SECURITIES AND EXCHANGE COMMISSION
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Securities and Exchange Commission PHILIPPINES

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	2	6	2	4	5	6

COMPANY NAME

PHILSTAR GLOBAL CORPORATION

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

6TH FLOOR RFM CORPORATE CENTER

PIONEER ST. MANDALUYONG CITY

Form Type	Department requiring the report	Secondary License Type, if Applicable
AFS	CRM	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
jerometayawa@philstar.com	637-5400	

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
13	AUGUST 25	DECEMBER 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
CARLOS R. DIZON	[redacted]	[redacted]	

CONTACT PERSON's ADDRESS

[redacted]

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

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

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Independent Auditor's Report

To the Board of Directors and Shareholders of
Philstar Global Corporation
6th. Flr. RFM Corporate Center,
Pioneer St. Mandaluyong City

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Philstar Global Corporation (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 (PFRS).

What we have audited

The financial statements of the Company comprise:

- the statements of financial position as at December 31, 2022 and 2021;
- the statements of total comprehensive income for the years ended December 31, 2022 and 2021;
- the statements of changes in equity for the years ended December 31, 2022 and 2021;
- the statements of cash flows for the years ended December 31, 2022 and 2021; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

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

In preparing the financial statements, management is responsible for assessing the 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

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

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Bureau of Internal Revenue Requirement

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 21 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

[redacted]
Jan Michael L. Reyes
Partner
CPA Cert. No[redacted]
PTR No. [redacted] issued on January 9, 2023, Makati City
SEC A.N. (individual) as general auditors [redacted] SEC, Category A;
valid to audit 2020 to 2024 financial statements
SEC A.N. (firm) as general auditors [redacted] SEC, Category A;
valid to audit 2020 to 2024 financial statements
TIN [redacted]
BIR A.[redacted] issued on January 25, 2022; effective until January 24, 2025
BOA/PRC Reg. No. [redacted], effective until November 14, 2025

Makati City
April 4, 2023

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Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Philstar Global Corporation
6th. Flr. RFM Corporate Center,
Pioneer St. Mandaluyong City

We have audited the financial statements of Philstar Global Corporation (the "Company") as at and for the years ended December 31, 2022 and 2021, on which we have rendered the attached report dated April 4, 2023.

In compliance with SRC Rule 68 and based on the certification received from the Company's corporate secretary and the results of our work done, as at December 31, 2022, the Company has three (3) shareholders owning one hundred (100) or more shares each.

Isla Lipana & Co.

[redacted]

Jan Michael L. Reyes
Partner
CPA Cert. No. [redacted]
PTR No. [redacted] issued on January 9, 2023, Makati City
SEC A.N. (individual) as general auditors [redacted] SEC, Category A;
valid to audit 2020 to 2024 financial statements
SEC A.N. (firm) as general auditors [redacted] SEC, Category A;
valid to audit 2020 to 2024 financial statements
TIN [redacted]
BIR A.N [redacted] ssued on January 25, 2022; effective until January 24, 2025
BOA/PRC Reg. No. [redacted] ffective until November 14, 2025

Makati City
April 4, 2023

philstar GLOBAL

6TH Floor, RFM Corporate Center Pioneer St., Mandaluyong City, Philippines
Tel. No. (632) 637-5400 / (632) 638-2944

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of Philstar Global Corporation (the "Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 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 of 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 stockholders or members.

Isla Lipana & Co., the independent auditor, appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

[redacted]

Atty. Ray C. Espinosa
Chairman of the Board

[redacted]

Juan Kevin G. Belmonte
Chief Executive Officer

[redacted]

Carlos R. Dizon
Chief Financial Officer

April 4, 2023

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Philstar Global Corporation

Statements of Financial Position
As at December 31, 2022 and 2021
(All amounts in Philippine Peso)

	Notes	2022	2021
ASSETS			
Current assets			
Cash	2	75,782,288	52,924,738
Trade and other receivables, net	3	34,483,320	31,245,104
Prepayments and other current assets	4	3,643,738	3,579,017
Due from related parties	15	20,400,002	19,414,148
Total current assets		134,309,348	107,163,007
Non-current assets			
Security deposits	13	567,391	567,391
Property and equipment, net	5	455,906	778,039
Deferred tax assets, net	16	5,078,067	5,191,442
Total non-current assets		6,101,364	6,536,872
Total assets		140,410,712	113,699,879
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables and other liabilities	7	12,001,044	11,903,476
Income tax payable		4,393,479	4,943,588
Total current liabilities		16,394,523	16,847,064
Non-current liability			
Retirement benefit obligation	12	3,938,127	4,684,347
Total liabilities		20,332,650	21,531,411
Equity			
Share capital	8	4,250,000	4,250,000
Share premium	8	58,591,300	58,591,300
Retained earnings	8	54,570,662	27,896,153
Reserve for remeasurements of retirement obligation	12	2,666,100	1,431,015
Total equity		120,078,062	92,168,468
Total liabilities and equity		140,410,712	113,699,879

(The notes on pages 1 to 31 are integral part of these financial statements.)

Philstar Global Corporation

Statements of Total Comprehensive Income
For the years ended December 31, 2022 and 2021
(All amounts in Philippine Peso)

	Notes	2022	2021
Revenues, net	9	83,700,113	81,601,157
Cost of services	10	(32,737,372)	(30,300,040)
Gross profit		50,962,741	51,301,117
Operating expenses	11	(20,655,564)	(20,529,092)
Other operating income, net	14	5,241,087	2,250,784
Profit before income tax		35,548,264	33,022,809
Income tax expense	16	(8,873,755)	(9,381,764)
Profit for the year		26,674,509	23,641,045
Other comprehensive income			
Item that will not be reclassified to profit or loss			
Remeasurement gain on retirement obligation, net of tax	12	1,235,085	26,558
Total comprehensive income for the year		27,909,594	23,667,603

(The notes on pages 1 to 31 are integral part of these financial statements.)

