



# THE MANILA SOUTHWOODS GOLF AND COUNTRY CLUB

Southwoods Ave., Carmona, Cavite, Philippines 4116

November 24, 2020

CORPORATE GOVERNANCE  
& FINANCE DEPARTMENT  
Securities and Exchange Commission  
Secretariat Building, PICC Complex  
Roxas Blvd., Pasay City  
1307 Metro Manila

Thru : Ms. Rachel Esther J. Gumbang-Remalante  
Director

Re : 2020 Definitive Information Statement  
Manila Southwoods Golf & Country Club, Inc.

Gentlemen/Mesdames:

We respectfully submit the Definitive Information Statement ("DIS") of the Manila Southwoods Golf & Country Club (the "Club") in relation to the conduct of its annual stockholders' meeting to be held on December 18, 2020, Friday, at 9:00 a.m. through remote communication or *in absentia*. Incorporated therein are the changes addressing the findings and comments of the Securities and Exchange Commission on the Club's Preliminary Information Statement. A summary of the changes and/or our remarks is presented below.

SEC Comments		Remarks
General Comment	Please pay the filing fee of Php7,575.00 (inclusive of 1% LRF)	Complied with as of November 19, 2020. A copy of Official Receipt No. 1940478 was sent to <a href="mailto:cgfd_ld@sec.gov.ph">cgfd_ld@sec.gov.ph</a> on November 19, 2020.
Security Ownership of Certain Record and Beneficial Owners of more than 5%	1. Please provide the cut-off date, which must be the latest practicable date;  2. Please correct the meeting date indicated	Complied with. Please see pages 5 and 6 of the DIS.  For Item No. 1, the cut-off date is November 16, 2020 which is the record date.

	below the table and the person authorize to vote for the shareholdings of Fil-Estate Golf and Development, Inc. and Southern Heights Land and Development Corporation.	For Item No. 2, the date of the annual stockholders' meeting is already corrected to December 18, 2020. We confirm that the person authorized to vote for the shareholdings in FEGDI is Atty. Delfin Angcao; and in SHL are Mr. Renato Lirio and/or Mr. Rhais Gamboa.
(a) List the names, ages and citizenship of all directors, including independent directors, executive officers and all persons nominated or chosen to become such where required under Section 38 of the Code and SRC Rule 38.1 adopted thereunder; also provide the names of the incorporators in the case of an investment company.	Please attach Certification of Qualifications and Disqualifications of Independent Directors for Mr. Alfredo M. Mendoza and Daniel C. Samaniego. Said Certifications are subject of validation by our Corporate Governance and Finance Department.	Complied with. See attachments to the DIS.
Compensation of Directors & Executive Officers	Provide estimated fees for the ensuing year (2020).	Complied with. Please see page 16 of the DIS. All Club directors are not paid any salary for their services to the Club. Their compensation is in the form of exemption from the payment of monthly dues of P4,000.00 and locker rental, a monthly consumable of P3,000.00 for charges within the Club if they attend a monthly regular Board of Directors meeting, 40 rounds of free green fee per year and reserved parking.

Independent Public Accountants	Please provide fees billed for the years 2018 and 2019.	Complied with. Please see page 15-16 of the Management Report.
Changes in and disagreements with accountant on accounting and financial disclosure	Disclose if any, otherwise provide negative statement.	Complied with. There were no changes in, or disagreements with the accountant of the Club on accounting and financial disclosures.
Audited Financial Statements and Interim Financial Statements, in accordance with the Revised SRC Rule 68.	Please attach an Interim Financial Statement (IFS) for the period ended September 30, 2020 in lieu of the IF June 30, 2020	Complied with. Please see SEC Form 17-Q attached to the DIS.
Management's Discussion and Analysis (MD&A) or Plan of Operation	Provide MD&A based on the September 30, 2020 IFS.	Complied with. Please see attached updated Management's Report.
Holders	Please update information	Complied with. Please see pages 20-21 of the attached updated Management's Report.

We also changed the approximate date on which the DIS is first to be sent or given to security holders from November 24, 2020 to November 26, 2020 to allow for the finalization of the DIS. November 26, 2020 is still at least 15 business days prior to the date of the annual stockholders' meeting to be held on December 18, 2020 in compliance with the SRC rules.

We hope you find the foregoing in order.

Thank you.

Very truly yours,



**DELFIN P. ANGCAO**  
Corporate Secretary

# COVER SHEET

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SEC Registration Number

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(Company's Full Name)

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

Atty. Delfin P. Angcao

Contact Person

8817-67-91

Company Telephone Number

1	2
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Month  
Fiscal Year

3	1
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Day

**SEC Form 20-IS**  
**Preliminary Information Statement**

FORM TYPE

June of every year

0	6
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Month  
Annual Meeting

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Day

Secondary License Type, If Applicable

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Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

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Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes





## THE MANILA SOUTHWOODS GOLF AND COUNTRY CLUB

Southwoods Ave., Carmona, Cavite, Philippines 4116

### NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

**TO: ALL STOCKHOLDERS**  
**The Manila Southwoods Golf & Country Club, Inc.**

Please take notice that the annual meeting of the stockholders of The Manila Southwoods Golf & Country Club, Inc. (the "Club") will be held on **December 18, 2020, Friday, at 9:00 a.m.** through remote communication or *in absentia*. The agenda of the meeting is as follows:

1. Call to Order
2. Certification on Notice and Quorum
3. Approval of Minutes of the Annual Stockholders' Meeting held on September 16, 2009
4. Approval of Management Report for the period from 2009 to 2020 and the 2019 Audited Financial Statements
5. Ratification of all acts of the Board of Directors and Management from the last stockholders' meeting to date
6. Appointment of Independent Auditor
8. Election of the Members of the Board of Directors
9. Such other business as may properly come before the meeting
10. Adjournment

For purposes of the meeting, stockholders of record as of November 16, 2020 shall be entitled to notice of, participation via remote communication, and voting *in absentia* or through proxy at such meeting and any adjournment thereof. As approved by the Nomination and Election Committee on November 3, 2020, this notice with the guidelines for voting and related documents will be sent to the stockholders via email.

You may vote *in absentia* or through proxy by submitting (i) the original signed and accomplished pre-numbered Proxy/Ballot form attached to this notice by mail, courier or manual delivery to the front desk of the Club's principal office at Southwoods Avenue, Barrio Cabilang Baybay, Carmona, Cavite; or (ii) **a scanned copy thereof by email at the Club's email address at [southwoods.asm2020@gmail.com](mailto:southwoods.asm2020@gmail.com)**. Deadline for submission of Proxy/Ballot is on or before 5:00 pm of December 8, 2020. Corporate stockholders should attach to the Proxy/Ballot a notarized Secretary's Certificate attesting to the authority of their representative to execute the Proxy/Ballot. When signing as attorney-in-

fact, executor, administrator, guardian or in any representative capacity, please give full title and file papers showing your authority. Validation of proxies shall be held on December 11, 2020 at 10:00 a.m.

Successfully verified stockholders voting in absentia or by proxy will receive an email from the Club providing them the weblink to be able to access the live streaming of the meeting.

Electronic copies of the Notice of the Meeting, Definitive Information Statement, Management Report and other information and documents related to the annual meeting may be accessed through the Club's website at <https://www.manilasouthwoods.com/index.php?Itemid=194>.

For any concerns, please reach us by email at southwoods.asm2020@gmail.com.

Makati City, Metro Manila

November 24, 2020

  
**DELFIN P. ANGCAO**  
Corporate Secretary

**Annex “A”**

**INSTRUCTIONS:**

1. This Proxy/Ballot form must be accompanied by a notarized Secretary’s Certificate of the company’s Board Resolution appointing and authorizing its representative to accomplish this Proxy/Ballot form.
2. Material erasures or alterations shall not affect the validity of the Proxy/Ballot provided that the person authorized to accomplish this Proxy/Ballot form affixes his/her full signature beside such erasures or alterations. The initials of the said authorized person are not sufficient to validate the Proxy/Ballot, unless the said initials are also the said person’s customary signature.
3. Please submit either (i) the original signed and accomplished Proxy/Ballot form by mail, courier or manual delivery to the front desk of the Club’s principal office at Southwoods Avenue, Barrio Cabilang Baybay, Carmona, Cavite; or (ii) a scanned copy thereof by email at the Club’s email address at *southwoods.asm2020@gmail.com*. Deadline for the submission of Proxy/Ballot is on or before 5:00 pm of December 8, 2020.

**PROXY/BALLOT FORM**

**THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC.**

*[PLEASE CHECK OR MARK THE APPROPRIATE BOX BELOW]*

VOTING IN ABSENTIA:	VOTING BY PROXY:
<input type="checkbox"/> The undersigned hereby votes as indicated below.	<input type="checkbox"/> The Undersigned hereby appoints the Chairman of the Board of Directors of The Manila Southwoods Golf & Country Club, Inc. (the “Club”), or in his absence, the President of the Club to act for and on our behalf at the Manila Southwoods Golf & Country Club, Inc.’s Annual Stockholders’ Meeting to be held on December 18, 2020 (and as may be rescheduled and/or adjourned) and to vote for us as indicated below, or, if no such indication is given, as our proxy thinks fit:

		Please check or mark the appropriate box		
	RESOLUTION	FOR	AGAINST	ABSTAIN
1	Approval of minutes of the annual stockholders’ meeting held on September 16, 2009			

2	Approval of Management Report for the period from 2009 to 2020 and the 2019 audited financial statements			
3	Ratification of all acts of the Board of Directors and Management from the last stockholders' meeting to date			
4	Appointment of Independent Auditor (Isla Lipana & Co.)			
5	Election of Directors for the term 2020-2021. ( <b>Note:</b> If you want to vote by cumulative voting, kindly also indicate opposite the name of the nominee director/s that you are voting FOR, the number of votes that you want to give such nominee director/s, provided that the total number of votes cast shall not exceed the number of shares owned multiplied by the number of directors to be elected).			
	1. Robert John L. Sobrepeña Director			
	2. Edward E. Dy Director			
	3. Rafael Perez de Tagle, Jr. Director			
	4. Francisco C. Gonzalez Director			
	5. Federico P. Campos III Director			
	6. Renato E. Lirio Director			
	7. Rhais M. Gamboa Director			
	8. Enrique A. Sobrepeña, Jr. Director			
	9. Ferdinand T. Santos Director			
	10. Daniel C. Samaniego Independent Director			
	11. Alfredo M. Mendoza Independent Director			

**IN CASE THIS PROXY/BALLOT IS SIGNED AND RETURNED IN BLANK**

If no instructions are indicated on a returned and duly signed proxy, the shares represented by the proxy will be voted:

- FOR the approval of the minutes of previous meeting of the stockholders;
- FOR the approval of the management report for 2009-2020 and 2019 audited financial statements;
- FOR the confirmation and ratification of all acts of the Board of Directors and Management from the last stockholders' meeting to date;
- FOR the election of the following directors for the term 2020-2021:
 

1. Robert John L. Sobrepeña	Director
2. Edward E. Dy	Director
3. Rafael Perez de Tagle, Jr.	Director
4. Francisco C. Gonzalez	Director
5. Federico P. Campos III	Director
6. Renato E. Lirio	Director
7. Rhais M. Gamboa	Director
8. Enrique A. Sobrepeña, Jr.	Director
9. Ferdinand T. Santos	Director
10. Daniel C. Samaniego	Independent Director

11. Alfredo M. Mendoza

Independent Director

- FOR the approval of the appointment of Isla Lipana & Co. (PricewaterhouseCoopers-Philippines) as the Club's external auditors; and
- TO authorize the Proxy to vote according to the Proxy's discretion on any matter that may come before the meeting

A Proxy/Ballot that is returned without a signature shall not be valid.

**VALIDATION OF PROXIES**

Validation of proxies shall be on December 11, 2020 at 10:00 am at the principal office of the Club.

**REVOCATION OF PROXIES:**

A stockholder giving a proxy has the power to revoke it at any time before the validation of proxies on December 11, 2020 at 10:00 am by submitting either (i) the original signed letter of revocation by mail, courier or manual delivery to the front desk of the Club's principal office at Southwoods Avenue, Barrio Cabilang Baybay, Carmona, Cavite; or (ii) a scanned copy thereof by email at the Club's email address at southwoods.asm2020@gmail.com.

\_\_\_\_\_  
(Printed Name of Corporate Stockholder)

By:

\_\_\_\_\_  
Signature over Printed name of  
Authorized Representative

\_\_\_\_\_  
Address

Sample Secretary's Certificate for Corporate Proxy/Ballot

**SECRETARY'S CERTIFICATE**

(To accompany the Club's Official Pre-numbered Proxy/Ballot Form)

I, \_\_\_\_\_, of legal age, Filipino and with business address at \_\_\_\_\_, being the duly elected Corporate Secretary of \_\_\_\_\_ (the "Corporation"), a corporation duly organized and existing under the laws of the Philippines, with principal office and place of business at \_\_\_\_\_, HEREBY CERTIFY that at its special meeting held at the principal office of the Corporation on \_\_\_\_\_, 2020, at which meeting a quorum was present, the Board of Directors of the Corporation duly approved the following resolutions:

**"RESOLVED**, That

\_\_\_\_\_  
[name of proxy and representative]

be, as he/she hereby is, designated as the proxy and representative of the Corporation for the Annual Stockholders' meeting of **THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC.** (the 'Club') to be held on December 18, 2020 and at any postponement or adjournment thereof, with authority to vote in absentia or to appoint a proxy for all the shares of the Club registered in the name of the Corporation in the manner and under the terms and conditions specified in the Club's Official Pre-numbered Proxy/Ballot Form attached hereto as Annex 'A', which forms an integral part hereof"

IN WITNESS WHEREOF, I have hereunto set my hand on this \_\_ day of \_\_\_\_\_ 2020 at the City of \_\_\_\_\_.

\_\_\_\_\_  
Corporate Secretary

SUBSCRIBED AND SWORN TO before me this \_\_ day of \_\_\_\_\_ 2020 by affiant who exhibited to me his/her Passport/Driver's License No. issued at \_\_\_\_\_ on \_\_\_\_\_, bearing the affiant's photograph and signature, and his/her Community Tax Certificate No. \_\_\_\_\_ issued at \_\_\_\_\_ on \_\_\_\_\_ 2020.

Doc. No. \_\_\_\_;  
Page No. \_\_\_\_;  
Book No. \_\_\_\_;  
Series of 2020.

Code Number: \_\_\_\_\_

**[For Individual Stockholder]**

**INSTRUCTIONS:**

1. Material erasures or alterations shall not affect the validity of the Proxy/Ballot provided that the stockholder affixes his/her full signature beside such erasures or alterations. The initials of the said stockholder are not sufficient to validate the Proxy/Ballot unless the said initials are also the said stockholder's customary signature.
2. Please submit either (i) the original signed and accomplished Proxy/Ballot form by mail, courier or manual delivery to the front desk of the Club's principal office at Southwoods Avenue, Barrio Cabilang Baybay, Carmona, Cavite; or (ii) a scanned copy thereof by email at the Club's email address at [southwoods.asm2020@gmail.com](mailto:southwoods.asm2020@gmail.com). Deadline for the submission of Proxy/Ballot is on or before 5:00 pm of December 8, 2020.

**PROXY/BALLOT FORM**

**THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC.**

*[PLEASE CHECK OR MARK THE APPROPRIATE BOX BELOW]*

VOTING IN ABSENTIA:	VOTING BY PROXY:
<input type="checkbox"/> The undersigned hereby votes as indicated below.	<input type="checkbox"/> The Undersigned hereby appoints the Chairman of the Board of Directors of The Manila Southwoods Golf & Country Club, Inc. (the "Club"), or in his absence, the President of the Club to act for me/us and on my/our behalf at the Manila Southwoods Golf & Country Club, Inc.'s Annual Stockholders' Meeting to be held on December 18, 2020 (and as may be rescheduled and/or adjourned) and to vote for me/us as indicated below, or, if no such indication is given, as my/our proxy thinks fit:

		Please check or mark the appropriate box		
	RESOLUTION	FOR	AGAINST	ABSTAIN
1	Approval of minutes of the annual stockholders' meeting held on September 16, 2009			
2	Approval of Management Report for the period from 2009 to 2020 and the 2019 audited financial statements			
3	Ratification of all acts of the Board of Directors and Management from the last stockholders' meeting to date			
4	Appointment of Independent Auditor (Isla Lipana & Co.)			

5	Election of Directors for the term 2020-2021. (Note: If you want to vote by cumulative voting, kindly also indicate opposite the name of the nominee director/s that you are voting FOR, the number of votes that you want to give such nominee director/s, provided that the total number of votes cast shall not exceed the number of shares owned multiplied by the number of directors to be elected).			
	1. Robert John L. Sobrepeña Director			
	2. Edward E. Dy Director			
	3. Rafael Perez de Tagle, Jr. Director			
	4. Francisco C. Gonzalez Director			
	5. Federico P. Campos III Director			
	6. Renato E. Lirio Director			
	7. Rhais M. Gamboa Director			
	8. Enrique A. Sobrepeña, Jr. Director			
	9. Ferdinand T. Santos Director			
	10. Daniel C. Samaniego Independent Director			
	11. Alfredo M. Mendoza Independent Director			

**IN CASE THIS PROXY/BALLOT IS SIGNED AND RETURNED IN BLANK**

If no instructions are indicated on a returned and duly signed proxy, the shares represented by the proxy will be voted:

- FOR the approval of the minutes of previous meeting of the stockholders;
- FOR the approval of the management report for 2009-2020 and 2019 audited financial statements;
- FOR the confirmation and ratification of all acts of the Board of Directors and Management from the last stockholders' meeting to date;
- FOR the election of the following directors for the term 2020-2021:
 

1. Robert John L. Sobrepeña	Director
2. Edward E. Dy	Director
3. Rafael Perez de Tagle, Jr.	Director
4. Francisco C. Gonzalez	Director
5. Federico P. Campos III	Director
6. Renato E. Lirio	Director
7. Rhais M. Gamboa	Director
8. Enrique A. Sobrepeña, Jr.	Director
9. Ferdinand T. Santos	Director
10. Daniel C. Samaniego	Independent Director
11. Alfredo M. Mendoza	Independent Director
- FOR the approval of the appointment of Isla Lipana & Co. (PricewaterhouseCoopers-Philippines) as the Club's external auditors; and
- TO authorize the Proxy to vote according to the Proxy's discretion on any matter that may come before the meeting



A Proxy/Ballot that is returned without a signature shall not be valid.

**VALIDATION OF PROXIES**

Validation of proxies shall be on December 11, 2020 at 10:00 am at the principal office of the Club.

**REVOCATION OF PROXIES:**

A stockholder giving a proxy has the power to revoke it at any time before the validation of proxies on December 11, 2020 at 10:00 am by submitting either (i) the original signed letter of revocation by mail, courier or manual delivery to the front desk of the Club's principal office at Southwoods Avenue, Barrio Cabilang Baybay, Carmona, Cavite; or (ii) a scanned copy thereof by email at the Club's email address at *southwoods.asm2020@gmail.com*.

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Signature above printed name of Stockholder)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:  
  
[    ] Preliminary Information Statement  
  
[ ☒ ] **Definitive Information Statement**
2. Name of Registrant as specified in its charter:  
**The Manila Southwoods Golf & Country Club, Inc. ("Registrant" or "Club")**
3. Province, country or other jurisdiction of incorporation or organization: **Philippines**
4. SEC Identification Number: **181069**
5. BIR Tax Identification Code: **000-645-256**
6. Address of principal office Postal Code: **Bo. Cabilang Baybay, Carmona, Cavite**
7. Registrant's telephone number, including area code: **(046) 430-0260 to 69**
8. Date, time and place of the meeting of security holders:  
**December 18, 2020, Friday, 9:00 a.m.**  
**Main Clubhouse, The Manila Southwoods Golf & Country Club, Inc.,**  
**Bo. Cabilang Baybay, Carmona, Cavite**
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **November 26, 2020**
10. In case of Proxy Solicitations:  
  
*Name of Person Filing the Statement/Solicitor:* **The Registrant**  
  
*Address and Telephone No.:* **Bo. Cabilang Baybay, Carmona, Cavite**  
**(046) 430-0260 to 69**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

<u>Title of Each Class</u>	<u>No. of shares of stock</u>	<u>Amount</u>
Founders' and Class "A"	<u>1,800</u>	<u>₱1,508,650,362</u>
Class "B"	<u>1,200</u>	<u>1,005,100,242</u>
Total	<u>3,000</u>	<u>₱2,513,750,604</u>

12. Are any or all of Registrant's Securities Listed with the Philippine Stock Exchange?

Yes ( )

No (✓)

**PART I**  
**INFORMATION REQUIRED IN INFORMATION STATEMENT**

**A. GENERAL INFORMATION**

**1. *Date, Time, and Place of Meeting***

The enclosed proxy is solicited for and on behalf of **The Manila Southwoods Golf & Country Club, Inc.** (hereinafter called the “Club” or the “Registrant”) for use in connection with the annual meeting of the stockholders to be held on December 18, 2020 (Friday), 9:00 a.m. via remote communication or *in absentia*. The Chairman of the meeting shall call and preside the meeting in Bo. Cabilang Baybay, Carmona, Cavite which is the place where the principal office of the Club is located.

The definitive information statement and form of proxy will be sent to the stockholders of record as of November 16, 2020 (the “Record Date”) on or before November 26, 2020.

The matters to be considered and acted upon at such meeting are referred to in the Notice and are more fully discussed in this Statement.

**2. *Dissenter’s Right of Appraisal***

Pursuant to Title X of the Revised Corporation Code of the Philippines, a stockholder has the right to dissent and demand payment of the fair value of his shares: (i) in case any amendment to the Club’s Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences over the outstanding shares, or of extending or shortening the term of corporate existence; (ii) in case of any sale, lease, mortgage or disposition of all or substantially all of the corporate property or assets; (iii) in case of merger or consolidation; and (iv) in case of investment of corporate funds in another corporation or business or for any purpose other than the primary purpose.

If an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who voted against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment shall be made to any dissenting stockholder unless the Club has unrestricted retained earnings in its books to cover such payment.

The dissenter’s right of appraisal is not applicable in any of the matters or proposed Club actions to be submitted to the stockholders.

**3. *Interest of Certain Persons in or Opposition to Matters to be Acted Upon***

No director, officer, nominee for director, or their associates, has any substantial interest, direct or indirect, by security holdings or otherwise, on any matter to be acted upon, other than

election to office. No director has informed the Registrant in writing of any intention to oppose any action to be taken during the meeting.

## **B. CONTROL AND COMPENSATION INFORMATION**

### **4. *Voting Securities and Principal Holders Thereof***

(a) As of November 16, 2020, the Record Date for the determination of the stockholders entitled to notice and to vote at the annual stockholders' meeting on December 18, 2020, the Registrant has the following issued shares:

1,800 Class "A" Common Shares,  
inclusive of seven (7) Founders' Shares;

1,200 Class "B" Common Shares.

(b) All stockholders in good standing as of the Record Date shall be entitled to notice and to vote at the annual stockholders' meeting on December 18, 2020. On the items of approval of minutes of previous meeting of stockholders, ratification of all the acts of the Board of Directors and officers during the previous year, appointment of independent external auditors, and amendments to the By-laws, each share of outstanding common stock is entitled to one (1) vote.

(c) In the election of directors, every stockholder entitled to vote shall have the right to vote, *in absentia* or by proxy, the number of shares of stock standing in his name at Record Date. A stockholder entitled to vote may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Registrant multiplied by the whole number of directors to be elected.

Pursuant to the provisions of the Amended By-laws of the Registrant, nominations to the Board of Directors shall be made in writing and may be submitted by the stockholders in good standing to the Nomination and Election Committee, with the written consent of the nominees, on or before November 17, 2020 (at least 30 business days prior to December 18, 2020), provided, however, that only Regular Members in good standing who are duly qualified under Article VII, Section 2 (c), of the Amended By-laws of the Registrant may be nominated, and that the members of the Nomination and Election Committee may not themselves be nominated.

### **(d) *Security Ownership of Certain Record and Beneficial Owners***

The following table sets forth as of November 16, 2020, the record and/or beneficial owners of more than 5% of the outstanding Common Shares of the Club which are entitled to vote and the amount of such record and/or beneficial ownership.

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name and Address of Record/Beneficial Owner	Citizenship	No. of Shares Held	Percent of Class
Common A and B	<b>Fil-Estate Golf and Development, Inc.</b> 5/F The Renaissance Tower MERALCO Avenue Pasig City	<b>Fil-Estate Golf and Development, Inc.</b> 5/F The Renaissance Tower MERALCO Avenue Pasig City	Filipino	162	5.40%
Common A and B	<b>Southern Heights Land and Development Corporation</b> 750 Shaw Boulevard Mandaluyong City	<b>Southern Heights Land and Development Corporation</b> 750 Shaw Boulevard Mandaluyong City	Filipino	226	7.53%

Note: Fil-Estate Golf and Development, Inc. (FEGDI) is a wholly-owned subsidiary of Global-Estate Resorts, Inc. (GERI, formerly Fil-Estate Land, Inc.). The shares of stock of GERI are registered under the Revised Securities Act and listed with the Philippine Stock Exchange. Its top stockholders are Alliance Global Group, Inc. and Fil-Estate Management, Inc. (FEMI). For the scheduled annual stockholders' meeting on December 18, 2020, the person who had the right to vote the shares of FEGDI was Atty. Delfin Angcao. As to Southern Heights Land Development Corporation, the person who had the right to vote its shares was Mr. Renato Lirio and/or Mr. Rhais Gamboa.

*(e) Security Ownership of Management*

As of November 16, 2020, the security ownership of management is as follows:

Title of Class (Common)	Name of Beneficial Owner	Amount and Nature	Citizenship	Percent of Class (Common)
Class A	Robert John L. Sobrepeña	1 nominal	Filipino	0.06%
Class B	Renato E. Lirio	2 nominal	Filipino	0.12%
Class A	Rafael Perez de Tagle, Jr.	1 nominal	Filipino	0.06%
Class A	Edward E. Dy	1 nominal	Filipino	0.06%
Class A	Atty. Enrique A. Sobrepeña	1 nominal	Filipino	0.06%
Class A	Rhais M. Gamboa	1 nominal	Filipino	0.06%
Class B	Federico P. Campos III	1 nominal	Filipino	0.09%
Class A	Ferdinand T. Santos	1 nominal	Filipino	0.06%
Class A & B	Francisco C. Gonzalez	3 & 1 nominal	Filipino	0.18% & 0.09%
Class A	Alfredo M. Mendoza	1 nominal	Filipino	0.06%
Class A	Daniel C. Samaniego	1 nominal	Filipino	0.06%
Class B	Mark O. Watson	1 nominal	Australian	0.09%

Aggregate Ownership of All Directors and Officers As A Group

16 shares 0.56%

**(f) Voting Trust Holders of 5% or more**

Registrant is not aware of any person holding more than 5% of the shares of Registrant under a voting trust or similar agreement.

**(g) Changes in Control**

There has been no change in control of the Registrant since the beginning of its last fiscal year. Neither is Registrant aware of any arrangement which may result in a change in control thereof.

**5. Directors and Executive Officers**

**(a) Incumbent director, Executive Officers and Significant Employees.** The following are the incumbent directors, including independent directors, executive officers and significant employees of the Registrant:

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Citizenship</u>
Robert John L. Sobrepeña	Chairman of the Board/Director	65	Filipino
Edward E. Dy	President/Director	72	Filipino
Rafael Perez de Tagle, Jr.	Treasurer/Director	66	Filipino
Francisco C. Gonzalez	Director	76	Filipino
Federico P. Campos III	Director	66	Filipino
Renato E. Lirio	Director	82	Filipino
Rhais M. Gamboa	Director	69	Filipino
Enrique A. Sobrepeña, Jr.	Director	94	Filipino
Ferdinand T. Santos	Director	70	Filipino
Daniel C. Samaniego	Independent Director	62	Filipino
Alfredo M. Mendoza	Independent Director	71	Filipino
Delfin P. Angcao	Corporate Secretary	63	Filipino
Alvin O. Geli	Asst. Corporate Secretary	50	Filipino
Mark O. Watson	General Manager & COO	70	Australian
Armando D. Sierra	Comptroller	57	Filipino
John R. Cope	Director of Grounds	56	American
Jerome U. Delariarte	Golf Director	42	Filipino
Charlie P. Panibe	Director of Engineering	48	Filipino

**(b) Term of office.**

The term of office of the Directors and executive officers is one (1) year from their election as such until their successors are duly elected and qualified, subject to the provisions of the By-laws of the Registrant.

**(c) Business experience of the Directors and Officers during the past five (5) years.**

#### Robert John L. Sobrepeña

Mr. Robert John L. Sobrepeña conceptualized the Southwoods project and has been the Chairman of the Board since 1992. He is also a founding member of the Club. His current term of office as a director is for one (1) year or until his successor is elected and qualified during the annual stockholders' meeting. He is also the Chairman of the Grounds Committee of the Club. He has been in the real estate business for over 15 years. He is a founder and Chairman of the Fil-Estate Group of Companies. He is also the Chairman of the Metro Rail Transit Holding, Inc., Summit Estate Realty & Development Corp., Camp John Hay Development Corporation, Camp John Hay Golf Club, Inc., Sherwood Hills Development Corp., Sherwood Hills Golf Club, Inc., and Club Leisure Management, Inc. He obtained his Bachelor of Arts in Psychology and Marketing degree from De La Salle University.

#### Edward E. Dy

Mr. Edward E. Dy, the President, has been a Director since 1992. He is also a founding member of the Club. His current term of office as a director is for one (1) year or until his successor is elected during the annual shareholders' meeting. He is the Chairman of Grandview Properties & Ventures, Inc., Sunrise Properties Corporation, Megaventures Realty Corporation, and DBH Development Corporation. He is also a Director of Timeplus Commercial and Seiko Service Center, Inc. He has been in the real estate business for over 25 years. He obtained his AB-BSC degree from Ateneo de Manila University.

#### Rafael Perez de Tagle, Jr.

Mr. Rafael Perez de Tagle, Jr., the Treasurer and Finance Committee Chairman, has been a Director since 1999. His current term of office as a director is for one (1) year or until his successor is elected during the annual shareholders' meeting. He is President of Club Leisure Mgt. Corp., the Chairman of PTFJ AdConsult, Metro Countrywide Corp., and Smart Probe, Inc., and also a Director of Camp John Hay Development Corp. and Ecocentrum Corp. He has been in the real estate business for over 25 years. He is a graduate of De La Salle University with a degree of Bachelor of Arts major in Economics.

#### Francisco C. Gonzalez

Engr. Francisco C. Gonzalez has been a Director since January 1998. He is currently the Membership Committee Chairman of the Club. His current term of office as a director is for one (1) year or until his successor is elected during the annual shareholders' meeting. He is the President of Romago Incorporated, Fabriduct & Metal Systems Inc., and Electro Mechanical Products International and the Proprietor of A&P of Manila, Inc. He has been in the construction and engineering business for over 30 years. He is also a director and Membership Committee Chairman of Camp John Hay Golf Club and Forest Hills Golf Club.

#### Federico P. Campos III



Mr. Federico P. Campos III was a Director in 2003 to 2008, also then Chairman of the Sports and Games Committee, and member of the House Committee, and again beginning January 2017 as replacement of Mr. Federico O. Campos. He is the President of Macaria Development Corp. and Macaria Properties, Inc., companies that he founded. Apart from these companies, he also founded Plaza Pacita Inc., a company primarily engaged in commercial leases, and Sunkis'd Resort and Leisure Group Inc. the owning company of Virgin Beach Resort in Laiya, San Juan, Batangas. He is a graduate of Lindenwood Colleges, St. Charles, Missouri with a degree of Bachelor of Business Administration.

Atty. Ferdinand T. Santos

Atty. Ferdinand T. Santos is currently the President of Fil-Estate Management, Inc., Fil-Estate Development, Inc., Fairways & Bluewater Resort Golf & Country Club, Inc., Forest Hills Golf & Country Club, Inc. Fil-Estate Urban & Development, Inc., MRT Development Corporation, St. Benedict Realty & Development, Inc., Royal Jade Memorial, Inc., Serenity View Resort Property, Inc., and Mt. Zion Memorial, Inc. He obtained his Bachelor of Arts degree, *Cum Laude* from Arellano University in 1970. He took his Bachelor of Laws in San Beda College graduating *Magna Cum Laude* and the class Valedictorian. He was admitted to the Philippine Bar in 1974 and coming in 2<sup>nd</sup> in rank.

Enrique A. Sobrepeña, Jr.

Atty. Enrique A. Sobrepeña, Jr. has been a Director since 1992. He is also a founding member of the Club. His current term of office as a director is for one (1) year or until his successor is elected during the annual shareholders' meeting. He is also the President and founder of College Assurance Plan (CAP) Group of Companies. He has been in the pre-need business industry for more than 30 years. He is a graduate of University of Manila with a degree of Bachelor of Laws.

Renato E. Lirio

Mr. Renato E. Lirio has been a Director since 1992. He is also a founding member of the Club. His current term of office as a director is for one (1) year or until his successor is elected during the annual shareholders' meeting. He was formerly the Senior Vice-President and General Manager of Greenfield Development Corporation. He is currently the Chairman and President of Lima Property Holdings, Inc., Makiling Resources, Inc., and Hill Creek Gardens Tagaytay, Inc. He has been in the real estate business for more than 25 years. He obtained his B.S. in Business Administration degree from the University of the Philippines.

Rhais M. Gamboa

Mr. Rhais M. Gamboa is presently the Chief Operating Officer of Mt. Grace Hospitals, Inc.. He also sits in the Board of four (4) other private tertiary hospitals. He was formerly an Undersecretary in the Department of Health and Vice-Chairman of the Philippine Medical Care Commission (now Philippine Health Insurance Corporation). He obtained his B.S. Management Engineering degree from Ateneo de Manila University.

Alfredo M. Mendoza

Mr. Alfredo M. Mendoza was a Director of the Club from 1999 to 2003 and also then the Chairman of the Sports and Games Committee. He was again elected as Director in July 2006. His current term of office as a director is for one (1) year or until his successor is elected during the annual stockholders' meeting. He is the Managing Director and President of Cargoaire Freight Forwarders, Inc., Cargoaire Maritime Corporation and Cyclo Air System Technologies, Inc. He is also currently the Chairman of House Committee of the Club. He obtained his liberal arts and commerce (LIA-COM) degrees from De La Salle University.

Daniel C. Samaniego

Mr. Daniel C. Samaniego was an Independent Director of the Club in 2005 and 2007, and again beginning March 2012 as replacement of Mr. Hector Diangkinay. Since 1982 up to the present, Mr. Samaniego is engaged in the private practice of dentistry, and since 1996 up to the present, he is engaged in the specialty practice of surgical and prosthetic implant dentistry. He graduated in Dental Medicine in 1982 from the University of the Philippines and took up from 1994 to 1996 advanced postgraduate training in implant dentistry at New York University. Mr. Samaniego placed 4<sup>th</sup> in the 1982 Philippine National Dental Board Examinations. He is also currently the Chairman of Sports and Games Committee of the Club.

Atty. Delfin P. Angcao

Atty. Delfin P. Angcao is a Certified Public Accountant and a Senior Partner at Castillo Laman Tan Pantaleon & San Jose Law Offices. He earned his law degree at the University of the East, College of Law and was admitted to the Philippine Bar in 1990. He has been the Assistant Corporate Secretary since October 15, 2013, and then Corporate Secretary of the Club since September 24, 2014.

Atty. Alvin O. Geli

Atty. Alvin O. Geli is a Senior Partner at Castillo Laman Tan Pantaleon & San Jose Law Offices. He earned his law degree in the University of the Philippines, College of Law and later on admitted to the Philippine Bar in 1995. He has been the Assistant Corporate Secretary of the Club since September 24, 2014.

**(d) *Nominees for Directors***

All the current directors, namely, Messrs. Robert John L. Sobrepeña, Edward E. Dy, Rafael Perez de Tagle, Jr., Ferdinand T. Santos, Federico P. Campos III, Francisco C. Gonzalez, Renato E. Lirio, Enrique A. Sobrepeña, Jr., Rhais M. Gamboa, Alfredo M. Mendoza and Daniel C. Samaniego, have been nominated and/or qualified to run for re-election as directors at this year's annual meeting of stockholders. The said nominees are all Filipinos and their qualifications and other required information about them are already stated previously in this Statement.

The *curriculum vitae* and the plan of action of each of the nominees for election as directors are attached to this Statement as required under the Electoral Code of the Registrant.

(e) ***Independent Directors; Members of Nomination Committee***

Under its Amended Manual on Corporate Governance submitted with the Securities and Exchange Commission, the Club is required to have at least two (2) Independent Directors (as defined under the Amended Manual on Corporate Governance) or such number of Independent Directors as shall constitute at least twenty percent (20%) of the members of the Board of Directors of the Club, whichever is lesser.

The incumbent Independent Directors of the Club are Messrs. Daniel C. Samaniego and Alfredo M. Mendoza.

The following nominees for Independent Directors were selected by the Board's Nomination and Election Committee in accordance with the guidelines in the Manual of Corporate Governance, the Revised Code of Corporate Governance (SEC Memorandum Circular No. 2, Series of 2002, as amended by SEC Memorandum Circular No. 6, Series of 2009), and the Guidelines in the Nomination or Election of Independent Directors (SRC Rule 38):

<b>NOMINEE</b>	<b>NOMINATOR/S</b>
Alfredo M. Mendoza	Guillermo Cu-Unjieng
Daniel C. Samaniego	Guillermo Cu-Unjieng

The above-named nominators are not related to the persons they have respectively nominated for independent directors.

To comply with the Securities and Exchange Commission (SEC) Memorandum Circular No. 5 which became effective March 10, 2017, the Registrant submits herewith the Certificates of Qualification of the independent directors in the form prescribed by the SEC. The term limits of the independent directors shall be in accordance with SEC Memorandum Circular No. 9, Series of 2011, which became effective beginning January 2, 2012. The term limits of the independent directors shall be for a maximum cumulative term of nine (9) years in accordance with SEC Memorandum Circular No. 4, Series of 2017, which became effective March 9, 2017. The reckoning date of the cumulative nine-year term is from 2012.

On August 26, 2009, the Board unanimously approved a resolution to implement the proposed amendments to the Club's Manual on Corporate Governance to affirm the Club's policy to abide by the provisions of its By-laws in all aspects which are in conflict with the Club's Manual on Corporate Governance, especially the provisions on the powers and composition of the Nomination and Election Committee. Said proposed amendments were duly approved by the stockholders during the annual stockholders' meeting held on September 16, 2009. On July 30, 2010, the Club filed its Amended Manual on Corporate Governance with the SEC. One of the provisions amended was Sec. 2, Art. VI which originally provides that the Nomination Committee of the Club shall be composed of at least 3 directors, one of whom is an independent director. By virtue of the recent amendment, this provision now provides that "[t]he Nomination and Election Committee of the Club shall be composed of five (5) regular members in good standing. ..." The amendment was introduced because under the Club's By-laws, the members of the Nomination and Election Committee are not allowed to run for election as director. The rationale behind this prohibition is to avoid any potential conflict of

interest, since the duties of the said Committee include the validation of proxies, balloting and election, and as such, a director, who himself may be running for re-election, should not be allowed to sit in such Committee. In order to maintain confidence in the integrity and impartiality of the Nomination and Election Committee, a director, even one who is an independent director, must not be allowed to influence the nomination and election proceedings. Nonetheless, upon the instruction of the SEC, the matter of the composition of the Nomination and Election Committee to comply with SRC Rule 38 will in due course be taken up with the Club's Board of Directors and stockholders.

The Club's Nomination and Election Committee is presently composed of the following individuals, all of whom are regular members in good standings:

Renato Tobias	-	Chairman
Ranie A. Carlos	-	Member
Gene D. Lim	-	Member
Jose Morales	-	Member
Conrado Potenciano	-	Member

**(f) Other directorships held in reporting companies naming each company.**

Mr. Robert John L. Sobrepeña	-	Co-Chairman, Global-Estate Resorts, Inc.
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**(g) Family Relationship**

Mr. Robert John L. Sobrepeña is the son of Atty. Enrique A. Sobrepeña, Jr.

**(h) No Involvement in Legal Proceedings**

There are no events or legal proceedings occurring in the past five years up to this date that are material to an evaluation of the ability or integrity of any director or person nominated to become a director or executive officer of the Club.

The Club and its affiliates are parties to various legal actions or proceedings as disclosed in the Club's Annual Reports (SEC Form 17-A) filed with the SEC. However, in the opinion of management, the ultimate liability, if any, resulting from these actions or proceedings, will not have a material effect on the Club's financial position.

**(i) Significant employees**

<u>Significant Employees</u>	<u>Position</u>	<u>Age</u>
Mark Oswald Watson	General Manager & COO	70
Armando D. Sierra	Comptroller	57
John R. Cope	Director of Grounds	56
Jerome U. Delariarte	Golf Director	42
Charlie M. Panibe	Director of Engineering	48

*(j) Business experience of the significant employees of the Registrant for the last five years:*

Mark O. Watson

Mr. Mark O. Watson was appointed as the Club General Manager in May 2013. He has a diploma in Insurance and attended various courses in Management, Sales and Marketing. He also had trainings on golf rules qualifications. He has been in the golf industry for around 16 years. Among other companies he has worked with in the past are Sutera Harbour Golf & Country Club in Malaysia as Golf Operations Manager, Raffles Golf Bali in Bali, Indonesia as Chairman and Club Captain, and Titirangi Golf Club and Auckland Golf Incorporated in Auckland, New Zealand doing various amateur administration functions.

Armando D. Sierra

Mr. Armando D. Sierra became the Comptroller in March 2006. He is a Certified Public Accountant by profession. He has worked with the Club as Assistant Comptroller from 1995 to 2004 before he accepted the position of Chief Accountant of Ken Aqua Hotel & Resort in Saipan, USA. He has a degree in Bachelor of Science in Commerce, Major in Accounting, at the Polytechnic University of the Philippines.

John R. Cope

Mr. John Cope has over 30 years of experience in the golf course industry. He was appointed as the Club's Director of Grounds effective January 1, 2014. Prior to this, he has worked with Jack Nicklaus Design for over 21 years as a Senior Designer. During that period he has been assigned in various parts of the world and has designed 37 golf courses. Mr. Cope finished his B. S. in Landscape Horticulture in Colorado State University in 1986. He has been a member of the American Society of Golf Course Architects since 2007 and Golf Course Superintendents of America since 1980. He is currently running his own company, the Cope Design Limited, with offices in Manila and Hongkong.

Jerome U. Delariarte

Mr. Jerome U. Delariarte has been in the golf industry for over 14 years and has worked with Camp John Hay Golf Club in Baguio City as Golf Director from August 8, 2012 to June 30, 2014 after which he transferred to the Manila Southwoods Golf and Country Club and was appointed as the Club's Golf Director effective July 2, 2014. He has been an amateur player in various teams starting 2000 to 2003. He has also joined various professional tournaments like Asian Tour from 2005 to 2010, Philippine Golf Tour from 2008-2012 and The Razon Invitational Champion in 2005. Mr. Delariarte attended the University of Tennessee at Chattanooga USA for one and a half years starting August 2008 before deciding to focus on amateur and professional golf as a career and returned to the Philippines.

Charlie M. Panibe

Mr. Charlie Panibe has over 20 years of experience in electrical industry and extensive experience in property management engineering, building operation and maintenance, and electrical construction for medium and high rise buildings. He is a licensed Registered Master

Electrician by profession. Among other companies he has worked in the past are LGRM Engineering & Construction as Project In-Charge, ABS-CBN Broadcasting Corp. as Maintenance Shift Engineer, MDEC Corporation as Building Maintenance Supervisor, Paris Manila Technology Corporation, Excell Contractors and Developers, Inc., HTE Corporation, Kindea Phils. Corporation, and Romago, Inc.

***(k) Certain Relationships and Related Transactions***

Warbird Security and Investigation Agency, Inc (Warbird)

The Club entered into an agreement with Warbird for the deployment of security guards to secure and safeguard the Club's properties. The Club made noninterest bearing advances to Warbird, which are due and demandable. In return, the Club pays Warbird security fees. Payables arising from security fees are generally paid by the Club in cash at an average term of 30 days.

Manila Southwoods Homeowners' Association (MSHA)

In behalf of MSHA, the Club made prepayments for operating expenses of the sports club facilities which at the time the prepayments were made, were principally being used by members of the Club.

Over the years, members of the Club have continued using the Manila Southwoods Sports Club (Sports Club) and the Club had continued to make prepayments out of its own funds to partially defray the costs of the maintenance and continued operation of the Sports Club, with prepayments now aggregating to ₱25.2 million and ₱26.4 million as of December 31, 2017 and 2016 respectively, and are included under "Input value added tax and other current assets" and "Prepaid dues and other noncurrent assets" accounts. Pursuant to a BOD resolution dated October 29, 2003, the Club negotiated for the amortization of the prepayments. The negotiation includes the granting to all members of the Club playing rights or privilege to use the Sports Club facilities in exchange for a fee which shall be deducted from or offset against the prepayment until such advances are fully liquidated. In consideration for the use of the Sports Club facilities, effective May 31, 2006, the monthly fee shall be ₱100,000.00.

A supplement to the above mentioned agreement was made on November 12, 2007, in which the parties intend that all the payments made or to be made by the Club for the operation and maintenance of the Sports Club shall be considered as prepayment for all the monthly dues, which may be assessed for the use of the Sports Club facilities.

In 2015, it has been agreed upon that all payments made by the Club for the maintenance and continued operations of the Sports Club and the monthly fee is accounted for as "Members' dues and other charges" under "Costs and expenses" in the statements of comprehensive income.

On January 28, 2015, the BOD resolved that the amounts paid for the Sports Club for the year 2014 and henceforth shall be treated and booked as usage fees and not as advances pending the

negotiations and until such time that a formal arrangement with MSHA is finalized with respect to the use of the Sports Club.

#### Asia Pacific Golf Corporation (APGC)

The club had a golf car maintenance and golf cart rental agreement with APGC which were terminated in 2008 and 2013, respectively. The remaining payables arising from maintenance fees are currently due and demandable. Golf car rental operation was taken over and run by the Club since then. However, since the Club only owns 61 golf carts, it continues to transact with APGC upon need of the related party's service.

#### Golforce, Inc. (Golforce)

In 2003, the Club entered into a management agreement with Golforce for the Club's golf course maintenance. Pursuant to this agreement, Golforce maintains the playing condition of the golf course at a level acceptable to the Club. In consideration thereof, the Club pays Golforce a fixed amount ₱400,000 per month which was reduced to ₱200,000 effective July 1, 2010. Payables arising from maintenance fees generally have one-month term and are normally settled by offsetting the Club's advances to Golforce, which include gasoline consumption and other expenses of Golforce personnel. Maintenance agreement with Golforce was terminated on December 31, 2013. Although the agreement is already terminated, the Club continues to transact with Golforce.

#### Manila Southwoods Manor (MSM)/Club Leisure Management, Inc (CLMC)

The Club incurred expenses for the past accommodation and other related expenses of its officers. On the other hand, the Club charges MSM green fees in connection with MSM/CLMC's tourist program. Advances to MSM/CLMC are normally settled by offsetting the Club's green fee charges against the accommodation and other charges incurred by the Club's officers.

#### Transaction with Other Related Parties (Key Management Personnel)

	2019	2018	2017	2016
Short-term employee benefits	₱22,497,402	₱15,860,856	₱13,822,394	₱14,331,911
Retirement costs	866,956	1,289,175	1,038,829	1,005,216
	₱23,364,358	₱17,150,031	₱14,861,223	₱15,337,127

#### 6. *Compensation of Directors and Executive Officers*

<u>Name and Position</u>	<u>Year</u>	<u>Salary</u>	<u>Bonus</u>	<u>Other Accumulated Compensation</u>
Edward E. Dy - President & CEO	2019	None	None	₱40,000
	2018	None	None	26,449
	2017	None	None	42,353

Mark O. Watson – General Mgr. & COO	2019	₱3,023,824	None	None
	2018	2,936,456	None	54,100
	2017	3,196,074	None	140,660
Armando D. Sierra – Comptroller	2019	1,960,491	None	None
	2018	1,825,160	None	None
	2017	1,755,000	None	None
John R. Cope – Director of Grounds	2019	4,748,991	None	None
	2018	4,747,993	None	None
	2017	4,745,000	None	None
Jerome U. Delariarte – Golf Director	2019	975,351	None	300,000
	2018	933,447	None	300,000
	2017	910,000	None	300,000
Charlie M. Panibe – Director of Engineering )	2019	838,591	None	120,000
	2018	786,241	None	120,000
	2017	763,514	None	130,000
All Officers and Directors as Group Unnamed	2019	11,459,880	None	460,000
	2018	11,229,297	None	500,549
	2017	11,171,588	None	603,013
<p>(a) Mr. Jayson Yu was the Officer in Charge of the Club until Mr. Mark Watson was hired as the new General Manager effective June 2013.</p> <p>(b) Mr. Jerome Delariarte was hired as the new Golf Director of the Club effective July 2, 2014 as replacement of the resigned Golf Director, Mr. Jose Rafael Reyes.</p> <p>(c) Mr. Charlie Panibe was hired as the new Director of Engineering effective June 1, 2016 as replacement of Engr. Ariston Lico who availed his early retirement from the Club.</p>				

All Club directors are not paid any salary for their services to the Club. Their compensation is in the form of exemption from the payment of monthly dues of ₱4,000.00 and locker rental, a monthly consumable of ₱3,000.00 for charges within the Club if they attend a monthly regular Board of Directors meeting, 40 rounds of free green fee per year and reserved parking.

There are no standard arrangements pursuant to which directors are compensated or are to be compensated, or is to be compensated for any services provided as director including committee participation or special assignments for the last completed year and the ensuing year.

There are neither other arrangements nor consulting contracts pursuant to which any director of the Club is compensated or is to be compensated directly or indirectly during the Club's completed fiscal year and the ensuing year for any service provided as a director.

There are no employment contracts between the Club and any named executive officer except for the standard arrangement for an employer-employee relationship. There are no compensatory plans or arrangements, including payments to be received from the Club, with respect to a named executive officer which resulted or will result from the resignation, retirement, or any other termination of such executive officer's employment with the Club or from a change-in-control of the Club or a change in the named officer's responsibilities.

There are no outstanding warrants or options held by any of the Club's executive officers. Consequently, there were no adjustments or amendments to any exercise price of stock warrants or options previously awarded to any officers or directors of the Club.



**7. *Independent Public Accountant; Audit Committee***

- (a) The auditing firm named below will be recommended to the stockholders for re-appointment as the Registrant's principal accountant for the ensuing fiscal year.

Isla Lipana & Co.  
(PricewaterhouseCoopers-Philippines)  
29<sup>th</sup> Floor, Philamlife Tower  
8767 Paseo de Roxas 1226  
Makati City, Metro Manila  
Handling Partner: Alexander B. Cabrera

- (b) Isla Lipana & Co. was the principal accountant of the Registrant for the fiscal year most recently completed (December 31, 2019).
- (c) Representatives of Isla Lipana & Co. are expected to be present at the stockholders' meeting; they will have the opportunity to make a statement if they desire to do so, and they are expected to be available to respond to appropriate questions.
- (d) Audit Committee – The members of the Club's Audit Committee are as follows:

Alfredo M. Mendoza	- Chairman (Independent Director)
Daniel C. Samaniego	- Member (Independent Director)
Renato E. Lirio	- Member
Federico P. Campos III	- Member
Alberto Q. Avanceña	- Member
Jose R. Cedo	- Member
Jayson Q. Yu	- Member

- (e) There were no changes in, or disagreements with, accountants on accounting and financial disclosures.

**8. *Compensation Plans***

There is no action to be taken during the meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed to any person.

**C. ISSUANCE AND EXCHANGE OF SECURITIES**

**9. *Authorization or Issuance of Securities Other Than for Exchange***

There is no action to be taken during the meeting with respect to the authorization or issuance of any securities of the Registrant.

**10. *Modification or Exchange of Securities***

There is no action to be taken during the meeting with respect to the modification or any class of securities of the Registrant, or the issuance or authorization for issuance of one class of securities of the Registrant in exchange for outstanding securities of another class.

**11. *Financial and Other Information***

Financial statements meeting the requirements of SRC Rule 68 and other information required under SRC Rule 20 are attached or incorporated in this Information Statement.

**12. *Mergers, Consolidations, Acquisitions and Similar Matters***

There is no action to be taken during the meeting with respect to mergers, consolidations, acquisitions or similar matters involving the Registrant.

**13. *Acquisition or Disposition of Property***

There is no action to be taken during the meeting with respect to the acquisition or disposition of any property of the Registrant.

**14. *Restatement of Accounts***

There is no action to be taken during the meeting with respect to the restatement of any asset, capital or surplus account of the Registrant.

**D. OTHER MATTERS**

**15. *Action with Respect to Reports***

- (a) Approval/ratification of the minutes of the annual meeting of stockholders held on September 16, 2009 (As previously disclosed to the SEC, the annual meetings which were supposed to have been held on September 15, 2010, June 8, 2011, December 14, 2011, June 5, 2013, August 27, 2014, September 16, 2015, August 20, 2016, September 27, 2017, September 26, 2018, and October 30, 2019 failed to proceed due to lack of quorum. Also, the annual meeting that was supposed to be held on August 29, 2012 did not push through due to a Temporary Restraining Order.). Approval of said minutes shall constitute a confirmation of the accuracy and faithfulness of the recording all the matters and events that transpired in the meeting as stated in the said minutes, namely: (i) approval of the minutes of the 2008 annual meeting; (ii) the ratification of the acts of the Board of Directors for the period 2008-2009; (iii) the selection of Sycip Gorres Velayo & Co. as independent auditors; and (iv) the election of the Board of Directors for the year

2008-2009. This will not constitute a second approval of the same matters that were already approved during the annual stockholders' meeting in 2009.

- (b) Ratification of the Acts of the Board of Directors and Officers, which refer to those passed or undertaken by them during the year and for the day to day operations of the Company as contained or reflected in the minute books, annual report and financial statements, for the period October 30, 2019 to December 18, 2020, to wit: (i) installation project of kitchen fire suppression and gas leak detection system; (ii) admission of Club membership applicants; (iii) public auction of delinquent shares; (iv) adjustment on the Club's peak season rates; (v) renewal of D&O liability insurance; (vi) renewal of health insurance policies; (vii) annual salary increase for employees; (viii) release of restricted funds; (ix) budget for construction of golf car parking extension, men's locker room shower renovation; (x) imposition of fines and suspensions on members based on incident reports reviewed by the Board; (xi) golf tournaments; (xii) allocation of special relief funds for Taal Volcano evacuees; (xiii) purchase of utility tractors; (xiv) opening of corporate internet banking and bank accounts; (xv) budget allocation for purchase of air purifiers and washable face masks; (xvi) COVID-19 protocols, contact tracing, testing, and quarantine policies, (xvii) approval of the Audited Financial Statements of the Club for the year ended 2019, among others.
- (c) Selection of Isla Lipana & Co. as independent auditors.
- (d) Election of Directors

Election of eleven (11) directors, including the Independent Directors, who shall hold office for one (1) year and until their successors are duly elected and qualified. The following are the nominees for the Board of Directors:

1. Federico P. Campos III
2. Edward E. Dy
3. Rhais M. Gamboa
4. Francisco C. Gonzales
5. Renato E. Lirio
6. Alfredo M. Mendoza
7. Rafael Perez de Tagle, Jr.
8. Daniel C. Samaniego
9. Ferdinand T. Santos
10. Enrique A. Sobrepeña
11. Robert John L. Sobrepeña

#### **16. *Matters Not Required to be Submitted***

There is no action to be taken during the meeting with respect to any matter which is not required to be submitted to a vote of the security holders of the Registrant.

#### **17. *Amendment of Charter, By-laws or Other Documents***

There are no proposed amendments to the charter documents.

## **18. Other Proposed Actions**

There is no action to be taken during the meeting with respect to any matter not specifically referred to above.

## **19. Voting Procedures**

### *(a) Approval/ratification of the minutes of the annual stockholders' meeting held on September 16, 2009*

- (1) Vote required: A majority of the outstanding common shares present in person, in absentia or by proxy constituting a quorum.
- (2) Method by which votes shall be counted: Each outstanding common share shall be entitled to one (1) vote.

### *(b) Ratification of the acts of the Board of Directors and Officers*

- (1) Vote required: A majority of the outstanding common shares present in person, in absentia or by proxy constituting a quorum.
- (2) Method by which votes shall be counted: Each outstanding common share shall be entitled to one (1) vote.

### *(c) Appointment of Independent External Auditors*

- (1) Vote required: A majority of the outstanding common shares present in person, in absentia or by proxy constituting a quorum.
- (2) Method by which votes shall be counted: Each outstanding common share shall be entitled to one (1) vote each.

### *(d) Election of Directors*

- (1) Vote required. The eleven (11) candidates receiving the highest number of votes shall be declared elected.
- (2) Method by which votes will be counted. A stockholder entitled to vote shall have the right to vote in person, *in absentia* or by proxy the number of shares of stock standing in his own name in the stock books of the Registrant as of the Record Date, and said stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by

him as shown in the books of the Registrant multiplied by the whole number of directors to be elected.

Counting of votes will be done by balloting. Votes cast in the election of directors shall be counted by the Nomination and Election Committee and/or the canvassing body, while those for other actions shall be counted by the Corporate Secretary.

**PART II**  
**INFORMATION REQUIRED IN A PROXY FORM**

**1.     *Identification***

This proxy is being solicited for and on behalf of the Registrant.

**2.     *Instruction***

- (a) In accordance with the Electoral Code of the Registrant, the Registrant shall issue and cause to be delivered the Registrant's official pre-numbered proxy forms to all stockholders in good standing and recorded as such in the stock and transfer of the Club as of the record date. The proxy of a corporate stockholder shall be accompanied by a notarized Secretary's Certificate of the resolution of its board of directors appointing its proxy and the person authorized to accomplish the proxy.
- (b) Duly accomplished proxies issued by the Registrant may be e-mailed, sent by courier or by postage mail, or submitted personally to the Corporate Secretary of the Club not later than 5 p.m. of December 8, 2020 at the following address:

*E-mail:* southwoods.asm2020@gmail.com

The Corporate Secretary  
c/o The Manila Southwoods Golf and Country Club  
Bo. Cabilang Baybay, Carmona, Cavite, Philippines

- (c) Validation of proxies will be conducted by the Nomination and Election Committee together with the Stock Transfer Agent of the Registrant on December 11, 2020 at 10:00 a.m. at the principal office of the Registrant at Bo. Cabilang Baybay, Carmona, Cavite.
- (d) If the name of the proxy is left in blank, the person to whom it is given or the issuer corporation receiving the proxy is at liberty to fill in any name he/it chooses.
- (e) The manner in which this proxy shall be accomplished, as well as the validation hereof shall be governed by the provisions of SRC Rule 20 (11)(b) and the Electoral Code of the Registrant, and such other rules and regulations consistent therewith that may be promulgated from time to time by the Nomination and Election Committee.
- (g) The proxy, when properly executed, will be voted in the manner as directed by the stockholder. If no direction is made, the proxy will be voted for the items stated therein at the discretion of the Proxy.

