



# 2021

## ANNUAL REPORT



# **2021 ANNUAL REPORT**

# Vision & Mission Statement

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*“To be the preferred membership club in terms of facilities, activities, food & beverage, service quality and overall value in the country.”*

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# Message to Shareholders

Dear Fellow Shareholders,

While the year 2021 has not been an easy year for Club Punta Fuego, with periodic closure of operation in compliance to mandated lockdowns and health protocols, we are proud of what our Club has achieved despite these challenging times. Total consolidated revenues for the year of Php147.0 million registered a 36% improvement from the 2020 revenues of Php108.1 million, and completely overturned last year's loss of Php23.3 million, to an income of Php0.68 million. Cash balance of Php85.8 million increased by 61% to a new record level from last year's Php53.3 million. This is net of the Php11.5 million used to fund capital expenditures, major repairs and special projects for the year, twice the amount spent in 2020. These include, among others, the purchase of a rescue boat and a new tractor for the marina, the replacement of the glass and screen sliding doors to the veranda of the Sunset Suites, replacement of air conditioning units in a number of rooms, the installation of new floor tiles for the shower area of the Casitas, and the repairs of the ceilings of the casitas. A new glass sliding window was also installed at the Main Club lobby. For the restaurant outlets, the dining tables and chairs at the San Diego extension were replaced, the Lower Beach Club gazebo was renovated, while the Terrazas Juice Bar and Boardwalk wooden flooring and railings underwent major repairs.

The demand for our Club share continued to grow and membership to our Club remained highly sought-after. In 2021, we sold (3) treasury shares, (22) shares thru auction, and registered (40) transfers of ownership thru the secondary market. Backed by continuous improvements of our infrastructures, facilities and services, our shareholder value has strengthened, such that by the second quarter of 2022, Club share prices exceeded the Php1 million mark from its closing price of Php600,000 in 2021. As we have emphasized in the past, significantly increasing the value of our membership is among our major commitments, as we continue to expand and upgrade existing facilities, and provide enhanced membership privileges. With the *Annual Membership Dues Promotion* launched in October 2021, we gave back almost 200% of the annual membership dues value in freebies and privileges to those who paid the annual membership dues in advance. With the *Birthday and Anniversary Program*, Members were given the options between availing an overnight accommodation, or a one-hour massage with lunch and dinner for two persons. The monthly and quarterly restrictions for the consumables were also waived such that Members can freely avail of their accumulated coupons at any given time during the year, with expiry dates extended until May 31, 2022, considering the pandemic situation.

Unknown to our Members, we had been working for the refund of VAT on membership dues previously remitted to BIR over a two-year period covering the third quarter of 2018 to the second quarter of 2020, in response to the Supreme Court ruling issued on June 26, 2019 rendering membership dues and fees collected by membership and recreational clubs, non-taxable and not subject to VAT. We are happy to inform you that we were able to collect from the BIR, the amount of Php6.6 million covering five quarters of VAT remittances. The same will be proportionately credited back to qualified members, net of all incidental expenses incurred in the processing of such claims. Continuous efforts are being done to collect the remaining three quarters claimed for VAT refund.

In closing, we would like to assure our fellow shareholders that although the effects of the COVID-19 pandemic will continue to affect the hospitality and leisure industry to which Club Punta Fuego belongs, we are confident that we had withstood the worst of the financial crisis brought about by the pandemic. What we experienced in the last two years could only make us stronger, resilient, responsive, and better-prepared for a fast-changing environment. We could not have achieved all these without your full support. Thank you and keep safe.

  
Erickson Y. Manzano  
President

  
Pedro Emilio O. Roxas  
Chairman

# Review of Operations

## MEMBERSHIP

Membership to Club Punta Fuego, an exclusive membership haven offering world-class facilities and a wide array of recreational activities for leisure and relaxation, is a privilege. To become a member, one has to be a holder of at least one share of stock of the Club, and has to undergo an application, posting, interview and approval process. The Club membership consists of two types. **Regular members** are natural persons and juridical entities who are registered owners of shares of stock. **Associate members** are owners of lots at the Peninsula de Punta Fuego and Terrazas de Punta Fuego residential projects who opted to activate their membership with the Club as nominees of either Roxaco Land Corporation, Landco Pacific Corporation or their affiliates. Both types of membership enjoy the same rights and privileges, but only Regular members have the right to vote and have claims to the assets and property of the Club.

As of December 31, 2021, the Club has a total of 1398 members. 66 new members were welcomed while the same number of members opted to deactivate their membership during the year. The Board of Directors and management stand by their commitment to significantly increase the value of the membership as the Club continues to expand and upgrade existing facilities and amenities, and provide enhanced membership privileges.

MEMBER	YEAR	2019	2020	2021
Regular		788	795	788
Associate		603	603	610
<b>TOTAL</b>		<b>1,391</b>	<b>1,398</b>	<b>1,398</b>

## MEMBERSHIP HIGHLIGHTS

### *Members' Endorsement Check Program*



The *Members' Endorsement Check Program* allows members to endorse their family and friends to experience and enjoy Club Punta Fuego's facilities and amenities. This program establishes a market footprint that benefits the Club as guests kept coming back for leisure activities. This Program also opens an avenue for potential new members who were given an opportunity to experience the unique features of Punta Fuego, leading to purchases of Club shares.

### *Members' Birthday and Anniversary Program*



The *Birthday and Anniversary* promotion continued to be popular and widely-used among members. This program creates occasions for members to bond together with their family and friends to enjoy the many facilities and dining outlets of the Club.

Members and their qualified dependents have the option between availing an overnight accommodation with complimentary breakfast for two persons at the room of their choice, or a one-hour massage with complimentary lunch and dinner for two persons.

As show of our appreciation to our members who have been and still supporting the Club during the pandemic, we have extended the validity and usage of the GCs until May 31, 2022 to fully enjoy the benefit of being a Punta Fuego member.



# Review of Operations

## 2021 Annual Membership Dues Promo



The *Annual Membership Dues Promo*, which has almost become an annual tradition for Club members, offers a wide selection of discounts and giveaways for members who opted to pay in advance their annual membership dues for the following year. This year's incentive is valued at almost twice the cost of the annual membership dues. It includes an early bird gift for those who paid on or before October 31 of the previous year, a one-month discount on membership dues, increased quarterly consumables, free overnight accommodations, complimentary day pass for unaccompanied guests, free use of cabanas, and food and beverage items and so on. Of the total 1398 members, 62% or 868 members availed of the *2021 Annual Membership Dues Promo*.

## ACCOMMODATION

The Club offers Mediterranean-inspired accommodation facilities with 33 Casitas and 15 Sunset Suites. The Casitas are a cluster of 60-square meter rooms furnished with queen-sized beds and pocket gardens in its bathrooms, a unique feature that nurture additional relaxation to its occupants. Each room has a veranda, a number of which are fronting the stunning view of the West Philippine Sea. Members and their guests can choose to stay in either sea-view or garden-view Casitas.



The Sunset Suites, on the other hand, aside from its Loft Suites, consist of rooms that are smaller than the Casitas. Every room on one side of the structure has a unique layout, which is mirrored on its other side. Most of the rooms allow occupants a breathtaking view of the sea. Regular repair and maintenance work on the interiors and exteriors for all rooms were done during the year, which includes among others, the replacement of the glass and screen sliding doors to the veranda of the Sunset Suites, replacement of air conditioning units in a number of rooms, the installation of new floor tiles for the shower area of the Casitas, and the replacement of the casitas ceilings. New towels, linens and beddings were also

purchased during the year. At the Main Club lobby where the Front Office is located, a sliding picture glass cover was installed at the veranda to protect the lobby's interiors during the rainy season.

## FOOD AND BEVERAGES



**SAN DIEGO RESTAURANT.** Named after a Spanish merchant vessel converted into a warship to battle with the Dutch ship Mauritius that sailed past its overlooking waters over 400 years ago, *San Diego* is an all-day dining restaurant that serves Asian and Continental food varieties. Boasting a

spacious dining area for 200 persons, members and guests have the option of dining in air-conditioned comfort or natural breeze with our al fresco at the San Diego Terrace. San Diego Restaurant offers daily breakfast buffet, Saturday dinner themed buffet and as well as Sunday brunch buffet. A yearly repair and maintenance work on the air-conditioning and electrical system of the restaurant was done during the year. A new set of dining tables and chairs were also put in place at the San Diego Restaurant extension. Chinawares, glasswares, chafing dishes, glasswares were also purchased.



# Review of Operations



**T&C BAR AND LOUNGE.** With a breathtaking view of the sea and the signature double infinity pool where the sunset could be observed, the T&C (Tradition and Contradiction) Bar and Lounge display an array of traditional and contradicting elements, both in

design and in its food selection. A lounge, a dining area and a wine cellar suitable for private gatherings, T&C Bar and Lounge prides its central bar, serving an exquisite array of wine and cocktails, beers, coffee, teas and fruit shakes. Its Spanish-Mediterranean menu includes dishes from both traditional Spanish tapas and modern, contradicting ones that complement each other.



**IL JARDINETO.** This Italian outdoor restaurant located at the Lower Beach Club overlooking the pool and the beach, offers authentic and rustic Italian dishes which are simple but rewarding. The al fresco dining is

perfect for members and guests who lounge by the pool after a swim or from an exciting water sports experience. Il Jardineto is also a favorite wedding venue at the Club due to its rustic charm and intimate setting. In 2021, major repairs were done on the Lower Beach Club gazebos.



During the most difficult months of the COVID-19 pandemic where strict community lockdowns were imposed, Il Jardineto remained open on weekends for take-outs, to continue catering to our homeowners from both the Peninsula and Terrazas.



**BARRACUDA BAR.** Opened in 2010 and named after a large, predatory, ray-finned fish, the *Barracuda Bar* sits right in front of the Punta Fuego Yacht Club offering another al fresco dining set-up right in front of the sea and

the floating berths nestling members' boats. The Barracuda Bar serves as the usual venue for the opening and closing ceremonies of the annual Punta Fuego Regatta. With a relaxed atmosphere, Barracuda Bar mainly offers sandwiches, burgers, sausages and pizzas cooked from a brick oven. This outlet is a perfect place for resting after an outdoor activity and a place for quick catch-up with friends and family. As with Il Jardineto, the Barracuda Bar provided a safe food and beverage outlet for member-boaters during the pandemic.



**CAFÉ SOL.** Located at Terrazas de Punta Fuego Beach Club, Café Sol offers Asian cuisine serving mostly seafood in a beachfront setting. The outside trellises around the restaurant were converted into permanent roofing structures, providing a more

comfortable shelter to members and their guests especially during the monsoon season. Here, members and guests are accorded a picturesque view of either the sea or the mountain range of Nasugbu.



# Review of Operations

**JUICE BAR.** Situated along the Terrazas Cabanas and overlooking the long stretch of Terrazas beach with its breezy ambiance, the bar serves fresh fruit juices and shakes, as well as cocktails and beers. In 2021, the wooden planks of the Juice Bar flooring were replaced.



## MEETINGS, BANQUETS AND WEDDINGS



The Club has five function rooms for convention, socials, planning and other events. San Ambrosio, San Carlos and San Pablo I and II are located at the Main Club, while the ballroom is located at the Upper Beach that is suitable for weddings and banquets.

Located at the 2nd floor of the San Diego Restaurant and with an area of 250 square meters, the San Pablo I & II function rooms with floor-to-ceiling windows can accommodate up to a maximum of 200 persons making it the largest indoor venue for group gatherings. The Upper Beach

Ballroom can accommodate up to 150 persons and a favorite for indoor wedding set-up. In 2021, major repairs were done on the facility which included the repair of ceilings, and repair and repainting of the interiors.



Club Punta Fuego offers full wedding packages with a choice of wedding venues providing scenic landscape, such as a beach wedding at the Terrazas Beach Club, a tranquil and romantic ceremony at the Single Infinity Pool, a rustic setting at the Lower Beach, or an indoor intimate reception setting at Upper Beach Club. The Club hosted three (3) weddings and one (1) social event during the year.



# Review of Operations

## SPORTS AND RECREATION

In addition to the swimming pools and access to a number of beaches inside the Peninsula and Terrazas, the Club offers more recreational amenities such as:

<ul style="list-style-type: none"> <li>✦ The Squash Court</li> <li>✦ The Tennis Court</li> <li>✦ A Mini Theater and Game Hall</li> <li>✦ Business Center for office-related services</li> </ul>	<ul style="list-style-type: none"> <li>✦ A Mini Golf</li> <li>✦ Ylang-ylang Spa</li> <li>✦ Gym &amp; SPA</li> <li>✦ Beach Volleyball</li> </ul>
<ul style="list-style-type: none"> <li>✦ Indoor Activities include:                             <ul style="list-style-type: none"> <li>▪ <i>Nintendo Wii</i></li> <li>▪ <i>PlayStation 3</i></li> <li>▪ <i>Billiards</i></li> <li>▪ <i>Tables tennis</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ <i>Football</i></li> <li>▪ <i>Dart</i></li> <li>▪ <i>Board games</i></li> <li>▪ <i>Play pen</i></li> </ul>



The Club also has a **9-Hole Executive Golf Course** designed by award-winning and internationally-known golf course architects, Nelson & Haworth, a favorite with its lush foliage and magnificent view of the stunning crystal blue waters of the Nasugbu coast. In addition, the Club also offers a wide variety of water sports activities such as Jet Ski, banana boat, wing tube, kayak, wake board, island hopping and more through our water sports concessionaire. The most recent addition to the above facilities was the conversion of the Golf Lounge into a wellness center. The facility now houses an upgraded GYM, a newly-constructed SPA with two treatment rooms for couples, and a fully-renovated male and female locker rooms.

The Club regularly maintains all sports and recreational facilities with a dedicated equipment maintenance team, and in 2021, major repairs were done on the riprapping along Hole No. 5. A number of golf sprinklers were replaced and maintenance equipment such as the chainsaw and grasscutters were also purchased to replace the worn-out units.



# Review of Operations

## PUNTA FUEGO YACHT CLUB



Being a member of the Club provides access to discovering the sea, backed by a world-class marina facility. The Club's Punta Fuego Yacht Club (PFYC) includes berthing, dry boat storage and mooring facilities, and offers a range of services from boat maintenance, launch and recovery of boats, and supply of power, water and fuel, among others. Its operation is growing in terms of the number of boats it services each year. In 2021, a total of 335 boats were stored in its dry parking facilities while 58 vessels were in its floating berths. PFYC launched and recovered 2,233 times, boats, jet skis, and hobbies with parking contracts. The Yacht Club also

assisted in the arrival and departure of in-house vessels 878 times, assisted 238 visiting vessels, and launched 503 visiting watercrafts. A total of 273 job orders were done, and 765 outside contractors were assisted.

