

COVER SHEET

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S.E.C. Registration Number

T H E P A L M S C O U N T R Y C L U B I N C

(Company's Full Name)

1 4 1 0 L A G U N A H E I G H T S D R I V E

F I L I N V E S T C I T Y A L A B A N G

M U N T I N L U P A C I T Y

(Business Address: No. Street, City/Town/Province)

MARLO L. PATACSIL

Contact Person

(02) 8771-7171

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

1 7 - A

FORM TYPE

0 4

Month

Day

Annual Meeting

S8 - 1

Secondary License Type, if applicable

C S D

Dept. Requiring this Doc.
Number/Section

Amended Articles

1,985

Total Number of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned:

File Number

LCU

Document ID

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

- | Title of Each Class | Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding | |
|----------------------------|--|-----|
| Common no par value shares | 4,600 | P-- |

- If yes, state the name of such Stock Exchange and the class/es of securities therein:**

- Yes [☒] No [☐]

PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1: BUSINESS DEVELOPMENT AND BUSINESS OF ISSUER

THE PALMS COUNTRY CLUB, INC. (the “Club”) is a stock, not-for-profit corporation which was duly registered with the SEC on May 24, 2000 under SEC Registration No. A-2000-05129. Its primary purpose is to foster, conduct and promote social, business and athletic activities among its members, with the main objective of engaging in the development, construction, maintenance, management and operation of a recreational sports club that will provide members thereof the use and enjoyment of facilities for indoor and outdoor sports, recreational and physical fitness activities, restaurants, dining halls and similar facilities. No part of the income or assets of the Club shall belong to or inure to the benefit of any member, officer or any specific person.

As a not-for-profit corporation organized for the purposes stated above, the Club is subject to 25% Regular Corporate Income Tax. Revenue memorandum Circular No. 35-2012 clarified the taxability of Clubs organized and operated exclusively for pleasure, recreation and other non-profit purposes. Accordingly, organizations that were established for recreation and other non-profit purposes such as country clubs must pay income tax under National Internal Revenue Code (NIRC) and VAT. The Club’s gross receipts including but not limited to membership fees, assessment dues, rental income and services fees are subject to income tax and VAT. The Association of Non-profit Clubs, Inc. (ANPC) submitted to BIR a position paper requesting the non-application of RMC 35-2012 on the grounds that membership dues collected from members are used to defray the expenses of the exclusive membership clubs and should not be subject to income tax and VAT. On September 17, 2014, ANPC filed a petition before the RTC declaring RMC 35-2012 as invalid, unjust, oppressive, confiscatory, and in violation of due process clause of the constitution. On August 15, 2019, the Supreme Court has ruled that membership fees, assessment fees and other fees collected by clubs which are organized and operated exclusively for pleasure, recreation and non-profit purposes are not subject to income and VAT.

The Club had an initial capital stock of eight (8) no par value share, consisting of seven (7) Founder’s Shares and one (1) common share. As approved by the Securities and Exchange Commission (SEC) on November 20, 2000, the capital stock was increased to four thousand six hundred (4,600) common no par value shares divided into one thousand nine hundred seven (1,907) Class “A” shares (including the seven (7) Founder’s Shares), two hundred fifty (250) Class “B” shares, one hundred fifty (150) Class “C” shares and two thousand two hundred ninety three (2,293) Class “D” shares (including the original one (1) common share).

The Club’s principal place of business is at 1410 Laguna Heights Drive, Filinvest Corporate City, Alabang, Muntinlupa City.

The operations and business of the Club are subject to ordinances, rules and regulations issued or enacted by the local government of Muntinlupa City.

The Club is a private and exclusive propriety membership club. It is a comprehensive “resort-within-the-city” club that offers a complete range of services and facilities to members. It is part of the hospitality industry specifically operating as a family-oriented, deluxe country club located south of Manila. Membership is limited to those who have purchased membership shares and have been duly prescreened by the Board of Directors.

FACILITIES:

<p><u>A. Dining and Function facilities:</u></p> <p>Ballroom</p> <p>Continental Restaurant / Private Rooms</p> <p>Nishijin</p> <p>Café Asiana</p> <p>Member's Lounge</p> <p>Board Room and Function Rooms</p> <p>Strikes Sports Bar and Restaurant</p> <p>Bleacher's Juice Bar</p> <p>Pool Bar and Barbeque Area</p> <p>Palms Deli</p>	<ul style="list-style-type: none"> ▪ Third level ballroom ideal for weddings and events. This can be divided into four smaller rooms to accommodate small functions. ▪ Semi-formal dining restaurant offering an international cuisine with two private dining rooms. ▪ Restaurant offering Japanese cuisine with a sushi bar, teppanyaki tables and tatami rooms. ▪ Coffee shop on the garden level with terrace dining with a view of the swimming pool. ▪ Bar and Lounge area adjacent to the Continental restaurant. ▪ Board room and three private function rooms as suitable venues for meetings and audiovisual presentations. ▪ Bar & restaurant with bowling, billiards and KTV rooms. ▪ Bar adjacent the basketball court offering refreshments. ▪ Outdoor dining area for snacks and light meals with gazebo barbecue areas. ▪ Cakes and pastries counter at the lobby area.
<p><u>B. Health and Recreational Facilities:</u></p> <p>Spa – Sauna, Dip Pools, and Massage</p> <p>Gym and Aerobics Studio</p> <p>Locker Rooms</p> <p>Salon</p> <p>KTV Rooms</p> <p>Kid's Indoor Recreation Area</p> <p>Pilates Studio</p> <p><u>C. Sports Facilities:</u></p>	<ul style="list-style-type: none"> ▪ Spa services in eight treatment rooms, ladies' and men's dip pools. ▪ Free weights and cardio-theater gym with a second-level stretching and aerobics studio. ▪ Wet and dry changing areas. ▪ Hair and nail services for men and women. ▪ Two karaoke television rooms at the Strikes Sports bar and restaurant. ▪ Play and rest area with interactive computer center, playroom and romping area. ▪ One Squash Court converted to Pilates Studio ▪ Play pool area with jacuzzi jets ▪ 25-meter lap swimming pool

Resort Pool Lap Pool Slides & Water Feature Eight-lane Bowling Alley Four Tennis Courts One Squash Court Two Badminton courts Basketball Court / Multi-Purpose Hall Billiards / Pool Rock Climbing <u>D. Others:</u> Club Shop and Reception Library	<ul style="list-style-type: none"> ▪ Mountain water slide ▪ Eight-lane championship bowling lanes ▪ Two covered and two outdoor courts ▪ International standard squash court ▪ Indoor badminton courts ▪ Indoor basketball court convertible to three badminton and volleyball courts and pickleball courts ▪ Billiard pool tables in the bowling area ▪ Outdoor climbing wall ▪ Retail shop and registration counter ▪ Library and work area
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The Club has generated total revenue of ₱483.2 million for the year ended December 31, 2024. Food and beverage, Membership dues, Sports and recreation, Club Shop and other miscellaneous revenues contributed 59.8%, 25.5%, 7.6% and 7.2% respectively.

