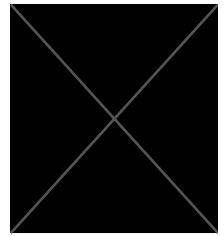




SECURITIES AND EXCHANGE COMMISSION

SEC Headquarters, 7907 Makati Avenue, Salcedo Village, Barangay Bel-Air, Makati City, 1209, Metro Manila Philippines
Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph



The following document has been received:

Receiving: Anthonio Kwong

Receipt Date and Time: April 17, 2023 08:00:00 AM

Company Information

SEC Registration No.: 0000141048

Company Name: RADIO VERITAS GLOBAL BROADCASTING SYSTEM INC.

Industry Classification: O92131

Company Type: Stock Corporation

Document Information

Document ID: OST10417202381014575

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2022

Submission Type: Annual

Remarks: None

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



COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

R	A	D	I	O		V	E	R	I	T	A	S		G	L	O	B	A	L		B	R	O	A	D	C	A	S	T	
I	N	G		S	Y	S	T	E	M	,		I	N	C	.															

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

V	E	R	I	T	A	S		T	O	W	E	R	,		1	6	2		W	E	S	T		A	V	E	N	U	E
	C	O	R	N	E	R		E	D	S	A	,		Q	U	E	Z	O	N		C	I	T	Y					

Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

<p>Company's Email Address</p> <div style="border: 1px solid black; padding: 2px;">finance.veritas846@gmail.com</div>	<p>Company's Telephone Number</p> <div style="border: 1px solid black; padding: 2px;">(02) 8925 7931-40</div>	<p>Mobile Number</p> <div style="border: 1px solid black; padding: 2px;">0917-155-8519</div>
<p>No. of Stockholders</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">16</div>	<p>Annual Meeting (Month / Day)</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">07/13</div>	<p>Fiscal Year (Month / Day)</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">12/31</div>

CONTACT PERSON INFORMATION

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

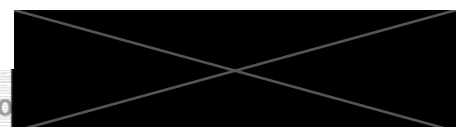
<p>Name of Contact Person</p> <div style="border: 1px solid black; padding: 2px;">Fr. Anton C. T Pascual</div>	<p>Email Address</p> <div style="border: 1px solid black; padding: 2px; background-color: black;">[REDACTED]</div>	<p>Telephone Number/s</p> <div style="border: 1px solid black; padding: 2px; background-color: black;">[REDACTED]</div>	<p>Mobile Number</p> <div style="border: 1px solid black; padding: 2px; text-align: center;">N/A</div>
--	--	---	--

CONTACT PERSON'S ADDRESS

[REDACTED ADDRESS]

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.



INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Radio Veritas Global Broadcasting System, Inc.
Veritas Tower
162 West Avenue corner EDSA
Quezon City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Radio Veritas Global Broadcasting System, Inc. (the Company), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standard (PFRS) for Small Entities.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for Small Entities, 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 PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, 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.
- 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 Supplementary Information Required Under Revenue Regulations 34-2020 and 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 34-2020 and 15-2010 in Note 16 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Radio Veritas Global Broadcasting System, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Peter John R. Ventura

Partner

CPA Certificate No. [REDACTED]

Tax Identification No. [REDACTED]

BOA/PRC Reg. No. [REDACTED] August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. [REDACTED]-SEC (Group A)

Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions

SEC Firm Accreditation No. [REDACTED]-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. [REDACTED] November 10, 2021, valid until November 9, 2024

PTR No. [REDACTED] January 3, 2023, Makati City

April 13, 2023

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

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


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


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

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders or members.

SyCip, Gorres, Velayo & 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.


