SECURITIES AND EXCHANGE COMMISSION
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Company Information

SEC Registration No.: 0000196800
Company Name: ZOE BROADCASTING NETWORK, INC.
Industry Classification: None
Company Type: Stock Corporation

Document Information

Document ID: OST10626202381387514
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

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

ZOE BROADCASTING NETWORK, INC.

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

22F STRATA 2000 EMERALD AVE
BRGY SAN ANTONIO
PASIG CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
angie19_b@yahoo.com	8638-3469	NA

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
7	1st Monday of September	December 31, 2022

CONTACT PERSON INFORMATION

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

Name of the Contact Person	Email Address	Telephone Number	Mobile Number
Eduardo C. Villanueva	NA	[redacted]	NA

CONTACT PERSON'S ADDRESS

[redacted]

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

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ZOE
BROADCASTING NETWORK, INC.
OWNER VHF TV 11 & UHF TV 33
MEMBER KBP

22nd Flr., Strata 2000 Bldg., F. Ortigas Jr. Ave.,Ortigas Ctr., Pasig City, Philippines
Tel. Nos.: (632) 638-3469 to 72 / Fax No.: (632) 638-3468

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **ZOE BROADCASTING NETWORK, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

RACHEL S. VILLANUEVA - GO, the independent auditor and appointed by the shareholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and on her report to the shareholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

[redacted]

SHERWIN N TUGNA
Chairman of the Board

[redacted]

SHERWIN N. TUGNA
Chief Executive Officer

[redacted]

GENOVEVA MENDOZA
Treasurer

Signed this day of: April 25 of 2023

RACHEL S. VILLANUEVA – GO
CERTIFIED PUBLIC ACCOUNTANT

Securities and Exchange Commission PHILIPPINES

SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

The Shareholders and Board of Directors
ZOE BROADCASTING NETWORK, INC.
22nd Floor Strata 2000 Bldg., F. Ortigas Jr. Ave.,
Ortigas Center, Pasig City

I have examined the financial statements of **ZOE BROADCASTING NETWORK, INC.** for the year ended December 31, 2022, on which I have rendered the attached report dated April 25, 2023.

In compliance with SRC Rule 68, I am stating that the said company has seven (7) shareholders owning one hundred (100) or more shares each.

[redacted]

RACHEL S. VILLANUEVA - GO
CPA Certificate No.[redacted]
TIN [redacted]
BOA/PRC Accreditation No. [redacted](Valid from April 1, 2023 to March 31, 2026)
BIR Accreditation No[redacted](Valid from March 3, 2021 to March 2, 2024)
SEC Accreditation No. [redacted]EC, Category C, Valid for audit of 2021 to 2025 financial statements of SEC covered institutions
PTR No.[redacted] January 6, 2023, General Trias City, Cavite

April 25, 2023
General Trias, Cavite

RACHEL S. VILLANUEVA – GO
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

The Shareholders and Board of Directors
ZOE BROADCASTING NETWORK, INC.
22nd Floor Strata 2000 Bldg., F. Ortigas Jr. Ave.,
Ortigas Center, Pasig City

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of **ZOE BROADCASTING NETWORK, INC.** which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company 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.

Basis of Opinion

I conducted my audits in accordance with Philippine Standards on Auditing (PSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in the Philippines, the Code of Ethics for Professional Accountants in the Philippines, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 these financial statements in accordance with the Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the 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.

B5 L20 Valencia St., Grand Forbes, Bacao, II General Trias, Cavite

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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

Report on Other Legal and Regulatory Requirement

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, duties and license fees in notes to the Financial Statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management and 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 a whole.

[redacted]

RACHEL S. VILLANUEVA - GO
CPA Certificate No. [redacted]
TIN [redacted]
BOA/PRC Accreditation No. [redacted] (Valid from April 1, 2023 to March 31, 2026)
BIR Accreditation No. [redacted] (Valid from March 3, 2021 to March 2, 2024)
SEC Accreditation No. [redacted]-SEC, Category C, Valid for audit of 2021 to 2025 financial statements of SEC covered institutions
PTR No. [redacted] January 6, 2023, General Trias City, Cavite

April 25, 2023
General Trias, Cavite

ZOE BROADCASTING NETWORK, INC.
Statements of Financial Position
As at December 31, 2022 and 2021
(In Philippine Peso)

ASSETS	Notes	2022	2021
Current Assets			
Cash on hand and in banks	*2c ,4*	**175,213,897**	124,169,465
Receivables	*2c, 5.2*	**60,519,460**	39,741,582
Due from affiliates	*2c, 2l, 5, 14*	**27,436,914**	29,460,055
Prepaid Tax	*2r*	**-**	4,321,104
Prepayments and other current assets	*2e, 6*	**954,357**	24,007,706
Total		**264,124,628**	221,699,912
Non-Current Assets			
Financial asset at fair value through OCI	*2c, 5*	**1,510,000**	1,510,000
Receivables	*2c, 5*	**-**	9,000,000
Investment property at net	*2f, 10*	**68,844,827**	68,844,827
Property and equipment, net	*2g, 8*	**135,762,450**	92,051,515
Right of use assets, net	*2h, 2p, 9*	**-**	890,672
Other assets	*2e, 7*	**15,399,592**	14,614,869
Deferred tax assets	*2r, 17.b*	**3,528,178**	1,395,918
Total		**225,045,047**	188,307,801
TOTAL ASSETS		**489,169,675**	410,007,713

LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	*2c, 2k, 2j, 11*	**19,317,231**	12,583,117
Lease liabilities	*2p, 9*	**-**	802,643
Income tax payable	*2q*	**3,202,331**	-
Total		**22,519,562**	13,385,760
Non-Current Liability			
Accrued retirement benefit obligation	*2q and 12*	**4,857,733**	4,957,347
TOTAL LIABILITIES		**27,377,295**	18,343,107
EQUITY	*2m, 13*		
Authorized:			
Common Shares - 3,000,000 shares @ P 100 par value per share		**300,000,000**	300,000,000
Subscribed and paid up capital	*2m, 13*	**220,000,000**	220,000,000
Accumulated profits	*2m, 13*	**189,634,388**	120,264,235
Reserves	*2m, 13*	**52,157,992**	51,400,371
TOTAL EQUITY		**461,792,380**	391,664,606
TOTAL LIABILITIES AND EQUITY		**489,169,675**	410,007,713

(see notes to financial statements)

ZOE BROADCASTING NETWORK, INC.
Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(In Philippine Peso)

	Notes	**2022**	2021
Service income	*2n*	**400,922,439**	154,225,844
Cost of services	*2o, 15*	**(236,824,134)**	(84,347,132)
Gross profit		**164,098,305**	69,878,712
General and administrative expenses	*2o, 16*	**(60,612,920)**	(41,450,996)
Profit from operations		**103,485,385**	28,427,716
Other expenses, net of other income	*2o, 2n*	**(10,146,027)**	(4,734,295)
Finance income	*2n and 4*	**34,642**	46,112
Profit before income tax		**93,374,000**	23,739,533
Income tax benefit (expense)	*2r and 17*		
Current		**(26,388,647)**	(4,368,282)
Deferred		**2,384,800**	(3,793,962)
Total		**(24,003,847)**	(8,162,244)
Net Profit		**69,370,153**	15,577,289
Other comprehensive income			
Actuarial gain	*2q and 12*	**1,010,161**	1,132,688
Deferred tax on actuarial gain	*2q and 17*	**(252,540)**	(246,448)
Net		**757,621**	886,240
Total comprehensive income		**70,127,774**	16,463,529

(see notes to financial statements)

ZOE BROADCASTING NETWORK, INC.
Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(In Philippine Peso)

	Share Capital	Reserves		Accumulated Profits	Total
		Appropriation Reserves	Other Comprehensive Income		
Balances at December 31, 2020	220,000,000	50,000,000	514,131	104,686,946	375,201,077
Total comprehensive income	-	-	886,240	15,577,289	16,463,529
Balances at December 31, 2021	220,000,000	50,000,000	1,400,371	120,264,235	391,664,606
Total comprehensive income	-	-	757,621	69,370,153	70,127,774
Balances at December 31, 2022	**220,000,000**	**50,000,000**	**2,157,992**	**189,634,388**	**461,792,380**

(see notes to financial statements)

ZOE BROADCASTING NETWORK, INC.
Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(In Philippine Peso)