Philstar Global Corporation

Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(All amounts in Philippine Peso)

	Notes	2022	2021
Cash flows from operating activities			
Profit before income tax		35,548,264	33,022,809
Adjustments for:			
Unrealized foreign exchange gain	17	(4,973,021)	(2,205,029)
Provision for expected credit losses	3	3,060,710	4,080,000
Retirement benefit expense	12	900,561	819,113
Depreciation	5	588,196	626,299
Interest income	2, 6	(68,169)	(68,169)
Operating income before changes in assets and liabilities		35,056,541	36,275,023
(Increase) decrease in:			
Receivables		(6,298,926)	1,003,771
Prepayments and other current assets		(612,136)	(143,254)
Due from related parties		(985,854)	(4,578,289)
(Decrease) increase in trade payables and other liabilities		97,568	(1,369,607)
Cash from operating activities		27,257,193	31,187,644
Interest income received		68,169	68,169
Income tax paid		(9,174,770)	(5,503,053)
Net cash from operating activities		18,150,592	25,752,760
Cash flow used in investing activities			
Acquisition of property and equipment	5	(266,063)	(377,133)
Net cash from investing activities		(266,063)	(377,133)
Cash flow used in financing activities			
Dividends paid	8	-	(5,500,000)
Net cash used in financing activities		-	(5,500,000)
Net increase in cash		17,884,529	19,875,627
Cash balance at beginning of the year		52,924,738	31,045,170
Effects of exchange rates changes on cash		4,973,021	2,003,941
Cash at end of the year		75,782,288	52,924,738

(The notes on pages 1 to 31 are integral part of these financial statements.)

Philstar Global Corporation

Notes to the Financial Statements
As at and for the years ended December 31, 2022 and 2021
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

1.1 Organization

Philstar Global Corporation (the "Company"), was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 19, 2002, primarily to engage in any and all business related to the internet, including (a) the development, licensing, marketing, sales, resale, distribution, operations, upgrading and maintenance of computer software, primarily for but not limited to internet applications; (b) the provision of internet, intranet, extranet and other telecommunications value-added services to any and all types of information technology users in the local, regional and global markets, including but not limited to manufacturing, assembling, processing, producing, inventing and developing any and all kinds of communications and telecommunications products and services and providing related technical and maintenance support and services; (c) the purchase, sale, import and export, licensing, distribution of any computer hardware, equipment and all other types of similar or allied products, and components thereof, and (d) the buying, selling, marketing, distribution and leasing of all kinds of goods, commodities, wares, merchandise, information and services over the internet. The Company is operating under the brand name "Philstar Global".

The Company is a subsidiary of Hastings with 65% share in equity interest. The Company's intermediate parent company is Mediaquest Holdings, Inc. (a holding company) and its ultimate parent company is The Benefit Plan of PLDT Co., (a trust), both organized and domiciled in the Philippines.

The remaining 35% shareholdings of the Company as at December 31, 2022 and 2021 are owned by individual shareholders and local companies.

The Company's registered office address, which is also its principal place of business, is at 6th Flr. RFM Corporate Center, Pioneer St. Mandaluyong City. As at December 31, 2022, the Company has 45 regular employees (2021 - 41).

1.2 Corona Virus Disease 2019 ("COVID-19") pandemic

Management will continue to monitor the business developments amidst the pandemic and update the assessments made. While there has been recovery and operational improvements in the last year, any medium to long-term impact of the pandemic on the Company's financial position, results, and cash flows cannot be ascertained yet given the uncertainties surrounding the COVID-19 pandemic.

1.3 Approval of the Company's financial statements

These financial statements were authorized and approved for issue by the Board of Directors (BOD) on April 4, 2023.

Note 2 - Cash

Cash as at December 31 consist of:

	2022	2021
Cash in bank	75,767,288	52,924,738
Cash on hand	15,000	-
	75,782,288	52,924,738

Cash in banks as at December 31, 2022 and 2021 earn annual interest rate of 0.0625%. Interest income earned from cash in bank for the year ended December 31, 2022 amounted to P29,839 (2021 - P47,836) (Note 14).

Note 3 - Trade and other receivables, net

Trade and other receivables, net at December 31 consist of:

	2022	2021
Trade receivables	55,684,592	49,207,675
Allowance for expected credit losses (ECLs)	(21,347,157)	(18,286,447)
Trade receivables, net	34,337,435	30,921,228
Advances to employees	145,885	253,876
Other receivables	-	70,000
	34,483,320	31,245,104

Advances to employees consist of various cash advances made for business purposes and are subject to liquidation.

The movements in the allowance for ECLs for the years ended December 31 are as follows:

	Note	2022	2021
Beginning of the year		18,286,447	14,206,447
Provisions for the year	11	3,060,710	4,080,000
End of the year		21,347,157	18,286,447

Note 4 - Prepayments and other current assets

Prepayments and other current assets at December 31 consist of:

	Note	2022	2021
Financial asset at amortized cost	6	2,000,000	2,000,000
Advances to suppliers		970,800	970,800
Creditable withholding tax		669,338	588,417
Input value-added tax (VAT)		3,600	19,800
		3,643,738	3,579,017

Note 5 - Property and equipment, net

Details of property and equipment, net at December 31 are as follows:

	Office furniture and equipment
At January 1, 2021	
Cost	8,127,895
Accumulated depreciation	(7,100,690)
Net carrying value	1,027,205
For the year ended December 31, 2021	
Opening net carrying value	1,027,205
Additions	377,133
Depreciation and amortization (Note 11)	(626,299)
Closing net carrying value	778,039
At December 31, 2021	
Cost	8,505,028
Accumulated depreciation	(7,726,989)
Net carrying value	778,039
For the year ended December 31, 2022	
Opening net carrying value	778,039
Additions	266,063
Depreciation and amortization (Note 11)	(588,196)
Closing net carrying value	455,906
At December 31, 2022	
Cost	8,771,136
Accumulated depreciation	(8,315,230)
Net carrying value	455,906

The cost of fully depreciated assets still in use by the Company as at December 31, 2022 amounted to P7,888,265 (2021 - P6,174,488).