**3.     *Revocability of Proxy***

Any individual stockholder who executes the proxy enclosed with this statement may revoke it at any time before the validation of proxies on December 11, 2020 at 10:00 am by submitting either (i) the original signed letter of revocation by mail, courier or manual delivery

to the front desk of the Club's principal office at Southwoods Avenue, Barrio Cabilang Baybay, Carmona, Cavite; or (ii) a scanned copy thereof by email at the Club's email address at *southwoods.asm2020@gmail.com*.

#### **4. *Persons Making the Proxy Solicitation***

The solicitation of proxy is made by the Registrant through email, courier or personal delivery. The Registrant will shoulder the cost of solicitation.

Registrant does not intend to bring any matter before the meeting other than those set forth in the notice of the annual meeting of stockholders and does not know of any matter to be brought before the meeting by others. If any other matter does come before the meeting, the proxy shall vote in the manner indicated by the stockholder, or if no such indication is made, in accordance with proxy's discretion.

**ACCOMPANYING THIS INFORMATION STATEMENT IS A COPY OF THE NOTICE OF THE ANNUAL STOCKHOLDERS' MEETING CONTAINING THE AGENDA THEREOF, PROXY/BALLOT FORM, AND A COPY OF THE REGISTRANT'S MANAGEMENT REPORT PURSUANT TO SRC RULE 20 (4).**

**UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE REGISTRANT WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE REGISTRANT'S ANNUAL REPORT IN SEC FORM 17-A DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.**

**ALL REQUESTS MAY BE SENT TO THE REGISTRANT AT ITS PRINCIPAL OFFICE THROUGH ITS COMPTROLLER, MR. ARMANDO SIERRA.**

**PART III**  
**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on November 24, 2020.

The Manila Southwoods Golf & Country Club, Inc.  
By:

  
**DELFIN P. ANGCAO**  
**Corporate Secretary**

*ASM 18Dec20 Definitive IS*



**THE MANILA SOUTHWOODS GOLF  
& COUNTRY CLUB, INC.  
(A NONPROFIT CORPORATION)**

**MANAGEMENT REPORT**

**For the  
2020 Annual Meeting of the Stockholders  
Pursuant to SRC Rule 20 (4)**

## FINANCIAL INFORMATION

### **(A) Management's Discussion and Analysis and Plan of Operation**

#### **Fiscal Year 2019 and 2018**

##### **Balance Sheet**

Total assets of the club as of December 31, 2019 and 2018 is ₱5.4 billion. Balance sheet accounts with significant movements from the previous year are as follow:

**Cash and cash equivalent.** Cash account increased by ₱6.8 million or 11.8%, from ₱58.0 million to ₱64.8 million, arising from higher collection of various prepaid fees which were booked under contract liabilities.

**Receivables.** Receivable decreased by ₱2.1 million or 8.8%, from ₱23.6 million to ₱21.5 million, due to liquidation of various advance payment to suppliers & contractors brought by completed renovation projects during the year, and completion of the 2-year special assessment to the general membership.

**Inventories.** Increased by ₱4.2 million or 29.5%, from ₱14.4 million to ₱18.6 million, attributed to the purchase of golf merchandise for sale when the club took over the pro shop operations starting January 1, 2019, and the timing of warehouse stock replenishment for the club's consumption. Pro shop used to be operated by an outside concessionaire with a fix rental fee.

**Property and equipment.** Decreased by ₱23.0 million or 6.8%, from ₱336.3 million to ₱313.3 million, mainly due to net effect of depreciation expense on top of capital expenditures during the year.

**Retirement benefit assets.** Registered a balance of ₱1.0 million as compared to nil from the previous year representing the annual contribution in excess to the estimated retirement cost based on the latest actuarial valuation prepared by the independent actuary for the year ended December 31, 2019.

**Prepaid dues and other noncurrent assets.** Increased by ₱8.0 million or 31.9%, from ₱25.0 million to ₱33.0 million, due to number of shares sold on installment payable between three (3) to five (5) years, and the recognition of additional input VAT brought by the nullification of RMC No. 35-2012 exempting the monthly dues and other similar fees from VAT.

**Accounts payable and other current liabilities.** Accounts payable and other current liabilities decreased by ₱2.2 million or 3.0%, from ₱71.7 million to ₱69.5 million, brought by full payment of outstanding liabilities with various contractors/suppliers for the completed renovation projects.

**Unearned receipts.** Increased by ₱9.5 million or 18.5%, from ₱51.7 million to ₱61.2 million, representing more membership and similar fees received during the year subject to amortization in relation to the adoption of PFRS 15 which took effect on January 1, 2018 where portion of the membership fees, annual assignment fees, monthly dues and green fees are being amortized over a certain period of time.

**Lease liabilities.** Increased by ₱8.7 million or 61.0%, from ₱14.2 million to ₱22.9 million, due to new acquisition of turf maintenance equipment and rental golf carts through finance lease during the year.

**Income tax payable.** Decreased by 100%, from ₱0.3 million to nil due to the effect of the recent supreme court ruling that the membership fees, membership dues, and fees of similar nature collected by clubs which are organized and operated exclusively for the pleasure, recreation, and other nonprofit purposes are not subject to income tax and VAT.

**Retirement benefit liability.** Decreased by 100.0%, from of ₱3.1 million to nil, due to full contribution consists of retirement costs covering the current service costs for the year plus payment toward funding the accrued retirement costs during the year.

**Excess of proceeds over cost from re-issuance of shares of delinquent shareholders.** Increased by ₱10.8 million or 70.9%, from ₱15.2 million to ₱26.0 million, due to re-issuance of various class “A” and class “B” shares for ₱1.5 million and ₱2.0 million, respectively, during the year.

### **Result of Operations**

The Club registered an excess of receipts over expenses before depreciation and income tax amounting to ₱17.6 million for the current year as compared to ₱34.0 million of the previous year or a decrease of ₱16.3 million or 48.1%, brought by the increase in revenues and expenses with the following highlights.

**Revenues from club operations and receipts from members.** Total revenue from club operations and receipts from members for the year is ₱243.5 million as compared to ₱241.1 million of the previous year, or increased by ₱2.5 million or 1.0%. Revenue items with an increase/decrease of 5% and above are as follow:

Membership Fees – increased by ₱3.8 million or 29.8%, from of ₱12.9 million to ₱16.7 million, due to the increase of membership fee from ₱145,000 to ₱200,000 per new applicant, and the higher amortization of revenue from the previous year in relation to the adoption of PFRS 15.

Annual playing rights fees – increased by ₱1.2 million or 22.4% due to the increase of assigned fee from ₱45,454 to ₱100,000 per assignee, and additional new playing right holders during the year.

Special Assessment – decreased by ₱20.1 million or 77.3%, from of ₱26.0 million to ₱5.9 million, due to completion of two (2) years assessment to the general membership which was started in April 2017 and was completed in March 2019. Special assessment was imposed to raise funds earmarked for various renovation works of club facilities including the greens renovation of the masters course.

Green fees and tourist fees - increased by ₱4.5 million or 10.9%, from of ₱41.1 million to ₱45.6 million, brought by the higher number of guest patronage during the year which is attributed to the excellent playing condition of the club’s golf courses.

Locker, golf cart and equipment rental fees – increased by ₱3.5 million or 20.6%, from of ₱17.0 million to ₱20.5 million, due to additional rental golf cart fleet purchased on the last part of 2018 and the effect of higher number of guests during the year.

Sale of golf merchandise – a new revenue item from the in-house operation of golf pro shop beginning January 1, 2019 which was being operated previously by a concessionaire. Total sale of golf merchandise during the year is ₱8.0 million.

Concessionaires fee – decreased by ₱0.9 million or 69.6%, from ₱1.3 million to ₱0.4 million, representing the lost rental fee from golf pro shop due to non-renewal of rental agreement with the concessionaire.

Other income – increased by ₱0.3 million or 28.5% which is mainly attributed to the timing of disposal of saleable scrap materials, and more function room rental income arising from member-sponsored tournaments.

**Costs and Expenses.** Operating expenses of the Club increased by ₱19.2 million or 9.2%, from ₱208.1 million to ₱227.3 million, highlighting the expense items with significant movements from the previous year.

Salaries and wages - increased by ₱3.3 million or 6.1%, from ₱53.2 million last year to ₱56.5 million this year, brought by salary adjustment for various department heads, annual performance evaluation increase for supervisors, regularization of various agency hired employees occupying regular positions, and hiring of golf pro shop staff.

Repairs and maintenance – increased by ₱12.5 million or 37.7%, from ₱33.3 million last year to ₱45.8 million this year, due to more number of renovation projects completed during the year such as rehabilitation of eight (8) greens at the masters course, renovation of mens locker shower area and jacuzzi at the main club, rehabilitation of deepwell at masters # 5, repair of local break switch assembly at the main club, repair of bridge and rip rapping works at legends # 14, and purchase of zion zoysiagrass for tee boxes, among others.

Security and janitorial – increased by ₱1.6 million or 8.8% due to differential billing adjustment from prior year's minimum wage adjustment.

Materials and supplies – increased by ₱0.9 million or 5.3%, from ₱18.1 million to ₱19.0 million, brought by price increases of various commodities and higher consumption of golf operations supplies due to higher number of players during the year.

Fuel and oil – decreased by ₱0.5 million or 6.0% brought by series of fuel pump price adjustments during the year.

Contracted services – decreased by ₱2.2 million or 28.8% due to regularization of various agency hired employees occupying regular positions.

Cost of sales of inventories – a new line expense item representing the cost of inventories sold at the pro shop during the year amounting to ₱5.0 million.

Taxes and licenses - decreased by ₱1.0 million or 21.5% representing the one-time payment incurred in 2018 for the payment of regulatory fees with the Laguna Lake Development Authority (LLDA) in securing the LLDA Clearance and Discharge Permit.

Professional fees – increased by ₱1.4 million or 61.3% representing accumulated billing for services rendered by the club’s legal counsel on various legal cases, rate adjustment for the club’s internal auditor for corporate governance, and the payment for Pro shop consultant that started in 2019.

Retirement benefit expense – decreased by ₱1.2 million or 29.8% due to adjustment made based on the latest actuarial valuation done by an independent actuary as of December 31, 2019.

Meetings and conferences – increased by ₱0.2 million or 12.7% which is mainly attributed to the frequency and venue of meetings/conferences during the year particularly the membership interviews.

Members’ dues and other charges - decreased by ₱1.7 million or 58.2% representing the additional expense incurred in 2018 for the payment of separation pay of sports club employees.

Printing and reproduction – decreased by ₱0.2 million or 46.9% representing cost incurred in 2018 for printing of new forms and replacement of various signages.

**Interest income.** Increased by ₱0.6 million or 28.0% due to time deposit placement of various restricted funds during the year.

**Interest expense.** Increased by ₱0.2 million or 20.5% due to new finance leases for the acquisition of various maintenance equipment and additional rental golf cart fleet.

**Depreciation expense.** Decreased by ₱2.4 million or 5.0% due to additional fully depreciated equipment and other assets of the club during the year.

### **Fiscal Year 2018 and 2017**

#### **Balance Sheet**

Total assets of the club as of December 31, 2018 and 2017 is ₱5.4 billion. Balance sheet accounts with significant movements from the previous year are as follow:

**Cash and cash equivalent.** Cash account increased by ₱27.2 million or 88.4%, from ₱30.8 million to ₱58.0 million, arising from higher revenues during the year particularly the transfer fee, green fee, tournament fee, special assessment fee, and collection of some prepaid fees which were booked under contract liabilities.

**Receivables.** Receivable increased by ₱2.4 million or 11.2%, from ₱21.2 million to ₱23.6 million, brought by higher sales during the year and the reclassification of overpayment of members to deferred liability account.

**Materials and supplies.** Increased by ₱2.6 million or 21.6%, from ₱11.8 million to ₱14.4 million, which is attributed mainly to the timing of stock replenishments at the warehouse particularly the chemicals/herbicides and spare parts for turf maintenance equipment.

**Input value added tax and other current assets.** Decreased by ₱1.2 million or 10.0%, from ₱11.7 million to ₱10.5 million, due to liquidation of deposit from fully paid solar assisted air conditioning units which were acquired through financing and the amortization of various prepayments.

**Property and equipment.** Decreased by ₱28.6 million or 7.8%, from ₱364.9 million to ₱336.3 million, mainly due to the depreciation expense during the year.

**Prepaid dues and other noncurrent assets.** Decreased by ₱2.8 million or 10.0%, from ₱27.8 million to ₱25.0 million, brought by amortization of prepaid dues and installment receivables during the year.

**Accounts payable and other current liabilities.** Accounts payable and other current liabilities decreased by ₱7.2 million or 9.2%, from ₱78.9 million to ₱71.7 million, due to reclassification of deferred membership dues and other deferred revenues to contract liability account.

**Current portion of contract liabilities.** A new liability account in relation to the adoption of PFRS 15 effective January 1, 2018 where portion of the membership fees, annual assignment fees, monthly dues and green fees will be amortized over the period the members are expected to make use of the Club's services or goods. Current portion of contract liabilities of the Club as of December 31, 2018 is ₱30.6 million.

**Income tax payable.** This represents the income tax due to the government amounting to ₱0.3 million arising from Club operations as compared to nil from the previous year.

**Current portion of obligations under finance lease.** Decreased by ₱1.0 million or 13.1%, from ₱7.3 million to ₱6.3 million, due to payment of amortizations during the year.

**Noncurrent portion of contract liabilities.** Noncurrent portion of contract liabilities of the Club in relation to the adoption of PFRS 15, as discussed under current liability account, is ₱21.1 million.

**Noncurrent portion of obligations under finance lease.** Increased by ₱4.8 million or 159.9%, from ₱3.0 million to ₱7.8 million, brought by the acquisition of 28 units new electric golf cart through financing in the last quarter of 2018.

**Accrued retirement benefit costs.** Decreased by ₱10.0 million or 76.7%, from of ₱13.1 million to ₱3.1 million, due to contribution remittances by the Club to the Retirement Fund during the year.

### **Result of Operations**

The Club registered an excess of revenue over expenses before depreciation expense for 2018 amounting to ₱34.0 million as compared to ₱22.6 million of the previous year with an increase of ₱11.4 million or 50.5%.

**Revenues.** Total revenues for the year is ₱241.1 million as compared to ₱229.3 million of the previous year, with an increase of ₱11.8 million or 5.1%. Revenue items with increase/decrease of 5% and above are as follow:

Green fees and tourist fees - increased by ₱7.2 million or 21.2%, from of ₱33.9 million to ₱41.1 million, brought by higher number of guest patronage during the year which is attributed to well-maintained world-class golf facility of the Club.

Special Assessment – increased by ₱3.4 million or 15.2%, from of ₱22.6 million to ₱26.0 million, due to full year's collection of special assessment in 2018 as compared to nine (9) months in 2017.

Transfer Fees – increased by ₱7.5 million or 83.5%, from of ₱9.0 million to ₱16.5 million, brought by higher number of share transfers during the year.

Membership Fees – decreased by ₱4.0 million or 23.8%, from of ₱16.9 million to ₱12.9 million, brought by the deferral of portion of membership fees for amortization due to the adoption of PFRS 15.

Tournament fees – increased by ₱2.9 million or 84.0%, from ₱3.5 million last year to ₱6.4 million this year, brought by higher number of member-sponsored tournaments and higher number of tournament participants during the year.

Annual playing rights fees – increased by ₱1.0 million or 22.0% due to utilization of various club acquired delinquent shares for assignment of playing rights, plus the new assignees of the individual shareholders.

Others – increased by ₱0.50 million or 69.8% which is attributed to the timing of disposal of saleable scrap materials and more function room rentals arising from the increasing number of member-sponsored tournaments.

**Costs and Expenses.** Operating expenses of the Club increased by ₱1.1 million or 0.6%, from ₱207.0 million to ₱208.1 million, with the following highlight of expense items with significant movements from the previous year:

Personnel costs - increased by ₱3.4 million or 4.9%, from ₱69.1 million last year to ₱72.5 million this year, brought by salary adjustment for the department heads and supervisors, and benefit adjustments for rank and file employees based on the updated/new CBA that took effect on January 1, 2018.

Repairs and maintenance – increased by ₱3.6 million or 12.1%, from ₱29.7 million last year to ₱33.3 million this year, brought by emergency repairs of feeder line at the maintenance complex, top overhauling of generator set at the main clubhouse, and various purchase of various major parts for the repair of turf maintenance equipment.

Light and water - increased by ₱3.9 million or 22.0%, from ₱17.6 million last year to ₱21.4 million this year, due to price adjustments on electricity during the year.

Materials and supplies – increased by ₱1.9 million or 11.7%, from ₱16.2 million to ₱18.1 million, brought by price increases of commodities and higher consumption of various golf operations supplies brought by higher number of players during the year.

Fuel and oil – increased by ₱2.4 million or 46.1% brought by the series of fuel pump price increases during the year.

Taxes and licenses - increased by ₱1.3 million or 36.6% representing payment of regulatory fees with Laguna Lake Development Authority (LLDA) in securing the LLDA Clearance and Discharge Permit.

Members' dues and other charges - increased by ₱0.2 million or 6.9% brought by payment of separation pay of sports club employees in February 2018.

Communications - decreased by ₱0.4 million or 15.4% due to termination of old telephone system which were previously on parallel use with the new telephone system.

Meetings and conferences – decreased by ₱0.1 million or 7.4% which is mainly attributed to frequency and venue of meetings/conferences during the year.

Bank charges – increased by ₱0.2 million or 12.6% due to higher volume of credit card transactions brought by higher collection of revenues during the year.

Entertainment, amusement and recreation - increased by ₱0.4 million or 38.6% brought by the club's sponsorship and participation to 2018 Resorts Worlds Run With Me, and support to Kalibo Aklan livelihood programs for the benefits of Autism Hearts Philippines.

Transportation and travel – decreased by ₱0.4 million or 31.6% representing the travel expenses incurred in 2017 by club representatives to Singapore and Kuala Lumpur for the reciprocity arrangement with other golf clubs.

Tournament Expense – decreased by ₱0.8 million or 58.7 % representing the expenses incurred by the club in 2017 for Southwoods Invitational, Anniversary Tournament, and Founding Circles tournament.

Printing and reproduction – decreased by ₱4.9 million or 93.1% representing the cost incurred by the club in 2017 for the printing of 3,000 copies of Coffee Table Book in relation to the 25<sup>th</sup> anniversary celebration of the Club.

Rental – increased by ₱0.1 or 71.4% brought by the rental of generator set as a back-up power supply while the top overhauling of generator set at the main clubhouse was underway.

Club events - costs incurred by the club in 2017 amounting to ₱9.9 million in celebration of the club's 25<sup>th</sup> anniversary such as community service relations, tournaments, gala night, and grand raffle draw, among others.

Others – increased by ₱0.3 million or 10.1% due to purchase of various materials for the set-up of butterfly garden in relation to the audubon programs of the club, and replenishment of various supplies for the new club members.

**Provision for income tax.** Increased by ₱0.4 million or 35.9% as a result of higher net income by the club during the year.

**Interest income.** Increased by ₱0.8 million or 64.0% brought by higher interest and penalty charges collected from members with overdue accounts, and higher interest on bank deposits.



## **Liquidity**

The Club has a current ratio of 0.99:1.00 as of December 31, 2019 as compared to 0.98:1.00 as of December 31, 2018. Despite the Club has a negative working capital, the management is confident that it has sufficient resources to sustain its day to day operation and pay-off financial obligations as they mature. The Club has available shares acquired from the delinquent shareholders which can be re-issued anytime when there is a need to raise additional funds for its operation. During the year, the Club sold nine (9) Class “A” shares at ₱1.5 million and four (4) Class “B” shares at ₱2.0 million for combined total amount of ₱21.5 million. As of December 31, 2019, the Club has a total of 150 delinquent shares acquired through auctions. Further, the Club may also to impose special assessment to its general membership or increase the monthly dues when the need arises.

The Club is a respondent in other cases arising from the normal course of business. Any potential liability is likely to have a repayment period of more than a year and would probably be classified to noncurrent liabilities thereby the Club’s current ratio will not be materially affected.

Except for the contingent liability discussed above, there are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Club’s liquidity increasing or decreasing in any material way.

## **Top Five (5) Key Performance Indicators**

The Club identifies its top five (5) key performance indicators as follows:

1. Net working capital (current assets less current liabilities)
2. Current ratio (current assets over current liabilities)
3. Base equity (members’ equity over total liabilities)
4. Collection from membership dues and consumables
5. Earnings before depreciation (EBD)

Net working capital and current ratio measures the liquidity or short-term debt paying ability of the Club. Having a positive net working capital and current ratio of at least 1:1 is a fair indication of liquidity. The negative net working capital and 0.99:1.00 current ratio as of December 31, 2019 was discussed under the liquidity section above.

Base equity measures the dependence of the Club on its shareholders or creditors in meeting its financial obligations. A base equity of at least 25% is a good indication of a healthy capitalization. As of December 31, 2019, the Club has a base equity of 325% as compared to 330% in 2018. The decrease was due to excess expenses over revenues after the depreciation during the year brought by various renovation projects done during the year.

The benchmark average monthly collection from membership dues and consumables of about ₱9.3 million for 2019 and 2019 is based on the monthly dues of ₱4,000 for about 2,200+ members and unused consumables of ₱500 about 1,000+ members. An additional monthly collection of about ₱3.3 million was also realized in 2019 from the membership fees of the new members, transfer fees and annual assignment fees. The average monthly collection of membership dues, unused consumables, and other related joining fees is a good indication of the Club’s ability to sustain its fixed revenue and collection target.

Having a positive EBD determines that the Club can sustain viable and normal operation being a non-profit organization. Club operations registered positive EBD of ₱17.6 million and ₱34.0 million for 2019 and 2018, respectively. The decrease is attributed to the number of renovation projects completed during the year.

### **Others**

Except for the items discussed under liquidity caption above, there are no other events that will trigger direct or contingent financial obligation that is material to the Club, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Club with unconsolidated entities or other persons created during the reporting period.

The Club is continually doing the renovation projects and improvement programs for its facilities such as greens renovation at the masters course, upgrading of turf maintenance equipment, rehabilitation of deepwells and pumps, and renovation of mens locker shower area and jacuzzi, among others. Part of the remaining projects funded by the special assessment will be carried over to 2020 for completion. The club's 2020 budget allocation for special projects to be funded by operation is ₱30.0 million mostly for the house and grounds maintenance projects.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

The club does not have any significant elements of income or loss that did not arise from continuing operations during the year.

There are no seasonal aspects that had a material effect on the financial condition and results of operation of the club.

Causes for material (5%) changes from period to period aside from those already discussed in the comparative analysis of full fiscal years above are as follow:

### **Balance Sheets**

#### **Receivables:**

- **Members** - decreased by ₱3.0 million or 21.2% due to completion of 2-year special assessment in March 2019.
- **Current portion of installment receivables** – increased by ₱2.3 or 152.5% due to additional re-issuance of delinquent shares acquired from auctions on installment basis during the year.
- **Advances to officers and employees** - increased by ₱0.7 million or 26.0% representing various advances for sports and games activities subject to liquidation.
- **Advances to suppliers and contractors** - decreased by ₱1.6 million or 49.7% due to the liquidation of various advances to contractors in relation to completed renovation projects during the year.
- **Receivables from related parties** – decreased by ₱0.2 million or 77.5% representing liquidation of down payment to certain contractor for the renovation of greens at the masters course.

- **Other receivables** – decreased by ₱0.3 million or 16.7% due to collection of various sponsorships of contractors and suppliers to club events through offsetting arrangement.

#### **Materials and supplies:**

- **Spare parts** - increased by ₱0.4 million or 10.5% due to purchases of various major parts for the repair and maintenance of various turf maintenance equipment.
- **Inventories for sale** – a newly created inventory item representing the golf items for sale at the pro shop with a total value of ₱3.6 million. Pro shop was previously being operated by an outside contractor until the Club took over its operation starting January 1, 2019.

#### **Prepayments and other current assets:**

- **Input VAT** - decreased by ₱0.9 million or 30.1% due to the application accumulated input VAT from capital expenditures against output tax payable during the year.
- **Prepaid tax** – registered a total amount of ₱0.7 million as compared to nil from the previous year arising from lower computed taxes for the year.

#### **Other non-current assets:**

- **Prepaid dues** - decreased by ₱1.2 million or 5.5% representing the amortization of ₱100 thousand monthly for the perpetual use of the sports club facilities by the club members.
- **Installment receivable, net of current portion** – increased by ₱5.5 million or 1,016.7% due to re-issuance of eight (8) acquired delinquent shares on installment payment during the year.
- **Deferred input VAT** – increased by ₱3.7 million or 23,297.3% attributed to input VAT on various capital expenditures during the year, and reclassification account balance from current asset.

#### **Payables:**

- **Deferred liabilities** – increased by ₱1.1 million or 13.6% due to deferred recognition of portion of membership fees and assignment fees collected during the year in connection with the adoption of PFRS 15.
- **Deposit from members** - decreased by ₱3.7 million or 31.6% due to consumption of consumable charges by the members and lower number of advance payments received during the year.
- **Sinking fund** - increased by ₱2.7 million or 312.5% due to higher allocations during the year for inter-club tournaments/events.
- **Withholding taxes** - increased by ₱0.3 million or 43.3% representing the increase on taxes withheld from the payroll and transactions with contractors and suppliers due for remittance to the BIR.
- **Other accruals** - decreased by ₱2.4 million or 63.2% due to completion of various rehabilitation projects during the year.
- **Payables to related parties** - increased by ₱0.3 million or 58.3% mainly due to the timing of offsetting of receivables with various related parties.
- **Other payables** - decreased by ₱0.6 million or 19.8% due to reclassification of various account balances in relation of club events from the previous years.

#### **Interim Financial Statements**

Current assets of the Club increased by ₱15.4 million or 13.4% in the first three quarters of 2020, from ₱115.4 million as of December 31, 2019 to ₱130.8 million as of September 30, 2020. The positive variance is attributed to cash and cash equivalents brought by income from operations (before depreciation expense), increase in pro shop inventories due to decreased sales and lower

consumption of materials and supplies as a result of temporary closure of club operations brought by the Enhanced Community Quarantine (ECQ), and the decrease on prepayments due to the amortizations and the utilization of input VAT.

Noncurrent assets on the other hand decreased by ₱36.5 million or 0.7%, from ₱5.24 billion to ₱5.21 billion, due to the depreciation expense, decrease on retirement benefit assets brought by the additional benefits provision, and the decrease in other noncurrent assets due to amortization of prepayments.

Total Assets of the Club as of September 30, 2020 and December 31, 2019 is ₱5.34 billion and ₱5.36 billion, respectively.

Total liabilities of the Club decreased by ₱7.6 million or 0.6% mainly due to the finance lease amortizations for the covering period and the amortization of the unearned receipts in relation to the adoption of PFRS # 15.

The Club registered an excess of receipts over expenses before depreciation expense amounting to ₱17.8 million for the period ended September 30, 2020 or 26.9% lower than that of 2019 income amounting to ₱24.3 million due to the impact of temporary closure of the Club brought by the ECQ. Revenues and expenses with significant movements are discussed in the succeeding paragraphs.

Club revenues for the first nine (9) months of the current year is ₱139.3 million as compared to ₱191.9 million of the previous year or had dropped by ₱52.6 million or 27.4% due to the effect of COVID-19 pandemic. Club operations were temporarily closed from March 17 until May 31, 2020 and from July 26, 2020 until August 20, 2020 due to the ECQ and MECQ, respectively, to contain or minimize the spread of the virus. The temporary closure had also resulted to the suspension of some monthly recurring charges of the club such as the consumable charges, locker fees, and interest and penalties on overdue accounts. Even after the resumption of club operations, various facilities remained closed and the number of allowed players were limited as part of its health and safety protocols. Revenue items with significant movements due to the effect of COVID-19 pandemic and/or other related causes are as follow:

Membership fees – dropped by ₱6.5 million or 36.3%, from ₱17.8 million last year to ₱11.3 million this year.

Transfer fees – dropped by ₱4.2 million or 33.4%, from ₱12.6 million last year to ₱8.4 million this year.

Special assessment – decreased by ₱5.9 million or 100.0% due to completion of the 2-year special assessment in 2019. No special assessment intended for similar purpose was imposed for the current year.

Green fees and tourist fees – decreased by ₱19.5 million or 56.5%, from ₱34.5 million last year to ₱15.0 million this year.

Locker, golf cart and equipment rental - decreased by ₱6.6 million or 42.0%, from ₱15.7 million last year to ₱9.1 million this year.

Sale of golf merchandise - increased by ₱1.9 million or 33.8%, from ₱5.6 million last year to ₱3.7 million this year.

Tournament fees – decreased by ₱4.3 million or 86.7%, from ₱4.9 million last year to ₱0.6 million this year.

Concessionaire's fee - decreased by ₱0.2 million or 94.3%, from ₱220 thousand last year to ₱13 thousand this year.

Other income – decreased by ₱68 thousand or 8.6%, from ₱0.8 million last year to ₱0.7 million this year.

Cost and expenses of the club likewise decreased during the period by ₱46.6 million or 27.6%, from ₱168.7 million of the previous year to ₱122.1 million this year with the following highlights:

Salaries and wages - decreased by ₱6.5 million or 16.3%, from ₱39.9 million last year to ₱33.4 million this year, due to exhausted leave credits of various employees during the ECQ. Employees who were unable to work were paid using their leave credits, hence, they are on “no work, no pay” once their leave credits are used up.

Repairs and maintenance – decreased by ₱20.1 million or 57.3%, from ₱34.8 million last year to ₱14.7 million this year, due to various renovation works carried out in 2019 such as masters greens renovation, rehabilitation of mens locker shower area and jacuzzi, rehabilitation of deepwell at masters # 5, and the repair of local break switch assembly at the main club, among others. Implementation of various renovation works scheduled for the current year were delayed due to the ECQ.

Light and Water – decreased by ₱4.8 million or 30.0%, from ₱16.0 million last year to ₱11.2 million this year.

Securities and janitorial – decreased by ₱2.6 million or 18.7%, from ₱13.9 million last year to ₱11.3 million this year, due to the suspension of janitorial services since the imposition of ECQ. Janitorial services remained suspended and expected to be reinstated only after the club is back to full normal operation.

Materials, supplies and facilities – decreased by ₱2.4 million or 17.1%, from ₱13.8 million last year to ₱11.4 million this year.

Other employee benefits – decreased by ₱4.6 million or 33.7%, from ₱13.5 million last year to ₱8.9 million this year, due to various unused related expenses such as meal subsidy, deferral of uniform expenses, government contributions on employees' welfare, and cancelled employees' activities.

Fuel and oil - decreased by ₱2.1 million or 38.9%, from ₱5.4 million last year to ₱3.3 million this year. Significant fuel price reductions during the ECQ also contributed to the cost cut in addition to the lower consumption.

Contracted services – decreased by ₱2.8 million or 67.3%, from ₱4.1 million last year to ₱1.3 million this year, due to suspension of manpower contract services since the imposition of ECQ, and the unutilized expenses for laundry services.

Cost of sales of inventories – decreased by ₱1.1 million or 31.8%, from ₱3.5 million last year to ₱2.4 million this year.

Taxes, licenses and permits - decreased by ₱0.6 million or 22.4%, from ₱2.9 million last year to ₱2.3 million this year, representing the cost of LLDA Clearance and Discharge Permit processed and paid in 2019.

Professional fees – decreased by ₱1.1 million or 39.7%, from ₱2.8 million last year to ₱1.7 million this year.

Meetings and conferences – decreased by ₱0.9 million or 58.9%, from ₱1.5 million last year to ₱0.6 million this year.

Others – increased by ₱3.1 million or 40.1%, from ₱7.7 million last year to ₱10.8 million this year, due to recognition of input tax expense as a result of various non-VATable receipts of the Club in relation to the Supreme Court decision that the RMC 35-2012 issued by the BIR is invalid.

The Club identifies five (5) key performance indicators as follows: 1.) net working capital; 2.) current ratio; 3.) base equity; 4.) collection from membership dues and consumables; and 5.) earnings before depreciation (EBD).

Net working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measures the liquidity or short-term debt paying ability of the Club. Having a positive working capital and a current ratio of at least 1:1 is a fair indication of liquidity. While base equity (member's equity over total liabilities) of at least 25% measures the level of dependence of the Club from its stockholders or creditors in meeting its financial obligation. A positive EBD determines that the Club can sustain its normal operation being a non-profit organization.

The Club has a net working capital of ₱15.4 million as of September 30, 2020 as compared to a net working capital deficiency of ₱1.3 million as of December 31, 2019. The change of the Club's net working capital from negative to positive is a significant indication of the Club's ability to raise sufficient funds for its day to day operations and pay-off financial obligations as they mature. The potential liability is also likely to have a repayment period of more than a year and would probably be reclassified to noncurrent liabilities thereby improving further the Club's current ratio. The Club has also available shares acquired from its delinquent shareholders that can be sold anytime at the prevailing market prices when the need arises. The current ratio of the Club increased to ₱1.1 current asset for each peso of current liabilities as of September 30, 2020 as compared to ₱0.99 as of December 31, 2019. The Club has a base equity of 326% and 325% as of September 30, 2020 and December 31, 2019, respectively. The benchmark average monthly collection from membership dues and consumables of about ₱9 million monthly is based on the monthly dues of ₱4,000 and ₱500 monthly consumables. The average monthly collection is a good indication of the Club's ability to sustain its fixed revenue and collection targets. Although the club's monthly collection had significantly decreased during the ECQ, its average collection range is gradually improving after the resumption of its operations. EBDA registered at ₱17.8 million and ₱24.3 million for the periods ending September 30, 2020 and 2019.

The presence of COVID-19 pandemic is considered crucial threat to any establishments unless a cure or vaccine that will neutralize the virus is found and made available to the public. Prolonged

limited club operations with reduced revenues may potentially harm the liquidity of the club in the future.

Except for the potential impact of COVID-19 pandemic situation, there are no events that will trigger direct or contingent financial obligation that is material to the company, including default or acceleration of an obligation.

Except for the potential impact of COVID-19 pandemic situation, there are no material off-balance sheet transactions, arrangements, obligation (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

There are no material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures.

The temporary closure of the Club due to the ECQ have dramatically reduced its revenues and receipts from the members during the period. Even after the resumption of club operations, its revenues and operating income are expected to remain below the normal range until end of the year. The prolonged COVID-19 situation is expected to have material impact on the sales, revenues and income from continuing operations of the club.

There were no significant elements of income or loss that did not arise from the Club's continuing operations.

Except for the impact of COVID-19 pandemic situation, there are no seasonal aspects that had a material effect on the financial condition or results of operations.

## **(B) Information on Independent Accountant**

### **External Audit Fees and Services**

#### *(a) Audit and Audit-Related Fees*

The aggregate fees for each of the last two fiscal years' financial audit rendered by the external auditors, Isla Lipana & Co. amounted to ₱344,740 for 2019 and Sycip, Gorres, Velayo & Co. (SGV) amounted to ₱412,345 for 2018, including out-of-pocket expenses and the VAT. The signing auditor of the Club's Audited Financial Statements (AFS) for the year ended December 31, 2019 is Mr. Pocholo C. Domondon, Partner in Charge of Isla Lipana & Co. The estimated audit fees for 2020 is ₱344,960 inclusive of out-of-pocket expenses and the VAT.

#### *(b) Tax Fees*

There was no tax compliance review conducted for the covering years 2019 and 2018.

#### *(c) All Other Fees*

The external auditors normally assist the Club in the canvassing of ballots in the annual election of its Board of Directors in an annual stockholders meeting. But since there were no annual stockholders' meetings carried out for the past few

years due to lack of quorum, there were no other fees incurred by the Club with its external auditors.

- (d) *The audit committee's approval on policies and procedures for the above services*  
The above engagements of Isla Lipana & Co. as recommended by the management were deliberated upon and approved by the Audit Committee and the Board.

## **(2) Disagreements with Accountants on Accounting and Financial Disclosure**

There are no disagreements with Accountants on accounting and financial disclosure.

## **General Nature and Scope of Business**

The Manila Southwoods Golf & Country Club, Inc. (the Club) was incorporated on September 5, 1990 and started full operations on January 2, 1995. Its securities were registered with the Securities and Exchange Commission for sale to the public on October 23, 1991.

The Club was organized and operates exclusively for the promotion of the social, recreational and athletic activities on a non-profit basis among its shareholders, the core of which will be the maintenance of a golf course, clubhouse and other similar facilities. No part of its income inures to the benefit of any officer, member or any private individual.

The Club has not been subject to any bankruptcy, receivership or similar proceedings. Neither has the Club been subject to any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

As a nonprofit entity, the Club generates revenues in the form of membership and other fees in order to meet the expenses for its general operations, maintenance and improvements of the premises and facilities. The major source of revenue from club operations and receipts from members and their corresponding contribution to total revenues are as follows: membership dues, 48%; green fees and tourist fees, 19%; and membership and transfer fees, 13%. A special assessment of Php1,000.00 per member per month for a period of two (2) years earmarked for various facility rehabilitation and capital expenditures was implemented starting April 2017 and was completed in March 2019. Special assessment for the last three (3) months collected in 2019 was Php5.91 million. The percentage contribution of other revenues is almost the same of the preceding year. Other services offered to members and their guests are golf tournament management, banqueting functions and golf cart rentals.

The Club has no sales or revenues and net income contributed by foreign sales.

All Club products and services are delivered within the premises of the Club to visiting members and their guests. There are no elaborate distribution methods of products and services.

There is no publicly-announced new product or service of the Club.

The golf industry caters to upper and middle class individuals and families who have available disposable income to be able to own a proprietary share of stock or rent a share for playing rights. Located to the south of Metro Manila or the CALABARZON area, the Club is in direct



competition with other golf courses such as The Orchard Golf & Country Club, Riviera Golf & Country Club, Eagle Ridge Golf & Country Club, Tagaytay Highlands, Tagaytay Midlands and Sherwood Hills Golf Club, all located within the province of Cavite. Further down south are Sta. Elena Golf & Country Club, The Country Club, Canlubang Golf Club and Ayala Greenfields, all in Laguna province and Mt. Malarayat Golf & Country Club in Lipa City, Batangas.

Principal methods of competition in the golf industry consist of quality of facilities, amenities and services, pricing and accessibility. The Club enjoys higher patronage as compared to its competitors due to its accessibility from major thoroughfares. It is the first golf course a golfer would reach south of Metro Manila via South Luzon Expressway. It is only about 10-minute drive from Alabang, Muntinlupa and 40 minutes from the Makati financial district. This fact, coupled with the quality of its 36-hole golf course and leisure facilities, which are being maintained all year round at the highest level, in turn gives more value for money. Further, the Club maintains superior member-guest relations and services as compared to its competitors. With these factors, the Club has always been considered as one of the leaders in the industry to which others measure and gauge their own performance.

The Club is not dependent on any particular supplier or group of suppliers for various supplies needed in the operation and maintenance of its facilities. Major parts of its requirements are readily available in the local market from various manufacturers and traders. Specialized requirements such as imported spare parts for turf equipment, irrigation and pump systems and a number of fertilizers and herbicides grades are available through local authorized distributors or directly from the foreign manufacturers. The Club has no existing major supply contracts.

In the normal course of business, the Club has transactions with related parties brought about by service agreements, concessionaire arrangement, and maintenance contracts entered into through the normal bidding process and passed by the various standing committees and the board of directors. Other transactions involve expense allocations of personnel expenses and advances to and from related parties more specifically discussed in the Certain Relationships and Related Party Transactions of this report. The Club is not dependent on any related party.

The Club has no patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements to which its operations depend on or is expected to depend.

There is no need for any government approval of principal products or services being offered by the Club to its members and their guests.

The Club is currently in the process of rectifying and securing certain permits from the Department of Environment and Natural Resources (DENR) and Laguna Lake Development Authority (LLDA) for golf operations. Funding requirement has been allocated and the completion of the project is expected by 2020.

The Club has not spent on research and development activities during the three last years.

Since April 9, 1999, the Club has been fully certified by the Audubon Cooperative Sanctuary Program, a leading non-governmental, internationally-recognized environmental organization based in the United States. The objective of the program is to educate people to become environmental stewards and motivate them to take action and enhance their habitats and, conserve natural resources and improve the environment and the surrounding communities. The Club has the distinction of being the first golf club to receive this Audubon Certification in the Asia-Pacific

region. The Club had since been recertified on a bi-annual basis and expects to be continuously recertified again in the succeeding years.

The Club obtained its Integrated Management System (IMS) certification in 2005 from TUV Philippines to become the first golf club in the Philippines that successfully established, implemented, and maintained an IMS according to the three governing IMS standards; the ISO 9001, ISO 14001 and OSHAS 18001 for Golf Club Operations. The Club is the first of its kind to be certified individually on Quality Management System (ISO 9001), Environmental Management Systems (ISO 14001), and Health and Safety (OSHAS 18001). The certification is generally awarded to companies that continually improve the quality of their products and services while paying careful attention to the impact on the environment and the well-being of their members and employees. The IMS certification involves achieving all members' requirements, the health and safety of members and employees, as well as prevention of pollution in and around the club venue and golf course. The Club has successfully maintained its re-certification since 2005.

From 2014 to 2018, the Club was awarded as Philippine Best Golf Course (Masters Course) by World Golf Awards for five (5) consecutive years. Other awards received by the Club are Golf Course of the Year (Masters Course) by Business Mirror (2016 & 2017), One of the Top Ten Golf Courses in Asia by Destination of the World Awards (2016), Titled as One of the Best Golf Course in the Philippines (Masters Course) by Business Mirror (2015), and Host Venue of the Year (Legends Course) by Philippine Golf Tour (2014). The Club was the venue of the prestigious Asian Tour, the Resorts World Manila Masters for five (5) consecutive years (2013 to 2017) with prize money of US\$1 million, the highest prize money ever offered in the Philippines.

The Club was also declared as champion in various inter-club and national tournaments, namely, Champion for four (4) consecutive years in the Mens Regular Founders Division of PAL Interclub Tournament (68<sup>th</sup>, 69<sup>th</sup>, 70<sup>th</sup> & 71<sup>st</sup> PAL Interclub). In 2019, Champions (Founders Division) in the PAL Seniors Interclub Golf Tournament, Champions (Championship Division 1) in the PAL-JGFP Junior Interclub Golf Championship, Champions in the PGT Delimondo National Pro-am, Champion in the Junior World Championship, Champions (Fil Championship Division) in 70<sup>th</sup> Fil-Am Invitational Golf Tournament, Champions (Am Championship Division).

As of December 31, 2019, the Club has 270 employees working full time (composed of 228 organic employees and 42 agency hired service personnel). This figure consisted of 236 employees involved in operations (i.e., golf operations, grounds maintenance, engineering, purchasing and materials management, security and housekeeping) and 34 employees involved in office/administrative functions (i.e., personnel, training, executive office and accounting). A total of 159 employees as of December 31, 2019 are covered by the existing CBA which will expire on December 31, 2022. The labor group and the Club management has established and maintained a good and harmonious working relationship ever since. The Club has never experienced any dispute, strike or disturbance from employees and the local union since its formation in 1998. Supplemental benefits given by the Club to its employees include salary adjustment, duty meal and allowances, partial cash conversion of unused sick leave benefit, provision of uniforms, loyalty awards, retirement benefits, bereavement financial assistance, birthday gift, emergency loans, life and medical insurance, among others.

The major risk involved in the operations of the Club is mainly the stoppage or hampering of operations which may be brought about by natural calamities, fire, and other causes. The Club is open 365 days a year especially on holidays where patronage or player traffic is high. In the

industry itself, premium is given to all year-round playability and the clubs are always open. In prior years, the Club had suffered flooding incidents that resulted to series of repair works and temporary closure of the areas affected by floodwater and silts. The last flooding incident that had temporarily paralyzed portion of the facilities while undergoing clean-up and rehabilitation was in 2014. At the height of typhoon “Glenda” in July 2014, part of the Masters course was damaged by heavy flooding. The Club had recovered from the insurance the amount of Php3.9 million. The Club had been continuously doing the clean-up program of all river channels going through its property to minimize the risk of water overflowing during rainy months.

### **Directors and Executive Officers**

Name	Position	Age	Citizenship
Robert John L. Sobrepeña	Chairman of the Board	66	Filipino
Edward E. Dy	President	72	Filipino
Rafael Perez de Tagle, Jr.	Treasurer	65	Filipino
Alfredo Mendoza	Director	71	Filipino
Atty. Enrique A. Sobrepeña	Director	94	Filipino
Rhais M. Gamboa	Director	69	Filipino
Renato Lirio	Director	82	Filipino
Ferdinand T. Santos	Director	70	Filipino
Daniel C. Samaniego	Director	62	Filipino
Francisco C. Gonzalez	Director	76	Filipino
Federico P. Campos III	Director	66	Filipino
Mark O. Watson	Gen. Manager & COO	70	Australian
Armando D. Sierra	Comptroller	57	Filipino
John R. Cope	Director of Grounds	56	American
Jerome U. Delariarte	Golf Director	42	Filipino
Charlie M. Panibe	Director or Engineering	48	Filipino
Atty. Delfin P. Angcao	Corporate Secretary	63	Filipino
Atty. Alvin O. Geli	Asst. Corporate Secretary	51	Filipino

The following are the independent directors of the Club:

1. Alfredo M. Mendoza
2. Daniel C. Samaniego

For the information regarding the term, tenure, educational background, business experience and positions in other companies of the directors, officers and significant employees of the Club, please refer to Item 5 of the Information Statement to which this Management Report is appended

### **Market for the Issuer’s Common Equity and Related Stockholder Matters**

#### **Market Information**

As of January 2, 1995 all the 3,000 authorized no-par shares have been issued to the developer and its land owner partners in exchange for the two (2) 18-hole golf courses, buildings and facilities and the land where the Club now stands. The Club itself does not engage in any trading activities of its own shares except as provided for in its By-Laws with regards to the auctioning of shares of delinquent members to settle their outstanding liabilities to the Club. As of November

16, 2020 (the record date), the Club has a total of one hundred forty-nine (149) delinquent shares acquired at the public auctions. The acquisition cost of the share represents the outstanding receivable from the delinquent shareholder as of the date of auction plus costs incurred in the auction. There is no public trading market for the Club's shares. These are available only from the developer, its landowner partners and existing individual/corporate owners at a price agreed upon by both parties concerned, subject to the exercise of the Club of its right to first refusal over the shares.

Buyers of the Registrant's golf shares are expected to be from the upper and middle income class bracket, the Metropolitan Manila based golfers (and surrounding cities and municipalities) and present and future residents of the Manila Southwoods Residential Estates. The Registrant's golf shares are not traded in any Stock Exchange. The primary golf shares issued to the Developer and its landowner partners are sold to individuals and corporations through the marketing arm of the Developer while secondary shares are usually traded through individual transactions and brokers of club shares. In their first three (3) of 2020, there were 42 transfer fees received by the Club for the transfer of share ownership.

#### SHARE PRICES (Millions)

		2020		2019		2018	
		High	Low	High	Low	High	Low
First Quarter	A	1.20	1.10	1.20	1.20	1.10	0.95
	B	1.70	1.60	1.60	1.50	1.20	1.20
Second Quarter	A	1.20	1.20	1.20	1.20	1.10	1.10
	B	1.70	1.70	1.60	1.60	1.30	1.20
Third Quarter	A	1.30	1.10	1.30	1.20	1.20	1.20
	B	1.85	1.80	1.70	1.70	1.30	1.30
Fourth Quarter	A			1.30	1.10	1.10	1.10
	B			1.50	1.50	1.40	1.40

#### Holders

Top 20 shareholders as of November 16, 2020 are as follows (for practical presentation, only those shareholders holding 3 shares and above are included in the list):

#### Class A:

Name	No. of Shares Held	% to Total
1. Southern Heights Land Development Corp.	55	3.11%
2. Grandview Properties and Ventures, Inc.	49	2.77%
3. La Paz Housing Dev. Corporation	42	2.38%
4. Fil-Estate Land, Inc.	33	1.87%
5. College Assurance Plan	22	1.25%
6. Carmona Realty & Development Corp.	16	0.91%
Greenfield Development Corp.	16	0.91%
Fareast Bank & Trust Co. TA#103-00471	16	0.91%
7. Fil-Estate Management, Inc.	13	0.74%

8. Homerson Development Corp.	7	0.40%
9. Fil-Estate Golf Development, Inc.	6	0.34%
10. Chuateco Romeo Sy	4	0.23%
Buenafortuna, Inc.	4	0.23%
Ignacio Co	4	0.23%
Travellers Intl. Hotel Group, Inc.	4	0.23%
Development Bank of the Phils	4	0.23%
Carino, Noel	4	0.23%
11. Mitsubishi Motors Phils. Corp.	3	0.17%
Caltex Philippines, Inc.	3	0.17%
Brent International School Manila, Inc	3	0.17%
Advanced Medical System, Inc.	3	0.17%
City Motors	3	0.17%
Diamond Motors Corporation	3	0.17%
Francisco Gonazalez	3	0.17%
Looyuko Alberto T.	3	0.17%
Petron Corp	3	0.17%
Summit Estate Realty and Dev. Corp.	3	0.17%
Castillo Erlinda Flor	3	0.17%
Tsai Willy D.	3	0.17%
Integrated Microelectronics, Inc.	3	0.17%
Nestle Philippines, Inc.	3	0.17%

## Class B:

Name	No. of Shares Held	% to Total
1. Southern Heights Land Development Corporation	171	14.60%
2. Fil-Estate Golf & Development Inc.	156	13.32%
3. La Paz Housing & Development Corp.	85	7.26%
4. Grandview Properties and Ventures, Inc.	31	2.65%
5. Greenfield Development Corporation	21	1.79%
6. College Assurance Plan	20	1.71%
7. Southcoast Real Estate Development Corp.	18	1.54%
8. Carmona Realty & Development Corp.	11	0.94%
9. Pilipinas Bank	9	0.77%
10. Caltex Philippines, Inc.	4	0.34%
Fil-Estate Management, Inc.	4	0.34%
Po Chi Chang and Fu Shu Shi	4	0.34%
Wan-Chu Chen	4	0.34%
Mitsui & Co., Ltd.	4	0.34%
11. Tan Caysing/Czarnita	3	0.26%
Benito R. Araneta	3	0.26%
The Coca-Cola Export Corp.	3	0.26%
Mitsubishi Corporation	3	0.26%

Founders' and Class "A" and Class "B" shares outstanding as of November 16, 2020 were 1,766 and 1,171 shares, respectively, based on the Club's stock and transfer books. Out of the 149 delinquent shares acquired by the Club, 63 shares were actually transferred in the name of the Club while the transfer of the remaining 86 shares is still being processed.

## **Dividends**

Being a non-profit organization, there are no cash dividends declared or will be declared at anytime in the future as provided in the Articles of Incorporation. Stockholders are entitled only to a pro rata share of the assets of the Corporation at the time of dissolution or liquidation.

## **Recent Sales of Unregistered Securities or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction**

Within the past three (3) years there are no sales of unregistered or exempt securities, including recent issuance of securities constituting an exempt transaction under the Code including sales of reacquired securities, as well as new issues, securities issued in exchange for property, services, or other securities resulting from the modification of outstanding securities.

## **Discussion on Compliance with Leading Practice on Corporate Governance**

- (a) At present, the Club utilizes the Self Rating System on Corporate Governance being implemented by the SEC through its SEC Memorandum Circular No. 5, Series of 2003 to assess compliance with leading practices on good corporate governance. The Compliance Officer meets with the directors and top-level management from time to time evaluates compliance with the Manual on Corporate Governance.
- (b) The Club is in full compliance with its Manual on Corporate Governance. The Compliance Officer is present at all the regular meetings of the Board of Directors and closely coordinates with the Chairman of the Board to ensure full compliance with the adopted leading practices on good corporate governance. In addition, the Club encourages its directors and the top-level management to attend seminars on good corporate governance.
- (c) There are no deviations to date from the Club's Manual of Corporate Governance.
- (d) The Board has no immediate plans to adopt new policies to improve corporate governance.

**UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE REGISTRANT WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE REGISTRANT'S ANNUAL REPORT IN SEC FORM 17-A DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.**

**ALL REQUESTS MAY BE SENT TO THE FOLLOWING:**

**MR. ARMANDO D. SIERRA  
THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC.  
BO. CABILANG BAYBAY  
CARMONA, CAVITE**

**THE MANILA SOUTHWOODS GOLF AND COUNTRY CLUB, INC.**  
**( A Nonprofit Corporation)**

**STATEMENTS OF FINANCIAL POSITION**

	<b>September 30 2020 (Interim)</b>	<b>December 31 2019 (Audited)</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 2)	83,220,243	64,863,234
Receivables (Notes 3)	20,855,073	21,513,174
Inventories (Note 4)	21,621,236	18,594,011
Prepayments and other current assets (Notes 5)	5,165,779	10,468,678
<b>Total Current Assets</b>	<b>130,862,332</b>	<b>115,439,097</b>
<b>Noncurrent assets</b>		
Property and equipment (Notes 6)	281,317,733	313,344,430
Land (Note 7)	4,897,022,000	4,897,022,000
Retirement benefit assets (Note 16)	-	1,045,611
Other noncurrent assets (Notes 8)	29,594,207	32,979,977
<b>Total Noncurrent assets</b>	<b>5,207,933,940</b>	<b>5,244,392,018</b>
	<b>5,338,796,272</b>	<b>5,359,831,115</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities (Notes 9)	70,137,781	69,481,863
Current portion of unearned receipts	35,995,505	37,095,159
Income tax payable (Note 17)	-	-
Current portion of lease liabilities (Note 10)	9,316,125	10,128,675
<b>Total current liabilities</b>	<b>115,449,410</b>	<b>116,705,697</b>
<b>Noncurrent Liability</b>		
Unearned receipts-net of current portion		
Lease liabilities, net of current portion (Note 10)	22,767,456	24,148,145
	7,207,423	12,775,092
Retirement benefit liability (Note 16)	567,213	-
Deferred tax liabilities (Note 17)	1,107,717,404	1,107,717,404
<b>Total Noncurrent Liabilities</b>	<b>1,138,259,495</b>	<b>1,144,640,641</b>
	<b>1,253,708,906</b>	<b>1,261,346,339</b>
<b>Equity</b>		
Proprietary shares (Note 11)	2,513,750,604	2,513,750,604
Shares of delinquent shareholders acquired through Auctions (Note 12)	(35,888,318)	(36,103,720)
Excess of proceeds over cost from re-issuances of shares of delinquent shareholders (Note 12)	30,283,160	26,067,954
Other comprehensive income (Notes 7 and 16)	2,583,795,990	2,583,795,990
Cumulative excess of expenses over revenues	(1,006,854,070)	(989,026,053)
<b>Net Equity</b>	<b>4,085,087,366</b>	<b>4,098,484,776</b>
	<b>5,338,796,272</b>	<b>5,359,831,115</b>

*See accompanying Notes to Financial Statements.*

**THE MANILA SOUTHWOODS GOLF AND COUNTRY CLUB, INC.**  
**(A Nonprofit Corporation)**

**STATEMENTS OF COMPREHENSIVE  
INCOME**

	<b>For the Period Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Interim)</b>	<b>(Interim)</b>
<b>REVENUES</b>		
Membership dues	83,689,742	87,106,220
Green fees and tourist fees	15,042,576	34,574,631
Special assessment	-	5,911,000
Membership fees	11,332,366	17,801,169
Transfer fees	8,400,000	12,616,000
Tournament fees	658,906	4,941,411
Sale of golf merchandise	3,686,692	5,569,336
Locker, golf cart and equipment rental	9,082,417	15,680,415
Annual playing rights fess	6,700,000	6,690,911
Concessionaires' fees	12,616	219,977
Others	734,024	802,821
	<b>139,339,339</b>	<b>191,913,891</b>
<b>EXPENSES (INCOME)</b>		
Cost and expenses (Note 14)	122,067,589	168,668,146
Interest expense (Note 10)	1,409,899	819,138
Interest income (Note 15)	(1,901,546)	(1,886,008)
	<b>121,575,942</b>	<b>167,601,276</b>
<b>EXCESS OF REVENUES OVER EXPENSES  BEFORE DEPRECIATION</b>	<b>17,763,397</b>	<b>24,312,614</b>
<b>DEPRECIATION EXPENSE</b> (Note 6)	<b>35,591,415</b>	<b>34,190,727</b>
<b>EXCESS OF EXPENSES OVER REVENUES</b>	<b>(17,828,018)</b>	<b>(9,878,113)</b>
<b>CUMULATIVE EXCESS OF EXPENSES OVER REVENUES</b>		
At beginning of year	(989,026,052)	(960,377,847)
At end of quarter	(1,006,854,070)	(970,255,960)
<b>TOTAL WEIGHTED AVERAGE  OUTSTANDING NUMBER OF SHARES</b>	<b>2,851</b>	<b>2,852</b>
<b>LOSS PER SHARE</b> (Note 18.3)	<b>(6,253)</b>	<b>(3,464)</b>

*See accompanying Notes to Financial Statements.*



**THE MANILA SOUTHWOODS GOLF AND COUNTRY CLUB, INC.**  
**(A Nonprofit Corporation)**

**STATEMENTS OF CHANGES IN EQUITY**

	<b>For the Period Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Interim)</b>	<b>(Interim)</b>
<b>PROPRIETARY SHARES (Note 11)</b>		
Excess (deficiency) of revenues over expenses		
Authorized		
Founders' – 11 shares		
Class A – 1,789 shares		
Class B – 1,200 shares		
Issued		
Founders' and Class A – 1,800 shares	<b>P1,508,650,362</b>	P1,508,650,362
Class B – 1,200 shares	<b>1,005,100,242</b>	1,005,100,242
	<b>P2,513,750,604</b>	P2,513,750,604
<b>OTHER COMPREHENSIVE INCOME (Note 7, 16)</b>	<b>2,583,795,990</b>	2,583,378,108
<b>SHARE OF DELINQUENT SHAREHOLDERS ACQUIRED THROUGH AUCTIONS (Note 12)</b>	<b>(35,888,318)</b>	(28,450,389)
<b>EXCESS OF PROCEEDS OVER COST FROM RE-ISSUANCE OF ACQUIRED SHARES OF DEL. SHAREHOLDERS (Note 12)</b>	<b>30,283,160</b>	22,608,647
<b>CUMULATIVE EXCESS OF EXPENSES OVER REVENUES</b>		
Balance at beginning of period	<b>(989,026,052)</b>	(960,377,847)
Excess of revenue over expenses during the third quarter	<b>(17,828,018)</b>	(9,878,113)
Balance at end of period	<b>(1,006,854,070)</b>	(970,255,960)
	<b>4,085,087,366</b>	4,121,031,011

*See accompanying Notes to Financial Statements.*

**THE MANILA SOUTHWOODS GOLF AND COUNTRY CLUB, INC.**  
**(A Nonprofit Corporation)**  
**STATEMENTS OF CASH FLOWS**

	<b>For the Period Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Interim)</b>	<b>(Interim)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	(17,828,018)	(9,878,113)
Adjustments for:		
Depreciation expense (Note 6)	35,591,415	34,190,727
Retirement benefit expense (Note 16)	2,149,097	2,149,097
Amortization of prepaid dues (Note 13)	900,000	900,000
Interest expense (Note 10)	1,409,899	819,138
Interest income (Note 15)	(1,901,546)	(1,886,008)
Operating income before working capital changes	20,320,847	26,294,842
Changes in working capital:		
Receivables	658,101	191,158
Inventories	(3,027,225)	(3,536,055)
Prepayments and other current assets	5,302,899	(222,598)
Other non-current assets	2,485,770	(2,559,864)
Contract liabilities	(2,480,344)	8,660,658
Accounts payable and other current liabilities	655,918	(7,996,962)
Net cash generated from operations	23,915,964	20,831,179
Interest received	1,901,546	1,886,008
Contribution to the retirement fund (Note 16)	(536,273)	(2,551,590)
Net cash provided by operating activities	25,281,237	20,165,597
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(3,564,718)	(6,277,751)
Net cash used in investing activities	(3,564,718)	(6,277,751)
<b>CASH FLOWS FROM A FINANCING ACTIVITY</b>		
Proceeds from re-issuance of shares of delinquent Shareholders (Note 12)	4,215,206	7,359,164
Principal and interest payment of lease liabilities (Note 10)	(7,790,118)	(3,626,733)
Payment of shares of delinquent shareholders acquired Through auctions (Note 12)	215,402	7,357,910
Net cash used in financing activities	(3,359,511)	(11,090,341)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>18,357,008</b>	<b>24,978,186</b>
<b>CASH AND CASH EQUIVALENTS</b>		
At beginning of period	64,863,234	58,020,787
At end of period (Note 2)	83,220,242	82,998,974

*See accompanying Notes to Financial Statements.*

**The Manila Southwoods Golf & Country Club, Inc.**

(A non-profit organization)

**Notes to Financial Statements**

As at and for the periods ended September 30, 2020 (interim) and December 31, 2019 (audited)

(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

**Note 1 - General information**

The Manila Southwoods Golf & Country Club, Inc. (the "Club") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 5, 1990. The Club is organized and operating exclusively for the promotion of social, recreational and athletic activities on a nonprofit basis among its shareholders and members, the core of which will be the maintenance of a golf course, clubhouse and other similar facilities. No part of its income inures to the benefit of any officer, member or any private individual.

