



THE

SECURITIES AND EXCHANGE COMMISSION



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The following document has been received:

Receiving: ARVIN BANAWA Receipt Date and
Time: March 19, 2024 PM

Company Information

SEC Registration No.: 0000074340
Company Name: CELEBRITY (SPORTS) PLAZA INC.
Industry Classification: 092499
Company Type: Stock Corporation

Document Information

Document ID: OSTI 0319202482144026
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31 , 2023
Submission Type: Annual
Remarks: None

Acceptance of this document is subject to review of forms and contents

3/19/24, 11 AM

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Date: Tuesday, March 19, 2024 at 11:33 AM GMT+8

Hi CELEBRITY SPORTS PLAZA, INC.,

Valid files

- EAFS000677390RPTTY122023.pdf
- EAFS000677390AFSTY122023.pdf
- EAFS000677390TCRTY122023-01.pdf
- EAFS0006773901TRTY122023.pdf
- EAFS0006773900THTY122023.pdf

Invalid file

- <None>

Transaction Code: AFS-O-2WXV4WPP08J959DKHP3MW2VNQOB9DLEGKD

Submission Date/Time: Mar 19, 2024 11:33 AM

Company TIN: 000-677-390

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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CELEBRITY CLUB



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

March 11, 2024

Securities and Exchange Commission 7907
Makati Avenue, Salcedo Village,
Bel-Air, Makati City

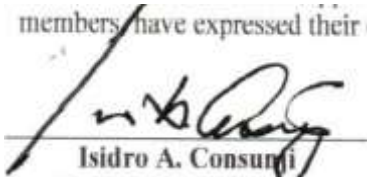
Management of CELEBRITY SPORTS PLAZA, INC. is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, 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.

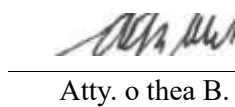
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

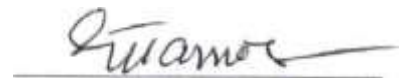
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

M. F. Padernal and Co., the independent auditors, appointed by the stockholders for the years ended December 31, 2023 and 2022, respectively, have audited the financial statements of the Company in accordance with the Philippine Standards on Auditing, and in their reports to the stockholders or members have expressed their opinions on the fairness of such audits.


Isidro A. Consunji


Atty. Thea B. Cayco



Chairman of the Board

President/Chief Executive Officer

Director/Chief Financial Officer

Chairman of the Board

President/Chief Executive Officer

Director/Chief Financial Officer

2024 QUEZON

SUBSCRIBED AND SWORN TO before me this MAR 15
Manila, Philippines. Affiant exhibiting to me his/her

at Metro
as indicated below his/her name

and signature above.

Name of Officer	ID No.	Date Issued	Place of Issue
Isidro A. Consunji			
Atty. Ma. Dorothea B. Gancayco			
Emmanuel T. Ramos			


ATTY. ROSALINDA MERANO-MONTENEGRO
 NOTARY PUBLIC
 My Commission expire on Dec. 31, 2025
 Admin. Matter No. NP-067(2024-2025)
 PTR No. 555535801/03)2024-Q.C..
 IBF OR No. 397268 01/05/2024tQ.Cn

Doc. No. 50 ;
 Page No. 10 ;
 Book No. VI ;

Series of 2024

Capitol Hills Drive, Diliman. Quezon City • Tel. No.: Vm8ffia6e)
 www.celebrityspbfi*fngkance No. Vaki Until 14, 2025
<https://www.facebook.com/CelebritySports/>

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0 0 0 0 0 0 7 4 3 4 0

Company Name

C E L E B R I T Y S P O R T S P L A Z A , I N C . (A -
 N O T - F O R - P R O F I T C O R P O R A T I O N)

Principal Office (No./Street/Barangay/City/Town/Province)

C A P I T O L H I L L S D R I V E , O L D B A L A R
 A , Q U E Z O N C I T Y

Form Type

A A F S

Department requiring the report

C R M D

Secondary License Type. If Applicable

N / A

COMPANY INFORMATION

Company's Email Address

N/A

Company's Telephone Number/s

(02) 8951-33-33

Mobile Number

N/A

No. of Stockholders

2,383

Annual Meeting

2nd Monday of May

Month/Day

2nd Monday of May

Piccal Voar

12/31

Month/Day

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

CARMINA A. SANCHEZ

Email Address

csapi.csanchez@gmail.com

Telephone Number's

8951-33-33 loc. 163

Mobile Number

0917-524-5735

Contact Person's Address

Capitol Hills Drive, Diliman, Quezon 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 Intormajon 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 the delay in updating the corporation's records with the Commission and / or non-receipt Of Notice Of Deficiencies. Further, of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

MFP

F. Padernal and
M. CO.

Suite 1205 Antel Global Corporate Center
3 Julia Vargas Avenue, Ortigas Center Pasig City 1605,
Philippines

Phone (+632) 8687 0151 to 52
Fax. (+632) 8634.7564
E-mail. Info@mfpadernal.com Website.
www.mfpadernal.com

BOXPRC Reg NC 0384.
February 1, 2024, valid until January 31, 2027

SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITOR

The Members and the Board of Directors
Celebrity Sports Plaza, Inc.
Capitol Hills Drive, Old Balara
Quezon City

We have audited the financial statements of Celebrity Sports Plaza, Inc. (the Club), a not-for-profit corporation, for the years ended December 31, 2023 and 2022, on which we have rendered the attached report dated March 11, 2024.

In compliance with the Securities and Exchange Commission Revised Securities Regulation Code Rule 68, we are stating that the above Club has two (2) stockholders owning one hundred (100) or more shares as of December 31, 2023.

M. F. PADERNAL AND CO.



MA. MILAGROS F. PADERNAL

Partner

CPA Certificate No. 28591

BOA Accreditation No. 0384+001,

February 1, 2024, valid until January 31, 2027

Tax Identification No. 119-768-075

BIR Accreditation No. 07-100502-002-2022,

July 22, 2022, valid until July 21, 2025 PTR

No. 174078, January 9, 2024, Pasig City

March 11, 2024

Russell

Member of Russell Bedford International – a global network of independent professional services firm

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F. Padernal and Co.

Bedford
further
CELEBRITY SPORTS PLAZA, INC.
(A Not-for-Profit Corporation)

FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

AND

INDEPENDENT AUDITOR'S REPORT

MFP

M. F. Padernal and Co.

Russell Bedford

you further
takiru

Member of International

Russell

Member of Russell Bedford International – a global network of independent professional services firm

M,

Suite 1205 Aritel Global Corporate
Center
3 Julia Vargas Avenue. Ortigas Center
Pasig City 1605. Philippines

Phone: (+632) 8687.6151 to 52

Fax: (+632) 8634.7364

E-mail: info@mfpadernal.com

Website: www.mfpadernal.com

BOÆPRC Reg. No. 0384,
February 1, 2024. valid until January 31, 2027

INDEPENDENT AUDITOR'S REPORT

The Members and the Board of Directors Celebrity
Sports Plaza, Inc.
Capitol Hills Drive, Old Balara
Quezon City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Celebrity Sports Plaza, Inc. (the .Club), a not-for-profit corporation, which comprise the statements of financial position as of December 31, 2023 and 2022, and the Statements of comprehensive income, statements of changes in members' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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


Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-1S (Definitive Information Statement) and SEC Form 17-A for the year ended December 31, 2023 but does not include the financial Statements and our auditor's report thereon. The SEC Form 20-1S (Definitive Information Statement) and SEC Form 17-A for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

MFP

F. Padernal and Co.

Bedford

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Russell

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA 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 PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

Page 3 of 3

- 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 by the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2023 required by the Bureau of Internal Revenue (BIR) as disclosed in Note 24 to the financial statements is presented for purposes of filing with the BIR and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of the management of Celebrity Sports Plaza, Inc. The supplementary 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 a whole.

M. F. PADERNAL AND CO.



MA. MILAGROS F. PADERNAL

Partner

CPA Certificate No. 28591

BOA Accreditation No. 0384/P-001,

February 1, 2024, valid until January 31, 2027

Tax Identification No. 1 19-768-075

BIR Accreditation No. 07-100502-002-2022,

July 22, 2022, valid until July 21, 2025 PTR

No. 174078, January 9, 2024, Pasig City

March 11, 2024

CELEBRITY SPORTS PLAZA, INC.
(A Corporation)
Bedford
Not-for-Prom

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Notes	2023	2022
Notes		2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents	4	₱51,752,571	₱95,863,517
Receivables — net		8,155,671	10,890,005
Financial assets at amortized cost	6	78,829,929	—
Other current assets	7	5,381,786	4,080,059
Total Current Assets		144,119,957	110,833,581
Noncurrent Assets			
Property and equipment — net		117,423,171	135,549,812
<u>Land — at revalued amount</u>	8	<u>1,492,090,000</u>	<u>1,239,232,000</u>
Total Noncurrent Assets	9	1,609,513,171	1,374,781,812
<u>TOTAL ASSETS</u>		1,753,633,128	<u>PI 5,393</u>
LIABILITIES AND MEMBERS' EQUITY			
Accounts and other payables	10	₱19,462,961	₱21,765,457
<u>Contract liabilities</u>	11	<u>31,708,851</u>	<u>23,266,826</u>
Total Current Liabilities		51,171,812	45,032,283
Current Liabilities			
Noncurrent Liabilities			
Payables to related parties	13	1,731,691	2,054,291
Defined benefit obligation	14	6,276,216	7,075,440
Deferred tax liability	20	372,110,000	308,895,500
Other liabilities	22	7,927,500	7,927,500
Total Noncurrent Liabilities		388,045,407	325,952,731
Total Liabilities		439,217,219	370,985,014
Deferred tax liability	20		
Other liabilities	22		
Members' Equity			
Proprietary shares	12	663,228,515	663,228,515
Accumulated losses		(442,764,382)	(452,902,009)

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F. Padernal and Co.

Other comprehensive income (losses):

Revaluation increment on land	9	1,116,330,000	926,686,500
Remeasurement loss on defined benefit obligation	14	(3,264,759)	(3,269,162)
		<u>1,333,529,374</u>	<u>1,133,743,844</u>
Treasury shares	12	(19,113,465)	(19,113,465)
Total Equity		<u>1,314,415,909</u>	<u>1,114,630,379</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY		P1,753,633,128	P1,485,615,393

See accompanying Notes to Financial Statements.

