The following document has been received:

Receiving: Buen Jose Mose
Receipt Date and Time: May 30, 2023 02:58:30 PM

Company Information

SEC Registration No.: 0000116769
Company Name: TRANS MIDDLE EAST PHILS. EQUITIES INC.
Industry Classification: J66940
Company Type: Stock Corporation

Document Information

Document ID: OST10530202381239074
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2022
Submission Type: Annual
Remarks: None

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

REPRESENTATION LETTER

March 03, 2023

ROSA T. EDADES
[redacted]

This representation letter is provided in connection with your audit of the financial statements of **TRANS MIDDLE EAST PHILS. EQUITIES, INC.** for the year ended December 31, 2022 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of, or present fairly, in all material respects, the financial position of **TRANS MIDDLE EAST PHILS. EQUITIES, INC.** as of December 31, 2022 and the results of its operations and its cash flows for the year ended December 31, 2022 in accordance with the Philippine Financial Reporting Standards.

We acknowledge our responsibility for the fair presentation of the financial statements in accordance with the Philippine Financial Reporting Standards.

We confirm, to the best of our knowledge and belief, the following representations:

- That the balances of the accounts as attested to by management and as presented in the financial statements are attached to this representation letter as Annex A.

- The financial statements are free of material misstatements, including omission. All transactions for disclosure have been presented to you and there are no other income which were not disclosed to you.

- There have been no irregularities involving management or employee who has a significant role in internal control that could have a material effect on the financial statements.

- We made available to you all the books of accounts and supporting documentation and all the minutes of meeting of the shareholders and board of directors.

- We confirm the completeness of the information provided regarding the identification of related parties and all transactions with these parties.

- **TRANS MIDDLE EAST PHILS. EQUITIES, INC.** has complied with all aspects of contractual agreements that could have a material effect on the consolidated financial statements in the event of noncompliance. There has been no noncompliance with the requirements of regulatory authorities that could have a material effect on the financial statements in the event of noncompliance.

- The following have been properly recorded and, when appropriate, adequately disclosed in the financial statements:

  a. The identity of, and balances and transactions with, related parties;

  b. Losses arising from sale and purchases commitments;

  c. Agreements and options to buy back assets previously sold; and

  d. Assets pledge as collateral.

- We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

- We have no plan to abandon lines of product or service or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realizable value.

- **TRANS MIDDLE EAST PHILS. EQUITIES, INC.** has satisfactory title to all assets and there are no liens or encumbrances on the company's assets.

- We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent.

- There are no events subsequent to period end which require adjustment of or disclosure in the financial statements.

- There are no formal or informal compensating balance arrangements with any of our cash accounts.

[redacted]

MA. FE C. SISCAR
President

[redacted]

LUZ D. DAVID
Treasurer

[redacted]

MICHELLE F. AYANGCO
Corporate Secretary

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The management of **TRANS MIDDLE EAST PHILS. EQUITIES, INC.** is responsible for all information and representations contained in the Annual Income Tax Return for year ended December 31, 2022. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period including, but not limited to, the value added tax and/or percentage returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, Management affirms that the attached audited financial statements for year ended December 31, 2022 and the accompanying Annual Income Tax Return are in accordance with the books and records of **TRANS MIDDLE EAST PHILS. EQUITIES, INC.**, complete and correct in all material respects. Management likewise affirms that:

(a) The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) **TRANS MIDDLE EAST PHILS. EQUITIES, INC.**, has filled all the applicable tax returns, reports and statements required to be filed under the Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid in the reporting period, except those contested in good faith.

[redacted]

MA. FE C. SISCAR
President / Chairwoman

[redacted]

LUZ D. DAVID
Treasurer

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8A - MAKATI
Revenue District Office No. 47
East Makati
RECEIVED
INITIAL: ________ DATE: APR 28 2023
RCO NAME: SARAH MAE G. APA

[redacted]

MICHELLE F. AYANGCO
Corporate Secretary

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **TRANS MIDDLE EAST PHILS. EQUITIES, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year ended December 31, 2022, in accordance with the Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the shareholders.

Rosa T. Edades, the independent auditor appointed by the shareholders, have audited the financial statements of **TRANS MIDDLE EAST PHILS. EQUITIES, INC.** in accordance with Philippine Standards on Auditing and, in its report to the shareholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

[redacted]

MA. FE C. SISCAR
President / Chairwoman

[redacted]

LUZ D. DAVID
Treasurer

[redacted]

Corporate Secretary

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8A - MAKATI
Revenue District Office No. 47
East Makati
RECEIVED
INITIAL: DATE:
RCO NAME: SARAH MAE G. APA RCO CODE 606583

APR 28 2023

REPORT OF INDEPENDENT AUDITOR

The Stockholders and the Board of Directors
TRANS MIDDLE EAST PHILS EQUITIES INC.
3F Universal RE, #106 Paseo De Roxas, Makati City

Report on the Audit of Financial Statements

Opinion

I have audited the financial statements of **TRANS MIDDLE EAST PHILS EQUITIES INC.** which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of capital deficiency and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards for Small Entities (PFRSs for SEs).