Jose F. Cardinal Advincula, Jr., D.D.
Chairman


Rev. Fr. Antonio Cecilio T. Pascual
President


Ederlin [Redacted], CPA
Treasurer

Signed this 13 day of April 2023


RADIO VERITAS GLOBAL BROADCASTING SYSTEM, INC.
Veritas Tower, 162 West Avenue corner EDSA, Quezon City
Tel. Nos.: 925-7932 to 39, Fax 928-3068, Website: www.veritas846.ph

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

The Management of Radio Veritas-Global Broadcasting System Inc. is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2022. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2022 and the accompanying Annual Income Tax Return are in accordance with the books and records of Radio Veritas-Global Broadcasting System Inc., complete and correct in all material respects. Management likewise affirms that:

- a. the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- b. any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- c. the Radio Veritas-Global Broadcasting System Inc. has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.


Jose F. Cardinal Advincula, Jr., D.D.
Chairman


Rev. Fr. Antonio Cecilio T. Pascual
President


Eder [Redacted], CPA
Treasurer

Signed this 13th day of April 2023

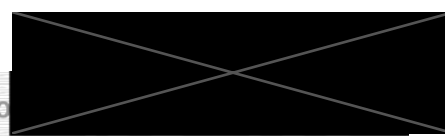
RADIO VERITAS GLOBAL BROADCASTING SYSTEM, INC.
Veritas Tower, 162 West Avenue corner EDSA, Quezon City
Tel. Nos.: 925-7932 to 39, Fax 928-3068, Website: www.veritas846.ph

RADIO VERITAS GLOBAL BROADCASTING SYSTEM, INC.
STATEMENTS OF FINANCIAL POSITION



	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	₱28,936,173	₱32,937,491
Trade and other receivables (Note 4)	15,824,676	11,855,663
Prepayments and other current assets (Note 5)	18,560,995	18,843,628
Total Current Assets	63,321,844	63,636,782
Noncurrent Assets		
Property and equipment (Note 6)	4,799,125	5,700,159
Investment in shares of stock (Note 7)	64,000	64,000
Total Noncurrent Assets	4,863,125	5,764,159
TOTAL ASSETS	₱68,184,969	₱69,400,941
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 8)	₱4,659,371	₱9,097,134
Loan payable - current portion (Note 9)	553,571	485,484
Income tax payable	57,148	1,569,448
Total Current Liabilities	5,270,090	11,152,066
Noncurrent Liabilities		
Retirement obligation (Note 14)	512,388	403,355
Loan payable - noncurrent portion (Note 9)	330,541	836,172
Total Noncurrent Liabilities	842,929	1,239,527
Total Liabilities	6,113,019	12,391,593
Equity		
Capital stock - ₱100 par value		
Authorized - 1,800,000 shares		
Issued and outstanding - 1,300,000 shares	130,000,000	130,000,000
Deficit	(67,928,050)	(72,990,652)
Total Equity	62,071,950	57,009,348
TOTAL LIABILITIES AND EQUITY	₱68,184,969	₱69,400,941

See accompanying Notes to Financial Statements.





RADIO VERITAS GLOBAL BROADCASTING SYSTEM, INC.
STATEMENTS OF INCOME

	Years Ended December 31	
	2022	2021
REVENUES		
Broadcast fees	₱52,595,249	₱46,672,971
COST AND EXPENSES		
Cost of services (Note 11)	38,252,441	30,472,449
General and administrative expenses (Note 12)	10,437,784	8,394,980
	48,690,225	38,867,429
OTHER INCOME (CHARGES)		
Interest income (Notes 3 and 5)	345,272	364,398
Interest expense (Note 9)	(156,912)	(131,191)
Other income (Note 10)	1,837,065	3,090,328
	2,025,425	3,323,535
INCOME BEFORE INCOME TAX	5,930,449	11,129,077
PROVISION FOR INCOME TAX (Note 15)	867,847	3,734,168
NET INCOME	₱5,062,602	₱7,394,909

See accompanying Notes to Financial Statements.