Remeasurement loss on defined benefit obligation	14		(3,269,162)
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CELEBRITY SPORTS PLAZA, INC.
(A Not-for-Profit Corporation)

STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31

	Notes	2023	2022	2021
REVENUES FROM CONTRACTS WITH MEMBERS AND CUSTOMERS	15	144,107,592	120,846,122	79,989,831
OTHER INCOME	17	14,391,766	7,063,815	16,995,831
COST AND EXPENSES	18	(125,755,970)	(102,463,611)	(75,083,935)
INCOME BEFORE DEPRECIATION AND INCOME TAX		32,743,388	25,446,326	21,901,727
DEPRECIATION	8	(22,510,775)	(23,775,460)	(22,896,065)
INCOME (LOSS) BEFORE INCOME TAX		10,232,613		(994,338)
PROVISION FOR INCOME TAX	20	(94,986)		
NET INCOME (LOSS)		10,137,627		(994,338)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit and loss in subsequent years:				75,674,905
Revaluation increment on land — net of tax	9	189,643,500	6,834,000	
Remeasurement gain on defined benefit obligation	14	4,403	956,416	
		189,647,903	7,790,416	76,968,200

CELEBRITY SPORTS PLAZA, INC.

(A Not-for-Profit Corporation)

TOTAL COMPREHENSIVE INCOME P199,785,530 P9,461,282 P75,973,862

See accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN
MEMBERS' EQUITY

	Notes	Years Ended December 31		
		2023	2022	2021
PROPRIETARY SHARES - no par value 12		<u>P663,228,515</u>	<u>P663,228,515</u>	<u>663,228,515</u>
ACCUMULATED LOSSES				
Balance at beginning of year		<u>(452,902,009)</u>	<u>(454,572,875)</u>	<u>153,578,537)</u>
Net income (loss)		<u>10,137,627</u>	<u>1,670,866</u>	<u>(994,338)</u>
Balance at end of year		<u>(442,764,382)</u>	<u>(452,902,009)</u>	<u>154,572,875)</u>
REVALUATION INCREMENT ON				
LAND — Net of deferred tax 9				
Balance at beginning of year		<u>926,686,500</u>	<u>919,852,500</u>	<u>844,177,595</u>
Other comprehensive income		<u>189,643,500</u>	<u>6,834,000</u>	<u>75,674,905</u>
Balance at end of year		<u>1,116,330,000</u>	<u>926,686,2500</u>	<u>919,852,500</u>
REMEASUREMENT LOSS ON	14			
DEFINED BENEFIT OBLIGATION				
Balance at beginning of year		<u>(3,269,162)</u>	<u>(4,225,578)</u>	<u>(5,58,873)</u>
Other comprehensive income		<u>4,403</u>	<u>956,416</u>	<u>1,293,295</u>
Balance at end of year		<u>(3,264,759)</u>	<u>(3,269,162)</u>	<u>(4,225,578)</u>
TREASURY SHARES	12	<u>(19,113,465)</u>	<u>(19,113,465)</u>	<u>19,113,465)</u>

CELEBRITY SPORTS PLAZA, INC.
(A Not-for-Profit Corporation)

Additions to financial assets at amortized cost 6

Acquisitions of property and equipment 8 Proceeds

Net cash flows used in investing activities				(83,061,233)	(10,193,973)	(659,966)
CASH FLOWS FROM FINANCING	13			(322,600)		(369,811)
ACTIVITY						
<u>Payments to related parties</u>				(44,110,946)	<u>(374,579)</u>	5,338,324
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				95,863,517	18,283,942	2,241,251
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR					77,579,575	
CASH AND CASH EQUIVALENTS AT END OF YEAR						
			4	PSI 752,571	₱95,863,517	7,579,575
from the sale of property and equipment 8				(2,302,496)	1,026,407	(80,343)
₱10,232,613	₱1,670,866	(₱994,338)		8,442,025	2,731,921	262,879
				2,868,552	501,356	302,687
22,510,775	23,775,460	22,896,065		(2,167,231)	(750,696)	(622,049)
	1,361,410			(119)	<u>(168,358)</u>	<u>74,770</u>
				39,272,887	28,852,494	26,368,101
(2,868,552)	(501,356)	(302,687)		(78,829,929)	-	-
(1,043,958)	(1,615,836)	14,608,471		(4,384,134)	(10,193,973)	(10,659,966)
(152,830)		-		152,830	-	-
3,778,292	319,586	20,445,548				
(1,396,594)	501,744	(2,253,463)				

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Celebrity Sports Plaza, Inc. (the Club) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 30, 1977 to foster, promote and conduct athletic, sports, recreational, social and entertainment activities among its members, on a not-for-profit basis, and in relation thereto establish, construct and maintain facilities necessary to carry out such activities.

In 1997, the Club ceased operations to give way for the rehabilitation and redevelopment of the club and its facilities. In line with management's plan to expedite the completion and delivery of the new Club, the Club entered into a Contract for Cost of the Work plus a Fee with D.M. Consunji, Inc. for the construction of the club and its facilities.

After rehabilitation and redevelopment, the Club resumed commercial operations in the first quarter of 2000.

The Club is owned by various individuals and corporations with Northeast Development & Acquisitions Corporations (NDAC or "Northeast"), Universal Rightfield Property Holdings, Inc. (URPHI or "Universal Rightfield"), DMCI Project Developers, Inc. (DMCI-PDI), Riviera Land Corporation ("Riviera"), One Asia Development Corporation, United Coconut Planters Bank and Exploit Unlimited Inc. ("Exploit") owning At length 21 shares each.

On June 26, 2019, the Supreme Court (SC) declared that membership fees, assessment dues and fees of similar nature collected by clubs, which are organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, do not constitute as: (a) the income of recreational clubs from whatever source that are subject to income tax; and (b) part of the gross receipts of recreational clubs that are subject to VAT.

The Club's registered address is Capitol Hill, Old Balara, Quezon City.

CELEBRITY SPORTS PLAZA, INC.
(A Not-for-Profit Corporation)

Significant Contracts and Agreement:

On March 30, 1998, the Club, Northeast, Universal Rightfield and DMCI-PDI entered into a Memorandum of Agreement (MOA), wherein the parties agreed to pool their resources and proprietary shares they hold and beneficially own to raise the needed additional funds for the redevelopment of the Club and its facilities. The Club would contribute 500 shares from the increase in authorized proprietary shares from 3,000 shares to 3,500 shares that was approved by the SEC on March 24, 1997 (Note 12), while Northeast, Universal Rightfield and DMCI-PDI would contribute a total of 700 Corporate "A" shares. The share contribution follows:

	Number of shares
Club	500
Northeast	420
DMCI-PDI	140
Universal Rightfield	140
<hr/>	
Total shares	1,200

On July 5, 2002, the Club, Northeast, Universal Right field and DMCI-PDI entered into a letter agreement confirming the actual 955 Corporate A shares contribution that was initially determined as 700 Corporate "A" shares which were valued at P365,000 per share. The new share contribution follows:

	Number of shares
Club	500
Northeast	420
DMCI-PDI	304
Universal Rihfield	231
Total shares	1 455

Amendments to Articles Of Incorporation and Reclassification of Authorized Proprietary Shares The amendments in the Articles of Incorporation and reclassifications of authorized proprietary shares are disclosed in Note 12.

Approval of Financial Statements

The financial statements of the Club were approved and authorized for issuance by the President on March 8, 2024 based on the delegated authority from the Board of Directors (BOD) on March 8, 2024,

2. Summary of Material Accounting Policies

The material accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

The financial statements have been prepared on accrual basis using historical cost, except for the following items which are measured on the following bases:

Items	Measurement Basis
Land	Fair value
Defined benefit obligation — net	Present value of the defined benefit retirement obligation less fair value of the plan assets

The financial statements are presented in Philippine peso, the Club's functional and presentation currency. Amounts are rounded-off to the nearest peso, unless otherwise specified.

Statement of Compliance

The financial statements of the Club have been prepared in compliance with Philippine Financial Reporting Standards (PRFS) approved by the Financial and Sustainability Reporting Standards Council and the SEC.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year. The following new accounting standards are effective beginning on or after January 1, 2023. Adoption of these new and amended standards did not have any material impact on the financial statements of the Club.

- Amendments to PAS 12, Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The amendments introduce an exception to the initial recognition exemption (IRE) in PAS 12. Additional exclusions have been added to the IRE, detailed in paragraphs 15(b)(iii) and 24(c) for deferred tax liabilities and assets, respectively. The effects of these amendments essentially mean that the IRE is not available for transactions which involve the recognition of both an asset and liability — which in turn leads to equal and opposite temporary differences — such that deferred

taxes are calculated and booked for both temporary differences, both at initial recognition and subsequently. Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

The initial recognition exemption was initially included within PAS 12 to prevent a lack of reporting transparency for transactions which are not business combinations and, at the time of the transaction, do not affect either accounting or taxable profits. Under this exemption, deferred tax assets/liabilities would neither be recognized at initial recognition of the underlying asset/liability, nor subsequently.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, the amendments also apply to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning obligations and corresponding amounts recognized as assets at the beginning of the earliest comparative period presented.

- Amendments to PAS 8, Definition of Accounting Estimates

The definition of accounting estimates has been amended as follows: accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty"

The amendment also clarifies the following:

- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.
- Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure of Accounting Policies The amendments to PAS 1 are the following:
- An entity is now required to disclose its material accounting policy information instead of its significant accounting policies; o Several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material.

The amendments also clarify the following:

- Accounting policy information may be material because of its nature, even if the related amounts are immaterial; o Accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and o If an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, PFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to PAS I .

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Club does not expect that the future adoption of the said pronouncements will have a material impact on its financial statements.

Effective Beginning on or after January 1, 2024 • Amendments to PAS I,
Classification of Liabilities as Current or Non-current

Effective Beginning on or after January 1, 2025

- PFRS 17, Insurance Contracts

Deferred Effectivity

- Amendments to PFRS 10, Consolidated Financial Statements, and PAS' 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

Fair Value

Financial Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to the Club. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Nonfinancial Assets

Fair value measurement of a nonfinancial 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.

Fair Value Hierarchy

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

The Club uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Club determines whether transfers have occurred between levels in the hierarchy by re-assessing

categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Club has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. Fair value related disclosures for financial instruments and nonfinancial assets (i.e. land) that are measured at fair value or where fair values are disclosed are summarized in Notes 9 and 21.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of acquisition and that are subject to an insignificant risk of change in values.

Financial Instruments

Financial Assets

Initial Recognition and Measurement

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

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

For a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVPL irrespective of the business model.