The registered office address of the Club is Southwoods Boulevard, Bo. Cabilang Baybay, Carmona, Cavite.

The audited financial statements were approved and authorized for issuance by the Board of Directors (BOD) on February 26, 2020.

**Note 2 - Cash and cash equivalents**

Cash and cash equivalents as at September 30, 2020 and December 31 consist of:

	2020	2019
Cash on hand	642,343	842,343
Cash in banks	46,301,373	28,270,857
Cash equivalents	36,276,527	35,750,034
	83,220,243	64,863,234

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three 90 days depending on the immediate cash requirements of the Club and earn interest at 1.25% to 5.12% in both 2020 and 2019. Interest income earned from cash and cash equivalents are disclosed in Note 15.

**Note 3 - Receivables**

Receivables as at September 30, 2020 and December 31, 2019 consist of:

	Note	2020	2019
Receivables from members	13	9,250,685	11,275,689
Current portion of installment receivables		4,601,563	3,794,832
Advances to officers and employees		3,362,393	3,462,449
Advances to suppliers and contractors		2,415,829	1,668,154
Receivables from related parties	13	310,577	46,577
Others		914,026	1,265,473
		20,855,073	21,513,174

Interest income earned from receivables from members and installment receivables are disclosed in Note 15.

**Note 4 - Inventories**

Inventories as at September 30, 2020 and December 31, 2019 consist of:

	2020	2019
Fertilizers, herbicides and chemicals	5,312,697	5,422,568
Spare parts	5,282,091	4,569,139
Supplies	5,885,005	4,276,240
Fuel and oil	419,472	716,681
Material and supplies	16,899,265	14,984,628
Inventories for sale	4,721,971	3,609,383
	21,621,236	18,594,011

The cost of materials and supplies and inventories for sale charged to expenses are disclosed in Note 14.

**Note 5 - Prepayments other current assets**

Prepayments and other current assets as at September 30, 2020 and December 31, 2019 consist of:

	Note	2020	2019
Prepayments		2,154,050	6,552,384
Input value-added tax (VAT)		727,957	1,983,097
Current portion of prepaid dues	13	1,200,000	1,200,000
Prepaid tax		1,083,772	733,197
		5,165,779	10,468,678

Prepayments pertain to rental fees and real property taxes.

**Note 6 - Property and equipment, net**

Details of the property and equipment and their movements as at and for the periods ended September 30, 2020 and December 31, 2019 are as follows:

	Golf course developments	Buildings and improvements	Golf course maintenance and transportation equipment	Furniture, fixtures, and office equipment	Clubhouse equipment	Total
<b>Cost</b>						
January 1, 2019	1,131,652,029	235,100,025	143,525,285	34,547,743	7,814,351	1,552,639,433
Additions	-	4,016,347	17,965,898	1,021,579	-	23,003,824
Disposals	-	-	-	-	-	-
December 31, 2019	1,131,652,029	239,116,372	161,491,183	35,569,322	7,814,351	1,575,643,257
Additions	-	1,706,227	1,660,711	197,777	-	3,564,715
September 30, 2020	1,131,652,029	240,822,599	163,151,894	35,767,099	7,814,351	1,579,207,972
<b>Accumulated depreciation</b>						
January 1, 2019	876,786,892	182,146,869	117,259,202	32,409,406	7,756,303	1,216,315,210
Depreciation	27,484,936	4,545,531	12,628,653	1,281,035	43,462	45,983,617
Disposals	-	-	-	-	-	-
December 31, 2019	904,271,828	186,692,400	129,887,855	33,690,441	7,756,303	1,262,298,827
Disposals	-	-	1,400,688	-	-	1,400,688
Depreciation	20,592,973	3,882,654	8,793,141	889,362	32,597	34,190,727
September 30, 2020	924,864,801	190,575,054	140,081,684	34,579,803	7,788,900	1,297,890,242

Net book value						
December 31, 2019	227,380,201	52,423,972	31,603,328	1,878,881	58,048	313,344,430
September 30, 2020	206,787,228	50,247,545	23,070,210	1,187,296	25,451	281,317,730

Prior to the adoption of Philippine Financial Reporting Standard (PFRS) 16, Leases, the Club recognized lease assets and lease liabilities in relation to leases that were classified as finance leases under Philippine Accounting Standard (PAS) 17, Leases. These lease/right-of-use assets are presented together with the owned assets of the same class under golf course maintenance and transportation equipment. Details of and movements in the lease/right-of-use assets as at and for the periods ended September 30, 2020 and December 31, 2019 are as follows:

	Note	2020	2019
Cost			
At January 1		55,214,742	37,394,188
Additions	10	1,660,714	17,820,554
At September 30, 2020 and December 31, 2019		56,875,456	55,214,742
Accumulated depreciation			
At January 1		22,055,628	20,269,150
Additions		7,249,417	1,786,478
At September 30, 2020 and December 31, 2019		29,305,045	22,055,628
Net book value		27,570,411	33,159,114

#### **Note 7 - Land**

Details of land as at September 30, 2020 and December 31, 2019 and are as follows:

	Amount
Cost	1,204,630,653
Accumulated revaluation gain	3,692,391,347
	4,897,022,000

Land titles covering about 123 hectares out of the total land area actually covered by Golf Course Project of approximately 136 hectares have already been transferred and registered in the name of the Club on the basis of a tax-free exchange ruling covering the Golf Course Project that was secured from the Bureau of Internal Revenue (BIR). While the beneficial ownership of the remaining 13 hectares has been conveyed to the Club, the actual transfer and registration of the same in the name of the Club has not yet been completed as the Annex to the BIR tax-free exchange ruling listing the specific title numbers of lots donated by certain landowner partners was lost when the Cavite Register of Deeds office was burned several years ago and needs to be reconstructed. Efforts are being made to expedite the transfer and registration of the said remaining lots in the Club's name on the basis of the said BIR tax-free exchange ruling. On January 26, 2005, the Club obtained a revalidated Certificate Authorizing Registration (CAR) from BIR. The revalidated CAR is one of the major requirements of the Registry of Deeds in titling the land in the name Club.

The Club's management and legal counsel believed that, based on current circumstances, there are no legal contingencies affecting the status and titling of 13 hectares or are there any adverse claims by third parties to the aforesaid 13 hectares of land.

As at September 30, 2020 and December 31, 2019, the parcels of land are stated at revalued amount under Level 3 fair value category based on the appraisal report by an independent appraiser.

The fair value of land has been derived using the sales comparison approach. This is a comparative approach to value that considers the sales of similar or substitute properties and

related market data and establishes a value estimate by processes involving comparison. Listings and offerings may also be considered. Sales prices of comparable land in close proximity are adjusted for differences in key attributes (internal factors) such as property size and shape, location, improvements, neighborhood and utility. The most significant input into this valuation is price per square meter. The land is currently used as a recreational development (golf course) which is the highest and best use of the land.

The Club recognized a revaluation gain amounting to P816.2 million for the year ended December 31, 2017. Management believes that there are no events or changes in circumstances indicating a significant change in fair value of the land from the last appraisal made for the year ended December 31, 2017.

#### **Note 8 - Other non-current assets**

Other non-current assets as at September 30, 2020 and December 31, 2019 consist of:

	Note	2020	2019
Prepaid dues, net of current portion	13	20,608,945	21,508,946
Installment receivables, net of current portion		5,967,080	6,022,180
Deferred input VAT		1,878,215	3,762,280
Others		1,139,967	1,686,571
		29,594,207	32,979,977

Interest income earned from installment receivables are disclosed in Note 15.

#### **Note 9 - Accounts payables and other current liabilities**

Accounts payables and other current liabilities as at September 30, 2020 and December 31, 2019 consist of:

	Note	2020	2019
Trade payables to third parties		36,473,720	39,209,372
Deferred liabilities		8,844,885	9,459,314
Deposits from members		7,991,833	7,934,701
Sinking fund		3,543,059	3,536,272
Accrued expenses:			
Statutory liabilities		1,223,211	1,256,809
Withholding taxes		637,563	1,072,957
Payroll		1,746,031	314,985
Others		726,524	1,410,627
Tournament fund		1,944,292	1,893,467
Payables to related parties	13	1,242,113	847,833
Others		5,764,550	2,545,527
		70,137,781	69,481,864

#### **Note 10 - Leases**

##### *(a) Club as lessee*

The Club leases various golf course maintenance equipment and service vehicles as disclosed in Note 6. Details of and movements in the related lease liabilities as at September 30, 2020 and December 31 are as follows:

	Note	2020	2019
At January 1		22,903,767	14,229,273
Cash changes: Principal and interest payments		(8,267,145)	(8,512,661)
Non-cash changes			
Principal additions	6	1,660,714	16,041,304
Interest expense		226,212	1,145,851
At September 30, 2020 and December 31, 2019		16,523,548	22,903,767

Principal and interest payments above represent the total cash outflow for leases. There are no short-term leases, low-value assets that are short-term leases and variable lease payments not included in lease liabilities for the period ended September 30, 2020. The lease payments are discounted using the interest rate implicit in the lease. The future annual minimum lease payments under the lease agreements, together with the present value of the minimum lease payments as at September 30, 2020 and December 31, 2019 are as follows:

	2020	2019
Within one year	10,541,463	17,864,290
After one year but more than five years	7,631,507	7,989,976
Total minimum lease payments	18,172,970	25,854,266
Less: Amounts representing interests	1,649,422	2,950,499
Present value of minimum lease payments	16,523,548	22,903,767
Less: Current portion	9,316,125	10,128,675
Non-current portion	7,207,423	12,775,092

*(b) Club as lessor*

Income from the following agreements are reported as concessionaires' fees under revenue from club operations in the statement of total comprehensive income.

*(i) Food and beverage (F&B)*

On July 28, 2015, the Club executed a concessionaire agreement with a third party which started its operations in April 2016. Similarly, the lessee agreed to become the exclusive concessionaire of the Club's food outlets and shall maintain consistent, continuous and uninterrupted food and beverage operations that meet the Club's standards. In consideration for the lessee's provision of service, all sales arising from F&B operations shall be booked by lessee. For sales arising from non-club functions regarding F&B operations, the lessee will be charged 10% of its gross sales. No space rental shall be charged to lessee, provided that it shall shoulder all taxes, fees and all costs related to the food and beverage operations including but not limited to salaries and benefits of the employees, supplies and utilities.

*(ii) Pro-shop*

The Club entered into a lease agreement for a period of four years beginning September 16, 2014. The lessee shall operate a golf pro-shop within the club. The lessee shall pay monthly fixed lease rentals of P75,000 subject to 10% escalation rate per annum commencing on the third year. The contract was not renewed by both parties in 2019. The Club took over the pro-shop operations in 2019.

**Note 11 - Proprietary certificates**

The Club has a permit from the SEC to offer its securities for sale to the public. Details of these securities as at September 30, 2020 and December 31, 2019 are as follows:

	Amount
Class A common stock (inclusive of eleven Founders' shares)	
Authorized and issued - 1,800 shares with no par value	1,508,650,362
Class B common stock	
Authorized and issued - 1,200 shares with no par value	1,005,100,242
	2,513,750,604

Founders' shares and Class A shares may be sold to citizens of the Philippines or to partnerships, corporations or associations, of which 60% of the voting power is owned or controlled by citizens of the Philippines. Class B shares may be sold to any parties, irrespective of their nationality or citizenship.

### **Note 12 - Shares of delinquent shareholders acquired through auctions**

Class A and Class B shares of delinquent shareholders were acquired by the Club through auctions pursuant to the Club By-laws as settlement for their long outstanding accounts. A shareholder is considered delinquent when the receivables from the said shareholder have become 60 days overdue.

In the first three quarters of 2020, the Club acquired delinquent shares amounting to Po.2 million while in 2019, the Club acquired through auction the shares of delinquent shareholders amounting to

Po.1 million. The acquisition cost of the share represents the outstanding receivable from the delinquent shareholder as at the date of auction plus costs incurred during auction.

In 2019, the Club entered into contracts to sell the shares of delinquent shareholders acquired through auctions at a price higher than the cost of the delinquent shares when acquired. Each share is payable with a down payment of Po.3 million upon the execution of the contract and the balance of the agreed price plus interest at the rate of six percent per annum is payable over three years in monthly installments in the amount of P36,500 secured by post-dated checks. The titles to the proprietary shares remain with the Club and will be transferred to the buyer upon full payment of the selling price. The installment receivables from such sales are disclosed in Notes 3 and 8.

### **Note 13 - Related party transactions and balances**

In the normal course of business, the Club transacts with companies which are considered related parties. The transactions and outstanding balances with related parties as at and for the periods ended September 30, 2020 and December 31 are as follows:

Related party	Transactions			Outstanding receivables (payables)		Terms and conditions
	2020	2019	2018	2020	2019	
Entities with significant influence						
Advances to (a)	198,480	286,303	418,922	-	-	Receivable (payable) in cash, unsecured, non-interest bearing, and due within 30 days from date of transaction.
Repairs and maintenance (b)	-	1,274,665	485,983	-	-	
Security costs (c)	10,291,534	10,214,273	9,735,163	44,862	-	
Other expenses (d)	-	-	-	(1,179,954)	(578,519)	
				265,715	46,577	
				(62,159)	(269,314)	
Prepaid dues and other charges (e)	900,000	900,000	2,569,680	21,808,946	22,708,946	Refer to e.
Key management personnel						
Salaries and wages	12,264,495	12,128,317	11,895,642	-	-	Payable in cash every month



Retirement benefits	673,979	650,217	966,882	-	-	based on contract. Refer to Note 16.
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*(a) Advances*

The Club provided advances to various members who are also suppliers of the Club.

*(b) Repairs and maintenance*

The Club had golf cart maintenance agreement and golf cart rental agreement with Asia Pacific Golf Corporation (APGC) which were terminated in 2008 and 2013, respectively. The remaining payables arising from maintenance fees are currently due and demandable. Golf cart rental operation was taken over and run by the Club since then. However, since the Club only owns golf carts, it continues to transact with APGC upon need of the related party's service.

The Club also had transactions with Golforce, Inc. related to golf course maintenance on as needed basis. This includes maintenance of the playing condition of the golf course at a level acceptable to the Club.

*(c) Security services*

The Club entered into an agreement with Warbird Security and Investigation (Warbird) for the deployment of security guards to secure and safeguard the Club's properties. The Club made non-interest-bearing advances to Warbird which are due and demandable. In return, the Club pays Warbird security fees.

*(d) Other expenses*

The Club incurred expenses for the past accommodation and other related expenses of its officers. On the other hand, the Club charges Manila Southwoods Manor/Club Leisure Management Corporation (MSM/CLMC) green fees in connection with MSM/CLMC's tourist program. Advances to MSM/CLMC are normally settled by offsetting the Club's green fee charges against the accommodation and other charges incurred by the Club's officers.

*(e) Prepaid dues and other charges*

On behalf of Manila Southwoods Homeowners' Association (MSHA), the Club made prepayments for operating expenses of the sports club facilities, which at the time the payments were made, were principally being used by members of the Club. Over the years, members of the Club have continued using the Manila Southwoods Sports Club (the "Sports Club") and the Club made prepayments out of its own funds to partially defray the costs of the maintenance and continued operation of the Sports Club. These prepayments are presented as prepaid dues in Notes 5 and 8.

Pursuant to a BOD resolution dated October 29, 2003, the Club negotiated for the amortization of the prepayments. The negotiation includes the granting to all members of the Club playing rights or privilege to use the Sports Club facilities in exchange for a fee which shall be deducted from or offset against the prepayment until such advances are fully liquidated. In consideration for the use of the Sports Club facilities, effective May 31, 2006, the monthly fee shall be P100,000 or P1.2 million annually.

A supplement to the abovementioned agreement was made on November 12, 2007 in which the parties intend that all payments made or to be made by the Club for the operation and maintenance of Sports Club shall be considered as prepayment for all the monthly dues, which may be assessed for the use of the Sports Club's facilities.

On January 28, 2015, the BOD resolved that the amounts paid for the Sports Club starting in 2014 onwards shall be treated and booked as usage fees and not as advances pending the negotiations and until such time that a formal arrangement with MSHA is finalized with respect to the use of the Sports Club.

#### **Note 14 - Cost and expenses**

Cost and expenses for the periods ended September 30 are as follows:

	Note	2020	2019	2018
Salaries and wages		33,381,260	39,868,097	37,527,224
Repairs and maintenance		14,761,845	34,836,951	26,017,595
Light and water		11,180,788	15,961,554	15,629,185
Security and janitorial		11,346,288	13,955,944	13,111,799
Materials and supplies		11,451,968	13,807,507	12,781,449
Other employee benefits		8,976,207	13,547,080	13,095,816
Fuel and oil		3,279,591	5,369,605	5,909,441
Contracted services		1,349,003	4,118,956	5,360,460
Real property taxes		3,715,915	3,877,977	3,883,094
Cost of sales of inventories		2,404,854	3,527,607	-
Taxes and licenses		2,255,343	2,907,477	4,302,531
Professional fees		1,673,904	2,777,399	1,622,300
Retirement benefit expense	16	2,149,097	2,149,097	2,700,000
Communications		1,683,216	1,772,798	1,746,123
Meetings and conferences		618,526	1,504,600	1,531,270
Members' dues and other charges		900,000	900,000	2,569,680
Printing and reproduction		133,073	73,430	300,206
Others		10,806,711	7,712,067	7,855,138
		122,067,589	168,668,146	155,943,311

#### **Note 15 - Interest income**

The following are the sources of Club's interest income as at September 30:

	2020	2019	2018
Receivables	1,292,020	1,225,541	1,543,115
Cash and cash equivalents	609,526	660,467	82,546
	1,901,546	1,886,008	1,625,661

#### **Note 16 - Retirement benefits**

The Club maintains a funded and non-contributory defined benefit retirement plan covering all of its regular and permanent employees. The plan provides for a payment of benefits in lump sum upon attainment of normal retirement age of 60 and completion of at least 5 years if continuous service with the Club in line with Republic Act No. 7641, known as The Retirement Law. Benefits provided in the plan are based on the years of credited service and compensation of employees. Annual contribution to the retirement plan consists of retirement costs covering the current service costs for the year plus payments toward funding the accrued retirement benefit costs. The latest actuarial valuation report prepared by the independent actuary for the year ended December 31, 2019 using the projected unit credit method.

The retirement benefit liability (asset) as at September 30, 2020 and December 31, 2019 consist of:

	2020	2019
Present value of defined benefit obligation (PVDBO)	34,684,499	33,006,657
Fair value of plan assets (FVPA)	(34,117,286)	(34,052,268)
Retirement benefit liability (asset)	567,213	(1,045,611)

Movements in the retirement benefit liability (asset) for the periods ended September 30, 2020 and December 31, 2019 are as follows:

	2020	2019
At January 1	(1,045,611)	3,058,395
Retirement benefits expense	2,149,097	2,865,463
Remeasurement gain	-	(417,882)
Contribution	(536,273)	(6,551,597)
At September 30, 2020 and December 31, 2019	567,213	(1,045,611)

Movements in the PVDBO for the periods ended September 30, 2020 and December 31, 2019 are as follows:

	2020	2019
At January 1	33,006,657	31,799,224
Current service cost	2,514,666	2,644,035
Past service cost	-	-
Interest cost	-	2,302,264
Benefits paid	(836,824)	(3,046,759)
Actuarial gain	-	(692,107)
At September 30, 2020 and December 31, 2019	34,684,499	33,006,657

Movements in the FVPA for the periods ended September 30, 2020 and December 31, 2019 are as follows:

	2020	2019
At January 1	34,052,268	28,740,829
Interest income	365,569	2,080,836
Contributions	536,273	6,551,587
Benefits paid	(836,824)	(3,046,759)
Actuarial gain (loss)	-	(274,225)
At September 30, 2020 and December 31, 2019	34,117,286	34,052,268

The plan is administered by a firm of investment fund managers who are authorized to invest the funds as it deems proper. The actual returns on plan assets amounted to P0.3 million for the period ended September 30, 2020 (2019 - P 1.8 million).

The overall expected rate of return on plan assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

As at September 30, 2020 and December 31, 2019, the carrying amount of the plan asset is the same with its fair value. The allocation of the plan assets as at September 30, 2020 and December 31, 2019 are as follows:

	2020	2019
Cash in banks	23.45%	82.88%
Interest receivables	0.06%	0.32%
Investments in equity securities	76.48%	16.81%

Descriptions of each category are as follows:

- Cash in banks consist of current account, savings deposit and special savings deposit;
- Receivables consist of interest receivables; and
- Investments in equity securities consist of short-term equity investments and time certificates of deposit.

The plan's investments do not have any concentration risk.

The Club expects to contribute P4.0 million to the pension plan in 2020.

Retirement benefit expense for the periods ended September 30, 2020 and December 31, 2019 and 2018 are as follows:

	2020	2019	2018
Current service cost	2,514,666	2,644,035	2,904,275
Past service cost	-	-	451,721
Net interest	313,106	221,428	724,645
	2,739,036	2,865,463	4,080,641

Movements in the remeasurement gain (loss) on retirement benefits under comprehensive income for the periods ended September 30, 2020 and December 31, 2019 are as follows:

	2020	2019	2018
At January 1	(877,953)	(1,295,835)	(6,421,966)
Actuarial gain (loss)	-	417,882	5,126,131
At September and December 31	(877,953)	(877,953)	(1,295,835)

The principal actuarial assumptions used to determine retirement benefits are as follows:

	2019	2018
Discount rate	4.75%	7.24%
Rate of increase in compensation	4.00%	5.00%

Assumptions regarding future mortality and disability experiences are based on the 1994 Group Annuity Table and the 1952 Disability Table, respectively.

The weighted average duration of the defined benefit obligation is 14 years.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the PVDBO as at December 31, assuming all other assumptions are held constant:

	Increase (decrease) in basis points	Increase (decrease) in PVDBO	
		2019	2018
Discount rate	+100	(3,222,035)	(1,832,579)

	-100	2,467,206	2,403,043
Salary increase rate	+100	3,764,862	2,455,811
	-100	(3,288,949)	(2,231,239)

The maturity profiles of the undiscounted benefit payments as at December 31 are as follows:

	2019	2018
Within five years	14,525,363	24,902,192
Between six to 10 years	16,054,999	22,469,349
Between 11 to 15 years	18,035,222	22,757,837
Between 16 to 20 years	13,192,283	15,835,012
More than 20 years	20,524,315	25,362,085

#### **Note 17 - Income taxes**

The Club's deferred income tax liabilities as at December 31, 2019 and 2018 pertain to the 30% income tax effects of its revaluation gain of land as disclosed in Note 7. There is no provision for deferred income tax expense recognized in other comprehensive income for the years ended December 31, 2019 and 2018 (2017 - P 244.9 million).

Deferred income tax assets, net on the following temporary differences as at December 31 have not been recognized since management believes that the Club may not have sufficient future taxable income for it to be able to utilize these deferred income tax assets:

	2019	2018
Retirement benefit liability (assets)	(1,045,611)	3,058,395
Unamortized past service costs	10,256,645	8,062,180
Less: Pension charged to other comprehensive income	(877,953)	(1,295,835)
Provision for retirement benefits	8,333,081	9,824,740
Net operating loss carry-over (NOLCO)	44,290,652	121,329,253
Other provisions	569,214	344,214
Subtotal	53,192,947	131,498,207
Multiply: Income tax rate	30%	30%
Tax effect	15,957,884	39,449,462
Minimum corporate income tax (MCIT)	2,895,239	3,117,739
Unrecognized deferred income tax assets, net	18,853,123	42,567,201

On June 26, 2019, the Supreme Court declared through General Register 228539 that membership fees, assessment dues, and fees of similar nature collected by clubs which are organized and operated exclusively for the pleasure, recreation, and other non-profit purposes are not subject to income tax and VAT.

Details of NOLCO and MCIT as at December 31 are as follows:

Year incurred	Year of expiry	2019		2018	
		NOLCO	MCIT	NOLCO	MCIT
2015	2018	-	-	22,949,599	1,020,141
2016	2019	89,434,265	525,173	89,434,265	525,173
2017	2020	29,498,158	1,096,964	29,498,158	1,096,964
2018	2021	2,396,830	1,495,602	2,396,830	1,495,602
2019	2022	12,395,664	302,673	-	-
Subtotal		133,724,917	3,420,412	144,278,852	4,137,880
Expired		(89,434,265)	(525,173)	(22,949,599)	(1,020,141)
		44,290,652	2,895,239	121,329,253	3,117,739

Income tax expense (benefit) for the years ended December 31 consist of:

	2019	2018	2017
MCIT	302,673	1,495,602	1,096,964
Deferred	-	(25,341)	(14,737)
	302,673	1,470,261	1,082,227

Reconciliation between the income tax benefit computed at statutory income tax rate and the income tax expense shown in the statement of total comprehensive income for the years ended December 31 are as follows:

	2019	2018	2017
Income tax benefit at statutory tax rate of 30%	(8,503,660)	(4,332,841)	(8,307,611)
Adjust for income tax effects of:			
Non-deductible expenses	53,811,132	81,142	-
NOLCO expired	26,830,280	6,884,880	11,866,059
MCIT expired	525,173	1,020,141	646,774
Adjustments due to PFRS 15 adoption	-	(8,318,182)	-
Interest income subjected to final tax	(266,320)	(46,439)	(18,271)
Changes in unrecognized deferred income tax assets	(23,714,077)	6,181,560	(3,104,724)
Non-taxable income	(48,379,855)	-	-
	302,673	1,470,261	1,082,227

## **Note 18 - Financial risk and capital management**

### **18.1 Financial risk factors**

The main risks arising from the Club's financial instruments are credit and liquidity risks. The members and the BOD review and approve the policies of managing each of the risks which are summarized below.

#### *(a) Credit risk*

Credit risk arises when a customer or counterparty fails to discharge an obligation and cause the Club to incur a financial loss.

The Club's receivables are actively monitored to avoid significant uncollectible accounts. Policies are in place to ensure collection of these receivables. The Club ensures that applicant for membership shall undergo a series of verifications to determine the individual or company financial capability and credit history. In case of delinquency, the Club's by-laws provide clear cut measures and sanctions against members with unpaid accounts. In addition, the Club has first lien on every proprietary certificate to ensure debts of members arising from unpaid membership dues and other club charges are recovered. Sales of products and services to non-members, i.e., members' guests are on cash basis. In the case of membership dues, advance payments promotions are launched each year with incentives on early annual payments to reduce receivables from member. These minimize the credit risk exposure any margin loss from possible default in the payment of receivables.

The table below shows the maximum exposure from credit risk for the Club's financial assets at amortized cost without taking account of any collateral and other credit enhancements:

	Note	2020	2019
Cash and cash equivalents*	2	82,577,900	64,020,891
Receivables**	3	15,076,851	16,382,571
		97,654,751	80,403,462

\*Excludes cash on hand

\*\*Excludes advances to suppliers and advances to officers and employees

The Club uses internal ratings to determine the credit quality of its financial assets. These have been mapped to the summary rating below:

- *Grade A* - This applies to highly rated financial obligors and strong counterparties with whom the Club has excellent collection experience, i.e., collections are made even before maturity date.
- *Grade B* - This applies to financial assets that are performing as expected or where counterparty pays on due dates.
- *Grade C* - This applies to accounts that are past due but are not impaired since are subsequently collected within 90 days from reporting date.
- Accounts not within Grades A, B and C are considered long outstanding and subject to expected credit loss allowance.

(i) Cash and cash equivalents

The Club's policy on counterparty risk management is to work with a select group of relationship banks which are licensed commercial and universal banks as defined by the Philippine Banking System. Credit risk exposure is low since commercial and universal banks represent the largest single group, resource-wise, of financial institutions in the country. Cash and cash equivalents are also deposited among the top ten banks in the Philippines, hence, considered Grade A.

(ii) Receivables

Credit rating of receivables as at September 30, 2020 and December 31, 2019 are as follows:

	2020	2019
Grade A	10,553,796	11,467,799
Grade B	4,523,055	4,914,772
	15,076,851	16,382,571

(b) *Liquidity risk*

Liquidity risk arises from the possibility that the Club may encounter collection problem that will lead to difficulties in raising funds to meet or settle its obligations and to finance its activities.

The Club monitors its liquidity risk to a shortage of funds through monitoring of collections and projected cash flows from operations. The Club maintains sufficient cash to finance operations. Any excess fund is invested in cash equivalents to augment income generation. The Club's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost. The Club also maintains a financial strategy that the scheduled payment of payables is well within the Club's ability to generate cash from its business operations.

The table below summarizes the maturity profile of the Club's financial liabilities at amortized

cost subject to liquidity risk based on contractual undiscounted payments as at September 30, 2020 and December 31, 2019:

	Notes	On demand	Due within 3 months	Due within 3 to 6 months	Due within 6 to 12 months	Over 1 year	Total
2020							
Accounts and other current liabilities*	9	37,561,517	10,650,122	1,924,850	3,808,283	-	53,944,772
Lease liabilities**	10	-	2,415,007	2,475,118	4,425,999	7,207,423	16,523,548
		37,561,517	13,065,130	4,399,968	8,234,282	7,207,423	70,468,320
2019							
Accounts and other current liabilities*	9	38,791,055	10,966,298	1,908,209	597,483	-	52,263,045
Lease liabilities**	10	-	4,175,830	5,196,215	8,492,245	7,989,976	25,854,266
		38,791,055	15,142,128	7,104,424	9,089,728	7,989,976	78,117,311

\*Excludes deferred liabilities, statutory liabilities, accrued expenses for withholding tax, sinking fund and tournament fund

\*\*Based on minimum lease payments

## 18.2 Fair value of financial instruments

The carrying values of the Company's financial instruments as at reporting dates approximate their fair values due to their short-term nature.

## 18.3 Capital management

The primary objective of the Club's capital management is to ensure the Club's ability to continue as a going concern so that it can continue provide service to its members and benefits for other stakeholders. The Club's capital pertains to Proprietary certificates, shares of delinquent shareholders acquired through auctions, excess of proceeds over cost from re-issuance of shares to delinquent shareholders, and deficit. There were no changes in the Club's capital management policies for the periods ended September 30, 2020 and December 31, 2019.

The Club's loss per share is computed as follows:

	2020	2019	2018
Net income (loss)	(17,828,018)	(9,878,113)	(4,195,865)
Dividend by: Weighted average number of shares*	2,851	2,852	2,852
Income (loss) per share	(6,253)	(3,464)	(1,471)

\*Takes into account the weighted average effect of changes in shares of delinquent shareholders acquired through auctions for the year

The Club's basic loss per share and diluted loss per share are the same.

## Note 19 - Critical accounting estimates, assumptions and judgments

The preparation of the Club's financial statements in conformity with PFRS requires management to make judgment, estimates and assumptions that affect amounts reported in the financial statements and related notes. Future events may occur which will cause the judgment, estimates and assumptions used in arriving at the estimates to change. The effects of any change in judgment, estimates and assumptions are reflected in the financial statements as they become reasonably determinable.

### 19.1 Critical accounting estimates and assumptions

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



prepared.

*(a) Expected credit losses (ECL) of financial assets at amortized cost*

The Club applied the ECL model associated with its financial assets at amortized cost. The loss allowance for financial assets are based on assumptions about risk of default and expected loss rates.

The Club uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Club's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

For receivables, the Club uses a provision matrix to calculate ECL. 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 credit loss experience with forward-looking information.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL 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.

Based on management's assessment, no impairment losses are required on financial assets at amortized cost as at September 30, 2020 and December 31, 2019 due to the low credit risk exposure as discussed in Note 18.1(a).

*(b) Useful lives of property and equipment*

The useful life of each of the Club's item of property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses and brought about by changes in the factors mentioned. A reduction in the estimated useful life of any item of property and equipment would increase the recorded depreciation expense and decrease the carrying value of property and equipment.

There were no changes in estimated useful lives of property and equipment in 2020 and 2019. The carrying values of property and equipment as at September 30, 2020 and December 31, 2019 are disclosed in Note 6.

*(c) Fair value of land*

The Club measures its land at revalued amount with changes in fair value being recognized in the other comprehensive income. The Club has established a process by which measurement of fair value of the land is in place for financial reporting purposes. This primarily involves the expertise of an independent valuer.

The valuer considers certain unobservable inputs and valuation adjustments to provide a reasonable indication of fair value. Any significant changes to these inputs and adjustments could significantly affect the amount of the fair values. Further information about the assumptions made in measuring the fair values is disclosed in Note 7.

*(d) Retirement benefits*

The cost of retirement benefits as well as the PVDBO is determined using actuarial valuations. The actuarial valuation involves making various assumptions including the determination of the discount rates, rate of increase in compensation, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

In determining the appropriate discount rate, management considers the interest rates of Philippine government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Future salary increases and pension increases are based on expected future inflation rates for the Philippines. Further information about the assumptions made in measuring the PVDBO and FVPA are disclosed in Note 16.

In determining the long-term rates of return, the Club considers the nature of the plans' investments, an expectation for the plans' investment strategies, historical rates of return and current economic forecasts. The Club evaluates the expected long-term rate of return annually and adjusts as necessary. The activities of the plan expose it to a variety of risks. The management of these risks and the overall investment policy and strategy of the retirement plan are based on the trustee bank's assessment in compliance with local regulations and practice. Responsibility for governance of the retirement plan, including investment decisions and contribution schedules, lies jointly with the Club and the trustee bank.

The Club's management ensures that the investment positions are managed within an asset-liability matching framework that has been developed to achieve long-term investments that are in line with the obligations under the plan. The main objective is to match assets to the defined benefit obligation by investing primarily in long-term debt and equity securities, consisting of investments in government securities, mutual funds and unit investment trust fund, with maturities that match the benefit payments as they fall due. Assets are invested in different classes in order to maintain balance between risk and return. Investments are diversified to limit the financial effect of any individual investment.

## **19.2 Critical judgments in applying the Club's accounting policies**

In the process of applying the Club's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements and accompanying notes. The judgments are based upon management's evaluation of relevant facts and circumstances as of reporting date.

*(a) Identifying performance obligations*

The Club identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Club's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract. Distribution of free green fee coupons, an incentive when a member pays one-year membership dues in advance, is a separately identifiable promise and is not combined with the obligation related to the membership dues since this is distinct within the context of the contract.

*(b) Determining the timing of recognizing membership fees and assessments*

The Club charges membership dues, membership fees and assignee fees. The Club has concluded that it incurs an obligation to provide services to the members for the fees received and such shall be recognized over time as the members receive substantially the benefits and

privileges of being a member. Membership fees are recognized as earned over the average life stay of members which is determined to be four years based on the eight-year historical membership data of the Club.

*(c) Finance lease - Club as lessee*

Prior to January 1, 2019, the Club has entered into finance lease agreements covering its property and equipment and has determined that it bears substantially all the risks and benefits incidental to ownership of the said properties which are on finance lease agreements. From January 1, 2019, this is no longer considered a critical accounting judgment following the adoption of PFRS 16. Details of the lease liabilities as at September 30, 2020 and December 31, 2019 are disclosed in Note 10.

*(d) Operating leases - Club as lessor*

Prior to 2019, the Club has entered into commercial property leases on its properties. The Club has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so, accounts for the lease as operating lease. From January 1, 2019, this is no longer considered a critical accounting judgment following the adoption of PFRS 16. Details of the lease agreements are disclosed in Note 10.

*(e) Income taxes*

A certain degree of judgment is required in determining the provision for income taxes, as there are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Further, the carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that sufficient future taxable income will be generated to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred tax assets as at December 31, 2019 and 2018 are disclosed in Note 17.

*(f) Contingencies*

The Club determines whether to disclose and accrue for contingencies based on an assessment of whether the risk of loss is remote, reasonably possible or probable. Management's assessment is developed in consultation with the Club's legal counsel and other advisors and is based on an analysis of possible outcomes under various strategies. Contingency assumptions involve judgment that are inherently subjective and can involve matters that are in litigation, which by its nature is unpredictable.

The Club is a respondent in cases arising from the normal course of business, the outcome of which cannot be presently determined. In the opinion of the Club's management and its legal counsel, the eventual liability, if any, which may result from the outcome of these cases will not materially affect the Club's financial statements.

**Note 20 - Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

## 20.1 Basis of preparation

The financial statements of the Club have been prepared in accordance with PFRS. The term PFRS in general includes all applicable PFRS, PAS, and interpretations of the Philippine Interpretations Committee, Standing Interpretations Committee and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council and adopted by the SEC.

The financial statements of the Club have been prepared on a historical cost basis, except for land which is been measured at revalued amount.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Club's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 19.

### Changes in accounting policies and disclosures

#### *(a) New standards, amendments and interpretations adopted by the Club*

The Club has applied the following standards, amendments and interpretations for the first time for their annual reporting period commencing January 1, 2019:

- PFRS 16, Leases replaces the guidance of PAS 17 that relate to the accounting by lessees and the recognition of almost all leases in the statement of financial position. PFRS 16 removes the current distinction between operating and financing leases and requires recognition of an asset (the right-of-use asset) and a lease liability to pay rentals for virtually all lease contracts. Under PFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

On adoption of PFRS 16, the Club recognized lease liabilities and right-of-use assets in relation to leases which had previously been classified as finance leases under the principles of PAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the implicit rate of the lease agreements as of January 1, 2019. The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position as at December 31, 2018.

In applying PFRS 16 for the first time, the Club used the following practical expedients permitted by the standard:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review; and
- excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Club has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Club relied on its assessment made applying PAS 17 and IFRIC 4, Determining Whether an Arrangement Contains a Lease.

The adoption of PFRS 16 did not result in adjustments on the balances as at January 1, 2019

and did not have any significant impact on the Club's financial statements as at December 31, 2019, other than the disclosure of accounting policies.

- Philippine Interpretation IFRIC 23, Uncertainty over Income Tax Treatments, explains how to recognize, and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:
  - how to determine the appropriate unit of account,
  - that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored,
  - that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment,
  - that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
  - that the judgments and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgments.

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgments and estimates made in preparing the financial statements. The adoption did not have a significant impact on the Club's financial statements as at December 31, 2019 and 2018.

- PAS 19 (Amendments) Employee Benefits - Plan Amendment, Curtailment or Settlement, require the use of updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset). The adoption did not have a significant impact on the Club's financial statements as at December 31, 2019 and 2018.

*(b) New standards, amendments and interpretations not yet adopted*

There are no other new standards, amendments to existing standards and interpretations that are or issued but not yet effective as at December 31, 2019, that would have significant impact to the Club's financial statements.

## **20.2 Cash and cash equivalents**

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisitions and that are subject to an insignificant risk of change in value. Other relevant policies are disclosed in Note 20.4.

## **20.3 Receivables**

Receivables are recognized in the period in which the related money, goods or services are provided or when a legally enforceable claim of the Club is established. These are recognized initially at invoice amount, which approximates fair value, and subsequently measured at amortized cost using the effective interest method which is normally equal to its nominal amount. Other relevant policies are disclosed in Note 20.4, except for advances to suppliers and advances to officers and employees which are not considered financial assets.

Advances to suppliers represent initial payments for purchases while advances to officers and

employees are cash advances which are subject to liquidation. These are reclassified to another asset account or expense when the service or goods is provided by or received from the supplier, or the advance is liquidated.

## **20.4 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity. The Club recognizes a financial instrument in the statement of financial position, when and only when, the Club becomes a party to the contractual provisions of the instrument.

### **20.4.1 Financial assets**

#### *(a) Classification*

The Club classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Club has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Club reclassifies debt investments when and only when its business model for managing those assets changes. As at December 31, 2019 and 2018, the Club only has financial assets at amortized cost which consist of cash and cash equivalents, and receivables (excluding advances to suppliers and advances to officers and employees).

#### *(b) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Club commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Club has transferred substantially all the risks and rewards of ownership.

#### *(c) Subsequent measurement*

At initial recognition, the Club measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

### **Debt instruments**

Subsequent measurement of debt instruments depends on the Club's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Club classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in interest income using the effective

interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income (expense) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of total comprehensive income.

- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income (expense). Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in other income (expense) and impairment expenses are presented as separate line item in the statement of total comprehensive income.
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other income (expense) in the period in which it arises.

#### Equity instruments

The Club subsequently measures all equity investments at fair value. Where the Club's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Club's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other income (expense) in the statement of total comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### *(d) Impairment*

The Club assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Impairment loss is recognized in profit or loss and the carrying amount of the asset is reduced through the use of an allowance.

### 20.4.2 Financial liabilities

#### *(a) Classification*

The Club classifies its financial liabilities at initial recognition in the following categories: at FVPL (including financial liabilities held for trading and those designated at fair value) and financial liabilities at amortized cost. The Club only has financial liabilities at amortized cost as at September 30, 2020 and December 31, 2019 which consists of accounts payable and other current liabilities (excluding deferred liabilities, statutory liabilities, accrued expenses for withholding tax, sinking fund, and tournament fund) and lease liabilities.

Issued financial instruments or their components, which are not designated at FVPL, are

classified as financial liabilities at amortized cost, where the substance of the contractual arrangement results in the Club having an obligation either to deliver cash or another financial asset to the holder.

*(b) Recognition and derecognition*

Financial liabilities are initially recognized at fair value of the consideration received plus directly attributable transaction costs. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

*(c) Subsequent measurement*

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

### 20.4.3 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Club or the counterparty. As at September 30, 2020 and December 31, 2019, there are no financial assets and financial liabilities that were offset.

## **20.5 Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost incurred (which significantly pertains to purchase cost) in bringing each asset to its present location and condition is determined using the specific identification method. The amount of any write-down of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the period the write-down or loss occurs. The carrying amount of inventories is directly written off from the inventory account. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, shall be recognized as reduction in the amount of inventories recognized as expense in the period in which the reversal occurs. Net realizable value is the current replacement cost (for material and supplies) or the estimated selling price in the ordinary course of business less applicable variable selling expenses (for inventories for sale).

Inventories are derecognized when they are sold or consumed, or there are no future benefits to the Club. The carrying amount of those inventories is recognized, reported as part of cost and expenses in profit or loss in the period incurred (for material and supplies) or in which the related revenue is recognized (for inventories for sale).

## **20.6 Prepayments and other assets**

Prepayments are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption.



Input VAT arising from purchases of goods and services, is measured at cost and presented net of applicable output VAT, or vice versa, whichever is higher as at reporting date, under current assets or liabilities. These may either be applied against future output tax liabilities or claimed for tax credit or refund.

Prepayments and other assets are carried at cost and are included in current assets, except when the related goods or services are expected to be received and rendered more than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

## **20.7 Property and equipment, and land**

Property and equipment are stated at cost, excluding cost of day-to-day servicing, less accumulated depreciation and any impairment in value.

The cost of property and equipment consists of its purchase price and any costs directly attributable to bringing the property and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of replacing a part of an item of property and equipment is included in the carrying amount of such an item if the recognition criteria are met.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Asset class	Estimated useful life in years
Golf course developments	15 - 40
Buildings and improvements	3 - 35
Golf course maintenance and transportation	1 - 5
Furniture, fixtures and office equipment	1 - 5
Clubhouse equipment	3 - 5

The property and equipment's residual values, useful lives and depreciation method are reviewed and adjusted if appropriate, at each financial year-end.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 20.8).

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

Fully depreciated assets are retained in the accounts until these are no longer in use.

Land is subject to similar policies with property and equipment but is not subject to depreciation and is subsequently measured at fair value.

Changes in the fair value of land are recognized in other comprehensive income unless it represents the reversal of a revaluation decrease of the same asset previously recognized as an expense, in which case it is recognized in profit or loss.

Revaluation gains are not reclassified to profit or loss in the subsequent period. A revaluation loss is recognized as an expense to the extent that it exceeds any amount previously credited to the revaluation gain relating to the same asset.

## **20.8 Impairment of non-financial assets**

The carrying values of land and property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units (CGU) are written down to their recoverable amount.

The recoverable amount of property and equipment is the greater of its fair value less cost of disposal and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's-length transaction. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Impairment losses, if any, are recognized in profit or loss, except for land. For land impairment losses are first charged to other comprehensive income. Any excess of the impairment losses over the revaluation gain is recognized in profit or loss in the statement of total comprehensive income.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that impairment losses recognized for the asset no longer exist or have decreased. The reversal is recorded as income in profit or loss, except for land. For land, reversal of impairment losses is credited to other comprehensive income unless the amount pertains to a reversal of impairment losses previously recognized in profit or loss, in which case, such amount is credited to profit loss. However, the increased amount of an asset due to a reversal of an impairment loss is recognized to the extent that it does not exceed the carrying amount that would have been determined had no impairment been recognized for that asset in prior years.

## **20.9 Accounts payable and other current liabilities**

Accounts payable and other current liabilities are recognized in the period in which the related money, goods or services are provided or when a legally enforceable claim against the Club is established. This is recognized initially at invoice amount, which approximates fair value, and subsequently measured at amortized cost using the effective interest method which is normally equal to its nominal amount. Other relevant policies are disclosed in Note 20.4, except for deferred liabilities, statutory liabilities, accrued expenses for withholding tax, sinking fund, and tournament fund.

Deferred liabilities represent payments received from membership applicants. These are recognized as income when the application is approved; otherwise, the payments received by the Club are refunded.

Statutory liabilities and accrued expenses for withholding tax are not considered financial liabilities and not subject to discounting but are derecognized similarly.

Sinking fund and tournament fund are payments received from members for a specific purpose. These are derecognized when expenditures for the specific purpose is incurred. Any excess fund at the end of the specific purpose will be charged directly to cumulative excess of expenses over receipts.

## **20.10 Leases**

### **20.10.1 Policies from January 1, 2019 following the adoption of PFRS 16**

#### ***(a) Club as lessee***

Assets and liabilities arising from a lease are initially measured on a present value basis. The

interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(i) Measurement of lease liability

Lease liability include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Club:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing, and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) Measurement of right-of-use asset

Right-of-use asset are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs
- restoration costs

Right-of-use asset is generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Club is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

(iii) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an

economic incentive to exercise an extension option, or not exercise a termination option.

Extension options

(or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Club becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(iv) Residual value guarantees

The Club initially estimates and recognizes amounts expected to be payable under residual value guarantees as part of the lease liability.

(v) Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are those with minimum lease payments below the capitalization threshold.

*(b) Club as lessor*

All leases are treated as operating lease similar to policies until December 31, 2018 following PAS 17.

20.10.2 Policies until December 31, 2018 following PAS 17

The determination of arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right use the asset. A reassessment is made after inception of the lease only if one of the following applies:

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

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

*(a) Operating leases*

Leases in which the Club does not transfer substantially all the risk and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the lease asset and derecognized over the lease term on the same bases as lease income.

Operating lease payments are recognized as an income or expense in the statement of total comprehensive income on a straight-line basis over the lease term. Variable lease payments are recognized as income or expense when incurred.

*(b) Finance leases*

Finance leases, which transfer to the Club substantially all the risks and benefits incidental to ownership of the leased property, are capitalized at the inception of the lease at the fair value of leased property or, if lower, at the present value of the minimum payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against profit or loss.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Club will obtain ownership by end of the lease term.

## **20.11 Income taxes**

The income tax expense for the period comprises current and deferred income tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (NOLCO) and unused tax credits (MCIT), to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Club reassess at each reporting date the need to derecognize a previously recognized deferred income tax asset or vice versa.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the taxable entity where there is an intention to settle the balances on a net basis. Deferred income tax assets and liabilities are derecognized when relevant temporary differences have been realized.

## **20.12 Equity**

Proprietary certificates are shares of stock have no par value and recorded equal to the proceeds and/or fair value of considerations received. Incremental costs incurred directly attributable to the issuance of new shares are shown as a deduction from proceeds, net of tax.

Shares of delinquent shareholders acquired through auctions represents the Club's proprietary certificates which are reacquired by the Club and deducted from equity. No gain or loss is recognized in the statement of total comprehensive income on the purchase, sale, issue or cancellation of the Club's own equity instruments. Excess of proceeds over cost from re-issuance of shares of delinquent shareholders is presented as another line item under equity.

Other comprehensive income represents the accumulated revaluation gain of land, net of tax, and remeasurement of retirement benefits.

Deficit represents the net losses accumulated over the years from the Club's operations. Deficit may also include effect of changes in accounting policy as may be required by the respective standard's transitional provisions.

### **20.13 Loss per share**

Loss per share is determined by dividing net loss for the year by the weighted average number of shares issued and outstanding during year. Weighted average share outstanding is calculated by multiplying an outstanding number of shares after considering issuance and buybacks of shares in each reporting period with its time-weighted portion and thereafter summing up the total for each reporting period in a year.

### **20.14 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Club classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets that may be held by the Club and included in Level 1 is the current bid price.

The fair value of assets and liabilities that are not traded in an active market (for example,

over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

As at September 30, 2020 and December 31, 2019, the Club has no assets and liabilities measured at fair value, except for land and FVPA at Level 2 and Level 1 fair value categories, respectively.

## **20.15 Receipts**

### *(a) Membership fees and assessments*

These represents fees received from members as part of Club privileges. These are recognized as follows:

- Membership dues are annual dues from existing members. These are recognized in profit or loss in the applicable membership period. Advance collections or unearned portions are reported as unearned receipts in the statement of financial position.
- Membership fees are one-time joining fees for members which are recognized in profit or loss in the applicable membership period. Advance collections or unearned portions are reported as unearned receipts in the statement of financial position.
- Transfer fees are charged on the transfer of golf shares from an existing member to another buyer. These are recognized when such transfer is completed.
- Annual playing rights are recognized upon transfer of playing rights to the assignee. These are recognized when such transfer is completed.
- Special assessments are recognized upon receipt of the fee collected for a specific purpose or project.

### *(b) Revenues from club operations*

The Club recognizes revenue as control is passed, either (i) over time when the customer simultaneously receives and consumes all of the benefits provided by the Club as the Club performs; or (ii) at a point in time when control is passed at a certain point in time as described below.

- Green fees and tourist fees, tournament fees, and club events represent income from the use of the Club's golf course and amenities and are recognized at a point in time when the golf course and amenities are used.
- Sales of golf merchandise are recognized at a point in time when the goods are delivered to the buyer.
- Locker, golf cart and equipment rental fees, and concessionaires' fees represent rental income which are recognized in line with Note 20.9.
- Other income are recognized when earned.

### *(c) Interest income*

Interest income, which is presented net of applicable tax withheld, is recognized on a time-proportion basis using the effective interest method.

## **20.16 Costs and expenses**

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity,

other than those relating to distributions to equity participants. Cost and expenses are recognized in the statement of total comprehensive income in the period these are incurred.

Interest expense is recognized on a time-proportion basis using the effective interest method.

## **20.17 Employee benefits**

### *(a) Short-term employee benefits*

The Club recognizes a liability and an expense for short-term employee benefits which include salaries, social security contributions, paid sick and vacation leaves, and bonuses. Bonuses are based on a formula that takes into consideration the employee's salary, length of service and performance evaluation. The Club recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation. Liabilities for employee benefits are derecognized when the obligation is settled, cancelled or have expired.

### *(b) Retirement benefits*

The Club has a funded and noncontributory defined benefit retirement plan. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Club, nor can they be paid directly to the Club. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that 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.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as part of costs and expenses in the statement of total comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized under and cost and



expenses in the statement of total comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

*(c) Termination benefits*

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

## **20.18 Contingencies and provisions**

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes when inflows of economic benefits are probable. If it becomes virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

Provisions are recognized when the Club has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are derecognized when the obligation is settled, cancelled or expired.

## **20.19 Related party relationships and transactions**

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions.

Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or their partners. In considering each possible related party

relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is changed.

## **20.20 Foreign currency transactions and translation**

Items included in the financial statements of the Club are measured using the currency of the primary economic environment in which the Club operates (the functional currency). The financial statements are presented in Philippine Peso, which is the Club's functional and presentation currency.

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of total comprehensive income.

## **20.21 Events after reporting period**

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

## **Note 21 - Supplementary information required by the BIR**

The following information required by Revenue Regulations No. 15-2010 is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

### *(a) Output VAT*

Output VAT declared for the period ended September 30, 2020 and the revenues upon which the same were based consist of:

	Gross Receipts	Output VAT
Taxable receipts	34,365,841	4,123,901
Exempt receipts	106,736,150	-
	141,101,991	4,123,901

### *(b) Input VAT*

Input VAT declared for the period ended September 30, 2020 and the purchases/payments upon which the same were based consist of:

	Amount
Balance at beginning of year	5,745,377
Current year's domestic purchases/payments for:	
Goods other than for resale or manufacture	3,008,285
Capital goods subject to amortization	201,857
Capital goods not subject to amortization	13,597
Importation of goods other than capital goods	45,557
Services lodged under cost and expenses	3,395,301

Claims for tax credit/refund and other adjustments*	(9,478,192)
Balance at end of year	2,931,782

\*Pertains to total input VAT claimed against output VAT

*(c) Importations*

The Club made importations amounting to P379,222 and paid the corresponding import and custom duties and tariff fees amounting to Php45,557 for the period ended September 30, 2020.

*(d) Excise tax*

The Club has no transactions subject excise tax for the year period ended September 30, 2020.

*(e) Documentary stamp tax*

The Club paid documentary stamp taxes amounting to Php146,433 from insurance and finance lease additions for the period ended September 30, 2020.

*(f) Other taxes and licenses*

All other taxes and licenses for the period ended September 30, 2020 are as follows:

	Amount
Local taxes	
Real estate taxes	3,715,915
Business permit	1,641,682
Annual water charges	55,435
Community tax certificate	10,500
Other national taxes	
Registration to other government agencies	69,381
BIR registration fee	500
Others	408,282
	5,901,695

The amounts above and documentary stamp taxes paid in (e) are lodged in the taxes and licenses and real property taxes accounts under costs and expenses section in the Club's statement of total comprehensive income for the period ended September 30, 2020.

*(g) Withholding taxes*

Withholding taxes paid and accrued by the Club as at and for the period ended September 30, 2020 are as follows:

	Paid	Accrued	Total
Taxes on compensation and benefits	1,990,767	257,692	2,248,459
Expanded withholding taxes	1,064,096	223,006	1,287,102
	3,054,863	480,698	3,535,561

*(h) Tax assessments and cases*

The Club has no pending tax assessments with the BIR and cases, litigation and/or prosecution in courts or bodies outside the BIR for the period ended September 30, 2020.