RADIO VERITAS GLOBAL BROADCASTING SYSTEM, INC.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	Capital Stock	Deficit	Total
Balances at January 1, 2020	₱130,000,000	(₱80,385,561)	₱49,614,439
Net income	–	7,394,909	7,394,909
Balances at December 31, 2021	130,000,000	(72,990,652)	₱57,009,348
Net income	–	5,062,602	5,062,602
Balances at December 31, 2022	₱130,000,000	(₱67,928,050)	₱62,071,950

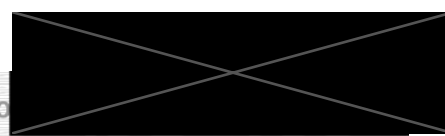
See accompanying Notes to Financial Statements.

RADIO VERITAS GLOBAL BROADCASTING SYSTEM, INC.
STATEMENTS OF CASH FLOWS



	Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱5,930,449	₱11,129,077
Adjustments for:		
Depreciation (Note 6)	3,056,855	2,817,513
Provision for impairment losses (Note 4)	482,260	871,436
Interest income (Notes 3 and 5)	(345,272)	(364,398)
Interest expense (Note 9)	156,912	131,191
Movement in retirement obligation (Note 14)	109,033	(1,124,811)
Gain on disposal of property and equipment (Note 6)	–	(553,571)
Amortization of deferred lease (Note 5)	–	20,906
Operating income before working capital changes	9,390,237	12,927,343
Decrease (increase) in:		
Trade and other receivables	(4,451,273)	3,892,284
Prepayments and other current assets	(123,921)	4,811,356
Increase (decrease) in trade and other payables	(4,437,763)	1,516,710
Net cash generated from operations	377,280	23,147,693
Interest received	345,272	343,492
Income tax paid	(1,973,593)	–
Net cash flows generated from (used in) operating activities	(1,251,041)	23,491,185
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment (Note 6)	(2,155,821)	(4,415,450)
Proceeds from disposal of property and equipment (Note 6)	–	553,571
Net cash flows used in investing activities	(2,155,821)	(3,861,879)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of principal portion of loan payable (Note 9)	(437,544)	(116,498)
Interest paid (Note 9)	(156,912)	(131,191)
Proceeds from availment of loan payable (Note 9)	–	1,438,155
Net cash flows from (used in) financing activities	(594,456)	1,190,466
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,001,318)	20,819,772
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	32,937,491	12,117,719
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 3)	₱28,936,173	₱32,937,491

See accompanying Notes to Financial Statements.



RADIO VERITAS GLOBAL BROADCASTING SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS



1. Corporate Information

Radio Veritas Global Broadcasting System, Inc. (the Company) was incorporated in the Philippines and was registered with the Philippine Securities and Exchange Commission (SEC) on June 2, 1987 primarily to engage in the business of operating and maintaining radio and television broadcasting stations in the Philippines for religious, educational, cultural and commercial purposes.

The registered office address of the Company is Veritas Tower, 162 West Avenue corner Edsa, Quezon City.

The financial statements as at and for the years ended December 31, 2022 and 2021 were approved and authorized for issuance by the Company's Board of Directors (BOD) on April 13, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared in accordance with Philippine Financial Reporting Standard (PFRS) for Small Entities, as approved by the Financial Reporting Standards Council, Board of Accountancy and SEC.

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Philippine peso and all values are rounded to the nearest peso, except when otherwise indicated.

Financial Instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provisions. The Company classifies its financial instruments into the following categories: (a) basic financial instruments; and (b) complex financial instruments.

The Company's basic financial instruments consist of cash and cash equivalents, trade and other receivables, refundable deposits under "Prepayments and other current assets", investment in shares of stock, trade and other payables and loan payable. The Company does not have complex financial instruments.

Initial measurement

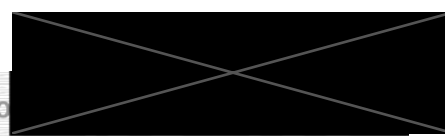
On initial recognition, a debt financial instrument is measured at transaction price (including transaction costs), unless the arrangement is in effect a financing transaction. In this case, it is measured at present value of the future payment discounted using a market rate of interest for a similar debt instrument.