Depreciation and amortization expense for the year ended December 31, 2022 amounting to P588,196 (2021 - P626,299) was charged to operating expense in profit or loss (Note 11).

Note 6 - Financial asset at amortized cost

On August 6, 2020, the Company invested in bonds classified as financial asset at amortized cost amounting to P2,000,000. The investment in bonds matured on May 7, 2022 with interest rate of 2.44%. On May 11, 2022, the Company reinvested such bonds amounting to P2,000,000 maturing on May 10, 2023 with an interest rate of 1.70%. Interest income earned from this investment for the year ended December 31, 2022 amounted to P23,402 (2021 - P 20,333) (Note 14).

For the purpose of the statements of cash flows for the year ended December 31, 2021, the transfer of classification in the statement of financial position from non-current assets to current assets amounting to P2,000,000 is considered a non-cash transaction.

Note 7 - Trade payables and other liabilities

Trade payables and other liabilities at December 31 consist of:

	2022	2021
Deferred output VAT payable	6,668,188	5,807,405
Trade payables	3,210,247	3,820,360
Accrued expenses	1,458,256	1,439,884
Withholding tax payable	199,448	167,889
Other payables to government agencies	464,905	667,938
	12,001,044	11,903,476

Trade payables are unsecured, non-interest bearing, payable in cash, and with credit terms ranging from 30 to 60 days. Accrued expenses mainly consist of accrual for utilities, such as water and electricity charges.

Deferred output VAT represents the VAT portion of the uncollected invoices related to sale of services. These are reclassified to output VAT due upon collection of the related invoices and applied against input VAT.

Note 8 - Equity

Share capital

Share capital at December 31, 2022 and 2021 consist of:

	Number of shares	Amount
Common shares at P1 par value per share		
Authorized	4,250,000	4,250,000
Issued and outstanding	4,250,000	4,250,000

Additional paid-in-capital as at December 31, 2022 and 2021 amounted to P58,591,300.

Dividend declaration

For the year ended December 31, 2021, the Company's BOD authorized and approved the declaration and payment of cash dividends as follows:

Declaration date	Payment date	Shareholder beneficiaries as of record date	From retained earnings as at December 31	Dividend per share	Total dividends
February 17, 2021	August 10, 2021	December 31, 2020	2020	1.29	5,500,000

There were no outstanding dividends payable as at December 31, 2022 and 2021.

Note 9 - Revenues, net

Revenues, net is composed of:

	2022	2021
Recognized over time		
Advertising revenue, gross	84,567,757	82,676,198
Commission	(867,644)	(1,075,041)
Advertising revenue, net	83,700,113	81,601,157

Note 10 - Cost of services

The components of cost of services for the years ended December 31 are as follows:

	2022	2021
Salaries and benefits	22,735,975	20,816,900
Coverage and editing expense	6,890,995	6,531,250
Licensing fee	1,118,418	1,151,762
Others	1,991,984	1,800,128
	32,737,372	30,300,040

Note 11 - Operating expenses

The components of operating expenses for the years ended December 31 are as follows:

	Notes	2022	2021
Salaries and benefits		5,994,274	5,668,539
Communication and transportation		3,248,772	3,209,417
Rental	13	3,182,253	3,027,548
Provision for ECLs	3	3,060,710	4,080,000
Taxes and licenses		1,291,539	913,100
Professional services		915,111	1,160,917
Retirement benefits	12	900,561	819,113
Depreciation and amortization	5	588,196	626,299
Maintenance and facilities		345,322	245,796
Representation and entertainment		276,753	183,985
Selling and promotion		242,719	127,509
Others		609,354	466,869
		20,655,564	20,529,092

Note 12 - Retirement benefit

The Company is yet to adopt a formal non-contributory retirement plan for the benefit of its qualified employees. An independent actuary conducts a periodic actuarial valuation of the defined benefit plan using the projected unit credit method.

The changes in the present value of defined benefit obligation for the years ended December 31 are as follows:

	2022	2021
Beginning of the year	4,684,347	3,900,644
Current service cost	665,875	626,811
Interest cost	234,686	192,302
Remeasurement gain	(1,646,781)	(35,410)
End of year	3,938,127	4,684,347

The movements in the retirement benefit obligation recognized in the statement of financial position at December 31 are as follows:

	Note	2022	2021
Beginning of the year		4,684,347	3,900,644
Retirement benefit expense recognized in profit or loss	11	900,561	819,113
Remeasurements recognized in other comprehensive income		(1,646,781)	(35,410)
End of year		3,938,127	4,684,347

The movements in the reserve for remeasurements of retirement obligation recognized in the statement of financial position at December 31 are as follows:

	Note	2022	2021
Beginning of the year		(1,431,015)	(1,404,457)
Remeasurements recognized in other comprehensive income		(1,646,781)	(35,410)
Deferred tax	16	411,696	8,852
End of year		(2,666,100)	(1,431,015)

The components of retirement benefit expense recognized in profit or loss as part of operating expenses for the years ended December 31 are as follows (Note 11):

	2022	2021
Current service cost	665,875	626,811
Interest cost	234,686	192,302
	900,561	819,113

The amounts recognized in other comprehensive income for the years ended December 31 are as follows:

	2022	2021
Remeasurement gain on defined benefit obligation		
Changes in liability experience	(48,064)	42,694
Changes in financial assumptions	(1,598,717)	(61,025)
Changes in demographic assumptions	-	(17,079)
	(1,646,781)	(35,410)

The principal actuarial assumptions used at December 31 are as follows:

	2022	2021
Discount rate	7.40%	5.01%
Future salary increase rate	2.00%	2.00%

Discount rate

The discount rate is determined by reference to yields on long-term Philippine Treasury Bonds and adjusted to reflect the term similar to the estimated term of the benefit obligation as determined by the actuary as at the end of the reporting period as there is no deep market in high quality corporate bonds in the Philippines.