In 2021, 11 units of CCTVs, a tsunami alarm system, and road signages and markings were installed at the South Marina area. In addition to these, a rescue boat and a Euro Trac tractor were purchased, both of which will further enhance the marina's operational efficiency.



## TERRAZAS DE PUNTA FUEGO BEACH CLUB



The Terrazas Beach Club is an extension facility of Club Punta Fuego and is twenty minutes away from Peninsula de Punta Fuego and a two-hour drive from

Manila. Members and guests can frolic on its 800-meter stretch of white sand beach, with its Hispanic inspired architecture with Asian tropical touches. Terrazas offers day-tour facilities such as an infinity pool for kids and adults and an outdoor bubble pool at the water's edge. It also



offers 28 Balinese-

inspired Cabanas overlooking the sea that range in sizes for couples and families, in addition to two dining outlets, the Café Sol and the Juice Bar.

In addition, Terrazas offers indoor and outdoor massage services. Members and guests can also enjoy their meals and refreshments at the comfort of their ocean view Cabanas. Major refurbishments were done during the year to ensure that Terrazas facilities are well-kept and maintained. These include replacement of concrete flooring for Boardwalk and at the Juice Bar, repair of the rip-rapping on certain areas

behind the cabanas, replacement of wooden planks on the board walks, and replacement of shower fixtures for the male and female locker rooms.

# Review of Operations

## Events and Promos during 2021

Month	Event
January	Reinvigorating Escapade - <i>Rooms Promo</i>
February	Love in the Sunset - <i>Rooms Promo</i>
	Chinese New Year Dinner
March	Auction of Delinquent Shares
April	Take Out Menu launch
	Holy Week Activities
	Digital Mother's Day Contest
May	Auction of Delinquent Shares
	Safe at Shore - <i>Rooms Promo</i>
June	Digital Father's Day Contest
July	22nd Annual Shareholders Meeting
September	Safe at Shore - <i>Rooms Promo</i>
October	Annual Membership Dues Promo launch
	Beach Break - <i>Rooms Promo</i>
	Auction of Delinquent Shares
November	Leisure Escape - <i>Rooms Promo</i>
	Beach Break - <i>Rooms Promo</i>
December	Christmas Dinner
	GM's Cocktail
	New Year's Eve Dinner



**REINVIGORATING Escapade**

Jump-start 2021 with a reinvigorating experience at the Club after the busy holidays and find your relaxing moments before committing to your goals for the whole year.

**MEMBERS**  
WEEKDAYS (SUNDAY TO THURSDAY)

Room Type	Rates*
Sunset Standard	PHP 6,600
Sunset Seaview	PHP 7,100
Casita Standard	PHP 7,100
Casita Seaview	PHP 7,600

\*Rate per night

**GUEST OF MEMBERS**  
WEEKDAYS (SUNDAY TO THURSDAY)

Room Type	Rates*
Sunset Standard	PHP 7,200
Sunset Seaview	PHP 7,700
Casita Standard	PHP 7,700
Casita Seaview	PHP 8,200

\*Rate per night

**Terms and Conditions:**

- Inclusions: Room accommodation for two (2) persons with breakfast + Use of the Club's facilities
- Rates are inclusive of taxes and service charge
- Stay Date: January to March 2021
- Booking Period: January to February 2021
- Advance reservation is required, subject to room availability.
- Permitted Guests: Individuals of all ages, except those with comorbidities or are currently pregnant, are permitted to go on staycation.
- Mandatory Testing: All staycation guests shall be required to present a negative result from a Rapid Antigen Test (swab) [swab] conducted on the same day of check-in. On-site clinic is available through ISPS (International Sanitization and Protection Suppliers). Contact them at 0917-5262127.

For inquiries, you may email us at [reservations@clubpuntafuego.com.ph](mailto:reservations@clubpuntafuego.com.ph) or contact us at 0920-9701890 or 0917-8073703.



**Love in the Sunset**

Sunsets are wonderful and even more special when you have someone you love by your side to take in the breathtaking sight with. Let these magical moments make you believe in miracles again. Celebrate and light up the passion this Valentine's month.

**Members**

ROOM TYPE	RATES
Casita Standard	Php 6,600
Casita Seaview	Php 7,400

**Guest of Members**

ROOM TYPE	RATES
Casita Standard	Php 6,800
Casita Seaview	Php 7,600

**Stay Dates: WEEKDAYS (Sunday to Thursday) from February 1-28, 2021**

**Terms and Conditions:**

- Inclusions: Room accommodation for two (2) persons with breakfast Use of the Club's facilities
- Rates are inclusive of taxes and service charge
- Advance reservation is required, subject to room availability
- Permitted Guests: Individuals of all ages, except those with comorbidities or are currently pregnant, are permitted to go on staycation.
- Mandatory Testing: All staycation guests shall be required to present a negative result from a Rapid Antigen Test (swab) conducted on the same day of check-in. On-site clinic is available through ISPS (International Sanitization and Protection Suppliers). Contact them at 0917-5262127.

For inquiries, you may email us at [reservations@clubpuntafuego.com.ph](mailto:reservations@clubpuntafuego.com.ph) or contact us at 0920-9701890 or 0917-8073703.

# Review of Operations

## Holy Week Activities

Spend a meditative time and bond with the family while fulfilling your Lenten traditions at Club Punta Fuego.

During Holy Week, both our quiet spaces and our lively outdoor dining experiences.

**April 01, 2021 (Maundy Thursday)**

Booked for Holy Week? Please be aware that the menu will be different from the rest of the week.

- San Diego Restaurant 7:00AM to 9:00PM
- L'Land Hotel 9:00PM to 10:00PM
- Cafe Sol | Terraza Beach Club 10:00PM to 11:00PM
- Sancicola Bar 9:00PM to 10:00PM

**April 03, 2021 (Black Saturday)**

Booked for Holy Week? Please be aware that the menu will be different from the rest of the week.

- San Diego Restaurant 7:00AM to 9:00PM
- L'Land Hotel 9:00PM to 10:00PM
- Cafe Sol | Terraza Beach Club 10:00PM to 11:00PM
- Sancicola Bar 9:00PM to 10:00PM

**April 02, 2021 (Good Friday)**

Booked for Holy Week? Please be aware that the menu will be different from the rest of the week.

- San Diego Restaurant 7:00AM to 9:00PM
- L'Land Hotel 9:00PM to 10:00PM
- Cafe Sol | Terraza Beach Club 10:00PM to 11:00PM
- Sancicola Bar 9:00PM to 10:00PM

**April 04, 2021 (Easter Sunday)**

Booked for Holy Week? Please be aware that the menu will be different from the rest of the week.

- San Diego Restaurant 7:00AM to 9:00PM
- L'Land Hotel 9:00PM to 10:00PM
- Cafe Sol | Terraza Beach Club 10:00PM to 11:00PM
- Sancicola Bar 9:00PM to 10:00PM

Nothing can shake His goodness and love. Let hope be the ultimate triumph in this adversity. Life depends on the amount of light you have inside.

May all your prayers be fulfilled, and may your heart become full of joy of the holiday.

**HAVE A BLESSED AND MEANINGFUL Easter!**

## TAKE ME OUT

We are bringing Club Punta Fuego's dining favorites to your home. Our carefully crafted take-away menu offers flavorful dishes that are available for pick-up or delivery.

To place your order, please call 02 - 8 943 8700 or 02 - 8 584 4405

\*Please allow 1 hour preparation and delivery (minimum 10:00am to 10:00pm)  
 \*All orders are for pick-up at the Club or the restaurant only.  
 \*A deposit of P 200 will be requested for most Take-outs.  
 \*There is a minimum order of P 100 for delivery.  
 \*All prices are inclusive of 10% and service charge.

## TAKE OUT MENU

Just the way you like it!  
 April 2021

<p><b>SOUP</b></p> <p>*Nation are available 9:00am</p> <p>Classic Batangas Subido P 900                  Shrimp and corn cooked with pork with native vegetables</p> <p>Spicy Hot Chicken Soup P 900                  Traditional south-based soup with fresh chicken breast</p> <p><b>ENTREE - MAIN COURSE</b></p> <p>*Sharing portion</p> <p><b>SEAFOOD SELECTION</b></p> <p>Chef's Special "Punta Fuego Bangus" Inland with Tomato Sauce P 850                  Fresh Tomatoes, Shrimp, Shrimp with garlic and potatoes</p> <p>Grilled Seafood Symphony P 2,200                  Fresh selection of seafood with olive oil and garlic</p> <p><b>POULTRY SELECTION</b></p> <p>Roasted Rosemary Herbed Chicken with Garlic, Potatoes and garlic potatoes P 850</p> <p>Chicken Roast "Big Pig" with Creamy Mashed Potatoes P 1,250                  *Grilled and baked chicken breast with creamy mashed potatoes</p> <p><b>PORK SELECTION</b></p> <p>Grilled Sempit P 900                  Fresh pork belly, marinated in lemongrass and soy sauce</p> <p><b>BEEF SELECTION</b></p> <p>Chicken Beef with Broccoli P 970                  Beef marinated with garlic and onion sauce, served with fresh broccoli</p> <p>Spicy Beef Curry P 980                  Slowly cooked beef with Spanish herbs and onion</p> <p><b>EL PINO FAVORITES</b></p> <p>Pan. Teriyaki Bowl P 780                  Classic Filipino style marinated pork, rice, and pickles</p> <p>Special Ramen P 780                  Grilled marinated beef and seafood, served in peanut sauce</p> <p>Black Truffle P 880                  Marinated and dry marinated beef strips with green lentils</p>	<p><b>PICA-PICA - APPETIZERS CANAPE - SMALL PLATES</b></p> <p>Mahogany Beef Salsicita P 1,700                  Sliced beef, beef salsicita, garlic chips and soy jam</p> <p>Classic Spanish Canape P 1,650                  Fresh Iberian pork, olive oil, Classic Cheese and Spanish herbs</p> <p>Vegetable Spring Roll P 750                  Fresh mixed vegetables, spring rolled in new paper</p> <p><b>PAELLA</b></p> <p>Paella Valenciana P 1,800                  Spanish rice, with Spanish chorizo, beef, chicken and fresh herbs</p> <p>Paella Mixta P 1,800                  Arrozito, rice, coffee, beef, pork, chicken, marinated fresh herbs</p> <p>Paella Negra P 1,800                  Arrozito, rice, squid, fish, mixed seafood and fresh herbs</p> <p>Paella P 1,400                  Medium P 1,600                  Large P 1,800</p> <p>*Must be cooked in a pan                  *Minimum Order P 1,000                  *Large P 1,800 per plate</p> <p><b>PIZZA &amp; PASTA</b></p> <p>Pizza Margherita P 940                  Pizza All Funghi P 950                  Pizza Napoli P 900                  Pizza Margherita P 900</p> <p>Paella Americana P 900                  Paella Tricolor P 900                  Seafood Paella P 950                  Paella Mixta P 950                  Paella All Corned P 975                  *Grilled Vegetables</p> <p><b>SANDWICHES</b></p> <p>San Diego Beef Burger P 400                  Classic Clubhouse Sandwich P 400                  *Sharing portion</p>
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All prices are inclusive of 10% and service charge.

**SAFE AT Shore**

## 22nd Club Punta Fuego, Inc. Annual Shareholders' Meeting

Via Zoom  
 July 17, 2021  
 Saturday, 10:00 AM

Club Punta Fuego is the perfect place for everyone at every age for an easing sea escape.

Members		Guest of Members	
ROOM TYPE	RATES	ROOM TYPE	RATES
Sunset Standard	Php 6,600	Sunset Standard	Php 7,200
Sunset Seaview	Php 7,100	Sunset Seaview	Php 7,700
Coast Standard	Php 7,100	Coast Standard	Php 7,700
Coast Seaview	Php 7,600	Coast Seaview	Php 8,200

**Stay Dates: Thursday (check-in) - Sunday (check-out)**  
 \*We are accepting all ages, Batangas residents only.

**Terms and Conditions:**

- Inclusions: Room accommodation for two (2) persons with breakfast • Use of the Club's facilities
- Room are inclusive of taxes and service charge
- Advance reservation is required, subject to room availability
- Permitted Guests: Individuals of all ages, except those with comorbidities or one currently pregnant, are permitted to go on staycation
- Mandatory Testing: All staycation guests shall be required to present a negative result from a Rapid Antigen Test (swab) conducted on the same day of check-in. On-site clinic is available through IFS (International Sanitation and Protection Supplies). Contact them at 0917-525-2127.

For inquiries, you may email us at [reservations@clubpuntafuego.com.ph](mailto:reservations@clubpuntafuego.com.ph) or contact us at 0926-9701890 or 0917-8073703.

## 2022 ANNUAL MEMBERSHIP DUES PROMO

Ease your worries while you enjoy the favors of paying early.

Settle your 2022 Annual Club Dues on or before **October 31, 2021** and get these following perks:

- Early Bird Gift (Laptop Mat)
- A booklet with a variety of free offers
- Free One month from your annual dues

You may pay through Metrobank or Unionbank

**CLUB PUNTA FUEGO**  
 6th Floor, Punta Fuego Building, 1555th Ave. Sta. Rosa, Laguna  
 Punta Fuego, Laguna City, 4101 Philippines  
 Telephone: 052 2 883 3662 ext. 11, for 052 2 879 2048  
 Mobile No. 0922 8 683 2088, 0917 822 8 651 504  
[www.clubpuntafuego.com](http://www.clubpuntafuego.com)

MEMBER OF **ATG**

# Review of Operations

**SAFE AT Shore**

Take refuge in a tropical paradise and pull the ultimate card for whatever your body and mind need.