Alabang Country Club, Rockwell Club, and Manila Polo Club are generally the Club's main competitors. However, aside from these exclusive membership clubs, Palms also competes directly in the area of banquet business with nearby hotels/condotels such as Bellevue Manila, Vivere Suites, Acacia Hotel, Crimson Hotel, The Fillinvest Tent, Palazzo Verde (formerly Fernbrook Gardens) and the Somerset Alabang. Those competing with the Club for restaurant business include the free-standing restaurants in the Alabang Town Center, Festival Mall, Westgate Center, River Park Festival Mall, Molito and Commerce Center in Filinvest City.

The banquet market boasts several formidable competitors, each with unique offerings. The Bellevue Manila stands out with its two accommodation towers. Vivere Suites boasts a competitive ballroom accommodating up to 150 guests. Acacia Hotel holds an advantage with two ballrooms accommodating between 200 to 300 guests each. Crimson Hotel distinguishes itself with its impressive ballroom, capable of accommodating up to 300 guests, making it a standout choice for events and banquets. Palazzo Verde continues to impact the wedding market by offering romantic ambiance and versatile venue settings, including a Basilica for ceremonies. The Fillinvest tent stands out as a spacious venue, accommodating from 500 to 2,000 guests. Somerset Alabang offers two function rooms each accommodating up to 100 guests.

The hotel competitors excel in various aspects, particularly in their fully furnished and well stocked guestrooms, along with a range of hotel services such as room service, bar lounges featuring regular entertainers, and shuttle services to and from malls. These amenities contribute to their sustained patronage and success in acquiring corporate clients for consecutive-day seminars, as the additional services enhance the overall experience for guests and cater to their diverse needs.

The Club has extended its business reach by offering outside catering services, meeting the requirements of its loyal club members at their residences and various venues, including office buildings and special events locations. Partnering with the Fillinvest Tent, a larger venue, enables

the Club to cater to gatherings of up to 4,000 individuals, enhancing its capacity and service offerings.

The Club's competitive advantage lies in its "value for money" pricing strategy, allowing it to capture a significant portion of the banquets market. Alabang Country club, Rockwell Club, and Manila Polo Club differentiate themselves through their comparatively lower pricing, which strengthens their position in the banquet business.

To effectively and efficiently compete with its rivals, the Club must uphold high standards in its food and beverage offerings, deliver first-class service and meticulously plan events and activities.

As of December 31, 2024, the Club employs 174 probationary and regular staff, an increase from 173 in the previous year, December 31, 2023. There is no collective bargaining agreement between management and employees, and the policy prohibits tipping or accepting gifts from members. Instead, a 10% service charge on food and beverage sales is collected and distributed among all regular and probationary, including agency-hired employees.

ITEM 2: PROPERTIES

The Club owns a 30,000-square meters parcel of land (the "Property") situated at 1410 Laguna Heights Drive, Filinvest Corporate City in Alabang, Muntinlupa City, and covered by Transfer Certificate of Title No. 209983 issued by the Registry of Deeds for Muntinlupa City. The country club building was constructed on the Property. The building is covered by Tax Declaration Number E-005-08273 duly issued by the City of Muntinlupa.

Both the Property and building are the subject of separate subscription agreements entered into between the Club and its developer, Filinvest Alabang, Inc. ("FAI").

Under the terms of the Subscription Agreement dated September 14, 2000, as amended on October 20, 2000, FAI:

- ceded, transferred, assigned and delivered to the Club the Property valued at ₱14,000 per square meter or a total of ₱420,000,000, in exchange for 867 Class "A" shares, 115 Class "B" shares and 68 Class "C" shares, or a total of 1,050 shares.
- developed the Property into a world class sports and country club with facilities and equipment necessary to operate the Club, in exchange for 1,033 Class "A" shares, 135 Class "B" shares and 82 Class "C" shares, or a total of 1,250 shares.

In 2004, the corresponding shares of stock were issued to FAI upon final acceptance of the Property by the Club. And pursuant to a Subscription Agreement entered into in December 2004, the advances of FAI for the development of the country club building in the amount of ₱687,693,521 were further exchanged for equity in the Club.

There is no mortgage, lien or encumbrance over the Property and the building.

There is no property being leased by the Club. Neither does the Club intend to lease any of its properties in the next 12 months.

The Club has no intention to acquire properties in the nature of capital assets in the next twelve (12) months, except for major repairs and maintenance of some facilities in order to continue to live up to the members' expectations through continuous improvements, facelifts and renovations.

ITEM 3: LEGAL PROCEEDINGS

At present, there are no legal proceedings involving the Club.

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the period covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION**ITEM 5: MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDERS' MATTERS****Market Information**

There is no public trading market for selling the shares of stocks of the Club. FAI resells to interested third parties the Class "A", "B" and "C" shares of the Club it received in exchange for the Property and the development of the country club structures and facilities thereon.

The Club shall not issue shares of stock, which will reduce the stock ownership of Philippine citizens to less than 60% of the outstanding capital stock. No holder of any class of shares shall have any pre-emptive right to acquire, purchase or subscribe to any share of the club of any class.

Holders

Breakdown of the number of shares as of December 31, 2024:

Type of Shareholders	Class A	Class B	Class C	Class D	Total
Individual	1,609				1,609
Corporate	282	89	56		427
Developer (FAI-unsold)	9	161	94	2,293	2,557
Founders' Share	7				7
Total No. of Shares	1,907	250	150	2,293	4,600

Top 20 shareholders as of December 31, 2024:

Shareholders	No. of Shares	% to Total Outstanding Shares
Filinvest Alabang, Inc.	2,557	55.59%
Prime Energy Resources Development B.V	12	0.26%
Filinvest Land, Inc.	11	0.24%
Adec Designs Corporation	8	0.17%
Lorena Gudoy-Hurtado	3	0.07%
Dinesh Jadwani Vasudev	3	0.07%
Quality Packaging Corporation	3	0.07%
Rayomar Management, Inc.	3	0.07%

TDK Philippines corporation	3	0.07 %
Remax International, Inc.	2	0.04%
Petron Corporation	2	0.04%
Atlantic gulf and Pacific Company of Manila	2	0.04%
FG Holdings, Inc.	2	0.04%
Fluor Daniel, Inc. Phil.	2	0.04%
Key Logistics, Inc.	2	0.04%
MCSI Trading Corporation	2	0.04%
Norvic, Inc.	2	0.04%
Oriental Shipmanagement Company, Inc.	2	0.04%
Prestonburg Development corporation	2	0.04%
First Asia Venture Capital, Inc.	2	0.04%

Dividends

The Club being a not-for-profit organization will not declare any dividend.

ITEM 6: MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

Discussion of the Results of Operations for 2024 vs. 2023 and 2022

For the year ended December 31, 2024, the Club recorded a total revenue of ₱483.2 million, marking a significant increase compared to ₱456.8 million in 2023 and ₱348.1 million in 2022. Membership dues collected amounted to ₱123.1 million, representing 25.5% of total revenues. The significant increase in membership revenue can be attributed to the rise in monthly membership dues from ₱4,000.00 to ₱4,500.00, effective April 1, 2024, reflecting a 15% increase. The increase in membership dues was necessary to upgrade to a more efficient Club management software and operating system, to address rising labor costs due to industry standardization, government-mandated wage increases and statutory contributions, to comply with the 20% senior citizen discount and the 12% value-added tax exemption, and additional expenditures on Club improvements to enhance the member experience. This adjustment resulted in a considerable boost to overall revenue figures for the year. Revenues from Sports & Recreation were ₱36.5 million in 2024, compared to ₱31.3 million in 2023 and ₱21 million in 2022. This segment contributed 7.6%, 6.9% and 6.0% to total club revenues in 2024, 2023, and 2022 respectively. Club Shop and other miscellaneous revenues amounted to ₱34.7 million in 2024, ₱29.7 million in 2023, and ₱24.6 million in 2022, contributing 7.2%, 6.5% and 7.1% of total revenues in 2024, 2023, and 2022 respectively. These encompasses various sources such as transfer fees, assignment and renomination fees, revenues from party package, equipment hires and merchandise sales. The total increase in revenue by ₱26.4 million in 2024 can be attributed also to increased patronage by members.