**THE MANILA SOUTHWOODS GOLF AND COUNTRY CLUB, INC.**  
**(A Nonprofit Corporation)**

**FINANCIAL SOUNDNESS INDICATORS**  
**SEPTEMBER 30, 2020 AND DECEMBER 31, 2019**

	2020	2019
Current ratio:		
Total current assets	<b>₱130,862,332</b>	₱115,439,097
Total current liabilities	<b>115,449,410</b>	116,705,697
	<b>1.13:1.00</b>	0.99:1.00
Debt-to-equity ratio:		
Total liabilities	<b>1,253,708,906</b>	1,261,346,339
Net equity	<b>4,085,087,366</b>	4,098,484,776
	<b>0.31:1.00</b>	0.31:1.00
Asset-to-equity ratio:		
Total assets	<b>5,338,796,272</b>	5,359,831,115
Net equity	<b>4,085,087,366</b>	4,098,484,776
	<b>1.31:1.00</b>	1.31:1.00
Interest rate coverage ratio:		
Income before interest expense and income tax expense	<b>(16,418,119)</b>	(9,058,975)
Interest expense	<b>1,409,899</b>	819,138
	<b>(11.64):1.00</b>	(11.06):1.00
Profitability ratio:		
Net income	<b>(17,828,018)</b>	(9,878,113)
Net sales	<b>139,339,339</b>	191,913,891
	<b>(0.13):1.00</b>	(0.05):1.00

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, DANIEL C. SAMANIEGO, Filipino, of legal age, and a resident of 18 Hidalgo St., San Lorenzo Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a Nominee for Independent Director of Manila Southwoods Golf & Country Club and have been its Independent Director since 2005 to 2007 and March 2012 to present;
2. I am affiliated with the following companies, associations and organizations:

COMPANY-ASSN-ORG	POSITION-RELATIONSHIP	PERIOD OF SERVICE
Daniel Samaniego Dental Clinic	Private practice in Dentistry	1982 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Manila Southwoods Golf & Country Club as provided for in Section 38 of the Securities and Regulation Code, its implementing Rules and Regulations and other SEC issuances.
4. I am related to the following Director, Officer and/or substantial Shareholder of N/A other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

Name of Director, Officer or substantial Shareholder	Company	Nature of Relationship
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding. I disclose that I am the subject of the following criminal and/or administrative investigation or proceeding (as the case may be):

Offense Charged or Investigated	Tribunal or Agency Involved	Status
N/A	N/A	N/A

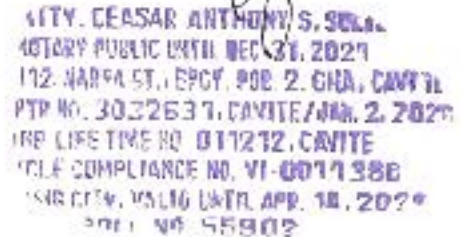
6. (For those in government service/affiliates with a government agency or GOCC) I have the required written permission or consent for the (head of the agency/department) to be an independent director in Manila Southwoods Golf & Country Club, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of Manila Southwoods Golf & Country Club of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this 17th day of November 2020 in Makati City.

  
**DANIEL C. SAMANIEGO**  
 Affiant

SUBSCRIBED and SWORN to before me this 18 NOV 2020, 2020  
 at MAKATI CITY, affiant personally appeared before me and exhibited to me his  
 Philippine Passport issued on January 7, 2016 at DFA Manila.

Doc. No. 306;  
 Page No. 62;  
 Book No. 10;  
 Series of 2020.

  
 ATTY. CESAR ANTHONY S. SOLIA  
 NOTARY PUBLIC UNTIL DEC 31, 2021  
 112, NARAYA ST., EPCY, POB. 2, CHA, CAVITE  
 PTP NO. 3032637, CAVITE/JAN. 2, 2020  
 IRR LIFE TIME NO. 011212, CAVITE  
 IRR COMPLIANCE NO. VI-0011380  
 IRR CITY, VALID UNTIL APR. 18, 2022  
 IRR NO. 55802

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, ALFREDO M. MENDOZA, Filipino, of legal age, and a resident of 122 Champaca St., Ayala Alabang Village, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a Nominee for Independent Director of Manila Southwoods Golf & Country Club and have been its Independent Director since 1999 to 2003 and 2006 to present;
2. I am affiliated with the following companies, associations and organizations:

COMPANY-ASSN-ORG	POSITION-RELATIONSHIP	PERIOD OF SERVICE
Cargoaire Freight Forwarders, Inc.	President	1982 to present
Cargoaire Maritime Corporation	President	1982 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Manila Southwoods Golf & Country Club as provided for in Section 38 of the Securities and Regulation Code, its implementing Rules and Regulations and other SEC issuances.
4. I am related to the following Director, Officer and/or substantial Shareholder of N/A other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

Name of Director, Officer or substantial Shareholder	Company	Nature of Relationship
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding. I disclose that I am the subject of the following criminal and/or administrative investigation or proceeding (as the case may be):







## **ANNEX A**

### **NOMINATIONS, CURRICULUM VITAE AND GENERAL PLAN**

	<b>CANDIDATES</b>	<b>Pages</b>
1	Campos III, Federico P.	1 – 4
2	Dy, Edward E.	5 – 7
3	Gamboa, Rhais M.	8 – 10
4	Gonzalez, Francisco C.	11 – 15
5	Lirio, Renato E.	16 – 19
6	Mendoza, Alfredo M.	20 – 24
7	Perez de Tagle, Rafael R.	25 – 29
8	Samaniego, Daniel C.	30 – 31
9	Santos, Ferdinand T.	32 – 34
10	Sobrepeña, Enrique A.	35 – 38
11	Sobrepeña, Robert John L.	39 – 44

### NOMINATION FORM

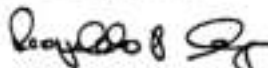
I, a stockholder of The Manila Southwoods Golf & Country Club, Inc.  
(the "Club"), do hereby nominate FEDERICO P. CAMPOS III as

[Please check the appropriate box]

- ☐ Regular Director  
☐ Independent Director

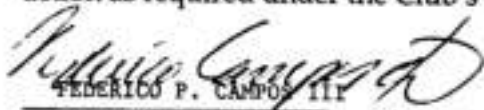
of the Club for the term 2020 - 2021.

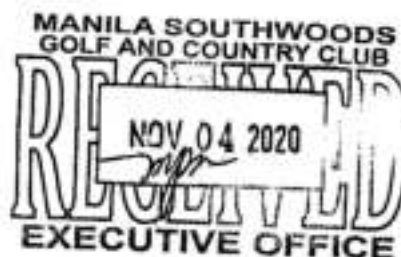
Done this 4th day of November 2020.

  
LEOPOLDO P. CAMPOS

Stockholder

I hereby conform to my above nomination. In connection therewith,  
enclosed are my *curriculum vitae*, photograph and one-page general plan of  
action as required under the Club's Electoral Code

  
FEDERICO P. CAMPOS III  
Nominee



**FEDERICO PINEDA CAMPOS III**



**PERSONAL INFORMATION**

Date of Birth: May 06, 1954  
Place of Birth: Manila, Philippines  
Married to Eloisa Lim Campos  
Name of Children: Marie Annelle Regina L. Campos  
Federico Miguel Gerardo L. Campos

**EDUCATION**

1984: Business Administration  
Minor in International Business and Communication  
Lindenwood Colleges, Missouri  
  
1972: Twelfth Grade (4<sup>th</sup> year High School)  
International School, Makati  
  
1968: Grades 1 to 7 (Elementary Level)  
De La Salle College, Greenhills & Taft

**Business involved in up to present:**

**ATEBABA HOLDINGS**, a property holding company engaged in property leasing

**BAYVIEW HOLDINGS AND REALTY CORPORATION**, a holding company and investment firm involved in diverse projects.

**BETONVAL READY CONCRETE INC.**, a company engaged in the production of ready mix concrete, and quarrying of aggregates.

**CASALI PROPERTIES INC.** a property holding company engaged in property leasing.

**LAGUNA MANAGEMENT & SERVICE CORPORATION**, a company engaged in the management of water distribution systems, with a franchise from the National Water Resources Council, servicing a portion of Laguna

**LA PAZ HOUSING AND DEVELOPMENT CORPORATION**, a privately held company that pioneered in large scale housing development.

**MACARIA DEVELOPMENT CORPORATION**, a company engaged in housing development.

**MACARIA PROPERTIES, INC.**, a company engaged in property development.

**PLAZA PACITA, INC.**, a commercial shopping center in San Pedro, Laguna.

**SUNKIS'D RESORT AND LEISURE GROUP, INC.**, a company operating a Beach Resort in Laiya, Batangas.

**TAGKAWAYAN PROPERTIES**, a property holding company.

#### **CLUB MEMBERSHIPS**

**MEMBER:** Calatagan Golf, Malarayat Golf, The Manila Southwoods Golf, & Wack Wack Golf & Country Club

Served in **THE MANILA SOUTHWOODS GOLF AND COUNTRY CLUB** as Director from October 2003 to May 2008

Served in **WACK WACK GOLF AND COUNTRY CLUB**

- June 2010 – May 2012 – Vice President of the Board of Directors  
Chairman of Membership Committee  
Chairman of Grounds Committee
- June 2012 – May 2014 - Vice President of the Board of Directors  
Chairman of Membership Committee  
Chairman of Grounds Committee
- June 2014 – May 2016 – Member of the Board of Directors

#### **Others**

1990 to 1992 Member of the Board of Governor's Subdivision & Housing Developers Association of the Philippines

:

**General Plans  
Federico Campos III  
As A Candidate for The Board of Directors of  
Manila Southwoods Golf & Country Club  
For The Years 2020-2021**

1. Ensure that the Club is rational and transparent when creating and spending Capital and Operational Budgets, and sustainability is always considered;
2. Pursue the reimbursement of funds advanced by our Club for third parties in the past, if these funds have not yet been returned at this time;
3. Arbitrate and resolve the issue of undelivered certificates of Members who have fully paid their golf shares since these are due them, and resolution of this issue will have a positive effect on the value of our shares, if it is not too late;
4. Work on further improving the market value of Manila Southwoods Golf and Country Club golf shares;

## NOMINATION FORM

I, a stockholder of The Manila Southwoods Golf & Country Club, Inc. (the "Club"), do hereby nominate Edward Dy as

[Please check the appropriate box]

- ☐ Regular Director  
☐ Independent Director

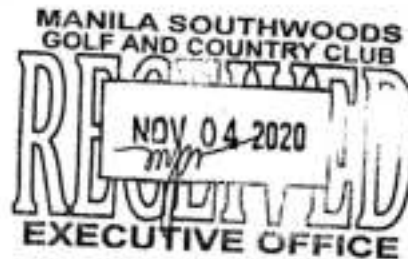
of the Club for the term 2020 - 2021.

Done this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

Benjamin Abca Jr.  
Stockholder

I hereby conform to my above nomination. In connection therewith, enclosed are my *curriculum vitae*, photograph and one-page general plan of action as required under the Club's Electoral Code

[Signature]  
Nominee



**RESUME OF**  
**EDWARD E. DY**



**Personal Circumstances:**

Nationality : Filipino  
Birth Date : June 18, 1948  
Birth Place : Manila, Philippines  
Civil Status : Married  
Address : 7/F Renaissance Tower D  
Meralco Avenue  
Pasig City

**Educational Attainment:**

Course	School	Year Graduated
Elementary	Ateneo de Manila	1961
High School	Ateneo de Manila	1965
College	Ateneo de Manila AB-BSC	1970

**Work Experience:**

1961 to Present	Timeplus Commercial	Director
1970 to Present	Seiko Service Center, Inc.	Director
1988 to Present	DBH Development Corporation	Chairman
1989 to Present	Megaventures Realty Corporation	Chairman
1989 to Present	Sunrise Properties Corporation	Chairman
	Grandview Properties & Ventures, Inc.	Chairman

I hereby certify that the above information is true and correct to the best of my knowledge and belief.

**EDWARD E. DY**

**PLATFORM  
OF  
EDWARD E. DY**

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1. Continue the upgrade of golf course maintenance equipment.
2. Resolved the tripartite agreement between Golf, Homeowners and Developer for the Sports Club.
3. Resolved the unissued stock certificate.
4. Continue the irrigation and bunker rehabilitation program.

  
EDWARD E. DY



## NOMINATION FORM

I, a stockholder of The Manila Southwoods Golf & Country Club, Inc. (the "Club"), do hereby nominate Rhais Gamboa as

[Please check the appropriate box]

- ☐ Regular Director  
☐ Independent Director

of the Club for the term 2020 - 2021.

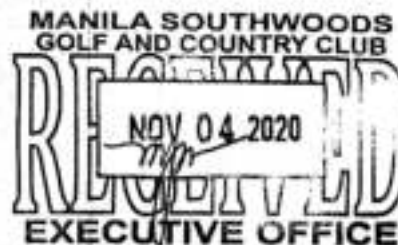
Done this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

BENJAMIN ABELA VR.

Stockholder

I hereby conform to my above nomination. In connection therewith, enclosed are my *curriculum vitae*, photograph and one-page general plan of action as required under the Club's Electoral Code

RHMS / M. GAMBOA  
Nominee





#### BRIEF PERSONAL BACKGROUNDER

#### **RHAIS M. GAMBOA**

Rhais Gamboa is presently the Chief Operating Officer of Mt. Grace Hospitals, Inc., a company investing in hospitals. He also sits as board member in several private, tertiary hospitals.

Mr. Gamboa's other work experience: Vice – President of United Laboratories Inc.; President of Aetna Healthcare, Inc.; Undersecretary of Health; Vice Chairman of the Philippines Medical Care Commission (now transformed as the Philippines Health Insurance Corporation).

Mr. Gamboa obtained his B.S. Management Engineering degree from Ateneo de Manila University and finished his secondary education from the Philippine Science High School.

## **GENERAL PLAN OF ACTION**

### **General Objective**

- To help make Southwoods the best golf & country club in the Philippines where members, their dependents and guests can enjoy the amenities at reasonable costs.

### **General Plan of Action**

- Continue with the improvement of club facilities without unduly burdening members financially through efficient operations and revenue optimization initiatives.
- Foster transparency in Club operations via (i) regular feedback to members of key Board and Committee actions and (ii) adoption of policies and measures to avoid conflict of interest situations involving Board and Committee members.
- Continue obtaining members' feedback as basis for service improvement.
- Contribute to the formulation of appropriate health and safety policies of the Club given the Covid situation.

## NOMINATION FORM

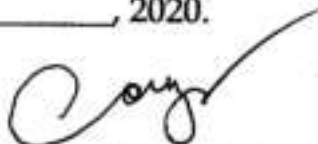
I, a stockholder of The Manila Southwoods Golf & Country Club, Inc. (the "Club"), do hereby nominate FRANCISCO C. GONZALEZ as

[Please check the appropriate box]

- ☐ Regular Director  
☐ Independent Director

of the Club for the term 2020 - 2021.

Done this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

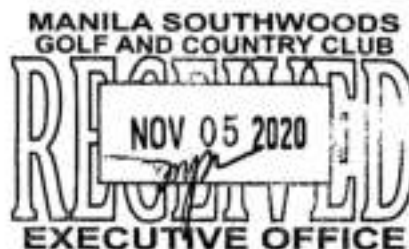


Stockholder  
Neofelio del Corral, Jr.

I hereby conform to my above nomination. In connection therewith, enclosed are my *curriculum vitae*, photograph and one-page general plan of action as required under the Club's Electoral Code



Nominee





**Francisco Chacarrategui Gonzalez**

225 Socorro Fernandez Street  
Addition Hills, Mandaluyong City  
City Mobile: (+63) 918-91116290  
Landline: (02)5330099/ (02)5315963 to 70  
[fccg@romago.com](mailto:fccg@romago.com)

Bachelor of Science in Electrical Engineering  
Professional Electrical Engineer  
PRC# 982

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**Professional Electrical Engineer**

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Considered long years of experience in the business and contracting most of skyline projects in Metro Manila and has engineered development projects for nation building. Used to direct and manage the affairs of the organization towards enhancing business prosperity and corporate accountability. A sincere and dedicated individual who is committed to deliver the best results and provide vision to any organization.

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**AREAS OF EXPERTISE**

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- Corporate governance
- Leadership
- Team Management
- Project Management
- Quality Support

**PROVEN METHODOLOGY:**

- Executed business plans through aggressive, innovative & sound strategies that resulted in increased product awareness & subsequently revenue growth.
- Nurture relationships with key consumer suppliers & third party contractors.
- Build, nurture and maintain all key corporate/government relationship.

- Identify, establish and manage strategic relationships with third tier channels to leverage significant long term business opportunities.
- Verify action plans, milestones and performance measurement based on organizational goals.
- Negotiate deals and contracts effectively and ensure deliverables are met & exceeded to customer end & stake holder.
- Based discussion about performance and work habits on behavior rather than on personalities and attitudes.
- Involve team members in goal setting, problem solving and decision-making.
- Promote corporate fairness, transparency and accountability

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#### Present Position in Affiliated Company

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- Romago Incorporated : Chairman of the Board
- Fabriduct & Metal Systems Inc : Chairman of the Board
- Electro-Mechanical Products Inc : Chairman of the Board

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#### Qualifications

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- Professional Electrical Engineer with PRC No. 982
- Manager and Entrepreneur
- Engineer, Contractor, Designer & Businessman

#### SKILLS:

- Problem-Solving and Decision-Making Skills
- Payment Handling Management
- Systems Knowledge/Implementation Skills
- Oral/Written Communication Skills
- People Management Skills

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#### List of Membership and Association

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- Asean Federation of Electrical Engineering Contractor ( AFEEC) : Honorary Chairman
- Society of Philippine Electrical Contractors & Suppliers ( SPECS) : Honorary Lifetime Chairman
- Architectural Center Club Inc : Past President
- Institute of Integrated Electrical : Life Member

- Engineers of the Philippines (IIEE)
- Rotary Club of Mandaluyong : Past President
  - Membership Committee MSWGCC : Chairman
  - Manila Southwoods Golf & Country Club : Director
  - Camp John Hay Golf & Country Club : Director
  - Manila Yacht Club : Member
  - Subic Yacht Club : Member
  - Mandaluyong Chamber of Commerce & Industry : Member
  - Club Filipino : Member

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#### Awards and Accomplishments

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- Most Outstanding Electrical Engineer of the Philippines  
(Professional Regulation Commission 1985)
- Most Outstanding Engineers Award  
(Society of the Philippine Electrical Contractor)
- Paul Harris Fellow  
(Rotary Club of Mandaluyong)

Various Community Service Awards

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#### Personal Information

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Date of Birth	:	March 10, 1944	
Place of Birth	:	Manila	
Nationality	:	Filipino	
Civil Status	:	Married to Aurora Balanga Gonzalez	
Children	:	Ma. Elena G. Elizalde	Married to Santiago Elizalde
		Ma. Angeles G. Hager	Married to Peter Hager
		Ma. Del Cielo G. Rocha	Married to Carlos Rocha
		Francisco B. Gonzalez Jr.	Married to Francine Kahn-Gonzalez
		Martin Francisco B. Gonzalez	Married to Kathleen Moynihan-Gonzalez



**GENERAL PLAN**  
**OF**  
**FRANCISCO C. GONZALEZ**

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- ❖ *Being that we are a Club whose membership has 78 nationalities. It has always been my intention to ensure that all Southwoods Members are treated equally and with respect regardless of rank, race, color or creed.*
- ❖ *To continue to improve policies and programs that are beneficial to the Club and each Member at all times.*



FRANCISCO C. GONZALEZ



## NOMINATION FORM

I, a stockholder of The Manila Southwoods Golf & Country Club, Inc. (the "Club"), do hereby nominate Mr. Renato Lirio as

[Please check the appropriate box]

- ☐ Regular Director  
☐ Independent Director

of the Club for the term 2020 - 2021.

Done this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

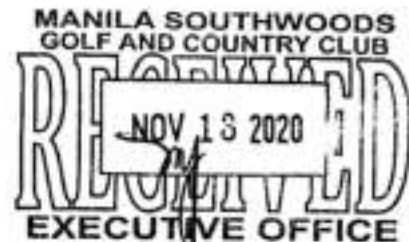
RAKVS GAMBORA  
Stockholder MC # 1934

I hereby conform to my above nomination. In connection therewith:

[Please check the appropriate box]

- ☐ Enclosed are my *curriculum vitae*, photograph and one-page general plan of action as required under the Club's Electoral Code
- ☐ I will submit my *curriculum vitae*, photograph and one-page general plan of action as required under the Club's Electoral Code, on or before 5:00 p.m. of \_\_\_\_\_ 2020.

  
Nominee



**RESUME  
OF  
MR. RENATO E. LIRIO**



Residence: B133 Alexandra Condo., 29 Meralco Ave. Pasig City  
Telephone No.: (632) 6320861  
Mobile Phone No.: 0917-8393203  
E-Mail Address: relirio@yahoo.com  
Place of Birth: Tanauan, Batangas, Philippines  
Birth Date: September 27, 1938  
Nationality: Filipino  
Religion: Roman Catholic

**EDUCATIONAL ATTAINEMENT**

**University of the Philippines, Quezon City**

B.S. in Business Administration (Economics), 1962

**Philippine Military Academy, Baguio City**

Attended the PMA as a Cadet from 1959 to 1961. Resigned due to health & physical problems. Returned to the University of the Philippines to complete the BSBA Degree

**Ateneo de Manila University, Manila**

Master in Business Management, 1967

**Asian Institute of Management, Makati City**

Top Management Program, 1975

**WORK EXPERIENCE**

Joined United Laboratories, Inc. in December 1961. Has remained with the UNILAB Group under various assignments until retirement in December 2005.

- A. With United Laboratories, Inc. Mandaluyong City, Philippines  
From 1962 to 1971. Last position held, Director, Marketing Dev. Group.

- B. From mid-1971 until retirement in 2005, served as Member of the Board and Chief Operating Officer of Greenfield Development Corporation and Southern Heights Land Development Corporation (Land Holding & Dev.).

#### **PRESENT BUSINESS ACTIVITIES**

Chairman & President, Lima Property Holdings, Inc.  
Chairman & President, Makiling Resources, Inc.  
Chairman & President, Hill Creek Gardens Tagaytay, Inc.  
Director, Pallas Homes, Inc.  
Director, Manila Southwoods Golf & Country Club

#### **CIVIC & PROFESSIONAL ORGANIZATIONS**

Management Association of the Philippines (Life Member)  
International Council of Shopping Centers  
Rotary Club of Green Meadows, RI District 3780 (Past President)  
Christian Family Movement, Christ the King Parish Church, Quezon City  
UP Vanguard, Inc.  
UP Beta Sigma Fraternity  
Lt. Colonel, Philippines Army Reserve

## **GENERAL PLAN**

Statement of general plan of action in compliance with the Club's Electoral Code, as a requirement for candidacy as a regular director of the Manila Southwoods Golf & Country Club.

It will be my goal to work for reforms in the Club's Management System to be achieved through transparency in all club activities, particularly in its financial transactions. As before, I will maintain my policy not to engage in any business transactions with the Club.

## NOMINATION FORM

I, a stockholder of The Manila Southwoods Golf & Country Club, Inc. (the "Club"), do hereby nominate Alfredo Mendoza as

[Please check the appropriate box]

- ☐ Regular Director  
☒ Independent Director

of the Club for the term 2020 - 2021.

Done this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

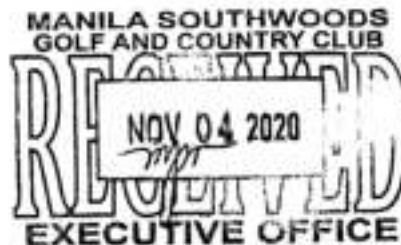


Stockholder  
Guillermo Cu-Ujicng

I hereby conform to my above nomination. In connection therewith, enclosed are my *curriculum vitae*, photograph and one-page general plan of action as required under the Club's Electoral Code



Nominee



**Bio-Data**  
**of**  
**ALFREDO M. MENDOZA**



Born : 15 October 1949  
Place : Manila  
Residence : 122 Champaca Street, Ayala Alabang Village, Muntinlupa City  
Telephone : 842-6498 / 842-5298 / 275-8891  
Civil Status : Married to Ma. Linda G. Fuentebella  
Children : Juan Miguel Mendoza  
              : Alfredo Mendoza Jr.  
              : Carlo Lorenzo Mendoza

**EDUCATIONAL ATTAINMENT:**

Elementary	: ATENEO DE DAVAO	1962
Hingh School	: ATENEO DE DAVAO	1966
College	: DE LA SALLE COLLEGE	1971 (LIA – COM)

**HONORS & AWARDS:**

1957	Salutatorian – Kindergarten Class
1960	Spelling Bee Champion – Primary Division
1962	Mathematics Champion - Intermediate Division
1964	National Science & Dev't. Board Awardee – Biology
1966	Debating Award Medal – Ateneo De Davao High School
1971	Thesis – Study of the Philippine Airline Industry

## **MANAGING DIRECTOR & PRESIDENT – 1982 TO PRESENT**

1. CARGOIRE FREIGHT FORWARDERS, INC.
2. CARGOIRE MARITIME CORPORATION
3. CYCLO AIR SYSTEMS TECHNOLOGIES, INC.

## **HOBBIES:**

Sports : GOLF, BASKETBALL  
Reading : TECHNICAL BOOKS  
Travelling

## **PAST WORK EXPERIENCES:**

1972-1974

### **MANAGEMENT TRAINEE**

Ayala Corporation detailed at Filipina Life Assurance Company

1975-1978

### **ACCOUNT EXECUTIVE**

### **MARKETING MANAGER**

Flying Tiger Lines (Los Angeles, U.S.A.) based in Manila. Had Marketing Training and Regular Airport Operations Training in Flying Tigers Headquarters in Los Angeles.

1979-1982

### **EXECUTIVE DIRECTOR**

Concord Express Freight Forwarders, Inc.

## **PROFESSIONAL & CIVIC AFFILIATIONS AND AWARDS:**

SENATOR – Junior Chamber International (JAYCEES)

PAST PRESIDENT 1987 – Manila Junior Chamber of Commerce (Manila Jaycees)

### **1987 – MOST OUTSTANDING CHAPTER PRESIDENT**

1. Metro Manila Jaycees
2. Philippine Jaycees
3. Asia – Pacific Jaycees

### **HONORABLE MENTION:**

MOST OUTSTANDING CHAPTER PRESIDENT of the World at the 1987 Junior Chamber Congress – Amsterdam

**MEMBER: BOARD OF DIRECTORS 1986-1998**

Republic of the Philippines Golf Association (RPGA)

PAST EVP

PAST VP

PAST TREASURER

PAST DIRECTOR FOR MINDANAO

**CHAIRMAN: ORGANIZING COMMITTEE**

1993 Philippine Golf Open – Manila Southwoods Golf Club

1994 Philippine Golf Open – Manila Southwoods Golf Club

**COMMISSIONER – PHILIPPINE SPORTS COMMISSION 1990-1992**

**CHEF DE MISSION – PHILIPPINE CONTINGENT**

1991 South East Asian Games

**CAPTAIN – 1992 PHILIPPINE AMATEUR GOLF TEAM**

World Amateur Team Championship, Vancouver B.C. , Canada

**BOARD OF DIRECTORS & CHAIRMAN – HOUSE COMMITTEE**

Manila Southwoods Golf & Country Club

**BOARD OF GOVERNORS 2010-Present**

Camp John Hay Golf Club



## **PROJECTS ACCOMPLISHED/IN-PROGRESS FOR THE YEAR**

### **2020 - 2021**

1. Waterproofing of roof deck at Legends Clubhouse
2. Waterproofing of roof deck in all Tee Houses (Masters & Legends Courses)
3. Construction of reinforced wall with nets at Masters #7 (Phase 1 & 2)
4. Rehabilitation of Fresh Air System at Main Clubhouse Kitchen
5. Rehabilitation of Caddies Comfort Room
6. Rehabilitation of Legends Clubhouse Comfort Rooms
7. Construction of Rip-rap at Legends #14
8. Installation of Fire Suppression System and Gas Leak Detector
9. Deepwell 16 Pipe Relocation
10. Rehabilitation of Ladies Locker Jacuzzi
11. Rehabilitation of Ladies Shower Room Area
12. Review procedures and protocols for the pandemic period
13. Review use of locker rooms and halfway house
14. Review of procedures for F & B Concessionaire

## NOMINATION FORM


I, a stockholder of The Manila Southwoods Golf & Country Club, Inc. (the "Club"), do hereby nominate Rafael Perez de Tagle as

[Please check the appropriate box]

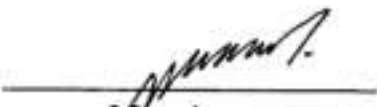
- ☐ Regular Director  
☐ Independent Director

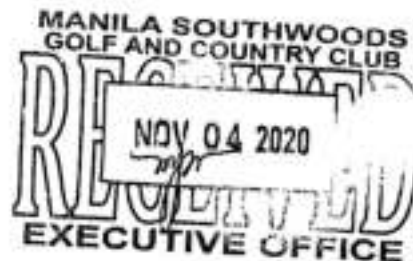
of the Club for the term 2020 - 2021.

Done this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

  
Stockholder  
Robert John V. Sobrepina

I hereby conform to my above nomination. In connection therewith, enclosed are my *curriculum vitae*, photograph and one-page general plan of action as required under the Club's Electoral Code

  
Nominee





**RAFAEL R. PEREZ DE TAGLE, JR.**  
No. 5 Acropolis Drive, Acropolis Subd., Quezon City  
Metro Manila, Philippines 1100

### Curriculum Vitae

#### **Education:**

Degree: BA-Economics  
Year: 1976  
School: De La Salle University, Manila, Philippines

#### **Work Experience:**

1996 - Present	Board Director & Consultant – Metro Rail Transit Dev. Corp.
2002 - Present	Board Director – Metro Rail Transit Corp.
2002 – Present	Board Director – Metro Global Holdings Corp.
2001 - 2014	Board Director – Ecocentrum Corp (COO until 2005)
1998 - Present	Board Director – Camp John Hay Development Corp.
1998 - Present	Board Director & President – Club Leisure Mgt. Corp.
2013 - Present	Chairman – Metro Countrywide Corp.
2014 - Present	Chairman - SmartProbe Inc.
2015--Present	Vice-Chair – Metro Solar Power Solutions

### **PROFESSIONAL & SOCIAL ORGANIZATIONS I BELONG TO, OR HAVE WORKED WITH**

1. Management Association of the Philippines (MAP) – Committee Vice-Chair
2. Junior Achievement of the Philippines (JAPI) - Trustee
3. Business Processing Association of the Philippines (BPA/P)
4. Financial Executives Institute of the Philippines (FINEX)
5. International Council of Shopping Centers (ICSC, New York)
6. Rotary Club of Greenmeadows (Quezon City, Metro Manila)
7. Real Estate Brokers Association of the Philippines (REBAP, Former National Board Member)
8. Golf Course Superintendents Association of America (GCSAA, USA)
9. La Salle Greenhills Alumni Association (Former Board of Trustees)

**RAFAEL R. PEREZ DE TAGLE, JR.**  
**PROGRAM FOR MANILA SOUTHWOODS GOLF & COUNTRY CLUB**  
**2020-2021**

Finance Committee Chairman and a Member of the Board of Manila Southwoods Golf & Country Club. My mission and area of focus is to ensure the professional & sustainable management of Manila Southwoods Golf & Country Club and for the Club to continue as the standard in the Philippines and within the Asia-Pacific region.

Some achievements of the Finance Committee are:

**1. ISO Certifications**

- 1.1 ISO 9001 Certification** – Secured to guarantee Quality Management & Reporting systems.
- 1.2 ISO 14001 Certification** – Secured to ensure compliance to our Environmental Management System.
- 1.3 ISO 18001 Certification** – Secured to sustain Occupational Health & Safety Systems.

Your Club is the 1st & only Golf Club in Asia Pacific to have all these ISO Certifications. Southwoods has been ISO Certified since July 1, 2005 (15 years to date).

**2. Integrity and transparency in Financial Reporting** – Southwoods has set the standard for financial reporting and auditing in the golf industry. Our external auditor, SGV, has been the Club's auditor for over 25 years and our reports have been the standard for comprehensive reporting that other Golf Clubs now follow.

**3. Improved the value of your Shares** – Initiated the acquisition by auction of problematic and delinquent shares to improve the value of your shares. This also created a liquidity buffer of golf shares owned by your Club valued at approximately Php 200 Million. This buffer helps to cushion the costs of damage that may be caused by natural calamities and also to help fund further improvements of your golf course. Your Club now has one of the lowest levels of delinquency in the country.

**4. Annual Savings on Real Property Taxes** – The Club obtained significant savings in real property taxes by correcting the classification of the Club's properties. Your Club successfully negotiated for the 1st ever '*Golf Course*' property tax classification which carries a lower assessment level. Your Club is the first Club to gain this type of property classification.

**5. Audubon Cooperative Sanctuary Member** – Your Club is the first fully-certified Cooperative Sanctuary Program Member in the Philippines and in the Asia-Pacific region of Audubon International (<http://www.auduboninternational.org/acsp-golf-certified>).

Being a fully-certified Program Member takes years of dedication & perseverance to

**RAFAEL R. PEREZ DE TAGLE, JR.**  
**PROGRAM FOR MANILA SOUTHWOODS GOLF & COUNTRY CLUB**  
**2020-2021**

prepare, and requires compliance to strict standards to maintain year after year. This program encompasses, among others, the following:

- a. Comprehensive Environmental Planning
- b. Wildlife and Habitat Management
- c. Chemical Use Reduction and Safety
- d. Water Conservation
- e. Water Quality Management
- f. Community Outreach and Education

It is the true test of being environmentally-friendly. Your Club has been 'green' long before all the other Golf Clubs. Southwoods is the 1st Golf Club in Asia-Pacific to achieve this feat. Your Club has been a fully certified member of the Cooperative since April 9, 1999.

**6. Best Practices** – Since 2010, Southwoods initiated benchmarking of Golf Club financial performance using SEC-submitted Annual Financial Statements of various golf clubs. Your Club has consistently been among the best financial performers among 36-hole golf courses, and even over some 18-hole courses (including the lowest daily operating cost and the highest net income to gross revenue ratio). This was made possible through vigorous yearly programs of conscious cost-cutting measures and prudent spending.

**7. Cash Management** (Banco de Oro) – Your Club has a Cash Management Agreement with BDO, which enabled the installation of an ATM Machine at the Lobby.

**8. Club Wi-Fi Zone** – Your Club has the best WiFi connectivity among golf clubs reaching bandwidth speeds of up to 50 Mbps to enable our Members and guests to stay connected on a 24/7 basis.

Moving forward, I will strive to achieve the following, aside from maintaining the above standards:

**1. Improve the cash position of Your Club** – Specially with the uncertainties of the current Pandemic situation, prudent cash flow management is absolutely essential to ensure the long term health of the Club. Coupled with the Restricted Funds set up and dedicated to cover projected repairs and developments in the Club over the years to consistently improve the value of your Club. Now that insurance companies do not cover most of the risks for the grounds of the golf course due to natural calamities around the world and locally, a cash buffer becomes even more important.



**RAFAEL R. PEREZ DE TAGLE, JR.**  
**PROGRAM FOR MANILA SOUTHWOODS GOLF & COUNTRY CLUB**  
**2020-2021**

**2. Improve the Club's IT Systems** for more efficient operations and to minimize the handling of cash. This will also improve the delivery of services to our Members and keep them updated and connected.

**3. Improve the Club's website** for Members to be able to effectively communicate with, and get reliable information about, their Club. In the future, e-commerce will be made possible where Members can update their accounts & possibly book tee times and promote contactless transactions.

**4. Embark on renewable energy solutions** for the Club's requirements with the end in view of reducing power costs and our carbon footprint using renewable energy;

**5. Continue the turf equipment modernization and golf course upgrading program** so that all Members and their Guests can enjoy a truly world-class golf facility.

My joy is in seeing the Club run professionally as a world-class facility, and for the Members to enjoy the Club for what it is. It's a great Club that only gets better with age.

## NOMINATION FORM

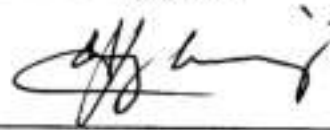
I, a stockholder of The Manila Southwoods Golf & Country Club, Inc. (the "Club"), do hereby nominate Daniel Samaniego as

[Please check the appropriate box]

- ☐ Regular Director  
☒ Independent Director

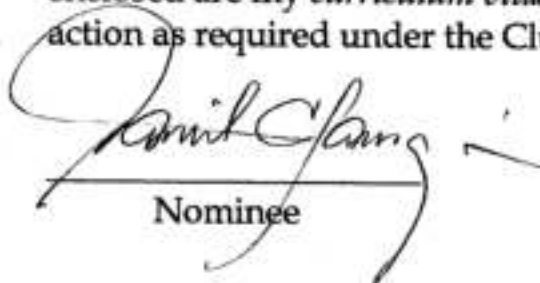
of the Club for the term 2020 - 2021.

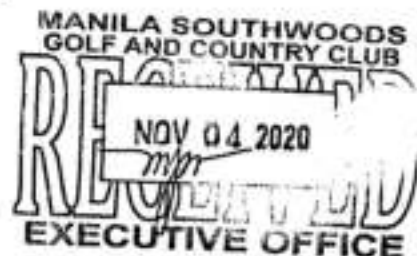
Done this \_\_\_\_\_ day of \_\_\_\_\_, 2020.



Stockholder  
Guillermo Cu-Ujieng

I hereby conform to my above nomination. In connection therewith, enclosed are my *curriculum vitae*, photograph and one-page general plan of action as required under the Club's Electoral Code

 11/4/2020  
Nominee





**Daniel C. Samaniego, D.M.D.**

University of the Philippines, Doctor of Dental Medicine, 1982

New York University, Postgraduate Training in Implant Dentistry, 1994-1996

Member, Board of Directors, Manila Southwoods Golf & Country Club

Chairman, Sports and Games Committee, MSGCC

Member, Health and Safety Committee, MSGCC

Member, Grounds Committee, MSGCC

### **OBJECTIVE**

To ensure that in spite of the varying health- and economically related issues foisted on us all by this global pandemic, we shall strive to collectively preserve the Club's positive golfing experience, which all of us members have been enjoying through the past several years, keeping it dependable and consistent.



## NOMINATION FORM

I, a stockholder of The Manila Southwoods Golf & Country Club, Inc. (the "Club"), do hereby nominate ATTY. FERDINAND T. SANTOS as

[Please check the appropriate box]

☐ Regular Director

☐ Independent Director

of the Club for the term 2020 - 2021.

Done this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

RAFAEL R. PEREZ DE TAGLE JR.

Stockholder

I hereby conform to my above nomination. In connection therewith, enclosed are my *curriculum vitae*, photograph and one-page general plan of action as required under the Club's Electoral Code

ATTY. FERDINAND T. SANTOS

Nominee

MANILA SOUTHWOODS  
GOLF AND COUNTRY CLUB

RECEIVED  
NOV 06 2020  
EXECUTIVE OFFICE



### **FERDINAND T. SANTOS**

He is currently the President of Fil-Estate Management, Inc. Fil-Estate Development, Inc., Fil-Estate Urban & Development, Inc., MRT Development Corporation, St. Benedict Realty & Development, Inc., Royal Jade Memorial, Inc., Serenity View Resort Property, Inc. (Escala Tagaytay Hotel) and Mt. Zion Memorial, Inc. He is the Chairman of Forest Hills Golf & Country, Inc. He also serve as Director of Manila Southwoods Golf & Country Club, Inc. and President/Director of Camp John Hay Golf Club, Inc. He graduated from Arellano University with Bachelor of Arts degree in 1970 and took his Bachelor of Laws at San Beda College where he graduated Valedictorian and Magna Cum Laude in 1974. He was a topnotcher in the 1974 Philippine Bar (2<sup>nd</sup> Place).

## **GENERAL PLAN**

My general plan as a candidate for directorship of Manila Southwoods Golf & Country Club is to dedicate my time and effort in getting back the World Class level of our Golf Club that we all enjoy and to help promote good Corporate Governance.

  
**ATTY. FERDINAND T. SANTOS**

## NOMINATION FORM

I, a stockholder of The Manila Southwoods Golf & Country Club, Inc. (the "Club"), do hereby nominate Atty. Enrique Sobrepena as

[Please check the appropriate box]

- ☐ Regular Director  
☐ Independent Director

of the Club for the term 2020 - 2021.

Done this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

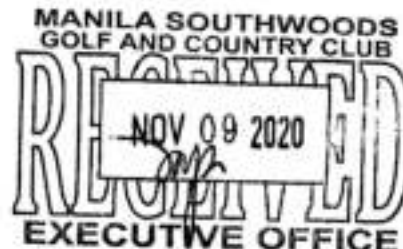


Stockholder

Robert John Sobrepena

I hereby conform to my above nomination. In connection therewith, enclosed are my *curriculum vitae*, photograph and one-page general plan of action as required under the Club's Electoral Code

 Right  
Sobrepena Enrique A. Jr.  
Nominee



## CURRICULUM VITAE

**ENRIQUE A. SOBREPEÑA, JR.**



### PERSONAL DATA

- Born** : June 3 Brooklyn, New York, U.S.A
- Civil Status** : Married, May 9, to Rose Lamb Zamboanga City
- Children** : **ENRIQUE III**, Vice President, Logistics: Camp John Hay Development Corp.  
**WILLIAM RUSSELL**, President: Sobrepeña Foundation for Special Progress. Director: College Assurance Plan/ Comprehensive Annuity Plans and Pension Corp., Former Under-Secretary, Department of Tourism.  
**ROBERT JOHN**, Chairman: Fil-Estate Group of Companies, Manila Southwoods Golf & Country Club, Camp John Hay Golf Club and Development Co., MRTDC & MRTC, Director: CAP General Insurance, Vice-Chairman: Warbird Security & Investigation Agency, Inc. and K-9 Trainors & Breeders, Inc.
- Office Address** : College Assurance Plan Phils., Inc.  
CAP Bldg. 126 Amorsolo Street  
Legaspi Village, Makati City

### EDUCATION AND RECOGNITION

Bachelor of Art, Silliman University, 1949  
Bachelor of Law, University of Manila, 1952  
Doctor of Humanities, Honoris Causa, University of the City of Manila (PLM), April 2001  
Doctor of Business Administration, Honoris Causa, University of Baguio, March 17, 2002  
Dr. M.V. de los Santos Memorial Scroll of Commendation with Medallion of Honor and Achievement, University of Manila, March 23, 2002

## **WORK EXPERIENCE**

1980 to Present: President & CEO, College Assurance Plan Phils. Inc.  
1<sup>st</sup> Philippine Co. to offer Pre-Need Educational Plans

1982 to Present: President & CEO, Comprehensive Annuity Plans & Pension Corp.

1988 to Present: Vice-Chairman & CEO, CAP College Foundation, Inc.

2000 to Present: President & CEO, CAP Health Maintenance Org.

2000 to Present: Chairman, President & CEO, CAP Technologies, Inc./Sales Corp.

1993 to Present: President & CEO, CAP Life Insurance Corp.

1997 to Present: President, CAP General Insurance Corp.

1995 to Present: President, CAP Management Consultancy Services, Inc.

1992 to Present: Board of Trustee, CAP Foundation for Socio-Economic Cooperative, Inc.

2000 to Present: President & CEO, CAP Realty, Inc.

1996 to Present: President, Red Eagle Lending Investors Corp.

1996 to Present: President & CEO, Community Media Network, Inc.

1996 to Present: President, Community All Transport Corp.

1992 to Present: Director, Manila Southwoods Golf & Country Club

1997 to Present: Director, Camp John Hay Development Corp.

1999 to Present: Director, Fil-Estate Management, Inc. & Other Subsidiaries

1994 to Present: Chairman, Union Institute of Rosario, Union School of Naguilian, Sobrepeña Foundation for Social Progress

1972 to Present: Chairman, Rockshed Management, Inc. & Chairman, Rural Bank of Caba

1999 to Present: Vice-Chairman, Warbird Security Agency Services, Inc. and K-9 Trainers and Breeders, Inc.

## **AWARDS**

1973 : Most Outstanding Sillimanian, Award in Business Silliman University

1975 : Most Outstanding Alumnus, University of Manila

1996 : Saranay Award, Outstanding & Exemplary Service in La Union

## **ASSOCIATION & CLUB MEMBERSHIP**

Manila Rotary Club  
Lodge Perla del Oriente, 1034 S.C., A.F.A.M.  
Management Association of the Philippines

I hereby certify that the above information is true and correct to the best of my knowledge and belief.

## **GENERAL PLAN OF ACTION**

1. Will maintain course beautification projects.
2. Strengthen membership fellowship programs
3. Support proposals that will promote Club profitability, while sustaining the quality of the Golf Club service that are delivered to the Members and Guests of the Club.

## NOMINATION FORM

I, a stockholder of The Manila Southwoods Golf & Country Club, Inc. (the "Club"), do hereby nominate Robert John Sobrepina as

[Please check the appropriate box]

- ☐ Regular Director  
☐ Independent Director

of the Club for the term 2020 - 2021.

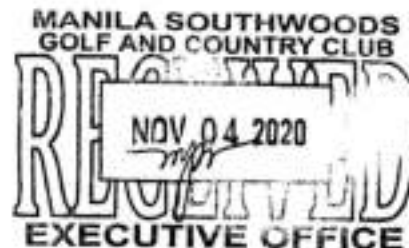
Done this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

Rafael Perez de Tagle  
Stockholder

Rafael Perez de Tagle

I hereby conform to my above nomination. In connection therewith, enclosed are my *curriculum vitae*, photograph and one-page general plan of action as required under the Club's Electoral Code

[Signature]  
Nominee





BIOGRAPHICAL DATA OF:

ROBERT JOHN L. SOBREPEÑA



I. PERSONAL

1. Name : Robert John L. Sobrepeña
2. Citizenship : Filipino
3. Date of Birth : December 27, 1954
4. Place of Birth : Kamuning, Quezon City
5. Civil Status : Married
6. Name of Spouse : Melissa Louise L. Sobrepeña
7. Name of Children : Roseline Julia L. Sobrepeña  
Angela Louise L. Sobrepeña  
Andrea Isabelle L. Sobrepeña  
Martha Laura L. Sobrepeña  
Robert John L. Sobrepeña, Jr.  
Catherine Joyce L. Sobrepeña  
John Philip L. Sobrepeña
8. Residence Address : Penthouse (Unit 2601)  
Renaissance 3000 Condominium  
Renaissance Centre, Meralco Avenue,  
Ortigas Center, Pasig City
9. Business Address : 6/F Renaissance Towers  
Meralco Avenue, Ortigas Center, Pasig City
10. Telephone : (632) 634-2227  
(632) 633-6235

II. EDUCATION & TRAINING

1. COLLEGE OR UNIVERSITY EDUCATION

<u>Degree/Course</u>	<u>School Attended</u>	<u>Year Graduated</u>
Bachelor of Arts in Psychology/ Marketing	De La Salle University	1978

## 2. TRAINING IN FINANCIAL MANAGEMENT & OTHER RELATED FIELDS

N/A

### III.1. WORK EXPERIENCE

#### Name of Office

#### Position

#### 1. Holding Companies

- |  |                       |
|--|-----------------------|
| - Fil-Estate Management, Inc.              | Chairman of the Board |
| - Summit Estate Realty & Development Corp. | Chairman of the Board |
| - Pacific Touch Group Ltd.                 | Chairman of the Board |
| - Metro Rail Transit Holding, Inc.         | Chairman of the Board |

#### 2. Listed Companies – Real Estate

- |                                       |                       |
|---------------------------------------|-----------------------|
| - Fil-Estate Land, Inc.               | Chairman of the Board |
| - Fil-Estate Corporation              | Chairman of the Board |
| - Fil-Estate Properties, Inc.         | Chairman of the Board |
| - Fil-Estate Ecocentrum Corporation   | Chairman of the Board |
| - Fil-Estate Golf & Development, Inc. | Chairman of the Board |

#### 3. Mass Transportation

- |   |                |
|---|----------------|
| - Metro Rail Transit Corporation          | Chairman & CEO |
| - Monumento Rail Transit Corporation      | Chairman & CEO |
| - Metro Rail Transit & Development Corp.  | Chairman & CEO |
| - Metro Rail Ltd. (Hongkong)              | Chairman & CEO |
| - Metro Funding Ltd. Corp.(Cayman Island) | Chairman & CEO |

#### 4. Real Estate Marketing

- |  |                       |
|--|-----------------------|
| - Fil-Estate Realty Corporation              | Chairman of the Board |
| - Fil-Estate Marketing & Associates, Inc.    | Chairman of the Board |
| - Fil-Estate Network, Inc.                   | Chairman of the Board |
| - Fil-Estate Sales, Inc.                     | Vice-Chairman         |
| - Fil-Estate Realty & Sales Associates. Inc. | Director              |

### III.2. WORK EXPERIENCE

#### Name of Office

#### Position

#### 5. Developer: Golf Communities & Country Clubs

- |                                   |                       |
|-----------------------------------|-----------------------|
| - Camp John Hay Development Corp. | Chairman of the Board |
| - Camp John Hay Hotel Corporation | Chairman of the Board |
| - Camp John Hay Water Corporation | Chairman of the Board |
| - Camp John Hay Power Rail        | Chairman of the Board |

- |  |                       |
|--|-----------------------|
| - Sherwood Hills Development, Inc.       | Chairman of the Board |
| - Fairways & Bluewater Development Corp. | Vice-Chairman         |
| - Forest Hills Development Corporation   | Vice-Chairman         |

#### **6. Operations: Golf, Country Clubs and Leisure Developments**

- |   |                       |
|---|-----------------------|
| - Club Leisure Management, Inc.                   | Chairman of the Board |
| - Manila Southwoods Golf & Country Club           | Chairman of the Board |
| - Sherwood Hills Golf Club, Inc.                  | Chairman of the Board |
| - Camp John Hay Golf Club, Inc.                   | Chairman of the Board |
| - Fairways & Bluewater Resort Golf & Country Club | Vice-Chairman         |
| - Forest Hills Golf & Country Club                | Vice-Chairman         |

#### **7. Management: Homeowners Association**

- |   |                       |
|---|-----------------------|
| - Renaissance Tower Condominium Corp.     | Chairman of the Board |
| - Southwoods Homeowners Association       | Chairman of the Board |
| - Renaissance 3000 Homeowners Association | Chairman of the Board |

#### **8. Management Companies**

- |                             |                       |
|-----------------------------|-----------------------|
| - Bramante Management, Inc. | Chairman of the Board |
| - Club Leisure              | Chairman of the Board |

### **III.3. WORK EXPERIENCE**

#### **Name of Office**

#### **Position**

#### **9. Real Estate Acquisition, Development and Management**

- |                                |               |
|--------------------------------|---------------|
| - Fil-Estate Development, Inc. | Vice-Chairman |
| - Nasubgu Properties Co., Inc. | Director      |

#### **10. Commercial Development and Leasing**

- |  |                       |
|--|-----------------------|
| - North Triangle Depot Commercial Corp.  | Chairman of the Board |
| - Belvedere Tower                        | Chairman of the Board |
| - Metro Rail Transit & Development Corp. | Chairman of the Board |

#### **11. Construction & Project Management**

- |   |                       |
|---|-----------------------|
| - International Project Management, Inc.  | Chairman of the Board |
| - Global Shelter, Inc.                    | Chairman of the Board |
| - Magna Ready Mix Corporation             | Chairman of the Board |
| - Multi-Global Construction Corporation   | Chairman of the Board |
| - Golf force, Inc.                        | Chairman of the Board |
| - Meridian Equipment Services Corporation | Director              |
| - Structural Pre-Cast, Inc.               | Director              |

## **12. Insurance**

- CAP General Insurance, Inc.	Director
- CAP Insurance Company	Director
- CAP Educational Plans	Director
- CAP Pension Corporation	Director
- CAP Philippines, Inc.	Director

## **III.4 WORK EXPERIENCE**

### **Name of Office**

### **Position**

## **13. Food & Beverage Services**

- Benpeso, Inc.	Chairman of the Board
- Southern Food Management, Inc.	Chairman of the Board
- Pacific Food Management, Inc.	Partner
- Kork, Inc.	Partner

## **14. Information Technology & Data Processing**

- Pacific Info Link, LLC	President & CEO
- Pacific Info Link Corporation	President & CEO

## **15. Related Business Ventures**

- First United Venture	Chairman of the Board
- Warbird Security Agency	Director
- Alaminos Gardens	Partner
- Borneo-Philippines Landscaping	Partner

## **16. Financing**

- Fil-Estate Finance Corporation	Chairman of the Board
----------------------------------	-----------------------

## **17. Sports Development**

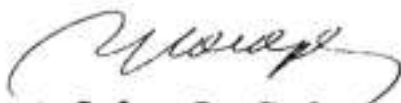
- Fil-Estate Sports Foundation, Inc.	Chairman of the Board
--------------------------------------	-----------------------

I hereby certify that the information contained in this document and its supporting schedule of my own knowledge is true and correct.

  
**ROBERT JOHN L. SOBREPEÑA**

## GENERAL PLAN

My general plan as a candidate for directorship of Manila Southwoods Golf & Country Club is to make our Club the **premier championship golf course** in the Philippines.



Robert John L. Sobrepeña



**THE MANILA SOUTHWOODS  
GOLF AND COUNTRY CLUB**

**CERTIFICATION**

I, **Armando D. Sierra**, Comptroller of **The Manila Southwoods Golf & Country Club, Inc.** with SEC registration number 181069 with principal office at Southwoods Boulevard, Bo. Cabilang Baybay, Carmona, Cavite, on oath state:

- 1) That on behalf of **The Manila Southwoods Golf & Country Club, Inc.**, I have caused this Annual Report SEC Form 17-A for the year ended December 31, 2019 to be prepared;
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That the company, **The Manila Southwoods Golf & Country Club, Inc.** will comply with the requirements set forth in SEC Notice dated April 8, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this 30th day of June, 2020.


  
**Armando D. Sierra**  
Affiant  
SSS: 09-7992485-9

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of JUN 30 2020.

**NOTARY PUBLIC**

Doc. No. 89  
Page No. 14  
Book No. X  
Series of 20 20

Southwoods Blvd., Carmona, Cavite, Philippines 4116  
Trunkline No. (046) 419-8190 / (02) 779-5590

  
**Atty. FREDERICK S. LEVARDO**  
NOTARY PUBLIC Until December 31, 2020  
P.T.R. No. 3189002/01-02-2020/Cavite  
I.B.P. No. 101479/01-06-2020/Cavite  
MCLE Compliance No. VI-0011359/08-17-2018  
Roll of Attorney's No. 53706  
No. 328 San Jose St., Carmona, Cavite



# COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

**Armando D. Sierra**  
(Contact Person)

(Contact Person)

**(046) 419-8190**  
(Company Telephone Number)

(Company Telephone Number)

1	2	3	1
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Month Day  
(Fiscal Year)

17	-	A		
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(Form Type)



Month	Day
(Annual Meeting)	

Not Applicable
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(Secondary License Type, If Applicable)

<p> <math>\frac{1}{2}</math> </p>	<p> <math>\frac{1}{2}</math> </p>
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Dept. Requiring this Doc.

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Amended Articles Number/Section

1,982

Total No. of Stockholders

	-
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Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

LCU

[illegible]

Document ID

Cashier

Cashier

SEC Number 181069  
File Number

**THE MANILA SOUTHWOODS GOLF  
& COUNTRY CLUB, INC.**

(Company's Full Name)

**Southwoods Boulevard, Bo. Cabilang Baybay  
Carmona, Cavite**

(Company's Address)

**(046) 419-8190**

(Telephone Number)

**December 31**

(Fiscal Year Ending)  
(month & day)

**SEC Form 17-A Annual Report**

Form Type

Amendment Designation (If applicable)

**December 31, 2019**

Period Ended Date

(Secondary License Type and File Number)



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended December 31, 2019
2. SEC Identification Number 181069
3. BIR Tax Identification No. 000-645-256
4. Exact name of registrant as specified in its charter  
The Manila Southwoods Golf & Country Club, Inc.
5. Cavite, Philippines  
Province, Country or other jurisdiction of  
Code  
Incorporation or organization
6.  (SEC Use Only)  
Industry Classification
7. Southwoods Boulevard, Bo. Cabilang Baybay, Carmona, Cavite  
Address of principal office
8. 4116  
Postal Code
9. (046) 419-8190  
Registrant's telephone number, including area code
10. Not Applicable  
Former name, former address, and former fiscal year, if changed since last report
11. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec.4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding	Amount of Debt Outstanding
Class A	1,800 shares	₱1,508,650,362
Class B	1,200 shares	1,005,100,242
Total	3,000 shares	₱2,513,750,604

11. Are any or all of these securities listed on the Philippine Stock Exchange

Yes [ ] No [ x ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Not Applicable

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [ x ]                      No [   ]

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

Yes [ x ]                      No [   ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within 60 days prior to the date of filing. If a determination as to whether a particular person or entity is as affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form.

<u>No. of shares</u>	<u>Average Market Price per Share</u>	<u>Market Value</u>
2,075	₱1,324,275	₱2,747,870,000

**THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC.**  
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## **PART I BUSINESS AND GENERAL INFORMATION**

### **ITEM 1. Business**

The Manila Southwoods Golf & Country Club, Inc. (the Club) was incorporated on September 5, 1990 and started full operations on January 2, 1995. Its securities were registered with the Securities and Exchange Commission for sale to the public on October 23, 1991.

The Club was organized and operates exclusively for the promotion of the social, recreational and athletic activities on a non-profit basis among its shareholders, the core of which will be the maintenance of a golf course, clubhouse and other similar facilities. No part of its income inures to the benefit of any officer, member or any private individual.

The Club has not been subject to any bankruptcy, receivership or similar proceedings. Neither has the Club been subject to any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

As a nonprofit entity, the Club generates revenues in the form of membership and other fees in order to meet the expenses for its general operations, maintenance and improvements of the premises and facilities. The major source of revenue from club operations and receipts from members and their corresponding contribution to total revenues are as follows: membership dues, 48%; green fees and tourist fees, 19%; and membership and transfer fees, 13%. A special assessment of Php1,000.00 per member per month for a period of two (2) years earmarked for various facility rehabilitation and capital expenditures was implemented starting April 2017 and was completed in March 2019. Special assessment for the last three (3) months collected in 2019 was Php5.91 million. The percentage contribution of other revenues is almost the same of the preceding year. Other services offered to members and their guests are golf tournament management, banqueting functions and golf cart rentals.

The Club has no sales or revenues and net income contributed by foreign sales.

All Club products and services are delivered within the premises of the Club to visiting members and their guests. There are no elaborate distribution methods of products and services.

There is no publicly-announced new product or service of the Club.

The golf industry caters to upper and middle class individuals and families who have available disposable income to be able to own a proprietary share of stock or rent a share for playing rights. Located to the south of Metro Manila or the CALABARZON area, the Club is in direct competition with other golf courses such as The Orchard Golf & Country Club, Riviera Golf & Country Club, Eagle Ridge Golf & Country Club, Tagaytay Highlands, Tagaytay Midlands and Sherwood Hills Golf Club, all located within the province of Cavite. Further down south are Sta. Elena Golf & Country Club, The Country Club, Canlubang Golf Club and Ayala Greenfields, all in Laguna province and Mt. Malarayat Golf & Country Club in Lipa City, Batangas.