Future salary increase

This is the expected long-term average rate of salary increase taking into account inflation, seniority, promotion and other market factors. Salary increases comprise of the general inflationary increases plus a further increase for individual productivity, merit and promotion. The future salary increase rates are set by reference over the period over which benefits are expected to be paid.

Demographic assumptions

The average working life for the year ended December 31, 2022 is 26.3 years (2021 - 27.0 years).

Assumption regarding future mortality and disability are set based on published statistics and experience in the Philippines. The discount rate assumption is based on the theoretical spot yield curve calculated from the Bankers Association of the Philippines (BAP) PHP Bloomberg BVAL Reference Rates (BVAL) benchmark reference curve for government securities market by stripping the coupons from government bonds to create virtual zero-coupon bonds as of the valuation date and considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is presented as follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
December 31, 2022			
Discount rate	+/-1%	(568,728)	458,951
Salary increase rate	+/-1%	595,892	(484,893)
December 31, 2021			
Discount rate	+/-1%	(851,086)	675,406
Salary increase rate	+/-1%	869,764	(699,180)

The sensitivity analyses in the previous page are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the retirement benefit obligation recognized within the statement of financial position.

The weighted average duration of the defined benefit obligation as at December 31, 2022 is 13.0 years (2021 - 16.3 years).

Expected maturity analysis

The expected maturity analysis of undiscounted retirement benefits follow as at December 31 is as follows:

	2022	2021
Between 1 year to 5 years	1,724,310	1,725,707
Over 5 years	370,527	-
	2,094,837	1,725,707

Note 13 - Leases

The Company has operating lease agreements with a third-party lessor and its shareholder (Note 15) for the use of its office space for a period of 1 year. Extension or termination of lease agreements must be agreed by both parties. Payments made by the Company for the year ended December 31, 2022 are all recorded in the statements of total comprehensive income as rental (Note 11).

The lease agreements above require payment of security deposits amounting to P476,744 which is presented part of security deposit in the statement of financial position as at December 31, 2022 and 2021. These security deposits are refundable at the end of the lease term.

As at December 31, 2022 and 2021, security deposits are presented as part of non-current assets as management has no intention of terminating the lease agreements within the next 12 months.

The remaining security deposits amounting to P90,647 pertain to Meralco utility deposit for the years ended December 31, 2022 and 2021.

(i) Amounts recognized in the statements of total comprehensive income

For the years ended December 31, 2022, the expenses relating to short-term leases amounting to P3,182,253 (2021 - P3,027,548) (Note 11).

(ii) Discount rate

Payments for leases of office space and warehouses are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

(iii) Extension and termination options

Extension and termination options are included in a number of office space leases of the Company. These are used to maximize operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable by both the Company and the respective lessor.

Note 14 - Other operating income (expenses), net

The components of other operating income (expenses), net for the years ended December 31 are as follows:

	Notes	2022	2021
Foreign exchange income, net	17	5,416,628	2,437,000
Interest income	2, 6	53,241	68,169
Others		(228,782)	(254,385)
		5,241,087	2,250,784

Others mainly consist of operating bank charges and miscellaneous expenses as at December 31, 2022 and 2021.

Note 15 - Related party transactions

The Company, in the ordinary course of business, has transactions with its related parties as follows:

Transactions for the years ended December 31 are as follows:

	Terms and conditions	2022	2021
a) Lease agreement (Note 13)			
Shareholder	The Company has an existing lease agreement with its shareholder for the use of its office space and presented as part of amortization expense (Note 11) and finance cost after adoption of PFRS 16, Leases.		
Rental payments		2,993,760	2,851,200
	Security deposit as required by the lease agreement is presented as part of security deposits in the statement of financial position.		
b) Revenue from advertising			
Entities under Common Control	The Company placed an advertisement in its website as part of the bundled revenue with its related parties.	9,695,000	11,393,983
c) Cash dividend			
Parent Company	The Company declared cash dividend for the years ended December 31, 2022 and 2021 (Note 8).		
Hastings Holdings, Inc.		-	3,575,000
Other shareholders		-	1,925,000
		-	5,500,000

Net balances as at December 31 are as follows:

	Ref	Terms and conditions	2022	2021
Security deposit (Note 13)				
Shareholder	(a)	Amounts are presented within security deposit in the statement of financial position. These are collectible upon end of the lease term.	447,800	447,800
Due from related parties				
Entities under Common Control	(b)	Amounts are collectible in the form of cash on a gross basis. These are unsecured, non-interest bearing and due and demandable but not later than 12 months from the reporting period.	20,400,002	19,414,148

There are no collaterals held or guarantees issued with respect to related party transactions and balances.

Key management compensation

Key management compensation for the years ended December 31 consist of:

	Terms	2022	2021
Salaries and other short-term employee benefits	Key management compensation covering salaries and wages and other short-term benefits are determined based on contract of employment and payable in accordance with the Company's payroll process. These were fully paid at reporting periods. The Company does not have receivables from/payables to key management personnel arising from the above compensation agreement as at December 31, 2022 and 2021.	1,688,085	1,621,500
Retirement benefit expense		282,228	228,555
		1,970,313	1,850,055

Note 16 - Income tax

Deferred income tax (DIT) assets at December 31 represent the tax effect of the following temporary differences:

	Notes	2022	2021
To be realized (settled) within 12 months			
Allowance for ECLs	3	5,336,790	4,571,612
Unrealized foreign exchange gain	17	(1,243,255)	(551,257)
To be realized after 12 months			
Retirement benefit obligation	12	984,532	1,171,087
		5,078,067	5,191,442

DIT assets were determined using the income tax rates in the period the temporary differences are expected to be realized or settled.