The Club's 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 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 FVOCI 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 (regular way trades) are recognized on the trade date, i.e., the date that the Club commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, the Club's financial assets are classified in three categories: financial assets at amortized cost, financial assets at FVOCI with recycling and with no recycling of cumulative gains and losses and financial assets at FVPL.

As of December 31, 2023 and 2022, the Club's financial assets consist only of financial assets at amortized cost.

Financial Assets at Amortized Cost (Debt Instruments)

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Club's financial assets at amortized cost are presented as cash and cash equivalents, receivables and financial assets at amortized cost.

Derecognition

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

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

When the 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 Club continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the 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 Club has retained.

Impairment of Financial Assets

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

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, 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 on an individual or collective basis but are not credit-impaired, 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 receivables, the Club applies a simplified approach in calculating ECLs. Therefore, the Club does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Club has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are also recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Determining the Stage for Impairment

At each reporting date, the Club assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Club considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Club's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Club from the time of origination. An exposure will migrate through the ECL Stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime FCL to 12-months ECL.

This policy is applicable to Club's financial assets except for receivables, for which the Club applies a simplified approach in calculating ECLs. Therefore, the Club does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

Write-off Policy

The Club writes-off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial net in its entirety or a portion thereof.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, 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.

The Club's financial liabilities consist of accounts and other payables, contract liabilities and payables to related parties.

Subsequent Measurement

After initial recognition, financial liabilities 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,

Derecognition

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

Reclassifications of Financial Instruments

The Club reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Club and any previously recognized gains, losses or interest shall not be restated. The Club does not reclassify its financial liabilities.

Offsetting of Financial Instruments

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

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and any impairment in value. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, are normally charged to income in the period in which the costs are incurred. In a situation where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on the cost less estimated residual value of the assets using the straightline method over the estimated useful lives of the assets as follows:

	Useful Life (In Years)
Buildings	30
Land improvements	5
Sports equipment	3
Office furniture, fixtures and equipment	3

Construction in progress is not depreciated until such time as the relevant assets are completed and available for use.

Where parts of an item of property and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. The estimated residual value and useful life are reviewed periodically to ensure that these are consistent with the pattern of economic benefits expected from the assets.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from the continued use of the item. Any gain or loss arising on derecognition of the property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognized.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged against operations.

Land

Land is stated at appraised value based on a valuation performed by an independent firm of appraisers. Valuations are performed with sufficient frequency to reflect the latest fair value of land. Revaluation of land is made so that the carrying amount does not differ materially from that which would be determined using the fair value at reporting date. For subsequent revaluations, any resulting increase in the land's carrying amount as a result of the revaluation is credited to the "Revaluation Increment on Land" account, net of deferred income tax effect, in the other comprehensive income.

Any resulting difference is directly charged against any related revaluation increment in respect of the same asset. In case the land is disposed of, the related revaluation increment is transferred directly to accumulated earnings. Transfers from revaluation increment to accumulated earnings are not made through the profit or loss.

Impairment of Non-Financial Assets

The Club assesses at each reporting date whether there is an indication that its nonfinancial asset (i.e. property and equipment and land) may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Club makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less cost to sell (FVLCTS) and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining FVLCTS, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

For assets excluding goodwill, previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts the assets or cashgenerating units are written down to their recoverable amounts. The recoverable amount of property and equipment is the greater 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 assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount, That increased amount cannot exceed the carrying amount that would have been determined, net of accumulated depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Members' Equity

The Club considers the underlying substance and economic reality of its own equity instruments and not merely its legal form in determining its proper classification.

Proprietary Shares

Proprietary shares represent funds received from members in exchange for no par proprietary shares.

Revaluation Increment

Revaluation increment comprises the accumulated gains arising from the fair value revaluation of land.

Remeasurement Loss on Defined Benefit Obligation

Remeasurement loss on retirement plan comprises the accumulated actuarial losses arising from remeasurement of the defined benefit obligation.

Accumulated Losses

Accumulated losses represent excess of expenses over revenue.

Treasury Shares

Treasury shares pertain to the Club's reacquisition of its own common shares through acquisition or forfeiture. These shares are deducted from member's equity at the consideration paid, including any attributable incremental costs, until the shares are cancelled, reissued or disposed. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity.

Revenue Recognition

The following are the revenue recognition criteria that must be met before revenue is recognized:

- Revenue from Contracts with Members within the Scope of PFRS 15

Revenue from Contracts with Members and Customers

Revenue is recognized when control of the goods or services are transferred to the members and customers at an amount that reflects the consideration to which the Club expects to be entitled in exchange for those goods or services, excluding collected on behalf of third parties,

The Club assessed its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Club has concluded that it is acting as a principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

Membership Dues

Advance collections from members are credited to the "Contract liabilities" account in the statement of financial position. Advance collections are recorded as revenue when the membership dues to which they apply become due. The Supreme Court declared the membership dues as non-volatile and non-taxable revenue (Note I).

Income from Concessionaires

Income from concessionaires is recognized on an accrual basis in accordance with the concessionaire agreements,

Sports and Recreational Income

Revenue derived from the use of the Club's sports and recreational facilities is recognized when earned.

Transfer and Other Fees

Transfer and other fees are recognized over time upon billing or preparation of the statement of account.

Contract Balances

Contract Assets and Receivables

A contract asset is initially recognized for revenue earned for services rendered to the members that is conditional on successful completion for the performance of service. Upon completion and acceptance by the member, the amount recognized as contract asset is reclassified to receivables.

A receivable, which is presented as receivable from members, is recognized if an amount of consideration that is unconditional is due from the member. The Club's accounting policy for the recognition and measurement of receivable from members is discussed under financial instruments.

Contract Liabilities

A contract liability is the obligation to render services to a member for which the Club has received consideration (or an amount of consideration is due) from the member. If a member pays consideration before the Club renders services to the member, a contract liability is recognized

when the payment is received, or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Club performs under the contract.

■ Revenue Recognition Outside the Scope of PFRS 15 Rental Fees

Revenue from lease of property and equipment is accounted for on a straight-line basis over the lease term.

Income from Club Events

Revenue from tickets and sponsorship from members are recognized when earned.

Interest Income

Interest income from banks is recognized as the interest accrues taking into account the effective yield on the assets.

Special Assessment Fees, Members' ID and Sticker Fees, Income from Scrap Sales and Other Revenues are recognized when earned.

Cost and Expenses Recognition

Cost and expenses are recognized in profit or loss upon utilization of goods or services or at the date these are incurred.

Retirement Benefits

Retirement expense is computed using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employee's projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when material changes to underlying assumptions occur.

Retirement expense comprises the following:

- Current service cost, interest cost, past service cost
- Net interest cost on the net defined liability or asset
- Gains and losses and curtailment and non-routine settlement of net defined benefit liability or asset

The net defined benefit obligation recognized by the Club in respect of the defined benefit retirement plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs that shall be recognized in later periods. The defined benefit obligation is calculated by an independent uetuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related defined benefit obligation.

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

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on the spot yield curve calculated from Philippine Bloomberg Valuation Services (PHP BVAL) reference rate by stripping the coupons from government bonds to create virtual zero-coupon bonds as valuation date. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

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

Remeasurements comprising actuarial gains and losses and return on plan assets are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Income Taxes

Current Income Tax

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

Deferred Income Tax

Deferred income tax is provided, using the liability method, on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, tax credits from excess of minimum corporate income tax (MCIT) and net operating loss carryover (NOLCO) that is expected to reduce taxable income in the future, to the extent that it is probable that taxable profit will be available against which the deferred tax assets be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced 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 asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Value-added Taxes [VAT]

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from or payable to, the taxation authority is included either in the other current assets or the accounts payable and other liabilities account in the statement of financial position.

Leases — Club assets

Leases where the Club retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental fee from operating leases is recognized in the statement of

comprehensive income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental fee. Contingent rents are recognized as revenue in the period in which they are earned.

Provisions and Contingent Liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Club has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation. Accrued provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Events After the End of Reporting Period

Adjustments are made to recognize the effects, if any, of post year-end events that provide additional information about the Club's financial position at the end of the reporting period (adjusting events). Post year-end events that are not adjusting events are disclosed in the notes to financial statements, when material.

3. Material Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in compliance with PFRS requires the Club to make judgments, estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of date of the financial statements. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any change in estimates will be recorded in the financial statements as they become reasonably determinable.

Judgments

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

Identifying Performance Obligation

The Club identifies performance obligations by considering whether the promised services in the contract are distinct goods or services, A service is distinct when the member can benefit from the service on its own or together with other resources that are readily available to the member and the Club's promise to transfer the services to the member is separately identifiable from the other promises in the contract.

Determining the Timing of Satisfaction of Performance Obligation

The Club recognizes revenue when or as the entity satisfies a performance obligation by transferring a promised service to a member, An asset is transferred when or as the customer obtains control of that asset.

The Club has concluded that the timing of satisfaction of performance obligations for all revenue streams did not change this year.

Operating Lease Commitments — Club as a Lessor

The Club has entered into lease on its open spaces within the Club. The Club has determined, based on an evaluation of the terms and conditions of the arrangements that it retains all the material risks and rewards of ownership of these properties and so, accounts for the lease as operating lease.

Rental fee included under the other income account in the statements of comprehensive income amounted to ~~₱1,002,100~~ in 2023, P672,100 in 2022 and P320,512 in 2021 (Note 17).

Contingencies

The Club is currently involved in various claims with Northeast and other pending legal cases. The estimate of the probable costs for the resolution of certain claims and legal cases has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results.

The Club currently does not believe these proceedings will have a material effect on the Club's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (Note 22).

Estimates and Assumptions

The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have a material risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Club based its assumptions and estimates on parameters available when the financial statements were prepared.

Estimating Allowance for ECL of Receivables

The Club uses a provision matrix to calculate ECLs for receivables. The provision rates are based on days past due for groupings of active members that have similar loss patterns. The provision matrix is initially based on the Club's historical observed default rates. The Club then calibrates the matrix to adjust the historical credit loss experience with forward-looking information.

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

The carrying amount of financial assets amounted to PI 38,738,171 and PI 06,753,522 as of December 31, 2023 and 2022, respectively, as disclosed in Notes 4, 5 and 6, Allowance for expected credit loss amounted to ₱78,736,550 and P79,780,508 as of December 31, 2023 and 2022, respectively, as disclosed in Note 5, Recovery of expected credit losses that was recognized amounted to PI in 2023, ~~₱1,615,846~~ in 2022 and PI in 2021 (Note 17).