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		**93,374,000**	23,739,533
Adjustment to reconcile profit before tax to net cash provided by in operating activities:			
Interest expense	9	**37,357**	35,080
Depreciation	*8 , 9, 10*	**12,230,450**	9,553,360
Bad debts expense	*5*	**9,000,000**	-
Retirement benefit expense	*12*	**910,547**	868,362
Unrealized foreign exchange loss		**936,476**	477,101
Finance income	*4*	**(34,642)**	(46,112)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**116,454,188**	34,627,324
(Increase) Decrease in current assets			
Receivables		**(20,777,878)**	14,795,107
Prepayments and other current assets		**23,053,349**	(20,072,522)
Increase in current liabilities			
Accounts payable and accrued expenses		**6,734,114**	2,477,293
Cash generated from operations		**125,463,773**	31,827,202
Income tax paid		**(18,865,211)**	(7,075,085)
NET CASH PROVIDED BY OPERATING ACTIVITIES		**106,598,562**	24,752,117
CASH FLOWS FROM INVESTING ACTIVITIES			
Other assets		**(784,723)**	(817,880)
Acquisition of property and equipment	*8 , 21*	**(55,050,714)**	(23,080,241)
Finance income received	*4*	**34,642**	46,112
NET CASH USED IN INVESTING ACTIVITIES		**(55,800,795)**	(23,852,009)
CASH FLOWS FROM FINANCING ACTIVITIES			
Due from affiliates	*14*	**2,023,141**	1,014,584
Repayment of lease liability	*9*	**(840,000)**	(420,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**1,183,141**	594,584
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES		**(936,476)**	(477,101)
NET INCREASE IN CASH ON HAND AND IN BANK		**51,980,908**	1,494,690
CASH ON HAND AND IN BANK AT THE BEGINNING OF YEAR		**124,169,465**	123,151,875
CASH ON HAND AND IN BANK AT THE END OF YEAR	*4*	**175,213,897**	124,169,465

(see notes to financial statements)

Note 1 – Corporate information

ZOE BROADCASTING NETWORK, INC. (also referred to herein as "the Company" or "ZBNI") was organized under the existing Philippine Laws on October 11, 1991 with the Securities and Exchange Commission (SEC) under SEC Registration No. AS09196800 and is a member of the KAPISANAN ng mga BRODKASTER ng PILIPINAS (KBP).

The Company's registration is primarily to do business through construction, establishment, maintenance, operation, purchasing or dealing in radio and television broadcasting throughout the Philippines where frequencies and/or channels are still available for radio and/or television broadcasting, including digital terrestrial television system, through microwave, satellite, or whatever means, or the use of any technologies in television and radio systems, with the corresponding technological auxiliaries or facilities, special broadcast, and other program and distribution services, and relay stations, and to install radio communication facilities for the grantee's private use in its broadcast services. The latest franchise renewal was approved on July 17,2016 for a period of 25 years.

The Company's registered office is at 22ndFloor, Strata 2000, Emerald Avenue, Ortigas Center, Pasig City, Philippines.

The accompanying financial statements of the Company as at and for the years ended December 31, 2022 and 2021 were approved and authorized for issue by the Board of Directors (BOD) on April 25, 2023.

Note 2 – Summary of Significant Accounting Policies

The principal accounting policies adopted in preparing the financial statements of the Company are summarized below. These policies have been consistently applied to all years presented, unless otherwise stated.

a. Basis of preparation

1. Statement of compliance with Philippine Financial Reporting Standards

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

2. Basis of preparation and presentation

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

   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 Company'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 3.

   The Company has adopted the full PFRS as it is considered a publicly accountable entity. The Company's total assets exceeded the threshold of P 350 million.

3. Presentation of financial statements

   In accordance with PAS 1 (Effective 2013), the Company is required to present a third Statement of Financial Position as at the beginning of the preceding period (hereinafter referred to as third Statement of Financial Position) when an entity:

   i. Applies an accounting policy retrospectively; or
   ii. Makes a retrospective restatement of items in its financial statements; or
   iii. Reclassifies items in its financial statements, and

   The retrospective application, retrospective restatement or reclassification has a material effect on such third Statement of Financial Position.

   Accordingly, no notes are required for this third Statement of Financial Position, except for information required under PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The Company adopted PAS19r (Employee Benefits) during the year, which requires retrospective application. Consequently, third Statement of Financial Position is presented.

   The financial statements are presented in accordance with PAS 1 (Amended 2011), *Presentation of Financial Statements.* The Company presents all items of income and expenses in a single statement of profit or loss and comprehensive income.

4. Current vs noncurrent classification

   The Corporation presents assets and liabilities in the statements of financial position based on current/noncurrent classification. An asset is current when it is:

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

   All other assets are classified as noncurrent.

   A liability is current when:

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

   All other liabilities are classified as noncurrent.

   Net deferred tax assets and liabilities, if any, are classified as noncurrent asset and liability, respectively.

5. Functional and presentation currency

   These financial statements are presented in Philippine Peso, the Company's functional currency, and values represent amounts except when otherwise indicated.

   Items included in the financial statements of the Company are measured using its functional currency, the currency of the primary economic environment in which the entity operates.

b. Change in accounting estimates

The accounting policies adopted are consistent with those of the previous financial year except for the changes in accounting policies as explained below. The Company has adopted the following new standard, amendments to standard and interpretation starting January 1, 2022 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these new and amended standards and interpretation did not have any significant impact on the Company's financial statements:

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  On May 28, 2020, the Board issued COVID-19-Related Rent Concessions - Amendment to PFRS 16, Leases. The amendments provide relief to lessees from applying PFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under PFRS 16, if the change were not a lease modification.

  The amendment was intended to apply until June 30, 2021, but as the impact of the COVID-19 pandemic is continuing, on March 31, 2021, the Board extended the period of the application of the practical expedient to June 30, 2022.

  The amendment applies to annual reporting periods beginning on or after April 1, 2021. The amendment did not have any impact on the financial statements of the Company, as the Company has not received COVID-19-related rent concessions.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments have no significant impact in the Company's financial statements.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds before intended use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendments have no significant impact in the Company's financial statements.

- Amendments to PAS 37, *Onerous Contracts - Cost of fulfilling a contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The Company analyzed all contracts existing at January 1, 2022 and determined that none of them would be identified as onerous applying the provisions of the current standards.

- Annual improvements to PFRS Standards 2018-2020 Cycle

  - Amendments to PFRS 1, First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  - Amendments to PFRS 9, Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  - Amendments to PAS 41, Agriculture, Taxation in fair value measurements

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

    These amendments have no material impact in the Company's financial statements.

Standards issued but not yet effective

The Company will adopt the following new pronouncements when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these new pronouncements to have a significant impact on the financial statements.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

The Company is still evaluating the impact of these new amendments.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

  The Company is still evaluating the impact of these new amendments.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2024

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

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  The Company is still evaluating the impact of these new amendments.

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  o Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  o Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

  The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

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

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

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

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

  The amendments are not applicable to the Company since it has no activities that are predominantly connected with insurance or issue insurance contracts.

Deferred Effectivity

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

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

  The Company is currently assessing the impact of the above amendments and to be adopted when effective and applicable.

c. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

All financial instruments, whether financial assets or financial liabilities, are initially measured at fair value. Initial measurement includes transaction costs, except for financial assets and financial liabilities valued at FVTPL.

- **Financial assets**

Classification and Measurement

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

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.
Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Company's financial assets consist of cash and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are carried at cost or amortized cost in the statements of financial position. Loans and receivable of the Company consists of cash in banks and trade and other receivables.

Cash in banks are carried in the financial statements at face value. These are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The Company's receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This account pertains to trade receivables and advances to employees. Those that are denominated in a foreign currency are translated into Philippine Peso using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses. Receivables are included in current assets if maturity is within 12 months from the reporting period. Otherwise, these are classified as non-current assets.

Receivables of the Company includes trade receivables, advances to affiliates and other receivables.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Company has no debt instruments at fair value through OCI as of December 31, 2022 and 2021.

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

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

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

The Company does designate financial assets at OCI (equity instruments) amounting to P 1,510,000 as of December 31, 2022 and 2021, respectively.

Financial asset through fair value at OCI of the Company is Investment in Rural Bank Batac. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Financial assets at fair value through profit or loss

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

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

This category includes derivative instruments and listed equity investments.

The Company has no financial assets designated at FVPL as of December 31, 2022 and 2021.

Impairment of financial assets

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

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash in banks, the Company applies a general approach in calculating ECLs. The Company recognizes a loss allowance based on ether 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash since initial recognition.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Related party balances with affiliates were no longer included in the ECL analysis as the Company deems that it is impractical to do so.