Principal methods of competition in the golf industry consist of quality of facilities, amenities and services, pricing and accessibility. The Club enjoys higher patronage as compared to its competitors due to its accessibility from major thoroughfares. It is the first golf course a golfer would reach south of Metro Manila via South Luzon Expressway. It is only about 10-minute drive from Alabang, Muntinlupa and 40 minutes from the Makati financial district. This fact, coupled with the quality of

its 36-hole golf course and leisure facilities, which are being maintained all year round at the highest level, in turn gives more value for money. Further, the Club maintains superior member-guest relations and services as compared to its competitors. With these factors, the Club has always been considered as one of the leaders in the industry to which others measure and gauge their own performance.

The Club is not dependent on any particular supplier or group of suppliers for various supplies needed in the operation and maintenance of its facilities. Major parts of its requirements are readily available in the local market from various manufacturers and traders. Specialized requirements such as imported spare parts for turf equipment, irrigation and pump systems and a number of fertilizers and herbicides grades are available through local authorized distributors or directly from the foreign manufacturers. The Club has no existing major supply contracts.

The Club is not dependent upon a single customer or a few customers. It currently has 2,200+ active members, all can use the facilities and services of the Club together with their guests subject to existing house rules, regulations and procedures. Aside from this, it is also open to member-sponsored golf tournaments and to a limited extent, and tourists at premium rates. There is no customer that accounts for at least twenty percent (20%) of the Club's revenues. There are no existing major sales contracts.

In the normal course of business, the Club has transactions with related parties brought about by service agreements, concessionaire arrangement, and maintenance contracts entered into through the normal bidding process and passed by the various standing committees and the board of directors. Other transactions involve expense allocations of personnel expenses and advances to and from related parties more specifically discussed in the Certain Relationships and Related Party Transactions of this report. The Club is not dependent on any related party.

The Club has no patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements to which its operations depend on or is expected to depend.

There is no need for any government approval of principal products or services being offered by the Club to its members and their guests.

The Club is currently in the process of rectifying and securing certain permits from the Department of Environment and Natural Resources (DENR) and Laguna Lake Development Authority (LLDA) for golf operations. Funding requirement has been allocated and the completion of the project is expected by 2020.

The Club has not spent on research and development activities during the three last years.

Since April 9, 1999, the Club has been fully certified by the Audubon Cooperative Sanctuary Program, a leading non-governmental, internationally-recognized environmental organization based in the United States. The objective of the program is to educate people to become environmental stewards and motivate them to take action and enhance their habitats and, conserve natural resources and improve the environment and the surrounding communities. The Club has the distinction of being the first golf club to receive this Audubon Certification in the Asia-Pacific region. The Club had since been recertified on a bi-annual basis and expects to be continuously recertified again in the succeeding years.

The Club obtained its Integrated Management System (IMS) certification in 2005 from TUV Philippines to become the first golf club in the Philippines that successfully established, implemented,



and maintained an IMS according to the three governing IMS standards; the ISO 9001, ISO 14001 and OSHAS 18001 for Golf Club Operations. The Club is the first of its kind to be certified individually on Quality Management System (ISO 9001), Environmental Management Systems (ISO 14001), and Health and Safety (OSHAS 18001). The certification is generally awarded to companies that continually improve the quality of their products and services while paying careful attention to the impact on the environment and the well-being of their members and employees. The IMS certification involves achieving all members' requirements, the health and safety of members and employees, as well as prevention of pollution in and around the club venue and golf course. The Club has successfully maintained its re-certification since 2005.

From 2014 to 2018, the Club was awarded as Philippine Best Golf Course (Masters Course) by World Golf Awards for five (5) consecutive years. Other awards received by the Club are Golf Course of the Year (Masters Course) by Business Mirror (2016 & 2017), One of the Top Ten Golf Courses in Asia by Destination of the World Awards (2016), Titled as One of the Best Golf Course in the Philippines (Masters Course) by Business Mirror (2015), and Host Venue of the Year (Legends Course) by Philippine Golf Tour (2014). The Club was the venue of the prestigious Asian Tour, the Resorts World Manila Masters for five (5) consecutive years (2013 to 2017) with prize money of US\$1 million, the highest prize money ever offered in the Philippines.

The Club was also declared as champion in various inter-club and national tournaments, namely, Champion for four (4) consecutive years in the Mens Regular Founders Division of PAL Interclub Tournament (68<sup>th</sup>, 69<sup>th</sup>, 70<sup>th</sup> & 71<sup>st</sup> PAL Interclub). In 2019, Champions (Founders Division) in the PAL Seniors Interclub Golf Tournament, Champions (Championship Division 1) in the PAL-JGFP Junior Interclub Golf Championship, Champions in the PGT Delimondo National Pro-am, Champion in the Junior World Championship, Champions (Fil Championship Division) in 70<sup>th</sup> Fil-Am Invitational Golf Tournament, Champions (Am Championship Division).

As of December 31, 2019, the Club has 270 employees working full time (composed of 228 organic employees and 42 agency hired service personnel). This figure consisted of 236 employees involved in operations (i.e., golf operations, grounds maintenance, engineering, purchasing and materials management, security and housekeeping) and 34 employees involved in office/administrative functions (i.e., personnel, training, executive office and accounting). A total of 159 employees as of December 31, 2019 are covered by the existing CBA which will expire on December 31, 2022. The labor group and the Club management has established and maintained a good and harmonious working relationship ever since. The Club has never experienced any dispute, strike or disturbance from employees and the local union since its formation in 1998. Supplemental benefits given by the Club to its employees include salary adjustment, duty meal and allowances, partial cash conversion of unused sick leave benefit, provision of uniforms, loyalty awards, retirement benefits, bereavement financial assistance, birthday gift, emergency loans, life and medical insurance, among others.

The major risk involved in the operations of the Club is mainly the stoppage or hampering of operations which may be brought about by natural calamities, fire, and other causes. The Club is open 365 days a year especially on holidays where patronage or player traffic is high. In the industry itself, premium is given to all year-round playability and the clubs are always open. In prior years, the Club had suffered flooding incidents that resulted to series of repair works and temporary closure of the areas affected by floodwater and silts. The last flooding incident that had temporarily paralyzed portion of the facilities while undergoing clean-up and rehabilitation was in 2014. At the height of typhoon "Glenda" in July 2014, part of the Masters course was damaged by heavy flooding. The Club had recovered from the insurance the amount of Php3.9 million. The Club had been

continuously doing the clean-up program of all river channels going through its property to minimize the risk of water overflowing during rainy months.

## **ITEM 2. Properties**

The Golf Course, a project of Fil-Estate Golf and Development, Inc. (Developer) is a result of a Development Agreement between the developer and other realty and development companies which originally owned the land where the Golf Course Project is located. The Developer was originally a joint venture company between Fil-Estate Properties, Inc. and Dyna Land Development Corporation. Upon completion of the Club, Dyna Land sold its shares to FEGDI in whole.

The Club's Golf Course and Clubhouse Development Works is located at Carmona, Cavite with an aggregate land area of 136 hectares more or less. As of December 31, 2019, land titles covering about 123 hectares, out of the total land area actually covered by the Golf Course Project of approximately 136 hectares, have already been transferred and registered in the name of the Club on the basis of a "tax-free exchange" ruling covering the Golf Course Project that was secured from the Bureau of Internal Revenue ("BIR") pursuant to the provisions of the National Internal Revenue Code. While the beneficial ownership of the remaining 13 hectares has been conveyed to the Club, the actual transfer and registration of the same in the name of the Club has not yet been completed as the Annex to the BIR Tax Free Ruling, listing the specific title numbers of lots donated by certain landowner-partners, was lost when the Cavite Register of Deeds office was burned several years ago and needs to be reconstructed. Efforts are being made to expedite the transfer and registration of the said remaining lots in the Club's name on the basis of the said BIR "tax-free exchange" ruling. On January 26, 2005, the Club has obtained a revalidated Certificate Authorizing Registration (CAR) from BIR. The revalidated CAR is one of the major requirements of the Registry of Deeds in titling the land in the name of the Club. The Club's management and legal counsel believe that, based on current circumstances, there are no legal contingencies affecting the status and titling of 13 hectares nor are there any adverse claims by third parties to the aforesaid 13 hectares of land. The Club has two clubhouses, a maintenance facility, four tee houses, a driving range, two starter houses, a halfway house and several storm huts. The golf course and other properties are in good condition and undergo regular preventive maintenance and major renovation whenever the need arise.

A series of Compromise Agreements (for Block 74, Lots 1 & 3 and Block 66, Lot 2) were executed on August 18, 2004 between The Manila Southwoods Golf & Country Club, Inc. (the "Club") and National Transmission Commission ("Transco"), a government owned and controlled corporation. The Club, in consideration of just compensation (received in December 2005), agreed for the latter to expropriate a portion of a parcel of land, covered by Transfer Certificate of Title (TCT) No. T-93297 of the Register of Deeds (the "affected property"), intended for the site of a new steel tower of the Dasmariñas – Biñan 230 kV Transmission Line Project (the "Project"), for the broader interest of public welfare. The Order of Expropriation was annotated at the back of TCT No. T-593297.

Further, the agreement provided that in the event Transco, or its successors-in-interest, retires the transmission line or alters the use or specific purpose for which the affected property was expropriated and condemned, the Club reserves the right to acquire the affected property at a price equivalent to the current Bureau of Internal Revenue's zonal valuation.

In addition, Right of Way Agreements (Block 74, Lot 2 and Block 66, Lot 3) were also executed on the same date. Transco, in order to meet the target completion date of the Project which was considered vital to the distribution of electricity of the Luzon Grid System, offered to pay the Club an easement fee for a right of way over that portion of the parcel of land. That in the event Transco,

or its successors-in-interest, retires the transmission line or alters the use or specific purpose for which the affected property was expropriated and condemned, the Agreements will be rendered null and void and all the rights of possession and ownership over the affected property will be assumed by the Club.

There are no mortgages, lien, or encumbrance over the properties of the Club nor are there any limitations on ownership or usage over the same. The Club does not lease any major property essential to its operation.

The Club had been in operation for over 27 years now and its facilities and equipment require refurbishment or replacement brought by prolonged wear and tear. In line with the Club's commitment to provide its members with first class facilities and the best playing conditions, the Club through its different Committees have identified several areas that require attention for refurbishment/replacement in the next couple of years. To accomplish these plans and programs, a special assessment of One Thousand Pesos (Php1,000.00) per month per member for a period of two (2) years have been implemented which started in April 1, 2017 and was completed in March 31, 2019. Renovation of all greens at the masters course were completed in 2019 including various renovation works at the main clubhouse and other facilities. The Club is continuously doing its renovation projects through fund allocations every year. For the year 2020, the club is projecting to spend Php30 million for various rehabilitation projects and capital expenditures based on its projected annual budget and availability of funds.

**ITEM 3.      Legal Proceedings**

Although the Club is a respondent in several legal cases arising from the normal course of business, there are no material pending legal proceedings that would have material impact on the financial conditions or results of operations of the Club.

**ITEM 4.      Submission of Matters to a Vote of Security Holders**

There were no matters submitted to a vote of security holders during the fourth quarter of the calendar year covered by this report.

**PART II      OPERATIONAL AND FINANCIAL INFORMATION**

**ITEM 5.      Market Price of Registrant's Common Equity and Related Stockholder Matters**

**Market Information**

As of January 2, 1995 all the 3,000 authorized no-par shares have been issued to the developer and its land owner partners in exchange for the two (2) 18-hole golf courses, buildings and facilities and the land where the Club now stands. The Club itself does not engage in any trading activities of its own shares except as provided for in its By-Laws with regards to the auctioning of shares of delinquent members to settle their outstanding liabilities to the Club. As of December 31, 2019, the Club has a total of one hundred fifty (150) delinquent shares acquired at the public auctions. The acquisition cost of the share represents the outstanding receivable from the delinquent shareholder as of the date of auction plus costs incurred in the auction. There is no public trading market for the Club's shares. These are available only from the developer, its landowner partners and existing



individual/corporate owners at a price agreed upon by both parties concerned, subject to the exercise of the Club of its right to first refusal over the shares.

Buyers of the Registrant's golf shares are expected to be from the upper and middle income class bracket, the Metropolitan Manila based golfers (and surrounding cities and municipalities) and present and future residents of the Manila Southwoods Residential Estates. The Registrant's golf shares are not traded in any Stock Exchange. The primary golf shares issued to the Developer and its landowner partners are sold to individuals and corporations through the marketing arm of the Developer while secondary shares are usually traded through individual transactions and brokers of club shares. In 2019, there were 79 transfer fees received by the Club for the transfer of share ownership.

#### SHARE PRICES (Millions)

		2019		2018		2017	
		High	Low	High	Low	High	Low
First Quarter	A	1.20	1.20	1.10	0.95	1.00	0.90
	B	1.60	1.50	1.20	1.20	1.20	1.10
Second Quarter	A	1.20	1.20	1.10	1.10	0.95	0.90
	B	1.60	1.60	1.30	1.20	1.10	1.10
Third Quarter	A	1.30	1.20	1.20	1.20	0.90	0.90
	B	1.70	1.70	1.30	1.30	1.20	1.10
Fourth Quarter	A	1.30	1.10	1.10	1.10	0.95	0.90
	B	1.50	1.50	1.40	1.40	1.20	1.10

#### Holders

Top 20 shareholders as of December 31, 2019 are as follows (for practical presentation, only those shareholders holding 3 shares and above are included in the list):

##### Class A:

Name	No. of Shares Held	% to Total
1. Southern Heights Land Development Corp.	55	3.22%
2. Grandview Properties and Ventures, Inc.	49	2.87%
3. La Paz Housing Dev. Corporation	42	2.46%
4. Fil-Estate Land, Inc.	33	1.93%
5. College Assurance Plan	23	1.35%
6. Carmona Realty & Development Corp.	16	0.94%
Greenfield Development Corp.	16	0.94%
7. Fareast Bank & Trust Co. TA#103-00471	15	0.88%
8. Fil-Estate Management, Inc.	13	0.76%
9. Fil-Estate Golf Development, Inc.	7	0.41%
Homerson Development Corporation	7	0.41%
10. Chuateco Romeo Sy	4	0.23%
Buenafortuna, Inc.	4	0.23%
Ignacio Co	4	0.23%

Travellers Intl. Hotel Group, Inc.	4	0.23%
11. Mitsubishi Motors Phils. Corp.	3	0.18%
Caltex Philippines, Inc.	3	0.18%
Carino, Noel	3	0.18%
Advanced Medical System, Inc.	3	0.18%
City Motors	3	0.18%
Diamond Motors Corporation	3	0.18%
Francisco Gonazalez	3	0.18%
Development Bank of the Phils. – Provident Fund	3	0.18%
Looyuko Alberto T.	3	0.18%
Petron Corp	3	0.18%
Summit Estate Realty and Dev. Corp.	3	0.18%
Castillo Erlinda Flor	3	0.18%
Tsai Willy D.	3	0.18%
Integrated Microelectronics, Inc.	3	0.18%
Nestle Philippines, Inc.	3	0.18%

**Class B:**

Name	No. of Shares Held	% to Total
1. Southern Heights Land Development Corporation	171	14.95%
2. Fil-Estate Golf & Development Inc.	159	13.90%
3. La Paz Housing & Development Corp.	85	7.43%
4. Grandview Properties and Ventures, Inc.	31	2.71%
5. Greenfield Development Corporation	21	1.83%
6. College Assurance Plan	20	1.75%
7. Southcoast Real Estate Development Corp.	18	1.57%
8. Carmona Realty & Development Corp.	11	0.96%
9. Pilipinas Bank	9	0.79%
10. Caltex Philippines, Inc.	4	0.35%
Fil-Estate Management, Inc.	4	0.35%
Po Chi Chang and Fu Shu Shi	4	0.35%
Wan-Chu Chen	4	0.35%
Mitsui & Co., Ltd.	4	0.35%
11. Tan Caysing/Czarnita	3	0.26%
Benito R. Araneta	3	0.26%
The Coca-Cola Export Corp.	3	0.26%
Mitsubishi Corporation	3	0.26%

Founders' and Class "A" and Class "B" shares outstanding as of December 31, 2019 were 1,706 and 1,144 shares, respectively, based on the Club's stock and transfer books. Out of the 150 delinquent shares acquired by the Club, 66 shares were actually transferred in the name of the Club while the transfer of the remaining 84 shares is still being processed.

**Dividends**

Being a non-profit organization, there are no cash dividends declared or will be declared at any time in the future as provided in the Articles of Incorporation. Stockholders are entitled only to a pro rata share of the assets of the Corporation at the time of dissolution or liquidation.

**Recent Sales of Unregistered Securities or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction**

Within the past three (3) years there are no sales of unregistered or exempt securities, including recent issuance of securities constituting an exempt transaction under the Code including sales of reacquired securities, as well as new issues, securities issued in exchange for property, services, or other securities resulting from the modification of outstanding securities.

**ITEM 6. (A) Management's Discussion and Analysis or Plan of Operation**

**Fiscal Year 2019 and 2018**

**Balance Sheet**

Total assets of the club as of December 31, 2019 and 2018 is ₱5.4 billion. Balance sheet accounts with significant movements from the previous year are as follow:

**Cash and cash equivalent.** Cash account increased by ₱6.8 million or 11.8%, from ₱58.0 million to ₱64.8 million, arising from higher collection of various prepaid fees which were booked under contract liabilities.

**Receivables.** Receivable decreased by ₱2.1 million or 8.8%, from ₱23.6 million to ₱21.5 million, due to liquidation of various advance payment to suppliers & contractors brought by completed renovation projects during the year, and completion of the 2-year special assessment to the general membership.

**Inventories.** Increased by ₱4.2 million or 29.5%, from ₱14.4 million to ₱18.6 million, attributed to the purchase of golf merchandise for sale when the club took over the pro shop operations starting January 1, 2019, and the timing of warehouse stock replenishment for the club's consumption. Pro shop used to be operated by an outside concessionaire with a fix rental fee.

**Property and equipment.** Decreased by ₱23.0 million or 6.8%, from ₱336.3 million to ₱313.3 million, mainly due to net effect of depreciation expense on top of capital expenditures during the year.

**Retirement benefit assets.** Registered a balance of ₱1.0 million as compared to nil from the previous year representing the annual contribution in excess to the estimated retirement cost based on the latest actuarial valuation prepared by the independent actuary for the year ended December 31, 2019.

**Prepaid dues and other noncurrent assets.** Increased by ₱8.0 million or 31.9%, from ₱25.0 million to ₱33.0 million, due to number of shares sold on installment payable between three (3) to five (5) years, and the recognition of additional input VAT brought by the nullification of RMC No. 35-2012 exempting the monthly dues and other similar fees from VAT.

**Accounts payable and other current liabilities.** Accounts payable and other current liabilities decreased by ₱2.2 million or 3.0%, from ₱71.7 million to ₱69.5 million, brought by full payment of outstanding liabilities with various contractors/suppliers for the completed renovation projects.

**Unearned receipts.** Increased by ₱9.5 million or 18.5%, from ₱51.7 million to ₱61.2 million, representing more membership and similar fees received during the year subject to amortization in

relation to the adoption of PFRS 15 which took effect on January 1, 2018 where portion of the membership fees, annual assignment fees, monthly dues and green fees are being amortized over a certain period of time.

**Lease liabilities.** Increased by ₱8.7 million or 61.0%, from ₱14.2 million to ₱22.9 million, due to new acquisition of turf maintenance equipment and rental golf carts through finance lease during the year.

**Income tax payable.** Decreased by 100%, from ₱0.3 million to nil due to the effect of the recent supreme court ruling that the membership fees, membership dues, and fees of similar nature collected by clubs which are organized and operated exclusively for the pleasure, recreation, and other nonprofit purposes are not subject to income tax and VAT.

**Retirement benefit liability.** Decreased by 100.0%, from of ₱3.1 million to nil, due to full contribution consists of retirement costs covering the current service costs for the year plus payment toward funding the accrued retirement costs during the year.

**Excess of proceeds over cost from re-issuance of shares of delinquent shareholders.** Increased by ₱10.8 million or 70.9%, from ₱15.2 million to ₱26.0 million, due to re-issuance of various class "A" and class "B" shares for ₱1.5 million and ₱2.0 million, respectively, during the year.

### **Result of Operations**

The Club registered an excess of receipts over expenses before depreciation and income tax amounting to ₱17.6 million for the current year as compared to ₱34.0 million of the previous year or a decrease of ₱16.3 million or 48.1%, brought by the increase in revenues and expenses with the following highlights.

**Revenues from club operations and receipts from members.** Total revenue from club operations and receipts from members for the year is ₱243.5 million as compared to ₱241.1 million of the previous year, or increased by ₱2.5 million or 1.0%. Revenue items with an increase/decrease of 5% and above are as follow:

Membership Fees – increased by ₱3.8 million or 29.8%, from of ₱12.9 million to ₱16.7 million, due to the increase of membership fee from ₱145,000 to ₱200,000 per new applicant, and the higher amortization of revenue from the previous year in relation to the adoption of PFRS 15.

Annual playing rights fees – increased by ₱1.2 million or 22.4% due to the increase of assigned fee from ₱45,454 to ₱100,000 per assignee, and additional new playing right holders during the year.

Special Assessment – decreased by ₱20.1 million or 77.3%, from of ₱26.0 million to ₱5.9 million, due to completion of two (2) years assessment to the general membership which was started in April 2017 and was completed in March 2019. Special assessment was imposed to raise funds earmarked for various renovation works of club facilities including the greens renovation of the masters course.

Green fees and tourist fees - increased by ₱4.5 million or 10.9%, from of ₱41.1 million to ₱45.6 million, brought by the higher number of guest patronage during the year which is attributed to the excellent playing condition of the club's golf courses.

Locker, golf cart and equipment rental fees – increased by ₱3.5 million or 20.6%, from of ₱17.0 million to ₱20.5 million, due to additional rental golf cart fleet purchased on the last part of 2018 and the effect of higher number of guests during the year.

Sale of golf merchandise – a new revenue item from the in-house operation of golf pro shop beginning January 1, 2019 which was being operated previously by a concessionaire. Total sale of golf merchandise during the year is ₱8.0 million.

Concessionaires fee – decreased by ₱0.9 million or 69.6%, from ₱1.3 million to ₱0.4 million, representing the lost rental fee from golf pro shop due to non-renewal of rental agreement with the concessionaire.

Other income – increased by ₱0.3 million or 28.5% which is mainly attributed to the timing of disposal of saleable scrap materials, and more function room rental income arising from member-sponsored tournaments.

**Costs and Expenses.** Operating expenses of the Club increased by ₱19.2 million or 9.2%, from ₱208.1 million to ₱227.3 million, highlighting the expense items with significant movements from the previous year.

Salaries and wages - increased by ₱3.3 million or 6.1%, from ₱53.2 million last year to ₱56.5 million this year, brought by salary adjustment for various department heads, annual performance evaluation increase for supervisors, regularization of various agency hired employees occupying regular positions, and hiring of golf pro shop staff.

Repairs and maintenance – increased by ₱12.5 million or 37.7%, from ₱33.3 million last year to ₱45.8 million this year, due to more number of renovation projects completed during the year such as rehabilitation of eight (8) greens at the masters course, renovation of mens locker shower area and jacuzzi at the main club, rehabilitation of deepwell at masters # 5, repair of local break switch assembly at the main club, repair of bridge and rip rapping works at legends # 14, and purchase of zion zoysiagrass for tee boxes, among others.

Security and janitorial – increased by ₱1.6 million or 8.8% due to differential billing adjustment from prior year's minimum wage adjustment.

Materials and supplies – increased by ₱0.9 million or 5.3%, from ₱18.1 million to ₱19.0 million, brought by price increases of various commodities and higher consumption of golf operations supplies due to higher number of players during the year.

Fuel and oil – decreased by ₱0.5 million or 6.0% brought by series of fuel pump price adjustments during the year.

Contracted services – decreased by ₱2.2 million or 28.8% due to regularization of various agency hired employees occupying regular positions.

Cost of sales of inventories – a new line expense item representing the cost of inventories sold at the pro shop during the year amounting to ₱5.0 million.



Taxes and licenses - decreased by ₱1.0 million or 21.5% representing the one-time payment incurred in 2018 for the payment of regulatory fees with the Laguna Lake Development Authority (LLDA) in securing the LLDA Clearance and Discharge Permit.

Professional fees – increased by ₱1.4 million or 61.3% representing accumulated billing for services rendered by the club's legal counsel on various legal cases, rate adjustment for the club's internal auditor for corporate governance, and the payment for Pro shop consultant that started in 2019.

Retirement benefit expense – decreased by ₱1.2 million or 29.8% due to adjustment made based on the latest actuarial valuation done by an independent actuary as of December 31, 2019.

Meetings and conferences – increased by ₱0.2 million or 12.7% which is mainly attributed to the frequency and venue of meetings/conferences during the year particularly the membership interviews.

Members' dues and other charges - decreased by ₱1.7 million or 58.2% representing the additional expense incurred in 2018 for the payment of separation pay of sports club employees.

Printing and reproduction – decreased by ₱0.2 million or 46.9% representing cost incurred in 2018 for printing of new forms and replacement of various signages.

**Interest income.** Increased by ₱0.6 million or 28.0% due to time deposit placement of various restricted funds during the year.

**Interest expense.** Increased by ₱0.2 million or 20.5% due to new finance leases for the acquisition of various maintenance equipment and additional rental golf cart fleet.

**Depreciation expense.** Decreased by ₱2.4 million or 5.0% due to additional fully depreciated equipment and other assets of the club during the year.

### **Fiscal Year 2018 and 2017**

#### **Balance Sheet**

Total assets of the club as of December 31, 2018 and 2017 is ₱5.4 billion. Balance sheet accounts with significant movements from the previous year are as follow:

**Cash and cash equivalent.** Cash account increased by ₱27.2 million or 88.4%, from ₱30.8 million to ₱58.0 million, arising from higher revenues during the year particularly the transfer fee, tournament fee, special assessment fee, and collection of some prepaid fees which were booked under contract liabilities.

**Receivables.** Receivable increased by ₱2.4 million or 11.2%, from ₱21.2 million to ₱23.6 million, brought by higher sales during the year and reclassification of overpayment by the members to deferred liability account.

**Materials and supplies.** Increased by ₱2.6 million or 21.6%, from ₱11.8 million to ₱14.4 million, which is attributed mainly to the timing of stock replenishments at the warehouse particularly the chemicals/herbicides and spare parts for turf maintenance equipment.

**Input value added tax and other current assets.** Decreased by ₱1.2 million or 10.0%, from ₱11.7 million to ₱10.5 million, due to liquidation of deposit from fully paid solar assisted air conditioning units which were acquired through finance lease and the amortization of various prepayments.

**Property and equipment.** Decreased by ₱28.6 million or 7.8%, from ₱364.9 million to ₱336.3 million, mainly due to the depreciation expense during the year.

**Prepaid dues and other noncurrent assets.** Decreased by ₱2.8 million or 10.0%, from ₱27.8 million to ₱25.0 million, brought by amortization of prepaid dues and installment receivables during the year.

**Accounts payable and other current liabilities.** Accounts payable and other current liabilities decreased by ₱7.2 million or 9.2%, from ₱78.9 million to ₱71.7 million, due to reclassification of deferred membership dues and other deferred revenues to contract liability account.

**Current portion of contract liabilities.** A new liability account in relation to adoption of PFRS 15 effective January 1, 2018 where portion of the membership fees, annual assignment fees, monthly dues and green fees will be amortized over the period the members are expected to make use of the Club's services or goods. Current portion of contract liabilities of the Club as of December 31, 2018 is ₱30.6 million.

**Income tax payable.** This represents the income tax due to the government amounting to ₱0.3 million arising from Club operations as compared to nil from the previous year.

**Current portion of obligations under finance lease.** Decreased by ₱1.0 million or 13.1%, from ₱7.3 million to ₱6.3 million, due to payment amortizations during the year.

**Noncurrent portion of contract liabilities.** Noncurrent portion of contract liabilities of the Club in relation to the adoption of PFRS 15, as discussed under current liability account, is ₱21.1 million.

**Noncurrent portion of obligations under finance lease.** Increased by ₱4.8 million or 159.9%, from ₱3.0 million to ₱7.8 million, due to the acquisition of 28 units new electric golf cart through finance lease at the last quarter of 2018.

**Accrued retirement benefit costs.** Decreased by ₱10.0 million or 76.7%, from of ₱13.1 million to ₱3.1 million, due to contribution remittances by the Club to the Retirement Fund during the year.

### **Result of Operations**

The Club registered an excess of revenue over expenses before depreciation expense amounting to ₱34.0 million for the current year as compared to ₱22.6 million of the previous year or an increase of Php11.4 million or 51.5% with the following highlights.

**Revenues.** Total revenues for the year is ₱241.1 million as compared to ₱229.3 million of the previous year, or increased by ₱11.8 million or 5.1%. Revenue items with increase/decrease of 5% and above are as follow:

Green fees and tourist fees - increased by ₱7.2 million or 21.2%, from of ₱33.9 million to ₱41.1 million, brought by higher number of guests patronage during the year. Higher patronage is attributed to well-maintained world-class golf facility of the Club and the service by the staff.

Special Assessment – increased by ₱3.4 million or 15.2%, from of ₱22.6 million to ₱26.0 million, due to full year's collection of special assessment in 2019 as compared to only nine (9) months in 2017.

Transfer Fees – increased by ₱7.5 million or 83.5%, from of ₱9.0 million to ₱16.5 million, brought by higher number of share transfers during the year.

Membership Fees – decreased by ₱4.0 million or 23.8%, from of ₱16.9 million to ₱12.9 million, due the deferral of portion of membership fees for amortization over certain number of years due to adoption of PFRS 15.

Tournament fees – increased by ₱2.9 million or 84.0%, from ₱3.5 million last year to ₱6.4 million this year, brought by higher number of member-sponsored tournaments and higher number of participants during the year.

Annual playing rights fees – increased by ₱1.0 million or 22.0% due to utilization of various club acquired delinquent shares for assignment of playing rights plus additional new assignees from individual shareholders.

Others – increased by ₱0.50 million or 69.8% which is attributed to the timing of disposal of saleable scrap materials and more function room rental income arising from member-sponsored tournaments.

**Costs and Expenses.** Operating expenses of the Club increased by ₱1.1 million or 0.6%, from ₱207.0 million to ₱208.1 million, highlighting the expense items with significant movements from the previous year:

Personnel costs - increased by ₱3.4 million or 4.6%, from ₱69.1 million last year to ₱72.5 million this year, brought by salary adjustment for department heads and supervisors and CBA salary adjustment for the rank and file employees.

Repairs and maintenance – increased by ₱3.6 million or 12.1%, from ₱29.7 million last year to ₱33.3 million this year, brought by emergency repairs of feeder line at the maintenance complex, top overhauling of generator set at the main clubhouse, and various purchase of various major parts for the repair of turf maintenance equipment.

Light and water - increased by ₱3.9 million or 22.0%, from ₱17.6 million last year to ₱21.4 million this year, due to price adjustments on electricity during the year.

Materials and supplies – increased by ₱1.9 million or 11.7%, from ₱16.2 million to ₱18.1 million, brought by price increases of commodities and higher consumption of golf operations supplies due to increased number of players during the year.

Fuel and oil – increased by ₱2.4 million or 46.1% brought by the series of fuel pump price increases during the year.

Taxes and licenses - increased by ₱1.3 million or 36.6% representing payment of regulatory fees with the Laguna Lake Development Authority (LLDA) in securing the LLDA Clearance and Discharge Permit.



Members' dues and other charges - increased by ₱0.2 million or 6.9% due to payment of separation pay of sports club employees in February 2018.

Communications - decreased by ₱0.4 million or 15.4% due to termination of old telephone system which were previously on parallel use with the new telephone system.

Meetings and conferences – decreased by ₱0.1 million or 7.4% which is attributed to the frequency and venue of meetings/conferences during the year.

Bank charges – increased by ₱0.2 million or 12.6% due to higher volume of credit card transactions in connection with higher revenue collections during the year.

Entertainment, amusement and recreation - increased by ₱0.4 million or 38.6% due to the Club's sponsorship and participation to the 2018 Resorts Worlds Run With Me, and the club's representation to Kalibo Aklan in support to the livelihood programs of Autism Hearts Philippines.

Transportation and travel – decreased by ₱0.4 million or 31.6% representing extra expense incurred in 2017 by club representatives to Singapore and Kuala Lumpur for the reciprocity arrangement with other golf clubs.

Tournament Expense – decreased by ₱0.8 million or 58.7 % representing extra expense by the club in 2017 due to budget allocation for Southwoods Invitational, Anniversary Tournament, and Founding Circles tournament.

Printing and reproduction – decreased by ₱4.9 million or 93.1% representing the cost incurred by the club in 2017 for the printing of 3,000 copies of Coffee Table Book in relation to the 25<sup>th</sup> anniversary celebration of the Club.

Rental – increased by ₱0.1 or 71.4% brought by the rental of standby generator set as a back-up power supply while the top overhauling of generator set at the main clubhouse is underway.

Club events - extra cost incurred by the club in 2017 amounting to ₱9.9 million in celebration of the club's 25<sup>th</sup> anniversary such as gala night, community service relations, tournament, and grand raffle draw, among others.

Others – increased by ₱0.3 million or 10.1% due to purchase of various materials for the set-up of butterfly garden in relation to the audubon programs of the club, and replenishment of various supplies for the new and incoming club members.

**Provision for income tax.** Increased by ₱0.4 million or 35.9% as a result of higher net income by the club during the year.

**Interest income.** Increased by ₱0.8 million or 64.0% brought by higher interest and penalty charges collected from members' overdue charges, and higher interest on bank deposits.

**Depreciation Expense.** Depreciation expense decreased by ₱3.6 million or 6.8%, from ₱53.9 million to ₱50.3 million, brought by fully depreciated assets of the Club during the year.

### **Liquidity**

The Club has a current ratio of 0.99:1.00 as of December 31, 2019 as compared to 0.98:1.00 as of December 31, 2018. Despite the Club has a negative working capital, the management is confident that it has sufficient resources to sustain its day to day operation and pay-off financial obligations as they mature. The Club has available shares acquired from the delinquent shareholders which can be re-issued anytime when there is a need to raise additional funds for its operation. During the year, the Club sold nine (9) Class "A" shares at ₱1.5 million and four (4) Class "B" shares at ₱2.0 million for combined total amount of ₱21.5 million. As of December 31, 2019, the Club has a total of 150 delinquent shares acquired through auctions. Further, the Club may also to impose special assessment to its general membership or increase the monthly dues when the need arises.

The Club is a respondent in other cases arising from the normal course of business. Any potential liability is likely to have a repayment period of more than a year and would probably be classified to noncurrent liabilities thereby the Club's current ratio will not be materially affected.

Except for the contingent liability discussed above, there are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Club's liquidity increasing or decreasing in any material way.

### **Top Five (5) Key Performance Indicators**

The Club identifies its top five (5) key performance indicators as follows:

1. Net working capital (current assets less current liabilities)
2. Current ratio (current assets over current liabilities)
3. Base equity (members' equity over total liabilities)
4. Collection from membership dues and consumables
5. Earnings before depreciation (EBD)

Net working capital and current ratio measures the liquidity or short-term debt paying ability of the Club. Having a positive net working capital and current ratio of at least 1:1 is a fair indication of liquidity. The negative net working capital and 0.99:1.00 current ratio as of December 31, 2019 was discussed under the liquidity section above.

Base equity measures the dependence of the Club on its shareholders or creditors in meeting its financial obligations. A base equity of at least 25% is a good indication of a healthy capitalization. As of December 31, 2019, the Club has a base equity of 325% as compared to 330% in 2018. The decrease was due to excess expenses over revenues after the depreciation during the year brought by various renovation projects done during the year.

The benchmark average monthly collection from membership dues and consumables of about ₱9.3 million for 2019 and 2019 is based on the monthly dues of ₱4,000 for about 2,200+ members and unused consumables of ₱500 about 1,000+ members. An additional monthly collection of about ₱3.3 million was also realized in 2019 from the membership fees of the new members, transfer fees and annual assignment fees. The average monthly collection of membership dues, unused consumables, and other related joining fees is a good indication of the Club's ability to sustain its fixed revenue and collection target.

Having a positive EBD determines that the Club can sustain viable and normal operation being a non-profit organization. Club operations registered positive EBD of ₱17.6 million and ₱34.0 million for 2019 and 2018, respectively. The decrease is attributed to the number of renovation projects completed during the year.

### **Others**

Except for the items discussed under liquidity caption above, there are no other events that will trigger direct or contingent financial obligation that is material to the Club, including any default or acceleration of an obligation.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Club with unconsolidated entities or other persons created during the reporting period.

The Club is continually doing the renovation projects and improvement programs for its facilities such as greens renovation at the masters course, upgrading of turf maintenance equipment, rehabilitation of deepwells and pumps, and renovation of mens locker shower area and jacuzzi, among others. Part of the remaining projects funded by the special assessment will be carried over to 2020 for completion. The club's 2020 budget allocation for special projects to be funded by operation is ₱30.0 million mostly for the house and grounds maintenance projects.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

The club does not have any significant elements of income or loss that did not arise from continuing operations during the year.

There are no seasonal aspects that had a material effect on the financial condition and results of operation of the club.

Causes for material (5%) changes from period to period aside from those already discussed in the comparative analysis of full fiscal years above are as follow:

### **Balance Sheets**

#### **Receivables:**

- **Members** - decreased by ₱3.0 million or 21.2% due to completion of 2-year special assessment in March 2019.
- **Current portion of installment receivables** – increased by ₱2.3 or 152.5% due to additional re-issuance of delinquent shares acquired from auctions on installment basis during the year.
- **Advances to officers and employees** - increased by ₱0.7 million or 26.0% representing various advances for sports and games activities subject to liquidation.
- **Advances to suppliers and contractors** - decreased by ₱1.6 million or 49.7% due to the liquidation of various advances to contractors in relation to completed renovation projects during the year.
- **Receivables from related parties** – decreased by ₱0.2 million or 77.5% representing liquidation of down payment to certain contractor for the renovation of greens at the masters course.

- **Other receivables** – decreased by ₱0.3 million or 16.7% due to collection of various sponsorships of contractors and suppliers to club events through offsetting arrangement.

**Materials and supplies:**

- **Spare parts** - increased by ₱0.4 million or 10.5% due to purchases of various major parts for the repair and maintenance of various turf maintenance equipment.
- **Inventories for sale** – a newly created inventory item representing the golf items for sale at the pro shop with a total value of ₱3.6 million. Pro shop was previously being operated by an outside contractor until the Club took over its operation starting January 1, 2019.

**Prepayments and other current assets:**

- **Input VAT** - decreased by ₱0.9 million or 30.1% due to the application accumulated input VAT from capital expenditures against output tax payable during the year.
- **Prepaid tax** – registered a total amount of ₱0.7 million as compared to nil from the previous year arising from lower computed taxes for the year.

**Other non-current assets:**

- **Prepaid dues** - decreased by ₱1.2 million or 5.5% representing the amortization of ₱100 thousand monthly for the perpetual use of the sports club facilities by the club members.
- **Installment receivable, net of current portion** – increased by ₱5.5 million or 1,016.7% due to re-issuance of eight (8) acquired delinquent shares on installment payment during the year.
- **Deferred input VAT** – increased by ₱3.7 million or 23,297.3% attributed to input VAT on various capital expenditures during the year, and reclassification account balance from current asset.

**Payables:**

- **Deferred liabilities** – increased by ₱1.1 million or 13.6% due to deferred recognition of portion of membership fees and assignment fees collected during the year in connection with the adoption of PFRS 15.
- **Deposit from members** - decreased by ₱3.7 million or 31.6% due to consumption of consumable charges by the members and lower number of advance payments received during the year.
- **Sinking fund** - increased by ₱2.7 million or 312.5% due to higher allocations during the year for inter-club tournaments/events.
- **Withholding taxes** - increased by ₱0.3 million or 43.3% representing the increase on taxes withheld from the payroll and transactions with contractors and suppliers due for remittance to the BIR.
- **Other accruals** - decreased by ₱2.4 million or 63.2% due to completion of various rehabilitation projects during the year.
- **Payables to related parties** - increased by ₱0.3 million or 58.3% mainly due to the timing of offsetting of receivables with various related parties.
- **Other payables** - decreased by ₱0.6 million or 19.8% due to reclassification of various account balances in relation of club events from the previous years.

**Interim Financial Statements**

Current assets of the Club increased by ₱26.0 million or 22.5% in the first quarter of 2020, from ₱115.4 million as of December 31, 2019 to ₱141.4 million as of March 31, 2020. The positive variance is attributed to the increase in cash brought by the advance payment of monthly dues by the members and non-payment of various obligations due to temporary closure of the Club, increase in receivables brought by lower collection due to the effect of Taal volcano eruption in January and the



Enhanced Community Quarantine (ECQ) in March due to COVID-19 pandemic, increase in inventories bought by unclaimed Southwoods Invitational tournament gift certificates from the pro shop brought by the ECQ, and increase in the prepayments and other current assets representing the unutilized input Value Added Tax during the quarter.

Noncurrent assets on the other hand decreased by ₱16.4 million or 0.3%, from ₱5.24 billion to ₱5.23 billion, mainly due to the depreciation expense, decrease in retirement benefit assets brought by the additional accruals for the period, and decrease in other noncurrent assets from the offsetting of prepaid VAT.

Total Assets of the Club as of March 31, 2020 and December 31, 2018 is ₱5.37 billion and ₱5.36 billion, respectively.

Current liabilities of the Club increased by ₱11.4 million or 9.7%, from ₱116.7 million to ₱128.1 million, due to non-payment of current obligations brought by the temporary closure of the club due to COVID-19 pandemic, and additional collection of deferred revenues.

Noncurrent liabilities on the other hand decreased by ₱2.1 million or 0.2% mainly due to the amortization of various revenue accounts in relation to the adoption of PFRS # 15.

The Club registered an excess of receipts over expenses before depreciation expense amounting to ₱12.3 million for the first quarter of 2020 or 6.7% lower than that of 2019 income amounting to ₱19.0 million. Revenues and expenses with significant movements are discussed in the succeeding paragraphs.

Club revenues for the first quarter is ₱60.2 million as compared to ₱69.2 million of the previous year or decreased by ₱9.0 million or 13.0% with the following details:

Membership fees – decreased by ₱0.4 million or 7.2% equivalent to two (2) new membership applications that could be attributed to the temporary closure of the club starting March 17 due to COVID-19 pandemic.

Transfer fees – increased by ₱0.7 million or 19.4% due to more transfer of shares processed during the period prior to the temporary closure of the club.

Annual playing rights fee - increased by ₱0.2 million or 7.7% brought by the new assignees from non-playing member/stockholders prior to the temporary closure of the club..

Special assessment – decreased by ₱5.8 million or 100.0% due to completion of 2-year special assessment in 2019 and no special assessment imposed for the current year

Green fees and tourist fees – decreased by ₱3.5 million or 23.6% due to the effect of Taal Volcano eruption in January and temporary closure of the Club starting March 17, 2020 due to ECQ brought by COVID-19 pandemic.

Locker, golf cart and equipment rental - decreased by ₱0.8 million or 14.4% due to the effect of Taal Volcano eruption in January and temporary closure of the Club in March due to ECQ brought by COVID-19 pandemic.

Sale of golf merchandise - increased by ₱0.6 million or 34.5% due to sales from utilization of gift certificates distributed during Southwoods Invitational tournament in February 2020 as part of the event's give away to the participants.

Tournament fees – decreased by ₱0.4 million or 39.8% due to cancellation of various tournaments brought Taal Volcano eruption and temporary closure of club operation in March due to ECQ.

Other income – increased by ₱0.4 million or 272.8% which is mainly attributed to the timing of disposal of accumulated scrap materials during the period.

Cost and expenses of the club likewise decreased by ₱2.1 million or 4.1%, from ₱50.4 million of previous year to ₱48.3 million this year with the following highlights of movements of various line expense items:

Repairs and maintenance – increased by ₱0.7 million or 11.7%, from ₱6.0 million last year to ₱6.7 million this year due completion of rip-rapping works carried over from the previous year, and the completion of Phase 1 of perimeter walls repair at the Masters # 7.

Light and Water – decreased by ₱1.1 million or 18.4% due to power rate adjustments and the effect of temporary closure of club operations in January and March brought by Taal Volcano eruption and the ECQ, respectively.

Other employee benefits – decreased by ₱0.8 million or 18.7% due to the effect of temporary closure of club operations brought by Taal Volcano eruption and ECQ that resulted to cancellation of some employee activities for the period.

Fuel and oil - decreased by ₱0.2 million or 12.8% brought by lower consumption of fuels due to the effect of temporary closure of club operations brought by Taal Volcano eruption and ECQ during the period.

Contracted services – decreased by ₱0.4 million or 27.8% due to reduced number of agency staff due to regularization of various service personnel occupying regular positions in the club operation and the suspension of manpower services during the ECQ.

Cost of sales of inventories – increased by ₱0.4 million or 31.4% which is attributed to the increase in sales due to Southwoods Invitational gift certificates claimed at the pro shop which were booked as part of the sales.

Taxes, licenses and permits - decreased by ₱0.4 million or 35.1% representing the additional expense incurred in 2019 in relation to the processing of LLDA Clearance and Discharge permit for golf operation.

Professional fees – increased by ₱62 thousand or 9.9% representing the consultancy fee for the refurbishment and renovation of the ladies locker room.

Retirement benefit expense – increased by ₱0.3 million or 39.6% representing the adjusted accruals for retirement benefits of employees for the period.

Others – decreased by ₱0.5 million or 17.3% representing the unutilized travel expenses of the Grounds Director to the USA for Trade Show which is normally being held on the first quarter of each year, and the cost incurred in the previous year in securing the LLDA Discharge Permit.

The Club identifies five (5) key performance indicators as follows: 1.) net working capital; 2.) current ratio; 3.) base equity; 4.) collection from membership dues and consumables; and 5.) earnings before depreciation (EBD).

Net working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measures the liquidity or short-term debt paying ability of the Club. Having a positive working capital and a current ratio of at least 1:1 is a fair indication of liquidity. While base equity (member's equity over total liabilities) of at least 25% measures the level of dependence of the Club from its stockholders or creditors in meeting its financial obligation. A positive EBD determines that the Club can sustain its normal operation being a non-profit organization.

The Club has a net working capital of ₱13.3 million as of March 31, 2020 as compared to a net working capital deficiency of ₱1.3 million as of December 31, 2019. The change of the Club's net working capital from negative to positive in a period of three (3) months is a significant indication of the Club's ability to raise sufficient funds for its day to day operations and pay-off financial obligations as they mature. The potential liability is also likely to have a repayment period of more than a year and would probably be reclassified to noncurrent liabilities thereby improving further the Club's current ratio. The Club has also available shares acquired from its delinquent shareholders that can be sold anytime at the prevailing market prices when the need arises. The current ratio of the Club increased to ₱1.1 current asset for each peso of current liabilities as of March 31, 2020 as compared to ₱ 0.99 as of December 31, 2019. The Club has a base equity of 323% and 325% as of March 31, 2020 and December 31, 2019, respectively. The benchmark average monthly collection from membership dues and consumables of about ₱9 million monthly is based on the monthly dues of ₱4,000 and ₱500 monthly consumables. The average monthly collection is a good indication of the Club's ability to sustain its fixed revenue and collection targets. EBDA registered at ₱12.3 million and ₱19.0 million for the periods ending March 31, 2020 and 2019.

Club operations have closed down from March 17 until May 31, 2020 due to Enhanced Community Quarantine (ECQ) brought by COVID-19 pandemic. Despite club operations have resumed on June 1, 2020, some of its facilities have remained closed and the number of allowed players is limited as part of the club's safety protocols. Although the club is continuously billing monthly dues to its members, prolonged limited club operations due to COVID-19 would result to reduced revenues that may potentially affect in some ways the club's liquidity in the succeeding periods.

Except for the potential impact of COVID-19 pandemic situation, there are no events that will trigger direct or contingent financial obligation that is material to the company, including default or acceleration of an obligation.

Except for the potential impact of COVID-19 pandemic situation, there are no material off-balance sheet transactions, arrangements, obligation (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

There are no material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures.

The temporary closure of club operations due to COVID-19 pandemic from March 17 to May 31, 2020 have slowed down its revenues and receipts from the members during the period. After the resumption of club operations on June 1, 2020, its operating income is expected to remain below the normal range until end of the year if no cure to the virus is found or invented. The prolonged COVID-19 situation is expected to have material impact on the sales, revenues and income from continuing operations of the club.

There were no significant elements of income or loss that did not arise from the Club's continuing operations.

Except for the impact of COVID-19 pandemic situation, there are no seasonal aspects that had a material effect on the financial condition or results of operations.

**(B) Information on Independent Accountant**

**External Audit Fees and Services**

*(a) Audit and Audit-Related Fees*

The aggregate fees for each of the last two fiscal years' financial audit rendered by the external auditors, Isla Lipana & Co. amounted to ₱369,486 for 2019 and Sycip, Gorres, Velayo & Co. (SGV) amounted to ₱412,345 for 2018, including out-of-pocket expenses and the VAT. The signing auditor of the Club's Audited Financial Statements (AFS) for the year ended December 31, 2019 is Mr. Pocholo C. Domondon, Partner in Charge of Isla Lipana & Co.

*(b) Tax Fees*

There was no tax compliance review conducted for the covering years 2019 and 2018.

*(c) All Other Fees*

The external auditors normally assist the Club in the canvassing of ballots in the annual election of its Board of Directors in an annual stockholders meeting. But since there were no annual stockholders' meetings carried out for the past few years due to lack of quorum, there were no other fees incurred by the Club with its external auditors.

*(d) The audit committee's approval on policies and procedures for the above services*

The above engagements of Isla Lipana & Co. as recommended by the management were deliberated upon and approved by the Audit Committee and the Board.

**ITEM 7. Financial Statements**

The financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules (page 38) are filed as part of this Form 17-A (pages 40-49).

**ITEM 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

There are no changes in and disagreements with Accountants on accounting and Financial Disclosure.



### PART III CONTROL AND COMPENSATION INFORMATION

#### ITEM 9. Directors and Executive Officers of the Issuer

##### Directors and Executive Officers

Name	Position	Age	Citizenship
Robert John L. Sobrepeña	Chairman of the Board	65	Filipino
Edward E. Dy	President	71	Filipino
Rafael Perez de Tagle, Jr.	Treasurer	65	Filipino
Alfredo Mendoza	Director	70	Filipino
Atty. Enrique A. Sobrepeña	Director	93	Filipino
Rhais M. Gamboa	Director	68	Filipino
Renato Lirio	Director	81	Filipino
Ferdinand T. Santos	Director	69	Filipino
Daniel C. Samaniego	Director	61	Filipino
Francisco C. Gonzalez	Director	76	Filipino
Federico P. Campos III	Director	65	Filipino
Mark O. Watson	Gen. Manager & COO	69	Australian
Armando D. Sierra	Comptroller	56	Filipino
John R. Cope	Director of Grounds	55	American
Jerome U. Delariarte	Golf Director	41	Filipino
Charlie M. Panibe	Director or Engineering	47	Filipino
Atty. Delfin P. Angcao	Corporate Secretary	62	Filipino
Atty. Alvin O. Geli	Asst. Corporate Secretary	50	Filipino

The following are the independent directors of the Club:

1. Alfredo Mendoza
2. Daniel C. Samaniego

##### Robert John L. Sobrepeña

Mr. Robert John L. Sobrepeña conceptualized the Manila Southwoods project and has been the Chairman of the Board since 1992. He is also a founding Member of the Club. His current term of office as a Director is for one (1) year or until his successor is elected during the annual shareholders meeting. He is also the Chairman of the Grounds Committee of the Club. He has been in the real estate business and a founder of the Fil-Estate Group of Companies. He is also the Chairman of the Metro Rail Transit Group, Camp John Hay Development Corporation, Camp John Hay Golf Club, Fil-Estate Ecocentrum Corporation, and Co-Chairman of Global-Estate Resort, Inc.

##### Edward E. Dy

Mr. Edward E. Dy, the President, has been a Director since 1992. He is also a founding member of the Club. His current term of office as a director is for one (1) year or until his successor is elected during the annual shareholders meeting. He is also the President of Grandview Properties & Ventures, Inc. and a director and Treasurer of DBH Development Corporation. He has been in the real estate business for over 25 years.

Rafael Perez de Tagle, Jr.

Mr. Rafael Perez de Tagle, the Treasurer and Finance Committee Chairman, has been a Director since 1999. His current term of office as a director is for one (1) year or until his successor is elected during the annual shareholders meeting. He is Vice Chairman of Metro Solar Power Solutions, Inc. and also a Director of Camp John Hay Development Corp., Metro Rail Transit Corp. and MRT Development Corp. He is also a Director and Finance Committee Chairman of Camp John Hay Golf Club. He has been in the real estate business for over 25 years. He is a graduate of De La Salle University with a degree of Bachelor of Arts major in Economics.

Alfredo Mendoza

Mr. Alfredo Mendoza has been a Director of the Club from 1999 until 2003. He was also then the Chairman of the Sports and Games Committee. He was elected again as Director in July 2006. His current term of office as a director is for one (1) year or until his successor is elected during the annual stockholders' meeting. He is the Managing Director of Cargo Airfreight Forwarders, Inc. and the President of Syclo Air Systems Technology. He is also currently the Chairman of House Committee of the Club.

Enrique A. Sobrepeña, Jr.

Atty. Enrique A. Sobrepeña, Jr. has been a Director since 1992. He is also a founding member of the Club. His current term of office as a director is for one (1) year or until his successor is elected during the annual shareholders meeting. He is also the President and founder of College Assurance Plan (CAP) Group of Companies. He has been in the pre-need business industry for more than 30 years. He is a graduate of University of Manila with a degree of Bachelor of Laws.

Rhais M. Gamboa

Mr. Rhais M. Gamboa has been a Director since his appointment in October 2015. His current term of office as a director is for one (1) year or until his successor is elected during the annual shareholders meeting. He is currently the President and a member of the Board of Directors of Medical Center Manila. He also sits in the Board of four (4) other private tertiary hospitals. He was formerly an Undersecretary in the Department of Health and Vice-Chairman of the Philippine Medical Care Commission (now Philippine Health Insurance Corporation). He obtained his B.S. Management Engineering degree from Ateneo de Manila University.

Renato E. Lirio

Mr. Renato E. Lirio has been a Director since 1992. He is also a founding member of the Club. His current term of office as a director is for one (1) year or until his successor is elected during the annual shareholders meeting. He was formerly the Senior Vice-president and General Manager of Greenfield Development Corporation. He has been in the real estate business for more than 25 years.

Ferdinand T. Santos

Atty. Ferdinand T. Santos has been a Director since his appointment in October 2015. He is also a founding member and was formerly the President of the Club. His current term of office as a director is for one (1) year or until his successor is elected during the annual shareholders meeting. He is also the Chairman of the Club's Legal Committee. He is currently the President of Fil-Estate Management,

Inc., Fil-Estate Development, Inc., Fairways & Bluewater Resort Golf & Country Club, Inc., Forest Hills Golf & Country Club, Inc., Fil-Estate Urban & Development, Inc., MRT Development Corporation, St. Benedict Realty & Development, Inc., Royal Jade Memorial, Inc. and Mt. Zion Memorial, Inc. He obtained his Bachelor of Arts degree, Cum Laude from Arellano University in 1970. He took his Bachelor of Laws in San Beda Collage graduating Magna Cum Laude and the class Valedictorian. He was admitted to the Philippine Bar in 1974 and coming in 2<sup>nd</sup> in rank.

Daniel C. Samaniego

Dr. Daniel C. Samaniego has been a Director since his appointment in March 2012. He is an Independent Director of the Club and his current term of office as a director is for one (1) year or until his successor is elected during the annual shareholders meeting. Dr. Samaniego has been a Director of the Club from 2005 until 2006 and was also appointed as the Chairman of the Sports and Games Committee of the Club. He was reelected as Director in 2007 and also appointed as Chairman of Compensation and Remuneration Committee of the Club. He graduated from the University of the Philippines with a degree of Doctor of Dental Medicine in 1982 and got his postgraduate training (1994-1996) in Implant Dentistry in New York University. Since 1996, he has been practicing his profession in Surgical and Prosthetic Implant Dentistry.

Francisco C. Gonzalez

Engr. Francisco C. Gonzalez has been a Director since January 1998. He is currently the Membership Committee Chairman of the Club. His current term of office as a director is for one (1) year or until his successor is elected during the annual shareholders meeting. He is the President of Romago Incorporated, Asia Pacific Golf Corporation, Fabriduct & Metal Systems Inc., Electro Mechanical Products International and G&P of Manila, Inc. He has been in the construction and engineering business for over 30 years. He is also a director and Membership Committee Chairman of Camp John Hay Golf Club and Forest Hills Golf Club.

Federico P. Campos III

Mr. Federico P. Campos III was appointed by the Board of Directors on October 26, 2016 as replacement of resigned Director Federico O. Campos. He is the President of Macaria Development Corp. and Macaria Properties, Inc., companies that he founded. Apart from these companies, he also founded Plaza Pacita, Inc., a company primarily engaged in commercial leases, and Sunkist'd Resort and Leisure Group, Inc., the owning company of Virgin Beach Resort in Laiya, San Juan, Batangas. He previously served as director of the Club from 2003 to 2008, and Chairman of the Sports and Games Committee, and member of the House Committee. He is a graduate of Lindenwood Colleges, St. Charles, Missouri with a degree of Bachelor of Business Administration.

Mark O. Watson

Mr. Mark O. Watson was appointed as the Club General Manager in June 2013. He took up multiple courses in Management, Sales and Marketing, received Diploma in Insurance, and has attended the Golf Rules qualifications. He has gained extensive knowledge and exposure in golf operations and golf club management. Among other golf clubs he has worked in the past are Sutera Harbour Golf & Country Club in Malaysia as Golf Operations Manager from 2011 to 2013, Raffles Golf Bali in Bali, Indonesia as Chairman & Club Captain from 2009 to 2011, Titirangi Golf Club in New Zealand as a Board Member and served on various Committees, and Auckland Golf Incorporated in New Zealand as Executive Committee Member. He was the founder of Rent Plus Limited in Auckland,

New Zealand, from 1997 to 2008, an equipment lease financing company which was eventually sold after the transition period he resigned. He was also the founder and director of All Insurance Claims Pty Limited engaged in insurance claims assessing from 1984 to 1989. He also worked for the Government Insurance Office in Sydney, Australia from 1972 to 1984, and Edward Rushton Pty Limited as Public Loss Assessor from 1989 to 1996.