As of December 31, 2024, the total direct costs amounted to ₱333.3 million, representing 69% of the total revenues. This is compared to 70.3% or ₱321 million in 2023 and 69.9% or ₱243.2 million in 2022. Out of the total direct costs, the total cost of sales (food and beverage, sports & recreation, club shop and others) percentage was 38% of the total revenues in 2024. Significant direct costs include utilities, laundry and operating supplies which accounted for ₱48.9 million or 10.1% of total revenue in 2024 and payroll which accounted for ₱83.8 million or 17.3% of total revenue in 2024. Other direct costs (banquets and special events, communications, contracted services and marketing expenses) totaled ₱17 million or 3.5% of total revenue in 2024.

The total other operating expenses, excluding depreciation, stood at ₱108 million as of December 31, 2024, compared to ₱89.7 million as of December 31, 2023 and ₱71.8 million in 2022. Notably, excluded from these operating expense is the ₱4.8 million lease charge for chilled water supply in 2024. The rise in other operating expenses can be attributed to the Club's full operations and

the corresponding increase in revenues. Management remains committed to implementing measure aimed at controlling operating costs.

The total depreciation expenses for 2024 amounted to ₱28.5 million, from ₱30.0 million in 2022, resulting a decline of ₱1.5 million or 5.1%. This is due to the adjustments in building accumulated depreciation.

From December 31, 2023, to December 31, 2024, the membership count increased by 11, from 2,283 to 2,294 members. The recorded secondary shares sold consisted of 50 for Class A and 2 for Class C. Total membership dues collected for the year amounted to ₱123.1 million, reflecting the adjustment of dues increase from ₱4,000.00 to ₱4,500.00 effective April 2024, representing 15%. Additionally, management continued its discount scheme, allowing members to prepay twelve months' worth of membership dues in exchange for one-month F&B credits at any restaurant outlet within the Club.

In 2024, the total current assets amounted to ₱250.2 million, compared to ₱206.7 million as of December 31, 2023. Among these assets, cash comprised 74.2%, contract receivables 15.4%, due from related parties 1.7%, inventories 6.7%, advances to suppliers .4% and other current assets 1.5%. Contract receivables as of December 31, 2024 decreased by 18% due to recognition of impairment loss and adjustment to accounts receivable auction account from previous years. Total inventories decreased by 2% as at December 31, 2024, primarily attributed to better management and handling of purchases of food and beverages. To capitalize on substantial discounts and item availability, the Club rented an external cold storage and procured bulk meat supplies in preparation for the holiday season in December.

For the year ending December 31, 2024, the acquisition of property and equipment totaled ₱18.7 million. This expenditure primarily stemmed from the acquisition of company service vehicle, final payments for the 2-unit members' elevator, AHU chilled water-cooling system for Café Aslana, purchase of central kitchen's walk-in chiller and freezer, new kitchen equipment, various sports & gym equipment and building improvements. These new equipment and acquisitions and major repairs were undertaken to uphold and enhance the quality of facilities and services provided to the members.

As at December 2024, the Club's total current assets amounted to ₱250.2 million, while current liabilities stood at ₱130.9 million. The Club's current ratio reached to 1.91, compared to 1.84 as at December 31, 2023, indicating a healthy liquidity position. To bolster its cash position, penalty charges of 2% per month or 24% per annum were implemented against members with overdue accounts. Furthermore, access to the Club's facilities and amenities is suspended for members whose accounts are overdue for 60 days or more. The quick ratio, improved to 1.71, as compared to 1.60 as at December 31, 2023, reflects a favorable liquidity position, while the solvency ratio is robust at 6.72 from 7.4 in December 31, 2023.

As at December 31, 2024, the Club's total assets stood at of ₱1.03 billion. The Club's debt ratio is strong at .17, with total liabilities of ₱153.5 million over stockholders' equity of ₱877.4 million.

PERFORMANCE INDICATORS:

	December 31, 2024	December 31, 2023
Current Ratio	1.91	1.84
Current Assets	250.22	206.73
Current Liabilities	130.87	112.41
Quick Ratio	1.71	1.60
Cash + Accts Receivable	224.17	180.18
Current Liabilities	130.87	112.41
Solvency Ratio	6.72	7.40
Total Assets	1,030.88	996.33
Total Liabilities	153.46	134.67
Debt-Equity Ratio	0.17	0.16
Total Liabilities	153.46	134.67
Total Stockholders' Equity	877.42	861.67
Profit Margin Ratio	0.04	0.03
Net Income (Loss)	18.18	14.38
Total Revenue	483.24	456.83

Events that will trigger direct or contingent financial obligation

There are no known events that will trigger direct or contingent financial obligation that is material to the Club, including any default or acceleration of an obligation.

Trends or events that will impact on the company's liquidity position

There are no major demands, commitments or uncertainties which will likely result to any cash flow or liquidity problem in the next twelve (12) months.

Trends or events of uncertainties that will impact on net sales or revenues or income

There are no known major events and uncertainties that will impact sales or revenues of the Club in the next twelve (12) months.

Significant elements of income or loss that did not arise from continuing operations

There were no significant elements of income or loss that did not arise from continuing operations.

Material changes from January 1, 2024 to December 31, 2024 in one or more line items in the financial statements

There were no material changes in one or more line items in the financial statements from January 1, 2024 to December 31, 2024.

Seasonal aspects that had a material effect on the financial condition or results of operations

There were no seasonal aspect that had a material effect on the financial condition or results of operations for the year ended December 31, 2024.

Commitment for Capital Expenditure

In April 2016 the Club entered into an "Efficiency Performance Contract with Engie Services (Philippines) for the latter to operate and maintain installations that supply chilled water to the Club. This is a comprehensive rehabilitation of the air-conditioning system of the Club. The terms of the agreement require that the Club make monthly fixed payments of ₱246,000 exclusive of VAT from the date of agreement until the date of completion of testing and commissioning of the chilled water installations. The agreement further stipulates that Engie will initially shoulder the cost of the installations for the chilled water supply owned by the Club and Engie to bill the Club for its share of the cost of installations. Upon completion of testing and commissioning, the Club is required to make fixed monthly payments of ₱622,000 exclusive of VAT, for the next ten (10) years representing the fixed period charges of the Club for the use of the chilled water and after which, the ownership of the remaining installations will be vested to the Club. As of December 31, 2017, the Club has paid Engie P22.5 million representing Club's share in the cost of installations.

On February 28, 2017, Engie has completed the testing and commissioning of the installation. On March 18, 2017, full operation commenced and Engie started billing the Club the fixed charges. As of December 31, 2023, the club has paid a total of ₱57.8 million equivalent to ninety-three (93) fixed monthly installments.