Evaluation of Impairment of Non-Financial Assets

The Club assesses property and equipment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The factors that the Club considers important which could trigger an impairment review include the following:

- Material underperformance relative to expected historical or projected future operating results;

- Material changes in the manner of use of the acquired assets or the strategy for overall business; and
- Material negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the value in use. The value in use is the present value of 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 to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use Of the assets, the Club is required to make estimates and assumptions that may affect the property and equipment.

The net book value of the Club's property and equipment as of December 31, 2023 and 2022 amounted to P 7,423,171 and P135,549,812, respectively (Note 8).

Valuation of Land under Revaluation Basis

The Club used the services of an independent and professionally qualified appraiser in estimating the fair value of land. The valuation undertaken was based on the sales comparison approach that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparisons

The carrying value of the Club's land as of December 31, 2023 and 2022 amounted to P 1,492,090,000 and P 239,232,000 respectively (Note 9).

Estimation of Defined Benefit Obligation and Other Retirement Benefits

The determination of the Club's obligation and cost of defined benefit obligation is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, expected return on plan assets and salary increase rate. Actual result that differs from the Club's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

Defined benefit obligation as of December 31, 2023 and 2022 amounted to P6,276,216 and P7,075,440, respectively, as described in Note 14.

Determining Realizable Amount of Deferred Tax Assets

The recognition or derecognition of deferred tax assets depends on management's assessment of the probability of future taxable profits against which deductible temporary differences, NOLCO and MCIT credits can be utilized. A change in assessment may cause material adjustments to the deferred tax assets recognized in the accounts.

As of December 31, 2023 and 2022, the Club did not recognize any deferred tax asset as disclosed in Note 20.

4. Cash and Cash Equivalents

Cash and cash equivalents consist of:

2023

2022

Cash on hand	P35,000	P35,000
Cash in bank	39,051,959	57,792,248
Cash equivalents	12,665,612	38,036,269
	P51,752,571	P95,863,517

P35,000

P35,000

Cash in banks earn interest at the prevailing bank interest rates. Cash in banks also include fund held in trust amounting to P51,500 and P885,000 as of December 31, 2023 and 2022, respectively (Note 10).

Cash equivalents are short-term, highly liquid investments that are made for varying periods up to three (3) months depending on the immediate cash requirement of the Club and earn interest at the prevailing short-term rates of 4.46% in 2023 and ranging from 2.00% to 4.18% in 2022. Interest income earned from cash in banks and cash equivalents amounted to P83,083 in 2023, P501,356 in 2022 and P302,687 in 2021 (Note 17).

5. Receivables

This account is composed of:

	2023	2022
Receivables from Northeast (Note 22)	P68,142,727	P68,142,727
Members' account — net of monthly dues billed in advance		
P3,741,650 in 2023 and P3,741,650 in 2022	16,764,211	19,467,081
Advances to contractors	539,900	200,001
Receivable from concessionaires (Note 16)	444,543	737,703
Credit card receipts	352,361	896,434
Advances to officers and employees	167,090	605,177
	481,389	621,390
Others	86,892,221	
	221	90,670,513
Less allowance for ECL	(78,736,550)	(79,780,508)
	P8,155,671	P10,890,005

Members' account consists of membership dues, consumption dues and penalty charges which are billed to Club members. These are noninterest-bearing and due to be collected within 30 days.

Advances to contractors pertain to initial deposits paid in advance to contractors which are expected to be applied against final billings upon completion of services.

Receivable from concessionaires arises from concessionaires' usage of utilities which the Club is being billed for. The Club bills the concessionaires for their usage of utilities per agreement thereafter. These are noninterest-bearing and usually collectible within 45 days.

Credit card receipts comprise of membership and consumption dues which are paid through credit cards by the members and/or members' assignees. These are due to be collected within 30 days.

Advances to officers and employees include premium payments made by the Club to health plans on behalf of the officers and employees of the Club. These are applied against their respective salaries upon payout. These are noninterest-bearing and normally settled within 30 to 90 days.

Others mainly consist of receivable from non-club members and other advances. These are noninterest-bearing and are due and demandable.

Allowance for ECL amounting to ₱78,736,550 and ₱79,780,508 as of December 31, 2023 and 2022 is set up to cover receivables from Northeast that were considered as individually impaired and other receivables which were not individually material, for which no specific impairment was assessed, but were subjected to collective assessment. The details of the allowance for expected credit loss are as follows:

	2023	2022
Balance at beginning of year	₱79,780,508	₱81,396,354
Recovery of ECL (Note 17)	(1,043,958)	(1,615,846)
Balance at end of the year	₱78,736,550	₱79,780,508

The age analysis of receivables is shown below.

	2023	2022	Neither
beyond 30 days outstanding nor impaired			
Beyond 30 days outstanding but not impaired:			
Less than 30 days	3,311,832		
31 — 60 days	941,768		809,804
61 -90 days	241,162		142,664
Past due and impaired	78,736,550	79,780,508	
	₱86,892,221	₱90,670,513	
		79,780,508	

6. Financial Assets at Amortized cost

This account consists of financial assets at amortized cost as of December 31, 2023:

Issued Date	Maturity Date	Coupon Rate	Amount
Time Deposits:			
(a) December 4, 2023	June 4, 2024	5.30%	₱30,937,707
(b) December 4, 2023	April 4, 2024	5.20%	112,747,214
			42,684,850
Treasury Bill:			
(a) October 27, 2023	January 4, 2024	4.86%	36,145,079
			₱78,829,929

Interest income on financial assets at amortized costs amounted to ₱2,785,469 (Note 17).

7. Other Current Assets

This account is composed of:

	2023	2022
Input tax	₱2,696,356	₱3,650,617
Prepaid taxes	2,251,911	-
Supplies		
265,258	166,314	
Creditable withholding taxes (Note 20)	148,261	243,128
Others	20,000	20,000
	₱5,381,786	₱4,080,059

prepaid taxes represent advance payment of real property taxes applicable to 2024.

8. Property and Equipment

Property and equipment are carried under the following accounts:

2023

	Buildings	Land Improvements	Sports Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	Total
Cost	429,423,838	85,630,558				
January 1	-	-	P21,708,551		8,057,878	P55,805,000
Additions	-	-	1,223,504	1,758,571	662,750	
Disposals				1,497,880		4,384,134
Reclassifications			526,272	(899,000)	(526,272)	(899,000)
December 31	429,423,838	85,630,558	23,458,327		8,194,356	598,064,530

Construction in progress pertains to the renovation of the Club's bowling facility that was completed in January 2024.

In 2023, the Club sold its fully depreciated transportation equipment, resulting to a gain of P152,830 (Note 17).

Depreciation for the years ended December 31, 2023, 2022, and 2021 amounted to 922,510,775, P23,775,460 and P22,896,065, respectively. The amount of fully depreciated property and equipment that are still in use amounted to P90,556,852 and P82,090,000 as of December 31, 2023 and 2022, respectively.

9. Land — at Revalued Amount

	Buildings	Land Improvements	Sports Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	Total
Accumulated Depreciation January 1	330,887,306	59,809,134	21,501,414	46,831		459,029,584
Depreciation December 31	14,472,859	5,781,450	263,923			22,510,775
<u>Disposals</u>		<u>65,590,584</u>		<u>(899,000)</u>		<u>(899,000)</u>
December 31	<u>345,360,165</u>		21,765,337	47,925,273		<u>480,641,359</u>
Net Book Value	₱84,063,673	₱20,039,974	PI	₱3,432,178	₱8,194,356	PI

2022

	Buildings	Land Improvements	Sports Equipment	Office Furniture, Fixtures and Equipment	Construction in Progress	Total
Cost January 1					<u>8,057,878</u>	
<u>Additions</u>			<u>₱21,517,926</u>	<u>₱47,813,101</u>		<u>₱584,385,423</u>
December 31	<u>429,423,838</u>	<u>₱85,630,558</u>	<u>190,625</u>	<u>1,945,470</u>		<u>10,193,973</u>
Accumulated Depreciation January 1						
Depreciation December 31	<u>429,423,838</u>	<u>85,630,558</u>		<u>44,825,064</u>		<u>435,254,124</u>
January 1	<u>316,414,447</u>	<u>52,828,465</u>	<u>21,186,148</u>	<u>2,006,666</u>	<u>₱8,057,878</u>	<u>23,775,460</u>
Depreciation December 31	<u>14,472,859</u>	<u>6,980,669</u>	<u>21,501,414</u>	<u>46,831,730</u>		<u>459,029,584</u>
December 31	<u>330,887,306</u>	<u>59,809,134</u>		<u>₱2,926,841</u>		<u>₱135,549,812</u>
Net Book Value	₱98,536,532	₱25,821,424	₱207,137			

As of December 31, 2023 and 2022, the fair value of the land amounted to ₱1,492,090,000 and ₱1,912,392,320,000, respectively. The fair value of the land was determined by an independent and professionally qualified appraiser using the sales comparison approach. This approach considers the sales and listings of comparable properties situated within the vicinity of the subject property. The technique of this approach requires adjustments for differences in location, size of the lot, time elements and other factors between the subject property and comparable properties.

The fair value has been categorized as Level 3 fair value measurement. Based on the inputs to the valuation technique used which is the price per square meter, material increases or decreases in estimated price per square meter in isolation would result in a materially higher or lower fair value in linear basis.

Had land been measured using the cost model, the carrying amount would have been ₱3,650,000 as of December 31, 2023 and 2022. The revaluation increment on land, net of tax, amounted to ₱1,116,330,000 and ₱926,686,500 as of December 31, 2023 and 2022, respectively.

10. Accounts and Other Liabilities

This account consists of:

	2023	2022
Accrued expenses:		
Real property taxes	4,837,336	5,723,844
Contracted services	1,691,158	721,009
Utilities	893,877	1,004,572
Professional fees	249,526	276,863
Others	203,135	489,407
Trade	1,571,347	4,930,318
Government dues	653,280	514,635
Fund held in trust (Note 4)	51,500	885,000
<u>Others</u>	<u>1,382,703</u>	<u>687,943</u>
Payable to concessionaires (Note 16)	P7,929,099	P6,531,866
Accrued expenses:	P19,462,961	P21,765,457

Payable to concessionaires pertains to income collected by the Club on behalf of the concessionaires and is expected to be remitted within 45 days from the date of collection.

Accrued expenses consist of accruals of expenses which will be paid or settled the following year.

Trade payables represent purchases of goods and services on account, which are noninterest-bearing and normally due within 60 days.

Payable to government are obligations to the government which are remitted on the following month after being withheld from various income recipients.

Fund held in trust represents collections from members that are held by the Club for distribution to employees.