Movements in DIT assets for the years ended December 31 are as follows:

	Note	2022	2021
Beginning of year		5,191,442	6,032,554
Credited (charged) to profit or loss		298,321	(832,260)
Charged to other comprehensive income	12	(411,696)	(8,852)
		5,078,067	5,191,442

Realization of future tax benefit related to DIT assets is dependent on the Company's ability to generate future taxable income during the periods in which these are expected to be realized. The Company has considered these factors in reaching a conclusion as to the amount of DIT assets recognized as at December 31, 2022 and 2021 and regularly reviews the recoverability of the DIT assets recognized.

The components of income tax expense as shown in the statement of total comprehensive income for the years ended December 31 are as follows:

	2022	2021
Current	9,172,075	8,549,504
Deferred	(298,320)	832,260
	8,873,755	9,381,764

The reconciliation of income tax computed at the statutory income tax rate to income tax expense as shown in the statement of total comprehensive income for the years ended December 31 are as follows:

	2022	2021
Income tax at statutory tax rate (25%)	8,887,066	8,255,702
Adjustments in income tax arising from:		
Change in tax rates	-	1,005,426
Interest income subject to final tax	(13,311)	(17,042)
Non-deductible expense	-	137,678
Income tax expense	8,873,755	9,381,764

Note 17 - Foreign currency denominated monetary assets

The Company's U.S. Dollar denominated monetary assets at December 31 are as follows:

	2022	2021
Cash	1,233,491	888,087
Trade receivables	-	29,078
Total foreign currency denominated monetary assets	1,233,491	917,165
Closing rate of U.S. Dollar to Philippine Peso	55.76	50.99
Philippine Peso equivalent	68,779,458	46,766,243

The closing rate used by the Company approximates the closing rate prescribed by the Bangko Sentral ng Pilipinas at reporting periods.

Details of foreign exchange gains as presented in the statements of comprehensive income are as follows:

	Note	2022	2021
Unrealized foreign exchange gain	14	4,973,021	2,205,029
Realized foreign exchange gain	14	443,607	231,971
		5,416,628	2,437,000

Note 18 - Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

18.1 Critical accounting estimates and assumptions

Provision for expected credit losses on trade receivables (Note 3)

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company’s historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

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

Estimated useful lives of property and equipment (Note 5)

The useful life of each of the Company’s property and equipment is estimated based on the period over which these assets are expected to be available for use. Such estimation is based on a collective assessment of, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future 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 would increase the recorded expenses and decrease non-current assets.

It is possible, however, that future results of operations could materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

A change in the estimated useful life of any item of property and equipment would impact the recorded costs and expenses and non-current assets.

Principal assumptions and estimation of retirement benefit obligation (Note 12)

The present value of the retirement benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions and estimates used in determining the retirement benefits include the discount rate and the rate of salary increases. Any changes in these assumptions and estimations will impact the carrying amount of the retirement benefit obligation.

The Company determines the appropriate discount rate at the end of each reporting period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligation. In determining the appropriate discount rate, the Company considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefit obligation.

Other key assumptions for retirement obligations are based in part of current market conditions. Additional information is disclosed in Note 12.

Incremental borrowing rate (Note 13)

To determine the incremental borrowing rate, the Company uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

18.2 Critical accounting judgments in applying the Company's accounting policies

Impairment of property and equipment (Note 5)

The carrying value of property and equipment is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Changes in those assessment and judgment could have a significant effect on the carrying value of property and equipment and the amount and timing of recorded provision for any period.

As at December 31, 2022 and 2021, management believes that there are no significant events or changes in circumstances which indicate that the carrying amount may not be recoverable at reporting periods.

Determining the lease term (Note 13)

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in leases have not been included in the lease liability because the Company could replace the assets without significant cost or business disruption. There are no potential future cash outflows that have been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the current financial year, the Company did not revise the lease terms because it did not exercise any extension and termination options.

Realizability of deferred income taxes (Note 16)

The Company recognizes DIT assets to the extent that it is probable that future taxable income will be available against which temporary differences can be utilized. Determining the realizability of DIT assets requires the assessment of available taxable profit to be generated from the operations against which the DIT assets can be applied.

The Company recognized DIT assets as at December 31, 2022 amounted to P5,078,067 (2021 - P5,191,442) as management believes that sufficient taxable profit will be generated to allow for the benefits of these DIT assets to be utilized in the future.

Note 19 - Financial and capital risk management

19.1 Financial risk factors

The Company's activities expose it to a variety of financial risks and these activities involve analysis, evaluation and management of some degree of risk or combination of risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Financial risk management is carried out by management under the direction of the BOD. Management identifies and evaluates financial risks in close cooperation with the Company's department heads. The BOD reviews and approves policies and procedures covering specific financial risk areas. These policies and procedures enable the Company's management to make strategic and informed decisions with regard to the operations of the Company.

The most important types of risk the Company manages are market risk, credit risk, and liquidity risk. Market risk includes foreign exchange risk, price risk and interest risk. The Company has no significant financial assets and liabilities that are exposed to interest and price risks.

19.2 Components of financial assets and liabilities by category

Details of the Company's financial assets measured at amortized cost at December 31 are as follows:

	Notes	2022	2021
Cash	2	75,782,288	52,924,738
Trade receivables	3	55,684,592	49,207,675
Due from related parties	15	20,400,002	19,414,148
Security deposits	13	567,391	567,391
Other financial asset at amortized cost	4, 6	2,000,000	2,000,000
		154,434,273	124,113,952

Trade receivables are presented above gross of allowance for doubtful accounts as at December 31, 2022 amounting to P21,347,157 (2021 - P18,286,447).

Advances to employees and suppliers and other receivables as at December 31, 2022 aggregating to P1,116,686 (2021 - P1,294,676) are considered non-financial asset as these are subject to performance of contracted services and liquidation.