Derecognition

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

- The rights to receive cash flows from the asset have expired; or

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

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

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

- **Financial liabilities**

Classification and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

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

The Company has no financial liability at FVPL as of December 31, 2022 and 2021.

Other financial liabilities

Financial liabilities include accounts payable, accrued expenses and other current liabilities. These exclude statutory obligations to government since these are categorized as non-financial liabilities.

Accounts payable are recognized initially at the transaction price and subsequently measured at undiscounted amount of the cash or other consideration expected to be paid.

Accrued expenses are recognized based on expected amount required to settle the obligation or liability. Other current liabilities are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Other current liabilities are measured at the present value of the amount 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.

Subsequent measurement

Financial liabilities at FVTPL

Gains or losses on liabilities held for trading are recognized in the statements of comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied.

The Company has not designated any financial liability as at FVTPL.

Financial liabilities at Amortized Cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included under “Finance costs” account in the statement of comprehensive income.

Classified under this category is accounts payable (excluding statutory obligations to government).

Derecognition

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

Classification of Financial Instruments Between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- 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.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. 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.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

d. Determination and Measurement of Fair Value

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

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.

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

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

For assets and liabilities that are recognized in the financial statements on a 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 date.

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 assets or liability and the level of the fair value hierarchy.

e. Prepayments and other assets

1. Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to the statement of comprehensive income when consumed in operations or when expired with the passage of time. Prepayments recognized by the Company refer to prepaid insurance.

2. Other assets

Assets that are expected to be converted to cash within 12 months or to be realized, sold or consumed within the Company's normal operating cycle are classified as current assets in the statements of financial position. Otherwise, it is classified as non-current assets. Other current assets recognized by the Company include advances to suppliers, deferred input tax and other current assets.

Other assets include non-current portion of deferred input tax, deposits and bond. Deposits are refundable upon termination of contract or delivery of subject matter of the contract. Other assets are replacement costs for assets and frequency occupied by affected radio operators necessary for migration of Company's TV channels for the purpose of future digitalization.

f. Investment property

Investment property is carried at its historical cost as the fair value of the said properties cannot be reliably determined without undue cost or effort due or a lack of reliable evidence about comparable market transaction. This will be derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from de-recognition of the asset is included in the statement of comprehensive income in the year the asset is derecognized.

When cost model is used, transfers between categories do not change the carrying amount of the property transferred, and the cost of the property for measurement and disclosure purposes is not changed.

The estimated useful life of 20 years was used for the depreciation of the Investment Property

g. Property and equipment

Property and equipment are carried at cost less accumulated depreciation and accumulated impairment in value.

The initial cost of property and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to expense in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its original assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment. When assets are sold or retired, their costs and the related accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is credited to or charged against current operations.

Depreciation is computed using the straight-line method, net of any residual value, over the estimated useful life of the assets, as follows:

Asset Category	**Estimated Useful Life**
Building	20 years
Company vehicle	7-10 years
TV transmitter and antenna system	1-13 years
Studio, video & audio equipment	3-10 years
Editing Equipment	5-7 years
Office equipment	2-5 years
Office Furniture & Fixtures	1-7 years

Depreciating an item begins when property, and equipment is available for use and to continue depreciation of an item until it is derecognized, even if in that period the item is idle.

The useful life and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits derived from items of property and equipment.

Property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of these assets is the greater of 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 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. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any depreciation and amortization) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is credited to current operations.

h. Right-of-use asset

The right-of-use asset is recognized at the commencement date of the lease. This is initially measured at cost which includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and any estimated dismantling and restoration costs which may be incurred at commencement date or as a consequence of having used the underlying asset during the lease term.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Company shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

After the commencement date, the right-of-use asset shall be measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities.

Depreciation of right-of-use assets are computed using the straight-line method over the lease term. The lease terms are as follows:

Category	Number of Years
Facilities	1.5 years

i. Impairment of non-financial assets

The carrying amounts of assets other than inventories, prepayments and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill and intangible assets that have indefinite useful life or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognized directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the statements of comprehensive income.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Reversals of impairment losses are credited to the statements of comprehensive income in the year in which the reversals are recognized, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognized in the statements of comprehensive income, a reversal of that impairment loss is also recognized in the statements of comprehensive income.

j. Non-financial liabilities

Non-financial liabilities include statutory obligations to government and other regulatory agencies. These are valued based on the expected obligation or liabilities required to be settled. This consists of premium liabilities and loans to SSS, PHIC and HDMF, retirement payable, withholding taxes payable, VAT payable and income tax payable.

Non-financial liabilities are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. These are measured at the present value of the amount 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.

Non-financial liabilities that are expected to be settled or extinguish within 12 months or within the Company's normal operating cycle are classified as current liabilities in the statements of financial position, otherwise, these are classified as non-current liabilities.

k. Provisions and contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. 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. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

l. Related party transactions

Related party relationships exist 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 enterprise and its key management personnel, directors or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to not related entities in an economically comparable market.

Related party transactions exist when there is a transfer of resources, services or obligation between a reporting entity and a related party, regardless of whether a price is charged.

m. Equity

Share capital is recognized as issued when the stock is paid for or subscribed under binding subscription agreement and is measured at par value.

Reserves comprises of appropriation for share dividend and other comprehensive income.

Accumulated profits include all current and prior period results as disclosed in the statements of comprehensive income.

n. Revenue from contracts with customers

Revenue from contracts with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligation; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced: or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment or performance completed to date. Otherwise, revenue is recognized at a point in time.

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

Within the scope of PFRS 15

Block time fee revenue – Revenue is measured at the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities and is recognized in the statements of comprehensive income when the performance of obligation is made when the services are rendered. It is recognized on the Company's books at point in time and based on agreed airtime schedule with client for each aired television and radio programs.

Advertising revenue- Revenue is recognized in the period the advertisement is aired.

Payments received for advertisements before broadcast (pay before broadcast) are recognized as income on the dates the advertisement are aired. Prior to liquidation, these are classified as unearned revenue under "Contract Liabilities" under accounts payable and accrued expenses account in the statement of financial position.

Revenue recognition outside the scope of PFRS 15

Other income - Other income is recognized when there is incidental economic benefit other than the usual business operations, that will flow to the Company through an increase in asset or reduction in liability that can be measured reliably.

Dividend Income- Revenue is recognized when the Company's right to receive payment is established.

Interest Income- Revenue is recognized as the interest accrues, taking into account the effective yield on the asset.

o. Costs and expenses recognition

Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Cost of Services- Cost of service is recognized upon utilization of the service or at the date they are incurred.

Operating Expense. Operating expenses constitute cost of administering the business and cost incurred to sell and market the goods. These include advertising and freight and handling, among others. These are expensed as incurred.

Other Expense. Other expenses include penalties, unrealized foreign exchange gain or losses, impairment loss and bank charges.

p. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Under PFRS 16, a lease exists where the contract grants the right to control the use of an identified asset for a period of time in exchange for consideration. Control over the use of an identified asset for a period of time is conveyed when, the customer has both of the following throughout the period of use:

i. The right to obtain substantially all of the economic benefits from use of the identified asset; and
ii. The right to direct the use of the identified asset.

In identifying the leases, lease and some non-lease components shall be accounted separately under applicable standards.

Company as a lessee

The Company recognizes a right-of-use assets and a lease liability at the lease commencement date. The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site in which it is located, less any lease incentives received.

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use assets reflect that the Company will exercise a purchase option. In that case, the right-of-use assets will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liabilities.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liabilities comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liabilities are measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

The Company has elected not to recognize right-of-use assets for short-term leases. The Company recognizes the lease payments associated with these leases as an expense. For both years, the rental payments on these are recognized as expense in the statements of comprehensive income based on actual rent paid or payable.

In 2021, the management of the Company has assessed and recognized corresponding right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments with corresponding depreciation of right-of-use assets and interest on lease liabilities in the statement of comprehensive income considering that the lease contract is more than a year.

q. Employee benefits

Short term employee benefits

These are measured at an undiscounted rate and recognized as services are rendered. Other costs, such as annual leave, are recognized as the related services are rendered if the costs accumulate, otherwise the cost is expensed when the leave is taken or used. Bonus payments are only recognized when an obligation exists and the amount can be reliably estimated.

Post-employment benefits

Post-employment benefits are provided to employees through a defined benefit plan, as well as several defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Company's post-employment defined benefit pension plan covers all regular full-time employees.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statements of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in statements of comprehensive income in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

i. Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
ii. Net interest expense or income.
iii. Remeasurement.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting period are discounted to present value.

r. Income tax

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current income tax

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the statements of comprehensive income.