Others consist of camp enrollment, trainer's and retention fees.

11. Contract Liabilities

The composition of Club's contract liabilities are as follows:

	2023	2022
Membership dues paid in advance	P24,284,733	7,424,118
Other deposits	P21,127,250	
	<u>2,139,576</u>	
	P31,708,851	P23,266,826

Membership dues paid in advance represent collections which were paid in advance by members and/or members' assignees and are recognized as revenue when these become due.

Other deposits pertain to deposits for banquet events to be remitted to the concessionaires and sports and camp activities which will be recognized as revenue when these are earned.

12. Proprietary Share

As of December 31, 2023, 2022 and 2021, this account consists Of:

Type	Features	Authorized Number of Shares	Issued Number of Shares	Paid-in Capital
Corporate A	Shares may be owned by individuals or by corporations and entitled to only one nominee, including dependents. in the case of corporations.	3,000	3,000	₱ 131,22
Corporate B	Shares may be owned by corporations and entitled to two nominees, including dependents.	100	100	55.00
Corporate C	Shares may be owned by corporations and entitled to five nominees, including dependents.	400	400	398.70
Corporate D	Shares may be owned by corporations and entitled to three nominees, including dependents.	250	159	78,300,000
		3,750	3,659	₱663,228,515

including dependents.

Registration Track Record

On November 15, 1996, the stockholders approved the increase in the Club's. authorized proprietary shares from 3,000 no par value Corporate "A" shares consisting of 50 founders' shares with stated value ₱ 1,000 per share and 2,950 regular proprietary shares with stated value of *500 per share to 3,500 no par value Corporate "A" shares.

On March 24, 1997, the SEC approved the application of the Club to increase its authorized proprietary Corporate "A" shares to 3,500 with no par value.

On January 27, 1998, the Club was granted by the SEC a Certificate of Permit to Offer Securities for Sale covering the additional 500 Corporate "A" shares, The increase in capitalization was intended for the planned redevelopment of the Club and its facilities thnt commenced in 1997,

On October 13, 1999, the BOD and the stockholders approved to amend the Club's Articles of Incorporation to reclassify the Club's 3,500 Corporate "A" shares into 3,000 Corporate "A" shares, 400 Corporate "B" shares and 100 Corporate "C" shares.

On May 8, 2000 and August 14, 2000, the BOD and the stockholders, respectively, approved the increase in the Club's authorized proprietary shares from 3,500 no par value shares consisting of 50 founders' shares with Stated value of P 1,000 per share and 3,450 regular proprietary shares with stated value of 500 per share to 3,750 no par value shares. The BOD and stockholders also approved the reclassification of 300 unissued Corporate "B" shares to Corporate "C" shares. On June 26, 2001, the SEC approved the application of the Club to increase its authorized proprietary shares from 3,500 to 3,750 no par value shares. The SEC also approved the reclassification of unissued 300 Corporate "B" shares to Corporate "C" shares. Also, the BOD and the stockholders approved the creation of 250 class "D" shares.

Corporate "A" shares	3,000
Corporate "B" shares	100
Corporate "C" ⁹ⁱ shares	400

These foregoing shares were forfeited in 2010 and 2011 in accordance with a process provided for in the Club's By-Laws and approved by the BOD. No cash payment was made for the forfeited shares. However, the delinquent amounts related to these shares were considered as cost of the forfeiture and accordingly presented in the financial statements as the cost of the resulting treasury shares.

Expelled Shares

Management and the Club's legal counsel are of the opinion that although the pertinent provisions of the Articles of Incorporation state that the shares of an expelled member shall be deemed cancelled, the actual legal effect of such expulsion is to suspend the rights of the expelled member as a shareholder, save for the right to sell its shares during the period prescribed in the Articles of Incorporation and By-Laws. The failure of the expelled member to dispose of its shares in accordance with the By-Laws of the Club will entitle the Club to sell the same at public auction. While the rights on the shares held by Northeast and certain shareholders have been suspended, management assesses that the shares are still issued and outstanding as of December 31, 2023 and 2022 (Note 22).

13. Related Party Transactions

The Club, in its regular conduct of business, has entered in transactions with related parties. Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties.

Terms and Conditions of Transactions with Related Parties

There have been no guarantees provided nor received for any related party receivables or payables. These accounts are noninterest-bearing, generally unsecured and will be settled in cash. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The following table summarizes the Club's transactions with its related parties as of December 31, 2023 and 2022:

Category	Transactions		Outstanding Balances		Terms and Conditions
	2023	2022	2023	2022	
Payable to DMCI-PDI	₱320,600	₱369,979	₱334,587		Unsecured, noninterest bearing
Payable to Riviera	2,000	4,600	1,397,104	1,399,104	Unsecured, noninterest bearing
	₱322,600	₱374,579	₱335,991	₱1,399,104	

Payable to DMCI-PDI pertains to the unremitted proceeds from the sale of the pooled shares in relation to the 1998 MOA (Note 1).

Payable to Riviera represents the balance of the Club's long-term payable to Riviera for the use of Riviera's credit line during the redevelopment of the Club and its facilities which started in 1998 (Note 1).

The key management personnel of the Club include all directors, executives and senior management. Compensation of key management personnel of the Club pertains to short-term benefits which amounted to ₱3,196,479 in 2023, ₱2,400,000 in 2022 and ₱3,170,000 in 2021.

14. Defined Benefit Obligation

The Club provides for the estimated retirement expense based on the provisions of Republic Act NO. 7641, Retirement Pay Law of the Philippines. The benefits are computed equal to one-half month's salary for every year of service, with six months or more of service considered as one year.

The Club has a noncontributory, defined benefit retirement plan covering substantially all of their regular employees. The most recent actuarial valuation is dated January 26, 2024 using the projected unit credit method.

The components of retirement expense in the Club's statement of comprehensive income follow:

	2023	2022	2021
Current service cost	P858,455		
<u>Net interest cost on benefit obligation</u>	<u>513 955</u>	<u>360 041</u>	<u>300 559</u>
Total retirement expense	<u>₱1,372,410</u>	<u>₱1,361,410</u>	<u>₱1,397,043</u>

The components of remeasurement loss on defined benefit obligation recognized in the statement of financial position are as follows:

	2023	2022	2021
Current loss in other comprehensive income, beginning	₱3,269,162	₱4,225,578	₱5,518,873
Actuarial gain during the period	(289,292)	(1,119,351)	(1,420,474)
<u>Remeasurement loss on plan assets</u>	<u>284 889</u>	<u>162 935</u>	<u>127 179</u>
	(4,403)	(955,416)	(1,293,295)
Total retirement expense	<u>₱3,264,759</u>	<u>₱3,269, 162</u>	<u>₱4,225,578</u>

The net defined benefit obligation recognized in December 31, 2023 and 2022 follows:

	2023	2022
Present value of defined benefit obligation	₱10,813,723	PI
<u>Fair value of plan assets</u>	<u>(4,537,507)</u>	<u>(4,639,549)</u>
Net defined benefit obligation	<u>₱6,276,216</u>	<u>p7,075,440</u>

Changes in the present value of the defined benefit obligation follow:

	2023	2022
Balance at beginning of year	PI 1,714,989	PI
Current service cost	858,455	
Interest cost	842,308	
Benefits paid	(2,312,737)	
Remeasurement losses arising from:		
Changes on experience	(259,427)	(353,776)
Changes in financial assumptions	(29,865)	
	<u>(289,292)</u>	<u>(713,576)</u>
Balance at end of year	<u>₱10,813,723</u>	<u>₱11,714,989</u>

Balance at

The movements in the fair value of plan assets follow:

	2023	2022
Balance at beginning of year	₱4,639,549	₱3,836,560
Actual return on plan assets		
Balance at		
Actual return	328,353	215,228
Contributions	2,167,231	750,696
Benefits paid	(2,312,737)	-
Remeasurement loss	(284,889)	(162,935)
Balance at end of year	₱4,537,507	₱4,639,549

Remeasurement
(284,889)

The Club's plan assets consist of cash and cash equivalents and do not have any concentration of risk. The funds are deposited in a commercial bank under the supervision of the Club.

The Club is not required to pre-fund the future defined benefits payable under the Retirement Plan before they become due. For this reason, the amount and timing of contributions to the Retirement Fund are at the Club's discretion. However, in the event a benefit claim arises and the Retirement Fund is insufficient to pay the claim, the shortfall will then be due and payable from the Club to the Retirement Fund.

The assumptions used to determine retirement benefits of the Club follow:

	2023	2022
Discount rate	6.07%	7.19%
Salary rate increase	3.17%	4.29%

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

	Change in Assumption	Increase (decrease) in DBO	
		2023	2022
Discount rate	+1.0%	₱890,275	₱876,764
	-1.0%	1,032,465	
Salary increase rate	+1.0%	1,052,800	1,041,833
	-1.0%	921,783	(907,388)

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

	2023	2022
Less than 1 year	₱1,694,049	₱3,094,022
More than 1 year but less than 5 years	4,119,727	2,538,252
More than 5 years but less than 10 years	6,690,503	6,614,687

The weighted average duration of the defined benefit liability is 8.9 years and 8.1 years at the end of 2023 and 2022, respectively.

IS. Revenues from Contracts with Members and Customers

This account consists of:

	2023	2022	2021
Membership dues	P57,746,477	P50,195,901	P48,682,079
Income from concessionaires (Note 16)	56,598,778	43,366,527	20,184,798
Sports and recreational income	11,543,618	8,486,379	2,923,730
Banquet revenues	10,704,755	9,591,646	1,277,368
Transfer and other fees	7,513,964	9,205,669	6,921,856
	P144,107,592	P120,846,122	P79,989,831

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

Sports and recreational income arise from the usage of facilities and the activities of the Club such as swimming, basketball, tennis, gym, billiards, boxing and bowling, which are open to its members and guests.

Banquet revenues arise from rental of function rooms and share from catering services and amenities. Transfer and other fees pertain to fees charged to members for the change of nominees, assignments of playing rights and other related processing fees.

Contract Balances

The Club's receivable from members amounted to P 6,764,211 and 919,467,081 as of December 31, 2023 and 2022, respectively (Note 5).

The Club has no contract assets as of December 31, 2023 and 2022. Contract liabilities include dues billed in advance amounting to P6,054,000 and P3,741,650 as of December 31, 2023 and 2022, respectively, which pertain to luonthly membership dues billed by thc Club to members at the end of each month and are offset against members' accounts upon collection (Note 5). Contract liabilities as of December 31, 2023 amounting to P37,762,850 will be recognized as revenue in the following year. Contract liabilities as of December 31, 2022 amounting to #27,008,476 were recognized as revenue in 2023.