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs for SMEs, 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 Company'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 Company'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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit. relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance. I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I described these matter in my auditor's report unless law or regulation procedures precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010 of the Bureau of Internal Revenue

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and license fees in schedule of taxable and deductible expenses in Notes to financial statement is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

[redacted]

ROSA T. EDADES
PRC ID No. [redacted]
Valid until November 21, 2025
Tin No [redacted]
BOA [redacted]
Issued February 14, 2020
Valid until November 30, 2024
BIR Accreditation [redacted]
Valid until January 25, 2026
PTR No. [redacted]
Issued February 6, 2023
Pasig City

March 15, 2022

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8A - MAKATI
Revenue District Office No. 47
East Makati
RECEIVED
APR 28 2023

ROSA T. EDADES
CERTIFIED PUBLIC ACCOUNTANT
2407 Medical Plaza, San Miguel Avenue, Pasig City
(+639) 9176303585

REPORT OF INDEPENDENT AUDITOR TO ACCOMPANY FINANCIAL STATEMENT FOR FILING WITH THE BUREAU OF INTERNAL REVENUE

The Stockholders and the Board of Directors
TRANS MIDDLE EAST PHILS EQUITIES INC.
3F Universal RE, #106 Paseo De Roxas, Makati City

I have audited the financial statements of **TRANS MIDDLE EAST PHILS EQUITIES INC.** as at December 31, 2022 and 2021, on which I have rendered the attached report dated March 15, 2023.

In compliance with Revenue Regulations V-12, I am stating that:

3.) That taxes paid or accrued by the Company for the period ended December 31, 2022 are shown in the schedule of Taxes and Licenses indicated to the annual Income Tax Return.

4.) That I am not related by consanguinity or affinity to the officer, manager, owner to the aforesaid Company.

[redacted]

ROSA T. EDADES
PRC ID No. [redacted]
Valid until November 21, 2025
Tin No. [redacted]
BOA [redacted]
Issued February 14, 2020
Valid until November 30, 2024
BIR Accreditation [redacted]
Valid until January 25, 2026
PTR No. [redacted]
Issued February 6, 2023
Pasig City

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8A - MAKATI
Revenue District Office No. 47
East Makati
RECEIVED
APR 28 2023

ROSA T. EDADES
CERTIFIED PUBLIC ACCOUNTANT
2407 Medical Plaza, San Miguel Avenue, Pasig City
(+639) 9176303585

TO THE SECURITIES AND EXCHANGE COMMISSION

In connection with my examination of financial statements of **TRANS MIDDLE EAST PHILS EQUITIES INC.** which is to be submitted to the Commission, I hereby represent the following:

1. That I am in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);

2. That said financial statements are presented in conformity with Philippines Financial Reporting Standards for Small and Medium Sized Enterprise (PFRS for SME's) in all cases where I shall express an unqualified opinion, and the reason why compliance with the principles would results in a misleading statement, if such is a fact;

3. That I shall meet the requirements of independence as provided in Section 14 of the code of professional Ethics for CPA's.

4. That in the conduct of the audit, I shall comply with the Philippine Standards on audit promulgated by the Board of Accountancy, in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reason thereof and effects thereof on the expression of my opinion or which may necessitate the negation of the expression of an opinion.

5. That I shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements; and

6. That relative to the expression of my opinion on the said financial statements, I shall not commit any acts discreditable to the profession as provided for in Section 23 of the Code of Professional ethics for CPAs.

As a Certified Public Accountant engaged in public practice, I make these representations in my individual capacity.

[redacted]

ROSA T. EDADES
PRC ID No. [redacted]
Valid until November 21, 2025
Tin No. [redacted]
BOA-[redacted]
Issued February 14, 2020
Valid until November 30, 2024
BIR Accreditation [redacted]
Valid until January 25, 2026
PTR No. [redacted]
Issued February 6, 2023

ROSA T. EDADES
CERTIFIED PUBLIC ACCOUNTANT
2407 Medical Plaza, San Miguel Avenue, Pasig City
(+639) 9176303585

SUPPLEMENTAL WRITTEN STATEMENT OF EXTERNAL AUDITOR ON THE NUMBER OF STOCKHOLDERS

The Stockholders and the Board of Directors
TRANS MIDDLE EAST PHILS EQUITIES INC.
3F Universal RE, #106 Paseo De Roxas, Makati City

I have audited the financial statements of **TRANS MIDDLE EAST PHILS EQUITIES INC.** for the year then ended December 31, 2022 on which I have rendered the attached report dated March 25, 2023. In connection with my audit, I obtained a certification from the issuer's' corporate secretary on the number of stockholders and their corresponding shareholdings, inspected the stock transfer book performed reasonableness tests of the hare capital as of December 31, 2022 in relation to the certification issued by the corporate secretary and conducted certain assets necessary to validate entries and balances.

In compliance with SRC Rule 68 and based on the certification received from the issuer's corporate secretary and the results of our work done, as of December 31, 2021, the said Company has five (5) shareholders owning **one hundred (100)** or more shares.