Details of the Company's financial liabilities measured at amortized cost at December 31 are as follows:

	Notes	2022	2021
Trade payables	7	3,210,247	3,820,360
Accrued expenses	7	1,458,256	1,439,884
		4,668,503	5,260,244

Withholding tax payable, deferred output valued-added tax payable and other payable to government agencies as at December 31, 2022 aggregating to P7,332,541 (2021 - P6,643,232) are considered non-financial liabilities.

19.3 Credit risk

Credit risk refers to the risk that a counterparty will cause a financial loss to the Company by failing to discharge an obligation. Significant changes in the economy that may represent a concentration in the Company's business, could result to losses that are different from those provided for at reporting date.

Credit risk arises from cash deposits with banks and financial institutions, as well as credit exposure on receivable from customers, related parties and other counterparties. The fair values of these financial assets approximate their net carrying amounts.

The Company has no significant concentration of credit risk. Credit exposure is spread over a large number of counterparties. The Company has a robust credit review process. A credit assessment is being made to check the creditworthiness of all counterparties prior to signing the contract. In addition, credit risk is minimized by monitoring receivables regularly.

The Company has the following financial assets as at December 31, 2022 and 2021 where the expected credit loss model has been applied:

	Gross carrying amount	Allowance provided	Net carrying amount	Internal credit rating	Basis for recognition of ECL
At December 31, 2022					
Cash in banks	75,767,288	-	75,767,288	Performing	12- month expected credit loss
Trade receivables					
Group 2	34,337,435	-	34,337,435	Performing	Lifetime ECL - simplified
Group 3	21,347,157	(21,347,157)	-	Credit-impaired	Full provision
Due from related parties	20,400,002	-	20,400,002	Performing	Lifetime ECL - simplified
Security deposits	567,391	-	567,391	Performing	Lifetime ECL - simplified
Other financial asset at amortized cost	2,000,000	-	2,000,000	Performing	Lifetime ECL - simplified
Total	154,419,273	(21,347,157)	133,072,116		
At December 31, 2021					
Cash in banks	52,924,738	-	52,924,738	Performing	12- month expected credit loss
Trade receivables					
Group 2	30,921,228	-	30,921,228	Performing	Lifetime ECL - simplified
Group 3	18,286,447	(18,286,447)	-	Credit-impaired	Full provision
Due from related parties	19,414,148	-	19,414,148	Performing	Lifetime ECL - simplified
Security deposits	567,391	-	567,391	Performing	Lifetime ECL - simplified
Other financial asset at amortized cost	2,000,000	-	2,000,000	Performing	Lifetime ECL - simplified
Total	124,113,952	(18,286,447)	105,827,505		

Cash in banks

To minimize credit risk exposure from cash in banks, the Company maintains cash deposits in reputable banks. The Company assesses that cash in banks have low credit risk considering the bank's external credit ratings.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit quality of trade and other receivables are further classified and assessed by reference to historical information about each counterparty's historical default rates.

Group 1 - Customer balances without history of default and assessed to be fully recoverable.
Group 2 - Customers with some defaults in the past. All defaults were fully recovered.
Group 3 - Individual assessed customer with defaults and which the Company no longer expects to recover the balance despite its collection efforts.

Due from related parties

The Company has outstanding receivables from related parties, mainly arising from advertising on behalf of related parties. These are collectible on demand and therefore, expected credit losses are based on the assumption that repayment of balances outstanding is demanded at the reporting date.

Based on assessment of qualitative and quantitative factors that are indicative of the risk of default, including but not limited to, availability of accessible highly liquid asset and internal and external funding of related parties, Company has assessed that the outstanding balances are exposed low credit risk. Expected credit losses on these balances have therefore been assessed to be insignificant.

Security deposits

This account pertains to security deposits on properties leased by the Company which are fully refundable at the end of the lease term. Management is not expecting significant credit risk on these deposits.

Other financial asset at amortized cost

This financial asset at amortized cost, with maturity of which is beyond 12 months after the period-end financial reporting date, and with the main purpose of collecting contractual cash flows and gives rise to cash flows that are solely payments of principal and interest. Management is not expecting significant credit risk on these long-term investments.

19.4 Market risk

Foreign exchange risk

The Company is exposed to foreign exchange risk primarily with respect to its cash deposits and receivables that are denominated in U.S. Dollar. The Company's financial position and results of operations are affected by the movement in the U.S. Dollar to Philippine Peso exchange rate. Foreign exchange risk arises when recognized assets denominated in a currency that is not the Company's functional currency. The Company's foreign currency denominated monetary assets are shown in Note 17.

As at December 31, 2022, if the Philippine Peso had weakened/strengthened by -9.34% (2021 - 0. 47%) against the U.S. Dollar, with all other variables held constant, pre-tax profit would have been higher/lower by P5,877,583 (2021 - P220,120), mainly as a result of foreign currency exchange gains/losses on translation of U.S. Dollar-denominated monetary assets.

The assumed currency fluctuation applied in the sensitivity analysis is the rate of change in U.S. Dollar between the Philippine Peso equivalent at year-end and the Philippine Peso equivalent determined thirty days after the reporting period, by which management is expected to receive the Company's significant foreign currency denominated monetary assets.

19.5 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet operating capital requirements. The Company aims to maintain flexibility in funding its operations through an efficient collection of client's accounts.

At December 31, 2022, the Company's financial liabilities maturing within the next 12 months from the reporting period amounted to P4,668,503 (2021 - P5,260,244). These amounts are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant due to their short-term maturities.

The Company has no long-term financial liabilities as at December 31, 2022 and 2021.

As at December 31, 2022 and 2021, the Company has sufficient available financial assets to settle financial liabilities that are due within 12 months from the reporting period. Also, the Company will be able to meet unexpected cash outflow, if any, by accessing additional funding sources from related parties.

19.6 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can implement its key operating plans to achieve profitable operations in the near future.