Subsequent measurement

The Company's debt financial instruments are subsequently measured at amortized cost using the effective interest method.

Impairment of financial instruments measured at amortized cost

At each reporting date, the Company assesses whether there is objective evidence of impairment on any financial assets that are measured at amortized cost. Where there is any objective evidence of impairment, an impairment loss is recognized immediately in the statement of income.



The impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate (EIR).

Derecognition of financial assets

An entity only derecognizes a financial asset when the contractual rights to the cash flows from the assets have expired or are settled, or the entity has transferred to another party substantially all the risks and rewards of ownership relating to the financial asset.

Derecognition of financial liabilities

Financial liabilities are derecognized only when these are extinguished - that is, when the obligation is discharged, cancelled or has expired.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less and that are subject to insignificant risk of changes in value.

Trade and Other Receivables

Trade and other receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the EIR method. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Prepayments and Other Current Assets

Prepaid expenses

Prepaid expenses are carried at cost less amortized portion. These pertain to expenses paid in advance but not yet incurred.

Value-added tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

Deferred output VAT represents output VAT on services rendered that are still uncollected. This will be settled or remitted to the Bureau of Internal Revenue (BIR) upon collection of the related receivable.

Creditable withholding taxes (CWTs)

CWTs are amounts withheld from income tax payments which the Company expects to realize or apply as a tax credit within twelve (12) months after the financial reporting date. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

Refundable deposits

Refundable deposits are measured at present value of the future payments discounted at a market rate of interest for a similar debt instrument.



Other assets

Other assets pertain to various religious items and souvenirs held by the Company for sale to third parties. These are stated at the lower of cost or net realizable value.

Property and Equipment

Property and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when each major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of income as incurred.

Depreciation is computed on a straight-line method over the estimated useful lives of the property and equipment as follows:

	Number of Years
Broadcast equipment	3-20
Furniture and office equipment	3-5
Leasehold improvements	5 or lease term, whichever is shorter
Transportation equipment	5

The property and equipment's residual values, useful lives and depreciation method are reviewed periodically to ensure that the values, periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

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

Fully depreciated property and equipment are retained in the accounts until these are no longer in use.

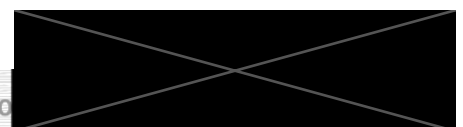
Impairment of Property and Equipment and Other Noncurrent Assets

Property and equipment and other noncurrent assets are assessed at each reporting date to determine whether there is any indication that the assets are impaired. When an impairment indicator is identified, the carrying value of the asset is tested for impairment. 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 costs to sell and value in use. If the recoverable amount cannot be estimated for an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are independent of the cash flows from other assets within the Company.

If an impairment indicator no longer exists or the recoverable amount has increased subsequently, the Company will determine the amount of impairment loss that can be reversed to the extent that the reversal should not result in a carrying amount of the asset that is higher had no impairment loss was recognized in the prior years.

Investment in shares of stock

Investment in shares of stock is carried at cost less impairment.



Trade and Other Payables

Trade and other payables are obligations recognized initially at the transaction price and subsequently measured at amortized cost using the EIR method.

Loan Payable

Borrowings are recognized initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortized cost. Interest expense is recognized on the basis of the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

All borrowing costs are expensed as incurred.

Capital Stock

Capital stock is measured at par value for all shares issued. Any amount received by the Company in excess of par value of its shares is credited to additional paid-in capital. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained Earnings (Deficit)

Retained earnings (deficit) consist of accumulated profits or losses less any amount distributed to shareholders.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, returns and value-added tax. The Company recognizes revenue to the extent that it is probable that future economic benefits will flow to the Company and that the amount of revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Broadcast fees

Broadcast fees are recognized based on rates agreed upon rendering of service to or commencement of contracts with clients.

Interest income

Interest income is recognized using the effective interest method.

Cost and Expenses

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized when incurred.

Leases

The Company leases broadcasting facilities and equipment. All lease payments are recognized as expense in the statement of income in the period in which they are incurred.