[redacted]

ROSA T. EDADES
PRC ID No. [redacted]
Valid until November 21, 2025
Tin No. [redacted]
BOA- [redacted]
Issued February 14, 2020
Valid until November 30, 2024
BIR Accreditation [redacted]
Valid until January 25, 2026
PTR No. [redacted]
Issued February 6, 2023
Pasig City

TRANS MIDDLE EAST PHILS. EQUITIES, INC.
3F Universal Re Building, 106 Paseo De Roxas, Makati City

STATEMENT OF FINANCIAL POSITION
As of December 31, 2022 and 2021

	Note/s		2022	2021
ASSETS				
Cash and cash Equivalents	3,4		**902,413,336**	239,191,911
Accounts Receivable	3,5		**6,766,072,283**	7,764,696,708
Total Current Assets		P	**7,668,485,619**	8,003,888,619
TOTAL ASSETS		P	**7,668,485,619**	8,003,888,619
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Withholding Tax Payable	3,6		-	181,000
Accounts Payable	3,6		-	1,620,000
Total Current Liabilities		P	-	1,801,000
Advances from Officers and Others	3,7		**195,942,298**	521,596,685
Total Non-Current Liabilities		P	**195,942,298**	521,596,685
TOTAL LIABILITIES		P	**195,942,298**	523,397,685
EQUITY				
Share Capital	3,8		**5,015,921,400**	5,015,921,400
Accumulated Income (Loss)			**2,456,621,921**	2,464,569,534
Total Equity		P	**7,472,543,321**	7,480,490,934
TOTAL LIABILITIES AND EQUITY		P	**7,668,485,619**	8,003,888,619

See accompanying notes to financial statements

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8A - MAKATI
Revenue District Office No. 47
East Makati
RECEIVED
APR 28 2023
INITIAL: DATE:
RCO NAME: SARAH MAE G. APA RCO CODE

Securities and Exchange Commission PHILIPPINES

TRANS MIDDLE EAST PHILS. EQUITIES, INC.
3F Universal Re Building, 106 Paseo De Roxas, Makati City
PROFIT AND LOSS STATEMENT
For the Periods December 31, 2022 and 2021

	Note/s		2022	2021
INCOME			-	-
COST OF INCOME			-	-
GROSS PROFIT		P	-	-
GENERAL & ADMINSTRATIVE EXPENSE			**8,055,032**	5,764,215
NET INCOME (LOSS) BEFORE TAX		P	**(8,055,032)**	(5,764,215)
INCOME TAX EXPENSE				
NET INCOME(LOSS)		P	**(8,055,032)**	(5,764,215)
OTHER COMPREHENSIVE INCOME (LOSS)				
Dividends				
Interest Income	3,9		**107,420**	122,579
Unrealized Gain on Foreign Exchange Rate				21,610
TOTAL COMPREHENSIVE INCOME		P	**(7,947,613)**	(5,620,026)

See accompanying notes to financial statements

TRANS MIDDLE EAST PHILS. EQUITIES, INC.
3F Universal Re Building, 106 Paseo De Roxas, Makati City

STATEMENT OF CHANGES IN EQUITY
For the Periods December 31, 2022 and 2021

	Note/s	2022	2021
SHARE CAPITAL			
Authorized Capital Share 50,300,000 shares @Php 100.00 par value per share Php5,030,000,000.00			
Subscribed Capital		**5,015,921,400**	5,015,921,400
Add: Isusance of stocks		**-**	-
Less : Subscription Receivable		**-**	-
Paid-up Capital	P	**5,015,921,400**	5,015,921,400
ACCUMULATED PROFITS/LOSS:			
Retained Earnings, Beg.		**2,464,569,534**	2,470,189,560
Profit (Loss) for the Period		**(7,947,613)**	(5,620,026)
Appropriated		**-**	-
Unappropriated		**2,456,621,921**	2,464,569,534
Retained Earnings, End	P	**2,456,621,921**	2,464,569,534
TOTAL EQUITY	P	**7,472,543,321**	7,480,490,934

See accompanying notes to financial statements

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8A - MAKATI
Revenue District Office No. 47
East Makati
RECEIVED
APR 28 2023

TRANS MIDDLE EAST PHILS. EQUITIES, INC.
3F Universal Re Building, 106 Paseo De Roxas, Makati City

STATEMENT OF CASH FLOWS
For the Periods December 31, 2022 and 2021

	Note/s	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (Loss) for the Period	P	**(8,055,032)**	(5,764,215)
Adjustment to reconcile net income to net cash provided by operations			
Operating Income before Working Capital Changes			
Changes in Operating Assets & Liabilities:			
Decrease (increase) in:			
Accounts Receivable- Others		**998,624,425**	185,000,000
Increase (decrease) in:			
Withholding Tax Payable		**(181,000)**	169,500
Accounts Payable		**(1,620,000)**	1,620,000
Advances from Officers		**(325,654,387)**	5,559,591
Cash Generated from Operations		**663,114,006**	186,584,876
Cash Paid for Income Taxes			
Net Cash Provided by Operating Activities	P	**663,114,006**	186,584,876
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income		**107,420**	122,578
Gain on Sales		-	21,610
CASH FLOWS FROM FINANCING ACTIVITIES			
NET INCREASE (DECREASE) IN-CASH	P	**663,221,425**	186,729,064
CASH AT BEGINNING OF YEAR	P	**239,191,911**	52,462,847
CASH AT END YEAR	P	**902,413,336**	239,191,911

See accompanying notes to financial statements

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8A - MAKATI
RECEIVED
APR 28 2023

1. Corporate Information and Status of Operation

Corporate Information

TRANS MIDDLE EAST PHILS. EQUITIES, INC. (the "Company") is a domestic stock corporation incorporated and registered with the Securities and Exchange Commission (SEC) with registration number 116769 on October 17, 1983. The Company's registered principal place of business address, is at 3rd Floor, Universal RE, 106 Paseo De Roxas, Makati City.