The Company manages its capital structure, which is the total equity (excluding reserve for remeasurements of retirement obligation) as shown in the statement of financial position, and makes adjustments to it, in light of changes in economic conditions.

As at December 31, 2022 and 2021, the Company is not subject to externally imposed capitalization.

Note 20 - Summary of significant accounting policies

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

20.1 Basis of preparation

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

Changes in accounting policies and disclosures

New and amended standards adopted by the Company

The Company has applied the following amendment for the first time for the financial year beginning January 1, 2022:

- Reference to the Conceptual Framework – Amendments to PFRS 3

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 Board also added an exception to the recognition principle of PFRS 3 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 or IFRIC 21 Levies, if incurred separately.

At the same time, the amendments clarified the existing guidance in PFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to PAS 16

The amendments prohibit entities to deduct 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 amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to PAS 37

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 amendments are effective for annual reporting periods beginning on or after January 1, 2022.

- PFRS 9 Financial Instruments – Fees in 10% 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.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

New standards, amendments and interpretations not yet adopted

- PAS 1: Classification of Liabilities as Current or Non-current

Amendments to paragraphs 69 to 76 of PAS 1 were issued to specify the requirements for classifying liabilities as current or non-current. The amendments clarify the following:

- the definition of 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; and
- 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. The Company does not expect the amendment to have a significant impact to the Company's financial statements.

- PAS 1 and PFRS Practice Statement 2: Making Materiality Judgments - Disclosure of Accounting Policies

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

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

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

- PAS 8: Definition of Accounting Estimates

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

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

- PAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. Following the amendments to PAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

There are no other relevant standards, amendments or interpretations that are effective beginning on or after January 1, 2021 that are expected to have a material impact on the Company's financial statements.

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

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

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

New standards, amendments and interpretations not yet adopted

A number of new standards, amendments, and interpretations to existing standards are effective for annual periods after January 1, 2022 and have not been early adopted nor applied by the Company in preparing these financial statements. None of these standards are expected to have significant effect in the financial statements of the Company.

20.2 Financial assets

Classification and presentation

The Company classifies its financial assets in the following measurement categories: (a) those to be measured subsequently at fair value (either through OCI or through profit or loss), and (b) those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. The Company did not hold financial assets under category (a) during and as at December 31, 2022. The Company's financial assets under (b) category includes cash (Note 2), trade and other receivables (Note 3), financial asset at amortized cost (Notes 4 and 6), due from related parties (Note 15), and deposits (Note 13).

Recognition and measurement

The Company recognizes a financial asset in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Regular-way purchases and sales of financial assets are recognized on trade date - the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequently, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

Impairment

The Company assesses on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Loss allowances of the Company are measured on either of the following bases:

- 12-month expected credit losses (ECLs): these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset

Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables arising from contract with third parties and related parties. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Company applies the general approach to provide for ECLs on non-trade receivables. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 180 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as actual default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in profit or loss.

Interest income

Interest income on bank deposits, which is presented net of final taxes paid or withheld, is recognized on a time-proportion basis using the effective interest method.

Other income

All other income is recognized when earned or when the right to receive payment is established.

20.3 Financial liabilities

Classification and presentation

The Company's financial liabilities are classified at (a) amortized cost and (b) fair value through profit or loss. Financial liabilities under category (b) comprises of two sub-categories: financial liabilities classified as held for trading and financial liabilities designated by the Company as at fair value through profit or loss upon initial recognition. Management determines the classification of its financial liabilities at initial recognition.

The Company did not hold any financial liabilities at fair value through profit or loss during and at the end of each reporting period.

The Company's financial liabilities at amortized cost are contractual obligations which are either to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company. They are included in current liabilities, except for maturities greater than 12 months after reporting date which are classified as non-current liabilities.

The Company's financial liabilities at amortized cost consist of accounts payable and other current liabilities (excluding payable to other government agencies) and due to related parties.

Initial recognition and measurement

The Company recognizes a financial liability in the statement of financial position when the Company becomes a party to the contractual provision of the instrument.

Financial liabilities measured at amortized costs are initially recognized at fair value plus transaction costs.

Subsequent measurement

Financial liabilities not carried at fair value through profit or loss are subsequently measured at amortized cost using the effective interest method. Interest expense on financial liabilities is recognized within profit or loss.

Derecognition

Financial liabilities are derecognized when it is extinguished, that is, when the obligation specified in a contract is settled, discharged or cancelled, or when the obligation expires.

20.4 Fair value measurement

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

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

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

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

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

The Company has no financial assets and liabilities carried at fair value during and at the end of each reporting period.

20.5 Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty. There are no legally enforceable offsetting arrangements during and at the end of each reporting date.

20.6 Cash in banks

Cash in banks pertain to deposits held at call with banks. These are carried in the statement of financial position at face amount or at nominal amount, which approximates its amortised cost using the effective interest rate method. Cash in banks earn interest at prevailing bank deposit rates.

20.7 Trade and other receivables

Trade receivables arising from regular sales with an average credit term of approximately 30 days are measured initially at fair value plus transaction costs, which approximates the original invoice amount, and subsequently measured at amortized cost less any provision for impairment. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment.

Receivables are derecognized when actually collected, written-off, the rights to receive cash flows have expired or the Company has transferred substantially all risks and rewards of ownership to the receivable.

20.8 Prepayments and other assets

Prepayments and other assets are recognized in the event that payment has been made in advance of obtaining right of access to goods or receipts of services and measured at nominal amounts. These are de-recognized in the statement of financial position either with the passage of time or through use or consumption. Prepayments and other assets are included in current assets, except when the related goods or services are expected to be received or rendered more than 12 months after the reporting period which are classified as non-current assets.

20.9 Property and equipment

Property and equipment are recognized at historical cost during initial recognition. Historical cost includes expenditures that are directly attributable to the acquisition of the items including the cost of bringing the asset to its working condition and location for its intended use.