Members		Guest of Members	
ROOM TYPE	RATE	ROOM TYPE	RATE
Surfboard	Php 6,650	Surfboard	Php 7,200
Surfboard	Php 7,100	Surfboard	Php 7,700
Coastal Boardwalk	Php 7,100	Coastal Boardwalk	Php 7,700
Coastal Boardwalk	Php 7,200	Coastal Boardwalk	Php 8,300

**Booking/Stay Period: until October 31, 2021, Weekdays only (Sunday to Thursday, check-out Friday)**

**Terms and Conditions:**

- Includes: Beach, transportation for 10 (10) people with beachside.
- Other cannot be used in conjunction with any other promotional or government mandated discount.
- Minimum 2 adults. All individuals must be 18 years old. 18 years of age, program, services and those with disabilities or other health issues.
- Maximum 2 children. All children who are staying the duration of program must be 12 years old or younger. The request for child must be made to the host before 177 hours prior to check-in by an authorized member. All children must be accompanied by an authorized member through GPS, contact them at +63 917 526 3121. This applies to fully vaccinated individuals.
- Beach Equipment (Club provided)

Other terms and conditions apply. Contact us at 02 8845 8700, 020 5284 4400 or 0920 873 1883 or email us at [membership@clubpuntafuego.com.ph](mailto:membership@clubpuntafuego.com.ph) for registration and reservations.

**EXCLUSIVELY YOURS**

Club Punta Fuego Members

The ultimate vacation getaway, Punta Fuego Boardwalk, nestled in the heart of the island, is a beautiful and peaceful escape. The island is the heart of a vibrant culture and home to the vibrant, energetic, and welcoming Punta Fuego community.

**Exclusive for Club Punta Fuego Members**

- Villages start from \$2,300+ for two guests
- Includes breakfast, lunch, dinner, and afternoon tea or regional aperitif
- One-time complimentary spa treatment for two
- Minimum stay of 3 nights
- Local period through 22nd December 2021
- Rates not applicable to exclusive island charter booking

For further information and reservations please contact: [membership@clubpuntafuego.com](mailto:membership@clubpuntafuego.com)

**CLUB SHARES FOR AUCTION!**

ENDORSEMENTS ARE WELCOME

Monday, October 25, 2021  
10:00 am via Zoom  
Final registration on Friday, October 22, 2021

For details, please contact the Membership Department  
(02) 8 805 9085 | (02) 8 553 8888 local 13  
+63 906 503 0846 | +63 949 889 50 25

**Beach Break**

Get your feet on the beach, relax on the sand and have fun with some great services.

ROOM TYPE	Members	Guest of Members
Surfboard	Php 11,000	Php 12,200
Surfboard	Php 12,500	Php 13,900
Coastal Boardwalk	Php 12,500	Php 13,900
Coastal Boardwalk	Php 13,000	Php 15,200

**Rate is for 3 days 2 nights stay, Includes:**

- Beach transportation with a motorboat for 10 (10) people + One time fuel service

**Booking Period: until November 15, 2021, Stay Period: until November 20, 2021, Valid for weekdays only (Monday to Thursday)**

**Terms and Conditions:**

- Includes: Beach, transportation for 10 (10) people with beachside.
- Other cannot be used in conjunction with any other promotional or government mandated discount.
- Minimum 2 adults. All individuals must be 18 years old. 18 years of age, program, services and those with disabilities or other health issues.
- Maximum 2 children. All children who are staying the duration of program must be 12 years old or younger. The request for child must be made to the host before 177 hours prior to check-in by an authorized member. All children must be accompanied by an authorized member through GPS, contact them at +63 917 526 3121. This applies to fully vaccinated individuals.
- Beach Equipment (Club provided)

Other terms and conditions apply. Contact us at 02 8845 8700, 020 5284 4400 or 0920 873 1883 or email us at [membership@clubpuntafuego.com.ph](mailto:membership@clubpuntafuego.com.ph) for registration and reservations.

**Leisurely Escape**

Start each day of a relaxed week in peaceful bliss and relax around with the sound of the soft sea breeze.

ROOM TYPE	Members	Guest of Members
Surfboard	Php 16,000	Php 17,500
Surfboard	Php 16,500	Php 18,000
Coastal Boardwalk	Php 16,500	Php 18,000
Coastal Boardwalk	Php 17,000	Php 18,500

**Rate is for 7 days 6 nights stay, Includes:**

- Beach transportation with a motorboat for 10 (10) people + One time fuel service

**Booking Period: until November 15, 2021, Stay Period: until November 20, 2021, Valid for weekdays only (Monday to Thursday)**

**Terms and Conditions:**

- Includes: Beach, transportation for 10 (10) people with beachside.
- Other cannot be used in conjunction with any other promotional or government mandated discount.
- Minimum 2 adults. All individuals must be 18 years old. 18 years of age, program, services and those with disabilities or other health issues.
- Maximum 2 children. All children who are staying the duration of program must be 12 years old or younger. The request for child must be made to the host before 177 hours prior to check-in by an authorized member. All children must be accompanied by an authorized member through GPS, contact them at +63 917 526 3121. This applies to fully vaccinated individuals.
- Beach Equipment (Club provided)

Other terms and conditions apply. Contact us at 02 8845 8700, 020 5284 4400 or 0920 873 1883 or email us at [membership@clubpuntafuego.com.ph](mailto:membership@clubpuntafuego.com.ph) for registration and reservations.

**GM's Cocktail FOR MEMBERS ONLY**

It's a special celebration to rejoice in the hopes of new beginnings in 2022.

December 30, 2021  
7PM - 9PM  
Il Jardineto at Lower Beach Club

Health and safety protocols must be observed.

**EVOLUTION OF Dance**

Join us for a sumptuous dinner buffet and live party music by the Byron Casanova Band followed by a fireworks display to welcome the New Year.

**PHP 2,600 per person**

So grab your festive dancing gear and let us welcome the New Year with faith, hope and optimism. Prizes to be won among others for the best costumes.

Due to stipulated Health and Safety Regulations, only limited seats can be accommodated on December 31, 2021.

For reservations, please contact Katherine:  
Email: [roomsmgr@clubpuntafuego.com.ph](mailto:roomsmgr@clubpuntafuego.com.ph) | Mobile: 0917 - 805 7044

**HAPPY Holidays**

We would like to express our sincerest gratitude for your steadfast support.

Wishing you and your family a Merry Christmas and a joyful feast from the Club!

# Financial Review

## FINANCIAL CONDITION

Total assets of the Group as of end of 2021 stood at Php552.3 million registering a 3% increase from last year's Php534.4 million. Cash and cash equivalents increased by 61% from Php53.3 million in 2020 to Php85.8 million in 2021. This is mainly due to the increase in the Club's business as government restrictions on leisure travel and out-of-town accommodation loosened up due to the decline in the number of COVID-19 cases on the last quarter of the year. The Group was also able to collect Php35.9 million from the advance payment of annual dues of members for the succeeding year 2022 registering a 66% turnout. This is 17% higher than last year's 62% turnout amounting to Php30.8 million in 2020. Capital expenditures comprised of FF&E replacements and major repairs and renovations also increased from Php5.3 million to Php11.5 million as the pandemic situation improved.

Although the total billed amount to Members of Php90.8 million in 2021 increased by 6% from Php85.5 million in 2020, net receivables decreased by 2%, from Php31.6 million in 2020 to Php31.1 million as of yearend 2021. This was due to collections from big long-standing accounts during the last quarter, and from the sale of delinquent shares thru auction. In 2021, three auctions were held thru remote communication (via ZOOM), where a total of 42 delinquent shares were auctioned, 22 of which were sold to the public for Php12,055,000. There were 1,398 members liable to pay dues by the end of 2021 and 2020. Although there were 57 members who activated their membership during the year, while 57 members also opted to deactivate their membership. The Group maintained a 96% collection efficiency in 2021 and 2020, with 245 delinquent members and accountabilities totaling Php16.9 million as of end of 2020 (270 members in 2020 at Php21.8 million). Continuous efforts are being undertaken to collect on this, such as discontinued use of Club facilities, and the filing of collection suits, and the auction of delinquent shares as earlier mentioned.

Inventories and supplies increased by 46% from Php6.4 million in 2020 to Php9.4 million in 2021 as the Club went into full operation by the last quarter of 2021 and regular par stocking of raw materials, supplies and amenities were restored and maintained.

Prepayments and other current assets increased by 8% from Php28.9 million to Php31.1 million registering movements only on the prepayments of premiums of property, general liability and employees' health insurance, and advance payment of 50% of association dues for the areas occupied by the Club in the Punta Fuego Peninsula at the rate of Php1.9/SQM for its golf areas in the Peninsula and Php3.75/SQM for its non-golf areas, and in Terrazas de Punta Fuego at Php4.50/SQM. Last year, a 985% increase was reflected from the prepayment balance of Php2.6 million in 2019 to Php28.9 million in 2020 due to the payment of documentary stamp taxes amounting to Php25.8 million, in preparation for the transfer of land ownership to the Group from its developer in exchange for the issuance of its remaining unissued 487 shares.

Property and equipment registered a net decrease of Php19.8 million (%) from Php408.8 million in 2020 to Php389.0 million in 2021. Capital expenditures in 2021 amounted to Php11.5 million which included major repairs and replacements of FF&Es and special projects such as, but not limited to, purchase of San Diego veranda chairs, purchase of the Marina rescue boat (down payment) and additional tractor, tile replacement of casita bathrooms, replacement of room

# Financial Review

mattresses and air conditioning units, replacement of a number of aged computer units, repair of Terrazas riprap in the cabana area, and replacement of several operating equipment, compared to the Php5.3 million spent in 2020 which included the construction of a two-room SPA, the renovation of the male and female locker rooms at the Golf pavilion, the conversion of the kiddie play area into a GYM, the retrofitting of its Upper Beach Club building, the renovation of the Café Sol and PWD toilets in Terrazas, and in the Marina. These additions were offset by depreciation for the year amounting to Php31.3 million in 2021 compared to Php33.6 in 2020.

Accounts payable and accrued expenses showed a substantial increase of 24% from Php18.9 million in 2020 to Php23.3 million in 2021, Apart from the increase in purchasing activities resulting from the increase in the Club's volume of business, the upward movement was mainly due to the collection of Php4.7 million VAT refund claims filed with BIR , on the basis of Supreme Court ruling dated July 26, 2019, rendering membership dues, assessment dues and other fees collected by non-profit clubs which are organized and operated exclusively for pleasure, recreation, and other nonprofit purposes are not subject to income and value added taxes. Said collection will be duly refunded to members, net of expenses incurred in the filing of the claims.

There are no known trends or known demands, commitments, events or uncertainties that will result in or that are reasonably like to result in the registrant's liquidity. There are also no known events that will trigger any direct or contingent financial obligation for the company. Finally, there were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

The Group adopted Philippine Accounting Standard 19, which requires all actuarial gains and losses to be recognized immediately in other comprehensive income as they occur. As such, there has been a restatement of the Club's retirement costs and liability for the past two years.

As mentioned above, the Group collected Php35.9 million from the advance payment of membership dues for 2022, compared to last year's collection of Php30.8 million. This brought total unearned revenues for 2021 to Php47.3, 28% higher than last year's collection Php37.0 million, in addition to advance full payment of 5-year berth leases, advance payment of boat parking, and guest deposits for advance bookings.

By the end of 2021, total member's equity of the Group amounting to Php462.4 million reflected a 0.4% increase from Php460.4 million in 2020, as a result of the net income of the Group for the year. The Group posted a net income of Php0.68 million for 2021, which is a complete turnaround of last year's operation which returned a net loss of Php23.3 million from the closure of the Club for several months. The number of shares issued and outstanding in 2021 remained at 2,033 shares, inclusive of (3) treasury shares.

## RESULTS OF OPERATIONS

Total consolidated revenues for the year 2021 amounted to Php147.0 million, registering a 36% increase from last year's Php108.1 million, which was in turn a 50% drop from the 2019 pre-pandemic total revenues of Php217.7 million. Departmental costs and expenses of Php42.7

million is 38% higher than what was spent in 2020 at Php30.9 million, which was in turn 63% lower than the 2019 cost of Php82.4 million. Management fees and executive salaries for 2021 of Php8.1 million increased slightly by 7% from last year's Php 7.9 million, which in turn reflected a 15% decrease from the 2019 figure of Php9.3 million. Total operating expenses of Php68.1 million in 2021 showed a 12% increase from the previous year's operating expenses of Php60.8 million, which, compared to the 2019 figure of Php97.2 million, showed a decrease of 37%. All decreases in costs, managements fees and operating expenses in 2020 were a result of the reduced operations of the Group due to government restrictions in response to the COVID-19 pandemic, while the increases in the 2021 costs and expenses were all results of a higher volume of business activities as government restrictions toned down and economic movements improved.

The year 2021 ended with a net income before tax of Php258,808 compared to a net loss of Php24.3 million in 2020 and a net income of Php45,950 in 2019. Net income after taxes in 2021 amounted to Php680,803, a complete turnaround of the net loss of Php23.3 million in 2021 and a net loss of Php1.8 million in 2019. The Group is subject to an average Minimum Corporate Income Tax of 1.5% on its gross operating income, as a result of the Comprehensive Recovery and Tax Incentives for Enterprises (CREATE) Law.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. Additionally, there were no significant elements of income or loss that did not arise from the registrant's continuing operations.

Although the Group's operations are divided into a peak (Dec. 1-June 15) and a lean (June 16-Nov. 30) season, which reflects a seasonal trend in revenues and its relative operating expenses, this has no material effect on the financial condition or results of operations of the Group as financial statements are reported based on one complete calendar year.

## REVENUES

Although the Group's generated total revenues for 2021 of Php147.0 million did not match its pre-pandemic level of Php208.6 million, it showed a 36% increase over the 2020 revenue performance of ₱108.1 million. The 13% increase (Php7.2 million) in membership dues, resulting from a significant increase in transfer fees by Php18.1 million and the ₱400 increase in the monthly rate of the membership dues resulting from its non-taxability effected only starting July 2020 (versus a full year in 2021), contributed to this increase. A 22% increase in marina revenues was also noted, resulting from 86 new boats in the boat parking facilities, and more movements of boats in both berthing and mooring. As government restrictions eased down, and room accommodation facilities were opened to non-members towards the last quarter of 2021, revenues from food and restaurant operations increased by 86%, as room accommodation facilities paid occupancy rate improved from 10% in 2020 to 22% in 2021, resulting to an increase of 92% in room revenues.

The 2021 revenue growth over that of 2020 was a huge improvement when in 2020, given that the Group's operating revenues was largely dependent on the hospitality and leisure travel industry, which is among those financially hit the hardest by the COVID-19 pandemic, operating revenues were drastically reduced by 70% at Php51.8 million compared to its 2019 robust performance of Php167.4 million. It was only due to the Club' strong membership base that membership dues increased by 12% at Php56.2 million from its 2019 membership dues of Php50.4 million, while revenues from marina operations also increased by 5% at Php20.0 million in 2020 compared to Php19.0 million in 2019. The positive results of these two revenue contributors of the Club narrowed the overall deficiency in total revenues to only 50% at Php108.0 million in 2020 versus Php217.7 million in 2019.