Deferred income tax

Deferred income tax is provided, using the balance sheet 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. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

ii. in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where it is probable that the parent, investor or venturer is able to control the timing of the reversal of the temporary difference and the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and the excess of minimum corporate income tax (MCIT) over regular corporate income tax, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and MCIT can be utilized, except:

i. where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction, and at the time of transaction, that is not a business combination, affects neither the accounting profit nor taxable profit or loss; and

ii. in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rate that is 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.

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

Most changes in deferred tax assets of liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in equity are recognized in other comprehensive income or directly in equity.

s. Events after reporting date

Post year-end events that provide additional information about the company's position at the end of the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to the financial statements when material.

Note 3 – Summary of accounting judgment and estimates

The Company's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect the amounts reported in the financial statements and the notes to financial statements. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical management judgments in applying accounting policies

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

a. Determination of functional currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency is determined to be the Philippine Peso. It is the currency that mainly influences the sale of goods and services and the Company's operations.

b. Fair value of financial assets

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include consideration of liquidity and model inputs such as correlation and volatility.

c. Provisions and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in note 2k.

d. Leases

The Company has entered into various lease agreements. The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains, a lease when the fulfillment of the arrangement depends on a specific asset or assets and the arrangement conveys the right to use the asset.

Company as lessee

Judgment is used in determining whether the lease terms will not go beyond 12 months and if it contains underlying assets of low value. In making such judgment, the Company evaluates the terms and conditions of the lease arrangement. Significant judgment was likewise exercised by the Company and noted that all existing leases are short-term and therefore accounted as operating leases.

e. Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

3.2 Key sources of estimation uncertainty

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

a. Estimated useful life of property and equipment and investment property

The useful life of each of the Company’s property and equipment and investment property are 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 industry practice, 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 limitations on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any property and equipment and investment property would increase the recorded expenses and decrease property and equipment and investment property account.

The carrying amount of property and equipment amounted to P 135,762,450 and P 92,051,515 as of December 31, 2022 and 2021, respectively (see note 8).

The carrying amount of investment property amounted to P 68,844,827 as of December 31, 2022 and 2021 (see note 10).

b. Provision for expected credit losses

Assessment for ECL on Other Financial Assets at Amortized Cost.

The Company determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and,
- Actual or expected significant adverse changes in the operating results of the borrower.

Provision for ECL amounted to P 9,000,000 and nil in 2022 and 2021, respectively. The allowance for ECL amounted to P 10,191,456 and P 1,191,456 as of December 31, 2022 and 2021, respectively. The carrying amounts of trade and other receivables amounted to P 60,519,460 and P 48,741,582 as of December 31, 2022 and 2021 (see Note 5.2)

Other financial assets of the Company include cash in banks and receivables.

Assessment for ECL on Other Financial Assets at Fair Value through OCI.

The Company performs an impairment review on its financial asset at fair value through OCI whenever an impairment indicator exists. This requires an estimation of the value in use of the investments. Estimating the value in use requires the Company to make an estimate of the expected future cash flows of the investments and to make use of a suitable discount rate to calculate the present value of those future cash flows.

Allowance for impairment losses on investments in shares of stocks amounted to nil as of December 31, 2022 and 2021. The carrying amount of investments in shares of stocks amounted to P 1,510,000 as of December 31, 2022 and 2021 (see Note 5).

c. Impairment of non-financial assets

PFRS requires that an impairment review be performed when certain impairment indicators are present. The Company's policy on estimating the impairment of non-financial assets is discussed in note 2h. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

There is no impairment loss recognized on non-financial assets as at December 31, 2022 and 2021.

d. Realizable amount of net deferred tax assets

The carrying amount of net deferred income tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax to be utilized. Management expects future operations will generate sufficient taxable profit that will allow all or part of the deferred income tax assets to be utilized.

(In Philippine Peso)

The carrying value of net deferred tax assets as at December 31, 2022 and 2021 amounted to P 3,528,178 and P 1,395,918 respectively (note 17b).

e. Retirement benefits

The determination of the obligation and cost for pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 19 and include among others, discount rate, expected return on plan assets and rate of compensation increase. In accordance with PFRS, actual results that differ from the Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The estimated retirement benefit obligation amounted to P 4,857,733 and P 4,957,347 in 2022 and 2021, respectively (note 12).

Note 4 – Cash on hand and in banks

This account consists of:

	2022	2021
Petty cash fund	**50,000**	50,000
Cash in banks (Peso denominated)	**165,373,218**	115,265,262
Cash in banks (Foreign currency denominated)	**9,790,679**	8,854,203
Total	**175,213,897**	124,169,465

Cash in banks generally earn interest at rates based on prevailing bank deposit rates. Interest income on cash in banks in 2022 and 2021 amounted to P 34,642 and P 46,112, respectively.

Note 5 – Financial Assets

The Company's financial assets are summarized by measurement categorize as follows:

	2022	2021
Financial asset at fair value through OCI	**1,510,000**	1,510,000
Receivables	**60,519,460**	48,741,582
Due from affiliates (note 14)	**27,436,914**	29,460,055
Total	**89,466,374**	79,711,637

The current and noncurrent portion of the accounts are broken down as follows:

	2022		2021	
	Current	**Noncurrent**	Current	Noncurrent
Financial asset at fair value through OC	**-**	**1,510,000**	-	1,510,000
Receivables	**60,519,460**	**-**	39,741,582	9,000,000
Due from affiliates (note 14)	**27,436,914**	**-**	29,460,055	-
Total	**87,956,374**	**1,510,000**	69,201,637	10,510,000

(In Philippine Peso)

5.1 Financial Assets at Fair Value through Comprehensive Income (OCI)

In 2019, the Company acquired additional financial assets measured at fair value thru OCI amounting to P500,000. The Company's shareholdings do not result in significant influence. The carrying amount of financial assets amounted to P 1,510,000 and P 1,510,000 as of December 31, 2022 and 2021, respectively.

Investment in equity securities that do not have quoted market price in an active market shall be measured at cost less impairment.

If there is an objective evidence that an impairment loss has been incurred on such investment, the impairment loss is measured as the difference between the carrying amount of the investment and the present value of estimated future cash flows, discounted at the current rate. Such impairment loss shall not be reversed. The adjusted fair value of the investment becomes the new cost basis.

For the years 2022 and 2021, no dividends were declared by the investee company.

5.2 Receivables

This account consists of:

	2022	2021
Advances to officers and employees	**57,589,141**	36,593,519
Accounts receivable	**10,950,222**	10,201,745
Other receivables	**2,160,443**	3,137,774
Subtotal	**70,699,806**	49,933,038
Allowance for impairment	**(10,191,456)**	(1,191,456)
Total	**60,508,350**	48,741,582

The movements of allowance for impairment are as follows:

	2022	2021
January 1	**1,191,456**	1,191,456
Provision during the year	**9,000,000**	-
Write-off	**-**	-
December 31	**10,191,456**	1,191,456

Other receivables represent advances for liquidation, company loan and accounts receivable-SSS.

Company loan refers to employee's salary advances which will be settled thru salary deductions. These loans are non-interest bearing and have terms of 60 months.

Advances to officers and employees pertains to cash advances granted to officers and employees which are not key management personnel.

(In Philippine Peso)

Note 6 – Prepayments and other current assets

This account consists of:

	2022	2021
Prepaid Insurance	**751,659**	718,967
Deferred input tax	**202,560**	786,171
Other current assets	**138**	-
Advances to suppliers	**0**	22,502,568
Total	**954,357**	24,007,706

Advances to suppliers pertains to amount paid to suppliers in which the equivalent goods or service to be rendered are not delivered/performed as at reporting period.

Prepaid insurance are expenses paid in advance but which has not yet been. The value of these prepayments is expensed over the time as the benefit is received.

Note 7 – Other Assets

This account consists of:

	2022	2021
Deferred input tax- non-current	**2,388,263**	2,388,263
Security deposits	**1,453,880**	669,157
Meralco deposit	**543,578**	543,578
Miscellaneous deposit	**1,496,703**	1,496,703
Other assets	**9,517,168**	9,517,168
Total	**15,399,592**	14,614,869

Deferred input tax pertains to input tax on purchases that can be realized beyond 12 months after the reporting period.

Other assets refer to replacement costs for assets and frequency occupied by affected radio operators in Channel 20 necessary for migration of Company's TV channels for the purpose of future digitalization.