Armando D. Sierra

Mr. Armando D. Sierra became the Comptroller in March 2006. He is a Certified Public Accountant by profession. He has worked with the Club as Assistant Comptroller from 1995 to 2004 before he accepted the position of Chief Accountant in Ken Aqua Hotel & Resort in Saipan, USA. Among other companies that he has worked in the past are Zachry Saudi Arabian Contracting Co. Ltd. in Jeddah, KSA, as Chief Accountant, Philippine Health-Care Providers, Inc. (Maxicare) as Asst. Chief Accountant, and Ocean Terminal Services, Inc. as Internal Audit Head. He obtained his degree in Bachelor of Science in Commerce Major in Accounting at the Polytechnic University of the Philippines.

John R. Cope

Mr. John Cope has over 30 years of experience in the golf course industry. He was appointed as the Club's Director of Grounds effective January 1, 2014. Prior to this, he has worked with Jack Nicklaus Design for over 21 years as a Senior Designer. During that period he has been assigned in various parts of the world and has designed 37 golf courses. Mr. Cope finished his B. S. in Landscape Horticulture in Colorado State University in 1986. He has been a member of the American Society of Golf Course Architects since 2007 and Golf Course Superintendents of America since 1980. He is currently running his own company, the Cope Design Limited, with offices in Manila and Hongkong.

Jerome U. Delariarte

Mr. Jerome U. Delariarte has been in the golf industry for over 14 years and has worked with Camp John Hay Golf Club in Baguio City as Golf Director from August 8, 2012 to June 30, 2014 after which he transferred to the Manila Southwoods Golf and Country Club and was appointed as the Club's Golf Director effective July 2, 2014. He has been an amateur player in various teams starting 2000 to 2003. He has also joined various professional tournaments like Asian Tour from 2005 to 2010, Philippine Golf Tour from 2008-2012 and The Razon Invitational Champion in 2005. Mr. Delariarte attended the University of Tennessee at Chattanooga, USA for one and a half years starting August 2008 before deciding to focus on amateur and professional golf as a career and returned to the Philippines.

Charlie M. Panibe

Mr. Charlie Panibe has over 20 years of experience in electrical industry and extensive experience in property management engineering, building operation and maintenance, and electrical construction for medium and high-rise buildings. He is a licensed Registered Master Electrician by profession. Among other companies he has worked in the past are LGRM Engineering & Construction as Project In-Charge, ABS-CBN Broadcasting Corp. as Maintenance Shift Engineer, MDEC Corporation as Building Maintenance Supervisor, Paris Manila Technology Corporation, Excell Contractors and Developers, Inc., HTE Corporation, Kindea Phils. Corporation, and Romago, Inc.



Atty. Delfin P. Angcao

Atty. Delfin P. Angcao, is a Senior Partner a Castillo Laman Tan Pantaleon & San Jose Law Offices, and has been the Asst. Corporate Secretary of the Club from October 15, 2003 until he was appointed as the Corporate Secretary of the Club in 2014 upon the resignation of Atty. Paulino Petralba.

Atty. Alvin O. Geli

Atty. Alvin O. Geli is also a Senior Partner at Castillo Laman Tan Pantaleon & San Jose Law Offices. He earned his law degree in the University of the Philippines, College of Law and later on admitted to the Philippine Bar in 1995. He has been the Assistant Corporate Secretary of the Club since September 24, 2014.

Except for Atty. Sobrepeña who is the father of Robert John L. Sobrepeña, there are no other family relationships among the officers.

There is no person, other than the executive officers and directors, who is expected to make a significant contribution to the business.

Except for the former Directors Jaime Gosiaco and Hanson So whose seats in the Board were declared vacant by the Board of Directors in 2015 for having been suspended as members of the Club for a considerable length of time, and having failed or refused to remedy their suspension status, there are no other events or legal proceedings occurring in the last past five years that are material to an evaluation of the ability or integrity of any director to become a director or executive officer of the Club. None of the Club's directors and executive officers, has in the past five years, been subject of:

- a. Any bankruptcy petition filed by or against any business of which such person was a general partner of executive officer either at the time of the bankruptcy or within two years prior to that time;
- b. Any conviction by final judgement, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- c. Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- d. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

**ITEM 10. Executive Compensation**

<u>Name and Position</u>	<u>Year</u>	<u>Salary</u>	<u>Bonus</u>	<u>Other Accumulated Compensation</u>
Edward E. Dy - President & CEO	2020	None	None	₱88,000

	2019	None	None	78,000
	2018	None	None	77,449
Mark O. Watson – General Mgr. & COO	2020	₱3,024,648	None	None
	2019	3,024,648	None	None
	2018	2,936,456	None	54,100
Armando D. Sierra – Comptroller	2020	1,960,491	None	None
	2019	1,960,491	None	None
	2018	1,825,160	None	None
John R. Cope – Director of Grounds	2020	4,748,991	None	None
	2019	4,748,991	None	None
	2018	4,747,993	None	None
Jerome U. Delariarte – Golf Director	2020	975,351	None	300,000
	2019	975,351	None	300,000
	2018	933,447	None	300,000
Charlie M. Panibe – Director of Engineering	2020	838,591	None	120,000
	2019	838,591	None	120,000
	2018	786,241	None	120,000
All Officers and Directors as Group Unnamed	2020	₱11,548,072	None	₱508,000
	2019	₱11,548,072	None	₱498,000
	2018	₱11,299,297	None	₱551,549

All Club directors are not receiving any salary for their services to the Club. Their compensation is in the form of exemption from payment of monthly dues of ₱4,000.0 and locker rental, a monthly consumable of ₱3,333.0 for charges within the Club if they attend the monthly Board of Directors' meeting, 40 rounds of free green fee per year, and reserved parking.

There are no standard arrangements pursuant to which directors are compensated or are to be compensated, or is to be compensated for any services provided as director including committee participation or special assignments for the last completed year and the ensuing year.

There are neither other arrangements nor consulting contracts pursuant to which any director of the Club is compensated or is to be compensated directly or indirectly during the Club's completed fiscal year and the ensuing year for any service provided as a director.

There are no employment contracts between the Club and a named executive officer except for the standard arrangement for an employer-employee relationship. There are no compensatory plans or arrangements, including payments to be received from the Club, with respect to a named executive officer which resulted or will result from the resignation, retirement, or any other termination of such executive officer's employment with the Club or from a change-in-control of the Club or a change in the named officer's responsibilities.

There are no outstanding warrants or options held by any of the Club's executive officers. Consequently, there were neither adjustments nor amendments to any exercise price of stock warrants or options previously awarded to any officers or directors of the Club.

#### **ITEM 11. Security Ownership of Certain Beneficial Owners and Management**

##### **(a) Security Ownership of Certain Beneficial Owners**

As of December 31, 2019, the Club knows of no one who beneficially owns in excess of 5% of each class of The Manila Southwoods Golf & Country Club, Inc.'s outstanding shares of stock except as set forth below:

Title of class	Name and address of owner	Number and nature of ownership	Percent of class
Class A & B	Southern Heights Land Development Corp. 750 Shaw Boulevard Mandaluyong City	226	7.93%
	Fil-Estate Golf & Development, Inc Renaissance Towers Meralco Avenue, Ortigas Center Pasig City	166	5.82%

Note: Fil-Estate Golf and Development, Inc. (FEGDI) is a wholly-owned subsidiary of Global-Estate Resorts, Inc. (GERI, formerly Fil-Estate Land, Inc.). The shares of stock of GERI are registered under the Revised Securities Act and listed with the Philippine Stock Exchange. Its top stockholders are Alliance Global Group, Inc. and Fil-Estate Management, Inc. (FEMI). For the scheduled annual stockholders' meeting on September 27, 2017, the person who had the right to vote the shares of FEGDI was Atty. Delfin Angcao. As to Southern Heights Land Development Corporation, the person who had the right to vote its shares was Mr. Renato Lirio and/or Mr. Rhais Gamboa.

#### (b) Security Ownership of Management

Title of class	Name of beneficial owner	Amount and nature of beneficial ownership	Percent of Class
Class A	Robert John L. Sobrepeña	1 nominal	0.06%
Class A	Renato E. Lirio	2 nominal	0.12%
Class A	Rafael Perez de Tagle, Jr.	1 nominal	0.06%
Class A	Edward E. Dy	1 nominal	0.06%
Class A	Atty. Enrique A. Sobrepeña	1 nominal	0.06%
Class A	Rhais M. Gamboa	1 nominal	0.06%
Class B	Federico P. Campos III	1 nominal	0.09%
Class A	Ferdinand T. Santos	1 nominal	0.06%
Class A & B	Francisco C. Gonzalez	3 & 1 nominal	0.18% & 0.09%
Class A	Alfredo M. Mendoza	1 nominal	0.06%
Class A	Daniel C. Samaniego	1 nominal	0.06%
Class B	Mark O. Watson	1 nominal	0.09%

#### ITEM 12. Certain Relationships and Related Transactions

In the normal course of business, the Club transacts with companies which are considered related parties. The transactions and outstanding balances with related parties as at and for the years ended December 31 are as follows:

Related party	Transactions			Outstanding receivables (payables)		Terms and conditions
	2019	2018	2017	2019	2018	
Entities with significant influence						Receivable

Advances to (a)	404,965	872,295	1,160,067	46,577	207,337	(payable) in cash, unsecured, non-interest bearing, and due within 30 days from date of transaction.
Repairs and maintenance (b)	-	1,785,355	2,553,516	-	(38,998)	
Security costs (c)	13,679,633	13,126,321	12,477,641	(847,833)	(459,585)	
Other expenses (d)	-	-	-	-	(36,898)	
Prepaid dues and other charges (e)	1,200,000	2,869,680	2,684,405	22,708,946	23,954,446	Refer to e.
Key management personnel Salaries and wages	22,497,402	15,880,856	13,822,394	-	-	Payable in cash every month based on contract.
Retirement benefits	866,956	1,289,175	1,038,829	-	-	Refer to Note 16.

*(a) Advances*

The Club provided advances to various members who are also suppliers of the Club.

*(b) Repairs and maintenance*

The Club had golf cart maintenance agreement and golf cart rental agreement with Asia Pacific Golf Corporation (APGC) which were terminated in 2008 and 2013, respectively. The remaining payables arising from maintenance fees are currently due and demandable. Golf cart rental operation was taken over and run by the Club since then. However, since the Club only owns golf carts, it continues to transact with APGC upon need of the related party's service.

The Club also had transactions with Golforce, Inc. related to golf course maintenance on as needed basis. This includes maintenance of the playing condition of the golf course at a level acceptable to the Club.

*(c) Security services*

The Club entered into an agreement with Warbird Security and Investigation (Warbird) for the deployment of security guards to secure and safeguard the Club's properties. The Club made non-interest-bearing advances to Warbird which are due and demandable. In return, the Club pays Warbird security fees.

*(d) Other expenses*

The Club incurred expenses for the past accommodation and other related expenses of its officers. On the other hand, the Club charges Manila Southwoods Manor/Club Leisure Management Corporation (MSM/CLMC) green fees in connection with MSM/CLMC's tourist program. Advances to MSM/CLMC are normally settled by offsetting the Club's green fee charges against the accommodation and other charges incurred by the Club's officers.

*(e) Prepaid dues and other charges*

On behalf of Manila Southwoods Homeowners' Association (MSHA), the Club made prepayments for operating expenses of the sports club facilities, which at the time the payments were made, were principally being used by members of the Club. Over the years, members of the Club have continued using the Manila Southwoods Sports Club (the "Sports Club") and the Club made prepayments out of its own funds to partially defray the costs of the maintenance and continued operation of the Sports Club. These prepayments are presented as prepaid dues in Notes 5 and 8.

Pursuant to a BOD resolution dated October 29, 2003, the Club negotiated for the amortization of the prepayments. The negotiation includes the granting to all members of the Club playing rights or privilege to use the Sports Club facilities in exchange for a fee which shall be deducted from or



offset against the prepayment until such advances are fully liquidated. In consideration for the use of the Sports Club facilities, effective May 31, 2006, the monthly fee shall be P100,000 or P1.2 million annually.

A supplement to the abovementioned agreement was made on November 12, 2007 in which the parties intend that all payments made or to be made by the Club for the operation and maintenance of Sports Club shall be considered as prepayment for all the monthly dues, which may be assessed for the use of the Sports Club's facilities.

On January 28, 2015, the BOD resolved that the amounts paid for the Sports Club starting in 2014 onwards shall be treated and booked as usage fees and not as advances pending the negotiations and until such time that a formal arrangement with MSHA is finalized with respect to the use of the Sports Club.

#### **PART IV - CORPORATE GOVERNANCE**

##### **ITEM 13. Corporate Governance**

- (a) At present, the Club utilizes the Self Rating System on Corporate Governance being implemented by the SEC through its SEC Memorandum Circular No. 5, Series of 2003 to assess compliance with leading practices on good corporate governance. The Compliance Officer meets with the directors and top-level management from time to time evaluates compliance with the Manual on Corporate Governance.
- (b) The Club is in full compliance with its Manual on Corporate Governance. The Compliance Officer is present at all the regular meetings of the Board of Directors and closely coordinates with the Chairman of the Board to ensure full compliance with the adopted leading practices on good corporate governance. In addition, the Club encourages its directors and the top-level management to attend seminars on good corporate governance.
- (c) There are no deviations to date from the Club's Manual of Corporate Governance.
- (d) The Board has no immediate plans to adopt new policies to improve corporate governance.

#### **PART V – EXHIBITS AND SCHEDULES**

##### **ITEM 14. Exhibits and schedules**

###### **(a) Exhibits**

The exhibits required in this report are either not applicable to the Club or require no answer.

###### **(b) Reports on SEC Form 17-C**

###### ***Date of Report***

###### ***Nature of Report***

July 31, 2019

The SEC was advised that the Board of Directors of The Manila Southwoods Golf & Country Club, Inc. (the "Club") approved the holding of the Club's annual stockholders' meeting on October 30, 2019, with August 31, 2019 as its record date.

The following were appointed as members of the Nomination and Election Committee pursuant to the Club's by-laws:

1. Renato Tobias (Chairman)
2. Gene D. Lim
3. Ranie Carlos
4. Conrado Potenciano
5. Jose Morales

October 31, 2019    The SEC was advised that the 2019 annual stockholders' meeting of The Manila Southwoods Golf & Country Club, Inc. (the "Club") that was scheduled to be held on October 30, 2019 failed to proceed for the transaction of business, including that for the election of directors due to the lack of quorum. The present directors, as well as the standing committee members of the Club, remain the same.

The Club will inform the SEC of the next annual stockholders' meeting after the same is set by the board of directors of the Club.

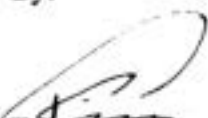
### SIGNATURES

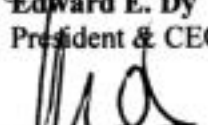
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of \_\_\_\_\_ on JUN 30 2020, 2020.


#### THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC.

Issuer


By:


  
**Edward E. Dy**  
President & CEO

  
**Mark O. Watson**  
General Manager & COO

  
**Rafael R. Perez de Tagle Jr.**  
Treasurer

  
**Armando D. Sierra**  
Comptroller

  
**John Michael M. Gordon**  
Principal Accounting Officer

  
**Atty. Delfin Angcao**  
Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of JUN 30 2020, 2020, affiants exhibiting to me their Passport No./PRC No./Driver's License No., as follows:

Name	Passport/Driver's License No.	Date and Place Issued
Edward E. Dy	<u>Sr.Citizen Card#87574</u>	<u>July 17, 2008 – Quezon City</u>
Mark O. Watson	<u>Passport # E4063262</u>	<u>Aug. 01, 2011 - Australia</u>
Rafael R. Perez de Tagle, Jr	<u>DL# N15-73-002914</u>	<u>Feb. 23, 2016 – Quezon City</u>
Armando D. Sierra	<u>PRC # 0068415</u>	<u>March 15, 2016 – Manila</u>
John Michael M. Gordon	<u>PRC # 0128400</u>	<u>Sept. 22, 2017 – Manila</u>
Atty. Delfin Angcao	<u>DL# NO1-93-148924</u>	<u>Dec. 28, 2016 – Quezon City</u>

Doc. No. 77  
Page No. 17  
Book No. 1  
Series of 20 00

**Atty. FREDERICK S. LEVARDO**  
NOTARY PUBLIC Until December 31, 2020  
P.T.R. No. 3189002/01-02-2020/Cavite  
I.B.P. No. 101479/01-06-2020/Cavite  
MCLE Compliance No. VI-0011359/08-17-2018  
Roll of Attorney's No. 53706  
No. 328 San Jose St., Carmona, Cavite

**THE MANILA SOUTHWOODS GOLF  
& COUNTRY CLUB, INC.**

SUPPLEMENTARY SCHEDULES  
TO THE FINANCIAL STATEMENTS  
REQUIRED BY THE SECURITIES AND EXCHANGE COMMISSION  
FOR THE YEAR ENDED DECEMBER 31, 2019  
AND AUDITORS' REPORT

Philippine Pesos

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**THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC.  
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES  
SEC FORM 17-A**

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**THE MANILA SOUTHWOODS**  
GOLF AND COUNTRY CLUB

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


The Management of **THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC.**, ("the Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **December 31, 2019 and 2018**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

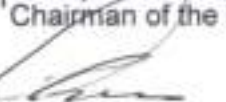
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

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

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the Stockholders.


**Isla Lipana & Co. and SyCip, Gorres, Velayo & Co.**, the independent auditors, appointed by the Stockholders for the period December 31, 2019 and 2018, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the Stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

  
**ROBERT JOHN L. SOBREPENÁ**  
Chairman of the Board

  
**EDWARD E. DY**  
President

  
**RAFAEL PEREZ DE TAGLE, JR.**  
Treasurer

SUBSCRIBED AND SWORN to before me this  
**JUN 30 2020** at Carmona, Cavite, affiant  
Witnessed by me and \_\_\_\_\_  
\_\_\_\_\_ **WITNESS MY HAND AND SEAL**

 February 26, 2020

Doc. No. 78  
Page No. 1  
Book No. 1  
Series of 20 20

Southwoods Blvd., Carmona, Cavite, Philippines 4116  
Trunkline No. (046) 419-8190 / (02) 779-5590

**Atty. FREDERICK S. LEVARDO**  
NOTARY PUBLIC Until December 31, 2020  
P.T.A. No. 3189002/01-02-2020/Cavite  
I.B.P. No. 101479/01-06-2020/Cavite  
MCLE Compliance No. VI-0011359/08-17-2018  
Roll of Attorney's No. 53706  
No. 328 San Jose St., Carmona, Cavite





Isla Lipana & Co.

Statement Required by Rule 68  
Securities Regulation Code (SRC)

To the Board of Directors and Members of  
**The Manila Southwoods Golf & Country Club, Inc.**  
(A non-profit organization)  
Southwoods Boulevard, Bo. Cabilang Baybay  
Carmona, Cavite

We have audited the financial statements of The Manila Southwoods Golf & Country Club, Inc. as at and for the year ended December 31, 2019, on which we have rendered the attached report dated February 28, 2020. The supplementary information shown in Schedules A, B, C, D, E, F, and G as required by Part II of SRC Rule 68, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic financial statements. Such supplementary information are the responsibility of management and have been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information have been prepared in accordance with Part II of SRC Rule 68.

**Isla Lipana & Co.**

A handwritten signature in black ink, appearing to read "Pocholo C. Domondon".

Pocholo C. Domondon  
Partner

CPA Cert. No. 108839  
P.T.R. No. 0011401; issued on January 7, 2020 at Makati City  
SEC A.N. (individual) as general auditors 1567-AR-1, Category A; effective until May 27, 2022  
SEC A.N. (firm) as general auditors 0009-FR-5, Category A; effective until June 20, 2021  
T.I.N. 213-227-235  
BIR A.N. 08-000745-128-2019; issued on January 14, 2019; effective until January 13, 2022  
BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City  
February 28, 2020

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*Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines  
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, [www.pwc.com/ph](http://www.pwc.com/ph)*

**THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC.**  
**(A Nonprofit Corporation)**  
**December 31, 2019**

**Schedule A. Financial Assets**

<b>Name of issuing Entity and Association of Each Issue</b>	<b>Number of Shares or Principal Amount of Bonds and Notes</b>	<b>Amount shown in the Statement of Financial Position</b>	<b>Value based on Market Quotation at End of Reporting Period</b>	<b>Income Received and Accrued</b>
---	--	--	---	--

None

0

0

0

0



**THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC.**  
**(A Nonprofit Corporation)**  
**December 31, 2019**

**Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than related parties)**

Name and Designation of Debtor	Balance at the Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at the End of Period
Robert John L. Sobrepena	P18,035.00	P506,214.88	P468,502.88	P -	P48,250.00	P7,497.00	P55,747.00
Enrique A. Sobrepena	(2,140.00)	51,223.00	45,760.00		1,425.00	1,898.00	3,323.00
Francisco C. Gonzalez	15,418.57	181,307.37	186,798.51		9,927.43		9,927.43
Rafael Perez de Tagle Jr	1,293.12	127,257.85	118,629.93		3,838.57	6,082.47	9,921.04
Daniel C. Sumuniego	8,191.09	116,368.43	109,111.63		10,371.54	5,076.35	15,447.89
Atty. Delfin Angcao	42,215.67	136,582.76	36,000.00		15,806.90	126,991.53	142,798.43
<b>Total</b>	<b>P83,013.45</b>	<b>P1,118,954.29</b>	<b>P964,802.95</b>	<b>P -</b>	<b>P89,619.44</b>	<b>P147,545.35</b>	<b>P237,164.79</b>

**THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC.**  
**(A Nonprofit Corporation)**  
**December 31, 2019**

**Schedule C. Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements**

<b>Name and Designation of Debtor</b>	<b>Balance at Beginning of Period</b>	<b>Additions</b>	<b>Amounts Collected</b>	<b>Amounts Written Off</b>	<b>Current</b>	<b>Not Current</b>	<b>Balance at End of Period</b>
Golforce, Inc	207,337		207,337				
MSM/CLMC		46,577			46,577		46,577
Total	207,337	46,577	207,337	-	46,577	-	46,577

**THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC.**  
**(A Nonprofit Corporation)**  
**December 31, 2019**

**Schedule D. Long Term Debt**

<b>Title of issue and type of Obligation</b>	<b>Amount authorized by Indenture</b>	<b>Amount shown under caption "Current portion of Long-term Debt" in related Statement of Financial Position</b>	<b>Amount shown under caption "Long-term Debt" in related Statement of Financial Position</b>
--	---	--	---

Obligation under Finance  
Lease

P24,460,752

P10,128,675

P12,775,092

Various finance lease  
availments with interest  
rate of 4.54% per annum  
with payment terms of 2  
years & 3 years.

**THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC.**  
**(A Nonprofit Corporation)**  
**December 31, 2019**

**Schedule E. Indebtedness to Related Parties (Long-Term Loan from Related Companies)**

Name of Related Parties	Balance at Beginning of Period	Balance at End of Period
None	P-	P-

**THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC.**  
**(A Nonprofit Corporation)**  
**December 31, 2019**

**Schedule F. Guarantees of Securities of Other Issuers**

<b>Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed</b>	<b>Title of issue of each Class of Securities Guaranteed</b>	<b>Total amount Guaranteed and Outstanding</b>	<b>Amount Owned by Person for which Statement is Filed</b>	<b>Nature of Guarantee</b>
---	--	--	--	--------------------------------

None

P-

P-

P-

P-

**THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC.**  
**(A Nonprofit Corporation)**  
**December 31, 2019**

**Schedule G. Capital Stock**

<b>Title of Issue</b>	<b>Number of Shares Authorized</b>	<b>Number of Shares Issued and Outstanding as shown under related Statement of Financial Position</b>	<b>Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights</b>	<b>Number of shares held by Related Parties</b>	<b>Directors, Officers and Employees</b>	<b>Others</b>
Class A	1,800	1,706	-	-	13	1,693
Class B	1,200	1,144	-	-	2	1,142
<b>Total</b>	<b>3,000</b>	<b>2,850</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>2,835</b>

# COVER SHEET

for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 8 1 0 6 9

## COMPANY NAME

THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC. (A Nonprofit Corporation)

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

Southwoods Boulevard, Bo. Cabilang Baybay, Carmona, Cavite

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

accounting@manilasouthwoods.com

Company's Telephone Number

(046) 419-8190

Mobile Number

N/A

No. of Stockholders

1,982

Annual Meeting (Month / Day)

June of each year

Fiscal Year (Month / Day)

December/31

## CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Mr. Armando D. Sierra

Email Address

accounting@manilasouthwoods.com

Telephone Number/s

(046) 419-8190

Mobile Number

0917-881-4314

## CONTACT PERSON'S ADDRESS

Southwoods Ave., Cabilang Baybay, Carmona, Cavite

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

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



**THE MANILA SOUTHWOODS**  
GOLF AND COUNTRY CLUB

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

The Management of **THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC.**, ("the Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **December 31, 2019 and 2018**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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


The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the Stockholders.

**Isla Lipana & Co. and SyCip, Gorres, Velayo & Co.**, the independent auditors, appointed by the Stockholders for the period December 31, 2019 and 2018, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the Stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

  
**ROBERT JOHN L. SOBREPEÑA**  
Chairman of the Board

  
**EDWARD E. DY**  
President

  
**RAFAEL PEREZ DE TAGLE, JR.**  
Treasurer

 February 26, 2020





## **Independent Auditor's Report**

To the Board of Directors and Members of  
**The Manila Southwoods Golf & Country Club, Inc.**  
(A non-profit organization)  
Southwoods Boulevard, Bo. Cabilang Baybay  
Carmona, Cavite

## **Report on the Audit of the Financial Statements**

### ***Our Opinion***

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Manila Southwoods Golf & Country Club, Inc. (the "Club") as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

### ***What we have audited***

The financial statements of the Club comprise:

- the statement of financial position as at December 31, 2019;
- the statement of total comprehensive income for the year ended December 31, 2019;
- the statement of changes in equity for the year ended December 31, 2019;
- the statement of cash flows for the year ended December 31, 2019; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### ***Basis for Opinion***

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

### ***Independence***

We are independent of the Club in accordance with the Code of Ethics for Professional Accountants in the Philippines (the "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.

### ***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.

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Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines  
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, [www.pwc.com/ph](http://www.pwc.com/ph)

Isla Lipana & Co. is the Philippine member firm of the PwC network. PwC refers to the Philippine member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

Independent Auditor's Report  
To the Board of Directors and Members of  
The Manila Southwoods Golf & Country Club, Inc.  
(A non-profit organization)  
Page 2

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.



Independent Auditor's Report  
To the Board of Directors and Members of  
The Manila Southwoods Golf & Country Club, Inc.  
(A non-profit organization)  
Page 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.

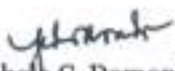
#### **Report on the Bureau of Internal Revenue Requirement**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 21 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and 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.

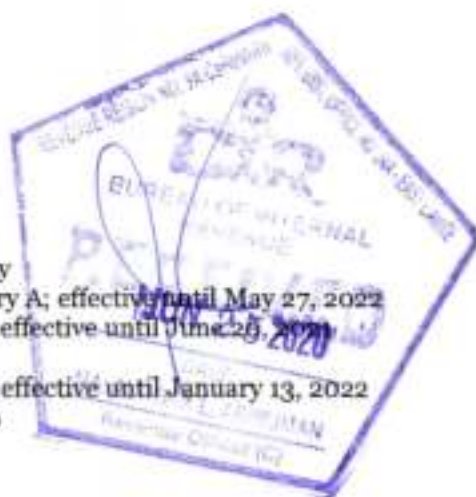
#### **Other matter**

The financial statements of the Club as at and for each of the two years in the period ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on February 28, 2019.

#### **Isla Lipana & Co.**

  
Pocholo C. Domondon  
Partner  
CPA Cert. No. 108839  
P.T.R. No. 0011401; issued on January 7, 2020 at Makati City  
SEC A.N. (individual) as general auditors 1567-AR-1, Category A; effective until May 27, 2022  
SEC A.N. (firm) as general auditors 0009-FR-5, Category A; effective until June 26, 2021  
T.L.N. 213-227-235  
BIR A.N. 08-000745-128-2019; issued on January 14, 2019; effective until January 13, 2022  
BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City  
February 28, 2020





Isla Lipana & Co.

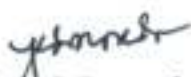
Statement Required by Rule 68  
Securities Regulation Code (SRC)

To the Board of Directors and Members of  
**The Manila Southwoods Golf & Country Club, Inc.**  
(A non-profit organization)  
Southwoods Boulevard, Bo. Cabilang Baybay  
Carmona, Cavite

We have audited the financial statements of The Manila Southwoods Golf & Country Club, Inc. (the "Club") as at and for the year ended December 31, 2019 on which we have rendered the attached report dated February 28, 2020.

In compliance with SRC Rule 68 and based on the certification received from the Club's corporate secretary, the Club has three (3) shareholders owning one hundred (100) or more shares each as at December 31, 2019.

**Isla Lipana & Co.**

  
Pocho C. Domondon  
Partner  
CPA Cert. No. 108839  
P.T.R. No. 0011401; issued on January 7, 2020 at Makati City  
SEC A.N. (individual) as general auditors 1567-AR-1, Category A; effective until May 27, 2022  
SEC A.N. (firm) as general auditors 0009-FR-5, Category A; effective until June 20, 2021  
T.I.N. 213-227-235  
BIR A.N. 08-000745-128-2019; issued on January 14, 2019; effective until January 13, 2022  
BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City  
February 28, 2020

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**The Manila Southwoods Golf & Country Club, Inc.**  
(A non-profit organization)

Statement of Financial Position  
As at December 31, 2019  
(With comparative figures as at December 31, 2018)  
(All amounts in Philippine Peso)

	Notes	2019	2018
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash and cash equivalents	2	64,863,234	58,020,787
Receivables	3	21,513,174	23,593,541
Inventories	4	18,594,011	14,354,445
Prepayments and other current assets	5	10,468,678	10,548,500
Total current assets		115,439,097	106,517,273
<b>Non-current assets</b>			
Property and equipment, net	6	313,344,430	336,324,223
Land	7	4,897,022,000	4,897,022,000
Retirement benefit asset	16	1,045,611	-
Other non-current assets	8	32,979,977	24,996,395
Total non-current assets		5,244,392,018	5,258,342,618
<b>Total assets</b>		<b>5,359,831,115</b>	<b>5,364,859,891</b>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>Current liabilities</b>			
Accounts payable and other current liabilities	9	69,481,864	71,650,897
Current portion of unearned receipts		37,095,159	30,553,632
Current portion of lease liabilities	10	10,128,675	6,349,386
Income tax payable	17	-	345,568
Total current liabilities		116,705,698	108,899,483
<b>Non-current liabilities</b>			
Unearned receipts, net of current portion		24,148,145	21,112,673
Lease liabilities, net of current portion	10	12,775,092	7,879,887
Retirement benefit liability	16	-	3,058,395
Deferred income tax liability	17	1,107,717,404	1,107,717,404
Total non-current liabilities		1,144,640,641	1,139,768,359
Total liabilities		1,261,346,339	1,248,667,842
<b>Equity</b>			
Proprietary shares	11	2,513,750,604	2,513,750,604
Shares of delinquent shareholders acquired through auctions	12	(36,103,720)	(35,808,299)
Excess of proceeds over cost from re-issuance of shares of delinquent shareholders	12	26,067,954	15,249,483
Other comprehensive income	7,16	2,583,795,990	2,583,378,108
Cumulative excess of expenses over revenues		(989,026,052)	(960,377,847)
Total equity		4,098,484,776	4,116,192,049
<b>Total liabilities and equity</b>		<b>5,359,831,115</b>	<b>5,364,859,891</b>

The notes on pages 1 to 32 are integral part of these financial statements.



**The Manila Southwoods Golf & Country Club, Inc.**  
(A non-profit organization)

Statement of Total Comprehensive Income  
For the year ended December 31, 2019  
(With comparative figures for the years ended December 31, 2018 and 2017)  
(All amounts in Philippine Peso)

	Notes	2019	2018	2017
Membership fees and assessments				
Membership dues		116,212,142	113,338,032	110,401,779
Membership fees		16,747,458	12,901,481	16,938,616
Transfer fees		15,816,000	16,498,000	8,993,084
Annual playing rights fees		6,583,984	5,381,154	4,409,170
Special assessment		5,906,600	26,042,480	22,611,000
		161,266,184	174,161,147	163,353,649
Revenues from club operations				
Green fees and tourist fees		45,589,265	41,096,697	33,906,943
Locker, golf cart and equipment rental fees		20,468,187	16,969,916	16,419,197
Sale of golf merchandise		7,971,757	-	-
Tournament fees		6,435,906	6,455,057	3,508,486
Concessionaires' fees		386,409	1,271,990	1,285,871
Club events		-	-	10,151,214
Others		1,431,142	1,113,485	655,787
		82,282,666	66,907,145	65,927,498
<b>Total receipts</b>		243,548,850	241,068,292	229,281,147
Costs and expenses	14	(227,293,035)	(208,111,092)	(206,964,144)
Interest expense	10	(1,145,851)	(950,716)	(947,442)
Interest income	15	2,528,121	1,974,765	1,204,168
Excess of receipts over expenses before depreciation and income tax		17,638,085	33,981,249	22,573,729
Depreciation expense	6	(45,983,617)	(48,424,052)	(50,265,767)
Excess of expenses over receipts before income tax		(28,345,532)	(14,442,803)	(27,692,038)
Income tax expense	17	(302,673)	(1,470,261)	(1,082,227)
<b>Net loss</b>		(28,648,205)	(15,913,064)	(28,774,265)
<b>Other comprehensive income (loss)</b>				
Items not to be reclassified to profit or loss in subsequent periods:				
Revaluation gain of land, net of tax	7,16	-	-	571,319,000
Remeasurement gain (loss) on retirement benefit plan	16	417,882	5,126,131	(2,929,595)
<b>Total comprehensive loss (income)</b>		(28,230,323)	(10,786,933)	539,615,140
<b>Loss per share</b>	18,2	(10,031)	(5,570)	(10,061)

The notes on pages 1 to 32 are integral part of these financial statements.

JUN 25 2020

**The Manila Southwoods Golf & Country Club, Inc.**  
(A non-profit organization)

**Statement of Changes in Equity**  
**For the year ended December 31, 2019**  
(With comparative figures for the years ended December 31, 2018 and 2017)  
(All amounts in Philippine Peso)

	Proprietary shares (Note 11)	Shares of delinquent shareholders acquired through auctions (Note 12)	Excess of proceeds over cost from re-issuance of shares of delinquent shareholders (Note 12)	Other comprehensive income (Note 7, 16)	Cumulative excess of expenses over receipts	Total equity
<b>Balances at January 1, 2017</b>	2,513,750,604	(34,355,885)	9,742,793	2,009,862,572	(888,339,094)	3,610,661,010
Net loss	-	-	-	-	(28,774,265)	(28,774,265)
Other comprehensive income	-	-	-	568,389,405	-	568,389,405
Total comprehensive income (loss)	-	-	-	568,389,405	-	568,389,405
Shares of delinquent shareholders acquired through auctions	-	(1,070,140)	-	-	-	(1,070,140)
Re-issuance of shares of delinquent shareholders	-	493,310	5,506,690	-	-	6,000,000
Balance as at December 31, 2017, as previously reported	2,513,750,604	(34,932,695)	15,249,483	2,578,251,977	(917,113,359)	4,155,206,010
Adjustments due to adoption of PFRS 15	-	-	-	-	(27,351,424)	(27,351,424)
<b>Balances at December 31, 2017</b>	2,513,750,604	(34,932,695)	15,249,483	2,578,251,977	(944,464,783)	4,127,854,586
Net loss	-	-	-	-	(15,913,064)	(15,913,064)
Other comprehensive income	-	-	-	5,126,131	-	5,126,131
Total comprehensive income (loss)	-	-	-	5,126,131	-	5,126,131
Shares of delinquent shareholders acquired through auctions	-	(875,604)	-	-	-	(875,604)
<b>Balances as at December 31, 2018</b>	2,513,750,604	(35,808,299)	15,249,483	2,583,378,108	(960,377,847)	4,116,192,049
Net loss	-	-	-	-	(28,648,205)	(28,648,205)
Other comprehensive income	-	-	-	417,882	-	417,882
Total comprehensive income (loss)	-	-	-	417,882	-	417,882
Re-issuance of shares of delinquent shareholders	-	10,976,561	10,818,471	-	-	21,795,032
Shares of delinquent shareholders acquired through auctions	-	(11,271,982)	-	-	-	(11,271,982)
<b>Balances as at December 31, 2019</b>	2,513,750,604	(36,103,720)	26,067,954	2,583,795,990	(989,026,052)	4,068,484,776

The notes on pages 1 to 32 are integral part of these financial statements.



**The Manila Southwoods Golf & Country Club, Inc.**  
(A non-profit organization)

Statement of Cash Flows  
For the year ended December 31, 2019  
(With comparative figures for the years ended December 31, 2018 and 2017)  
(All amounts in Philippine Peso)

	Notes	2019	2018	2017
<b>Cash flows from operating activities</b>				
Excess of expenses over receipts before income tax		(28,345,532)	(14,442,803)	(27,692,038)
Adjustments for:				
Depreciation expense	6	45,983,617	48,424,052	50,265,767
Retirement benefit expense	16	2,865,463	4,080,641	3,305,361
Amortization of prepaid dues	13	1,200,000	1,200,000	1,200,000
Interest expense	10	1,145,851	950,716	947,442
Gain on disposal of property and equipment		-	(49,500)	(33,321)
Interest income	15	(2,528,121)	(1,974,765)	(1,204,168)
Income before working capital changes		20,321,278	38,188,341	26,789,043
Changes in working capital:				
Receivables		9,854,936	(2,373,433)	(3,210,997)
Inventories		(4,239,566)	(2,551,344)	(1,585,329)
Prepayments and other current assets		813,019	989,763	(4,244,653)
Other non-current assets		(9,183,582)	1,596,700	49,122
Accounts payable and other current liabilities		(2,169,033)	(6,859,202)	3,567,786
Contract liabilities		9,576,999	23,939,031	-
Net cash generated from operations		24,974,051	52,929,856	21,364,972
Interest received		2,528,121	1,974,765	1,204,168
Income tax paid		(1,381,438)	(964,560)	(882,208)
Contributions to the retirement benefit plan	16	(6,551,587)	(9,000,000)	(5,890,000)
Net cash flows provided by operating activities		19,569,147	44,940,061	15,796,932
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property and equipment		-	49,500	46,453
Acquisitions of property and equipment		(6,962,520)	(8,330,717)	(4,504,916)
Net cash flows used in investing activities		(6,962,520)	(8,281,217)	(4,458,463)
<b>Cash flows from financing activities</b>				
Proceeds from re-issuance of shares of delinquent shareholders	12	14,020,463	-	2,185,770
Principal and interest payments of lease liabilities	10	(8,512,661)	(8,560,604)	(8,743,785)
Payments for shares of delinquent shareholders acquired through auctions	12	(11,271,982)	(875,604)	(1,070,140)
Net cash flows used in financing activities		(5,764,180)	(9,436,208)	(7,628,155)
Net increase in cash and cash equivalents		6,842,447	27,222,636	3,710,314
Cash and cash equivalents at January 1		58,020,787	30,798,151	27,087,837
Cash and cash equivalents at December 31	2	64,863,234	58,020,787	30,798,151

The notes on pages 1 to 32 are integral part of these financial statements.





**The Manila Southwoods Golf & Country Club, Inc.**  
(A non-profit organization)

Notes to Financial Statements

As at and for the year ended December 31, 2019

(With comparative figures as at and for each of the two years in the period ended December 31, 2018)

(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

**Note 1 - General information**

The Manila Southwoods Golf & Country Club, Inc. (the "Club") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 5, 1990. The Club is organized and operating exclusively for the promotion of social, recreational and athletic activities on a nonprofit basis among its shareholders and members, the core of which will be the maintenance of a golf course, clubhouse and other similar facilities. No part of its income inures to the benefit of any officer, member or any private individual.

The registered office address of the Club is Southwoods Boulevard, Bo. Cabilang Baybay, Carmona, Cavite.

The financial statements were approved and authorized for issuance by the Board of Directors (BOD) on February 26, 2020.

**Note 2 - Cash and cash equivalents**

Cash and cash equivalents as at December 31 consist of:

	2019	2018
Cash on hand	842,343	412,343
Cash in banks	28,270,857	47,562,004
Cash equivalents	35,750,034	10,046,440
	64,863,234	58,020,787

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three 90 days depending on the immediate cash requirements of the Club and earn interest at 5.00% to 5.12% in both 2019 and 2018. Interest income earned from cash and cash equivalents are disclosed in Note 15.

**Note 3 - Receivables**

Receivables as at December 31 consist of:

	Note	2019	2018
Receivables from members	13	11,275,689	14,301,837
Current portion of installment receivables		3,794,832	1,503,144
Advances to officers and employees		3,462,449	2,747,842
Advances to suppliers and contractors		1,668,154	3,314,419
Receivables from related parties	13	46,577	207,337
Others		1,265,473	1,518,962
		21,513,174	23,593,541

Interest income earned from receivables from members and installment receivables are disclosed in Note 15.



#### **Note 4 - Inventories**

Inventories as at December 31 consist of:

	2019	2018
Fertilizers, herbicides and chemicals	5,422,568	5,489,480
Spare parts	4,569,139	4,134,518
Supplies	4,276,240	4,133,235
Fuel and oil	716,681	597,212
Material and supplies	14,984,628	14,354,445
Inventories for sale	3,609,383	-
	18,594,011	14,354,445

The cost of materials and supplies and inventories for sale charged to expenses are disclosed in Note 14.

#### **Note 5 - Prepayments other current assets**

Prepayments and other current assets as at December 31 consist of:

	Note	2019	2018
Prepayments		6,552,384	6,511,110
Input value-added tax (VAT)		1,983,097	2,837,390
Current portion of prepaid dues	13	1,200,000	1,200,000
Prepaid tax		733,197	-
		10,468,678	10,548,500

Prepayments pertain to rental fees and real property taxes.

#### **Note 6 - Property and equipment, net**

Details of the property and equipment and their movements as at and for the years ended December 31 are as follows:

	Golf course developments	Buildings and improvements	Golf course maintenance and transportation equipment	Furniture, fixtures, and office equipment	Clubhouse equipment	Total
<b>Cost</b>						
January 1, 2018	1,131,652,029	231,805,017	133,021,954	32,378,600	7,683,964	1,536,541,564
Additions	-	3,295,008	14,233,473	2,169,143	130,387	19,828,011
Disposals	-	-	(3,730,142)	-	-	(3,730,142)
December 31, 2018	1,131,652,029	235,100,025	143,525,285	34,547,743	7,814,351	1,552,639,433
Additions	-	4,016,347	17,965,898	1,021,579	-	23,003,824
December 31, 2019	1,131,652,029	239,116,372	161,491,183	35,569,322	7,814,351	1,575,643,257
<b>Accumulated depreciation</b>						
January 1, 2018	848,484,203	178,439,732	106,160,667	30,967,759	7,568,939	1,171,621,300
Depreciation	28,302,689	3,707,137	14,828,677	1,441,647	143,902	48,424,052
Disposals	-	-	(3,730,142)	-	-	(3,730,142)
December 31, 2018	876,786,892	182,146,869	117,259,202	32,409,406	7,712,841	1,216,315,210
Depreciation	27,484,936	4,545,531	12,628,653	1,281,035	43,462	45,983,617
December 31, 2019	904,271,828	186,692,400	129,887,855	33,690,441	7,756,303	1,262,298,827
<b>Net book value</b>						
December 31, 2018	254,865,137	52,953,156	26,266,083	2,138,337	101,510	336,324,223
December 31, 2019	227,380,201	52,423,972	31,603,328	1,878,881	58,048	313,344,430

Prior to the adoption of Philippine Financial Reporting Standard (PFRS) 16, Leases, the Club recognized lease assets and lease liabilities in relation to leases that were classified as finance leases under Philippine Accounting Standard (PAS) 17, Leases. These lease/right-of-use assets are presented together with the owned assets of the same class under golf course maintenance and transportation equipment. Details of and movements in the lease/right-of-use assets as at and for the years ended December 31 are as follows:

	Note	2019	2018
Cost			
At January 1		37,394,188	24,144,188
Additions	10	17,820,554	13,250,000
At December 31		55,214,742	37,394,188
Accumulated depreciation			
At January 1		20,269,150	15,969,983
Additions		1,786,478	4,299,167
At December 31		22,055,628	20,269,150
Net book value		33,159,114	17,125,038

#### **Note 7 - Land**

Details of land as at December 31, 2019 and 2018 are as follows:

	Amount
Cost	1,204,630,653
Accumulated revaluation gain	3,692,391,347
	4,897,022,000

Land titles covering about 123 hectares out of the total land area actually covered by Golf Course Project of approximately 136 hectares have already been transferred and registered in the name of the Club on the basis of a tax-free exchange ruling covering the Golf Course Project that was secured from the Bureau of Internal Revenue (BIR). While the beneficial ownership of the remaining 13 hectares has been conveyed to the Club, the actual transfer and registration of the same in the name of the Club has not yet been completed as the Annex to the BIR tax-free exchange ruling listing the specific title numbers of lots donated by certain landowner partners was lost when the Cavite Register of Deeds office was burned several years ago and needs to be reconstructed. Efforts are being made to expedite the transfer and registration of the said remaining lots in the Club's name on the basis of the said BIR tax-free exchange ruling. On January 26, 2005, the Club obtained a revalidated Certificate Authorizing Registration (CAR) from BIR. The revalidated CAR is one of the major requirements of the Registry of Deeds in titling the land in the name Club.

The Club's management and legal counsel believed that, based on current circumstances, there are no legal contingencies affecting the status and titling of 13 hectares or are there any adverse claims by third parties to the aforesaid 13 hectares of land.

As at December 31, 2019 and 2018, the parcels of land are stated at revalued amount under Level 3 fair value category based on the appraisal report by an independent appraiser.

The fair value of land has been derived using the sales comparison approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Listings and offerings may also be considered. Sales prices of comparable land in close proximity are adjusted for differences in key attributes (internal factors) such as property size and shape, location, improvements, neighborhood and utility. The most significant input into this valuation is price per square meter. The land is currently used as a recreational development (golf course) which is the highest and best use of the land.



The Club recognized a revaluation gain amounting to P816.2 million for the year ended December 31, 2017. Management believes that there are no events or changes in circumstances indicating a significant change in fair value of the land from the last appraisal made for the year ended December 31, 2017.

#### **Note 8 - Other non-current assets**

Other non-current assets as at December 31 consist of:

	Note	2019	2018
Prepaid dues, net of current portion	13	21,508,946	22,754,446
Installment receivables, net of current portion		6,022,180	539,299
Deferred input VAT		3,762,280	16,080
Others		1,686,571	1,686,570
		32,979,977	24,996,395

Interest income earned from installment receivables are disclosed in Note 15.

#### **Note 9 - Accounts payables and other current liabilities**

Accounts payables and other current liabilities as at December 31 consist of:

	Note	2019	2018
Trade payables to third parties		39,209,372	38,913,084
Deferred liabilities		9,459,314	8,325,437
Deposits from members		7,934,701	11,604,935
Sinking fund		3,536,272	857,325
Accrued expenses:			
Statutory liabilities		1,256,809	1,321,650
Withholding taxes		1,072,957	748,837
Payroll		314,985	299,632
Others		1,410,627	3,831,689
Tournament fund		1,893,467	2,040,315
Payables to related parties	13	847,833	535,481
Others		2,545,527	3,172,512
		69,481,864	71,650,897

#### **Note 10 - Leases**

##### *(a) Club as lessee*

The Club leases various golf course maintenance equipment and service vehicles as disclosed in Note 6. Details of and movements in the related lease liabilities as at December 31 are as follows:

	Note	2019	2018
At January 1		14,229,273	10,341,867
Cash changes: Principal and interest payments		(8,512,661)	(8,560,604)
Non-cash changes			
Principal additions	6	16,041,304	11,497,294
Interest expense		1,145,851	950,716
At December 31		22,903,767	14,229,273

Principal and interest payments above represent the total cash outflow for leases. There are no short-term leases, low-value assets that are short-term leases and variable lease payments not included in lease liabilities for the year ended December 31, 2019.

The lease payments are discounted using the interest rate implicit in the lease. The future annual minimum lease payments under the lease agreements, together with the present value of the minimum lease payments as at December 31 are as follows:

	2019	2018
Within one year	17,864,290	7,355,685
After one year but more than five years	7,989,976	8,436,423
Total minimum lease payments	25,854,266	15,792,108
Less: Amounts representing interests	2,950,499	1,562,835
Present value of minimum lease payments	22,903,767	14,229,273
Less: Current portion	10,128,675	6,349,386
Non-current portion	12,775,092	7,879,887

*(b) Club as lessor*

Income from the following agreements are reported as concessionaires' fees under revenue from club operations in the statement of total comprehensive income.

*(i) Food and beverage (F&B)*

On July 28, 2015, the Club executed a concessionaire agreement with a third party which started its operations in April 2016. Similarly, the lessee agreed to become the exclusive concessionaire of the Club's food outlets and shall maintain consistent, continuous and uninterrupted food and beverage operations that meet the Club's standards. In consideration for the lessee's provision of service, all sales arising from F&B operations shall be booked by lessee. For sales arising from non-club functions regarding F&B operations, the lessee will be charged 10% of its gross sales. No space rental shall be charged to lessee, provided that it shall shoulder all taxes, fees and all costs related to the food and beverage operations including but not limited to salaries and benefits of the employees, supplies and utilities.

*(ii) Pro-shop*

The Club entered into a lease agreement for a period of four years beginning September 16, 2014. The lessee shall operate a golf pro-shop within the club. The lessee shall pay monthly fixed lease rentals of P75,000 subject to 10% escalation rate per annum commencing on the third year. The contract was not renewed by both parties in 2019. The Club took over the pro-shop operations in 2019.

**Note 11 - Proprietary certificates**

The Club has a permit from the SEC to offer its securities for sale to the public. Details of these securities as at December 31, 2019 and 2018 are as follows:

	Amount
Class A common stock (inclusive of eleven Founders' shares)	
Authorized and issued - 1,800 shares with no par value	1,508,650,362
Class B common stock	
Authorized and issued - 1,200 shares with no par value	1,005,100,242
	2,513,750,604

Founders' shares and Class A shares may be sold to citizens of the Philippines or to partnerships, corporations or associations, of which 60% of the voting power is owned or controlled by citizens of the Philippines. Class B shares may be sold to any parties, irrespective of their nationality or citizenship.

**Note 12 - Shares of delinquent shareholders acquired through auctions**

Class A and Class B shares of delinquent shareholders were acquired by the Club through auctions pursuant to the Club By-laws as settlement for their long outstanding accounts. A shareholder is considered delinquent when the receivables from the said shareholder have become 60 days overdue.

In 2019, the Club acquired through auction the shares of delinquent shareholders amounting to P11.3 million (2018 - P0.9 million; 2017 - P1.1 million). The acquisition cost of the share represents the outstanding receivable from the delinquent shareholder as at the date of auction plus costs incurred during auction.

In 2019, the Club entered into contracts to sell the shares of delinquent shareholders acquired through auctions at a price higher than the cost of the delinquent shares when acquired. The selling price and the related acquisition cost amounted to P21.8 million and P11.0 million (2018 - nil; 2017 - P6.0 million and P0.5 million), respectively. Each share is payable with a down payment of P0.3 million upon the execution of the contract and the balance of the agreed price plus interest at the rate of six percent per annum is payable over three years in monthly installments in the amount of P36,500 secured by post-dated checks. The titles to the proprietary shares remain with the Club and will be transferred to the buyer upon full payment of the selling price. The installment receivables from such sales are disclosed in Notes 3 and 8.

**Note 13 - Related party transactions and balances**

In the normal course of business, the Club transacts with companies which are considered related parties. The transactions and outstanding balances with related parties as at and for the years ended December 31 are as follows:

Related party	Transactions			Outstanding receivables (payables)		Terms and conditions
	2019	2018	2017	2019	2018	
Entities with significant influence						
Advances to (a)	404,965	872,295	1,160,067	46,577	207,337	Receivable (payable) in cash, unsecured, non-interest bearing, and due within 30 days from date of transaction.
Repairs and maintenance (b)	-	1,785,355	2,553,516	-	(38,998)	
Security costs (c)	13,679,633	13,126,321	12,477,641	(847,833)	(459,585)	
Other expenses (d)	-	-	-	-	(36,898)	
Prepaid dues and other charges (e)	1,200,000	2,869,680	2,684,405	22,708,946	23,954,446	Refer to e.
Key management personnel						
Salaries and wages	22,497,402	15,860,856	13,822,394	-	-	Payable in cash every month based on contract.
Retirement benefits	866,956	1,289,175	1,038,829	-	-	Refer to Note 16.

**(a) Advances**

The Club provided advances to various members who are also suppliers of the Club.

*(b) Repairs and maintenance*

The Club had golf cart maintenance agreement and golf cart rental agreement with Asia Pacific Golf Corporation (APGC) which were terminated in 2008 and 2013, respectively. The remaining payables arising from maintenance fees are currently due and demandable. Golf cart rental operation was taken over and run by the Club since then. However, since the Club only owns golf carts, it continues to transact with APGC upon need of the related party's service.

The Club also had transactions with Golforce, Inc. related to golf course maintenance on as needed basis. This includes maintenance of the playing condition of the golf course at a level acceptable to the Club.

*(c) Security services*

The Club entered into an agreement with Warbird Security and Investigation (Warbird) for the deployment of security guards to secure and safeguard the Club's properties. The Club made non-interest-bearing advances to Warbird which are due and demandable. In return, the Club pays Warbird security fees.

*(d) Other expenses*

The Club incurred expenses for the past accommodation and other related expenses of its officers. On the other hand, the Club charges Manila Southwoods Manor/Club Leisure Management Corporation (MSM/CLMC) green fees in connection with MSM/CLMC's tourist program. Advances to MSM/CLMC are normally settled by offsetting the Club's green fee charges against the accommodation and other charges incurred by the Club's officers.

*(e) Prepaid dues and other charges*

On behalf of Manila Southwoods Homeowners' Association (MSHA), the Club made prepayments for operating expenses of the sports club facilities, which at the time the payments were made, were principally being used by members of the Club. Over the years, members of the Club have continued using the Manila Southwoods Sports Club (the "Sports Club") and the Club made prepayments out of its own funds to partially defray the costs of the maintenance and continued operation of the Sports Club. These prepayments are presented as prepaid dues in Notes 5 and 8.

Pursuant to a BOD resolution dated October 29, 2003, the Club negotiated for the amortization of the prepayments. The negotiation includes the granting to all members of the Club playing rights or privilege to use the Sports Club facilities in exchange for a fee which shall be deducted from or offset against the prepayment until such advances are fully liquidated. In consideration for the use of the Sports Club facilities, effective May 31, 2006, the monthly fee shall be P100,000 or P1.2 million annually.

A supplement to the abovementioned agreement was made on November 12, 2007 in which the parties intend that all payments made or to be made by the Club for the operation and maintenance of Sports Club shall be considered as prepayment for all the monthly dues, which may be assessed for the use of the Sports Club's facilities.

On January 28, 2015, the BOD resolved that the amounts paid for the Sports Club starting in 2014 onwards shall be treated and booked as usage fees and not as advances pending the negotiations and until such time that a formal arrangement with MSHA is finalized with respect to the use of the Sports Club.

**Note 14 - Cost and expenses**

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

	Note	2019	2018	2017
Salaries and wages		56,549,534	53,298,828	49,156,162
Repairs and maintenance		45,786,263	33,255,998	29,657,253
Light and water		21,020,148	21,443,704	17,568,554
Security and janitorial		19,256,078	17,696,877	16,984,912
Materials and supplies		19,031,543	18,072,078	16,181,722
Other employee benefits		15,760,145	15,102,918	16,665,003
Fuel and oil		7,229,250	7,688,366	5,263,439
Contracted services		5,450,803	7,654,549	7,968,382
Real property taxes		5,395,636	5,177,458	5,402,458
Cost of sales of inventories		5,041,843	-	-
Taxes and licenses		3,811,489	4,856,929	3,555,836
Professional fees		3,689,721	2,287,041	2,380,975
Retirement benefit expense	16	2,865,463	4,080,641	3,305,361
Communications		2,325,132	2,261,429	2,674,298
Meetings and conferences		2,106,067	1,868,797	2,019,032
Members' dues and other charges		1,200,000	2,869,680	2,684,405
Printing and reproduction		189,969	357,966	5,209,389
Club events		-	-	9,929,386
Others		10,583,951	10,137,834	10,357,577
		227,293,035	208,111,092	206,964,144

**Note 15 - Interest income**

The following are the sources of Club's interest income as at December 31:

	2019	2018	2017
Receivables	1,640,389	1,819,970	1,143,266
Cash and cash equivalents	887,732	154,795	60,902
	2,528,121	1,974,765	1,204,168

**Note 16 - Retirement benefits**

The Club maintains a funded and non-contributory defined benefit retirement plan covering all of its regular and permanent employees. The plan provides for a payment of benefits in lump sum upon attainment of normal retirement age of 60 and completion of at least 5 years of continuous service with the Club in line with Republic Act No. 7641, known as The Retirement Law. Benefits provided in the plan are based on the years of credited service and compensation of employees. Annual contribution to the retirement plan consists of retirement costs covering the current service costs for the year plus payments toward funding the accrued retirement benefit costs. The latest actuarial valuation report prepared by the independent actuary for the year ended December 31, 2019 using the projected unit credit method.