## **COST AND OPERATING EXPENSES**

Departmental costs and expenses in 2021 also showed a relative increase of 39% as the Group went into full operation towards the last quarter of the year. Operating expenses increased by 12%, while management fee and executive payroll increased by 1%. As operations went into full capacity, manpower requirements also increased (which were scheduled and controlled in the previous year and on the first half of 2021). This resulted to an increase in direct payroll by 10%. The situation in 2020 was completely different as total costs and operating expenses of Php99.7 million showed a substantial decrease of 47% from the Php188.9 million spent in 2019. As mentioned earlier, the decrease in departmental costs and operating expenses were mainly due to reduced operations of the Group as a result of government restrictions in response to the COVID-19 pandemic.

## **DEPRECIATION**

Total depreciation for the year 2021 amounted to Php31.3 million, reflecting a 7% decrease from Php33.6 million of last year. Acquisitions amounted to Php11.5 million, while a number of assets have become fully depreciated. Total capital expenditures amounted to Php11.5 million, which is a 120% increase over last year's Php5.3 million. Depreciation cost, however, is expected to go up as new projects are being undertaken and expected to be completed in the coming years. Depreciation expenses are non-cash expenses of the Club.

## **PROSPECTS FOR THE FUTURE**

Although the effects of the COVID-19 pandemic will continue to affect the hospitality and leisure industry to which Club Punta Fuego belongs, the Company is confident that it had withstood the worst of the financial crisis brought about by the pandemic. The Club budgeted for a growth of almost 45% over its 2021 earnings. Membership dues are expected to grow by 2% with one new member every month.

# Financial Review

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The vaccination rollout program of the government took its full effect towards the last quarter of 2021, resulting to lower COVID-19 cases, government restrictions on leisure travel and accommodation facilities also eased down. As the industry continues to benefit from the opening of the economy, the first quarter of 2022 showed promising results with operating revenues 50% higher than those for the same period in 2021, and are only 6% lower than revenues during the pre-pandemic first quarter of 2019. Additionally, the market value of the Club's share continues to increase towards the first quarter of 2022, with selling prices reaching Php1,000,000 per share from the closing price of Php600,000 per share in 2021.

The Club acknowledges the need to be alert, responsive, flexible and at the same time resilient, in order to be able to adapt to the evolving situation. The Club will also continue to focus on the needs of its members in terms of Club services, amenities and facilities thru a consistent repair and maintenance program to uphold and improve its facilities, machinery and infrastructure, ensure the health and safety of both guests and personnel by adhering to the prevailing health and safety standards and guidelines, and invest in technological tools, FFE and equipment, renovation of facilities, and expansions, all of which will enable the Club to improve operational efficiency and adapt to the current situation.

Club Punta Fuego, Inc. and  
Subsidiary

Consolidated Financial Statements  
December 31, 2021 and 2020  
and Years Ended December 31, 2021, 2020  
and 2019

and

Independent Auditor's Report



A member firm of Ernst & Young Global Limited

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders  
Club Punta Fuego, Inc.

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Club Punta Fuego, Inc. (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2021 and 2020, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

#### 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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

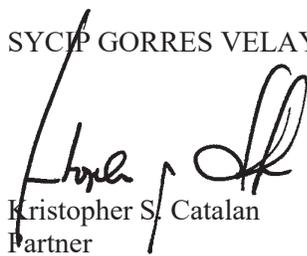
As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

SYCIP GORRES VELAYO & CO.



Kristopher S. Catalan  
Partner

CPA Certificate No. 109712

Tax Identification No. 233-299-245

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 109712-SEC (Group A)

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

SEC Firm Accreditation No. 0001-SEC (Group A)

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

BIR Accreditation No. 08-001998-109-2020, November 27, 2020, valid until November 26, 2023

PTR No. 8853479, January 3, 2022, Makati City

April 18, 2022

**CLUB PUNTA FUEGO, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2021	2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 5)	₱85,752,394	₱53,348,729
Receivables (Note 6)	31,118,973	31,627,571
Inventories (Note 7)	9,392,984	6,431,236
Prepayments and other current assets (Note 8)	31,128,229	28,857,283
<b>Total Current Assets</b>	<b>157,392,580</b>	<b>120,264,819</b>
<b>Noncurrent Assets</b>		
Property and equipment (Note 9)	389,021,803	408,783,030
Deferred tax assets (Note 19)	5,927,660	5,333,577
Retirement asset (Note 17)	–	17,759
<b>Total Noncurrent Assets</b>	<b>394,949,463</b>	<b>414,134,366</b>
<b>TOTAL ASSETS</b>	<b>₱552,342,043</b>	<b>₱534,399,185</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities (Note 10)	₱23,335,942	₱18,893,267
Due to related parties (Note 13)	19,214,612	18,099,651
Retirement benefits liability (Note 17)	52,542	–
Contract liabilities (Note 12)	47,331,332	36,975,091
<b>Total Current Liabilities</b>	<b>89,934,428</b>	<b>73,968,009</b>
<b>Equity (Note 11)</b>		
Proprietary shares	528,849,206	528,849,206
Additional paid-in capital	2,648,830	2,638,558
Cumulative deficiency of revenue over expenses	(70,811,706)	(71,492,508)
Shares of delinquent shareholders acquired through auctions	(855,110)	(1,744,838)
Other comprehensive income	2,576,395	2,180,758
<b>Total Equity</b>	<b>462,407,615</b>	<b>460,431,176</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱552,342,043</b>	<b>₱534,399,185</b>

*See accompanying Notes to Consolidated Financial Statements.*

**CLUB PUNTA FUEGO, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31		
	2021	2020	2019
<b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b> (Note 12)			
Membership dues	P63,336,453	P56,181,807	P50,349,340
Restaurant and bar operations	33,616,849	18,088,240	77,200,372
Room accommodation	24,711,326	12,903,782	66,553,422
Marina and other facilities	24,335,129	20,018,338	19,009,309
Spa, golf, other sports and recreational facilities	1,039,824	862,624	4,633,411
	<b>147,039,581</b>	<b>108,054,791</b>	<b>217,745,854</b>
<b>DEPARTMENTAL COSTS AND EXPENSES</b> (Note 14)			
Restaurant and bar operations	25,920,705	17,383,346	51,538,147
Room accommodation	10,123,679	8,339,957	20,402,045
Spa, golf, other sports and recreational facilities	4,016,171	3,642,530	6,720,189
Marina and other facilities	2,627,297	1,566,808	3,721,210
	<b>42,687,852</b>	<b>30,932,641</b>	<b>82,381,591</b>
Management fee and executive payroll (Note 14)	8,059,243	7,953,257	9,343,143
	<b>50,747,095</b>	<b>38,885,898</b>	<b>91,724,734</b>
<b>GROSS PROFIT</b>	<b>96,292,486</b>	<b>69,168,893</b>	<b>126,021,120</b>
<b>OPERATING EXPENSES</b> (Note 15)	<b>68,130,719</b>	<b>60,831,937</b>	<b>97,219,258</b>
<b>INCOME BEFORE DEPRECIATION, INTEREST AND OTHER INCOME AND INCOME TAX</b>	<b>28,161,767</b>	<b>8,336,956</b>	<b>28,801,862</b>
<b>DEPRECIATION AND AMORTIZATION</b> (Note 9)	<b>31,311,810</b>	<b>33,599,650</b>	<b>33,151,532</b>
<b>LOSS BEFORE INTEREST AND OTHER INCOME AND INCOME TAX</b>	<b>(3,150,043)</b>	<b>(25,262,694)</b>	<b>(4,349,670)</b>
<b>INTEREST AND OTHER INCOME</b> (Notes 5 and 18)	<b>3,408,850</b>	<b>922,796</b>	<b>4,395,620</b>
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>258,807</b>	<b>(24,339,898)</b>	<b>45,950</b>
<b>PROVISION FOR INCOME TAX</b> (Note 19)			
Current	96,277	10,974	2,111,161
Deferred	(518,272)	(1,038,856)	(246,619)
	<b>(421,995)</b>	<b>(1,027,882)</b>	<b>1,864,542</b>
<b>NET INCOME (LOSS)</b>	<b>680,802</b>	<b>(23,312,016)</b>	<b>(1,818,592)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Item not to be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement gain on retirement benefits (Note 17)	319,829	550,632	1,189,552
Tax effect	75,808	(165,190)	(356,866)
	<b>395,637</b>	<b>385,442</b>	<b>832,686</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>P1,076,439</b>	<b>(P22,926,574)</b>	<b>(P985,906)</b>

See accompanying Notes to Consolidated Financial Statements.

**CLUB PUNTA FUEGO, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019**

	Proprietary shares (Note 11)	Additional paid-in capital	Cumulative deficiency of revenue over expenses	Shares of delinquent shareholders acquired through auctions (Note 11)	Other comprehensive income	Total
<b>BALANCES AS AT DECEMBER 31, 2018</b>	<b>₱528,849,206</b>	<b>₱2,780,719</b>	<b>(₱46,361,900)</b>	<b>(₱7,274,360)</b>	<b>₱962,630</b>	<b>₱478,956,295</b>
Net loss	-	-	(1,818,592)	-	-	(1,818,592)
Other comprehensive income	-	-	-	-	832,686	832,686
Total comprehensive income (loss)	-	-	(1,818,592)	-	832,686	(985,906)
Acquisitions of shares of delinquent shareholders through auctions	-	-	-	(1,312,639)	-	(1,312,639)
Sale of treasury shares	-	52,570	-	3,047,430	-	3,100,000
<b>BALANCES AS AT DECEMBER 31, 2019</b>	<b>528,849,206</b>	<b>2,833,289</b>	<b>(48,180,492)</b>	<b>(5,539,569)</b>	<b>1,795,316</b>	<b>479,757,750</b>
Net loss	-	-	(23,312,016)	-	-	(23,312,016)
Other comprehensive income	-	-	-	-	385,442	385,442
Total comprehensive loss	-	-	(23,312,016)	-	385,442	(22,926,574)
Sale of treasury shares	-	(194,731)	-	3,794,731	-	3,600,000
<b>BALANCES AS AT DECEMBER 31, 2020</b>	<b>528,849,206</b>	<b>2,638,558</b>	<b>(71,492,508)</b>	<b>(1,744,838)</b>	<b>2,180,758</b>	<b>460,431,176</b>
Net income	-	-	680,802	-	-	680,802
Other comprehensive income	-	-	-	-	395,637	395,637
Total comprehensive income	-	-	680,802	-	395,637	1,076,439
Sale of treasury shares	-	10,272	-	889,728	-	900,000
<b>BALANCES AS AT DECEMBER 31, 2021</b>	<b>₱528,849,206</b>	<b>₱2,648,830</b>	<b>(₱70,811,706)</b>	<b>(₱855,110)</b>	<b>₱2,576,395</b>	<b>₱462,407,615</b>

See accompanying Notes to Consolidated Financial Statements.

**CLUB PUNTA FUEGO, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years Ended December 31		
	2021	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income (loss) before income tax	<b>₱258,807</b>	(₱24,339,898)	₱45,950
Adjustments for:			
Depreciation and amortization (Note 9)	<b>31,311,810</b>	33,599,650	33,151,532
Retirement benefits cost (Note 17)	<b>1,274,578</b>	1,258,140	1,217,798
Claims from insurance (Note 18)	–	–	(896,440)
Interest income (Notes 5 and 18)	<b>(423,019)</b>	(641,025)	(1,329,579)
Operating income before working capital changes	<b>32,422,176</b>	9,876,867	32,189,261
Decrease (increase) in:			
Due from related parties	<b>456,204</b>	2,042,919	(340,159)
Prepayments and other current assets	<b>(2,142,134)</b>	(25,912,034)	830,679
Receivables	<b>508,598</b>	(653,953)	(2,307,964)
Inventories	<b>(2,961,748)</b>	1,784,385	1,486,641
Increase (decrease) in:			
Accounts payable and other current liabilities	<b>4,418,657</b>	(9,617,024)	2,124,502
Contract liabilities / unearned income	<b>10,380,262</b>	(5,499,262)	(877,242)
Due to related parties	<b>658,757</b>	18,099,651	–
Net cash flows generated from (used in) operations	<b>43,740,772</b>	(9,878,451)	33,105,718
Contributions to retirement plan	<b>(884,448)</b>	–	(1,638,822)
Interest received	<b>423,019</b>	641,025	1,329,579
Income taxes paid	<b>(225,095)</b>	(396,875)	(2,861,344)
Net cash flow provided by (used in) operating activities	<b>43,054,248</b>	(9,634,301)	29,935,131
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property and equipment (Note 9)	<b>(11,550,583)</b>	(5,119,191)	(20,101,953)
Proceeds from disposal of property and equipment	–	–	896,440
Net cash flow used in investing activities	<b>(11,550,583)</b>	(5,119,191)	(19,205,513)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Sale of treasury shares (Note 11)	<b>900,000</b>	3,600,000	3,100,000
Acquisition of delinquent shares (Note 11)	–	–	(1,312,639)
Net cash flow from financing activities	<b>900,000</b>	3,600,000	1,787,361
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>32,403,665</b>	(11,153,492)	12,516,979
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>53,348,729</b>	64,502,221	51,985,242
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)</b>	<b>₱85,752,394</b>	₱53,348,729	₱64,502,221

*See accompanying Notes to Consolidated Financial Statements.*

# **CLUB PUNTA FUEGO, INC. AND SUBSIDIARY**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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### **1. Corporate Information and Authorization for Issue of the Financial Statement**

Club Punta Fuego, Inc. (the Parent Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on December 16, 1997. The Parent Company was registered with Bureau of Internal Revenue as tax exempt. As such, the Parent Company is entitled to the benefits under Section 30 (E) of Republic Act (RA) No. 8424 entitled “An Act of Amending the National Internal Revenue Code, as Amended and For Other Purposes”. As the Revenue Memorandum Circular (RMC) No. 35-2012 was issued which pertains to taxability of membership fees, assessment dues, and fees of similar nature collected by recreational clubs from its members, the Parent Company’s membership dues became subjected to income tax and value-added tax (VAT).

Punta Fuego Hospitality Services Corporation (the Subsidiary), a wholly owned subsidiary of the Parent Company, was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 3, 2014.