Miscellaneous, security deposits and Meralco deposits are not discounted since contracts related to such deposits do not provide for a fixed or determinable period of refund or termination.

(In Philippine Peso)

Note 8 – Property and equipment, net

The classifications of property and equipment at December 31 and their movements during the year are as follows:

2022

	Land	Leasehold improvement	Building	Company vehicle	TV transmitter &antenna system	Studio, video & audio equipment
Cost						
Beginning	359,100	3,915,074	8,906,817	48,064,149	147,553,586	112,538,844
Acquisitions	-	531,000	-	3,905,011	41,154,775	7,225,651
Disposal	-	-	-	-	-	-
Ending	359,100	4,446,074	8,906,817	51,969,160	188,708,361	119,764,495
Accumulated Depreciation						
Beginning	-	3,915,074	3,934,575	39,450,722	86,086,385	98,580,166
Provision	-	35,400	384,306	1,608,242	6,008,026	2,253,306
Disposal	-	-	-	-	-	-
Ending	-	3,950,474	4,318,881	41,058,964	92,094,411	100,833,472
Carrying Amount	359,100	495,600	4,587,936	10,910,196	96,613,950	18,931,023

	Editing equipment	Office equipment	Office furniture & fixtures	Total
Cost				
Beginning	6,298,809	13,131,144	1,964,252	**342,731,775**
Acquisitions	-	2,234,277	-	**55,050,714**
Disposal	-	-	-	**-**
Ending	6,298,809	15,365,421	1,964,252	**397,782,489**
Accumulated Depreciation				
Beginning	6,123,843	10,625,244	1,964,252	**250,680,261**
Current Provision	89,857	960,641	-	**11,339,778**
Disposal	-	-	-	**-**
Ending	6,213,700	11,585,885	1,964,252	**262,020,039**
Carrying Amount	85,109	3,779,536	-	**135,762,450**

ZOE BROADCASTING NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
As at and for the years ended December 31, 2022 and 2021
(In Philippine Peso)

2021

	Land	Leasehold improvement	Building	Company vehicle	TV transmitter &antenna system	Studio, video & audio equipment
Cost						
Beginning	359,100	3,915,074	7,737,205	44,601,148	133,926,916	110,016,793
Acquisitions	-	-	1,169,612	3,463,001	13,626,670	2,522,052
Disposal	-	-	-	-	-	-
Ending	359,100	3,915,074	8,906,817	48,064,149	147,553,586	112,538,845
Accumulated Depreciation						
Beginning	-	3,915,074	3,608,749	37,961,226	81,811,662	96,969,683
Provision	-	-	325,826	1,489,496	4,274,723	1,610,483
Disposal	-	-	-	-	-	-
Ending	-	3,915,074	3,934,575	39,450,722	86,086,385	98,580,166
Carrying Amount	359,100	-	4,972,242	8,613,427	61,467,201	13,958,679

	Editing equipment	Office equipment	Office furniture & fixtures	Total
Cost				
Beginning	6,298,809	10,832,238	1,964,252	319,651,535
Acquisitions	-	2,298,906	-	23,080,241
Disposal	-	-	-	-
Ending	6,298,809	13,131,144	1,964,252	342,731,776
Accumulated Depreciation				
Beginning	5,934,747	10,200,330	1,964,252	242,365,723
Current Provision	189,096	424,914	-	8,314,538
Disposal	-	-	-	-
Ending	6,123,843	10,625,244	1,964,252	250,680,261
Carrying Amount	174,966	2,505,900	-	92,051,515

Depreciation pertaining to property and equipment is presented in the statements of comprehensive income as follows:

	2022	2021
Cost of services (note 15)	**7,937,844**	5,820,177
General and administrative expense (note 16)	**3,401,934**	3,436,293
Total	**11,339,778**	9,256,470

(In Philippine Peso)

No items of property and equipment were pledged as security for liabilities. Further, the Company did not enter into contract for commitment to acquire property and equipment. No impairment loss was recognized in the current and prior since the recoverable amount of fixed assets is higher than its carrying value.

Note 9 – Leases

a. Right-of-use assets

This account consists of:

	2022 Total	2021 Total
Cost		
Beginning balance	**1,187,563**	-
New lease contract	**-**	1,187,563
Ending balance	**1,187,563**	1,187,563
Beginning balance	**296,891**	-
Current provision	**890,672**	296,891
Ending balance	**1,187,563**	296,891
Carrying values	**1,187,563**	890,672

The Company has leased for use of a certain facilities on which is being used by the production team.

The lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Both leases contain an option to extend the lease for a further term subject to mutual agreement. The Company is prohibited from selling or pledging the underlying leased assets as security. For the premise, the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

Depreciation charged to operations amounted to P 890,672 and P 296,891 in 2022 and 2021, respectively, on which was charged under cost of services.

Based on the impairment review of the assets, the Company believes that there is no impairment loss that occurred on its right-of-use asset as at December 31, 2022 and 2021.

b. Lease

	2022	2021
Beginning balance	**802,643**	-
Addition	-	1,187,563
Retirement	-	-
Accretion of interest	**37,357**	35,080
Payments	**(840,000)**	(420,000)
Ending balance	-	802,643

Lease liabilities are presented in the statements of financial position as current liabilities in 2021. Accordingly, the lease liabilities were fully paid in 2022.

Principal repayment of the lease liability amounted to P 802,643 in 2022. Finance cost on lease liability recognized by the Company in its statements of comprehensive income amounted to in P 37,357 and P 35,080 in 2022 and 2021, respectively.

(In Philippine Peso)

c. Operating Leases

The Company is a lessee under cancelable operating leases with right of usage over the current principal and production office of the Company with Presscon Philippines, Inc. Under the lease contract, ZBNI has the privilege to make some improvements necessary for the conduct of its operations, provided that permanent improvements will remain part of the leased units and accrues to ownership title of the lessor at the end of the lease term. The leases have terms ranging from two to three years, with renewal options, and include annual escalation rates of 10%. Early termination of the lease contract will result in the forfeiture of security deposits. Total rentals from these operating leases amounted to P 7,736,631 and P 7,616,291 in 2022 and 2021, respectively.

Rental expense is presented in the statements of comprehensive income as follows:

	2022	2021
Cost of services (note 15)	**4,992,580**	6,131,779
General and administrative expense (note 16)	**2,744,051**	1,484,512
Total	**7,736,631**	7,616,291

Note 10 – Investment Property

This account consists of:

	2022	2021
Cost		
Land	**66,657,700**	66,657,700
Condominium property	**10,287,314**	10,287,314
Total	**76,945,014**	76,945,014
Accumulated depreciation	**8,100,187**	8,100,187
Carrying Value	**68,844,827**	68,844,827

The Land was situated in Municipal of Bocaue, province of Bulacan Lot No. 99 of the Lolomboy Friar lands estate.

Condominium property amounting to P 10,287,314 pertains to the condominium unit No. 24A, 24J, 24K & 24L, 24th Floor Tower 1 and Parking Area No. 83, 84 in the Basement 3 Olympic Heights Condominium Project, located at Eastwood City, Eulogio Rodriguez Jr. Ave Libis, Quezon City.

Depreciation charges amounted to nil and P 941,932 as of December 31, 2022 and 2021, respectively, the depreciation was lodged under general and administrative expenses.

There is no rental income earned from the investment property during the period. Also, no investment property is used as collateral to any of the Company's liability.

The fair market value of the said asset cannot be measured reliably without undue cost or effort since it would require services of an independent appraisers.

(In Philippine Peso)

Note 11 – Accounts payable and accrued expenses

This account consists of:

	2022	2021
Accounts payables	**3,671,946**	7,137,349
Accrued expenses	**228,624**	228,624
Other current liabilities	**15,416,661**	5,217,144
Total	**19,317,231**	12,583,117

Accrued expenses are those expenses already incurred by the Company but not yet paid, while other current liabilities are payables due to various government agencies.

Note 12 – Retirement Liability

The Company maintains a wholly funded, tax-qualified, noncontributory retirement plan that is being administered by a trustee covering all regular full-time employees. Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. Pension costs are actuarially determined using the projected unit credit method.