The retirement benefit liability (asset) as at December 31 consist of:

	2019	2018
Present value of defined benefit obligation (PVDBO)	33,006,657	31,799,224
Fair value of plan assets (FVPA)	(34,052,268)	(28,740,829)
Retirement benefit liability (asset)	(1,045,611)	3,058,395



Movements in the retirement benefit liability (asset) for the years ended December 31 are as follows:

	2019	2018
At January 1	3,058,395	13,103,885
Retirement benefits expense	2,865,463	4,080,641
Remeasurement gain	(417,882)	(5,126,131)
Contribution	(6,551,587)	(9,000,000)
At December 31	(1,045,611)	3,058,395

Movements in the PVDBO for the years ended December 31 are as follows:

	2019	2018
At January 1	31,799,224	32,927,933
Current service cost	2,644,035	2,904,275
Past service cost	-	451,721
Interest cost	2,302,264	1,820,915
Benefits paid	(3,046,759)	(1,579,741)
Actuarial gain	(692,107)	(4,725,879)
At December 31	33,006,657	31,799,224

Movements in the FVPA for the years ended December 31 are as follows:

	2019	2018
At January 1	28,740,829	19,824,048
Interest income	2,080,836	1,096,270
Contributions	6,551,587	9,000,000
Benefits paid	(3,046,759)	(1,579,741)
Actuarial gain (loss)	(274,225)	400,252
At December 31	34,052,268	28,740,829

The plan is administered by a firm of investment fund managers who are authorized to invest the funds as it deems proper. The actual returns on plan assets amounted to P1.8 million for the year ended December 31, 2019 (2018 - P 1.5 million).

The overall expected rate of return on plan assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

As at December 31, the carrying amount of the plan asset is the same with its fair value. The allocation of the plan assets as at December 31 are as follows:

	2019	2018
Cash in banks	82.88%	78.48%
Interest receivables	0.32%	0.41%
Investments in equity securities	16.81%	21.11%

Descriptions of each category are as follows:

- Cash in banks consist of current account, savings deposit and special savings deposit;
- Receivables consist of interest receivables; and
- Investments in equity securities consist of short-term equity investments and time certificates of deposit.

The plan's investments do not have any concentration risk.

The Club expects to contribute P4.0 million to the pension plan in 2020.

Retirement benefit expense for the years ended December 31 are as follows:

	2019	2018	2017
Current service cost	2,644,035	2,904,275	2,669,966
Past service cost	-	451,721	-
Net interest	221,428	724,645	635,395
	2,865,463	4,080,641	3,305,361

Movements in the remeasurement gain (loss) on retirement benefits under comprehensive income for the years ended December 31 are as follows:

	2019	2018	2017
At January 1	(1,295,835)	(6,421,966)	(3,492,371)
Actuarial gain (loss)	417,882	5,126,131	(2,929,595)
At December 31	(877,953)	(1,295,835)	(6,421,966)

The principal actuarial assumptions used to determine retirement benefits are as follows:

	2019	2018
Discount rate	4.75%	7.24%
Rate of increase in compensation	4.00%	5.00%

Assumptions regarding future mortality and disability experiences are based on the 1994 Group Annuity Table and the 1952 Disability Table, respectively.

The weighted average duration of the defined benefit obligation is 14 years.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the PVDBO as at December 31, assuming all other assumptions are held constant:

	Increase (decrease) in basis points	Increase (decrease) in PVDBO	
		2019	2018
Discount rate	+100	(3,222,035)	(1,832,579)
	-100	2,467,206	2,403,043
Salary increase rate	+100	3,764,862	2,455,811
	-100	(3,288,949)	(2,231,239)

The maturity profiles of the undiscounted benefit payments as at December 31 are as follows:

	2019	2018
Within five years	14,525,363	24,902,192
Between six to 10 years	16,054,999	22,469,349
Between 11 to 15 years	18,035,222	22,757,837
Between 16 to 20 years	13,192,283	15,835,012
More than 20 years	20,524,315	25,362,085

#### Note 17 - Income taxes

The Club's deferred income tax liabilities as at December 31, 2019 and 2018 pertain to the 30% income tax effects of its revaluation gain of land as disclosed in Note 7. There is no provision for deferred income tax expense recognized in other comprehensive income for the years ended December 31, 2019 and 2018 (2017 - P 244.9 million).

Deferred income tax assets, net on the following temporary differences as at December 31 have not been recognized since management believes that the Club may not have sufficient future taxable income for it to be able to utilize these deferred income tax assets:

	2019	2018
Retirement benefit liability (assets)	(1,045,611)	3,058,395
Unamortized past service costs	10,256,645	8,062,180
Less: Pension charged to other comprehensive income	(877,953)	(1,295,835)
Provision for retirement benefits	8,333,081	9,824,740
Net operating loss carry-over (NOLCO)	44,290,652	121,329,253
Other provisions	569,214	344,214
Subtotal	53,192,947	131,498,207
Multiply: Income tax rate	30%	30%
Tax effect	15,957,884	39,449,462
Minimum corporate income tax (MCIT)	2,895,239	3,117,739
Unrecognized deferred income tax assets, net	18,853,123	42,567,201

On June 26, 2019, the Supreme Court declared through General Register 228539 that membership fees, assessment dues, and fees of similar nature collected by clubs which are organized and operated exclusively for the pleasure, recreation, and other non-profit purposes are not subject to income tax and VAT.

Details of NOLCO and MCIT as at December 31 are as follows:

Year incurred	Year of expiry	2019		2018	
		NOLCO	MCIT	NOLCO	MCIT
2015	2018	-	-	22,949,599	1,020,141
2016	2019	89,434,265	525,173	89,434,265	525,173
2017	2020	29,498,158	1,096,964	29,498,158	1,096,964
2018	2021	2,396,830	1,495,602	2,396,830	1,495,602
2019	2022	12,395,664	302,673	-	-
Subtotal		133,724,917	3,420,412	144,278,852	4,137,880
Expired		(89,434,265)	(525,173)	(22,949,599)	(1,020,141)
		44,290,652	2,895,239	121,329,253	3,117,739

Income tax expense (benefit) for the years ended December 31 consist of:

	2019	2018	2017
MCIT	302,673	1,495,602	1,096,964
Deferred	-	(25,341)	(14,737)
	302,673	1,470,261	1,082,227

Reconciliation between the income tax benefit computed at statutory income tax rate and the income tax expense shown in the statement of total comprehensive income for the years ended December 31 are as follows:

	2019	2018	2017
Income tax benefit at statutory tax rate of 30%	(8,503,660)	(4,332,841)	(8,307,611)
Adjust for income tax effects of:			
Non-deductible expenses	53,811,132	81,142	-
NOLCO expired	26,830,280	6,884,880	11,866,059
MCIT expired	525,173	1,020,141	646,774
Adjustments due to PFRS 15 adoption	-	(8,318,182)	-
Interest income subjected to final tax	(266,320)	(46,439)	(18,271)
Changes in unrecognized deferred income tax assets	(23,714,077)	6,181,560	(3,104,724)
Non-taxable income	(48,379,855)	-	-
	302,673	1,470,261	1,082,227

## **Note 18 - Financial risk and capital management**

### **18.1 Financial risk factors**

The main risks arising from the Club's financial instruments are credit and liquidity risks. The members and the BOD review and approve the policies of managing each of the risks which are summarized below.

#### *(a) Credit risk*

Credit risk arises when a customer or counterparty fails to discharge an obligation and cause the Club to incur a financial loss.

The Club's receivables are actively monitored to avoid significant uncollectible accounts. Policies are in place to ensure collection of these receivables. The Club ensures that applicant for membership shall undergo a series of verifications to determine the individual or company financial capability and credit history. In case of delinquency, the Club's by-laws provide clear cut measures and sanctions against members with unpaid accounts. In addition, the Club has first lien on every proprietary certificate to ensure debts of members arising from unpaid membership dues and other club charges are recovered. Sales of products and services to non-members, i.e., members' guests are on cash basis. In the case of membership dues, advance payments promotions are launched each year with incentives on early annual payments to reduce receivables from member. These minimize the credit risk exposure any margin loss from possible default in the payment of receivables.

The table below shows the maximum exposure from credit risk for the Club's financial assets at amortized cost without taking account of any collateral and other credit enhancements:

	Notes	2019	2018
Cash and cash equivalents*	2	64,020,891	57,608,444
Receivables**	3	16,382,571	17,531,280
		80,403,462	75,139,724

\*Excludes cash on hand

\*\*Excludes advances to suppliers and advances to officers and employees



The Club uses internal ratings to determine the credit quality of its financial assets. These have been mapped to the summary rating below:

- *Grade A* - This applies to highly rated financial obligors and strong counterparties with whom the Club has excellent collection experience, i.e., collections are made even before maturity date.
- *Grade B* - This applies to financial assets that are performing as expected or where counterparty pays on due dates.
- *Grade C* - This applies to accounts that are past due but are not impaired since are subsequently collected within 90 days from reporting date.
- Accounts not within Grades A, B and C are considered long outstanding and subject to expected credit loss allowance.

(i) Cash and cash equivalents

The Club's policy on counterparty risk management is to work with a select group of relationship banks which are licensed commercial and universal banks as defined by the Philippine Banking System. Credit risk exposure is low since commercial and universal banks represent the largest single group, resource-wise, of financial institutions in the country. Cash and cash equivalents are also deposited among the top ten banks in the Philippines, hence, considered Grade A.

(ii) Receivables

Credit rating of receivables as at December 31 are as follows:

	2019	2018
Grade A	11,467,799	14,834,436
Grade B	4,914,772	5,444,686
	16,382,571	20,279,122

(b) Liquidity risk

Liquidity risk arises from the possibility that the Club may encounter collection problem that will lead to difficulties in raising funds to meet or settle its obligations and to finance its activities.

The Club monitors its liquidity risk to a shortage of funds through monitoring of collections and projected cash flows from operations. The Club maintains sufficient cash to finance operations. Any excess fund is invested in cash equivalents to augment income generation. The Club's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost. The Club also maintains a financial strategy that the scheduled payment of payables is well within the Club's ability to generate cash from its business operations.

The table below summarizes the maturity profile of the Club's financial liabilities at amortized cost subject to liquidity risk based on contractual undiscounted payments as at December 31:

	Notes	On demand	Due within 3 months	Due within 3 to 6 months	Due within 6 to 12 months	Over 1 year	Total
2019							
Accounts and other current liabilities*	9	38,791,055	10,966,298	1,908,209	597,483	-	52,263,045
Lease liabilities**	10	-	4,175,830	5,196,215	8,492,245	7,989,976	25,854,266
		38,791,055	15,142,128	7,104,424	9,089,728	7,989,976	78,117,311
2018							
Accounts and other current liabilities*	9	43,804,142	11,743,653	1,963,996	845,542	-	58,357,333
Lease liabilities**	10	-	2,120,244	1,906,923	3,328,518	8,436,423	15,792,108
		43,804,142	13,863,897	3,870,919	4,174,060	8,436,423	74,149,441

\*Excludes deferred liabilities, statutory liabilities, accrued expenses for withholding tax, sinking fund and tournament fund

\*\*Based on minimum lease payments

## 18.2 Fair value of financial instruments

The carrying values of the Company's financial instruments as at reporting dates approximate their fair values due to their short-term nature.

## 18.3 Capital management

The primary objective of the Club's capital management is to ensure the Club's ability to continue as a going concern so that it can continue provide service to its members and benefits for other stakeholders. The Club's capital pertains to Proprietary certificates, shares of delinquent shareholders acquired through auctions, excess of proceeds over cost from re-issuance of shares to delinquent shareholders, and deficit. There were no changes in the Club's capital management policies for the years ended December 31, 2019 and 2018.

The Club's loss per share is computed as follows:

	2019	2018	2017
Net loss	28,648,205	15,913,064	28,774,265
Dividend by: Weighted average number of shares*	2,856	2,857	2,860
Loss per share	10,031	5,570	10,061

*\*Takes into account the weighted average effect of changes in shares of delinquent shareholders acquired through auctions for the year*

The Club's basic loss per share and diluted loss per share are the same.

## **Note 19 - Critical accounting estimates, assumptions and judgments**

The preparation of the Club's financial statements in conformity with PFRS requires management to make judgment, estimates and assumptions that affect amounts reported in the financial statements and related notes. Future events may occur which will cause the judgment, estimates and assumptions used in arriving at the estimates to change. The effects of any change in judgment, estimates and assumptions are reflected in the financial statements as they become reasonably determinable.

### 19.1 Critical accounting estimates and assumptions

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

#### *(a) Expected credit losses (ECL) of financial assets at amortized cost*

The Club applied the ECL model associated with its financial assets at amortized cost. The loss allowance for financial assets are based on assumptions about risk of default and expected loss rates. The Club uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Club's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

For receivables, the Club uses a provision matrix to calculate ECL. 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 credit loss experience with forward-looking information.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL 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.

Based on management's assessment, no impairment losses are required on financial assets at amortized cost as at December 31, 2019 and 2018 due to the low credit risk exposure as discussed in Note 18.1(a).

*(b) Useful lives of property and equipment*

The useful life of each of the Club's item of property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses and brought about by changes in the factors mentioned. A reduction in the estimated useful life of any item of property and equipment would increase the recorded depreciation expense and decrease the carrying value of property and equipment.

There were no changes in estimated useful lives of property and equipment in 2019 and 2018. The carrying values of property and equipment as at December 31, 2019 and 2018 are disclosed in Note 6.

*(c) Fair value of land*

The Club measures its land at revalued amount with changes in fair value being recognized in the other comprehensive income. The Club has established a process by which measurement of fair value of the land is in place for financial reporting purposes. This primarily involves the expertise of an independent valuer.

The valuer considers certain unobservable inputs and valuation adjustments to provide a reasonable indication of fair value. Any significant changes to these inputs and adjustments could significantly affect the amount of the fair values. Further information about the assumptions made in measuring the fair values is disclosed in Note 7.

*(d) Retirement benefits*

The cost of retirement benefits as well as the PVDBO is determined using actuarial valuations. The actuarial valuation involves making various assumptions including the determination of the discount rates, rate of increase in compensation, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

In determining the appropriate discount rate, management considers the interest rates of Philippine government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Future salary increases and pension increases are based on expected future inflation rates for the Philippines. Further information about the assumptions made in measuring the PVDBO and FVPA are disclosed in Note 16.

In determining the long-term rates of return, the Club considers the nature of the plans' investments, an expectation for the plans' investment strategies, historical rates of return and current economic forecasts. The Club evaluates the expected long-term rate of return annually and adjusts as necessary. The activities of the plan expose it to a variety of risks. The management of these risks and the overall investment policy and strategy of the retirement plan are based on the trustee bank's assessment in compliance with local regulations and practice. Responsibility for governance of the retirement plan, including investment decisions and contribution schedules, lies jointly with the Club and the trustee bank.

The Club's management ensures that the investment positions are managed within an asset-liability matching framework that has been developed to achieve long-term investments that are in line with the obligations under the plan. The main objective is to match assets to the defined benefit obligation by investing primarily in long-term debt and equity securities, consisting of investments in government securities, mutual funds and unit investment trust fund, with maturities that match the benefit payments as they fall due. Assets are invested in different classes in order to maintain balance between risk and return. Investments are diversified to limit the financial effect of any individual investment.

## **19.2 Critical judgments in applying the Club's accounting policies**

In the process of applying the Club's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements and accompanying notes. The judgments are based upon management's evaluation of relevant facts and circumstances as of reporting date.

### *(a) Identifying performance obligations*

The Club identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Club's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract. Distribution of free green fee coupons, an incentive when a member pays one-year membership dues in advance, is a separately identifiable promise and is not combined with the obligation related to the membership dues since this is distinct within the context of the contract.

### *(b) Determining the timing of recognizing membership fees and assessments*

The Club charges membership dues, membership fees and assignee fees. The Club has concluded that it incurs an obligation to provide services to the members for the fees received and such shall be recognized over time as the members receive substantially the benefits and privileges of being a member. Membership fees are recognized as earned over the average life stay of members which is determined to be four years based on the eight-year historical membership data of the Club.

### *(c) Finance lease - Club as lessee*

Prior to January 1, 2019, the Club has entered into finance lease agreements covering its property and equipment and has determined that it bears substantially all the risks and benefits incidental to ownership of the said properties which are on finance lease agreements. From January 1, 2019, this is no longer considered a critical accounting judgment following the adoption of PFRS 16. Details of the lease liabilities as at December 31, 2018 are disclosed in Note 10.

### *(d) Operating leases - Club as lessor*

Prior to 2019, the Club has entered into commercial property leases on its properties. The Club has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so, accounts for the lease as operating lease. From January 1, 2019, this is no longer considered a critical accounting judgment following the adoption of PFRS 16. Details of the lease agreements are disclosed in Note 10.

### *(e) Income taxes*

A certain degree of judgment is required in determining the provision for income taxes, as there are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.



Further, the carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that sufficient future taxable income will be generated to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred tax assets as at December 31, 2019 and 2018 are disclosed in Note 17.

*(f) Contingencies*

The Club determines whether to disclose and accrue for contingencies based on an assessment of whether the risk of loss is remote, reasonably possible or probable. Management's assessment is developed in consultation with the Club's legal counsel and other advisors and is based on an analysis of possible outcomes under various strategies. Contingency assumptions involve judgment that are inherently subjective and can involve matters that are in litigation, which by its nature is unpredictable. The Club is a respondent in cases arising from the normal course of business, the outcome of which cannot be presently determined. In the opinion of the Club's management and its legal counsel, the eventual liability, if any, which may result from the outcome of these cases will not materially affect the Club's financial statements.

**Note 20 - Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**20.1 Basis of preparation**

The financial statements of the Club have been prepared in accordance with PFRS. The term PFRS in general includes all applicable PFRS, PAS, and interpretations of the Philippine Interpretations Committee, Standing Interpretations Committee and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council and adopted by the SEC.

The financial statements of the Club have been prepared on a historical cost basis, except for land which is been measured at revalued amount.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Club's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 19.

Changes in accounting policies and disclosures

*(a) New standards, amendments and interpretations adopted by the Club*

The Club has applied the following standards, amendments and interpretations for the first time for their annual reporting period commencing January 1, 2019:

- PFRS 16, Leases replaces the guidance of PAS 17 that relate to the accounting by lessees and the recognition of almost all leases in the statement of financial position. PFRS 16 removes the current distinction between operating and financing leases and requires recognition of an asset (the right-of-use asset) and a lease liability to pay rentals for virtually all lease contracts. Under PFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

On adoption of PFRS 16, the Club recognized lease liabilities and right-of-use assets in relation to leases which had previously been classified as finance leases under the principles of PAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the implicit rate of the lease agreements as of January 1, 2019.

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position as at December 31, 2018.

In applying PFRS 16 for the first time, the Club used the following practical expedients permitted by the standard:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review; and
- excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Club has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Club relied on its assessment made applying PAS 17 and IFRIC 4, Determining Whether an Arrangement Contains a Lease.

The adoption of PFRS 16 did not result in adjustments on the balances as at January 1, 2019 and did not have any significant impact on the Club's financial statements as at December 31, 2019, other than the disclosure of accounting policies.

- Philippine Interpretation IFRIC 23, Uncertainty over Income Tax Treatments, explains how to recognize, and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:
  - how to determine the appropriate unit of account,
  - that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored,
  - that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment,
  - that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
  - that the judgments and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgments.

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgments and estimates made in preparing the financial statements. The adoption did not have a significant impact on the Club's financial statements as at December 31, 2019 and 2018.

- PAS 19 (Amendments) Employee Benefits - Plan Amendment, Curtailment or Settlement, require the use of updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset). The adoption did not have a significant impact on the Club's financial statements as at December 31, 2019 and 2018.

*(b) New standards, amendments and interpretations not yet adopted*

There are no other new standards, amendments to existing standards and interpretations that are or issued but not yet effective as at December 31, 2019, that would have significant impact to the Club's financial statements.

## **20.2 Cash and cash equivalents**

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisitions and that are subject to an insignificant risk of change in value. Other relevant policies are disclosed in Note 20.4.

## **20.3 Receivables**

Receivables are recognized in the period in which the related money, goods or services are provided or when a legally enforceable claim of the Club is established. These are recognized initially at invoice amount, which approximates fair value, and subsequently measured at amortized cost using the effective interest method which is normally equal to its nominal amount. Other relevant policies are disclosed in Note 20.4, except for advances to suppliers and advances to officers and employees which are not considered financial assets.

Advances to suppliers represent initial payments for purchases while advances to officers and employees are cash advances which are subject to liquidation. These are reclassified to another asset account or expense when the service or goods is provided by or received from the supplier, or the advance is liquidated.

## **20.4 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity. The Club recognizes a financial instrument in the statement of financial position, when and only when, the Club becomes a party to the contractual provisions of the instrument.

### **20.4.1 Financial assets**

#### *(a) Classification*

The Club classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Club has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Club reclassifies debt investments when and only when its business model for managing those assets changes. As at December 31, 2019 and 2018, the Club only has financial assets at amortized cost which consist of cash and cash equivalents, and receivables (excluding advances to suppliers and advances to officers and employees).

#### *(b) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Club commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Club has transferred substantially all the risks and rewards of ownership.

### *(c) Subsequent measurement*

At initial recognition, the Club measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

#### Debt instruments

Subsequent measurement of debt instruments depends on the Club's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Club classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income (expense) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of total comprehensive income.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income (expense). Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in other income (expense) and impairment expenses are presented as separate line item in the statement of total comprehensive income.
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other income (expense) in the period in which it arises.

#### Equity instruments

The Club subsequently measures all equity investments at fair value. Where the Club's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Club's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other income (expense) in the statement of total comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### *(d) Impairment*

The Club assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Impairment loss is recognized in profit or loss and the carrying amount of the asset is reduced through the use of an allowance.



#### **20.4.2 Financial liabilities**

##### ***(a) Classification***

The Club classifies its financial liabilities at initial recognition in the following categories: at FVPL (including financial liabilities held for trading and those designated at fair value) and financial liabilities at amortized cost. The Club only has financial liabilities at amortized cost as at December 31, 2019 and 2018 which consists of accounts payable and other current liabilities (excluding deferred liabilities, statutory liabilities, accrued expenses for withholding tax, sinking fund, and tournament fund) and lease liabilities.

Issued financial instruments or their components, which are not designated at FVPL, are classified as financial liabilities at amortized cost, where the substance of the contractual arrangement results in the Club having an obligation either to deliver cash or another financial asset to the holder.

##### ***(b) Recognition and derecognition***

Financial liabilities are initially recognized at fair value of the consideration received plus directly attributable transaction costs. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

##### ***(c) Subsequent measurement***

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

#### **20.4.3 Offsetting**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Club or the counterparty. As at December 31, 2019 and 2018, there are no financial assets and financial liabilities that were offset.

#### **20.5 Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost incurred (which significantly pertains to purchase cost) in bringing each asset to its present location and condition is determined using the specific identification method. The amount of any write-down of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the period the write-down or loss occurs. The carrying amount of inventories is directly written off from the inventory account. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, shall be recognized as reduction in the amount of inventories recognized as expense in the period in which the reversal occurs. Net realizable value is the current replacement cost (for material and supplies) or the estimated selling price in the ordinary course of business less applicable variable selling expenses (for inventories for sale).

Inventories are derecognized when they are sold or consumed, or there are no future benefits to the Club. The carrying amount of those inventories is recognized, reported as part of cost and expenses in profit or loss in the period incurred (for material and supplies) or in which the related revenue is recognized (for inventories for sale).

## 20.6 Prepayments and other assets

Prepayments are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption.

Input VAT arising from purchases of goods and services, is measured at cost and presented net of applicable output VAT, or vice versa, whichever is higher as at reporting date, under current assets or liabilities. These may either be applied against future output tax liabilities or claimed for tax credit or refund.

Prepayments and other assets are carried at cost and are included in current assets, except when the related goods or services are expected to be received and rendered more than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

## 20.7 Property and equipment, and land

Property and equipment are stated at cost, excluding cost of day-to-day servicing, less accumulated depreciation and any impairment in value.

The cost of property and equipment consists of its purchase price and any costs directly attributable to bringing the property and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of replacing a part of an item of property and equipment is included in the carrying amount of such an item if the recognition criteria are met.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Asset class	Estimated useful life in years
Golf course developments	15 - 40
Buildings and improvements	3 - 35
Golf course maintenance and transportation	1 - 5
Furniture, fixtures and office equipment	1 - 5
Clubhouse equipment	3 - 5

The property and equipment's residual values, useful lives and depreciation method are reviewed and adjusted if appropriate, at each financial year-end.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 20.8).

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

Fully depreciated assets are retained in the accounts until these are no longer in use.

Land is subject to similar policies with property and equipment but is not subject to depreciation and is subsequently measured at fair value.

Changes in the fair value of land are recognized in other comprehensive income unless it represents the reversal of a revaluation decrease of the same asset previously recognized as an expense, in which case it is recognized in profit or loss.

Revaluation gains are not reclassified to profit or loss in the subsequent period. A revaluation loss is recognized as an expense to the extent that it exceeds any amount previously credited to the revaluation gain relating to the same asset.

## **20.8 Impairment of non-financial assets**

The carrying values of land and property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units (CGU) are written down to their recoverable amount.

The recoverable amount of property and equipment is the greater of its fair value less cost of disposal and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's-length transaction. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Impairment losses, if any, are recognized in profit or loss, except for land. For land impairment losses are first charged to other comprehensive income. Any excess of the impairment losses over the revaluation gain is recognized in profit or loss in the statement of total comprehensive income.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that impairment losses recognized for the asset no longer exist or have decreased. The reversal is recorded as income in profit or loss, except for land. For land, reversal of impairment losses is credited to other comprehensive income unless the amount pertains to a reversal of impairment losses previously recognized in profit or loss, in which case, such amount is credited to profit loss. However, the increased amount of an asset due to a reversal of an impairment loss is recognized to the extent that it does not exceed the carrying amount that would have been determined had no impairment been recognized for that asset in prior years.

## **20.9 Accounts payable and other current liabilities**

Accounts payable and other current liabilities are recognized in the period in which the related money, goods or services are provided or when a legally enforceable claim against the Club is established. This is recognized initially at invoice amount, which approximates fair value, and subsequently measured at amortized cost using the effective interest method which is normally equal to its nominal amount. Other relevant policies are disclosed in Note 20.4, except for deferred liabilities, statutory liabilities, accrued expenses for withholding tax, sinking fund, and tournament fund.

Deferred liabilities represent payments received from membership applicants. These are recognized as income when the application is approved; otherwise, the payments received by the Club are refunded. Statutory liabilities and accrued expenses for withholding tax are not considered financial liabilities and not subject to discounting but are derecognized similarly.

Sinking fund and tournament fund are payments received from members for a specific purpose. These are derecognized when expenditures for the specific purpose is incurred. Any excess fund at the end of the specific purpose will be charged directly to cumulative excess of expenses over receipts.

## **20.10 Leases**

### **20.10.1 Policies from January 1, 2019 following the adoption of PFRS 16**

#### **(a) Club as lessee**

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.



(i) Measurement of lease liability

Lease liability include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Club:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing, and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(ii) Measurement of right-of-use asset

Right-of-use asset are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs
- restoration costs

Right-of-use asset is generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Club is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

(iii) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Club becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(iv) Residual value guarantees

The Club initially estimates and recognizes amounts expected to be payable under residual value guarantees as part of the lease liability.

(v) Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are those with minimum lease payments below the capitalization threshold.

*(b) Club as lessor*

All leases are treated as operating lease similar to policies until December 31, 2018 following PAS 17.

20.10.2 Policies until December 31, 2018 following PAS 17

The determination of arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right use the asset. A reassessment is made after inception of the lease only if one of the following applies:

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

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

*(a) Operating leases*

Leases in which the Club does not transfer substantially all the risk and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the lease asset and derecognized over the lease term on the same bases as lease income.

Operating lease payments are recognized as an income or expense in the statement of total comprehensive income on a straight-line basis over the lease term. Variable lease payments are recognized as income or expense when incurred.

*(b) Finance leases*

Finance leases, which transfer to the Club substantially all the risks and benefits incidental to ownership of the leased property, are capitalized at the inception of the lease at the fair value of leased property or, if lower, at the present value of the minimum payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against profit or loss.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Club will obtain ownership by end of the lease term.

## **20.11 Income taxes**

The income tax expense for the period comprises current and deferred income tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (NOLCO) and unused tax credits (MCIT), to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Club reassess at each reporting date the need to derecognize a previously recognized deferred income tax asset or vice versa.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the taxable entity where there is an intention to settle the balances on a net basis. Deferred income tax assets and liabilities are derecognized when relevant temporary differences have been realized.

## **20.12 Equity**

Proprietary certificates are shares of stock have no par value and recorded equal to the proceeds and/or fair value of considerations received. Incremental costs incurred directly attributable to the issuance of new shares are shown as a deduction from proceeds, net of tax.

Shares of delinquent shareholders acquired through auctions represents the Club's proprietary certificates which are reacquired by the Club and deducted from equity. No gain or loss is recognized in the statement of total comprehensive income on the purchase, sale, issue or cancellation of the Club's own equity instruments. Excess of proceeds over cost from re-issuance of shares of delinquent shareholders is presented as another line item under equity.

Other comprehensive income represents the accumulated revaluation gain of land, net of tax, and remeasurement of retirement benefits.

Deficit represents the net losses accumulated over the years from the Club's operations. Deficit may also include effect of changes in accounting policy as may be required by the respective standard's transitional provisions.

### **20.13 Loss per share**

Loss per share is determined by dividing net loss for the year by the weighted average number of shares issued and outstanding during year. Weighted average share outstanding is calculated by multiplying an outstanding number of shares after considering issuance and buybacks of shares in each reporting period with its time-weighted portion and thereafter summing up the total for each reporting period in a year.

### **20.14 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Club classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets that may be held by the Club and included in Level 1 is the current bid price.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

As at December 31, 2019 and 2018, the Club has no assets and liabilities measured at fair value, except for land and FVPA at Level 2 and Level 1 fair value categories, respectively.

## **20.15 Receipts**

### *(a) Membership fees and assessments*

These represents fees received from members as part of Club privileges. These are recognized as follows:

- Membership dues are annual dues from existing members. These are recognized in profit or loss in the applicable membership period. Advance collections or unearned portions are reported as unearned receipts in the statement of financial position.
- Membership fees are one-time joining fees for members which are recognized in profit or loss in the applicable membership period. Advance collections or unearned portions are reported as unearned receipts in the statement of financial position.
- Transfer fees are charged on the transfer of golf shares from an existing member to another buyer. These are recognized when such transfer is completed.
- Annual playing rights are recognized upon transfer of playing rights to the assignee. These are recognized when such transfer is completed.
- Special assessments are recognized upon receipt of the fee collected for a specific purpose or project.

### *(b) Revenues from club operations*

The Club recognizes revenue as control is passed, either (i) over time when the customer simultaneously receives and consumes all of the benefits provided by the Club as the Club performs; or (ii) at a point in time when control is passed at a certain point in time as described below.

- Green fees and tourist fees, tournament fees, and club events represent income from the use of the Club's golf course and amenities and are recognized at a point in time when the golf course and amenities are used.
- Sales of golf merchandise are recognized at a point in time when the goods are delivered to the buyer.
- Locker, golf cart and equipment rental fees, and concessionaires' fees represent rental income which are recognized in line with Note 20.9.
- Other income are recognized when earned.

### *(c) Interest income*

Interest income, which is presented net of applicable tax withheld, is recognized on a time-proportion basis using the effective interest method.

## **20.16 Costs and expenses**

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized in the statement of total comprehensive income in the period these are incurred.

Interest expense is recognized on a time-proportion basis using the effective interest method.

## **20.17 Employee benefits**

### *(a) Short-term employee benefits*

The Club recognizes a liability and an expense for short-term employee benefits which include salaries, social security contributions, paid sick and vacation leaves, and bonuses. Bonuses are based on a formula that takes into consideration the employee's salary, length of service and performance evaluation. The Club recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation. Liabilities for employee benefits are derecognized when the obligation is settled, cancelled or have expired.



### *(b) Retirement benefits*

The Club has a funded and noncontributory defined benefit retirement plan. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Club, nor can they be paid directly to the Club. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that 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.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as part of costs and expenses in the statement of total comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized under and cost and expenses in the statement of total comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

### *(c) Termination benefits*

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

## **20.18 Contingencies and provisions**

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes when inflows of economic benefits are probable. If it becomes virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

Provisions are recognized when the Club has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are derecognized when the obligation is settled, cancelled or expired.

## **20.19 Related party relationships and transactions**

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions.

Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or their partners. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is charged.

## **20.20 Foreign currency transactions and translation**

Items included in the financial statements of the Club are measured using the currency of the primary economic environment in which the Club operates (the functional currency). The financial statements are presented in Philippine Peso, which is the Club's functional and presentation currency.

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of total comprehensive income.

## **20.21 Events after reporting period**

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



## 20.22 Reclassifications

Certain movements in the statement of cash flows have been reclassified to conform to the current year presentation. Decrease in other non-current assets and increase in unearned receipts, net of current portion amounting to P1,596,700 and P21,112,673 in 2018 (2017 - P49,122 and nil) which were presented under investing activities and financing activities, respectively, have been reclassified to changes in working capital in 2019. The reclassification did not have any impact on previously reported financial position and results of operations.

### **Note 21 - Supplementary information required by the BIR**

The following information required by Revenue Regulations No. 15-2010 is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

#### *(a) Output VAT*

Output VAT declared for the year ended December 31, 2019 and the revenues upon which the same were based consist of:

	Gross Receipts	Output VAT
Taxable receipts	193,697,807	23,243,737
Exempt receipts	76,447,296	-
	270,145,103	23,243,737

#### *(b) Input VAT*

Input VAT declared for the year ended December 31, 2019 and the purchases/payments upon which the same were based consist of:

	Amount
Balance at beginning of year	2,837,390
Current year's domestic purchases/payments for:	
Goods other than for resale or manufacture	6,474,916
Capital goods subject to amortization	2,333,961
Importation of goods other than capital goods	386,912
Services lodged under cost and expenses	8,537,225
Claims for tax credit/refund and other adjustments*	(14,825,026)
Balance at end of year	5,745,378

\*Pertains to total input VAT claimed against output VAT

#### *(c) Importations*

The Club made importations amounting to P2,330,660 and paid the corresponding import and custom duties and tariff fees amounting to P29,089 for the year ended December 31, 2019.

#### *(d) Excise tax*

The Club has no transactions subject excise tax for the year ended December 31, 2019.

#### *(e) Documentary stamp tax*

The Club paid documentary stamp taxes amounting to P404,309 from insurance and finance lease additions for the year ended December 31, 2019.

*(f) Other taxes and licenses*

All other taxes and licenses for the year ended December 31, 2019 are as follows:

	Amount
Local taxes	
Real estate taxes	5,395,636
Business permit	2,898,513
Annual water charges	65,503
Community tax certificate	10,500
Other national taxes	
Registration to other government agencies	412,140
BIR registration fee	500
Others	20,024
	8,802,816

The amounts above and documentary stamp taxes paid in (e) are lodged in the taxes and licenses and real property taxes accounts under costs and expenses section in the Club's statement of total comprehensive income for the year ended December 31, 2019.

*(g) Withholding taxes*

Withholding taxes paid and accrued by the Club as at and for the year ended December 31, 2019 are as follows:

	Paid	Accrued	Total
Taxes on compensation and benefits	3,114,401	553,816	3,668,217
Expanded withholding taxes	2,900,481	438,149	3,338,630
	6,014,882	991,965	7,006,847

*(h) Tax assessments and cases*

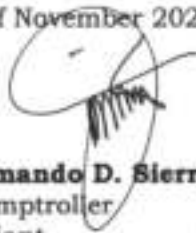
The Club has no pending tax assessments with the BIR and cases, litigation and/or prosecution in courts or bodies outside the BIR for the year ended December 31, 2019.

# CERTIFICATION

I, **Armando D. Sierra** of The Manila Southwoods Golf & Country Club, Inc. with SEC registration number 181069 with principal office at 1 Southwoods Boulevard, Cabilang Baybay, Carmona, Cavite, on oath state:

- 1) That on behalf of The Manila Southwoods Golf & Country Club, Inc., I have caused this SEC Quarterly report 17-Q for quarter end September 30, 2020 to be prepared;
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That the company The Manila Southwoods Golf & Country Club, Inc. will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.


IN WITNESS WHEREOF, I have hereunto set my hand this 10<sup>th</sup> day of November 2020.

  
**Armando D. Sierra**  
Comptroller  
Affiant

SUBSCRIBED AND SWORN to before me this 10 NOV 2020 day of NOV, 2020.

**GMA, CAVITE**

DOC. NO. 140  
PAGE NO. 29  
BOOK NO. 10  
SERIES OF 2ND

  
**ATTY. CESAR ANTHONY S. SOLA**  
NOTARY PUBLIC WITH SEC. 31, 2020  
112 NOTARY PUBLIC 2, GMA, CAVITE  
PTP NO. 3032637, CAVITE/JAN. 2, 2020  
IDP LIFE TIME NO. 011212, CAVITE  
ICLP COMPLIANCE NO. VI-0019385  
AND CIVIL VALID UNTIL APR. 18, 2024  
ROLL NO. 55802

## COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

Armando D. Sierra

Armando D. Sierra

(Contact Person)

(046) 419-8190

(046) 419-8190

(Company Telephone Number)

1	2	3	1
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Month Day  
(Fiscal Year)

17	-	Q		
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(Form Type)

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Month	Day
(Annual Meeting)	

Not Applicable
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(Secondary License Type, If Applicable)

Downloaded from <http://ajph.org/> on November 10, 2014

Dept. Requiring this Doc.

Downloaded from <http://ajph.org/> on November 10, 2014

Amended Articles Number/Section

1,982

1.982

Total No. of Stockholders.



Total Amount of Borrowings

Domestic

110

2

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

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LCU

LCU

[illegible]

Document ID

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Cashier

Cashier

SEC Number 181069

File Number \_\_\_\_\_

**THE MANILA SOUTHWOODS GOLF  
& COUNTRY CLUB, INC.**

\_\_\_\_\_  
(Company's Full Name)

**Southwoods Boulevard, Bo. Cabilang Baybay  
Carmona, Cavite**

\_\_\_\_\_  
(Company's Address)

**(046) 419-8190**

\_\_\_\_\_  
(Telephone Number)

**December 31**

\_\_\_\_\_  
(Fiscal Year Ending)  
(month & day)

**SEC Form 17-Q**

\_\_\_\_\_  
Form Type

\_\_\_\_\_  
Amendment Designation (If applicable)

**September 30, 2020**

\_\_\_\_\_  
Period Ended Date

\_\_\_\_\_  
(Secondary License Type and File Number)

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended September 30, 2020

2. SEC identification number 181069

3. BIR Tax Identification No. 000-645-256

4. Exact name of issuer as specified in its charter

**THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC.**

5. Province, country or other jurisdiction of incorporation or organization

Cavite, Philippines

6. Industry Classification Code:

7. Address of principal office

Postal Code

Southwoods Blvd., Cabilang Baybay, Carmona, Cavite, Philippines 4116

8. Issuer's telephone number, including area code

(046) 419-8190

9. Former name, former address and former fiscal year, if changed since last report

Not applicable

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class

Number of Shares of Common Stock  
Outstanding and Amount of Debt Outstanding

	<u>No. of shares</u>	<u>Amount</u>
CLASS A	1,800	₱1,508,650,362
CLASS B	<u>1,200</u>	<u>1,005,100,242</u>
Total	<u>3,000</u>	<u>₱2,513,750,604</u>

11. Are any or all of your securities listed on a Stock Exchange?

Yes ☐ No ☐

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Not applicable

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)

Yes ☐ No ☐

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

Yes ☐ No ☐



## **PART 1 - FINANCIAL INFORMATION**

### **Item 1. Financial Statements**

The following financial statements are attached as Exhibits:

1. Unaudited statements of financial position as of September 30, 2020 and audited statements of financial position as of December 31, 2019;
2. Unaudited statements of comprehensive income for the 9-month period ended September 30, 2020, 2019 and 2018;
3. Unaudited statements of changes in members' equity for the 9-month period ended September 30, 2020, 2019 and 2018;
4. Unaudited statements of cash flows for the 9-month period ended September 30, 2020, 2019 and 2018.

### **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation**

Current assets of the Club increased by ₱15.4 million or 13.4% in the first three quarters of 2020, from ₱115.4 million as of December 31, 2019 to ₱130.8 million as of September 30, 2020. The positive variance is attributed to cash and cash equivalents brought by income from operations (before depreciation expense), increase in pro shop inventories due to decreased sales and lower consumption of materials and supplies as a result of temporary closure of club operations brought by the Enhanced Community Quarantine (ECQ), and the decrease on prepayments due to the amortizations and the utilization of input VAT.

Noncurrent assets on the other hand decreased by ₱36.5 million or 0.7%, from ₱5.24 billion to ₱5.21 billion, due to the depreciation expense, decrease on retirement benefit assets brought by the additional benefits provision, and the decrease in other noncurrent assets due to amortization of prepayments.

Total Assets of the Club as of September 30, 2020 and December 31, 2018 is ₱5.34 billion and ₱5.36 billion, respectively.

Total liabilities of the Club decreased by ₱7.6 million or 0.6% mainly due to the finance lease amortizations for the covering period and the amortization of the unearned receipts in relation to the adoption of PFRS # 15.

The Club registered an excess of receipts over expenses before depreciation expense amounting to ₱17.8 million for the period ended September 30, 2020 or 26.9% lower than that of 2019 income amounting to ₱24.3 million due to the impact of temporary closure of the Club brought by the ECQ. Revenues and expenses with significant movements are discussed in the succeeding paragraphs.

Club revenues for the first nine (9) months of the current year is ₱139.3 million as compared to ₱191.9 million of the previous year or had dropped by ₱52.6 million or 27.4% due to the effect of COVID-19 pandemic. Club operations were temporarily closed from March 17 until May 31, 2020 and from July 26, 2020 until August 20, 2020 due to the ECQ and MECQ, respectively, to contain or minimize the spread of the virus. The temporary closure had also resulted to the suspension of some monthly

recurring charges of the club such as the consumable charges, locker fees, and interest and penalties on overdue accounts. Even after the resumption of club operations, various facilities remained closed and the number of allowed players were limited as part of its health and safety protocols. Revenue items with significant movements due to the effect of COVID-19 pandemic and/or other related causes are as follow:

Membership fees – dropped by ₱6.5 million or 36.3%, from ₱17.8 million last year to ₱11.3 million this year.

Transfer fees – dropped by ₱4.2 million or 33.4%, from ₱12.6 million last year to ₱8.4 million this year.

Special assessment – decreased by ₱5.9 million or 100.0% due to completion of the 2-year special assessment in 2019. No special assessment intended for similar purpose was imposed for the current year.

Green fees and tourist fees – decreased by ₱19.5 million or 56.5%, from ₱34.5 million last year to ₱15.0 million this year.

Locker, golf cart and equipment rental - decreased by ₱6.6 million or 42.0%, from ₱15.7 million last year to ₱9.1 million this year.

Sale of golf merchandise - increased by ₱1.9 million or 33.8%, from ₱5.6 million last year to ₱3.7 million this year.

Tournament fees – decreased by ₱4.3 million or 86.7%, from ₱4.9 million last year to ₱0.6 million this year.

Concessionaire's fee - decreased by ₱0.2 million or 94.3%, from ₱220 thousand last year to ₱13 thousand this year.

Other income – decreased by ₱68 thousand or 8.6%, from ₱0.8 million last year to ₱0.7 million this year.

Cost and expenses of the club likewise decreased during the period by ₱46.6 million or 27.6%, from ₱168.7 million of the previous year to ₱122.1 million this year with the following highlights:

Salaries and wages - decreased by ₱6.5 million or 16.3%, from ₱39.9 million last year to ₱33.4 million this year, due to exhausted leave credits of various employees during the ECQ. Employees who were unable to work were paid using their leave credits, hence, they are on “no work, no pay” once their leave credits are used up.

Repairs and maintenance – decreased by ₱20.1 million or 57.3%, from ₱34.8 million last year to ₱14.7 million this year, due to various renovation works carried out in 2019 such as masters greens renovation, rehabilitation of mens locker shower area and jacuzzi, rehabilitation of deepwell at masters # 5, and the repair of local break switch assembly at the main club, among others. Implementation of various renovation works scheduled for the current year were delayed due to the ECQ.



Light and Water – decreased by ₱4.8 million or 30.0%, from ₱16.0 million last year to ₱11.2 million this year.

Securities and janitorial – decreased by ₱2.6 million or 18.7%, from ₱13.9 million last year to ₱11.3 million this year, due to the suspension of janitorial services since the imposition of ECQ. Janitorial services remained suspended and expected to be reinstated only after the club is back to full normal operation.

Materials, supplies and facilities – decreased by ₱2.4 million or 17.1%, from ₱13.8 million last year to ₱11.4 million this year.

Other employee benefits – decreased by ₱4.6 million or 33.7%, from ₱13.5 million last year to ₱8.9 million this year, due to various unused related expenses such as meal subsidy, deferral of uniform expenses, government contributions on employees' welfare, and cancelled employees' activities.

Fuel and oil - decreased by ₱2.1 million or 38.9%, from ₱5.4 million last year to ₱3.3 million this year. Significant fuel price reductions during the ECQ also contributed to the cost cut in addition to the lower consumption.

Contracted services – decreased by ₱2.8 million or 67.3%, from ₱4.1 million last year to ₱1.3 million this year, due to suspension of manpower contract services since the imposition of ECQ, and the unutilized expenses for laundry services.

Cost of sales of inventories – decreased by ₱1.1 million or 31.8%, from ₱3.5 million last year to ₱2.4 million this year.

Taxes, licenses and permits - decreased by ₱0.6 million or 22.4%, from ₱2.9 million last year to ₱2.3 million this year, representing the cost of LLDA Clearance and Discharge Permit processed and paid in 2019.

Professional fees – decreased by ₱1.1 million or 39.7%, from ₱2.8 million last year to ₱1.7 million this year.

Meetings and conferences – decreased by ₱0.9 million or 58.9%, from ₱1.5 million last year to ₱0.6 million this year.

Others – increased by ₱3.1 million or 40.1%, from ₱7.7 million last year to ₱10.8 million this year, due to recognition of input tax expense as a result of various non-VATable receipts of the Club in relation to the Supreme Court decision that the RMC 35-2012 issued by the BIR is invalid.

The Club identifies five (5) key performance indicators as follows: 1.) net working capital; 2.) current ratio; 3.) base equity; 4.) collection from membership dues and consumables; and 5.) earnings before depreciation (EBD).

Net working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measures the liquidity or short-term debt paying ability of the Club. Having a positive working capital and a current ratio of at least 1:1 is a fair indication of liquidity. While base equity (member's equity over total liabilities) of at least 25% measures the level of dependence of the Club

from its stockholders or creditors in meeting its financial obligation. A positive EBD determines that the Club can sustain its normal operation being a non-profit organization.

The Club has a net working capital of ₱15.4 million as of September 30, 2020 as compared to a net working capital deficiency of ₱1.3 million as of December 31, 2019. The change of the Club's net working capital from negative to positive is a significant indication of the Club's ability to raise sufficient funds for its day to day operations and pay-off financial obligations as they mature. The potential liability is also likely to have a repayment period of more than a year and would probably be reclassified to noncurrent liabilities thereby improving further the Club's current ratio. The Club has also available shares acquired from its delinquent shareholders that can be sold anytime at the prevailing market prices when the need arises. The current ratio of the Club increased to ₱1.1 current asset for each peso of current liabilities as of September 30, 2020 as compared to ₱ 0.99 as of December 31, 2019. The Club has a base equity of 326% and 325% as of September 30, 2020 and December 31, 2019, respectively. The benchmark average monthly collection from membership dues and consumables of about ₱9 million monthly is based on the monthly dues of ₱4,000 and ₱500 monthly consumables. The average monthly collection is a good indication of the Club's ability to sustain its fixed revenue and collection targets. Although the club's monthly collection had significantly decreased during the ECQ, its average collection range is gradually improving after the resumption of its operations. EBDA registered at ₱17.8 million and ₱24.3 million for the periods ending September 30, 2020 and 2019.

The presence of COVID-19 pandemic is considered crucial threat to any establishments unless a cure or vaccine that will neutralize the virus is found and made available to the public. Prolonged limited club operations with reduced revenues may potentially harm the liquidity of the club in the future.

Except for the potential impact of COVID-19 pandemic situation, there are no events that will trigger direct or contingent financial obligation that is material to the company, including default or acceleration of an obligation.

Except for the potential impact of COVID-19 pandemic situation, there are no material off-balance sheet transactions, arrangements, obligation (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

There are no material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures.

The temporary closure of the Club due to the ECQ have dramatically reduced its revenues and receipts from the members during the period. Even after the resumption of club operations, its revenues and operating income are expected to remain below the normal range until end of the year. The prolonged COVID-19 situation is expected to have material impact on the sales, revenues and income from continuing operations of the club.

There were no significant elements of income or loss that did not arise from the Club's continuing operations.

Except for the impact of COVID-19 pandemic situation, there are no seasonal aspects that had a material effect on the financial condition or results of operations.

## PART II – OTHER INFORMATION

There are no other information which needs to be reported under this part of Form 17-C.

## SIGNATURES

Pursuant to the requirements of the Revised Securities Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant: The Manila Southwoods Golf & Country Club, Inc.

Signature and Title: Mr. Mark O. Watson – General Manager  
Date: November 9, 2020

Principal Financial/Accounting Officer/Controller: Mr. Armando D. Sierra - Comptroller  
Date: November 9, 2020



**THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC.**  
**(A Nonprofit Corporation)**  
**STATEMENT OF FINANCIAL POSITION**

	Sept. 30, 2020 (Interim)	Dec. 31, 2019 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	83,220,243	64,863,234
Receivables (Note 3)	20,855,073	21,513,174
Inventories (Note 4)	21,621,236	18,594,011
Prepayments and other current assets (Note 5)	5,165,779	10,468,678
Total Current assets	130,862,332	115,439,097
<b>Noncurrent Assets</b>		
Property and equipment, net (Note 6)	281,317,733	313,344,430
Land (Note 7)	4,897,022,000	4,897,022,000
Retirement benefit assets (Note 16)	-	1,045,611
Other noncurrent assets (Note 8)	29,594,207	32,979,977
Total Noncurrent Assets	5,207,933,940	5,244,392,018
	5,338,796,272	5,359,831,115
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities (Note 9)	70,137,781	69,481,863
Current portion of unearned receipts	35,995,505	37,095,159
Current portion of lease liabilities (Note 10)	9,316,125	10,128,675
Total Current Liabilities	115,449,410	116,705,697
<b>Noncurrent Liabilities</b>		
Unearned receipts - net of current portion	22,767,456	24,148,145
Lease liabilities, net of current portion (Note 10)	7,207,423	12,775,092
Retirement benefit liability (Note 16)	567,213	-
Deferred income tax liabilities (Note 17)	1,107,717,404	1,107,717,404
Total Noncurrent Liabilities	1,138,259,495	1,144,640,641
	1,253,708,906	1,261,346,339
<b>Equity</b>		
Proprietary shares (Note 11)	2,513,750,604	2,513,750,604
Shares of delinquent shareholders acquired through auctions (Note 12)	(35,888,318)	(36,103,720)
Excess of proceeds over cost from re-issuance of shares of delinquent shareholders (Note 12)	30,283,160	26,067,954
Other comprehensive income (Notes 7 and 16)	2,583,795,990	2,583,795,990
Cumulative excess of expenses over revenue	(1,006,854,070)	(989,026,053)
Net Equity	4,085,087,366	4,098,484,776
	5,338,796,272	5,359,831,115

See accompanying Notes to Financial Statements.

**THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC.**  
**(A Nonprofit Corporation)**  
**STATEMENTS OF COMPREHENSIVE INCOME**

	Quarter Ended September 30			Nine-month Ended September 30		
	2020	2019	2018	2020	2019	2018
<b>Memberships fees and assessments</b>						
Membership dues	27,355,345	29,227,328	28,624,642	83,689,742	87,106,220	86,385,355
Membership fees	4,200,000	7,217,705	9,401,420	11,332,366	17,801,169	18,374,474
Transfer fees	3,000,000	3,908,000	3,796,000	8,400,000	12,616,000	10,950,000
Annual playing rights fees	2,400,000	1,900,000	1,363,661	6,700,000	6,690,911	4,227,348
Special assessment	-	37,000	5,497,480	-	5,911,000	20,573,480
	<b>36,955,345</b>	<b>42,290,033</b>	<b>48,683,203</b>	<b>110,122,108</b>	<b>130,125,300</b>	<b>140,510,657</b>
<b>Revenues from club operations</b>						
Green fees and tourist fees	3,106,516	9,839,479	9,020,857	15,042,576	34,574,631	29,170,400
Locker, golf cart and equipment rental	2,918,344	4,769,533	3,717,177	9,082,417	15,680,415	12,004,929
Sale of golf merchandise	945,703	1,848,610	-	3,686,692	5,569,336	-
Tournament fees	-	2,054,498	1,393,308	658,906	4,941,411	4,182,297
Concessionaires' fees	-	84,011	336,555	12,616	219,977	1,007,763
Others	178,616	511,333	181,147	734,024	802,821	490,913
	<b>7,149,179</b>	<b>19,107,465</b>	<b>14,649,044</b>	<b>29,217,231</b>	<b>61,788,591</b>	<b>46,856,302</b>
	<b>44,104,524</b>	<b>61,397,497</b>	<b>63,332,247</b>	<b>139,339,339</b>	<b>191,913,891</b>	<b>187,366,959</b>
<b>Expenses (Income)</b>						
Costs and expenses (Note 14)	42,743,533	55,615,875	55,519,487	122,067,589	168,668,146	155,943,311
Interest expense (Note 10)	419,817	243,969	255,070	1,409,899	819,138	644,777
Interest income (Note 15)	(536,668)	(784,535)	(527,790)	(1,901,546)	(1,886,008)	(1,625,661)
	<b>42,626,682</b>	<b>55,075,309</b>	<b>55,246,766</b>	<b>121,575,942</b>	<b>167,601,276</b>	<b>154,962,426</b>
<b>Excess of receipts over expenses before depreciation</b>						
Depreciation expense (Note 6)	1,477,842	6,322,189	8,085,480	17,763,397	24,312,614	32,404,533
Total comprehensive income (loss)	11,727,753	11,237,256	11,934,735	35,591,415	34,190,727	36,600,398
Cumulative Excess of Expenses over Receipts	(10,249,912)	(4,915,067)	(3,849,255)	(17,828,018)	(9,878,113)	(4,195,865)
At beginning of period	(989,026,052)	(960,377,847)	(917,113,359)	(989,026,052)	(960,377,847)	(917,113,359)
At end of quarter	(999,275,964)	(965,292,914)	(920,962,614)	(1,006,854,070)	(970,255,960)	(921,309,224)
<b>Total Outstanding Shares</b>	<b>2,851</b>	<b>2,852</b>	<b>2,852</b>	<b>2,851</b>	<b>2,852</b>	<b>2,852</b>
<b>Income (Loss) Per Share (Note 18.3)</b>	<b>(3,595)</b>	<b>(1,723)</b>	<b>(1,350)</b>	<b>(6,253)</b>	<b>(3,464)</b>	<b>(1,471)</b>

See accompanying Notes to Financial Statements.



**Explanatory Notes:**

- a) *The presence of COVID-19 pandemic is considered a crucial threat to club operations unless a cure vaccine is found and made available to the public. Prolonged COVID-19 pandemic will significantly affect the club revenues and may potentially harm the liquidity of the club.*
- b) *Except for the potential impact of COVID-19 pandemic, there are no seasonal aspect that had material effect on financial condition or result of interim operations of the club.*
- c) *Except for the effect of COVID-19 pandemic, there are no changes in estimates of amounts that had material effect on the current interim period.*
- d) *The Club had no issuances, repurchases and repayment of debt and equity securities during the interim period.*
- e) *There are no changes in the composition of the Club for the covering interim period.*
- f) *There are no material changes in contingent liabilities or assets of the Club from the last annual balance sheet date.*
- g) *Except for the impact of COVID-19 pandemic, there are no events that will trigger direct or or contingent financial obligation that is material to the Club, including default or acceleration of an obligation.*

**THE MANILA SOUTHWOODS GOLF & COUNTRY CLUB, INC.**

(A Nonprofit Corporation)

**STATEMENT OF CHANGES IN EQUITY**

For the periods ended September 30, 2020, 2019 and 2018

	Proprietary Shares (Note 11)	Shares of delinquent shareholders acquired through auctions (Note 12)	Excess of proceeds over cost from re-issuance of shares of delinquent shareholders (Note 12)	Other comprehensive income (Note 7, 16)	Cumulative excess of expenses over receipts	Total Equity
Balance at January 1, 2018	2,513,750,604	(34,932,695)	15,249,483	2,578,251,977	(944,464,782)	4,127,854,587
Net loss					(4,195,865)	(4,195,865)
Other comprehensive income						
Total comprehensive income (loss)	-	-	-	-	(4,195,865)	(4,195,865)
Shares of delinquent shareholders acquired through auctions		(982,767)				(982,767)
Re-issuance of shares of delinquent shareholders						
Balance at September 30, 2018	2,513,750,604	(35,915,461)	15,249,483	2,578,251,977	(948,660,647)	4,122,675,956
Balance at January 1, 2019	2,513,750,604	(35,808,299)	15,249,483	2,583,378,108	(960,377,847)	4,116,192,049
Net loss					(9,878,113)	(9,878,113)
Other comprehensive income						
Total comprehensive income (loss)	-	-	-	-	(9,878,113)	(9,878,113)
Shares of delinquent shareholders acquired through auctions		7,357,910				7,357,910
Re-issuance of shares of delinquent shareholders			7,359,164			7,359,164
Balance at September 30, 2019	2,513,750,604	(28,450,389)	22,608,647	2,583,378,108	(970,255,960)	4,121,031,011
Balance at January 1, 2020	2,513,750,604	(36,103,720)	26,067,954	2,583,795,990	(989,026,053)	4,098,484,776
Net loss					(17,828,018)	(17,828,018)
Other comprehensive income						
Total comprehensive income (loss)	-	-	-	-	(17,828,018)	(17,828,018)
Shares of delinquent shareholders acquired through auctions		215,402	4,215,206			4,430,608
Re-issuance of shares of delinquent shareholders						
Balance at September 30, 2020	2,513,750,604	(35,888,318)	30,283,160	2,583,795,990	(1,006,854,071)	4,085,087,366

See accompanying Notes to Financial Statements.