In August 2020, the Supreme Court invalidated BIR RMC No. 35-2012 which imposes income tax and VAT on membership fees, assessment dues, and fees of similar nature collected by recreational clubs from its members based on the following grounds:

- As long as the membership fees, assessment dues and the like are treated as collections by recreational clubs from their members as an inherent consequence of their membership, and are, by nature, intended for the maintenance, preservation, and upkeep of the clubs’ general operations and facilities, the fees cannot be classified as income subject to income tax.
- In collecting such fees, the club is not selling its service to the members. Conversely, the members are not buying services from the club when dues are paid. Hence, there is no economic or commercial activity to speak of as these dues are devoted for the operations/maintenance of the facilities of the organization. As such, there could be no “sale barter or exchange of goods or properties, or sale of a service” to speak of, which would then be subject to VAT.

As such, starting 2021, the Parent Company no longer subjected the membership dues collected to income tax and VAT.

The Parent Company and Subsidiary are collectively referred as “the Group”.

The Group’s primary purpose is to promote social, recreational and athletic activities on a non-profit basis among its members, through the acquisition, development, construction, management and maintenance of a golf course, resort, marina and other sports and recreational facilities.

The Group’s registered office address and principal place of business is Peninsula de Punta Fuego, Barangay Balaytigue, Nasugbu, Batangas.

#### Status of Operations and Impact of COVID-19

Although the Group’s generated total revenues for 2021 of ₱147.0 million did not match its pre-pandemic level of ₱208.6 million, it showed a 36% increase over the 2020 revenue performance of ₱108.1 million. The 13% increase (₱7.2 million) in membership dues, resulting from a significant increase in transfer fees by ₱18.1 million and the ₱400 increase in the monthly rate of the membership dues resulting from its non-taxability effected only starting July 2020 (versus a full year in 2021), contributed to this increase. A 22% increase in marina revenues was also noted, resulting from 86 new boats in the boat parking facilities, and more movements of boats in both berthing and mooring. As

government restrictions eased down, and room accommodation facilities were opened to non-members towards the last quarter of 2021, revenues from food and restaurant operations increased by 86%, as room accommodation facilities paid occupancy rate improved from 10% in 2020 to 22% in 2021, resulting to an increase of 92% in room revenues.

The Group's operation continued to be strongly supported by its membership base and marina operations, which remained unaffected by the situation. Overall revenue performance reflected an increase of 36%. The Group's cash level as at December 31, 2021 of ₱85,752,394, registered a positive operating cash flow of ₱43,054,249, and a 61% increase from its ₱53,348,729 cash balance as at December 31, 2020.

Departmental costs and expenses also showed a relative increase of 39% as the Group went into full operation towards the last quarter of the year. Operating expenses increased by 12%, while management fee and executive payroll increased by 1%. As operations went into full capacity, manpower requirements also increased (which were scheduled and controlled in the previous year and on the first half of 2021). This resulted to an increase in direct payroll by 10%.

Gross profit for 2021 of ₱96.3 million is 39% better than the 2020 gross profit of ₱69.2 million. The Group ended the year with a net income of ₱680,802, a complete turnaround of last year's loss of ₱23,312,016.

#### Approval of the Consolidated Financial Statements

The Group's consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on April 18, 2022.

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

### Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared under historical cost basis and presented in Philippine peso (₱), which is also the Group's functional currency.

The consolidated financial statements have been prepared under the going concern assumption. The Group believes that its business would remain relevant despite challenges posed by the COVID-19 pandemic. Despite the adverse impact of the COVID-19 pandemic on short-term business results, long-term prospects remain attractive.

### Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards (PAS) and Interpretations issued by the Philippine Interpretations Committee (PIC).

### Basis of Consolidation

The consolidated financial statements of the Group include the accounts of the Parent Company and its subsidiary where the Parent Company has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

#### *A Subsidiary*

A subsidiary is an entity over which the parent company has the power to govern the financial and operating policies or generally has an interest of more than one half of its voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the parent controls another entity. The subsidiary is fully consolidated from the date on which control is transferred to the parent company. It is de-consolidated from the date on which control ceases. The results of operations of the subsidiary acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

#### *Transactions Eliminated on Consolidation*

All intragroup transactions and balances including income and expenses, and unrealized gains and losses are eliminated in full.

#### *Accounting Policies of the Subsidiary*

The financial statements of subsidiary are prepared for the same reporting year and using uniform accounting policies as that of the Parent Company.

#### Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2021. Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*
- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

#### Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on the consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

#### *Effective beginning on or after January 1, 2022*

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs 2018-2020 Cycle*
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

*Effective beginning on or after January 1, 2023*

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

*Effective beginning on or after January 1, 2024*

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

*Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*

*Deferred effectivity*

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

The Group continues to assess the impact of the aforementioned new and amended accounting standards and interpretation effective subsequent to December 31, 2021 on its consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

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### 3. Significant Accounting Policies

#### Cash and Cash Equivalents

Cash includes cash on hand and with banks. Cash in banks earn interest at the prevailing bank deposit rates. 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 an insignificant risk of change in value.

#### Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements of financial position based on whether it is current and noncurrent classification.

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

Deferred tax assets, deferred tax liabilities and accrued retirement benefit liability are classified as noncurrent assets and liabilities, respectively.

#### 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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

## Financial Instruments

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

### *a. Financial assets*

#### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through profit or loss (FVPL) and fair value through other comprehensive income (FVOCI).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### *Subsequent measurement*

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

- Financial assets at amortized cost (debt instruments)
- FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

The Company has no FVOCI with recycling of cumulative gains and losses (debt instruments), financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets at FVPL.

#### *Financial assets at amortized cost (debt instruments)*

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

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

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

The Group's financial assets at amortized cost includes cash and cash equivalents, receivables, and due from related parties.

#### *Derecognition*

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

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

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

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

#### *Impairment of financial assets*

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' ECL. Both life time ECL and 12 months' ECL are calculated on either an individual basis or a collective basis, depending on the nature of the financial instruments.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime

ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### *b. Financial liabilities*

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include accounts payable and other liabilities, and due to related parties.

##### *Subsequent measurement*

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance charges in profit or loss.

##### *Derecognition*

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

##### *Offsetting of financial instruments*

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

##### Day 1 Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction

price and fair value (a Day 1 difference) in profit or loss unless it qualifies for the recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference amount.

#### Inventories

Inventories are stated at the lower of cost and net realizable value (NRV). Cost is determined using first-in, first-out method. For inventories held for sale, NRV is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. NRV of inventories is the current replacement cost.

#### Property and Equipment

Property and equipment are carried at cost, excluding day-to-day servicing, less accumulated depreciation and impairment in value, if any. The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost incurred meets the recognition criteria.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

<u>Category</u>	<u>Number of Years</u>
Buildings, structures and improvements	20 - 50
Operational equipment	2 - 5
Furniture, fixtures and equipment	2 - 5
Transportation equipment	2 - 5

Depreciation and amortization commence once the assets are available for use. Depreciation ceases when the asset is derecognized.

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

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

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

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged to profit or loss.

#### *Facilities and equipment under construction*

The costs of a constructed asset are accumulated in the “Facilities and equipment under construction” account until the asset is placed into service. When the asset is completed and placed into service, it will be transferred to its related property and equipment account. Depreciation begins after the asset has been placed into service.

### Impairment of Nonfinancial Assets

The Group's nonfinancial assets include property and equipment. The carrying values of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of the asset is the greater of fair value less costs to sell and value-in-use. The fair value is the amount obtainable from the sale of the asset in an arm's-length transaction. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Any impairment loss is recognized in profit or loss.

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

### Unearned Income

Unearned income is recognized as liability of the Group whenever membership dues, boat parking, and club certification are collected in advance. Once advance collections are earned the liability account is derecognized and revenue is recognized.

### Other Comprehensive Income (Loss)

Other comprehensive income (loss) comprises items of income and expense that are not recognized in profit or loss for the year in accordance with PFRSs. Other comprehensive income (loss) includes remeasurement gains and losses on the Group's retirement plan. Other comprehensive income (loss) items that will be reclassified subsequently to profit or loss are presented separately from those items that will not be reclassified subsequently.

### Equity

Proprietary shares have no par value. The board of directors have the authority to issue such shares for such consideration as it may time to time fix, which in no event shall be less than the amount prescribed by the law. The excess of the proceeds over the stated consideration, represents the additional paid-in capital. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Cumulative deficiency of revenues over expenses represents the cumulative balance of periodic net income or loss, dividend contributions, prior period adjustments, effect of changes in accounting policy and other capital adjustments.

Shares of delinquent shareholders acquired through auctions are the Group's own equity instruments which are reacquired and deducted from equity. No gain or loss is recognized on the purchase, sale, issue or cancellation of the Group's own equity instruments.

### Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group has generally concluded that it is principal in its

revenue arrangements because it typically controls the goods and services before transferring them to the customer.

#### *Rooms revenue*

Revenue from room rentals are recognized over the period of time under the input method, a time-based measure that results in a straight-line recognition of revenue, as the customer simultaneously receives the benefits from the services rendered by the Group throughout the period when rooms are occupied or services are performed. Payment is due generally within 30 days as the customer occupies the room and receives the services except for some customers with specific credit terms.

The Group considers whether there are other promises in the contract that are distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of services and goods.

#### *Food and beverage revenue*

Revenue from food and beverage sales are recognized at a point in time as goods are sold. The transaction price of the goods is representative of their stand-alone selling prices. Payment is due generally within 30 days as goods are sold except for some customers with specific credit terms.

#### *Other operating departments revenue*

Revenue from other operating departments include, among others, lobby shops, business center and car rental, laundry service, telephone service, and health club services which are recognized at a point in time as goods are sold and over time as services are performed. The transaction prices of the related goods and services are representative of their stand-alone selling prices. Payment is due generally within 30 days as the customer receives the goods and services except for some customers with specific credit terms.

In considering the transaction price for the revenue from rooms, food and beverages and other operating departments, the Group considers the effects of any variable consideration (e.g., rebates and discounts), noncash consideration and consideration payable to customers.

#### *Contract Balances*

*Contract Assets.* A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays the consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

*Trade Receivables.* A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets under Financial Assets and Financial Liabilities – Financial assets at amortized cost (debt instruments).

*Contract Liabilities.* A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

#### *Interest Income*

Interest income is recognized as the interest accrues using the EIR. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

### Cost and Expenses Recognition

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 decrease in equity. Cost and expenses are recognized in the year these are incurred while interest expense is accrued in the appropriate period.

### Retirement Benefits Cost

The Group has a funded non-contributory defined benefit retirement plan managed by a trustee bank. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The retirement liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Retirement benefits cost comprise the following:

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

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

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

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

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

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

disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

### Income Tax

#### *Current income tax*

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

Current income tax for current and prior periods shall, to the extent unpaid, be recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset.

#### *Deferred income tax*

Deferred income tax is provided on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for deductible temporary differences, carry-forward benefits of unused tax credits from excess of the minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) [excess MCIT] and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax assets to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

### Leases

#### *The Group as lessee*

The Group applies the short-term lease recognition exemption to its short-term leases of condominium units for its sales agents (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

#### *The Group as a lessor*

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income.

### Provisions and Contingencies

Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using the pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

### Events after the Reporting Period

Events after the reporting period that provide additional information about the Group's financial position at the end of reporting period (adjusting event), if any, are reflected in the consolidated financial statements. Events after the reporting period, that are not adjusting events, are disclosed in the notes to consolidated financial statements when material.

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## 4. Significant Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRSs requires management to make judgments, estimates and assumptions that affect certain reported amounts and disclosures. In preparing the consolidated financial statements, management has made its best judgments, estimates and assumptions of certain amounts, giving due consideration to materiality. The judgments and estimates used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Accordingly, actual results could differ from those estimates, and such estimates will be adjusted.

The Group believes the following represent a summary of these significant judgments, estimates and assumptions and related impact and associated risks in the consolidated financial statements:

### Judgment

In the process of applying the Group's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements:

#### *Use of going concern assumption*

The use of the going concern assumption involves management making judgments, at a particular point in time, about the future outcome of events or conditions that are inherently uncertain. The underlying assumption in the preparation of consolidated financial statements is that the Group has neither the intention nor the need to liquidate. Management takes into account a whole range of factors which include, but not limited to, expected operations and profitability, and potential sources of financing such as obtaining bank loans, if needed. Management prepares the consolidated financial statements on a going concern basis as management has future plans regarding the Group, as discussed in Note 1.

### Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below:

#### *Provision for expected credit losses on trade receivables (PFRS 9)*

The Group 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 Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analyzed.

The assessment of the correlation between 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 Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. Receivables, net of expected credit losses, amounted to ₱31,118,973 and ₱31,627,571 as of December 31, 2021 and 2020, respectively. Allowance for ECL amounted to ₱11,474,274 and ₱10,175,036 as of December 31, 2021 and 2020, respectively (see Note 6).

#### *Evaluation of impairment of noncurrent nonfinancial assets*

Internal and external sources of information are reviewed at each reporting date to identify indications that property and equipment may be impaired or an impairment loss previously recognized no longer exists or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

The Group has experienced a difficult business environment in 2021 due to the COVID-19 pandemic. The COVID-19 pandemic led to significant uncertainty and adverse conditions in many industries, including the hospitality industry in which the Group falls under. In the Philippines and in other countries, each government has implemented drastic measures including travel restrictions and home quarantine, to control the pandemic. Thus, this COVID-19 pandemic has affected every sector across the globe, and the hotel industry to which the Group belongs is an economic sector which is among those most severely affected.

Due to the significant developments of the COVID-19 pandemic that have adversely affect the Group's economic environment, the management assessed that certain impairment indicators exist on its property and equipment as of December 31, 2021, which include (a) low hotel occupancy rates; (b) limited bookings; and (c) net loss in 2021.

Based on their evaluation, management believes that the carrying values of property and equipment amounting to ₱389,021,803 and ₱408,783,030 as of December 31, 2021 and 2020, respectively, are recoverable through future cash flows. Accordingly, the Group did not recognize impairment loss for the years ended December 31, 2021 and 2020 (see Note 9).

#### *Recognition of deferred income tax assets*

The Group reviews the carrying amount of deferred income tax asset at each reporting period and reduces it to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax asset to be utilized. The deferred income tax asset recognized amounted to ₱6,786,465 and ₱6,268,190 as of December 31, 2021 and 2020, respectively.

As of December 31, 2021 and 2020, the Group has deductible temporary differences for which no deferred income tax assets was recognized amounting to ₱135,581,185 and ₱81,257,255, respectively, on unutilized NOLCO, MCIT and unearned income from membership dues as it is not probable that sufficient taxable profit will be available to allow the benefit of the deferred income tax assets to be utilized (see Note 19).