The Company is primarily established to purchase, obtain, invest in, subscribe for, or otherwise acquired and own, use, hold, sell, convey, assign, transfer, exchange, mortgage, pledge, take options to, or to otherwise deal in or dispose of, real and personal properties of every kind and description, and any interest and right therein, including shares of stocks, voting trust certificates for share of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities or any of any entity.

The Company is registered with the Bureau of Internal Revenue on September 14, 2006 with **TIN 247-572-498-000**.

Status of Operation

The accompanying financial statements of the Company as of December 31, 2022 and December 31, 2021 were authorized for issue by the Board of Directors on March 03, 2023. The Board of Directors is empowered to make revisions even after the date of issue.

2. Basis of Preparation, Statement of Compliance, Changes in Accounting Policies

Basis of Preparation

The accompanying financial statements of the Company have been prepared using the historical cost and various measurement basis specified by the standards and disclosed in the notes of the respective accounts. The financial statements are presented in the Philippine Peso, which is the Company's functional and presentation currency. All amounts are rounded off to the nearest peso, except when otherwise indicated.

Statement of Compliance

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

Presentation of Financial Statements

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense are not offset in the statement of comprehensive operation unless required or permitted by any accounting standard or interpretation, and a specifically disclosed in the accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in Note 3.

Adoption of New and Revised Accounting Standards

The accounting policies adopted are consistent with those of the previous financial years except for the adoption of the following new and amended standards and Philippine Interpretations. Adoption of these new and amended standards and interpretation did not have any effect on the financial performance or position of the Company. They did, however, give rise to additional disclosures.

- Amended to PFRS 12, *clarification of the Scope of the Standard (part of Annual Improvements to PFRSs 2014-2016 Cycle)*

  The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.
- Amended to PFRS 7, *Disclosure Initiative*, changes in liabilities arising from financing activities:
  a) An entity shall provide disclosure that enable user of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

b) An entity shall disclose the following changes in liabilities arising from financing activities: (a) changes from financing cash flows; (b) changes arising from obtaining or losing control of subsidiaries or other businesses; (c) the effect of changes in foreign exchange rates; (d) changes in fair values; (e) other changes.
c) Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities. In addition, the disclosure requirement in paragraph 44A of the PAS 7 also applies to changes in financial assets (for example, assets that hedge liabilities arising from financing activities) if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.
d) One way to fulfil the disclosure requirement in paragraph 44A of PAS 7 is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities, including the changes identified in paragraph 44B of PAS 7. Where an entity discloses such reconciliation, it shall provide sufficient information to enable users of the financial statements to link items included in the reconciliation to the statement of financial position and statement of cash flows.
e) If an entity provides the disclosure required by paragraph 44A in combination with disclosure of changes in other assets and liabilities, it shall disclose the changes in liabilities arising from financing activities separately from changes in those other assets and liabilities.

- Amendment on PFRS 12, *Income Taxes*, recognition of Deferred Tax assets for Unrealized Losses clarify the following changes:
  a) Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
  b) The carrying amount of an asset does not limit the estimation of probable future taxable profits.
  c) Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
  d) An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Amendments on PFRS 12 are specifically the following:

a) *Paragraph 27A*- When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, it considers whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. If tax law imposes no such restrictions, an entity assesses a deductible temporary difference in combination with all of its other deductible temporary differences. However, if tax law restricts the utilisation of losses to deduction against income of specific type, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type.
b) *Paragraph 29- Compares the deductible temporary differences with future taxable profit that excludes tax deductions resulting* from the reversal of those deductible temporary differences. This comparison shows the extent to which the future taxable profit is sufficient for the entity to deduct the amounts resulting from the reversal of those deductible temporary differences.
c) *Paragraph 29A*- The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this. For example, when an asset is measured at fair value, the entity shall consider whether there is sufficient evidence to conclude that it is probable that the entity will recover the asset for more than its carrying amount. This maybe the case, for example, when entity expects to hold a fixed-rate debt instrument and collect the contractual cash flows.
d) *Paragraph 98G*- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12), issued in January 2016, amended paragraph 29 and added paragraph 27A, 29A and the example following paragraph 26. An entity shall apply those amendments for annual period beginning on or after January 1, 2017. If an entity applies those amendments for an earlier period, it shall disclose that fact. An entity shall apply those amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period maybe recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity.