16. Income from Concessionaires

Income from concessionaires is generated from local concessionaires operating the various facilities in the Club.

The agreement with the concessionaire that operates the Sparkle, the Freestyle Poolside Café, Studio bar and karaoke rooms provides, among others, a fee to be paid to the Club based on 15% on banquet sales and 10% of restaurant outlets or P 80,000, whichever is higher, net of value added tax. The concessionaire agreement, which was originally for two years up to November 16, 2022, was renewed for another two years up to November 1 7, 2024.

The agreement with another concessionaire that operates an outlet in the Club's premises provides, among others, a fee LO be paid 10 the Club based on 5% on net sales, nct of value addcd tax. The concessionaire agreement, which was originally for two years up to April 30, 2023, was renewed for another two years up to April 30, 2025.

Agreements with other concessionaires are either for a one-year duration or on a month-to-month basis and fees are based on a percentage of sales.

Income from concessionaires amounted to P56,598,778 in 2023, P43,366,527 in 2022 and P20,184,798 in 2021. Receivable from concessionaires as of December 31, 2023 and 2022 amounted to P737,703 (Note 5), respectively. Payable to concessionaires as of December 31, 2023 and 2022 amounted to P7,929,099 and P6,531,866, respectively (Note 10).

17. Other Income

This account consists of:

Income from auction sale of shares	P3,560,726	P-	P-
Income from club events	3,223,937	3,141,169	862,043
Interest income (Notes 4 and 6)	2,868,552	501,356	302,687
Recovery of ECL (Note 5)	1,043,958	1,615,846	14,608,471
Rental fees	1,002,100	672,100	320,512
	2023	2022	2021
	3,223,937		862,043
	2,868,552	501,356	302,687
		1,615,846	14,608,471
Rental fees		672,100	320,512
Members' ID and sticker fees	951,073	718,263	83,178
Gain on sale of transportation equipment (Note 8)	152,830		
Income from scrap sales	141,928	21,136	
Special assessment fees	131,645	780,917	Others 1,446,662 262,300 38,023
	P14,391,766	P7,063,815	P16,995,831

Income from club events pertains to income from tickets and sponsorship from members for certain club events.

Recovery of members' accounts pertains to previously written-off defaulted accounts of members that are subsequently collected.

Special assessment fees pertain to fees charged for the unqualified dependents of the members.

18. Cost and Expenses

This account consists of:

	2023	2022	2021
Costs of concessionaires	₱47,107,748	₱34,333,376	₱20,388,322
Personnel costs (Note 19)	32,027,193	28,450,098	30,479,713
Utilities	9,945,374	9,184,718	5,951,210
Janitorial, security and other contracted services	7,754,466	6,406,294	5,657,111
Supplies	5,644,605	5,170,339	3,300,644
Taxes and licenses	4,376,360	3,721,271	2,797,015
Cost of club events	3,254,249	2,298,708	1,099,665
Professional fees	2,609,802	1,304,862	1,523,148
Transportation and travel	2,590,885	2,184,444	321,131
Meetings and seminars	2,280,304	1,953,050	1,126,972
		1,269,072	
Taxes and licenses			
Cost of club events	3,254,249		
Professional fees	2,609,802		
Transportation and travel	2,590,885	321,131	Meetings and seminars 2,280,304
Repairs and maintenance	1,974,803		620,461
Bank charges			
Others	4,809,781	4,703,389	776,617
	P125,755,970	P102,463,611	P75,083,935

Costs of concessionaire relate to the portion of the gross receipts accruing to entities allowed to do business within the Club premises, after deducting the Club's share in accordance with the terms of the concessionaire agreements.

Cost of club events pertains to the costs related to events the Club holds for its members.

Others comprises of laundry expenses for towels and linens, internship allowances and other small expenses.

19. Personnel Costs

The details of personnel costs are as follows:

	2023	2022	2021
Salaries and wages	₱25,668,917		
Employee benefits	4,985,866		4,626,547
Retirement benefits (Note 14)		,410	
	P32,027,193		

20. Income Taxes

- a. The Club has a provision for income taxes in 2023 amounted to P94,986, representing MCIT. There is no provision for income tax in 2022 and 2021 as the Club is in a net loss position for the two years,
- b. Reconciliations between the income tax computed at the statutory rate and the provision for income tax follow:

	2023	2022	2021
Income (loss) before income tax	P10,232,613	P1,670,866	(P994,338)
Provision for income tax computed at statutory rate	P2,558,153	P417,717	(P248,585)
Tax effects of:			
Nondeductible expenses	9,996,058	11,227,873	9,780,296
Nontaxable income	(17,032,248)	(15,379,693)	(14,702,446)
Changes in unrecognized deferred tax assets	4,573,023	3,734,103	5,170,735
	P94,986	P-	P-

c. NOLCO

Below are the details of the Club's NOLCO that can be deducted from taxable income,

Year Incurred	Year Expiring	2023	2022
2023	2026	19,483,610	
2022	2025	16,449,600	16,449,600
2021	2026	15,042,097	15,042,097
2020	2025	23,427,457	23,427,457
		402,764	54,919,154

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

d, The Club has recognized MCIT in 2023 amounting to MCIT incurred in 2019 amounting to P407,937 expired in 2022.

e. The details of the Club's deductible temporary differences that are available for offset against future taxable income and net taxable income, for which no deferred tax assets were recognized in the statements of financial position, are as follows:

DTA P/L	2023	2022
Allowance for ECL on receivables		
NOLCO	P19,684,138	P19,045,127
	18,600,691	13,729,788
Retirement expense	752,864	951,570
Contract liabilities	422,888	534,894
Unamortized retirement expense	178,835	
MCIT	94,986	
	39,734,402	35,161,379
DTA - OCI		
Retirement expense	816,190	817,291
	P40,550,592	P35,978,670

Deferred tax liability recognized in the statement of financial position amounting to **P110,000** and **P308,895,000** as of December 31, 2023 and 2022, respectively, pertains to the tax effect on the revaluation increment resulting from the fair value appraisal of land (Note 9).

f. The movements of creditable withholding tax (Note 7) are shown below:

2023 2022

Balance at beginning of year	P243,128	p74,770
Creditable income taxes withheld	119	168,358
Provision for income tax	(94,986)	
Balance at end of year	P148,261	

g. CREATE Act

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law to attract more investments and maintain fiscal prudence and stability in the Philippines. RA 11534 or the CREATE Act introduced reforms to the corporate income tax and incentives systems and took effect on April 11, 2021. The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Club:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding 95,000,000 and with total assets not exceeding PI 00,000,000 (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate is reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

21. Financial Instruments

Fair Valucs of FingnciAl Assets and Liabilities

The following table summarizes the carrying amounts and fair values of the Club's financial assets and liabilities:

	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
At Amortized Cost:				
Cash and cash equivalents	P51,752,571	P51,752,571	P95,863,517	P95,863,517
Receivables	8,155,671	8,155,671	10,890,005	10,890,005
Financial assets at	78,829,929	78,829,929	-	-
	P138,738,171	P138,738,171	P106,753,522	P106,753,522
amortized costs				
Financial Liabilities				
At Amortized Cost:				
Accounts payable	P18,809,681	P18,809,681	P21,250,822	P21,250,822
Contract liabilities	31,708,851	31,708,851	23,266,826	23,266,826
Payables to related parties	1,731,691	1,731,691	2,054,291	2,054,291
	P52,250,223	P52,250,223	P46,571,939	P46,571,939

and other

The carrying values of cash and cash equivalents, receivables, financial assets at amortized cost and accounts payable and other liabilities approximate their fair values due to the short-term maturities of these instruments.

The carrying value of payables to related parties, which the Club expects to pay beyond 12 months from the reporting date, approximates its fair value as the Club assesses the effect of time value of money on the instrument to be immaterial.

Financial Risk Management Objective; and Policies

The main purpose of the Club's financial instruments is to fund its operations and capital expenditures. The main risks arising from the use of financial instruments are credit and liquidity risks. The Club's risk management policies are summarized below.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. With respect to credit risk arising from the financial assets of the Club, which comprise of cash and cash equivalents, receivables and financial assets at amortized cost, the Club's exposure to credit risk arises from default of the counterparty.

Receivable account balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts and to ensure that the Club's exposure to bad debts is controlled and not material, and that adequate provisions are made for impairment of receivables.

The maximum exposure to credit risk for the components of the statement of financial position approximate their carrying values, except for the members' account and the receivable from Northeast of which, no collateral or credit enhancements are provided.

As of December 31, 2023 and 2022, the aging analyses per class Of receivables follow:

	Neither Past Due nor Impaired	Past Due but not Impaired 2023				Over 90 Days	Impaired Financial Asset	Total
		1-30 Days	31-60 Days	61-90 Days				
Receivables from Northeast								
Members' account	1,675,626	3,311,832	941,768	241,162	-	P68,142,727	P68,142,727	
Credit card receipts	352,361					10,593,823	16,764,211	
Receivable from concessionaires	444,543					-	352,361	
Advances to officers and employees, advances to contractors and others	1,188,379						444,543	
							1,188,379	
	P3,660,909	P3,311,832	P941,768	P241,162	P-	P78,736,550	P86,892,221	

	Neither Past Due nor Impaired	Past Due but not Impaired 2022				Over 90 Days	Impaired Financial Asset	Total
		1-30 Days	31-60 Days	61-90 Days				
Receivables from Northeast	P-	P-	P-	P-	P-	P68,142,727	P68,142,727	
Members' account	3,945,426	2,931,406	809,804	142,664	-	11,637,781	19,467,081	
Credit card receipts	896,434						896,434	

Receivables Northeast
Members' account
Credit card receipts

Receivable from concessionaires	737,703						
Advances to officers	-	737,703					1,426,568
and employees, advances to contractors and others							
							1,426,568
	P7,006,131	P2,931,406	P809,804	P142,664	P-	P79,780,508	P90,670,513

The credit quality of the Club's financial assets follows:

2023

	High Grade	Medium Grade	Low Grade	Total	Past due but not Impaired	Impaired	Total
Cash and cash equivalents	PSI 752,571			P- PSI 752,571			P- P51,752,571
Receivables from Northeast					-	68,142,727	68,142,727
Members' account				1,650,661	4,494,762		
Credit card receipts	352,361			352,361			352,361
Receivable from concessionaires	444,543			444,543			
Advances to officers and employees, advances to contractors and others	1,188,379						444,543
	3,660,909			3,660,909	4,494,762	78,736,550	86,892,221
Financial assets at amortized cost	78,829,929			78,829,929			78,829,929
	PI34,243,409	P-	P-	P134,243,409	P4,494,762	P78,736,550	P217,474,721

2022

	High Grade	Medium Grade	Low Grade	Total	Past due but not Impaired	Impaired	Total
Cash and cash equivalents	P95,863,517			P- P95,863,517			P95,863,517
Receivables from Northeast						P- P68,142,727	P68,142,727
Members' account	3,945,426			3,945,426	3,883,874	11,637,781	19,467,081
Credit card receipts	896,434			896,434			896,434
Receivable from concessionaires	787,703			737,703			
Advances to officers and employees, advances to contractors and others	1,426,568						
				1,426,567			1,426,568
				1,006,130	3,883,874	79,801,508	90,670,513
	P102,869,648	P-	P-	P102,869,648	P3,883,874	P79,780,508	P186,534,030

7,006,131

Cash in banks and cash equivalents are considered high grade as these are deposited in top ten banks in the Philippines.