*Estimating retirement obligation and cost*

The determination of the obligation and cost for retirement benefits is dependent on the selection of certain assumptions used by actuary in calculating such amounts. Those assumptions, which include among others, discount rates and rates of compensation increase, are described in Note 17. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement obligations. All assumptions are reviewed at each reporting date.

Retirement benefits liability amounted to ₱52,542 as at December 31, 2021 and retirement benefits assets amounted to ₱17,759 as at December 31, 2020 (see Note 17).

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## 5. Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash on hand	₱556,946	₱383,906
Cash in banks	16,429,611	19,680,991
Cash equivalents	68,765,837	33,283,832
	<b>₱85,752,394</b>	<b>₱53,348,729</b>

Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods depending on the immediate cash requirements of the Group and earn interest at rates range from 0.50% to 4.625% in 2021 and from 1.00% to 7.06% in 2020.

Interest income on cash in banks and cash equivalents amounted to ₱423,019, ₱641,025 and ₱1,329,579 for the years ended December 31, 2021, 2020 and 2019, respectively (Note 18).

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## 6. Receivables

This account consists of:

	2021	2020
Receivables from members	₱39,633,220	₱38,451,736
Advances to officers and employees	387,166	705,607
Advances to suppliers	51,527	254,619
Other receivables	2,521,334	2,390,645
	42,593,247	41,802,607
Allowance for credit losses	(11,474,274)	(10,175,036)
	<b>₱31,118,973</b>	<b>₱31,627,571</b>

Receivables from members generally have a 60-day term.

Advances to officers and employees pertain to advances made to employees, including the cash budget for projects or expenses wherein the excess is returned to Group's fund after submission of liquidation report by the employee in-charge.

Advances to suppliers pertain to advance payments on purchased goods and services.

Other receivables pertain to insurance claims and accrued interest on short-term placements.

Allowance for credit losses pertain to receivables from members specifically identified as uncollectible. The rollforward analysis of allowance for credit losses follows:

	2021	2020
Beginning balance	₱10,175,036	₱6,593,038
Provision for ECL (Note 15)	1,299,238	3,581,998
Ending balance	₱11,474,274	₱10,175,036

There are no receivables written off and reversals of allowance for ECL in 2021 and 2020.

No receivable was pledged as security to liabilities as of December 31, 2021 and 2020.

## 7. Inventories

This account consists of:

	2021	2020
Supplies	₱6,306,399	₱4,964,459
Food and beverage	2,707,452	1,455,048
Others	379,133	11,729
	₱9,392,984	₱6,431,236

The cost of inventories charged to departmental costs and expenses amounted to ₱17,769,335, ₱9,462,178, and ₱38,256,051 in 2021, 2020 and 2019, respectively (see Note 14). Furthermore, there are no inventories whose NRV are below cost.

No impairment losses on inventories were recognized in 2021 and 2020.

No inventories have been used or pledged as security to the Group's obligations in 2021 and 2020.

## 8. Prepayments and Other Current Assets

This account consists of:

	2021	2020
Deferred charge	₱25,801,750	₱25,801,750
Deposits	913,640	1,011,114
Prepaid taxes	975,904	894,255
Prepayments	2,914,081	780,095
Others	522,854	370,069
	₱31,128,229	₱28,857,283

Deferred charge pertains to payment made by the Group in December 2020 for the documentary stamp tax for the issuance of shares to Fuego Development Corporation supposedly in 2021. Shares is expected to be issued in 2022.

Deposits mainly include security deposits related to the Group's lease of office space, rental of shuttle service, landscape contract and construction bonds for engineering workshops.

Prepaid taxes mainly pertain to taxes withheld by customers from its income payments to the Group which are subsequently used as credit against the Group's income tax payable. The amounts are net of those applied as credit against income tax payable amounting to ₱96,277 and ₱10,974 in 2021 and 2020, respectively.

Prepayments mainly include advance payments for insurance taxes and association dues.

## 9. Property and Equipment

Movements of this account follow:

	2021					
	Buildings, Structures and Improvements	Operational Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Facilities and Equipment under Construction	Total
<b>Cost:</b>						
Beginning balances	₱637,132,678	₱57,941,848	₱160,064,296	₱14,530,622	₱2,280,094	₱871,949,538
Additions	1,679,086	2,197,027	4,763,126	–	2,911,344	11,550,583
Reclassification	325,757	–	–	–	(325,757)	–
Ending balances	639,137,521	60,138,875	164,827,422	14,530,622	4,865,681	883,500,121
<b>Accumulated Depreciation and Amortization:</b>						
Beginning balances	257,801,982	50,861,261	142,213,381	12,289,884	–	463,166,508
Depreciation and amortization	21,599,158	1,450,821	7,341,136	920,695	–	31,311,810
Ending balances	279,401,140	52,312,082	149,554,517	13,210,579	–	494,478,318
<b>Net Book Values</b>	<b>₱359,736,381</b>	<b>₱7,826,793</b>	<b>₱15,272,905</b>	<b>₱1,320,043</b>	<b>₱4,865,681</b>	<b>₱389,021,803</b>

	2020					
	Buildings, Structures and Improvements	Operational Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Facilities and Equipment under Construction	Total
<b>Cost:</b>						
Beginning balances	₱631,908,231	₱55,531,500	₱159,520,174	₱14,530,622	₱5,339,820	₱866,830,347
Additions	2,164,721	2,410,348	544,122	–	–	5,119,191
Reclassification	3,059,726	–	–	–	(3,059,726)	–
Ending balances	637,132,678	57,941,848	160,064,296	14,530,622	2,280,094	871,949,538
<b>Accumulated Depreciation and Amortization:</b>						
Beginning balances	236,107,243	48,667,410	133,671,703	11,120,502	–	429,566,858
Depreciation and amortization	21,694,739	2,193,851	8,541,678	1,169,382	–	33,599,650
Ending balances	257,801,982	50,861,261	142,213,381	12,289,884	–	463,166,508
<b>Net Book Values</b>	<b>₱379,330,696</b>	<b>₱7,080,587</b>	<b>₱17,850,915</b>	<b>₱2,240,738</b>	<b>₱2,280,094</b>	<b>₱408,783,030</b>

No property and equipment was pledged as security to liabilities as of December 31, 2021 and 2020.

## 10. Accounts Payable and Other Current Liabilities

This account consists of:

	2021	2020
Trade payables	<b>₱6,318,638</b>	₱7,399,735
Accrued expenses	<b>7,916,205</b>	7,249,745
Statutory payables	<b>1,969,529</b>	1,688,282
Service charges	<b>1,761,140</b>	1,020,208
Others	<b>5,370,430</b>	1,535,297
	<b>₱23,335,942</b>	₱18,893,267

Accrued expenses consist of:

	2021	2020
Communication and postage	<b>₱1,786,730</b>	₱1,530,007
Personnel costs	<b>1,578,940</b>	1,527,519
Utilities	<b>1,554,377</b>	918,452
Professional fees	<b>393,061</b>	753,165
Accrued repairs and maintenance	<b>504,248</b>	543,113
Security services	<b>647,421</b>	470,200
Messengerial services	<b>41,361</b>	33,375
Others	<b>1,410,067</b>	1,473,914
	<b>₱7,916,205</b>	₱7,249,745

Trade payables include unpaid cost of purchases of food, beverage and other supplies and are normally on a 30-day term.

Statutory payables include withholding tax and output VAT. Service charges payable pertain to share of employees from the 10% add-on on top of the basic fees charged against members for the services rendered by the Group.

Others consist mainly of accruals for fuel and oil, and other contracted services which are individually immaterial in amounts.

## 11. Equity

### *Proprietary shares*

The composition of the Group's no par value proprietary shares as of December 31, 2021, 2020 and 2019 is as follows:

	2021	2020	2019
Common - no par value			
Authorized	<b>2,500</b>	2,500	2,500
Issued			
Number of shares at beginning and end of year	<b>2,033</b>	2,033	2,033
Outstanding			
Number of shares at beginning of year	<b>2,029</b>	2,021	2,017
Purchase during the year	-	-	(3)
Sale during the year	<b>3</b>	8	7
Number of shares at end of year	<b>2,032</b>	2,029	2,021

Summarized below, as defined in the Group's Articles of Incorporation are the restrictive conditions, among others:

- The founders' shares shall have the exclusive right to vote and be voted for in the election of directors.
- No transfer of shares of stock which will reduce the stock ownership of Filipino citizens to less than the minimum percentage of the outstanding capital stock required by law to be owned by Filipino citizens shall be allowed or permitted to be recorded in the books of the Group.
- No profit shall inure to the exclusive benefit of any of its shareholders, hence, no dividends shall be declared in their favor.
- No shareholder shall sell, transfer, or otherwise in any manner alienate or in any way dispose of any proprietary shares of the Group unless these shares shall have first been offered for sale to the Group by written offer.
- The members of the group as defined under the by-laws shall be subject to the payment of monthly dues, fees, charges or assessments in such amount as may be prescribed by resolution of the BOD.
- In any case any shareholder violates the provisions of the articles of incorporation and by-laws of the Group, such shareholder may be expelled by the BOD.
- A registered shareholder may assign his rights to an assignee.

*Share of delinquent shareholders acquired through auctions*

This represents delinquent shares acquired by the Group during the year through auctions pursuant to the Group's By-laws. In 2021, 41 shares have been auctioned, 22 of which were acquired by the public for ₱12,055,000, while 3 treasury shares were sold for ₱1,350,000. In 2020, no shares have been auctioned, 8 were sold for ₱3,600,000.

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## 12. Revenue from Contracts with Customers

### Disaggregated Revenue Information

Set out below is the disaggregation of the Group's revenue from contracts with customers for the years ended December 31:

<b>Timing of revenue recognition</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Revenue transferred over time	<b>₱113,422,732</b>	₱89,966,551	₱140,545,482
Revenue transferred at a point in time	<b>33,616,849</b>	18,088,240	77,200,372
<b>Total revenue from contracts with customers</b>	<b>₱147,039,581</b>	<b>₱108,054,791</b>	<b>₱217,745,854</b>

### Contract Balances

The Group has no contract assets as at December 31, 2021 and 2020.

Under PFRS 15, advance payments received by the Group from their customers meet the definition of contract liabilities. The contract liabilities as of December 31 consist of:

	2021	2020
Membership dues	₱35,464,000	₱30,418,236
Marina boat storage and berthing fee	9,504,385	4,235,531
Club certificates	1,702,177	1,712,677
Guests' deposit	660,770	608,647
	<b>₱47,331,332</b>	<b>₱36,975,091</b>

Contract liabilities pertain to payments of membership dues and yacht docking fees received in advance from members of the Group. Club certificates pertain to payments received for gift certificates which can be used to avail goods and services in the Group. Guests' deposits pertain to the advance payments of guests for room reservations in the Group.

The amount of revenue recognized in 2021 and 2020 from amounts included in the contract liabilities at the beginning of the years amounted to ₱36,975,091 and ₱39,317,998, respectively.

#### Performance Obligations

For the sale of goods and services, the performance obligation is satisfied when food and beverages are sold and services are rendered. Payment is generally in cash or charge to members' account due within 30 days except for some members with specific credit terms. The Group applies the practical expedient and does not disclose information about the remaining performance obligations that have original expected durations of one year or less.

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### 13. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with the Group are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

In the normal course of business, significant transactions with the related parties are as follows:

#### Landco Pacific Corporation (LPC)

Advances to LPC pertain to charges from the use of the Group's food and beverage outlets, accommodation and other facilities, in relation to LPC's sales and marketing activities.

#### Punta Fuego Village Homeowners' Association, Inc. (PFVHAI)

Advances from PFVHAI include reimbursement of expenses and payments of members erroneously transacted under the PFVHAI's bank account.

Anya Hospitality Corporation (AHC)

On January 1, 2019, the Group entered into a five-year contract, commencing on January 1, 2019 until December 31, 2024, with AHC, a business unit of Roxaco Land Corporation, a related party, in connection with the operation and management of the Group's commercial, industrial and service facilities. The contract is renewable at the option of both parties.

Under the agreement, AHC is entitled to a fixed monthly fee of ₱414,000, net of taxes and other charges, or 3% of the total gross operating revenue of the Club and its complimentary facilities (including consumables of members) whichever is higher. The management fee shall be renegotiated should there be an increase in the inventory of rooms. AHC is also entitled to sales and marketing fee based on four percent (4%) of the current gross operating revenue, net of taxes and other charges.

Fuego Development Corporation (FDC), Fuego Land Corporation (FLC) and Roxaco Land Corporation (RLC)

Transactions with FDC, FLC and RLC include advance payment and reimbursement of expenses and availment and grant of non-interest bearing cash advances from/to related parties.