The amount of pension liability (asset) recognized under "retirement payable (retirement asset)" in the statements of financial position is determined as follows:

	2022	2021
Benefit obligation	**7,038,867**	7,300,055
Plan assets	**2,181,134**	2,342,708
Liability to be recognized in the statement of financial position	**4,857,733**	4,957,347

The amount recognized under "salaries, wages and employee benefits" in the profit or loss is as follows:

	2022	2021
Current service cost	**639,252**	675,160
Interest cost	**365,003**	279,240
Expected return on plan assets	**(93,708)**	86,038
Expense recognized during the year	**910,547**	868,362
Actual return on plan assets	**29,570**	17,367

Retirement expense charged to operations in 2022 and 2021 amounted to P 910,547 and P 868,362, respectively.

(In Philippine Peso)

The movements in the pension liability (asset) recognized under "retirement payable" (retirement asset) in the statement of financial position are as follows:

	2022	2021
Beginning of year	**4,957,347**	5,221,673
Total expenses charged in the statements of comprehensive income	**910,547**	868,362
Contributions Paid	**-**	-
Remeasurement on actuarial gains recognized during the year	**(1,010,161)**	(1,132,688)
End of year	**4,857,733**	4,957,347

The details of fair value of plan assets are as follows:

	2022	2021
Beginning	**2,342,708**	2,325,341
Expected interest income	**93,708**	86,038
Benefits from plan assets	**(191,144)**	
Actuarial gain (loss) on plan assets	**(64,138)**	(68,671)
End of year	**2,181,134**	2,342,708

The following table sets forth the expected future settlements by the Plan of maturing defined benefit obligation as at December 31, 2022:

	Amount
11 to 15 years	5,788,843
16 to 20 years	4,341,372
21 to 30 years	22,447,218
31 years and up	23,171,650

The average duration of the defined benefit obligation at the end of the reporting period is 20 years.

The assumptions used to determine pension benefits for the years ended December 31 are as follows:

	2022	2021
Discount rate	7.20%	5.00%
Salary increase rate	5.00%	5.00%

Distribution of assets:

	2022	2021
Cash and cash equivalents	0.10%	0.10%
UITFs and mutual funds	99.70%	8.60%
Other fixed income securities	0.4%	0.80%
Others	-0.1%	(0.10%)

(In Philippine Peso)

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

	2022	
	Increase (Decrease)	
Discount rate	(9%)	6,430,558
	10%	7,757,494
Future salary increases	10%	7,766,362
	(9%)	6,413,343

Assumptions regarding future mortality experience are set based on advice from published statistics and mortality tables.

Note 13 – Equity

a. Share Capital

Details of share capital as of December 31, 2022 and 2021 are as follows:

	2022		2021	
	Shares	**Amount**	Shares	Amount
Ordinary Shares – P100 par value Authorized	**3,000,000**	**300,000,000**	3,000,000	300,000,000
Subscribed and fully paid	**2,200,000**	**220,000,000**	2,200,000	220,000,000

During the year 2019, Securities and Exchange Commission approved the increase in authorized share capital of the Company to P 300,000,000 divided into 3,000,000 shares with a par value of P 100 per share. The P200,000,000 increase, P 120,000,000 has been subscribed and fully paid through share dividends.

As of December 31, 2022 and 2021, the Company has ten (7) shareholders owning 100 or more shares each of the Company's share capital.

b. Reserves

	Appropriation Reserve	**Other Comprehensive Income**	**2022 Total**
Balances at January 1, 2022	50,000,000	1,400,371	**51,400,371**
Movements during the year:			
Actuarial loss	-	1,010,161	**1,010,161**
Deferred tax expense	-	(252,540)	**(252,540)**
Subtotal	-	757,621	**757,621**
Balances at December 31, 2022	**50,000,000**	**2,157,992**	**52,157,992**

(In Philippine Peso)

	Appropriation Reserve	Other Comprehensive Income	2021 Total
Balances at January 1, 2021	50,000,000	514,131	50,514,131
Movements during the year:			
Actuarial loss	-	1,132,688	1,132,688
Deferred tax (expense) benefit	-	(246,448)	(246,448)
Subtotal	-	886,240	886,240
Balances at December 31, 2021	50,000,000	1,400,371	51,400,371

In prior years, the Company's shareholders and board of directors in a special meeting approved the appropriation of accumulated profits for dividend declaration amounting to ONE HUNDRED SEVENTY MILLION PESOS (P170,000,000). During the year 2019, the Company's shareholders subscribed additional P 120,000,000 out of the P 200,000,000 increase in capital stock which is applied in share dividend.

As of December 31, 2022 and 2021, remaining appropriation for dividend declaration amounted to P 50,000,000.

Items of other comprehensive income that are reflected in reserves will not be reclassified subsequently to profit or loss.

Note 14 – Related party transactions

The summary and nature of accounts with the related parties as of December 31, 2022 and 2021 and for the years then ended are the following:

a. Key Management Personnel

The remuneration of the Directors and other members of key management personnel of the Company are set out below in aggregate for each of the categories specified in PAS 24, "Related Party Disclosure":

2022	**Nature of Transactions**	**Amount of Transactions**	**Outstanding Balance**	**Remarks**
Officers/ Directors	Short-term benefits	**15,796,618**	**-**	Salaries of top management

2021	Nature of Transactions	Amount of Transactions	Outstanding Balance	Remarks
Officers/ Directors	Short-term benefits	17,225,163	-	Salaries of top management

b. Affiliates (entities under common shareholders)

2022	**Nature of Transactions**	**Amount of Transactions**	**Outstanding Balance-Due from**	**Remarks**
Affiliates	Advances	**(2,023,141)**	**27,436,914**	Regular business transactions at arms-length

(In Philippine Peso)

2021	Nature of Transactions	Amount of Transactions	Outstanding Balance-Due from	Remarks
Affiliates	Advances	1,014,584	29,460,055	Regular business transactions at arms-length

Most of the transaction with related parties transpired during the Company's initial years of operation. ZBNI was originally designed to air Jesus Is Lord's TV programs and to help in preaching topics relating to pure gospel, salvation, and moral values.

In 2022 and 2021, there were advances made to affiliates which were used in the production of station ID.

The outstanding balances of receivables from related parties disclosed above are non-interest bearing, no fixed term and will be settled in cash. No guarantees have been given.

The Company considered the Board of Directors and Executive Officers as key management personnel.

Note 15 – Cost of Services

This account consists of:

	2022	2021
Production costs	**167,701,477**	31,268,293
Salaries and wages	**18,696,864**	13,127,965
Communication, light and water	**18,241,531**	14,238,821
Depreciation (note 8 and 9)	**8,828,516**	6,117,068
Employees benefits	**6,140,512**	4,444,233
Tower and studio rental	**4,992,580**	6,131,779
Talent fees	**3,523,566**	3,015,161
Security expense	**3,261,759**	2,610,241
Taxes and licenses (note 22.1e)	**2,613,358**	1,602,660
SSS, PHIC and HDMF expense	**1,910,220**	1,189,291
Transportation and travel	**661,529**	282,510
Studio supplies	**252,222**	319,110
Total	**236,824,134**	84,347,132

(In Philippine Peso)

Securities and Exchange Commission PHILIPPINES

Note 16 – General and administrative expenses

This account consists of:

	2022	2021
Salaries and allowances	**18,901,319**	12,554,437
Communication, light and water	**7,817,799**	6,102,352
Professional fees	**4,460,789**	4,281,466
Advertising and Marketing	**4,015,488**	482,848
Depreciation (note 8 and 9)	**3,401,933**	3,436,293
Donation and contribution	**3,246,975**	1,050,000
Repairs and maintenance	**3,139,083**	2,254,593
Rent expense (note 9)	**1,904,051**	1,484,512
Dues and subscription	**1,639,323**	1,472,723
Security services	**1,397,897**	1,118,675
Taxes and licenses (note 23.1e)	**1,322,118**	925,465
Transportation expenses	**1,056,558**	508,934
Retirement expense (note 12)	**910,547**	868,362
Office supplies	**810,320**	921,319
Trainings and seminars	**555,104**	229,241
SSS, Philhealth, HDMF and other contribution	**477,555**	305,009
Representation	**412,393**	508,010
Insurance expense	**187,249**	40,397
Miscellaneous Expense	**4,956,419**	2,906,360
Total	**60,612,920**	41,450,996

Miscellaneous expense refers to donation, notarial fees, marketing and advertising expenses and other expenses.