Effective January 1, 2018

- PFRS 9, *Financial Instruments: Classification and Measurements* reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. The standard is effective for annual periods beginning on or before January 1, 2018. Work on impairment of financial instruments and hedge accounting is still on going, with a view to replacing PAS 39 in its entirely. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.
- PFRS 15, *Revenue from Contracts with Customers* applies to all contracts with customers except for: leases within the scope of IAS 17 Leases; financial instruments and other contractual rights or obligations within the scope of IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures; insurance contracts within the scope of IFRS 4 Insurance Contracts; and non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers.

New Revised Standards, Amendments to Standards and Interpretations Not Yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2018, and have not been applied in preparing these financial statements. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS, PAS and Philippine Interpretations International Financial reporting Interpretation Committee (IFRIC) to have significant impact on its financial statements.

The Company will adopt the following new revised standards, amendments to standards and interpretations in the respective effective dates:

Effective January 2019

- PFRS 16, Leases sets out the principles for the recognition, measurement, presentation and disclosure of lease for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). PFRS 16 is effective from January 1, 2019. A company can choose to apply IFRS 16 before that date but only if it also applies PFRS 15 revenue from Contracts with Customers. PFRS 16 replaces the previous leases Standards, PAS 17, and the related Interpretations. Recognition comprises the following:
    a) Lessees – all leases result in a company (the lessee) obtaining the right to use an asset at the start of the lease and if, lease payments are made over time, also obtaining financing. Accordingly, PFRS 16 eliminates that classification of leases as either operating leases or finance leases as is required by PAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement.
    b) Lessors- PFRS 16 substantially carries forward the lessor accounting requirements in PAS 17. Accordingly, a lessor continues to classify its leases as operating or finance leases and to account for those two types of leases differently.

Summary of Significant Accounting Policies

Financial Instruments

Financial instruments are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the trade date- the date on which the Company commits to purchase or sell the asset.

Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of liability). Except for financial assets at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs. Financial assets under PAS 39 are classified as either financial assets at FVPL, loans and receivables, held to maturity investments and AFS investments. The financial assets of the Company are of the nature of loans and receivables. Also under PAS 39, financial liabilities are classified as FVPL or other financial liabilities. The Company's financial liabilities are of the nature of other financial liabilities.

Financial Assets and Liabilities

Financial assets include cash and financial instruments. The Company classifies its financial assets, other than hedging instruments, into the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. Financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

Determination of Fair Value

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

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

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

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

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

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

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

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

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

The Company determines the policies and procedures for both recurring and non-recurring fair value measurements. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy.

The Company recognizes transfers into and transfers out of fair value hierarchy levels by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) as at the date of the event or change in circumstances that caused the transfer.

"Day 1" Difference. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the statements of operation unless it qualifies for recognition as some other type of asset or liability. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statements of operation when the inputs become observable or when the instruments is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference amount.

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 the date of placement and that are subject to an insignificant risk of change in value.

Cash and Cash Equivalents as of December 31, 2022 is **P 902,413,336** as stated on *Note 4.*

Other Financial Liabilities
Issued financial instruments or their components, which are not designated at FVPL, are classified as other financial liabilities when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole, the amount separately determined as the fair value of the liability component on the date of issue. After initial measurement, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. Any effects of restatement of foreign currency denominated liabilities are recognized in the statement of comprehensive operation. This accounting policy applies primarily on the Company's borrowings, accounts payable and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable).

All loans and borrowings are initially recognized at the fair value of the consideration received plus directly attributable transaction costs. The fair value of the interest bearing long term debt is based on the discounted value of future cash flows using the applicable rates for similar types of loans. For floating rate long term debt which is priced monthly, the carrying value approximates the fair value because of recent and regular repricing based on current market rates. For floating rate long term debt, which is repriced semi-annually, the fair value is determined by discounting the principal amount plus the next interest payment using the prevailing market rate for the period up to the next repricing date.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective method. Amortized cost is calculated by taking into account any discount or premium on the issue and fess that are an integral part of the effective interest rate. Gains and losses are recognized in the statement of comprehensive income/loss when the liabilities are derecognized as well as through the amortization process.

For the current year, the Company has no outstanding loans and borrowings bearing interest.

Securities and Exchange Commission

Receivables, payables and other basic financial instruments

Initial measurement

Financial assets and liabilities are initially measured at the transaction price including transaction cost except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss unless the arrangement constitutes a financing transaction. If the arrangement constitutes a financing transaction, the financial instruments are measured at the present value of the future payments discounted at a market rate interest for similar debt instrument.

Measurement subsequent to initial recognition

Debt instruments are measured at amortized costs using the effective interest method. Debt instruments classified as current assets or current liabilities are measured at the undiscounted amount of the cash or other consideration expected to be received or paid unless the arrangement constitutes a financing transaction. If the arrangement constitutes a financing transaction, the Company shall measure the debt instrument at the present value of the future payments discounted at the market rate of interest for a similar debt instrument.

For investments in non-convertible preference shares and non-puttable ordinary or preference shares like publicly traded shares whose fair value can be measured reliably, the instruments are measured at fair value with changes in fair value recognized in profit or loss while all other investments are measured at cost less impairment.

Impairment of Financial Assets

Assets carried at Amortized Cost

The Company assesses at each reporting date whether a financial or group of financial assets is impaired. If there is objective evidence that an impairment loss on financial assets carried at amortized cost (e.g., receivables0 has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through use of allowance account. The amount of the loss shall be recognized in the statement of comprehensive income/loss.