ITEM 7: FINANCIAL STATEMENTS

The management of the Club is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2024, and the years ended December 31, 2023, and December 31, 2022. The financial statements have been prepared in accordance with prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements of the Club.

Please refer to attached audited financial statements and the accompanying notes and schedules to support the financial statements as of December 31, 2024 referred to as **Annex A** hereof.

Related Party Transaction

The Club has entered into various transactions with related parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred to as affiliates). Related parties may be individual or corporate entities.

Transactions entered into by the Club with related parties are at arm's length and have terms equivalent to the transactions entered into with third parties.

Significant related party transactions follows:

- a) The club has trade receivables from its affiliates as members of the Club for which it bills monthly membership dues and use of facilities. These affiliates include entities affiliated with FAI, the developer.
- b) The Club maintains cash in bank account with EastWest Banking Corporation (EWBC), a bank affiliated with FAI. Cash in banks earn interest at the prevailing market rates.
- c) The Club has trade payables for FCC maintenance and utilities to FAI, its developer.

The Club has no subsidiaries.

Long-term debt

As of December 31, 2024, the Club has an outstanding lease liability of ₱11.1 million payable until March 2027 with fixed monthly payments of ₱622,000 exclusive of VAT to Engie Services (Philippines). The contract agreement is for operating and maintenance of installations that supplies chilled water supply to the Club.

ITEM 8: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

There are no changes in and disagreements with accountants as to any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

External Audit Fees and Services

As approved by the Board of Directors, the Club engaged the services of auditing firm Sycip Gorres Velayo & Co., with SEC accreditation no. 0077-A, starting calendar year 2005 to December 2024.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Philippine Financial Reporting Standards. The auditor's responsibility is to express an opinion on the financial statements based on the audit conducted in accordance with Philippine Standards on Auditing. Those standards require that the auditor should comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. The auditor also evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

There have been no disagreements with SGV on any matter of accounting principle or practice, financial statement disclosure, or auditing scope or procedure. Representatives of SGV are expected to be present at the annual meeting and they will have the opportunity to make statement if they desire to do so and are expected to be available to respond to appropriate questions.

The 2024 audit of the Club is in compliance with paragraph (3)(b)(ix) of SRC Rule 68, as amended, which provides that the external auditor should be rotated, or the handling partner changed, every five (5) years or earlier. Moreover, the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants allows the rotation period of seven (7) years for public interest entities (PIE).

The Audited Financial Statement ended December 31, 2024 was signed by Mr. Martin C. Guantes, a partner in Sycip Gorres Velayo & Co. He holds a CPA certificate No. 88494, BOA/PRC Reg. No.

0001, April 16, 2024, valid until August 23, 2026, BIR Accreditation No. 08-001998-052-2023, October 23, 2023, valid until October 22, 2026.

Audit Fees

- a) Audit fees for the last two (2) fiscal years for professional services rendered by Sycip Gorres Velayo & Co. Amount indicated are inclusive of out-of-pocket expenses plus 12% Vat.

1. December 31, 2024	PHP 367,136.00
2. December 31, 2023	PHP 332,849.44

- b) Tax Fees

The Club has not engaged any external auditor for tax accounting, compliance, advice, planning and any other form of tax service for the last two (2) fiscal years.

- c) All other Fees

The Club has not engaged any external auditor for the last two (2) fiscal years for products and services other than the services reported under item (a).

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9: DIRECTORS AND EXECUTIVE OFFICERS

1. CATHERINE A. ILAGAN – CHAIRMAN

Ms. Ilagan, 55, Filipino, is the President and Chief Executive Officer of FAI. She is also the Chairperson of Filinvest City Association, Inc. Prior to joining Filinvest, she worked with Arthaland Corporation as Senior Vice President. She obtained her Master's Degree in Business Administration from the Asian Institute of Management in 1993. Ms. Ilagan has been a director of the Club since 2014.

2. FRANCIS NATHANIEL C. GOTIANUN – PRESIDENT & CEO

Mr. Gotianun, 41, Filipino, is also the Senior Vice President of Filinvest Hospitality Corporation, a subsidiary of Filinvest Development Corporation (FDC), the primary role of which is to evaluate, plan, develop and optimize current and potential hospitality investments of the Filinvest Group. He is also a member of the Board of Directors of FLI and in other companies within the Filinvest Group. He concurrently serves as Chairman of Pro-excel Property Managers, Inc. and Pro-Office Work Services, Inc. Prior to joining Filinvest, he worked with Teletech as Head of Country Support Services. He obtained his Bachelor's Degree in Commerce from the University of Virginia in 2005 and his Master's Degree in Business Administration in IESE Business School – University of Navarra in 2010. Mr. Gotianun was first elected as a director of the Club in 2015.

3. ANDREW GERARD D. GOTIANUN III – DIRECTOR

Mr. Gotianun III, 48, Filipino, is the Vice President for Supply Chain Management of the Filinvest Group. Prior to that, he was the Senior Assistant Vice President for Purchasing of the Filinvest Group, and Special Assistant to the President starting May 2008 until January 2011. Mr. Gotianun III obtained his Bachelor's Degree in Business Administration from Concordia University at Irvine California, USA. He has been a director of the Club since 2017.

4. VEN CHRISTIAN S. GUCE – DIRECTOR

Mr. Guce, 48, Filipino, is the Chief Financial Officer and Treasurer of Filinvest Development Corporation (FDC). Prior to joining FDC, Mr. Guce was the CFO of Growsari which is the Philippines' leading B2B e-commerce company. He previously worked with Jollibee Foods Corporation where he led the group's corporate finance, corporate planning, financial planning & analysis, M&A and global treasury functions. Ven obtained his Bachelor of Arts degree in Economics, from the University of Asia and the Pacific, with specialization in Quantitative Economics. He also finished his Master of Science in Industrial Economics Degree as Salutatorian from the same university. He was elected as a director of the Club this year 2024.

5. JOAQUIN P. ROA – INDEPENDENT DIRECTOR

Mr. Roa, 70, Filipino, is a licensed real estate broker and has held management positions in various corporations in the Philippines and Vietnam. He served as Senior Vice President of Grepalife from 1999 to 2002, Vice President/General Manager of Vietnam Motors from 1992 to 1999, and Vice President - Marketing of Philippine Fuji Xerox from 1980 to 1992. He obtained his Bachelor of Science in Electrical Engineering degree from the University of the Philippines. He has been a member of the Club since 2001. He was first elected as independent director of the Club in 2018.

6. JOSEPHINE L. LAGDAMEO – INDEPENDENT DIRECTOR

Ms. Lagdameo, 59, Filipino, was among the pioneer team of The Palms Country Club, Inc. and was Membership Manager from 2000 to 2004. Previous to the club, she was with the Rustan Group of Companies as Corporate Sales Manager of Rustan Commercial Corp. from 1988 to 1995, and Institutional Sales Manager of Royal Duty Free Shops from 1995 to 2000. She was Deputy Director for Sales of Discovery Primea Residences from 2008 to 2018. She is a member of the Assumption Alumnae Association and served on the Board of Trustees from 2009 to 2016. She obtained her Bachelor of Arts in Philippine Studies degree from the University of the Philippines. She has been a member of The Palms Country Club, Inc. since 2001.