Following initial recognition at cost, all property and equipment are recorded at cost less accumulated depreciation and impairment, if any. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner. All other repairs and maintenance are expensed in profit or loss during the financial period in which they are incurred.

Depreciation of office furniture and equipment is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives of 3 to 5 years.

Fully depreciated assets are retained in the property and equipment accounts until these are retired. The assets' residual values and useful lives are reviewed, and adjusted as appropriate, at each reporting period.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its disposal, at which time the cost and their related accumulated depreciation are removed from the accounts. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 20.10).

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are recognized in profit or loss.

20.10 Impairment of non-financial assets

Non-financial assets, mainly property and equipment which are subject to depreciation, and other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses, if any, are recognized in profit or loss within operating expenses.

When impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in other operating income in profit or loss.

20.11 Current and deferred income tax

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

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

DIT is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, DIT is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects either accounting nor taxable profit or loss. DIT is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related DIT asset is realized or the DIT liability is settled.

DIT liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. DIT assets are recognized for all temporary differences that are expected to reduce taxable profit in the future to the extent that it is probable that future taxable profit will be available against which the temporary differences and unused tax losses and tax credits can be utilized. The Company re-assesses at each reporting period the need to derecognize a previously recognized DIT asset.

DIT assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the DIT assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

DIT expense or credit is recognized for changes in DIT assets and liabilities during the reporting periods. Income tax expense includes income tax as currently payable and those deferred because of temporary differences in the financial and tax reporting bases of assets and liabilities, and unused tax losses and tax credits.

DIT assets and liabilities are derecognized when the related temporary difference are realized or settled.

20.12 Trade payables and other liabilities

Trade payables and other liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. These are recognized initially at invoice amount, which approximates fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method.

Trade payables and other liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

20.13 Equity

Share capital

Common shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Share premium

Any amount received by the Company in excess of the par value of its shares is credited to share premium which forms part of the non-distributable reserves of the Company and can be used only for purposes specified under the corporate legislation.

Retained earnings

Retained earnings represent the accumulated result of the operations of the Company, less any dividends declared.

20.14 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's BOD.

20.15 Revenue recognition

The following is a description of principal activities from which the Company generates its revenue.

Service revenue

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting period.

Barter transactions, if any, representing advertisements exchanged for merchandise or services, are carried at fair value of the consideration received and are included in advertising revenue in profit or loss. The related merchandise or service vouchers are treated as other assets and derecognized when utilized or otherwise disposed. These assets are classified as current except when the expected benefit from such would be recovered after more than 12 months from reporting period.

20.16 Costs and expenses

Costs and expenses are charged to profit or loss in the period in which these are incurred.

20.17 Employee benefits

Short-term benefits

Provision is made for benefits accruing to employees in respect of vacation and sick leave benefits when it is probable that settlement will be required, and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting period.

Retirement benefits

The Company adopted a formal non-contributory retirement plan for the benefit of its qualified employees which was approved on January 26, 2015. Under the Company's Retirement Plan, an employee with the age of 60 years and with at least 5 years of service will receive a sum equivalent to 100% of his monthly salaries for every year of service.

A defined benefit plan is a retirement plan that defines an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service or compensation. The liability recognized in the statement of financial position in respect of defined benefit retirement plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement obligation.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

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 at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

20.18 Leases (where the Company is the lessee)

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

(i) Measurement of lease liabilities

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

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

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

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

To determine the incremental borrowing rate, the Company used the prevailing interest rate inquired from the bank, i.e. 6%.

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

(ii) Measurement of right-of-use assets

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

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

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

(iii) Extension and termination options

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

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

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value asset identified pertain to the lease term with RFM Corporation for an office space (Note 13).

20.19 Provisions

Provisions are recognized: when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

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

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and derecognized.

20.20 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercises 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 entities which are under control with 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.

20.21 Functional and presentation currency and transaction

Functional and presentation currency

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

Transactions and balances

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

20.22 Subsequent events

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

Note 21 - Supplementary information required by the Bureau of Internal Revenue (BIR)

On December 28, 2010, Revenue Regulations (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRS.

Below is the additional information required by RR No. 15-2010:

(i) Output value-added tax (VAT)

Output VAT declared for the year ended December 31, 2022 and the gross revenues upon which the same was based consist of:

	Gross receipt of revenues, net of VAT	Output VAT declared
Subject to 12% VAT	40,385,498	4,846,260
Zero-rated sales	37,520,669	-
Exempt sales	316,500	-
	78,222,667	4,846,260

The gross revenues shown above are based on gross receipts of the Company for VAT purposes while gross revenue amounting to P84,567,757 (Note 9) are measured in accordance with the policy in Note 20.15.

(ii) Input VAT

Movements in input VAT for the year ended December 31, 2022 are as follows:

Beginning balance	19,800
Current year's domestic purchases:	
Domestic purchases of goods other than capital goods	-
Domestic purchase of services	1,266,246
	1,286,046
Application of output vat	(1,282,446)
End of the year	3,600

(iii) Other taxes and licenses

All other local and national taxes paid for the year ended December 31, 2022 consist of:

Business tax	1,291,539

The above local and national taxes are presented as taxes and licenses in the statement of total comprehensive income within operating expenses (Note 11).

(iv) Withholding taxes

Withholding taxes accrued and paid as at and for the year ended December 31, 2022 consist of:

	Paid	Accrued	Total
Compensation withholding tax	1,978,622	148,552	2,127,174
Expanded withholding tax	441,993	50,896	492,889
	2,420,615	199,448	2,620,063

Accrued withholding taxes are presented as withholding tax payable within accounts payable and other liabilities in the statement of financial position (Note 7).

(v) Tax assessments

The Company does not have any outstanding tax assessments as at and for the year ended December 31, 2022.

(vi) Tax cases

The Company does not have any outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR as at and for the year ended December 31, 2022.