The Company first assesses whether its objective evidence of impairment, such as aging assets and/or status of debtors, exist individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial asset with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. If, in a subsequent period, the amount of the impairment loss decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income/loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

With respect to receivables, the Company maintains a provision for impairment of receivables at a level considered adequate to provide for potential uncollectible receivables. The level of this provision is evaluated by management on the basis of factors that affect the collectability of the accounts. A review of the age and status of receivables, designed to identify accounts to be provided with allowance, is performed regularly.

Reversal of impairment

If in subsequent period, the amount of an impairment loss decreased and it can be related objectively to an event occurring after the impairment was recognized, the Company reverses the previously recognized impairment loss either directly or by adjusting an allowance account.

However, the reversal shall not result in a carrying amount of the financial asset net of any allowance account that exceeds what the carrying amount would have been had the impairment not previously been recognized. The Company recognizes the amount of the reversal in profit or loss immediately.

Fair value measurement

The Company uses the following hierarchy to estimate the fair value of the financial assets in the form of shares: 1. Quoted price for an identical asset in an active market or current bid price; 2. Price of recent transaction for an identical asset; 3. Valuation technique; 4. Current fair value of another substantially the same asset; 5. Discounted cash flow analysis; 6. Option pricing models.

If reliable measure of fair value is no longer available for an asset measured at fair value, its carrying amount at the last date the asset was reliably measurable becomes its new cost. The Company measures the assets at this cost amount less impairment until a reliable measure of fair value becomes available.

DE recognition of Financial Instruments

Financial Asset

A Financial asset (or, where applicable, a part of a financial asset or part of a Company of financial assets) is derecognized where:

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

Where the Company has transferred its right to receive cash flows from an asset or has entered into pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset not transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

Financial Liability

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income/loss.

Offsetting

Financial assets and liabilities are only 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 the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Revaluation of Asset

Under revaluation, assets is carried at revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment, provided that fair value can be measured reliably.

If a revaluation results in an increase in value, it should be credited to other comprehensive operation and accumulated in equity under heading "revaluation surplus" unless it represents the reversal of revaluation decreases of the same asset previously recognized as an expense, in which case it should be recognized in profit or loss.

A decrease arising as a result of a revaluation should be recognized as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset.

When a revalued asset is disposed of, any revaluation surplus may be transferred directly to retained earnings, or it may be left in equity under the heading revaluation surplus. The transfer to retained earnings should not be made through profit or loss.

Impairment of Nonfinancial assets

Nonfinancial Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying of amount of an asset may not be recoverable. If any such indication exist and where carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposals while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of comprehensive income/loss.

Recovery and impairment losses recognized in prior years are recorded when there is indication that the impairment losses are recognized for the asset no longer exist or have decreased. The recovery is recorded in the statement of comprehensive loss. However, the increased carrying amount of an asset due to recovery of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depletion, depreciation and amortization) had no impairment loss been recognized for the asset in prior years.

Income Taxes

Current Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred income Tax

Deferred Income tax is provided, using the statement of financial position Liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for all deductible temporary differences, carry forward benefits of unused tax credits from excess minimum corporate income tax (MCIT) and unused net operating loss carry over (NOLCO), to the extent that is probable that the taxable profit will be available against which the deductible temporary differences and carry forward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit.

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 taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred income tax asset to be recovered.

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

Expense Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletion in 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 period these were incurred.

Cost and expenses are recognized in the income statement upon consumption of the goods and/or utilization of the service or at the date they are incurred. Expenditure for warranties if any is recognized and charged against the associated provision when the related revenue is recognized.

General and Administrative Expenses

These expenses constitute cost of administering the company's day-to-day operation and are recognized when incurred and includes rental and taxes and licenses.

Foreign Currency Transactions

Functional and Presentation Currency

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

Functional currency is the currency of the primary economic environment in which the entity operates or in which it primarily generates and expends cash, while presentation currency is the currency in which the financial statements are presented.

Transaction and Balances

Foreign currency transactions are translated into Philippine peso using the exchange rates prevailing at the dates of the transactions. Outstanding foreign currency denominated assets and liabilities are translated at the exchange rate prevailing at reporting date. Foreign exchange gains or losses resulting from the settlement of such transactions or realized gain or loss and from the translation of monetary assets and liabilities denominated in foreign currency or unrealized gain or loss is recognized in the statement of comprehensive income/loss.

Share Capital

Ordinary or common shares are classified as equity. The proceeds from the increase of ordinary or common shares are presented in equity as share capital to the extent of the par value of issued shares and any excess of the proceeds is presented in equity as additional paid-in capital.

Equity instruments are measured at the fair value of the cash or other resources received or receivable.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction from proceeds. The excess proceeds from issuance of shares over par value of share are credited to share premium.

If payment is deferred and the time value of the money is material, the initial measurement is on a present value system.

Where the Company purchases its own shares (treasury shares), the considering paid including any directly attributable incremental costs is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequent sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, and is included in equity.