Retirement Costs

The Company's retirement benefit obligation is measured using the accrual approach based on the minimum retirement benefits required under Republic Act (R.A.) No. 7641, otherwise known as The Philippine Retirement Pay Law. Accrual approach is applied by calculating the expected liability as at reporting date using the current salary of the entitled employees and the employees' years of service, without consideration of future changes in salary rates and service periods.

Income Taxes

The Company uses the taxes payable method to account for income taxes. Under this method, the Company recognizes income tax expense and liability based on the taxable income for the year using tax rates that have been enacted or substantively enacted at the reporting date.

Provisions

Provisions are recognized when: the Company has an obligation as a result of a past event; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

When the effect of time value is material, provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in the provision due to passage of time are recognized in the statement of income.

Contingencies

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

Events After the Reporting Date

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

3. Cash and Cash Equivalents

	2022	2021
Cash on hand	₱50,000	₱50,000
Cash in banks	26,944,563	30,960,369
Short-term investments	1,941,610	1,927,122
	₱28,936,173	₱32,937,491

Cash in banks earn interest at the respective bank deposit rates. Short-term investments are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Company and earn interest at the respective short-term investment rates.

The Company recognized interest income from cash and cash equivalents amounting to ₱138,704 and ₱222,789 in 2022 and 2021, respectively.

4. Trade and Other Receivables

	2022	2021
Trade	₱13,831,098	₱15,256,924
Advances	5,120,000	–
Others	1,582,027	824,928
	20,533,125	16,081,852
Less allowance for impairment losses	4,708,449	4,226,189
	₱15,824,676	₱11,855,663

Trade receivables are noninterest-bearing and generally have thirty (30) days term.

Advances pertain to payments made by the Company on August 2, 2022 on behalf of the Roman Catholic Archbishop of Manila for the latter's purchase of land to be subsequently leased to the Company. These are noninterest-bearing and will be settled within one year.

Other receivables pertain to receivables from employees for various miscellaneous collections that are individually insignificant.

Movements in the allowance for impairment losses on trade receivables are as follows:

	2022	2021
Beginning balance	₱4,226,189	₱3,354,753
Provision (Note 12)	482,260	871,436
Ending balance	₱4,708,449	₱4,226,189

5. Prepayments and Other Current Assets

	2022	2021
Deposits in cooperatives	₱7,556,020	₱7,459,052
Time deposits	1,008,563	1,000,000
Refundable deposits	917,747	917,747
Prepaid expenses	131,764	92,094
Other assets - net	8,946,901	9,374,735
	₱18,560,995	₱18,843,628

Deposits in cooperative pertain to the Company's investment in a 360-day time deposit with Metro South Cooperative Bank. Fixed interest rate in 2022 and 2021 is 1.6%. In 2022 and 2021, interest income amounted to ₱189,587 and ₱120,703 respectively.

The Company also invested in a 182-day time deposit with a 1% fixed interest rate with Rizal Commercial Banking Corporation (RCBC). Interest income amounted to ₱16,981 and nil in 2022 and 2021, respectively.

The Company has a lease agreement with Radio Mindanao Network Inc. (RMN) to co-locate its radio transmitter in Taliptip, Bulacan and to jointly use RMN's broadcasting facilities and equipment. The lease agreement covers one year and renewable upon agreement by both parties. The outstanding lease agreement will expire on November 2, 2022. The parties also agreed that the lease agreement shall automatically renew on an annual basis after the expiration unless either party notifies the other in writing its intent not to renew the contract. Included in the agreement is an advance payment equivalent

to three (3) months rental fee as and by way of security deposit. The Company incurred rent expense amounting to ₱7,679,359 and ₱6,066,320 in 2022 and 2021, respectively (see Note 11).

The interest income recognized in 2022 and 2021 from the accretion of the refundable deposits amounted to nil and ₱20,906, respectively.

Other assets pertain to various religious items and souvenirs held by the Company for sale to third parties net of allowance for impairment amounting to ₱440,000 in 2022 and 2021, respectively.