7. MARIE CYNTHIA C. SEGURA – INDEPENDENT DIRECTOR

Ms. Segura, 54, Filipino, has thirty years of broad-based human resource experience in multinational companies in different countries, and development of own consulting firms servicing clients in the Asia-Pacific region. She is experienced in strategic human resource performance and talent management, mid management and executive leadership development, core skills development training, selection, and outplacement facilitation. Ms. Segura finished her M.B.A. degree in International Management-Human Resource with honors, from the University of Dallas in Irving, Texas, U.S.A. She is also a cum laude graduate of a B.A. degree major in International Business, minor in Spanish from the Cardinal Stritch College in Milwaukee, Wisconsin, U.S.A.

8. ANA VENUS A. MEJIA - TREASURER

Ms. Mejia, 59, Filipino, has been with the Filinvest Group of Companies ("Group") for more than 27 years, joining in 1996 as Assistant Controller of FDC and has served the Group in various capacities. At present, she is the Executive Vice President, Treasurer, Chief Finance Officer and Compliance Officer of FLI. She was appointed as Treasurer of the Club in 2012. Prior to joining Filinvest, she worked with Shoemart and Sycip, Gorres, Velayo & Company. She is a Certified Public Accountant and a Magna Cum Laude from Pamantasan ng Lungsod ng Maynila. She obtained her Master's Degree from Kellogg School of Management at Northwestern University and School of Business and Management, The Hongkong University of Science and Technology.

9. ESTRELLA C. ELAMPARO – COMPLIANCE OFFICER

Ms. Elamparo (“Star”), 54 Filipino, is also the Compliance Officer and Head of Legal of FDC. She is a lawyer specializing in litigation and disputes, public relations, crisis management and communications, and policy advocacy. She has been recognized as one of the Philippines’ Top 100 Lawyers in 2021, 2022 and 2023, and was named Woman Lawyer of the Year by Asian Legal Business South-East Asia Law Awards in 2017. She holds a Bachelor of Laws degree from the University of the Philippines and a Master of Arts degree in Health Care Ethics and Law from the University of Manchester.

10. LINDEZA R. ROGERO-GAVINO – CORPORATE SECRETARY

Ms. Rogero-Gavino, 55, Filipino, was appointed as TPCCI Corporate Secretary and Corporate Information Officer on December 07, 2023. She served formerly as the Corporate Secretary & Compliance Officer of the Philippine Postal Corporation. She was previously the Director of the Cebu Extension Office of the Securities & Exchange Commission. She is currently the Corporate Governance Head of Filinvest Development Corporation. She obtained her Bachelor of Arts degree major in Economics from the University of San Carlos in Cebu and her Bachelor of Laws degree from the University of the Philippines Diliman.

11. RONELYN D. JAECTIN – ASSISTANT CORPORATE SECRETARY

Ms. Jaectin, 31, is a Senior Legal Counsel at Filinvest Development Corporation. Prior to joining Filinvest, her career spans leadership roles within the LCS Group of Companies and at the Department of Finance. She holds a Bachelor of Arts degree in Political Science from Mindanao State University - Iligan Institute of Technology, and a Juris Doctor degree from the University of San Carlos.

11. HANS RUDOLF NEUKOM – GENERAL MANAGER

Mr. Neukom, 60, Swiss, was the Executive Chef of the American Club Shanghai in China. He has been working in the food industry for almost 20 years now since the start of his apprenticeship and spent most of his culinary years in Asia. He was appointed as the Executive Chef of the Club In 2002 and as General Manager in 2010.

12. MARLO L. PATACSIL – FINANCIAL CONTROLLER

Mr. Patacsil, 49, Filipino, is currently the Chief Financial Officer of the Club. Prior to joining The Palms, he was the Financial Controller of Tower Club, Inc. He was also a Project Consultant for Punongbayan & Araullo (P&A-Grant Thornton International, Ltd). While with P&A, he handled senior positions for Lafarge Philippines & IBM Global Services. He also spent his early working career with P&A Business Services Division as Senior Accountant. Mr. Patacsil had more than 25 years exposure to various Finance functions. He had worked abroad as Chief Accountant of seven (7) years for Middle East Air Conditioners Co. Ltd. (MEAC), a partnership Company of Zamil AC - Kingdom of Saudi Arabia & General Electric BVBA Belgium. Mr. Patacsil is a graduate of San Beda College with a degree of Bachelor of Science in Accountancy. He is a Certified Management Accountant (CMA) and Certified Tax Compliance Specialist (TCS).

Executive officers of the Club are appointed or elected annually by the Board of Directors, typically at its first meeting following the annual meeting of the stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected or appointed, and duly qualified.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There is no transaction during the last two (2) years, or any proposed transaction, to which the Club was or is to be a party, in which any director or officer of the Club, any nominee for election as a director, any security holder or any member of the immediate family of any of the persons mentioned in the foregoing, had or is to have a direct or indirect material interest.

The Club seeks legal advice from the law firm of Sydp Salazar Hernandez & Gatmaitan from time to time and pays the said firm professional fees charged by the latter for the services rendered.

OTHER SIGNIFICANT EMPLOYEES

The Club considers all its employees as significant to the growth of the Club.

FAMILY RELATIONSHIPS

The club is majority-owned by FAI. Mr. Francis Nathaniel C. Gotianun, President/CEO and Andrew Gerard D. Gotianun III, Director, are first cousins. None of the remaining directors or executive officers is related, whether by consanguinity or affinity, with the others.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

The Club is not aware of the occurrence of any of the following events within the past five years up to the date of this annual report: (a) any bankruptcy petition filed by or against any business in which any of its directors or officers was a general partner or officer either at the time of the bankruptcy or within two years prior to that time; (b) any conviction by final judgment in a criminal proceeding, domestic or foreign, of, or any criminal proceeding, domestic or foreign, pending against, any of its directors or officers in his capacity as such director or officer; (c) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of its directors or officers in any type of business, securities, commodities or banking activities, and (d) any finding by a domestic or foreign court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization that any of its directors or officers has violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated, which occurred during the past five years.

No director has resigned or declined to stand for re-elections as member of the Board due to any disagreement with the Club on any matter relating to Club operations, policies or practices.

No person who is not an executive officer of the Club is expected to make significant contribution to the business.

ITEM 10: EXECUTIVE COMPENSATION**Summary of Compensation Table (In Pesos)**

(a) Name and Principal Position	(b) Year	(c) Salary (P)	(d) Bonus (P)	(e) Other Annual Compensation	TOTAL
Catherine A. Ilagan Chairman					n/a
Francis Nathaniel C. Gotianun President & CEO					n/a
Andrew Gerald D. Gotianun III Director					n/a
Ven Christian S. Guce Director					n/a
Marie Cynthia C. Segura Independent Director					n/a
Joaquin P. Roa Independent Director					n/a
Josephine L. Lagdameo Independent Director					n/a
All other officers and directors as a group unnamed	2025-Est.	6.3 million	-	2.4 million	8.7 million
	2024	5.6 million	-	2.7 million	8.3 million
	2023	5.4 million	-	2.0 million	7.4 million

The directors of the Club received no per diem, remuneration or compensation in their capacity as such for the years 2024, 2023 and 2022. There is no employment contract or contracts relative to payment of executive compensation to the directors of the Club to date, whether directly or indirectly.