Outstanding balances of due from/due to related parties are carried in the parent company statements of financial position under the following accounts listed below:

<b>Related party</b>	<b>Category</b>	<b>Year</b>	<b>Amounts/ Volume</b>	<b>Due from (Due to)</b>	<b>Terms</b>	<b>Conditions</b>
Landco Pacific Corporation	Due from related parties	2021	(₱34,250)	₱1,662,054	Non-interest bearing -do-	Unsecured, no impairment -do-
		2020	₱-	₱1,627,804		
Punta Fuego Village Homeowners' Association, Inc.	Due from related parties	2021	201,471	427,797	Non-interest bearing -do-	Unsecured, no impairment -do-
		2020	67,647	452,926		
Anya Hospitality Corporation	Management fee	2021	9,844,138	(1,124,082)	Non-interest bearing -do-	Unsecured, no impairment -do-
		2020	9,311,085	-		
Fuego Land Corporation	Due from related parties	2021	-	29,736	Non-interest bearing -do-	Unsecured, no impairment -do-
		2020	-	29,736		
		2021	-	(20,210,117)		
Fuego Development Corporation	Due to related parties	2020	20,210,117	(20,210,117)	Non-interest bearing -do-	Unsecured, no impairment -do-
<b>Total</b>		2021		(₱19,214,612)		
		2020		(₱18,099,651)		

*Compensation of key management personnel of the Group*

The remuneration of directors and other members of key management in 2021, 2020 and 2019 consist of:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Salaries and other short-term benefits	₱10,229,609	₱10,797,252	₱13,758,662
Retirement costs	284,155	212,488	291,474
	₱10,513,764	₱11,009,740	₱14,050,136

*Terms and conditions of transactions with related parties*

Outstanding balances at year-end are unsecured, interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Group has not recognized any impairment on amounts due from affiliated companies as of December 31, 2021

and 2020. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

#### 14. Departmental Costs and Expenses

This account consists of:

	2021	2020	2019
Personnel costs (Note 16)	<b>₱19,820,769</b>	₱15,584,979	₱29,816,074
Food and beverage (Note 7)	<b>11,839,386</b>	6,176,233	26,118,216
Communication, light and water	<b>4,249,872</b>	5,077,806	11,551,423
Supplies (Note 7)	<b>5,929,949</b>	3,285,945	12,137,835
Transportation and travel	<b>182,805</b>	747,762	974,513
Entertainment, amusement and recreation	–	35,000	47,867
Others	<b>665,071</b>	24,916	1,735,663
	<b>42,687,852</b>	30,932,641	82,381,591
Management fee and executive payroll	<b>8,059,243</b>	7,953,257	9,343,143
	<b>₱50,747,095</b>	₱38,885,898	₱91,724,734

#### 15. Operating Expenses

This account consists of:

	2021	2020	2019
Personnel costs (Note 16)	<b>₱21,835,517</b>	₱22,369,318	₱29,544,188
Communication, light and water	<b>8,616,675</b>	6,297,882	10,802,337
Advertising and promotion	<b>5,868,984</b>	3,850,894	9,300,840
Association dues	<b>5,656,189</b>	5,491,769	5,491,773
Security services	<b>4,885,143</b>	4,620,085	5,100,619
Repairs and maintenance	<b>3,722,072</b>	2,379,813	4,527,370
Taxes and licenses	<b>3,227,886</b>	3,554,288	3,618,242
Transportation and travel	<b>2,321,012</b>	2,093,259	3,265,564
Rent	<b>1,967,674</b>	1,180,906	9,492,676
Credit card commission	<b>1,924,947</b>	1,374,937	2,834,472
Provision for ECL (Note 6)	<b>1,299,238</b>	3,581,998	1,268,060
Professional fees	<b>892,898</b>	1,032,609	1,228,966
Insurance	<b>835,156</b>	814,215	797,046
Entertainment, amusement and recreation	<b>490,967</b>	300,554	526,037
Supplies	<b>462,549</b>	395,379	617,380
Others	<b>4,123,812</b>	1,494,031	8,803,688
	<b>₱68,130,719</b>	₱60,831,937	₱97,219,258

Others consist mainly of credit card and sales commissions, bank charges and other miscellaneous expenses.

## 16. Personnel Costs

This account consists of:

	2021	2020	2019
Salaries and wages	<b>₱26,273,055</b>	₱24,864,167	₱38,520,564
Employee benefits	<b>14,108,653</b>	11,831,990	19,621,900
Retirement expense (Note 17)	<b>1,274,578</b>	1,258,140	1,217,798
	<b>₱41,656,286</b>	₱37,954,297	₱59,360,262

Personnel costs included in departmental costs and operating expenses are as follows:

	2021	2020	2019
Departmental costs (Note 14)	<b>₱19,820,769</b>	₱15,584,979	₱29,816,074
Operating expenses (Note 15)	<b>21,835,517</b>	22,369,318	29,544,188
	<b>₱41,656,286</b>	₱37,954,297	₱59,360,262

## 17. Retirement Benefits

The Club has a funded noncontributory defined benefit retirement plan (the Plan) managed by a trustee bank. The investing decisions of the Plan are made by certain officers of the Club duly authorized by the BOD. The benefits provided in the Plan are based on the years of credited service and compensation of employees.

The following tables summarize the components of the “Retirement expenses” recognized in the consolidated statements of comprehensive income and “Retirement benefit liability” and “Retirement asset” recognized in the consolidated statements of financial position, which are based on the latest actuarial valuation report dated March 2, 2022.

The components of retirement expenses recognized in the consolidated statements of comprehensive income are as follows:

	2021	2020	2019
Current service cost	<b>₱1,291,735</b>	₱1,292,425	₱1,195,242
Net interest expense (income)	<b>(17,182)</b>	(36,322)	22,556
Interest on the effect of asset ceiling	<b>25</b>	2,037	-
Retirement expenses	<b>₱1,274,578</b>	₱1,258,140	₱1,217,798

The components of retirement benefits assets recognized in other comprehensive income (OCI) are as follows:

	2021	2020	2019
Cumulative loss in OCI, beginning	<b>(₱3,115,371)</b>	(₱2,564,739)	(₱1,375,187)
Remeasurement (gain) loss on retirement benefit liability:			
Deviations of experience from assumptions	<b>(389,736)</b>	(520,208)	825,172
Changes in financial assumptions	<b>(406,945)</b>	41,210	(388,067)
Demographic assumptions gain (loss)	<b>16,834</b>	-	(1,369,950)
Remeasurement loss on retirement benefit plan	<b>460,705</b>	(31,820)	(295,146)
Remeasurement gain (loss) on changes in effect of asset ceiling	<b>(687)</b>	(39,814)	38,439
Balances at end of year	<b>(3,435,200)</b>	(3,115,371)	(2,564,739)
Tax effect	<b>858,805</b>	934,613	769,423
	<b>(₱2,576,395)</b>	(₱2,180,758)	(₱1,795,316)

The retirement benefits assets (liabilities) recognized in the consolidated statements of financial position are as follows:

	2021	2020
Fair value of plan assets	<b>₱14,544,552</b>	₱13,597,141
Present value of obligation	<b>(14,597,094)</b>	(13,578,720)
Effect of asset ceiling	-	(662)
Balances at end of year	<b>(₱52,542)</b>	₱17,759

Movements in the retirement assets (liabilities) recognized in the consolidated statements of financial position:

	2021	2020
Balances at beginning of year	<b>₱17,759</b>	₱725,267
Retirement costs	<b>(1,274,578)</b>	(1,258,140)
Remeasurement gain on retirement benefits	<b>319,829</b>	550,632
Contributions paid	<b>884,448</b>	-
Balances at end of year	<b>(₱52,542)</b>	₱17,759

Changes in the present value of obligation are as follow:

	2021	2020
Balances at beginning of year	<b>₱13,578,720</b>	₱12,271,666
Current service cost	<b>1,291,735</b>	1,292,425
Interest cost	<b>506,486</b>	650,398
Benefits paid directly from plan assets	-	(156,771)
Remeasurement loss (gain) arising from:		
Deviations of experience from assumptions	<b>(389,736)</b>	(520,208)
Changes in financial assumptions	<b>(406,945)</b>	41,210
Changes in demographic assumptions	<b>16,834</b>	-
Balances at end of year	<b>₱14,597,094</b>	₱13,578,720

Changes in the fair value of plan assets are as follows:

	2021	2020
Balances at beginning of year	<b>₱13,597,141</b>	₱13,035,372
Contributions paid	<b>884,448</b>	-
Interest income	<b>523,668</b>	686,720
Remeasurement gain	<b>(460,705)</b>	31,820
Benefits paid directly from plan assets	-	(156,771)
<b>Balances at end of year</b>	<b>₱14,544,552</b>	<b>₱13,597,141</b>

The actual return on plan assets amounted to an income of ₱62,963 and ₱718,540 for the years ended December 31, 2021 and 2020, respectively.

The categories of plan assets at fair value are as follows:

	2021		2020	
	Amount	%	Amount	%
Marketable securities	<b>₱14,406,954</b>	<b>98.93%</b>	₱13,511,752	99.25%
Cash and cash equivalents	<b>1,409</b>	<b>0.01%</b>	1,124	0.01%
Others	<b>153,846</b>	<b>1.06%</b>	101,363	0.74%
	<b>₱14,562,209</b>	<b>100.00%</b>	₱13,614,239	100.00%

“Others” consist of market gains and accrued receivables, among others.

The principal assumptions used to determine accrued retirement liability in 2021 and 2020 are as follows:

	2021	2020
Discount rate	<b>5.06%</b>	3.73%
Rate of increase in compensation	<b>3.00%</b>	1.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2021 and 2020, assuming all other assumptions were held constant:

	Increase (decrease) in basis points	Effect on retirement benefit obligation	
		2021	2020
Discount rates	+1%	<b>(₱1,316,305)</b>	(₱1,322,868)
	1%	<b>1,514,333</b>	1,534,846
Future salary increase rate	+1%	<b>1,546,561</b>	1,562,937
	1%	<b>(1,365,291)</b>	(1,368,582)

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31, 2021 and 2020:

	2021	2020
Within one year	₱726,638	₱771,775
Between one and five years	6,439,512	2,666,175
Beyond five years	6,027,517	7,633,265

## 18. Interest and Other Income

This account consists of:

	2021	2020	2019
Penalties	₱2,100,873	₱72,696	₱960,429
Interest income (Note 5)	423,019	641,025	1,329,579
Auction fee	390,000	–	350,000
Boutique	92,559	19,004	127,036
Insurance claim	–	–	896,440
Others	402,399	190,071	732,136
	<b>₱3,408,850</b>	<b>₱922,796</b>	<b>₱4,395,620</b>

Others consists of rentals of the Group's facilities and other incidental charges.

## 19. Income Tax

### Current Tax

The Group's provision for current tax represents the minimum corporate income tax (MCIT) amounting to ₱96,277, ₱10,974 and ₱2,111,161 for the years ended December 31, 2021, 2020 and 2019, respectively.

The reconciliation of provision for (benefit from) income tax computed at the statutory income tax rate to provision for income tax as shown in the consolidated statements of comprehensive income is summarized as follows:

	2021	2020	2019
Income tax at statutory rate	₱59,433	(₱7,301,969)	₱313,834
Add (deduct) tax effects of:			
Nontaxable income	(15,834,113)	(16,854,542)	(300,000)
Excess MCIT over RCIT and NOLCO for which no deferred income tax assets were recognized	14,055,212	23,080,491	2,249,632
Change in tax rate	1,403,146	–	–
Interest income subjected to final tax	(105,673)	(192,308)	(398,874)
Derecognized deferred tax asset	–	240,446	–
	<b>(₱421,995)</b>	<b>(₱1,027,882)</b>	<b>₱1,864,592</b>

Deferred Tax

The components of the Group’s net deferred tax assets are as follow:

	2021	2020
<i>Presented in profit or loss</i>		
Deferred tax assets:		
Allowance for ECL	<b>₱2,859,310</b>	₱3,052,511
Unearned income from Marina boat storage and berthing fee	<b>2,801,641</b>	1,784,462
Provision for repairs and maintenance	<b>100,850</b>	162,934
Retirement liability	<b>1,024,664</b>	1,268,283
	<b>6,786,465</b>	6,268,190
<i>Presented in OCI</i>		
Deferred tax liability related to retirement asset recognized as other comprehensive income	<b>(858,805)</b>	(934,613)
<b>Net deferred tax assets</b>	<b>₱5,927,660</b>	<b>₱5,333,577</b>

The unutilized MCIT, NOLCO and unearned income from membership dues for which no deferred tax assets are recognized in the consolidated statement of financial position are as follows:

	2021	2020
NOLCO	<b>₱133,715,707</b>	₱77,839,047
Excess MCIT over RCIT	<b>1,865,478</b>	3,418,208
	<b>₱135,581,185</b>	₱81,257,255

Last September 11, 2021, the President signs into law the “Bayanihan to Recover as One Act” or “Bayanihan 2”, an act in response to COVID-19 to accelerate the recovery and bolster the resiliency of the Philippine economy.

Unless otherwise disqualified from claiming the deduction, the business or enterprise which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from its gross income for the next five consecutive taxable years immediately following the year of such loss. The net operating loss for said taxable years may be carried over as a deduction even after the expiration of RA No. 11494 provided the same are claimed within the next five consecutive taxable years immediately following the year of such loss.

As of December 31, 2021, the Group has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Available Until	Available NOLCO	Tax Effect
2019	2022	₱931,834	₱232,959

As of December 31, 2021, the Group has incurred NOLCO in taxable years 2020 and 2021 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Available Until	Available NOLCO	Tax Effect
2020	2025	₱76,907,213	₱19,226,803
2021	2026	55,876,661	13,969,165

As of December 31, 2021, the amounts of excess MCIT over RCIT allowable as tax credit over a period of three (3) years consist of:

Incurred	Amount	Application	Expiry	Balance	Expiry Year
2021	₱86,037	₱-	₱-	₱86,037	2024
2020	8,327	-	-	8,327	2023
2019	1,771,114	-	-	1,771,114	2022
2018	1,638,767	-	(1,638,767)	-	2021
	₱3,504,245	₱-	(₱1,638,767)	₱1,865,478	

#### Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding Php5 million and with total assets not exceeding Php100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

## **20. Financial Risk Management Objectives and Policies and Capital Management**

The Group has financial assets which arise directly from its operations. These financial assets include "Cash and cash equivalents", "Receivables" and "Due from related parties". The Group's financial liabilities consist of "Accounts payable and other current liabilities" and "Due to related parties". The Group's intention in incurring these liabilities is to obtain funds for its day-to-day operations.

The Group, being an exclusive nonprofit membership club which derives 43% of its income from fixed membership dues collected from its members and 57% from its operations, is exposed to minimum financial risks. Investing activities are limited to short-term money market placements in fully-secured government securities. The Group's risk management is governed by the Finance and Audit Committee, with coordination and in close cooperation with the BOD, and focuses on actively securing

the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not engage in the trading of financial assets for speculative purposes and did not enter into any free-standing derivative transaction in 2021 and 2020. The most significant financial risks to which the Group is exposed are credit risk and liquidity risk.

The BOD reviews and approves policies of managing each of the risks and they are summarized below:

#### Credit Risk

The Group's receivables are actively monitored to avoid significant uncollectible accounts. Policies are in place to ensure collection of these receivables. In case of delinquency, the Group's By-Laws provide for clear-cut measures and sanctions against members with unpaid accounts. These measures include withholding services and suspending rights and privileges to the member. In addition, the Group has the first lien on every share of stock to secure debts of members arising from unpaid membership dues and other club charges. Sales of products and services to non-members, i.e., members' guests, are on cash basis. In the case of membership dues, advance payment promotions are launched each year with incentives on early annual payments to reduce receivables from members. These measures minimize the credit risk exposure or any margin loss from possible default in the payment of receivables.

The credit qualities of the Group's cash and cash equivalents are neither past due nor impaired and are considered to be of good quality. The Group's cash and cash equivalents are deposited in reputable commercial banks, which earn interest at prevailing bank interest rates and are unrestricted as to withdrawal.