**THE MANILA SOUTHWOODS GOLF AND COUNTRY CLUB, INC.**

**(A Nonprofit Corporation)**

**STATEMENTS OF CASH FLOWS**

**For the periods ended September 30, 2020, 2019, and 2018**

	2020	2019	2018
<b>Cash flows from operating activities</b>			
Excess of expenses over receipts	(17,828,018)	(9,878,113)	(4,195,865)
Adjustments for:			
Depreciation expense (Note 6)	35,591,415	34,190,727	36,600,398
Retirement benefit expense (Note 16)	2,149,097	2,149,097	2,700,000
Amortization of prepaid dues (Note 13)	900,000	900,000	2,569,680
Interest expense (Note 10)	1,409,899	819,138	644,777
Interest income (Note 15)	(1,901,546)	(1,886,008)	(1,625,661)
Income before working capital changes	20,320,847	26,294,842	36,693,329
Changes in working capital:			
Receivables	658,101	191,158	(2,995,551)
Inventories	(3,027,225)	(3,536,055)	(2,675,086)
Prepayments and other current assets	5,302,899	(222,598)	3,597,239
Other non-current assets	2,485,770	(2,559,864)	2,170,491
Accounts payable and other current liabilities	655,918	8,660,658	4,085,350
Contract liabilities	(2,480,344)	(7,996,962)	12,256,981
Net cash generated from operations	23,915,964	20,831,179	53,132,753
Interest received	1,901,546	1,886,008	1,625,661
Contributions to the retirement fund (Note 16)	(536,273)	(2,551,590)	(6,800,000)
Net cash flows provided by operating activities	25,281,237	20,165,597	47,958,414
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment	(3,564,718)	(6,277,751)	(17,891,134)
Net cash flows used in investing activities	(3,564,718)	(6,277,751)	(17,891,134)
<b>Cash flows from financing activities</b>			
Proceeds from re-issuance of shares of delinquent shareholders (Note 12)	4,215,206	7,359,164	-
Principal and interest payment of lease liabilities (Note 12)	(7,790,118)	(3,626,733)	(5,243,009)
Payment for shares of delinquent shareholders acquired through auctions (Note 12)	215,402	7,357,910	(982,767)
Net cash used in financing activities	(3,359,511)	11,090,341	(6,225,776)
<b>Net increase in cash and cash equivalents</b>	<b>18,357,008</b>	<b>24,978,186</b>	<b>23,841,503</b>
Cash and cash equivalents at January 1	64,863,234	58,020,787	30,798,151
Cash and cash equivalents at June 30 (Note 2)	83,220,242	82,998,974	54,639,655

*See accompanying Notes to Financial Statements.*



**The Manila Southwoods Golf & Country Club, Inc.**

(A non-profit organization)

Notes to Financial Statements

As at and for the periods ended September 30, 2020 (interim) and December 31, 2019 (audited)

(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

**Note 1 - General information**

The Manila Southwoods Golf & Country Club, Inc. (the "Club") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 5, 1990. The Club is organized and operating exclusively for the promotion of social, recreational and athletic activities on a nonprofit basis among its shareholders and members, the core of which will be the maintenance of a golf course, clubhouse and other similar facilities. No part of its income inures to the benefit of any officer, member or any private individual.

The registered office address of the Club is Southwoods Boulevard, Bo. Cabilang Baybay, Carmona, Cavite.

The audited financial statements were approved and authorized for issuance by the Board of Directors (BOD) on February 26, 2020.

**Note 2 - Cash and cash equivalents**

Cash and cash equivalents as at September 30, 2020 and December 31 consist of:

	2020	2019
Cash on hand	642,343	842,343
Cash in banks	46,301,373	28,270,857
Cash equivalents	36,276,527	35,750,034
	83,220,243	64,863,234

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three 90 days depending on the immediate cash requirements of the Club and earn interest at 1.25% to 5.12% in both 2020 and 2019. Interest income earned from cash and cash equivalents are disclosed in Note 15.

**Note 3 - Receivables**

Receivables as at September 30, 2020 and December 31, 2019 consist of:

	Note	2020	2019
Receivables from members	13	9,250,685	11,275,689
Current portion of installment receivables		4,601,563	3,794,832
Advances to officers and employees		3,362,393	3,462,449
Advances to suppliers and contractors		2,415,829	1,668,154
Receivables from related parties	13	310,577	46,577
Others		914,026	1,265,473
		20,855,073	21,513,174

Interest income earned from receivables from members and installment receivables are disclosed in Note 15.

#### **Note 4 - Inventories**

Inventories as at September 30, 2020 and December 31, 2019 consist of:

	2020	2019
Fertilizers, herbicides and chemicals	5,312,697	5,422,568
Spare parts	5,282,091	4,569,139
Supplies	5,885,005	4,276,240
Fuel and oil	419,472	716,681
Material and supplies	16,899,265	14,984,628
Inventories for sale	4,721,971	3,609,383
	21,621,236	18,594,011

The cost of materials and supplies and inventories for sale charged to expenses are disclosed in Note 14.

#### **Note 5 - Prepayments other current assets**

Prepayments and other current assets as at September 30, 2020 and December 31, 2019 consist of:

	Note	2020	2019
Prepayments		2,154,050	6,552,384
Input value-added tax (VAT)		727,957	1,983,097
Current portion of prepaid dues	13	1,200,000	1,200,000
Prepaid tax		1,083,772	733,197
		5,165,779	10,468,678

Prepayments pertain to rental fees and real property taxes.

#### **Note 6 - Property and equipment, net**

Details of the property and equipment and their movements as at and for the periods ended September 30, 2020 and December 31, 2019 are as follows:

	Golf course developments	Buildings and improvements	Golf course maintenance and transportation equipment	Furniture, fixtures, and office equipment	Clubhouse equipment	Total
<b>Cost</b>						
January 1, 2019	1,131,652,029	235,100,025	143,525,285	34,547,743	7,814,351	1,552,639,433
Additions	-	4,016,347	17,965,898	1,021,579	-	23,003,824
Disposals	-	-	-	-	-	-
December 31, 2019	1,131,652,029	239,116,372	161,491,183	35,569,322	7,814,351	1,575,643,257
Additions	-	1,706,227	1,660,711	197,777	-	3,564,715
September 30, 2020	1,131,652,029	240,822,599	163,151,894	35,767,099	7,814,351	1,579,207,972
<b>Accumulated depreciation</b>						
January 1, 2019	876,786,892	182,146,869	117,259,202	32,409,406	7,756,303	1,216,315,210
Depreciation	27,484,936	4,545,531	12,628,653	1,281,035	43,462	45,983,617
Disposals	-	-	-	-	-	-
December 31, 2019	904,271,828	186,692,400	129,887,855	33,690,441	7,756,303	1,262,298,827
Disposals	-	-	1,400,688	-	-	1,400,688
Depreciation	20,592,973	3,882,654	8,793,141	889,362	32,597	34,190,727
September 30, 2020	924,864,801	190,575,054	140,081,684	34,579,803	7,788,900	1,297,890,242



Net book value						
December 31, 2019	227,380,201	52,423,972	31,603,328	1,878,881	58,048	313,344,430
September 30, 2020	206,787,228	50,247,545	23,070,210	1,187,296	25,451	281,317,730

Prior to the adoption of Philippine Financial Reporting Standard (PFRS) 16, Leases, the Club recognized lease assets and lease liabilities in relation to leases that were classified as finance leases under Philippine Accounting Standard (PAS) 17, Leases. These lease/right-of-use assets are presented together with the owned assets of the same class under golf course maintenance and transportation equipment. Details of and movements in the lease/right-of-use assets as at and for the periods ended September 30, 2020 and December 31, 2019 are as follows:

	Note	2020	2019
Cost			
At January 1		55,214,742	37,394,188
Additions	10	1,660,714	17,820,554
At September 30, 2020 and December 31, 2019		56,875,456	55,214,742
Accumulated depreciation			
At January 1		22,055,628	20,269,150
Additions		7,249,417	1,786,478
At September 30, 2020 and December 31, 2019		29,305,045	22,055,628
Net book value		27,570,411	33,159,114

#### **Note 7 - Land**

Details of land as at September 30, 2020 and December 31, 2019 and are as follows:

	Amount
Cost	1,204,630,653
Accumulated revaluation gain	3,692,391,347
	4,897,022,000

Land titles covering about 123 hectares out of the total land area actually covered by Golf Course Project of approximately 136 hectares have already been transferred and registered in the name of the Club on the basis of a tax-free exchange ruling covering the Golf Course Project that was secured from the Bureau of Internal Revenue (BIR). While the beneficial ownership of the remaining 13 hectares has been conveyed to the Club, the actual transfer and registration of the same in the name of the Club has not yet been completed as the Annex to the BIR tax-free exchange ruling listing the specific title numbers of lots donated by certain landowner partners was lost when the Cavite Register of Deeds office was burned several years ago and needs to be reconstructed. Efforts are being made to expedite the transfer and registration of the said remaining lots in the Club's name on the basis of the said BIR tax-free exchange ruling. On January 26, 2005, the Club obtained a revalidated Certificate Authorizing Registration (CAR) from BIR. The revalidated CAR is one of the major requirements of the Registry of Deeds in titling the land in the name Club.

The Club's management and legal counsel believed that, based on current circumstances, there are no legal contingencies affecting the status and titling of 13 hectares or are there any adverse claims by third parties to the aforesaid 13 hectares of land.

As at September 30, 2020 and December 31, 2019, the parcels of land are stated at revalued amount under Level 3 fair value category based on the appraisal report by an independent appraiser.

The fair value of land has been derived using the sales comparison approach. This is a comparative

approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Listings and offerings may also be considered. Sales prices of comparable land in close proximity are adjusted for differences in key attributes (internal factors) such as property size and shape, location, improvements, neighborhood and utility. The most significant input into this valuation is price per square meter. The land is currently used as a recreational development (golf course) which is the highest and best use of the land.

The Club recognized a revaluation gain amounting to P816.2 million for the year ended December 31, 2017. Management believes that there are no events or changes in circumstances indicating a significant change in fair value of the land from the last appraisal made for the year ended December 31, 2017.

#### **Note 8 - Other non-current assets**

Other non-current assets as at September 30, 2020 and December 31, 2019 consist of:

	Note	2020	2019
Prepaid dues, net of current portion	13	20,608,945	21,508,946
Installment receivables, net of current portion		5,967,080	6,022,180
Deferred input VAT		1,878,215	3,762,280
Others		1,139,967	1,686,571
		29,594,207	32,979,977

Interest income earned from installment receivables are disclosed in Note 15.

#### **Note 9 - Accounts payables and other current liabilities**

Accounts payables and other current liabilities as at September 30, 2020 and December 31, 2019 consist of:

	Note	2020	2019
Trade payables to third parties		36,473,720	39,209,372
Deferred liabilities		8,844,885	9,459,314
Deposits from members		7,991,833	7,934,701
Sinking fund		3,543,059	3,536,272
Accrued expenses:			
Statutory liabilities		1,223,211	1,256,809
Withholding taxes		637,563	1,072,957
Payroll		1,746,031	314,985
Others		726,524	1,410,627
Tournament fund		1,944,292	1,893,467
Payables to related parties	13	1,242,113	847,833
Others		5,764,550	2,545,527
		70,137,781	69,481,864

#### **Note 10 - Leases**

##### *(a) Club as lessee*

The Club leases various golf course maintenance equipment and service vehicles as disclosed in Note 6. Details of and movements in the related lease liabilities as at September 30, 2020 and December 31 are as follows:



	Note	2020	2019
At January 1		22,903,767	14,229,273
Cash changes: Principal and interest payments		(8,267,145)	(8,512,661)
Non-cash changes			
Principal additions	6	1,660,714	16,041,304
Interest expense		226,212	1,145,851
At September 30, 2020 and December 31, 2019		16,523,548	22,903,767

Principal and interest payments above represent the total cash outflow for leases. There are no short-term leases, low-value assets that are short-term leases and variable lease payments not included in lease liabilities for the period ended September 30, 2020. The lease payments are discounted using the interest rate implicit in the lease. The future annual minimum lease payments under the lease agreements, together with the present value of the minimum lease payments as at September 30, 2020 and December 31, 2019 are as follows:

	2020	2019
Within one year	10,541,463	17,864,290
After one year but more than five years	7,631,507	7,989,976
Total minimum lease payments	18,172,970	25,854,266
Less: Amounts representing interests	1,649,422	2,950,499
Present value of minimum lease payments	16,523,548	22,903,767
Less: Current portion	9,316,125	10,128,675
Non-current portion	7,207,423	12,775,092

*(b) Club as lessor*

Income from the following agreements are reported as concessionaires' fees under revenue from club operations in the statement of total comprehensive income.

*(i) Food and beverage (F&B)*

On July 28, 2015, the Club executed a concessionaire agreement with a third party which started its operations in April 2016. Similarly, the lessee agreed to become the exclusive concessionaire of the Club's food outlets and shall maintain consistent, continuous and uninterrupted food and beverage operations that meet the Club's standards. In consideration for the lessee's provision of service, all sales arising from F&B operations shall be booked by lessee. For sales arising from non-club functions regarding F&B operations, the lessee will be charged 10% of its gross sales. No space rental shall be charged to lessee, provided that it shall shoulder all taxes, fees and all costs related to the food and beverage operations including but not limited to salaries and benefits of the employees, supplies and utilities.

*(ii) Pro-shop*

The Club entered into a lease agreement for a period of four years beginning September 16, 2014. The lessee shall operate a golf pro-shop within the club. The lessee shall pay monthly fixed lease rentals of P75,000 subject to 10% escalation rate per annum commencing on the third year. The contract was not renewed by both parties in 2019. The Club took over the pro-shop operations in 2019.

**Note 11 - Proprietary certificates**

The Club has a permit from the SEC to offer its securities for sale to the public. Details of these securities as at September 30, 2020 and December 31, 2019 are as follows:

	Amount
Class A common stock (inclusive of eleven Founders' shares)	
Authorized and issued - 1,800 shares with no par value	1,508,650,362
Class B common stock	
Authorized and issued - 1,200 shares with no par value	1,005,100,242
	2,513,750,604

Founders' shares and Class A shares may be sold to citizens of the Philippines or to partnerships, corporations or associations, of which 60% of the voting power is owned or controlled by citizens of the Philippines. Class B shares may be sold to any parties, irrespective of their nationality or citizenship.

#### **Note 12 - Shares of delinquent shareholders acquired through auctions**

Class A and Class B shares of delinquent shareholders were acquired by the Club through auctions pursuant to the Club By-laws as settlement for their long outstanding accounts. A shareholder is considered delinquent when the receivables from the said shareholder have become 60 days overdue.

In the first three quarters of 2020, the Club acquired delinquent shares amounting to Po.2 million while in 2019, the Club acquired through auction the shares of delinquent shareholders amounting to Po.1 million. The acquisition cost of the share represents the outstanding receivable from the delinquent shareholder as at the date of auction plus costs incurred during auction.

In 2019, the Club entered into contracts to sell the shares of delinquent shareholders acquired through auctions at a price higher than the cost of the delinquent shares when acquired. Each share is payable with a down payment of Po.3 million upon the execution of the contract and the balance of the agreed price plus interest at the rate of six percent per annum is payable over three years in monthly installments in the amount of P36,500 secured by post-dated checks. The titles to the proprietary shares remain with the Club and will be transferred to the buyer upon full payment of the selling price. The installment receivables from such sales are disclosed in Notes 3 and 8.

#### **Note 13 - Related party transactions and balances**

In the normal course of business, the Club transacts with companies which are considered related parties. The transactions and outstanding balances with related parties as at and for the periods ended September 30, 2020 and December 31 are as follows:

Related party	Transactions			Outstanding receivables (payables)		Terms and conditions
	2020	2019	2018	2020	2019	
Entities with significant influence						Receivable (payable) in
Advances to (a)	198,480	286,303	418,922	-	-	cash, unsecured,
				-	-	non-interest
Repairs and maintenance (b)	-	1,274,665	485,983	-	-	bearing, and due
Security costs (c)	10,291,534	10,214,273	9,735,163	44,862	-	within 30 days
				(1,179,954)	(578,519)	from date of
Other expenses (d)	-	-	-	265,715	46,577	transaction.
				(62,159)	(269,314)	
Prepaid dues and other charges (e)	900,000	900,000	2,569,680	21,808,946	22,708,946	Refer to e.
Key management personnel						
Salaries and wages	12,264,495	12,128,317	11,895,642	-	-	Payable in cash
						every month
						based on
						contract.
Retirement benefits	673,979	650,217	966,882	-	-	Refer to Note 16.



*(a) Advances*

The Club provided advances to various members who are also suppliers of the Club.

*(b) Repairs and maintenance*

The Club had golf cart maintenance agreement and golf cart rental agreement with Asia Pacific Golf Corporation (APGC) which were terminated in 2008 and 2013, respectively. The remaining payables arising from maintenance fees are currently due and demandable. Golf cart rental operation was taken over and run by the Club since then. However, since the Club only owns golf carts, it continues to transact with APGC upon need of the related party's service.

The Club also had transactions with Golfforce, Inc. related to golf course maintenance on as needed basis. This includes maintenance of the playing condition of the golf course at a level acceptable to the Club.

*(c) Security services*

The Club entered into an agreement with Warbird Security and Investigation (Warbird) for the deployment of security guards to secure and safeguard the Club's properties. The Club made non-interest-bearing advances to Warbird which are due and demandable. In return, the Club pays Warbird security fees.

*(d) Other expenses*

The Club incurred expenses for the past accommodation and other related expenses of its officers. On the other hand, the Club charges Manila Southwoods Manor/Club Leisure Management Corporation (MSM/CLMC) green fees in connection with MSM/CLMC's tourist program. Advances to MSM/CLMC are normally settled by offsetting the Club's green fee charges against the accommodation and other charges incurred by the Club's officers.

*(e) Prepaid dues and other charges*

On behalf of Manila Southwoods Homeowners' Association (MSHA), the Club made prepayments for operating expenses of the sports club facilities, which at the time the payments were made, were principally being used by members of the Club. Over the years, members of the Club have continued using the Manila Southwoods Sports Club (the "Sports Club") and the Club made prepayments out of its own funds to partially defray the costs of the maintenance and continued operation of the Sports Club. These prepayments are presented as prepaid dues in Notes 5 and 8.

Pursuant to a BOD resolution dated October 29, 2003, the Club negotiated for the amortization of the prepayments. The negotiation includes the granting to all members of the Club playing rights or privilege to use the Sports Club facilities in exchange for a fee which shall be deducted from or offset against the prepayment until such advances are fully liquidated. In consideration for the use of the Sports Club facilities, effective May 31, 2006, the monthly fee shall be P100,000 or P1.2 million annually.

A supplement to the abovementioned agreement was made on November 12, 2007 in which the parties intend that all payments made or to be made by the Club for the operation and maintenance of Sports Club shall be considered as prepayment for all the monthly dues, which may be assessed for the use of the Sports Club's facilities.

On January 28, 2015, the BOD resolved that the amounts paid for the Sports Club starting in 2014 onwards shall be treated and booked as usage fees and not as advances pending the negotiations and until such time that a formal arrangement with MSHA is finalized with respect to the use of the Sports Club.

#### **Note 14 - Cost and expenses**

Cost and expenses for the periods ended September 30 are as follows:

	Note	2020	2019	2018
Salaries and wages		33,381,260	39,868,097	37,527,224
Repairs and maintenance		14,761,845	34,836,951	26,017,595
Light and water		11,180,788	15,961,554	15,629,185
Security and janitorial		11,346,288	13,955,944	13,111,799
Materials and supplies		11,451,968	13,807,507	12,781,449
Other employee benefits		8,976,207	13,547,080	13,095,816
Fuel and oil		3,279,591	5,369,605	5,909,441
Contracted services		1,349,003	4,118,956	5,360,460
Real property taxes		3,715,915	3,877,977	3,883,094
Cost of sales of inventories		2,404,854	3,527,607	-
Taxes and licenses		2,255,343	2,907,477	4,302,531
Professional fees		1,673,904	2,777,399	1,622,300
Retirement benefit expense	16	2,149,097	2,149,097	2,700,000
Communications		1,683,216	1,772,798	1,746,123
Meetings and conferences		618,526	1,504,600	1,531,270
Members' dues and other charges		900,000	900,000	2,569,680
Printing and reproduction		133,073	73,430	300,206
Others		10,806,711	7,712,067	7,855,138
		122,067,589	168,668,146	155,943,311

#### **Note 15 - Interest income**

The following are the sources of Club's interest income as at September 30:

	2020	2019	2018
Receivables	1,292,020	1,225,541	1,543,115
Cash and cash equivalents	609,526	660,467	82,546
	1,901,546	1,886,008	1,625,661

#### **Note 16 - Retirement benefits**

The Club maintains a funded and non-contributory defined benefit retirement plan covering all of its regular and permanent employees. The plan provides for a payment of benefits in lump sum upon attainment of normal retirement age of 60 and completion of at least 5 years of continuous service with the Club in line with Republic Act No. 7641, known as The Retirement Law. Benefits provided in the plan are based on the years of credited service and compensation of employees. Annual contribution to the retirement plan consists of retirement costs covering the current service costs for the year plus payments toward funding the accrued retirement benefit costs. The latest actuarial valuation report prepared by the independent actuary for the year ended December 31, 2019 using the projected unit credit method.

The retirement benefit liability (asset) as at September 30, 2020 and December 31, 2019 consist of:



	2020	2019
Present value of defined benefit obligation (PVDBO)	34,684,499	33,006,657
Fair value of plan assets (FVPA)	(34,117,286)	(34,052,268)
Retirement benefit liability (asset)	567,213	(1,045,611)

Movements in the retirement benefit liability (asset) for the periods ended September 30, 2020 and December 31, 2019 are as follows:

	2020	2019
At January 1	(1,045,611)	3,058,395
Retirement benefits expense	2,149,097	2,865,463
Remeasurement gain	-	(417,882)
Contribution	(536,273)	(6,551,597)
At September 30, 2020 and December 31, 2019	567,213	(1,045,611)

Movements in the PVDBO for the periods ended September 30, 2020 and December 31, 2019 are as follows:

	2020	2019
At January 1	33,006,657	31,799,224
Current service cost	2,514,666	2,644,035
Past service cost	-	-
Interest cost	-	2,302,264
Benefits paid	(836,824)	(3,046,759)
Actuarial gain	-	(692,107)
At September 30, 2020 and December 31, 2019	34,684,499	33,006,657

Movements in the FVPA for the periods ended September 30, 2020 and December 31, 2019 are as follows:

	2020	2019
At January 1	34,052,268	28,740,829
Interest income	365,569	2,080,836
Contributions	536,273	6,551,587
Benefits paid	(836,824)	(3,046,759)
Actuarial gain (loss)	-	(274,225)
At September 30, 2020 and December 31, 2019	34,117,286	34,052,268

The plan is administered by a firm of investment fund managers who are authorized to invest the funds as it deems proper. The actual returns on plan assets amounted to P0.3 million for the period ended September 30, 2020 (2019 - P 1.8 million).

The overall expected rate of return on plan assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

As at September 30, 2020 and December 31, 2019, the carrying amount of the plan asset is the same with its fair value. The allocation of the plan assets as at September 30, 2020 and December 31, 2019 are as follows:

	2020	2019
Cash in banks	23.45%	82.88%
Interest receivables	0.06%	0.32%
Investments in equity securities	76.48%	16.81%

Descriptions of each category are as follows:

- Cash in banks consist of current account, savings deposit and special savings deposit;
- Receivables consist of interest receivables; and
- Investments in equity securities consist of short-term equity investments and time certificates of deposit.

The plan's investments do not have any concentration risk.

The Club expects to contribute P4.0 million to the pension plan in 2020.

Retirement benefit expense for the periods ended September 30, 2020 and December 31, 2019 and 2018 are as follows:

	2020	2019	2018
Current service cost	2,514,666	2,644,035	2,904,275
Past service cost	-	-	451,721
Net interest	313,106	221,428	724,645
	2,739,036	2,865,463	4,080,641

Movements in the remeasurement gain (loss) on retirement benefits under comprehensive income for the periods ended September 30, 2020 and December 31, 2019 are as follows:

	2020	2019	2018
At January 1	(877,953)	(1,295,835)	(6,421,966)
Actuarial gain (loss)	-	417,882	5,126,131
At September and December 31	(877,953)	(877,953)	(1,295,835)

The principal actuarial assumptions used to determine retirement benefits are as follows:

	2019	2018
Discount rate	4.75%	7.24%
Rate of increase in compensation	4.00%	5.00%

Assumptions regarding future mortality and disability experiences are based on the 1994 Group Annuity Table and the 1952 Disability Table, respectively.

The weighted average duration of the defined benefit obligation is 14 years.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the PVDBO as at December 31, assuming all other assumptions are held constant:

	Increase (decrease) in basis points	Increase (decrease) in PVDBO	
		2019	2018
Discount rate	+100	(3,222,035)	(1,832,579)
	-100	2,467,206	2,403,043
Salary increase rate	+100	3,764,862	2,455,811
	-100	(3,288,949)	(2,231,239)

The maturity profiles of the undiscounted benefit payments as at December 31 are as follows:

	2019	2018
Within five years	14,525,363	24,902,192
Between six to 10 years	16,054,999	22,469,349
Between 11 to 15 years	18,035,222	22,757,837
Between 16 to 20 years	13,192,283	15,835,012
More than 20 years	20,524,315	25,362,085

#### **Note 17 - Income taxes**

The Club's deferred income tax liabilities as at December 31, 2019 and 2018 pertain to the 30% income tax effects of its revaluation gain of land as disclosed in Note 7. There is no provision for deferred income tax expense recognized in other comprehensive income for the years ended December 31, 2019 and 2018 (2017 - P 244.9 million).

Deferred income tax assets, net on the following temporary differences as at December 31 have not been recognized since management believes that the Club may not have sufficient future taxable income for it to be able to utilize these deferred income tax assets:

	2019	2018
Retirement benefit liability (assets)	(1,045,611)	3,058,395
Unamortized past service costs	10,256,645	8,062,180
Less: Pension charged to other comprehensive income	(877,953)	(1,295,835)
Provision for retirement benefits	8,333,081	9,824,740
Net operating loss carry-over (NOLCO)	44,290,652	121,329,253
Other provisions	569,214	344,214
Subtotal	53,192,947	131,498,207
Multiply: Income tax rate	30%	30%
Tax effect	15,957,884	39,449,462
Minimum corporate income tax (MCIT)	2,895,239	3,117,739
Unrecognized deferred income tax assets, net	18,853,123	42,567,201

On June 26, 2019, the Supreme Court declared through General Register 228539 that membership fees, assessment dues, and fees of similar nature collected by clubs which are organized and operated exclusively for the pleasure, recreation, and other non-profit purposes are not subject to income tax and VAT.

Details of NOLCO and MCIT as at December 31 are as follows:



Year incurred	Year of expiry	2019		2018	
		NOLCO	MCIT	NOLCO	MCIT
2015	2018	-	-	22,949,599	1,020,141
2016	2019	89,434,265	525,173	89,434,265	525,173
2017	2020	29,498,158	1,096,964	29,498,158	1,096,964
2018	2021	2,396,830	1,495,602	2,396,830	1,495,602
2019	2022	12,395,664	302,673	-	-
Subtotal		133,724,917	3,420,412	144,278,852	4,137,880
Expired		(89,434,265)	(525,173)	(22,949,599)	(1,020,141)
		44,290,652	2,895,239	121,329,253	3,117,739

Income tax expense (benefit) for the years ended December 31 consist of:

	2019	2018	2017
MCIT	302,673	1,495,602	1,096,964
Deferred	-	(25,341)	(14,737)
	302,673	1,470,261	1,082,227

Reconciliation between the income tax benefit computed at statutory income tax rate and the income tax expense shown in the statement of total comprehensive income for the years ended December 31 are as follows:

	2019	2018	2017
Income tax benefit at statutory tax rate of 30%	(8,503,660)	(4,332,841)	(8,307,611)
Adjust for income tax effects of:			
Non-deductible expenses	53,811,132	81,142	-
NOLCO expired	26,830,280	6,884,880	11,866,059
MCIT expired	525,173	1,020,141	646,774
Adjustments due to PFRS 15 adoption	-	(8,318,182)	-
Interest income subjected to final tax	(266,320)	(46,439)	(18,271)
Changes in unrecognized deferred income tax assets	(23,714,077)	6,181,560	(3,104,724)
Non-taxable income	(48,379,855)	-	-
	302,673	1,470,261	1,082,227

## Note 18 - Financial risk and capital management

### 18.1 Financial risk factors

The main risks arising from the Club's financial instruments are credit and liquidity risks. The members and the BOD review and approve the policies of managing each of the risks which are summarized below.

#### (a) Credit risk

Credit risk arises when a customer or counterparty fails to discharge an obligation and cause the Club to incur a financial loss.

The Club's receivables are actively monitored to avoid significant uncollectible accounts. Policies are in place to ensure collection of these receivables. The Club ensures that applicant for membership

shall undergo a series of verifications to determine the individual or company financial capability and credit history. In case of delinquency, the Club's by-laws provide clear cut measures and sanctions against members with unpaid accounts. In addition, the Club has first lien on every proprietary certificate to ensure debts of members arising from unpaid membership dues and other club charges are recovered. Sales of products and services to non-members, i.e., members' guests are on cash basis. In the case of membership dues, advance payments promotions are launched each year with incentives on early annual payments to reduce receivables from member. These minimize the credit risk exposure any margin loss from possible default in the payment of receivables.

The table below shows the maximum exposure from credit risk for the Club's financial assets at amortized cost without taking account of any collateral and other credit enhancements:

	Notes	2020	2019
Cash and cash equivalents*	2	82,577,900	64,020,891
Receivables**	3	15,076,851	16,382,571
		97,654,751	80,403,462

\*Excludes cash on hand

\*\*Excludes advances to suppliers and advances to officers and employees

The Club uses internal ratings to determine the credit quality of its financial assets. These have been mapped to the summary rating below:

- *Grade A* - This applies to highly rated financial obligors and strong counterparties with whom the Club has excellent collection experience, i.e., collections are made even before maturity date.
- *Grade B* - This applies to financial assets that are performing as expected or where counterparty pays on due dates.
- *Grade C* - This applies to accounts that are past due but are not impaired since are subsequently collected within 90 days from reporting date.
- Accounts not within Grades A, B and C are considered long outstanding and subject to expected credit loss allowance.

(i) Cash and cash equivalents

The Club's policy on counterparty risk management is to work with a select group of relationship banks which are licensed commercial and universal banks as defined by the Philippine Banking System. Credit risk exposure is low since commercial and universal banks represent the largest single group, resource-wise, of financial institutions in the country. Cash and cash equivalents are also deposited among the top ten banks in the Philippines, hence, considered Grade A.

(ii) Receivables

Credit rating of receivables as at September 30, 2020 and December 31, 2019 are as follows:

	2020	2019
Grade A	10,553,796	11,467,799
Grade B	4,523,055	4,914,772
	15,076,851	16,382,571

(b) Liquidity risk

Liquidity risk arises from the possibility that the Club may encounter collection problem that will



lead to difficulties in raising funds to meet or settle its obligations and to finance its activities.

The Club monitors its liquidity risk to a shortage of funds through monitoring of collections and projected cash flows from operations. The Club maintains sufficient cash to finance operations. Any excess fund is invested in cash equivalents to augment income generation. The Club's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost. The Club also maintains a financial strategy that the scheduled payment of payables is well within the Club's ability to generate cash from its business operations.

The table below summarizes the maturity profile of the Club's financial liabilities at amortized cost subject to liquidity risk based on contractual undiscounted payments as at September 30, 2020 and December 31, 2019:

	Notes	On demand	Due within 3 months	Due within 3 to 6 months	Due within 6 to 12 months	Over 1 year	Total
2020							
Accounts and other current liabilities*	9	37,561,517	10,650,122	1,924,850	3,808,283	-	53,944,772
Lease liabilities**	10	-	2,415,007	2,475,118	4,425,999	7,207,423	16,523,548
		37,561,517	13,065,130	4,399,968	8,234,282	7,207,423	70,468,320
2019							
Accounts and other current liabilities*	9	38,791,055	10,966,298	1,908,209	597,483	-	52,263,045
Lease liabilities**	10	-	4,175,830	5,196,215	8,492,245	7,989,976	25,854,268
		38,791,055	15,142,128	7,104,424	9,089,728	7,989,976	78,117,311

\*Excludes deferred liabilities, statutory liabilities, accrued expenses for withholding tax, sinking fund and tournament fund

\*\*Based on minimum lease payments

## 18.2 Fair value of financial instruments

The carrying values of the Company's financial instruments as at reporting dates approximate their fair values due to their short-term nature.

## 18.3 Capital management

The primary objective of the Club's capital management is to ensure the Club's ability to continue as a going concern so that it can continue provide service to its members and benefits for other stakeholders. The Club's capital pertains to Proprietary certificates, shares of delinquent shareholders acquired through auctions, excess of proceeds over cost from re-issuance of shares to delinquent shareholders, and deficit. There were no changes in the Club's capital management policies for the periods ended September 30, 2020 and December 31, 2019.

The Club's loss per share is computed as follows:

	2020	2019	2018
Net income (loss)	(17,828,018)	(9,878,113)	(4,195,865)
Dividend by: Weighted average number of shares*	2,851	2,852	2,852
Income (loss) per share	(6,253)	(3,464)	(1,471)

\*Takes into account the weighted average effect of changes in shares of delinquent shareholders acquired through auctions for the year

The Club's basic loss per share and diluted loss per share are the same.

## Note 19 - Critical accounting estimates, assumptions and judgments

The preparation of the Club's financial statements in conformity with PFRS requires management to

make judgment, estimates and assumptions that affect amounts reported in the financial statements and related notes. Future events may occur which will cause the judgment, estimates and assumptions used in arriving at the estimates to change. The effects of any change in judgment, estimates and assumptions are reflected in the financial statements as they become reasonably determinable.

### **19.1 Critical accounting estimates and assumptions**

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

#### *(a) Expected credit losses (ECL) of financial assets at amortized cost*

The Club applied the ECL model associated with its financial assets at amortized cost. The loss allowance for financial assets are based on assumptions about risk of default and expected loss rates.

The Club uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Club's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

For receivables, the Club uses a provision matrix to calculate ECL. 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 credit loss experience with forward-looking information.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL 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.

Based on management's assessment, no impairment losses are required on financial assets at amortized cost as at September 30, 2020 and December 31, 2019 due to the low credit risk exposure as discussed in Note 18.1(a).

#### *(b) Useful lives of property and equipment*

The useful life of each of the Club's item of property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses and brought about by changes in the factors mentioned. A reduction in the estimated useful life of any item of property and equipment would increase the recorded depreciation expense and decrease the carrying value of property and equipment.

There were no changes in estimated useful lives of property and equipment in 2020 and 2019. The carrying values of property and equipment as at September 30, 2020 and December 31, 2019 are disclosed in Note 6.



*(c) Fair value of land*

The Club measures its land at revalued amount with changes in fair value being recognized in the other comprehensive income. The Club has established a process by which measurement of fair value of the land is in place for financial reporting purposes. This primarily involves the expertise of an independent valuer.

The valuer considers certain unobservable inputs and valuation adjustments to provide a reasonable indication of fair value. Any significant changes to these inputs and adjustments could significantly affect the amount of the fair values. Further information about the assumptions made in measuring the fair values is disclosed in Note 7.

*(d) Retirement benefits*

The cost of retirement benefits as well as the PVDBO is determined using actuarial valuations. The actuarial valuation involves making various assumptions including the determination of the discount rates, rate of increase in compensation, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

In determining the appropriate discount rate, management considers the interest rates of Philippine government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Future salary increases and pension increases are based on expected future inflation rates for the Philippines. Further information about the assumptions made in measuring the PVDBO and FVPA are disclosed in Note 16.

In determining the long-term rates of return, the Club considers the nature of the plans' investments, an expectation for the plans' investment strategies, historical rates of return and current economic forecasts. The Club evaluates the expected long-term rate of return annually and adjusts as necessary. The activities of the plan expose it to a variety of risks. The management of these risks and the overall investment policy and strategy of the retirement plan are based on the trustee bank's assessment in compliance with local regulations and practice. Responsibility for governance of the retirement plan, including investment decisions and contribution schedules, lies jointly with the Club and the trustee bank.

The Club's management ensures that the investment positions are managed within an asset-liability matching framework that has been developed to achieve long-term investments that are in line with the obligations under the plan. The main objective is to match assets to the defined benefit obligation by investing primarily in long-term debt and equity securities, consisting of investments in government securities, mutual funds and unit investment trust fund, with maturities that match the benefit payments as they fall due. Assets are invested in different classes in order to maintain balance between risk and return. Investments are diversified to limit the financial effect of any individual investment.

**19.2 Critical judgments in applying the Club's accounting policies**

In the process of applying the Club's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements and accompanying notes. The judgments are based upon management's evaluation of relevant facts and circumstances as of reporting date.

*(a) Identifying performance obligations*

The Club identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Club's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract. Distribution of free green fee coupons, an incentive when a member pays one-year membership dues in advance, is a separately identifiable promise and is not combined with the obligation related to the membership dues since this is distinct within the context of the contract.

*(b) Determining the timing of recognizing membership fees and assessments*

The Club charges membership dues, membership fees and assignee fees. The Club has concluded that it incurs an obligation to provide services to the members for the fees received and such shall be recognized over time as the members receive substantially the benefits and privileges of being a member. Membership fees are recognized as earned over the average life stay of members which is determined to be four years based on the eight-year historical membership data of the Club.

*(c) Finance lease - Club as lessee*

Prior to January 1, 2019, the Club has entered into finance lease agreements covering its property and equipment and has determined that it bears substantially all the risks and benefits incidental to ownership of the said properties which are on finance lease agreements. From January 1, 2019, this is no longer considered a critical accounting judgment following the adoption of PFRS 16. Details of the lease liabilities as at September 30, 2020 and December 31, 2019 are disclosed in Note 10.

*(d) Operating leases - Club as lessor*

Prior to 2019, the Club has entered into commercial property leases on its properties. The Club has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so, accounts for the lease as operating lease. From January 1, 2019, this is no longer considered a critical accounting judgment following the adoption of PFRS 16. Details of the lease agreements are disclosed in Note 10.

*(e) Income taxes*

A certain degree of judgment is required in determining the provision for income taxes, as there are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Further, the carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that sufficient future taxable income will be generated to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred tax assets as at December 31, 2019 and 2018 are disclosed in Note 17.

*(f) Contingencies*

The Club determines whether to disclose and accrue for contingencies based on an assessment of whether the risk of loss is remote, reasonably possible or probable. Management's assessment is developed in consultation with the Club's legal counsel and other advisors and is based on an analysis



of possible outcomes under various strategies. Contingency assumptions involve judgment that are inherently subjective and can involve matters that are in litigation, which by its nature is unpredictable.

The Club is a respondent in cases arising from the normal course of business, the outcome of which cannot be presently determined. In the opinion of the Club's management and its legal counsel, the eventual liability, if any, which may result from the outcome of these cases will not materially affect the Club's financial statements.

## **Note 20 - Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **20.1 Basis of preparation**

The financial statements of the Club have been prepared in accordance with PFRS. The term PFRS in general includes all applicable PFRS, PAS, and interpretations of the Philippine Interpretations Committee, Standing Interpretations Committee and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council and adopted by the SEC.

The financial statements of the Club have been prepared on a historical cost basis, except for land which is been measured at revalued amount.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Club's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 19.

### **Changes in accounting policies and disclosures**

#### ***(a) New standards, amendments and interpretations adopted by the Club***

The Club has applied the following standards, amendments and interpretations for the first time for their annual reporting period commencing January 1, 2019:

- PFRS 16, Leases replaces the guidance of PAS 17 that relate to the accounting by lessees and the recognition of almost all leases in the statement of financial position. PFRS 16 removes the current distinction between operating and financing leases and requires recognition of an asset (the right-of-use asset) and a lease liability to pay rentals for virtually all lease contracts. Under PFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

On adoption of PFRS 16, the Club recognized lease liabilities and right-of-use assets in relation to leases which had previously been classified as finance leases under the principles of PAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the implicit rate of the lease agreements as of January 1, 2019.

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position as at December 31, 2018.

In applying PFRS 16 for the first time, the Club used the following practical expedients permitted by the standard:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review; and
- excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Club has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Club relied on its assessment made applying PAS 17 and IFRIC 4, Determining Whether an Arrangement Contains a Lease.

The adoption of PFRS 16 did not result in adjustments on the balances as at January 1, 2019 and did not have any significant impact on the Club's financial statements as at December 31, 2019, other than the disclosure of accounting policies.

- Philippine Interpretation IFRIC 23, Uncertainty over Income Tax Treatments, explains how to recognize, and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:
  - how to determine the appropriate unit of account,
  - that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored,
  - that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment,
  - that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
  - that the judgments and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgments.

While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgments and estimates made in preparing the financial statements. The adoption did not have a significant impact on the Club's financial statements as at December 31, 2019 and 2018.

- PAS 19 (Amendments) Employee Benefits - Plan Amendment, Curtailment or Settlement, require the use of updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset). The adoption did not have a significant impact on the Club's financial statements as at December 31, 2019 and 2018.

*(b) New standards, amendments and interpretations not yet adopted*

There are no other new standards, amendments to existing standards and interpretations that are or issued but not yet effective as at December 31, 2019, that would have significant impact to the Club's financial statements.



## **20.2 Cash and cash equivalents**

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisitions and that are subject to an insignificant risk of change in value. Other relevant policies are disclosed in Note 20.4.

## **20.3 Receivables**

Receivables are recognized in the period in which the related money, goods or services are provided or when a legally enforceable claim of the Club is established. These are recognized initially at invoice amount, which approximates fair value, and subsequently measured at amortized cost using the effective interest method which is normally equal to its nominal amount. Other relevant policies are disclosed in Note 20.4, except for advances to suppliers and advances to officers and employees which are not considered financial assets.

Advances to suppliers represent initial payments for purchases while advances to officers and employees are cash advances which are subject to liquidation. These are reclassified to another asset account or expense when the service or goods is provided by or received from the supplier, or the advance is liquidated.

## **20.4 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity. The Club recognizes a financial instrument in the statement of financial position, when and only when, the Club becomes a party to the contractual provisions of the instrument.

### **20.4.1 Financial assets**

#### ***(a) Classification***

The Club classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Club has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Club reclassifies debt investments when and only when its business model for managing those assets changes. As at December 31, 2019 and 2018, the Club only has financial assets at amortized cost which consist of cash and cash equivalents, and receivables (excluding advances to suppliers and advances to officers and employees).

#### ***(b) Recognition and derecognition***

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Club commits to purchase or sell the asset. Financial assets are derecognized when the rights to

receive cash flows from the financial assets have expired or have been transferred and the Club has transferred substantially all the risks and rewards of ownership.

*(c) Subsequent measurement*

At initial recognition, the Club measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Club's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Club classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income (expense) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of total comprehensive income.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income (expense). Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in other income (expense) and impairment expenses are presented as separate line item in the statement of total comprehensive income.
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other income (expense) in the period in which it arises.

Equity instruments

The Club subsequently measures all equity investments at fair value. Where the Club's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Club's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other income (expense) in the statement of total comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.



*(d) Impairment*

The Club assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Impairment loss is recognized in profit or loss and the carrying amount of the asset is reduced through the use of an allowance.

**20.4.2 Financial liabilities**

*(a) Classification*

The Club classifies its financial liabilities at initial recognition in the following categories: at FVPL (including financial liabilities held for trading and those designated at fair value) and financial liabilities at amortized cost. The Club only has financial liabilities at amortized cost as at September 30, 2020 and December 31, 2019 which consists of accounts payable and other current liabilities (excluding deferred liabilities, statutory liabilities, accrued expenses for withholding tax, sinking fund, and tournament fund) and lease liabilities.

Issued financial instruments or their components, which are not designated at FVPL, are classified as financial liabilities at amortized cost, where the substance of the contractual arrangement results in the Club having an obligation either to deliver cash or another financial asset to the holder.

*(b) Recognition and derecognition*

Financial liabilities are initially recognized at fair value of the consideration received plus directly attributable transaction costs. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

*(c) Subsequent measurement*

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

**20.4.3 Offsetting**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Club or the counterparty. As at September 30, 2020 and December 31, 2019, there are no financial assets and financial liabilities that were offset.

**20.5 Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost incurred (which significantly pertains to purchase cost) in bringing each asset to its present location and condition is determined using the specific identification method. The amount of any write-down of inventories to net

realizable value and all losses of inventories shall be recognized as an expense in the period the write-down or loss occurs. The carrying amount of inventories is directly written off from the inventory account. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, shall be recognized as reduction in the amount of inventories recognized as expense in the period in which the reversal occurs. Net realizable value is the current replacement cost (for material and supplies) or the estimated selling price in the ordinary course of business less applicable variable selling expenses (for inventories for sale).

Inventories are derecognized when they are sold or consumed, or there are no future benefits to the Club. The carrying amount of those inventories is recognized, reported as part of cost and expenses in profit or loss in the period incurred (for material and supplies) or in which the related revenue is recognized (for inventories for sale).

## **20.6 Prepayments and other assets**

Prepayments are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption.

Input VAT arising from purchases of goods and services, is measured at cost and presented net of applicable output VAT, or vice versa, whichever is higher as at reporting date, under current assets or liabilities. These may either be applied against future output tax liabilities or claimed for tax credit or refund.

Prepayments and other assets are carried at cost and are included in current assets, except when the related goods or services are expected to be received and rendered more than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

## **20.7 Property and equipment, and land**

Property and equipment are stated at cost, excluding cost of day-to-day servicing, less accumulated depreciation and any impairment in value.

The cost of property and equipment consists of its purchase price and any costs directly attributable to bringing the property and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of replacing a part of an item of property and equipment is included in the carrying amount of such an item if the recognition criteria are met.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Asset class	Estimated useful life in years
Golf course developments	15 - 40
Buildings and improvements	3 - 35
Golf course maintenance and transportation	1 - 5
Furniture, fixtures and office equipment	1 - 5
Clubhouse equipment	3 - 5

The property and equipment's residual values, useful lives and depreciation method are reviewed and adjusted if appropriate, at each financial year-end.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 20.8).



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

Fully depreciated assets are retained in the accounts until these are no longer in use.

Land is subject to similar policies with property and equipment but is not subject to depreciation and is subsequently measured at fair value.

Changes in the fair value of land are recognized in other comprehensive income unless it represents the reversal of a revaluation decrease of the same asset previously recognized as an expense, in which case it is recognized in profit or loss.

Revaluation gains are not reclassified to profit or loss in the subsequent period. A revaluation loss is recognized as an expense to the extent that it exceeds any amount previously credited to the revaluation gain relating to the same asset.

## **20.8 Impairment of non-financial assets**

The carrying values of land and property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units (CGU) are written down to their recoverable amount.

The recoverable amount of property and equipment is the greater of its fair value less cost of disposal and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's-length transaction. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

Impairment losses, if any, are recognized in profit or loss, except for land. For land impairment losses are first charged to other comprehensive income. Any excess of the impairment losses over the revaluation gain is recognized in profit or loss in the statement of total comprehensive income.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that impairment losses recognized for the asset no longer exist or have decreased. The reversal is recorded as income in profit or loss, except for land. For land, reversal of impairment losses is credited to other comprehensive income unless the amount pertains to a reversal of impairment losses previously recognized in profit or loss, in which case, such amount is credited to profit loss. However, the increased amount of an asset due to a reversal of an impairment loss is recognized to the extent that it does not exceed the carrying amount that would have been determined had no impairment been recognized for that asset in prior years.

## **20.9 Accounts payable and other current liabilities**

Accounts payable and other current liabilities are recognized in the period in which the related money, goods or services are provided or when a legally enforceable claim against the Club is established. This is recognized initially at invoice amount, which approximates fair value, and subsequently measured at amortized cost using the effective interest method which is normally equal to its nominal amount. Other relevant policies are disclosed in Note 20.4, except for deferred liabilities, statutory liabilities, accrued expenses for withholding tax, sinking fund, and tournament fund.

Deferred liabilities represent payments received from membership applicants. These are recognized as income when the application is approved; otherwise, the payments received by the Club are refunded.

Statutory liabilities and accrued expenses for withholding tax are not considered financial liabilities and not subject to discounting but are derecognized similarly.

Sinking fund and tournament fund are payments received from members for a specific purpose. These are derecognized when expenditures for the specific purpose is incurred. Any excess fund at the end of the specific purpose will be charged directly to cumulative excess of expenses over receipts.

## **20.10 Leases**

### **20.10.1 Policies from January 1, 2019 following the adoption of PFRS 16**

#### *(a) Club as lessee*

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

#### **(i) Measurement of lease liability**

Lease liability include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Club:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing, and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.



(ii) Measurement of right-of-use asset

Right-of-use asset are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs
- restoration costs

Right-of-use asset is generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Club is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

(iii) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options

(or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Club becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(iv) Residual value guarantees

The Club initially estimates and recognizes amounts expected to be payable under residual value guarantees as part of the lease liability.

(v) Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are those with minimum lease payments below the capitalization threshold.

*(b) Club as lessor*

All leases are treated as operating lease similar to policies until December 31, 2018 following PAS 17.

20.10.2 Policies until December 31, 2018 following PAS 17

The determination of arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right use the asset. A reassessment is made after inception of the lease only if one of the following applies:

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

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

*(a) Operating leases*

Leases in which the Club does not transfer substantially all the risk and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the lease asset and derecognized over the lease term on the same bases as lease income.

Operating lease payments are recognized as an income or expense in the statement of total comprehensive income on a straight-line basis over the lease term. Variable lease payments are recognized as income or expense when incurred.

*(b) Finance leases*

Finance leases, which transfer to the Club substantially all the risks and benefits incidental to ownership of the leased property, are capitalized at the inception of the lease at the fair value of leased property or, if lower, at the present value of the minimum payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against profit or loss.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Club will obtain ownership by end of the lease term.

**20.11 Income taxes**

The income tax expense for the period comprises current and deferred income tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (NOLCO) and unused tax credits (MCIT), to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Club reassess at each reporting date the need to derecognize a previously recognized deferred income tax asset or vice versa.



Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the taxable entity where there is an intention to settle the balances on a net basis. Deferred income tax assets and liabilities are derecognized when relevant temporary differences have been realized.

## **20.12 Equity**

Proprietary certificates are shares of stock have no par value and recorded equal to the proceeds and/or fair value of considerations received. Incremental costs incurred directly attributable to the issuance of new shares are shown as a deduction from proceeds, net of tax.

Shares of delinquent shareholders acquired through auctions represents the Club's proprietary certificates which are reacquired by the Club and deducted from equity. No gain or loss is recognized in the statement of total comprehensive income on the purchase, sale, issue or cancellation of the Club's own equity instruments. Excess of proceeds over cost from re-issuance of shares of delinquent shareholders is presented as another line item under equity.

Other comprehensive income represents the accumulated revaluation gain of land, net of tax, and remeasurement of retirement benefits.

Deficit represents the net losses accumulated over the years from the Club's operations. Deficit may also include effect of changes in accounting policy as may be required by the respective standard's transitional provisions.

## **20.13 Loss per share**

Loss per share is determined by dividing net loss for the year by the weighted average number of shares issued and outstanding during year. Weighted average share outstanding is calculated by multiplying an outstanding number of shares after considering issuance and buybacks of shares in each reporting period with its time-weighted portion and thereafter summing up the total for each reporting period in a year.

## **20.14 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Club classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets that may be held by the Club and included in Level 1 is the current bid price.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

As at September 30, 2020 and December 31, 2019, the Club has no assets and liabilities measured at fair value, except for land and FVPA at Level 2 and Level 1 fair value categories, respectively.

## **20.15 Receipts**

### *(a) Membership fees and assessments*

These represents fees received from members as part of Club privileges. These are recognized as follows:

- Membership dues are annual dues from existing members. These are recognized in profit or loss in the applicable membership period. Advance collections or unearned portions are reported as unearned receipts in the statement of financial position.
- Membership fees are one-time joining fees for members which are recognized in profit or loss in the applicable membership period. Advance collections or unearned portions are reported as unearned receipts in the statement of financial position.
- Transfer fees are charged on the transfer of golf shares from an existing member to another buyer. These are recognized when such transfer is completed.
- Annual playing rights are recognized upon transfer of playing rights to the assignee. These are recognized when such transfer is completed.
- Special assessments are recognized upon receipt of the fee collected for a specific purpose or project.

### *(b) Revenues from club operations*

The Club recognizes revenue as control is passed, either (i) over time when the customer simultaneously receives and consumes all of the benefits provided by the Club as the Club performs; or (ii) at a point in time when control is passed at a certain point in time as described below.

- Green fees and tourist fees, tournament fees, and club events represent income from the use of



the Club's golf course and amenities and are recognized at a point in time when the golf course and amenities are used.

- Sales of golf merchandise are recognized at a point in time when the goods are delivered to the buyer.
- Locker, golf cart and equipment rental fees, and concessionaires' fees represent rental income which are recognized in line with Note 20.9.
- Other income are recognized when earned.

*(c) Interest income*

Interest income, which is presented net of applicable tax withheld, is recognized on a time-proportion basis using the effective interest method.

**20.16 Costs and expenses**

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized in the statement of total comprehensive income in the period these are incurred.

Interest expense is recognized on a time-proportion basis using the effective interest method.

**20.17 Employee benefits**

*(a) Short-term employee benefits*

The Club recognizes a liability and an expense for short-term employee benefits which include salaries, social security contributions, paid sick and vacation leaves, and bonuses. Bonuses are based on a formula that takes into consideration the employee's salary, length of service and performance evaluation. The Club recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation. Liabilities for employee benefits are derecognized when the obligation is settled, cancelled or have expired.

*(b) Retirement benefits*

The Club has a funded and noncontributory defined benefit retirement plan. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Club, nor can they be paid directly to the Club. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that 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.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as part of costs and expenses in the statement of total comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized under and cost and expenses in the statement of total comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

#### *(c) Termination benefits*

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

### **20.18 Contingencies and provisions**

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes when inflows of economic benefits are probable. If it becomes virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

Provisions are recognized when the Club has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and



the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are derecognized when the obligation is settled, cancelled or expired.

#### **20.19 Related party relationships and transactions**

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions.

Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or their partners. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is changed.

#### **20.20 Foreign currency transactions and translation**

Items included in the financial statements of the Club are measured using the currency of the primary economic environment in which the Club operates (the functional currency). The financial statements are presented in Philippine Peso, which is the Club's functional and presentation currency.

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of total comprehensive income.

#### **20.21 Events after reporting period**

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

#### **Note 21 - Supplementary information required by the BIR**

The following information required by Revenue Regulations No. 15-2010 is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

##### ***(a) Output VAT***

Output VAT declared for the period ended September 30, 2020 and the revenues upon which the same were based consist of:

	Gross Receipts	Output VAT
Taxable receipts	34,365,841	4,123,901
Exempt receipts	106,736,150	-
	141,101,991	4,123,901

*(b) Input VAT*

Input VAT declared for the period ended September 30, 2020 and the purchases/payments upon which the same were based consist of:

	Amount
Balance at beginning of year	5,745,377
Current year's domestic purchases/payments for:	
Goods other than for resale or manufacture	3,008,285
Capital goods subject to amortization	201,857
Capital goods not subject to amortization	13,597
Importation of goods other than capital goods	45,557
Services lodged under cost and expenses	3,395,301
Claims for tax credit/refund and other adjustments*	(9,478,192)
Balance at end of year	2,931,782

\*Pertains to total input VAT claimed against output VAT

*(c) Importations*

The Club made importations amounting to P379,222 and paid the corresponding import and custom duties and tariff fees amounting to Php45,557 for the period ended September 30, 2020.

*(d) Excise tax*

The Club has no transactions subject excise tax for the year period ended September 30, 2020.

*(e) Documentary stamp tax*

The Club paid documentary stamp taxes amounting to Php146,433 from insurance and finance lease additions for the period ended September 30, 2020.

*(f) Other taxes and licenses*

All other taxes and licenses for the period ended September 30, 2020 are as follows:

	Amount
Local taxes	
Real estate taxes	3,715,915
Business permit	1,641,682
Annual water charges	55,435
Community tax certificate	10,500
Other national taxes	
Registration to other government agencies	69,381
BIR registration fee	500
Others	408,282
	5,901,695

The amounts above and documentary stamp taxes paid in (e) are lodged in the taxes and licenses and real property taxes accounts under costs and expenses section in the Club's statement of total comprehensive income for the period ended September 30, 2020.

*(g) Withholding taxes*

Withholding taxes paid and accrued by the Club as at and for the period ended September 30, 2020 are as follows:

	Paid	Accrued	Total
Taxes on compensation and benefits	1,990,767	257,692	2,248,459
Expanded withholding taxes	1,064,096	223,006	1,287,102
	3,054,863	480,698	3,535,561

*(h) Tax assessments and cases*

The Club has no pending tax assessments with the BIR and cases, litigation and/or prosecution in courts or bodies outside the BIR for the period ended September 30, 2020.

**THE MANILA SOUTHWOODS GOLF AND COUNTRY CLUB, INC.**  
**(A Nonprofit Corporation)**

**FINANCIAL SOUNDNESS INDICATORS**  
**SEPTEMBER 30, 2020 AND DECEMBER 31, 2019**

	2020	2019
Current ratio:		
Total current assets	<b>P130,862,332</b>	<b>P115,439,097</b>
Total current liabilities	<b>115,449,410</b>	<b>116,705,697</b>
	<b>1.13:1.00</b>	<b>0.99:1.00</b>
Debt-to-equity ratio:		
Total liabilities	<b>1,253,708,906</b>	<b>1,261,346,339</b>
Net equity	<b>4,092,046,670</b>	<b>4,098,484,776</b>
	<b>0.31:1.00</b>	<b>0.31:1.00</b>
Asset-to-equity ratio:		
Total assets	<b>5,338,796,272</b>	<b>5,359,831,115</b>
Net equity	<b>4,085,087,366</b>	<b>4,098,484,776</b>
	<b>1.31:1.00</b>	<b>1.31:1.00</b>
Interest rate coverage ratio:		
Income before interest expense and income tax expense	<b>(16,418,119)</b>	<b>(9,058,975)</b>
Interest expense	<b>1,409,899</b>	<b>819,138</b>
	<b>(11.64):1.00</b>	<b>(11.06):1.00</b>
Profitability ratio:		
Net income	<b>(17,828,018)</b>	<b>(9,878,113)</b>
Net sales	<b>139,339,339</b>	<b>191,913,891</b>
	<b>(0.13):1.00</b>	<b>(0.05):1.00</b>