There are no agreements between the Club and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Club's retirement plan.

ITEM 11: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of December 31, 2024, FAI has a total of 2,557 common no par value shares of stock of the Club, of which 264 are available for sale to third parties. Breakdown of shares owned by FAI are as follows:

Share Category	No. of shares
Class "A" (Individual/Corporate A) Shares	9
Class "B" (Corporate B) Shares	161
Class "C" (Corporate C) Shares	94
<i>Sub-total (no. of shares to be sold)</i>	<i>264</i>
Class "D" Shares (including the initial one common share) (not for sale)	<u>2,293</u>
Total	<u>2,557</u>

Security Ownership of Certain Record and Beneficial Owners as of December 31, 2024

Title of Class of Securities	Name/ Address	Amount and Nature of Record / Beneficial Ownership	Citizenship	% of Ownership
Common	Filinvest Alabang, Inc. ¹ Vector 1 Building Northgate Cyberzone Filinvest City, Alabang Muntinlupa City	2,557	Filipino	55.59%

Except as stated above, the Board and management of the Club have no knowledge of any person who, as of date of this report, is directly or indirectly the beneficial owner of more than 5% of the Club's outstanding shares of common stock or who has voting power or investment power with respect to shares comprising more than 5% of its outstanding common stock.

Security Ownership of Management as of December 31, 2024

Title of Class of Securities	Name	Citizenship	Amount and Nature Of Ownership	% of Owner ship
Common	Catherine A. Ilagan c/o 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City	Filipino	1	-
Common	Francis Nathaniel C. Gotianun c/o 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City	Filipino	1	-
Common	Andrew Gerard D. Gotianun III c/o 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City	Filipino	1	-
Common	Ven Christian S. Guce c/o 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City	Filipino	1	-
Common	Marie Cynthia C. Segura c/o 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City	Filipino	1	-
Common	Joaquin P. Roa c/o 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City	Filipino	1	-
Common	Josephine Lagdameo c/o 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City	Filipino	1	-

¹ Filinvest Alabang, Inc. is a domestic corporation majority-owned by Filinvest Development Corporation and Filinvest Land, Inc.

PART IV – CORPORATE GOVERNANCE

Consistent with the Club's Revised Manual for Corporate Governance, directors and officers are designated to comprise the various committees of the Club. These include the executive, audit, nomination and compensation committees which were formed to aid in good corporate governance by providing support to the Board in the performance of specific functions.

The Club is in substantial compliance with its Revised Manual for Corporate Governance as demonstrated by the following: (a) the election of three (3) independent directors to the Board; (b) the appointment of directors and officers as members of the executive, audit, nomination and compensation committees of the Club; the conduct of regular quarterly board meetings and special meetings and the faithful attendance of the directors at these meetings and their proper discharge of duties and responsibilities as such directors; (c) the submission to the SEC of structured reports and disclosures required under the Securities Regulation Code; (d) the Club's adherence to national and local laws pertaining to its operations; and (e) the observance of applicable accounting standards by the Club.

In order to keep itself abreast with the leading practices on corporate governance, the Club encourages the members of top-level management and the Board to attend and participate at seminars on corporate governance initiated by accredited institutions. Last December 10, 2024, the directors and officers of the Club participated in a SEC-accredited Corporate Governance Training conducted by the Center for Global Best Practices.

The Club welcomes proposals, especially from institutions and entities such as the SEC, to improve corporate governance.

There is no known material deviation from the Club's Revised Manual on Corporate Governance.

PART V – EXHIBITS

Reports on SEC Form 17-C

	Date Filed	Contents
1	June 5, 2024	Resignation of Atty. Millette A. Arnedo as the Corporation's Compliance Officer and appointment of new compliance officer at the next scheduled board meeting.
2	June 25, 2024	Results of BOD meeting held on June 25, 2023, the Board of Directors of The Palms Country Club, Inc. (the "Club") approved the holding of the Club's annual stockholders' meeting on October 7, 2024, 9:00 o'clock in the morning at The Palms Country Club, 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City. The Board approved to hold the 2024 annual stockholders' meeting in person/face to face.
3	June 26, 2024	Amendment to the Current Report submitted on June 25, 2024, re Results of BOD meeting held on June 25, 2024, the Board of Directors of The Palms Country Club, Inc. (the "Club") approved the following:

		<p>1. Appointment of Mr. Brian T. Lim as Compliance Officer to replace Atty. Millette A. Arnedo, whose resignation was disclosed to the Commission last June 5, 2024.</p> <p>2. Holding of the Club's annual stockholders' meeting on October 7, 2024, 9:00 o'clock in the morning at The Palms Country Club, 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City. The Board approved to hold the 2024 annual stockholders' meeting in person/face to face.</p> <p>The disclosure is being submitted to correct the date of the Board meeting from June 25, 2023 to June 25, 2024 in the previously submitted disclosure and include the appointment of Mr. Brian T. Lim as Compliance Officer, as one of the matters approved during the Board meeting held on June 25, 2024, which was inadvertently omitted.</p>
4	August 29, 2024	<p>Results of BOD meeting held on August 28, 2024, the Board of Directors of The Palms Country Club, Inc. (the "Club") approved the notice and agenda for the annual stockholders' meeting of the Club previously disclosed to be held on October 7, 2024, 9:00 o'clock in the morning at The Palms Country Club, 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City and noted the final list of nominees for election to the Board of Directors as indorsed from the Corporate Governance Committee acting as Nominations Committee</p>
5	October 8, 2024	<p>Results of Annual Stockholders Meeting held on 7 October 2024</p> <p>1. <u>Minutes of previous meeting</u></p> <p>"RESOLVED, That the minutes of the annual meeting of the shareholders of the Club held on 17 October 2023 is hereby approved."</p> <p>2. <u>Audited Financial Statements as of December 31, 2023</u></p> <p>"RESOLVED, That the Club's Audited Financial Statements as of and for the year ended 31 December 2023 be approved, confirmed and ratified."</p> <p>3. <u>Ratification of the acts, resolutions and proceedings of the Board of Directors, Board Committees and Management from the date of the last annual shareholders' meeting until 07 October 2024</u></p> <p>"RESOLVED, That all the acts, resolutions and proceedings of the Board of Directors, Board Committees and Management from the date of the last annual shareholders' meeting until 07 October 2024 are hereby approved, confirmed and ratified."</p> <p>4. <u>Election of the Directors (including Independent Directors)</u></p> <p>"RESOLVED, That the following persons are hereby declared as duly elected directors of the</p>