(In Philippine Peso)

Note 17 – Income Taxes, Deferred Tax

The components of tax expense as reported in profit or loss and other comprehensive income:

a. Income tax expense

Reported in profit or loss

	2022	2021
Current income tax benefit (expense):		
Provision during the year at applicable tax rate	**(26,388,647)**	(4,368,282)
Deferred tax :		
Application of NOLCO	**-**	(2,888,265)
Unrealized foreign exchange loss	**(234,119)**	(119,274)
Realized foreign exchange gain (loss)	**119,275**	(38,727)
Excess of payments against depreciation expense and interest expense	**22,007**	(22,007)
Retirement expense	**227,637**	217,091
Bad debts	**2,250,000**	-
CREATE Adjustment	**-**	(942,778)
Subtotal	**2,384,800**	(3,793,962)
Income tax expense	**(24,003,847)**	(8,162,244)

Reported in other comprehensive income

	2022	2021
Deferred tax relating to:		
Temporary differences	**(252,540)**	(246,448)
Total	**(252,540)**	(246,448)

Reconciliation of provision for income tax using statutory rate to provision for income tax as shown on the statements of comprehensive income follows:

	2022	2021
Tax on pretax profit (loss) at 30%	**23,343,500**	5,934,883
Tax effects of:		
Non-taxable income	**(8,660)**	(11,528)
Non-deductible Expenses	**669,007**	1,296,111
Adjustments due to CREATE	**-**	942,778
Income tax benefit (expense)	**24,003,847**	8,162,244

Pursuant to CREATE Law Act, minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023. No MCIT was reported as of December 31, 2022 and 2021 as the RCIT was higher than MCIT.

(In Philippine Peso)

b. Deferred Tax Assets

	2022	2021
Deferred tax assets:		
Allowance for doubtful accounts	**2,547,864**	297,864
Retirement obligation	**1,214,433**	1,239,337
Unrealized gain on foreign exchange	**(234,119)**	(119,275)
Excess of payments against depreciation expense interest expense	**-**	(22,007)
Total	**3,528,178**	1,395,918

NOLCO recognized for 2020 amounted to P 11,553,059 and MCIT recognized in 2020 amounting to P 244,752 (net of CREATE adjustment) were applied in 2021.

c. Optional Standard Deduction (OSD)

In addition, effective July 2008, Republic Act 9504 was approved giving the corporate taxpayers an option to claim itemized deductions or optional standard deductions (OSD) equivalent to 40% of gross sales. Once the option to use OSD is made, it shall be irrevocable for the taxable year for which the option was made.

In 2022 and 2021, the Company opted to continue claiming itemized standard deductions.

d. Changes in tax rates

On March 26, 2021, the President signed into law the Republic Act (RA) 11534, also known as "Corporate Recovery and Tax Incentives for Enterprises Act or "CREATE" Act which reduced the corporate income tax rates and rationalized the current fiscal incentives by making it time bound, targeted and performance – based. CREATE Act introduces reforms in the areas of corporate income tax, value – added tax, and tax incentives, aside from providing COVID – 19 reliefs to taxpayers. The salient provisions of the Create Act applicable to the Company are as follow:

1. Effective July 1, 2020, domestic corporation with total assets not exceeding P100 million and taxable income of P5 million and below shall be subject to 20% income tax rate while the other domestic corporations and resident foreign corporations will be subject to 25% income tax rate.

2. Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020, to June 30, 2023;

3. The imposition of improperly accumulated earnings is repealed.

The estimated significant effects of the changes computed without regard to the specific date when specific revenue, expenses and other transactions occur as provided for under Section 27 (A) of the CREATE Act are as follows:

	As of December 31, 2020	**Under CREATE Act**	**Impact**
Income tax benefit (profit or loss)	(3,851,055)	(2,908,277)	942,778
Income tax benefit (OCI)	(220,342)	(183,618)	(36,724)
Prepaid income tax	1,287,965	1,369,549	81,584
Deferred tax asset	5,762,665	4,775,026	(987,639)

The above impact of CREATE was recognized in 2021.

Note 18 – Financial Risk Management Objectives and Policies

The Company is exposed to a variety of financial risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in note 19. The main types of risk are market risk, credit risk and liquidity risk.

The Company's risk management is handled by the CEO with the Board of Directors and focusing actively on securing the Company's short-to-medium term cash flows by minimizing the exposures to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

The most significant financial risks to which the Company is exposed to are described below.

18.1 Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest risk which results from both its operating and investing activities.

a. Foreign currency sensitivity

   Most of the Company's transactions are carried out in Philippine Peso, its functional currency. Therefore, the Company has no significant exposure to foreign currency risks.

b. Interest rate sensitivity

   The Company manages its interest rate risk by having a standby cash placed in temporary investments whose interest yield approximates interest rates on borrowings. Any drastic upward change in interest rates can then be resolved by terminating the temporary investments and paying the borrowings.

18.2 Credit risk

Credit risk is the risk that counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers and placing deposits.

The credit quality of financial assets is being managed by the Company by grouping its financial assets into two: (a) High grade financial assets are those that are current and collectible; (b) Standard grade financial assets need to be consistently followed up but are still collectible.

The table below shows the credit quality by class of financial asset based on the Company's credit rating system in 2022 and 2021:

	Neither past due nor impaired				
	High grade	Standard grade	Past due	Individually impaired	**2022**
Cash on hand and in banks	175,213,897	-	**-**	**-**	**175,213,897**
Receivables	60,519,460	-	-	10,191,456	**70,710,916**
Due from affiliates	-	-	27,436,914	-	**27,436,914**
Total	235,733,357	-	27,436,914	10,191,456	**273,361,727**

(In Philippine Peso)

	Neither past due nor impaired				
	High grade	Standard grade	Past due	Individually impaired	2021
Cash on hand and in banks	124,169,465	-		-	124,169,465
Receivables	39,741,582	-	9,000,000	1,191,456	49,933,038
Due from affiliates	-	-	29,460,055	-	29,460,055
Total	163,911,047	-	38,460,055	1,191,456	203,562,558

The table below shows the aging analyses of past due but not impaired receivables per class that the Company held as at December 31, 2022 and 2021. A financial asset is past due when a counterparty has failed to make payment when contractually due.

		Past due but not impaired			
	Neither past due nor impaired	Not more than 3 months	More than 3 months but more than 6 months	More than 1 year	**2022 Total**
Receivables	60,519,460	-		-	**60,519,460**
Due from affiliates	-	-	27,436,914		**27,436,914**
Total	60,519,460		27,436,914		**87,956,374**

		Past due but not impaired			
	Neither past due nor impaired	Not more than 3 months	More than 3 months but more than 6 months	More than 1 year	2021 Total
Receivables	39,741,583	-	-	9,000,000	48,741,583
Due from affiliates	-	-	29,460,055	-	29,460,055
Total	39,741,583	-	29,460,055	9,000,000	78,201,638

18.3 Liquidity risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of a contractual obligation; or insurance liabilities falling due for payment earlier than expected; or inability to generate cash inflows as anticipated.
The table below analyzes assets and liabilities of the Company into their relevant monitoring authority; monitors compliance with liquidity risk policy and maturity groups based on the remaining period at the end of the reporting periods to their contractual maturities or expected repayment dates.

(In Philippine Peso)

	Up to a year	**1-3 years**	**3-5 years**	**Over 5 years**	**2022 Total**
Cash on hand and in banks	175,213,897	-	-	-	**175,213,897**
Receivables	60,519,460	-	-	-	**60,519,460**
Due from affiliates	-	27,436,914	-	-	**27,436,914**
Financial assets at fair value through OCI	1,510,000	-	-	-	**1,510,000**
Total financial assets	237,243,357	27,436,914	-	-	**264,680,271**
Accounts payable and accrued expense**	12,663,281	-	-	-	**12,663,281**
Total financial liabilities	12,663,281				**12,663,281**

***Excluded governmental payables amounting to P6,653,950.*

	Up to a year	1-3 years	3-5 years	Over 5 years	2021 Total
Cash on hand and in bank	124,169,465	-	-	-	124,169,465
Receivables	39,741,583	-	-	9,000,000	48,741,583
Due from affiliates	-	29,460,055	-	-	29,460,055
Financial assets at fair value through OCI	1,510,000	-	-	-	1,510,000
Total financial assets	165,421,048	29,460,055	-	9,000,000	203,881,103
Accounts payable and accrued expense**	9,784,665	-	-	-	9,784,665
Lease liabilities	802,643				802,643
Total financial liabilities	10,587,308	-	-	-	10,587,308

***Excluded governmental payables amounting to P 2,798,452.*

(In Philippine Peso)

Note 19 – Categories and Fair Values of Financial Asset and Liabilities

a. Comparison of carrying amounts and fair values

The carrying amounts and fair values of the categories of assets and liabilities presented in the statement of financial position are shown below.