Receivables that are high grade pertain to receivables with no default in payment; medium grade pertain to receivables with up to three defaults in payment; and low grade pertain to receivables with more than three defaults in payment.

Financial assets at amortized costs are considered high grade as these are invested in top banks and investment institution in the Philippines.

Liquidity Risk

Liquidity or funding risk is the risk that the counterparty will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Club seeks to manage its liquidity profile to be able to finance its operations and capital expenditures.

The Club monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Club maintains a level of cash deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows. Capital expenditures, operating expenses and working capital requirements are sufficiently funded through cash collections from daily operations.

The following tables summarize the maturity profile of the Club's financial instruments as of December 31, 2023 and 2022 based on undiscounted contractual payments:

		2023			
		On demand	<1 year	>1 to <5 years	Total
years	Total				
Financial assets					
Financial assets at amortized costs:					
	Cash in banks and cash equivalents	P-			
		P51,752,571	P-	P-	P51,752,571
	Receivables	8,155,671	-	-	8,155,671
	Financial asset at amortized cost	-	78,829,929	-	78,829,929
		P59,908,242	P78,829,929	P-	P138,738,171
Financial liabilities at amortized costs:					
	Accounts payable and other liabilities	P18,809,681	P-	P-	P18,809,681
	Contract liabilities	31,708,851	-	-	31,708,851
	Payables to related parties	-	-	1,731,691	1,731,691
		P50,518,532	P-	P1,731,691	P52,250,223
		2022			
		On demand	<1 year	>1 to <5 years	Total
Financial assets					
Financial assets at amortized costs:					
	Cash in banks and cash equivalents	P95,828,517	P-	P-	P95,828,517
	Receivables	10,890,005	-	-	10,890,005
		P106,718,522	P-	P-	P106,718,522
Financial liabilities:					
	Receivables				8,155,671
	Financial asset at amortized cost				78,829,929

Accounts payable and other liabilities	P21,250,822	P-	P-	P21,250,822
Contract liabilities	23,266,826	-	-	23,266,826
Payables to related parties	-	-	2,054,291	2,054,291
	P44,517,648	P-	P2,054,291	P46,571,939

Financial liabilities at amortized costs:

	23,266,826
	2,054,291

Capital Management

The primary objective of the Club's capital management policies and procedures is to ensure that capital funds are preserved and earn adequate returns to finance developmental projects and maintenance of facilities and utilities on a continuous basis. The Club manages its capital structure and makes adjustments to it, in response to changes in economic conditions. The Club has no externally imposed capital requirements.

	2023	2022
Proprietary shares	P663,228,515	P663,228,515
Accumulated losses	(442,764,382)	(452,902,009)
Treasury shares	(19,113,465)	(19,113,465)
	P201,350,668	P191,213,041

22. Commitments and Contingencies

Northeast's Demands from the Club

Northeast, a shareholder and a party to the March 30, 1998 MOA, is demanding the following:

- a. That the Club cancels the 96 Corporate "D" shares it issued to Northeast and restore and pay the liabilities in the amount of P72 million.

As of November 30, 2002, the Club has an outstanding obligation to Northeast in the amount of @88.29 million. Details are as follow:

Balance due to Philippine Underwriters Finance Corporation (PUFC) purchased by Northeast from PUFC's liquidator, net of payments of the Club	P38,789,600
Advances from Northeast (payment by Northeast of loans and other obligations of the Club)	13,704,706
<u>Interest charges</u>	<u>35,798,431</u>
	P88,292,737

On December 20, 2002, the Club and Northeast entered into a MOA whereby the Club offered to pay its outstanding obligation through issuance of 96 Corporate "D" shares valued at P72 million. The SEC eventually did not grant the permit to sell the Corporate "D" shares to the public.

In a letter dated March 13, 2012, Northeast demanded that the Club: (1) cancels the 96 Corporate "D" shares it issued to Northeast; (2) restores the liabilities in the amount of P72 million previously derecognized; and (3) pays Northeast the amount of P72 million.

On May 11, 2013, the DOD confirmed and approved the nonrecognition of the demand by Northeast. The BOD cited that the reversal of the P72 million issued Corporate "D" shares having

been issued is not legally allowed. The BOD further noted that the issuance of the Corporate "D" shares was a valid payment for the amounts due and was accepted by Northeast as full payment.

- b, Intcrst amounting to P71,79 million on alleged delayed remittance of collections of the amounts due to Northeast in connection with the sale of pooled shares for the redevelopment of the Club and its facilities.

Northeast is charging the Club interest in the amount of P71.79 million on alleged delay by the Club in remitting to Northeast, the collection from the sale of pooled shares due for payment.

On June 17, 2010, Northeast claimed interest ranging from 8.20% to .15.57% compounded monthly, on the proceeds of the sale of Northeast's contributed pooled shares.

On May 11, 2013, the BOD confirmed and approved the recommendation Of the new management not to recognize or allow the interest in the amount of P71.79 million being charged by Northeast for the following reasons:

- in accordance with the agreement between Northeast, Universal Rightfield, DMCI-PDI and the Club, the pooled shares and the proceeds of the sale thereof constitute the equity contributions among Northeast, Universal Rightfield and DMCI-PDI; ■ interest payments for the use of the proceeds was not discussed, much less agreed upon by the said parties; and
 - Northeast, Universal Rightfield and DMCI-PDI expressly allowed the temporary use of the proceeds from the pooled shares and collection from the sale of Corporate "C" shares assigned to them in payment of their contributed Corporate "A" shares to assist the Club during the start-up of its commercial operations.
- c. Interests amounting to 974.37 million on the balance due to Northeast for DMCI-PDI's acquisition of Northeast's 42% equity interest in Riviera payable by the Club from the collection of pooled shares due to DMCI-PDI.

On April 12, 2005, DMCI-PDI assigned its receivable from Celebrity amounting to PI 6.63 million, as pan Of its payment to Northeast for the acquisition of equity interests in Riviera.

On April 14, 2009, Northeast charged the Club's outstanding liability on assigned DMCI-PDI's receivable an interest of 18%. Northeast based the interest rate of 18% from the promissory note executed by the Club and Riviera on April 29, 1999.

On May 11, 2013, the BOD confirmed and approved the recommendation of the new management not to recognize nor allow interest amounting to P74.37 million. The BOD believes that the claim of Northeast on interest has no legal or contractual basis.

- d. Payment of P22.75 million representing excess of proceeds from the sale of Corporate B shares and Corporate "C" shares over its original subscription price ("excess proceeds").

Northeast, Universal Rightfield, DMCI-PDI and Exploit (collectively the "Major Shareholders") subscribed to the additional 500 authorized proprietary Corporate "B" shares and Corporate "C" shares of the Club at per share. The Club sold its Corporate "B" and Corporate "C" shares at an excess over the original subscription price of PI 50,000 per share. On December 27, 2006, the BOD approved that the excess proceeds shall be credited to the Major Shareholders.

In June 2010, Northeast advised the Club that their share in the excess proceeds amounting to P22.75 million should be treated as their advances to the Club.

On May 11, 2013, the BOD revoked and nullified the December 27, 2006 BOD resolution and it confirmed and approved the nonrecognition of Northeast's share on the excess proceeds in the amount of P22.75 million. The BOD believes that the distribution of any part of proceeds from the sale of Corporate "B" shares and Corporate "C" shares over its original subscription price recognized under "Proprietary Shares" is in violation of the Trust Fund Doctrine under the Corporation Code. Furthermore, the subscription to Corporate "B" shares and Corporate C shares by the Major Shareholders is a legal requirement for the Club in connection with the increase of its authorized proprietary shares and to comply with its commitment for the planned redevelopment of the Club as agreed in 1998 MOA.

- e. Northeast objects to reclassification of Liabilities Payable in Fixed Number of Corporate "D" shares from "Members' Equity" to liabilities.

As of December 31, 2005, the Club owes Riviera and DMCI-PDI an amount totaling P63.75 million (P42.75 million from Riviera and P21.00 million from DMCI-PDI) which was settled through the assignment of the Club's Corporate "D" shares at P750,000 per share. As of December 31, 2006, these Corporate shares were not issued but was previously recognized in equity. Accordingly, these liabilities in fixed number of shares were recognized from equity to liability.

In a letter dated March 13, 2012, Northeast objects to the reclassification of the liabilities in fixed number of Corporate "D" shares above. On May 11, 2013, the BOD approved the reversal to liabilities of the Corporate "D" shares totaling P63.75 million, previously classified as "Liabilities Payable in Fixed Number of Shares" under "Members' Equity" separate from "Proprietary Shares".

Relevant to the claims of Northeast enumerated herein against it, aside from its Complaint-Intervention filed in 2014 against Northeast, the Club filed in 2017 a Compulsory Counterclaim against Northeast for the collection of P68.14 million, representing CSP's overpayment of its obligations to Northeast from previous years, in the same case that is pending in the Regional Trial Court Quezon City, Branch 90.

Expulsion of Northeast and Certain Shareholders as Club's Members and Shareholders

At its special meeting held on October 6, 2016, the BOD resolved to expel Northeast and certain shareholders as members and shareholders of the Club, in accordance with Article 13 of the ByLaws, in relation to paragraph number 6 of Article 7 of the Articles of Incorporation. Accordingly, the Club, through its President, sent a notice of expulsion dated October 12, 2016 notifying Northeast and certain shareholders of their expulsion as members and shareholders Of the Club, and directing them to transfer their shares to a third party acceptable to the Club within 30 days from receipt of the notice, failing which, their shares shall be "deemed cancelled" and the Club shall be entitled to dispose of the game at auction.

