNTRY CLUB, INC.
(A non-profit organization)
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2023 AND 2022
In Philippine Peso

Ratio	Formula		As at 2023	2022
Liquidity Ratios:				
Current ratio	Total Current Assets divided by Total Current Liabilities		2.02:1.00	2.54:1.00
	Total Current Assets	261,321,128		
	Divide by: Total Current Liabilities	129,215,996		
	Current ratio	2.02		
Quick ratio	Quick Assets (*Total Current Assets less Prepayments and Other Current Assets*) divided by Total Current Liabilities		1.98:1.00	2.47:1.00
	Quick Assets	255,794,532		
	Divide by: Total Current Liabilities	129,215,996		
	Quick ratio	1.98		
Solvency Ratios:				
Debt ratio / Debt-to-asset ratio	Total Liabilities divided by Total Assets		0.46:1.00	0.41:1.00
	Total Liabilities	852,834,199		
	Divide by: Total Assets	1,843,436,113		
	Debt-to-asset ratio	0.46		
Debt-to-equity ratio	Total Liabilities divided by Total Equity		0.86:1.00	0.70:1.00
	Total Liabilities	852,834,195		
	Divide by: Total Equity	990,601,918		
	Debt-to-equity ratio	0.86		
Asset-to-equity ratio	Total Assets divided by Total Equity		1.86:1.00	1.70:1.00
	Total Assets	1,843,436,113		
	Divide by: Total Equity	990,601,918		
	Asset-to-equity ratio	1.86		
Interest Rate Coverage Ratio	Earnings before Income Tax and Interest Expense (EBIT) divided by Interest Expense		(3.82)	(4.60)
	EBIT	(152,015,420)		
	Divide by: Interest Expenses	39,773,021		
	Interest rate coverage ratio	(3.82)		
Profitability Ratios:				
Return on Equity	Net Profit (Loss) divided by Average Total Equity		(17.59%)	(16.74%)
	Net Loss	(191,182,820)		
	Divide by: Average Total Equity	1,087,019,769		
	Return on equity	(17.59%)		
Return on Assets	Net Profit (Loss) divided by Average Total Assets		(9.93%)	(10.23%)
	Net Loss	(191,182,820)		
	Divide by: Average Total Assets	1,924,745,424		
	Return on assets	(9.93%)		
Net Profit Margin	Net Profit (Loss) divided by Revenues		(176.07%)	(177.85%)
	Net Loss	(191,182,820)		
	Divide by: Revenues	108,582,608		
	Net profit margin	(176.07%)		