		<p>Club, to serve for a term of one (1) year or until their successors shall have been elected and qualified in accordance with the By-Laws of the Club:</p> <p>Directors:</p> <ul style="list-style-type: none">• Ms. Catherine A. Ilagan• Mr. Francis Nathaniel C. Gotianun• Mr. Andrew Gerard D. Gotianun III• Mr. Ven Christian S. Guce• Mr. Joaquin P. Roa (<i>Independent Director</i>)• Ms. Josephine L. Lagdameo (<i>Independent Director</i>)• Ms. Marie Cynthia C. Segura (<i>Independent Director</i>) <p>5. <u>Appointment of External Auditor</u></p> <p>"RESOLVED, That the accounting firm of SyCip Gorres Velayo and Co. (SGV) be approved for reappointment as the Club's external auditor for the year 2025."</p>
6	October 8, 2024	<p>At the organizational meeting of the Palms Country Club, Inc. (the "Board") appointed the following officers of the Club to serve for the year 2024-2025 and until their successors shall have been elected and qualified:</p> <ul style="list-style-type: none">• Chairman of the Board - Catherine A. Ilagan• President & CEO - Francis Nathaniel C. Gotianun• Treasurer - Ana Venus A. Mejla• Compliance Officer – Brian T. Lim• Corporate Secretary – Lindeza R. Rogero-Gavino• Asst. Corporate Secretary – Ronelyn D. Jaectin• General Manager - Hans Rudolf Neukom• Financial Controller – Marlo L. Patacsil <p>The Board also appointed Mr. Joaquin P. Roa as its Lead Independent Director.</p> <p>After its reorganization, the Board constituted the following committees with their respective Chairpersons and members:</p> <ul style="list-style-type: none">• Executive Committee<ul style="list-style-type: none">Chairman Francis Nathaniel C. GotianunMembers Catherine A. Ilagan Andrew Gerard D. Gotianun III Hans Rudolf Neukom• Audit & Risk Management Oversight Committee<ul style="list-style-type: none">Chairman Joaquin P. RoaMembers Catherine A. Ilagan Josephine L. Lagdameo• Corporate Governance Committee<ul style="list-style-type: none">Chairman Joaquin P. RoaMembers Catherine A. Ilagan Francis Nathaniel C. Gotianun Josephine L. Lagdameo Marie Cynthia C. Segura

		<ul style="list-style-type: none"> • Compensation Committee Chairman Andrew Gerard Gotianun III Members Francis Nathaniel C. Gotianun Catherine A. Ilagan Joaquin P. Roa • Membership Committee Chairman Josephine L. Lagdameo Members Francis Nathaniel C. Gotianun Andrew Gerard D. Gotianun III Marie Cynthia C. Segura Jose Tomas C. Syquia
7	November 19, 2024	Resignation of Mr. Brian T. Lim as the Corporation's Compliance Officer effective November 30, 2024. A new compliance officer will be appointed by the Board of Directors at the next scheduled board meeting.

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of The Palms Country Club, Inc. by the undersigned, thereunto duly authorized, in the City of Muntinlupa on April 08, 2025.

By:



CATHERINE A. ILAGAN
Chairman



LINDEZA R. ROGERO-GAVINO
Corporate Secretary



HANS RUDOLF NEUKOM
General Manager



MARLO L. PATACSIL
Chief Financial Officer

15 APR 2025

SUBSCRIBED AND SWORN to before me this _____ day of _____, affiants exhibiting to me their respective Identification as follows:

Names	Identification	Number	Valid Until
Catherine A. Ilagan	Passport	P5001601B	03/01/2030
Lindeza R. Rogero-Gavino	Passport	P2326165C	11/9/2032
Hans Rudolf Neukom	Driver's License	X01-98-038113	5/07/2032
Marlo L. Patacsil	Driver's License	N02-08006487	11/08/2026

Doc. No. 280
Page No. 57
Book No. 358
Series of 2025.



NOTARY PUBLIC

Eleonor T. Hernandez
ELEONOR T. HERNANDEZ
NOTARY PUBLIC

UNTIL DECEMBER 31, 2025

APPT. NO. 24-018, ATTORNEYS ROLL NO. 38749
PTR NO. 4763633, JAN 02, 2025, MUNTINLUPA CITY
IBP LIFETIME MEMBER NO. 05258, TIN: 135478879
MCLE NO. VII-0006441, JUNE 28, 2021, PHILIPPINES
ENAC 27th L PASEO, JOLLIBEE JUNCTION, ALABANG
1770 MUNTINLUPA CITY, PHILIPPINES

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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A		N	o	t	-	F	o	r	-	P	r	o	f	i	t		C	o	r	p	o	r	a	t	i	o	n)	

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

1	4	1	0		L	a	g	u	n	a		H	e	i	g	h	t	s		D	r	i	v	e	,		F	i	l
i	n	v	e	s	t		C	i	t	y	,		A	l	a	b	a	n	g	,		M	u	n	t	i	n	l	u
p	a		C	i	t	y																							

Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, if Applicable

N	/	A
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COMPANY INFORMATION

Company's Email Address

thepalmsclub.com

Company's Telephone Number

8771-7171

Mobile Number

N/A

No. of Stockholders

1,985

Annual Meeting (Month / Day)

Last Monday of April

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Mr. Marlo L. Patacsil

Email Address

cfo@thepalmsclub.com

Telephone Number/s

8771-7171

Mobile Number

0917-803-8396

CONTACT PERSON'S ADDRESS

The Palms Country Club, Inc. 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City

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

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



INDEPENDENT AUDITOR'S REPORT

The Board of Directors
The Palms Country Club, Inc.
1410 Laguna Heights Drive
Filinvest City, Alabang, Muntinlupa City

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Palms Country Club, Inc. (the Club), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of revenue and expenses, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Club as at December 31, 2024 and 2023, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

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

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Club'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 Club's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Club to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

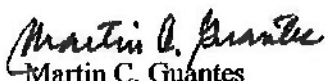
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.



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

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of The Palms Country Club, Inc. in a separate schedule. Revenue Regulations 15-2010 requires the information to be presented in the notes to financial statements. Such information is not a required part of the basic financial statements. The information is also not required by the Revised Securities Regulation Code Rule 68. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

SYCIP GORRES VELAYO & CO.



Martin C. Guantes

Partner

CPA Certificate No. 88494

Tax Identification No. 152-884-272

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-052-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465311, January 2, 2025, Makati City

April 11, 2025



THE PALMS COUNTRY CLUB, INC.**(A Not-for-Profit Corporation)****STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4, 10 and 18)	₱185,692,136	₱133,131,600
Contract receivables (Notes 5, 10 and 18)	38,481,021	47,043,999
Inventories (Note 6)	16,826,629	17,157,436
Due from related parties (Notes 10 and 18)	4,348,803	3,936,420
Other current assets (Note 7)	4,867,380	5,465,166
Total Current Assets	250,215,969	206,734,621
Noncurrent Assets		
Property and equipment (Notes 8 and 19)	778,717,966	788,505,883
Other noncurrent assets	1,946,876	1,093,460
Total Noncurrent Assets	780,664,842	789,599,343
TOTAL ASSETS	₱1,030,880,811	₱996,333,964
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 9 and 18)	₱90,304,923	₱72,292,859
Contract liabilities (Note 9)	36,673,086	36,988,543
Due to related parties (Notes 10 and 18)	76,864	518,644
Lease liabilities - current portion (Notes 18 and 19)	3,810,385	2,609,485
Total Current Liabilities	130,865,258	112,409,531
Noncurrent Liabilities		
Lease liabilities - net of current portion (Notes 18 and 19)	7,316,424	11,126,809
Retirement liabilities (Note 17)	15,280,179	11,132,508
Total Noncurrent Liabilities	22,596,603	22,259,317
Total Liabilities	153,461,861	134,668,848
Equity		
Capital stock (Note 11)	1,109,993,521	1,109,993,521
Deficit	(233,320,253)	(251,501,750)
Remeasurement gains on retirement plan - net of tax (Note 17)	745,682	3,173,345
Total Equity	877,418,950	861,665,116
TOTAL LIABILITIES AND EQUITY	₱1,030,880,811	₱996,333,964

See accompanying Notes to Financial Statements.