6. Property and Equipment

December 31, 2022

	Broadcast Equipment	Furniture and Office Equipment	Leasehold Improvements	Transportation Equipment	Total
Cost:					
Beginning balance	₱31,001,994	₱9,931,361	₱6,258,825	₱1,262,200	₱48,454,380
Additions	16,000	1,662,550	477,271	–	2,155,821
Ending balance	31,017,994	11,593,911	6,736,096	1,262,200	50,610,201
Accumulated depreciation:					
Beginning balance	29,567,694	8,221,655	4,860,858	104,014	42,754,221
Depreciation (Notes 11 and 12)	897,366	1,322,376	584,673	252,440	3,056,855
Ending balance	30,465,060	9,544,031	5,445,531	356,454	45,811,076
Net book values	₱552,934	₱2,049,880	₱1,290,565	₱905,746	₱4,799,125

December 31, 2021

	Broadcast Equipment	Furniture and Office Equipment	Leasehold Improvements	Transportation Equipment	Total
Cost:					
Beginning balance	₱30,960,368	₱8,321,264	₱4,757,298	₱3,096,072	₱47,135,002
Additions	41,626	1,610,097	1,501,527	1,262,200	4,415,450
Disposal	–	–	–	(3,096,072)	(3,096,072)
Ending balance	31,001,994	9,931,361	6,258,825	1,262,200	48,454,380
Accumulated depreciation:					
Beginning balance	28,036,701	7,481,614	4,630,000	2,884,465	43,032,780
Depreciation (Notes 11 and 12)	1,530,993	740,041	230,858	315,621	2,817,513
Disposal	–	–	–	(3,096,072)	(3,096,072)
Ending balance	29,567,694	8,221,655	4,860,858	104,014	42,754,221
Net book values	₱1,434,300	₱1,709,706	₱1,397,967	₱1,158,186	₱5,700,159

The Company's depreciation is distributed as follows:

	2022	2021
Cost of services (Note 11)	₱1,850,377	₱2,317,185
General and administrative expense (Note 12)	1,206,478	500,328
	₱3,056,855	₱2,817,513

The cost of fully depreciated assets still in use amounted to ₱32,224,815 and ₱31,654,120 as of December 31, 2022 and 2021, respectively.

In 2021, the Company sold a fully depreciated transportation equipment for a consideration of ₱553,571, resulting to a gain of the same amount.

7. Investment in shares of stock

Investment in shares of stock of a listed company amounted to ₱64,000 as at December 31, 2022 and 2021.

8. Trade and Other Payables

	2022	2021
Output VAT payable	₱2,797,668	₱2,615,378
Advances from customers	674,027	887,392
Trade payables	582,985	1,118,014
Accrued expenses	339,262	662,643
Withholding taxes payable	152,041	188,948
Advances from stockholders	44,991	44,991
Deferred revenue	–	3,462,053
Others	68,397	117,715
	₱4,659,371	₱9,097,134

Trade payables and accrued expenses are non-interest bearing and generally payable within a 30 day-term.

Deferred revenue as of December 31, 2021 pertains to unearned broadcast fee with National Grid Corporation of the Philippines.

Withholding taxes payable pertains to expanded and compensation taxes withheld from suppliers and employees subject for remittance to BIR.

Others include statutory payables such as SSS, PHIC and Pag-IBIG payables and interest payable. These are generally payable within a 30 day-term.

9. Loan Payable

On July 31, 2021, the Company entered into a loan agreement with Lingkod Simbahan Multipurpose Cooperative to obtain a loan with a principal amount of ₱1,438,155. The proceeds of the loan were used to finance the acquisition of an additional transportation equipment in 2021. The loan is to be paid in 36 monthly installments of ₱49,538 starting from August 31, 2021 until July 31, 2024 with a nominal interest rate of 12% and an effective interest rate of 14.55% per annum.