Provisions

Provisions are recognized when (a) The Company has a present obligation (legal and constructive) as a result of past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingencies
Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

Events after the Reporting Date
Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. **Summary of Significant Accounting Judgments, Estimates and Assumptions**
The preparation of the amended financial statements in accordance with PFRs for SMEs requires management to make judgements, estimates and assumptions that affect amounts reported in the financial statements and related notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Company's financial statements. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgements
In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

Determining Functional Currency
Based on the economic substance of the underlying circumstance relevant to, the functional currency of the Company has been determined to be the Philippine Pesos. The Philippine Pesos is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the revenues and expenses of the Company. Since the Company's financial reports are stated in Philippine pesos, fluctuations in exchange rates of this currency will not materially affect the stated balances in the statement of financial position.

Classification of Financial instruments
The Company exercises judgement in classifying a financial instrument, or its component parts, on initial recognition either as a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial position.

The Company determines the classification of financial instruments at initial recognition and re-evaluates this designation at every reporting date.

Going Concern
The Company's management has made an assessment of the Company's ability to continue as a going concern and assessed that there is uncertainty about the Company's ability to continue as a going concern. Therefore, the financial statements were prepared on a going concern basis.

Estimates and Assumptions
The financial statements prepared in compliance with PFRS require management to make estimates and assumptions that affect amounts reported in the financial statements and related notes. The estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Determination of fair value of Financial Assets and Liabilities
Where the fair value of financial instruments recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The input to these models is taken from the observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgement is required in establishing fair values. The judgement includes considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors affect the reported fair value of financial instruments. The assumptions used to estimate the fair value of financial assets and liabilities are described in *Note 11*.

4. **Cash and Cash Equivalents**
This account pertains to cash and cash equivalents as of December 31, 2022.

Deposits with Bank-Pesos	
BDO#539806690	677,147
BDO#65862	36,095,287
CB#303-0888613	816,558
MBTC 7613040117	44,701
Philippine Veterans Bank	864,482,105
Total	**902,115,798**
Dollar Accounts	297,538
Total	**297,538**
TOTAL CASH AND CASH EQUIVALENTS	**902,413,336**

5. **Accounts Receivables-Others**
As at December 31, 2022, The Company has the following details of Account Receivables-Others

OTHERS	3,208,870,505
Investment for future subscription	3,557,201,778
Total	**6,766,072,283**

6. **Current Liabilities**
The Company has no Current Liabilities as at December 31, 2022.

7. **Non-Current Liabilities**
As at December 31, 2022 the Company's Non-Current Liabilities is as follows:

Advances from Officers	195,942,298
TOTAL	**195,942,298**

8. **Capital Shares**

	Shares	Amount
	2022	**2022**
Authorized - P 100.00 par value	50,300,000	5,030,000,000
Issued, paid-up & outstanding:		
Balance at beginning of year	50,159,214	5,015,921,400
Issued during the year	-	-
Balance at end of year	50,159,214	5,015,921,400
Ordinary share capital	**50,159,214**	**5,015,921,400**

The Company has five (5) shareholders as at December 31, 2022.

9. **Revenues**
The Company has no regular Revenue except for the other income (interest Income) as at December 31, 2022.

Other Comprehensive Income	
Interest Income	107,420
Total	**107,420**

10. **Operating and Administrative Expenses**
The following are the breakdown of Operating and Administrative Expenses for the year ended December 31, 2022.

Professional fee & other fees	7,996,030
Taxes and Licenses	18,702
Miscellaneous Expense	40,300
Total	**8,055,032**

11. Financial Assets and Liabilities

Set out below is comparison by category of carrying amounts and fair values of all Company's financial instruments that are carried in the financial statements. There are no material unrecognized financial assets and liabilities as of December 31, 2022 and December 31, 2021:

	2022		2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and Cash Equivalents	902,413,336	902,413,336	239,191,911	239,191,911
Accounts Receivable-Others	6,766,072,283	6,766,072,283	7,764,696,708	7,764,696,708
	7,668,485,619	**7,668,485,619**	**8,003,888,619**	**8,003,888,619**
Financial Liability				
Current Liabilities	-	-	1,801,000	1,801,000
Non-Current Liabilities	195,942,298	195,942,298	521,596,685	521,596,685
	195,942,298	**195,942,298**	**523,397,685**	**523,397,685**

Current Asset and Current Liability
The carrying values of assets and liabilities were assessed to approximate their values due to the short-term nature of these accounts.

Non-Current Asset
Property, Plant and Equipment approximate their fair values net of depreciation.

12. Financial Risk Management Objectives and Policies

The Company's financial instruments comprise of cash, inventories and property, plant and equipment.
The main risks arising from the Company's financial instruments are:

- Credit risk
- Liquidity risk
- Interest risk

The Board of directors (BOD) has overall responsibility for the establishment and oversight of the risk management framework of the Company. The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities of the Company. The Company's BOD and management review and agree on the policies for managing each of these risks as summarized below:

Credit Risk
Credit risk is that one party to a financial instrument will fail to discharge and perform obligation and cause the other party to incur financial loss.