	2022		2021	
	Carrying values	**Fair values**	Carrying values	Fair values
Financial Assets				
Cash on hand and in banks	**175,213,897**	**175,213,897**	124,169,465	124,169,465
Receivables	**60,519,460**	**60,519,460**	48,741,583	48,741,583
Financial assets at fair value through OCI	**1,510,000**	**1,510,000**	1,510,000	1,510,000
Due from affiliates	**27,436,914**	**27,436,914**	29,460,055	29,460,055
Total	**264,680,271**	**264,680,271**	203,881,103	203,881,103
Trade and other payables *	**12,663,281**	**12,663,281**	9,784,665	9,784,665
Lease liabilities	**-**	**-**	802,643	802,643
Total	**12,663,281**	**12,663,281**	10,587,308	10,587,308

** 2022- Payable to government agencies amounting to P6,653,950 were excluded from the balance above because they are non-financial liabilities, as of December 31, 2022*

** 2021- Payable to government agencies amounting to P 2,798,452 were excluded from the balance above because they are non-financial liabilities, as of December 31, 2021*

See note 2c for the description of the accounting policies for each category of financial instrument. A description of the Company's risk management objectives and policies for financial instruments is provided in note 18.

b. Fair value hierarchy

In accordance with PFRS 13, the fair value of financial assets and liabilities and non- financial assets, which are measured at fair value on a recurring or non- recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

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

The level within which the asset or liability is classified and determined based on the lowest level of significant input to the fair value measurement. For the purpose of determining market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing services, or regulatory agency, and those prices represent actual and regularly occurring market transactions on arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.
When the Company uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

(In Philippine Peso)

The table below presents the hierarchy of fair value measurements used by the Company.

	Level 1	Level 2	Level 3	2022 Total
Financial assets for which fair value is disclosed:				
Financial assets at fair value through OCI	-	**1,510,000**	**-**	**1,510,000**

	Level 1	Level 2	Level 3	2021 Total
Liabilities for which fair value is disclosed:				
Financial assets at fair value through OCI	-	1,510,000	-	1,510,000

There were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements in 2022 and 2021.

Note 20 – Capital Management Objectives, Policies and Procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statements of financial position. Capital for the periods under review is summarized as follows:

	2022	2021
Total liabilities	**27,377,295**	18,343,107
Total equity	**461,792,389**	391,664,606
Debt to equity ratio	**0.06:1**	0.05:1

The Management reviews the capital structure regularly. Part of this review is to consider the cost of capital and the risks associated with the capital. The Management believes that the abovementioned ratios are within the acceptable range.

Note 21- Notes to Cash flow

The Company's investing activities for the years December 31, 2022 and 2021 include:

a. Property and Equipment

The Company acquired property and equipment with an aggregate cost of P 55,050,714 in 2022 and P 23,080,241 in 2021.

(In Philippine Peso)

Note 22- Continuing Covid-19

The implementation of community quarantine by the government as a precautionary measure to contain COVID-19, which started in the earlier part of 2020, has negatively impacted the Philippine economy.

In the earlier part of this year, the Philippine economy has started to recover from the economic losses brought about by the COVID-19 pandemic. At year end, it has rebounded from its COVID-19 recession, posted a growth rate of 7.6% based on the year-end data released by the Philippine Statistics Authority (PSA).

Nonetheless, the company will still continue to implement sustainability and contingency measures and monitor the situation.

Note 23- Supplementary Information Required by the Bureau of Internal Revenue

1. Revenue Regulation 15-2010

On November 25, 2010, the Bureau of Internal Revenue Issue Revenue Regulations No. 15-2010, which requires certain information on taxes, duties and licenses fees paid or accrued during the taxable year to be disclosed as part of the notes to financial statements. This supplemental information, which is an addition to the disclosures mandated under PFRS, is presented as follows:

a. Output Vat declared in the Company's Vat returns for 2022:

	Net Sales	Output VAT
Taxable Sales:		
Service Income	**396,001,119**	**47,520,134**
Sales to government	**266,913**	**32,030**
Total	**396,268,032**	**47,552,164**

b. Input Vat for 2022:

Balance at January 1		-
Input tax on current year's domestic purchases / payments or importations for:		
Goods other than capital goods	**2,317,790**	
Goods exceeding 1M	**3,180,913**	
Domestic purchase of services	**7,876,447**	**13,375,150**
Amortization of input tax		**12,054,823**
Add (deduct) adjustments:		
Input tax closed to expense		-
Input Tax on Capital Goods >1M deferred for the succeeding period		**(14,592,188)**
Total Output Tax for the year		**(47,552,164)**
Vat withheld on sales to government		**10,568**
Others		**9,066**
Vat Payments for the year		**40,276,924**
Balance at December 31		**3,582,181**

(In Philippine Peso)

c. Information on the Company's importations for 2022.

The Company has no importations in year 2022.

d. Excise tax

The Company has no excise tax payment for year 2022 since it did not have transactions which are subject to excise tax.

e. Taxes and licenses

Reflected under cost of services:	
Licenses, permits and others	**2,613,358**
Reflected under General and admin:	
Business permit	**1,104,581**
Documentary Stamp tax	**27,353**
Real estate tax	**174,754**
Community tax certificate	**10,000**
Barangay clearance	**4,430**
BIR annual registration	**500**
Subtotal	**1,322,118**
Total	**3,935,476**

f. Documentary Stamp Tax

The Company has paid documentary stamp tax amounting to P 27,353 in 2022.

g. Withholding Taxes for 2022.

Withholding taxes on compensation and benefits	**775,010**
Expanded withholding taxes	**2,944,525**
Total	**3,719,535**

h. Information on deficiency tax assessments

The Company has no existing tax assessment. However, the BIR has an ongoing examination of the Company's books for the taxable years 2020.

2. Revenue Regulation 34-2020

In compliance with BIR RR 34-2020 (issued last December 8, 2020) in prescribing Guidelines and Procedures for the Submission of BIR Form 1709, Transfer Pricing Documentation (TPD) and offer supporting documents to allow the BIR to verify that taxpayers are reporting their related party transactions at arm's length prices, the Company is not required to submit BIR Form 1709 based on the criteria set under the said revenue regulation.

RACHEL S. VILLANUEVA – GO
CERTIFIED PUBLIC ACCOUNTANT

Securities and Exchange Commission PHILIPPINES

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULE

The Shareholders and Board of Directors
ZOE BROADCASTING NETWORK, INC.
22nd Floor Strata 2000 Bldg., F. Ortigas Jr. Ave.,
Ortigas Center, Pasig City

I have audited in accordance with Philippine Standards on Auditing, the financial statements of **ZOE BROADCASTING NETWORK, INC.** as at and for the year ended December 31, 2022 and issued our report thereon dated April 25, 2023. My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary schedule to the financial Statements (Reconciliation of Retained Earnings Available for Dividend Declaration) is the responsibility of the Corporation's management.

The schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68, Part I, and is not part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements including comparing such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. In my opinion, the information fairly state in all material respect to the basic financial statements taken as a whole.

[redacted]

RACHEL S. VILLANUEVA - GO
CPA Certificate No. [redacted]
TIN [redacted]
BOA/PRC Accreditation No. [redacted] (Valid from April 1, 2023 to March 31, 2026)
BIR Accreditation No. [redacted] 1 (Valid from March 3, 2021 to March 2, 2024)
SEC Accreditation No. [redacted] -SEC, Category C, Valid for audit of 2021 to 2025 financial statements of SEC covered institutions
PTR No. [redacted] January 06, 2023, General Trias City, Cavite

April 25, 2023
General Trias, Cavite

Annex 68-D

Reconciliation of Retained Earnings Available for Dividends Declaration
As of December 31, 2022

ZOE BROADCASTING NETWORK, INC.
22ndFloor, Strata 2000, Emerald Avenue,
Ortigas Center, Pasig City

		2022
Retained Earnings at Beginning of the Period	P	**120,264,235**
Accumulated non-actual/ unrealized income/loss net of tax		**-**
Retained Earnings at Beginning of the Period as adjusted to available or dividend declaration	P	**120,264,235**
Net profit actually realized during the period		
Net profit (loss) for the period		**69,370,153**
Less: Non- actual/ unrealized income net of tax		**-**
Net profit (loss) actually earned during the period	P	**69,370,153**
Add (Less):		
Dividends declaration during the period		**-**
Appropriations of retained earnings during the period		**(50,000,000)**
Retained Earnings, End Available for Dividend Declaration	P	**139,634,388**