The rollforward analysis of loan payable follows:

	2022	2021
Balances at beginning of year	₱1,321,656	₱–
Availments	–	1,438,154
Payments	(437,544)	(116,498)
Balances at end of year	884,112	1,321,656
Less current portion	553,571	485,484
Noncurrent portion	₱330,541	₱836,172

Interest expense for loan payable amounted to ₱156,912 and ₱131,191 in 2022 and 2021, respectively.

10. Other Income

Other income includes income from various religious items and souvenirs sold by the Company to third parties. The Company recognized other income amounting to ₱1,837,065 and ₱3,090,328 in 2022 and 2021, respectively.

11. Cost of Services

	2022	2021
Personnel costs (Note 13)	₱8,924,964	₱7,236,563
Rent expense (Note 5)	7,679,359	6,066,320
Commissions	6,190,222	7,373,099
Production expenses	5,021,873	628,000
Utilities	4,867,529	3,725,692
Depreciation (Note 6)	1,850,377	2,317,185
Professional fees	1,843,521	1,625,088
Transportation and travel	662,076	678,004
Supplies	203,771	204,512
Repairs and maintenance	78,715	138,702
Others	930,034	479,284
	₱38,252,441	₱30,472,449

12. General and Administrative Expenses

	2022	2021
Personnel costs (Note 13)	₱3,314,458	₱2,800,169
Taxes and licenses	1,509,260	1,260,375
Depreciation (Note 6)	1,206,478	500,328
Transportation and travel	1,048,057	696,944
Stipend	805,000	791,000
Supplies	586,509	278,338
<i>(Forward)</i>		
Provision for impairment losses (Note 4)	482,260	871,436
Advertising	437,871	260,102
Professional fees	327,800	386,987
Repairs and maintenance	303,714	114,985
Utilities	195,418	249,366
Insurance	17,711	20,447
Others	203,248	164,503
	₱10,437,784	₱8,394,980

Others pertain to the various expenses such as director's fee, business development expense, office uniforms, and other miscellaneous expenses.

13. Personnel Costs

	2022	2021
Cost of services (Note 11):		
Salaries and wages	₱7,107,529	₱5,833,556
Retirement cost (Note 14)	1,115,368	940,151
Other employee benefits	702,067	462,856
	8,924,964	7,236,563
General and administrative expenses (Note 12):		
Salaries and wages	2,678,658	2,163,096
Retirement cost (Note 14)	342,579	235,038
Other employee benefits	293,221	402,035
	3,314,458	2,800,169
	₱12,239,422	₱10,036,732

14. Retirement Obligation

The Company has a funded, noncontributory retirement plan covering substantially all of its regular and permanent employees in accordance with R.A. No. 7641. The benefits are based on a percentage of the employees' final monthly salary for every year of continuous service. The plan is administered by Banco de Oro - Trust and Investment Group, an independent trustee with assets held separately from those of the Company.

The following tables summarize the components of retirement costs recognized in the statements of income and the retirement benefit obligation recognized in the statements of financial position.

Retirement obligation:

	2022	2021
Accrued retirement benefits	₱8,654,018	₱7,243,572
Fair value of plan assets	(8,141,630)	(6,840,217)
	₱512,388	₱403,355

Changes in accrued retirement benefits:

	2022	2021
Balances at beginning of year	₱7,243,572	₱6,198,569
Retirement cost (Note 13)	1,457,947	1,175,189
Loss on market revaluation	(47,501)	(130,186)
Balances at end of year	₱8,654,018	₱7,243,572

Changes in fair value of plan assets:

	2022	2021
Balances at beginning of year	₱6,840,217	₱4,670,403
Contributions	1,348,914	2,300,000
Loss on market revaluation	(47,501)	(130,186)
Balances at end of year	₱8,141,630	₱6,840,217

The major categories of plan assets are as follows:

	2022	2021
Assets		
Deposits in banks	₱1,588,356	₱137,792
Investments in UITF	3,072,150	2,350,222
Investment in government securities	3,437,109	4,290,808
Other receivable	50,497	67,398
	8,148,112	6,846,220
Liability		
Accrued trust fee payable	6,482	6,003
	₱8,141,630	₱6,840,217

15. Income Taxes

The Company's provision for current income tax amounting to ₱867,847 and ₱3,734,168 in 2022 and 2021, respectively, represent regular corporate income tax (RCIT).