On October 27, 2016, the Club and Northeast and certain shareholders agreed to observe the status quo until December 31, 2016, i.e. extending the period for Northeast and its officers to dispose of their shares (see Note 12).

In compliance with the October 12, 2016 letter of the Club, Northeast and certain shareholders informed the Club in a letter dated January 20, 2017 that they had caused the transfer of their shares "under protest" until and after the finality of the decision of the court.

In a letter dated January 31, 2017, the Club informed Northeast and certain shareholders that the transfer was invalid as it was not compliant with the requirements for a valid transfer of the Club's shares. Also, it was done after the expiration of the status quo period, when the shares have already been "deemed cancelled".

On February 13, 2017, there was a court order granting Northeast and certain shareholders' Motion to Consign Northeast and certain shareholders' outstanding membership dues as at September 30, 2016.

On June 27, 2017, Northeast filed their Omnibus Motion for Inspection of Records, For Transfer Of Date of Shareholders Meeting and For Designation of Court Officer to Observe Conduct of Shareholders Meeting and To Prepare Report Thereon. Also on July 11, 2017, Northeast, through its counsel, filed an Urgent Motion to Allow Northeast to Vote dated July 9, 2017.

On July 21, 2017, the court denied the motions filed by Northeast dated June 27, 2017 and July 9, 2017.

On July 31, 2017, Northeast filed their Motion for Reconsideration which was denied by the court through an order dated November 23, 2017.

However, on January 15, 2018, the Club received a letter from Parungo Ladia & Associates Law Firm containing their "final demand" to record the transfer of shares of stock in their name.

The Club, through its legal counsel, emphasized that Northeast and certain shareholders were validly expelled as shareholders and members of the Club after the court issued the Omnibus Order dated December 28, 2016, which denied Northeast's injunction application to prevent their expulsion. The Club is in the position to reject the said "final demand" to register the transfer of Northeast shares of stock to the alleged transferees, and record the same in the Club's books and records.

The Club's management and legal counsel are of the opinion that although the pertinent provisions of the Articles of Incorporation state that the shares of an expelled member shall be deemed cancelled, the actual legal effect of such expulsion is to suspend the rights of the expelled member as a shareholder, save for the right to sell its shares during the period prescribed in the Articles of Incorporation and By-Laws. The failure of the expelled member to so dispose of its shares in accordance with the By-Laws of the Club will entitle the Club to sell the same at public auction. While the rights on the shares held by Northeast and certain shareholders have been suspended, management assesses that the shares are still issued and outstanding as of December 31, 2023 and 2022.

Contingent Liabilities

The Club has various contingent liabilities arising from legal cases arising from the ordinary conduct of business which are either pending decision by the courts or being contested, the outcome of which are not presently determinable.

In the opinion of the Club's management and legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the financial position and results of operations.

The allowance made for estimated losses arising from claims and contingencies amounted to **27,500** as of December 31, 2023 and 2022. The disclosures usually required by PAS 37, Provisions, Contingent Liabilities and Contingent Assets, were not provided as it may prejudice the Club's position on its present claims and may jeopardize the outcome of these claims and contingencies.

23. Other Matters

The confirmation reply from Northeast dated January 21, 2024 referred to a balance due from the Club as of December 31, 2023 amounting to P692.35 million, inclusive of interest, which provided no breakdown or details. No confirmation reply was provided for the years ended December 31, 2022 and 2021.

Management assumed that this amount represents the various Northeast's claims, as discussed in Note 22. Management reiterates its BOD position dated May 11, 2013 and February 6, 2015, which is not to recognize Northeast's claims for lack of legal or contractual basis.

24. Supplementary Information Required by the Bureau of Internal Revenue (BIR)

- a. Below is the supplementary information required by RR No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is presented for purposes of filing with the BIR and is not a required disclosure under PFRS.

Value Added Tax (VAT)

The National Internal Revenue Code of 1997 also provides for the imposition of VAT on sales of goods and services. Accordingly, the Club's sales are subject to output VAT while its purchases from other VAT-registered individuals or corporations are subject to VAT. The VAT rate is 12%.

Output VAT

Output VAT declared for the year ended December 31, 2023 consists of:

	Gross Amount of Revenue/Receipts	Output VAT
Exempt sales	P120,143,803	P-
Subject to 12% VAT	38,355,555	4,602,666
	<u>P158,499,358</u>	<u>P4,602,666</u>

The Club's revenue from services are reported in the VAT returns based on collections received and may not be the same as the amounts accrued in the financial statements.

Input VAT

The movements in the balance of input VAT during the year are summarized below.

Balance at beginning of year	P3,650,617
Current year's domestic purchases/payments for:	
Services lodged under other accounts	992,110
Goods other than for resale or manufacture	2,656,295
	<u>(4,602,666)</u>
<u>Applied against output tax</u>	<u>P2,696,356</u>
Balance at end of year	

Input VAT is presented net of output VAT.

Other Taxes and Licenses

The details of other taxes and licenses paid are shown below.

Real estate taxes	P2,506,106
License and permits fees	1,407,212
<u>Others</u>	<u>463,042</u>
	<u>P4,376,360</u>

Withholding Taxes

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

	Received	Paid	Accrued	Total
Creditable withholding tax	₱119	-	-	₱119
Expanded withholding tax	₱-	₱705,602	₱111,569	₱817,171
Tax on compensation and benefits	-	321,635	1,132	322,767
	₱-	₱1,027,237	₱112,701	₱1,139,938

Tax Contingencies

The Club has no tax cases outside the administration of the BIR as of December 31, 2023.

- b. Supplementary Tax Information Required by RR No. 34-2020, Prescribing the Guidelines and Procedures on the Submission of BIR Form No. 1709, Information Return on Transactions with Related Party (RPT Form), Transfer Pricing Documentation and Other Supporting Documents.


The Club is not covered by the requirements and procedures for related party transactions provided under RR No. 34-2020 and Paragraph 5 of RMC No. 54-2021 for the year ended December 31, 2023.

MFP

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BOA, PRC Res. No. 0384,

February 1, 2024, valid until January 31, 2027

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Members and the Board of Directors Celebrity
Sports Plaza, Inc.
Capitol Hills, Old Balara
Quezon City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Celebrity Sports Plaza, Inc., for the years ended December 31, 2023 and 2022, on which we have rendered the attached report dated March 11, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Club's management. These schedules are presented for the purpose of complying with the Revised Securities Regulation Code Rule No. 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.

M. F. PADERNAL AND CO.



MA. MILAGROS F. PADERNAL

Partner

CPA Certificate No. 28591

BOA Accreditation No. 0384/1)-001,

February 1, 2024, valid until January 31, 2027

Tax Identification No. 119-768-075

BIR Accreditation No. 07-100502-002-2022,

July 22, 2022, valid until July 21, 2025

PTR No. 174078, January 9, 2024, Pasig City

March 11, 2024

INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

Schedules

Contents

A	Financial assets
B	Amounts receivable from directors, officers, employees, related parties and principal stockholders (other than related parties)
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CELEBRITY SPORTS PLAZA, INC.
(A Not-for-Profit Corporation)
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS FOR THE
YEAR ENDED DECEMBER 31, 2023

	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received or accrued
Cash and cash equivalents		<u>P51,752,571</u>	P83,083
Receivables		8,155,671	
<u>Financial assets at amortized cost</u>		<u>78,829,929</u>	<u>2,785,469</u>
		P138 738 171	P2,868 552

CELEBRITY SPORTS PLAZA, INC.

(A Not-for-Profit Corporation)

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS,
OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL
STOCKHOLDERS (OTHER THAN RELATED PARTIES)

FOR TILE YEAR ENDED DECEMBER 31, 2023

Name of Designation of debtor	Balance at beginning of eriod	Additions	Amounts Collected	Current	Not Current	Balance at the end of the riod
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Not applicable

The Club does not have receivable from directors, officers, employees, related parties and principal stockholders (other than related parties) as of December 31, 2023

CELEBRITY SPORTS PLAZA, INC.
 (A Not-for-Profit Corporation)

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM
 RELATED PARTIES WHICH ARE ELIMINATED DURING THE
 CONSOLIDATION OF FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2023

NAME	BEGINNING BALANCE	ADDITIONS	COLLECTIONS	WRITE OFFS	ENDING BALANCE		TOTAL
					C rren	curren	

Not Applicable

The Club does not present consolidated financial statements.

CELEBRITY SPORTS PLAZA, INC.
(A Not-for-Profit Corporation)

SUPPLEMENTARY SCHEDULE OF INTANGIBLE ASSETS - OTHER ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

Intangible Assets — Other Assets

Description	Beginning Balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending Balance
Not Applicable						

The Club does not have intangible assets in its statement of financial position as of December 31, 2023.

CELEBRITY SPORTS PLAZA, INC.
 (A Not-for-Profit Corporation)

SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
 FOR THE YEAR ENDED DECEMBER 31, 2023

Title of Issue and type of	Amount authorized by indenture	Amount shown under caption "current portion of long-term" in related balance sheet	Amount shown under caption "long- term debt" in related
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obligation

balance sheet

Long-term Debt

Not Applicable

The Club does not have outstanding long-term debt as of December.31,2023.

CELEBRITY SPORTS PLAZA, INC.
(A Not-for-Profit Corporation)

SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED
PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
FOR THE YEAR ENDED DECEMBER 31, 2023

Indebtedness to related parties (Long-term loans from Related Companies)		
Name of related party	Balance at beginning of period	Balance at end of period
Riviera Land Corporation	₱1,399,104	₱1,397,104
<u>DMCI Project Developer, Inc.</u>	<u>655,187</u>	<u>334,587</u>
	₱2,054,291	₱1,731,691

CELEBRITY SPORTS PLAZA, INC.
 (A Not-for-Profit Corporation)
 SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF
 OTHER ISSUERS
 FOR THE YEAR ENDED DECEMBER 31, 2023

Guarantees of Securities of Other Issuers

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

Not applicable

The Club does not have any guarantees of securities of other issuing entities by the issuer for which the statement is filed.

CELEBRITY SPORTS PLAZA, INC.

(A Not-for-Profit Corporation)

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2023

Not applicable

The Club is a stock corporation but doesn't have unrestricted retained earnings in excess of 100% of paid-in capital stock.

CELEBRITY SPORTS PLAZA, INC.

(A Not-for-Profit Corporation)

MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE
COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND
CO SUBSIDIARIES

FOR THE YEAR ENDED DECEMBER 31, 2023

Not applicable