The Company's credit risks are primarily attributable to and other financial assets of the Company. To manage credit risks, the Company maintains defined credit policies and monitors its exposure to credit risk on a continuous basis. The Company adheres to fixed limits and guidelines in its dealings with counterparty banks. Bank limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. Nevertheless, the Company closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits. The exposure to credit risk arises from default of the counterparty banks, with a maximum exposure equal to the carrying amounts of these instruments.

		Gross maximum Exposure	
	Note(s)	December 31, 2022	December 31, 2021
Cash	4	902,413,336	239,191,911
Accounts Receivable	5	6,766,072,283	7,764,696,708
		7,668,485,619	**8,003,888,619**

The following tables provide the credit quality of the Company's financial assets that are neither past due nor impaired and past due or impaired.

	December 31, 2022		
	Neither Past due nor Impaired		
	High Grade	Standard	Total
Cash	902,413,336		902,413,336
	902,413,336		**902,413,336**

The credit quality of the financial assets was determined as follows:

➢ Cash is classified as "High Grade" since cash is placed in high profile banking institutions with good credit rating and bank standing.

For assets to be classified as 'past due and impaired', contractual payments in arrears are more than one (1) year. The Company operates mainly on a 'neither past due or impaired basis' and when evidence is available an impairment assessment will also be performed, if applicable.
Overall, the Company considers cash as high grade and standard grade accounts of good quality.

The maximum amount that best represents credit risk on financial assets pertains to their carrying amounts of **P 7,668,485,619** and **P 8,003,888,619** as of December 31, 2022 and December 31, 2021, respectively. The financial effect to the Company pertaining to its exposure to credit risk is not significant given its strategy to mitigate risks.

Liquidity Risk

Liquidity risk arises when there is a shortage of funds and the Company, as consequence, could not meet its maturing obligations. The Company seeks to manage its liquid funds through cash planning on a monthly basis. The Company uses historical experiences and forecasts from its collection and disbursement. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities. Also, the Company only places funds in the money market which are exceeding the Company's requirements. Placements are strictly made based on cash planning assumptions and covers only a short period of time.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of advances from related parties. The Company considers its available funds and its liquidity in managing its long-term financial requirements. For its short-term funding, the Company's policy is to ensure that there are sufficient capital inflows to match repayments of short-term debt.

The company maintains active credit facilities with creditors and banks to increase availability of funds. Furthermore, the Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury procedures and controls are in place to ensure that sufficient cash is maintained to cover operational and working capital requirements. Management closely monitors future and contingent obligations of the entity.

The table below summarizes the maturity profile of the Company's financial liabilities as of December 31, 2022 based on contractual undiscounted payments.

December 31, 2022	Within 12 Months	More than 1 year	Total
Current Liability	-	-	-

Interest Rate Risk

The Company's exposure to the risk of changes in market interest relates primarily to cash in bank and its debt obligation with fixed interest rate. The Company, through its competencies in managing debt obligations, transacts with creditor to ensure the most advantageous terms and to reduce exposure to risk of changes in market interest rates.

13. **Capital Management Objectives, Policies and Procedures**

The Company's objective when managing capital are to increase the value of shareholder's investment by applying selective investments that would further the Company's growth. The Company sets strategies with the objective of establishing a sound financial management and capital structure.
The company monitors capital via carrying amount of equity stated in the statement of financial position. The Company's capital ended December 31, 2022 and year ended December 31, 2021 is as follows:

	2022	2021
Total Assets	7.668,485,619	8,003,888,619
Total Liability	195,942,298	521,596,685
Total Equity	7,472,543,321	7,480,490,934
Debt to equity ratio	.026	.0697

There are no changes made in the objectives, policies or procedures during the twelve (12) months ended December 31, 2022 and year ended December 31, 2021.

14. **Taxes**

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal revenue (BIR) and is not a required part of the basic financial statements.

I. Importation
The Company does not deal with importation and does not have any transactions requiring importation entries, landed cost, duties and tariffs.

II. Excise tax
The Company is not subject to excise tax payments as at December 31, 2022.

III. Taxes and Licenses

PARTICULAR	OR. NO	DATE	AMOUNT
Barangay Clearance			1,140
Community Tax Certificate	CCC2019 00125206	01.19.2000	500
Pacific Union Insurance Company	8037621	01.21.2022	1,122
Business permit	4441215BU	01.25.2022	15,440
BIR (Annual Registration Fee)	0605	01.28.2022	500
Total			18,702

The Company has transactions pertaining to this account during for the year ended December 31, 2022.

IV. Documentary stamp tax (DST)
The Company has no transactions pertaining to this account for the year ended December 31, 2022.

V. Tax assessment
The Company has no pending case with any judicial or quasi-judicial body.

15. **Supplementary information Required by RR 19-2011**

The amounts of taxable revenues and income, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR.

The Company's schedules for the year ended December 31, 2022 are shown below:

a) Revenues
The Company has no regular Revenue except for the other income as at December 31, 2022 on *Note 9.*

b) Direct Expenses
The Company's Operating and Administrative Expenses for the year ended December 31, 2022 is **8,055,032** stated on *Note10.*

c) Itemized Deductions
The Company's itemized deduction consists of several expenses for the year ended December 31, 2022 as shown in *Note 10.*