16. Supplementary Information Required Under Revenue Regulations (RR) 34-2020 and 15-2010

The following supplementary information are presented for purposes of filing with the BIR and are not a required part of the basic financial statements.

RR No. 34-2020

The Company is not covered by the requirements and procedures for related party transactions under Section 2 of RR No. 34-2020 which prescribes the guidelines and procedures for the submission of BIR Form 1709 Related Party Transactions Form, transfer pricing documentation and other supporting documents.

RR No. 15-2020

On November 25, 2010, the BIR issued RR No. 15-2010 prescribing the manner of compliance in connection with the preparation and submission of financial statements accompanying the tax returns. It includes provisions for additional disclosure requirements in the notes to the financial statements, particularly on taxes, duties and licenses paid or accrued during the year.

The Company reported and/or paid the following types of taxes for the year ended December 31, 2022:

a. VAT

Output VAT

In 2022, the Company has net sales of services amounting to ₱54,787,305 which resulted to output VAT amounting to ₱6,574,477.

Sales from services represent collection received from such sales, the related revenues of which are recorded in 2022. The Company's sales of services are based on actual collections received, hence, may not be the same as amounts accrued in the statement of income.

Input VAT

Balance at January 1, 2022	₱-
Current year's domestic purchases/payments for:	
Capital good not exceeding 1.0 million	152,524
Goods other than capital goods	445,562
Services received	1,310,928
	1,909,014
<u>Application against output VAT</u>	<u>1,909,014</u>
<u>Balance at December 31, 2022</u>	<u>₱-</u>

b. Taxes and Licenses

This includes all other taxes, local and national, including real estate taxes, licenses and permit fees lodged under the "Taxes and licenses" account under the "General and administrative expenses" section in the Company's statements of income:

National Telecommunications Commission regulations fee	₱650,000
Business license and permits	853,762
Registration fee	500
Others	4,998
	₱1,509,260

c. Withholding Taxes

Details of withholding taxes for the year ended December 31, 2022 are as follows:

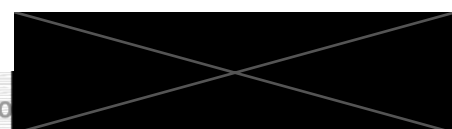
Expanded withholding taxes	₱1,432,438
Withholding taxes on compensation and benefits	316,481
	₱1,748,919

In 2022, the Company paid expanded withholding taxes and withholding taxes on compensation and benefits amounting to ₱1,387,950 and ₱277,895, respectively.

d. Others

The Company has no landed cost of imports, locally produced or imported excisable item, custom duties and tariff fees paid or accrued as at December 31, 2022.

The Company has no outstanding tax cases in any other court or bodies outside of the BIR as at December 31, 2022.



INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Radio Veritas Global Broadcasting System, Inc.
Veritas Tower
162 West Avenue corner EDSA
Quezon City


We have audited the accompanying financial statements of Radio Veritas Global Broadcasting System, Inc. (the Company), as at December 31, 2022 and for the year then ended, on which we have rendered the attached report dated April 13, 2023.


In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the above Company has nine (9) stockholders owning one hundred (100) or more shares each.


SYCIP GORRES VELAYO & CO.


Peter John R. Ventura


Partner

CPA Certificate No. 

Tax Identification No. 

BOA/PRC Reg. No. , August 25, 2021, valid until April 15, 2024


SEC Partner Accreditation No. -SEC (Group A)

Valid to cover audit of  to 2026 financial statements of SEC covered institutions

SEC Firm Accreditation No. -SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. , November 10, 2021, valid until November 9, 2024

PTR No. , January 3, 2023, Makati City

April 13, 2023





Ederlin Nacua [redacted] veritas846@gmail.com



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