There are no significant concentrations of credit risk within the Group.

The table below shows the maximum exposure to credit risk for the Group's financial assets as of December 31, 2021 and 2020:

	2021	2020
Cash and cash equivalents*	<b>₱85,195,448</b>	₱52,964,823
Receivables**	<b>31,067,446</b>	31,372,952
Due from related parties	<b>2,119,587</b>	2,110,466
<b>Total credit risk exposure</b>	<b>₱118,382,481</b>	<b>₱86,448,241</b>

\*Excluding cash on hand amounting to ₱556,946 and ₱383,906 as of December 31, 2021 and 2020, respectively.

\*\*Excluding advances to suppliers amounting to ₱51,527 and ₱254,619 as of December 31, 2021 and 2020, respectively.

The aging analysis of financial assets (excluding cash and cash equivalents) are as follows:

	2021					Total
	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired Receivables	
		Less than 30 Days	31 to 60 Days	More than 60 Days		
Receivables:						
Members	<b>₱10,631,647</b>	<b>₱1,413,303</b>	<b>₱998,801</b>	<b>₱16,977,569</b>	<b>₱9,611,900</b>	<b>₱39,633,220</b>
Others*	<b>1,046,126</b>	-	-	-	<b>1,862,375</b>	<b>2,908,501</b>
Due from related parties	<b>2,119,587</b>	-	-	-	-	<b>2,119,587</b>
	<b>₱13,797,360</b>	<b>₱1,413,303</b>	<b>₱998,801</b>	<b>₱16,977,569</b>	<b>₱11,474,275</b>	<b>₱44,661,308</b>

\*Excluding advances to suppliers amounting to ₱51,527.

	2020					Total
	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired Receivables	
		Less than 30 Days	31 to 60 Days	More than 60 Days		
Receivables:						
Members	₱7,594,063	₱1,379,219	₱-	₱21,350,947	₱8,127,507	₱38,451,736
Others*	1,048,723	-	-	-	2,047,529	3,096,252
Due from related parties	2,110,466	-	-	-	-	2,110,466
	<b>₱10,753,252</b>	<b>₱1,379,219</b>	<b>₱-</b>	<b>₱21,350,947</b>	<b>₱10,175,036</b>	<b>₱43,658,454</b>

\*Excluding advances to suppliers amounting to ₱254,619.

The table below shows the credit quality of the Group's financial assets which are neither past due nor impaired:

	2021			
	Neither Past Due nor Impaired			Total
	High	Medium	Low	
Cash and cash equivalents*	<b>₱85,195,448</b>	<b>₱-</b>	<b>₱-</b>	<b>₱85,195,448</b>
Receivables:				
Members	10,631,647	-	-	10,631,647
Others**	1,046,126	-	-	1,046,126
Due from related parties	2,119,587	-	-	2,119,587
	<b>₱98,992,808</b>	<b>₱-</b>	<b>₱-</b>	<b>₱98,992,808</b>

\*Excluding cash on hand amounting to ₱556,946.

\*\*Excluding advances to suppliers amounting to ₱51,527.

	2020			
	Neither Past Due nor Impaired			Total
	High	Medium	Low	
Cash and cash equivalents*	₱52,964,823	₱-	₱-	₱52,964,823
Receivables:				
Members	7,594,063	-	-	7,244,559
Others**	1,048,723	-	-	1,583,481
Due from related parties	2,110,466	-	-	2,110,466
	<b>₱63,718,075</b>	<b>₱-</b>	<b>₱-</b>	<b>₱63,903,329</b>

\*Excluding cash on hand amounting to ₱383,906.

\*\*Excluding advances to suppliers amounting to ₱254,619.

Receivables from members with “High” credit rating are collected within billing date. Customers with receivables classified as “Medium” credit rating pay their dues within 31 to 60 days after billing date. “Low” rating receivables are collected after 60 days from billing date but before 90 days. Past due but not impaired receivables are collected after 90 days, in which case, they are already considered delinquent.

Cash and cash equivalents, receivables from members, and due from related parties have a “High” credit rating since these are transacted with reputable and financially sound counterparties.

### Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of short to medium-term investments and advances from related parties. The Group monitors its risk to a shortage of funds through monitoring of financial investments, financial assets and projected cash flows from operations. The Group's objectives in managing its liquidity profile are: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; and c) to be able to access funding when needed at the least possible cost.

The following tables summarize the maturity profile of the Group's financial assets held for managing liquidity and financial liabilities based on contractual undiscounted payments:

	2021		Total
	On Demand	Less than 3 Months	
<b>Financial assets</b>			
Cash and cash equivalents	P85,195,448	P-	P85,195,448
Receivables:			
Members	10,631,647	-	10,631,647
Others	1,046,126	-	1,046,126
Due from related parties	2,119,587	-	2,119,587
	<b>98,992,808</b>	<b>-</b>	<b>98,992,808</b>
<b>Financial liabilities</b>			
Accounts payable and other current liabilities*	21,366,413	-	21,366,413
Due to related parties	21,334,199	-	21,334,199
	<b>42,700,612</b>	<b>-</b>	<b>42,700,612</b>
<b>Liquidity position</b>	<b>P56,292,196</b>	<b>P-</b>	<b>P56,292,196</b>

\*Excluding statutory payables amounting to P1,969,529.

	2020		Total
	On Demand	Less than 3 Months	
<b>Financial assets</b>			
Cash and cash equivalents	P52,964,823	P-	P52,964,823
Receivables:			
Members	7,244,559	-	7,244,559
Others	1,583,481	-	1,583,481
Due from related parties	2,110,466	-	2,110,466
	<b>63,903,329</b>	<b>-</b>	<b>63,903,329</b>
<b>Financial liabilities</b>			
Accounts payable and other current liabilities*	17,204,985	-	17,204,985
Due to related parties	20,210,117	-	20,210,117
	<b>37,415,102</b>	<b>-</b>	<b>37,415,102</b>
<b>Liquidity position</b>	<b>P26,488,227</b>	<b>P-</b>	<b>P26,488,227</b>

\*Excluding statutory payables amounting to P1,688,282.

### Capital Management

The primary objective of the Group's capital management is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide benefits for its members and other stakeholders.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may issue new proprietary shares or sell assets to reduce debts.

The Group's capital includes the following:

	2021	2020
Proprietary shares	₱528,849,206	₱528,849,206
Additional paid-in capital	2,648,830	2,638,558
Cumulative deficiency of revenues over expenses	(70,811,706)	(71,492,508)
Shares of delinquent shareholders acquired through auctions	(855,111)	(1,744,838)
Other comprehensive income	2,576,395	2,180,758
	<b>₱462,407,614</b>	<b>₱460,431,176</b>

## 21. Financial Instruments

### *Financial assets*

Due to the short-term nature of the transactions, the fair value of cash and cash equivalents, receivables, due from related parties and deposits approximate the amount of consideration at the time of initial recognition.

### *Financial liabilities*

The fair values of the Group's accounts payable and other current liabilities (excluding statutory payables) approximate the amount of consideration at the time of initial recognition.

## 22. Other Matter

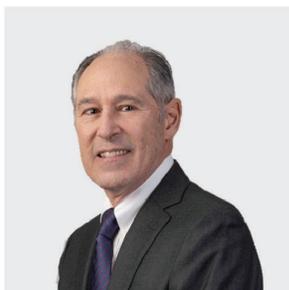
### *Impact of coronavirus outbreak and enhanced community quarantine*

The positive effects of the Department of Tourism's (DOT) Administrative Order No. 2020-006 issued on September 25, 2020, which allowed the use of hotels for staycation purposes during the pandemic in a bid to open up the economy, crossed over towards the first quarter of 2021 such that the Club was able to in full capacity. This translated to an overall increase of 65% in its operating revenues from 2020 to 2021. Compared to the pre-pandemic revenue performance however, total operating revenues for 2021 is only about 50% of revenues earned in 2019. Major setbacks were experienced with the arrival of the COVID-19 Delta variant in the country, when on March 27, 2021, amid the surge of coronavirus cases in Metro Manila and surrounding provinces, President Rodrigo Duterte, upon the recommendation of the Inter-Agency Task Force on Emerging Infectious Diseases (IATF), placed the National Capital Region and its surrounding provinces of Cavite, Laguna, Bulacan and Rizal under Enhanced Community Quarantine. Following this pronouncement, the province of Batangas and the Department of Tourism issued their respective guidelines, restricting inter-zonal travel and limiting the scope of allowed hotel accommodation, resulting to substantial cancellation of room bookings. This caused the Group to lose more than 80% of its revenues during the summer months of April and May 2021. On July 7, 2021, the DOT issued Administrative Order No. 2021-004A, with stricter guidelines on the operations of hotels and other accommodation establishments under a Community Quarantine, and then again in August 2021, the IATF issued Resolution No. 133-1, disallowing leisure and intra-provincial travel resulting to cancelled room bookings and the closure of the Group's accommodation facility until the end of August 2021.

However, as the vaccination rollout program of the government took effect towards the last quarter of 2021, government restrictions on leisure travel and accommodation facilities also eased down. This resulted to better revenues in the last three months of the year, with revenues for December exceeding even those earned in pre-pandemic December 2019. The overall 2021 operation resulted to a 60% increase in the Group's cash level.

Although the effects of the COVID-19 pandemic will continue to affect the hospitality and leisure industry to which Club Punta Fuego is a part of, the Group is confident that it has withstood the worst of the financial crisis brought by the pandemic, given its strong membership base, advantageous location and mostly-outdoor facilities and services, and the guaranteed patronage from its members. Additionally, the market value of its share continues to increase towards the first quarter of 2022.

# BOARD OF DIRECTORS



**Pedro Emilio O. Roxas**  
Chairman



**Erickson Y. Manzano**  
President



**Santiago R. Elizalde**  
Vice-Chairman



**Edgar P. Arcos**  
Treasurer



**Maida B. Bruce**  
Director



**John Patrick C. Gregorio**  
Director



**Vivian S. Liban**  
Director



**Pilar T. Lee**  
Independent Director



**Luz C. Laguitao**  
Independent Director



**Michael Jeremy Rollin**  
Independent Director



**Isabel Cuerva-Kahn**  
Independent Director



**Atty. Noel A. Laman**  
Corporate Secretary

# Board Committees

## Executive Committee

Erickson Y. Manzano (Chairman)  
Pedro O. Roxas  
Santiago R. Elizalde  
Maida B. Bruce  
Vivian S. Liban

## Corporate Governance Committee

Luz C. Laguitao (Chairwoman)  
Michael Jeremy Rollin  
Maida B. Bruce  
Pilar T. Lee  
Pedro Emilio O. Roxas

## Finance Committee

Edgar P. Arcos (Chairman)  
Vivian S. Liban  
Isabel Cuerva-Kahn  
John Patrick C. Gregorio

## Audit Committee

Pilar T. Lee (Chairwoman)  
Edgar P. Arcos  
Vivian S. Liban  
Maida B. Bruce

## HR & Labor Committee

Luz C. Laguitao (Chairwoman)  
Erickson Y. Manzano  
Isabel Cuerva-Kahn  
Vivian S. Liban  
Michael Jeremy Rollin

## Membership Committee

Santiago R. Elizalde (Chairman)  
Albert V. Villa-Real  
Roberto S. Kanapi  
Isabel Cuerva-Kahn

## Marina & Sports Committee

Santiago R. Elizalde (Chairman)  
Jose Picornell  
Michael Jeremy Rollin  
Philip Hagedorn  
Noel A. Laman  
John Patrick C. Gregorio

## Nomination & Election Committee

Pilar T. Lee (Chairwoman)  
Jose L. Ignacio  
Jose S. Picornell  
Francisco R. Elizalde  
John Patrick C. Gregorio

# Management Team

Edgar Johannes F. Krohn	General Manager
Ma. Rosandra A. Gayosa	Finance Director
Maria Lynne T. Castillo	Human Resources Manager
Nichole T. Sze	Membership Manager
Katherine S. Sacbayana	Rooms Manager
Marites G. Felicisimo	Executive Housekeeper
William N. Velasco <sup>†</sup>	Executive Chef
Dwight Azurin	Executive Chef (incoming)
Philip D. Baltazar <sup>†</sup>	Executive Pastry Chef
Christian C. Valeriano	Sous Chef
Renelito V. Bentir	Marina Manager
Anthony B. Nacion	Terrazas Beach Club Operations Manager
Joseph Ronald C. Camiña	Chief Engineer
Owen Aldrin P. dela Cruz	MIS Manager
Lilibeth M. Pega	Cost Control Manager
Rolando M. Flores	Security Manager

Managed by:



*Service as You Please*

Juan P. Roca  
Managing Director

<sup>†</sup> *We give tribute to our Executive Chefs, Chef William and Chef Philip, whose untimely passing left a void in the Club's Food and Beverage Department. Their calm demeanor and gentle smiles, while exuding an admirable and assuring presence at the Club's kitchens with their passion, dedication and culinary talents, will be greatly missed.*

# Corporate Directory

## **Head Office**

Club Punta Fuego, Inc  
Balaytigue, Nasugbu, Batangas  
Tel No.: (02) 8843.8700 / (02) 8584.4405  
Fax No.: (02) 8844.4700  
[www.clubpuntafuego.com.ph](http://www.clubpuntafuego.com.ph)

## **Membership, Sales, Billing & Collections Office**

3/F Filipino Building  
135 Dela Rosa St., Legaspi Village, Makati City 1229  
Tel No.: (02) 8805.9085 / (02) 8804.9984 / (02) 8553.8888 local 13  
Fax No.: (02) 8804.9984  
Email: [info@clubpuntafuego.com.ph](mailto:info@clubpuntafuego.com.ph)

## **Legal Counsel**

Castillo Laman Tan Pantaleon & San Jose Law Offices  
Abella, Bernardino, Listones and Partners  
Borge Law Office

## **Banks**

Metropolitan Bank & Trust Company  
Union Bank of the Philippines  
Bank of the Philippine Islands  
Rizal Commercial Banking Corporation  
China Banking Corporation  
BDO Unibank, Inc.

## **External Auditors**

SyCip Gorres Velayo & Co.

Managed by:



*Service as You Please*

Brgy. Balaytigue, Nasugbu, Batangas, Philippines  
3F Filipino Building, 135 Dela Rosa Street, Legaspi Village, Makati City, 1229  
Membership: (632) 8805-9085 • (632) 8553-888 local 13  
Email: [info@clubpuntafuego.ph](mailto:info@clubpuntafuego.ph)  
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