THE PALMS COUNTRY CLUB, INC.**(A Not-for-Profit Corporation)****STATEMENTS OF REVENUES AND EXPENSES**

	Years Ended December 31		
	2024	2023	2022
REVENUES			
Food and beverage	₱288,877,707	₱288,805,265	₱216,870,456
Membership dues	123,173,176	106,962,000	85,645,500
Sports and recreation	36,525,590	31,334,883	21,043,309
Club shop and other revenues (Note 12)	34,666,082	29,724,010	24,580,850
	483,242,555	456,826,158	348,140,115
DIRECT COSTS (Notes 6 and 13)	333,338,649	321,033,103	243,208,453
	149,903,906	135,793,055	104,931,662
OPERATING EXPENSES (Note 14)			
General and administrative	74,480,984	59,956,437	48,051,923
Depreciation (Note 8)	28,509,702	30,037,904	28,576,487
Housekeeping	16,894,064	15,589,983	13,385,346
Engineering	16,613,606	14,176,664	10,395,304
	136,498,356	119,760,988	100,409,060
EXCESS OF REVENUES OVER DIRECT COSTS AND EXPENSES	13,405,550	16,032,067	4,522,602
OTHER INCOME - Net (Note 15)	12,870,406	4,832,063	4,074,235
LEASE CHARGES (Note 19)	(4,854,715)	(5,676,933)	(6,240,153)
INCOME BEFORE INCOME TAX	21,421,241	15,187,197	2,356,684
PROVISION FOR INCOME TAX (Note 16)	3,239,744	802,378	591,733
NET INCOME	₱18,181,497	₱14,384,819	₱1,764,951

See accompanying Notes to Financial Statements.

THE PALMS COUNTRY CLUB, INC.
(A Not-for-Profit Corporation)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2024	2023	2022
NET INCOME	₱18,181,497	₱14,384,819	₱1,764,951
OTHER COMPREHENSIVE INCOME			
(LOSS)			
<i>Item that will not be reclassified to profit or loss</i>			
<i>in subsequent periods</i>			
Remeasurement gains (losses) on			
retirement plan - net of tax (Note 17)	(2,427,663)	(1,064,254)	1,569,389
TOTAL COMPREHENSIVE INCOME	₱15,753,834	₱13,320,565	₱3,334,340

See accompanying Notes to Financial Statements.



THE PALMS COUNTRY CLUB, INC.
(A Not-for-Profit Corporation)
STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 11)	Deficit	Remeasurement Gains on Retirement Plan - net of tax (Note 17)	Total
For the Year Ended December 31, 2024				
Balances at January 1, 2024	P1,109,993,521	(P251,501,750)	P3,173,345	P861,665,116
Comprehensive income				
Net income	—	18,181,497	—	18,181,497
Other comprehensive loss	—	—	(2,427,663)	(2,427,663)
Total comprehensive income (loss)	—	18,181,497	(2,427,663)	15,753,834
Balances at December 31, 2024	P1,109,993,521	(P233,320,253)	P745,682	P877,418,950
For the Year Ended December 31, 2023				
Balances at January 1, 2023	P1,109,993,521	(P265,886,569)	P4,237,599	P848,344,551
Comprehensive income				
Net income	—	14,384,819	—	14,384,819
Other comprehensive loss	—	—	(1,064,254)	(1,064,254)
Total comprehensive income (loss)	—	14,384,819	(1,064,254)	13,320,565
Balances at December 31, 2023	P1,109,993,521	(P251,501,750)	P3,173,345	P861,665,116
For the Year Ended December 31, 2022				
Balances at January 1, 2022	P1,109,993,521	(P267,651,520)	P2,668,210	P845,010,211
Comprehensive income				
Net	—	1,764,951	—	1,764,951
Other comprehensive income	—	—	1,569,389	1,569,389
Total comprehensive income	—	1,764,951	1,569,389	3,334,340
Balances at December 31, 2022	P1,109,993,521	(P265,886,569)	P4,237,599	P848,344,551

See accompanying Notes to Financial Statements.



THE PALMS COUNTRY CLUB, INC.
(A Not-for-Profit Corporation)

STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱21,421,241	₱15,187,197	₱2,356,684
Adjustments for:			
Depreciation and amortization (Notes 8, 13 and 14)	28,509,702	31,618,846	30,080,513
Lease charges (Note 19)	4,854,715	5,676,933	6,240,153
Retirement benefits cost, net of benefits paid (Note 17)	910,787	758,454	1,125,076
Proceeds from insurance claims (Notes 8 and 15)	—	(4,443,564)	—
Net book value of derecognized property and equipment (Notes 8 and 15)	—	5,781,370	—
Gain on disposal of property and equipment (Note 8)	—	—	(170,000)
Interest income (Notes 4, 10 and 15)	(3,328,750)	(1,622,664)	(376,893)
Operating income before changes in operating assets and liabilities	52,367,695	52,956,572	39,255,533
Changes in operating assets and liabilities			
Decrease (increase) in:			
Contract receivables	8,562,978	(4,451,479)	(9,826,003)
Inventories	330,807	(3,103,065)	(4,396,698)
Due from related parties	(412,383)	(1,318,528)	(1,999,167)
Other current assets	597,786	(1,369,567)	(1,338,906)
Other noncurrent assets	(853,416)	437,384	662,283
Increase (decrease) in:			
Accounts and other payables	18,012,064	7,945,432	20,136,911
Due to related parties	(441,780)	92,606	107,863
Contract liabilities	(315,457)	4,307,807	10,702,453
Cash generated from operations	77,848,294	55,497,162	53,304,269
Interest received	3,328,750	1,458,570	376,893
Income tax paid (applied creditable withholding tax) (Note 16)	(2,430,523)	(447,627)	(1,114,863)
Net cash provided by operating activities	78,746,521	56,508,105	52,566,299
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisitions of property and equipment (Note 8)	(18,721,785)	(37,683,971)	(6,346,493)
Proceeds from:			
Insurance claims (Notes 8 and 15)	—	4,443,564	—
Disposals of property and equipment (Note 8)	—	—	170,000
Decrease (increase) in short-term investment (Note 4)	—	33,867,175	(68,384)
Net cash provided by (used in) investing activities	(18,721,785)	626,768	(6,244,877)
CASH FLOWS FROM FINANCING ACTIVITY			
Payments of obligation under finance lease (Note 19)	(7,464,200)	(7,464,000)	(7,464,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	52,560,536	49,670,873	38,857,422
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	133,131,600	83,460,727	44,603,305
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱185,692,136	₱133,131,600	₱83,460,727

See accompanying Notes to Financial Statements.



THE PALMS COUNTRY CLUB, INC.

(A Not-for-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

The Palms Country Club, Inc. (the Club) was registered with the Philippine Securities and Exchange Commission (SEC) on May 24, 2000 and operated as a non-profit corporation. The Club's main purpose is the maintenance and operation of indoor and outdoor recreational facilities, restaurants and dining halls for the use and enjoyment of its members. No part of the income or asset of the Club shall belong or inure to the benefit of any member, officer or specific person.

The Club's registered address and principal place of business is at 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City.

The Club's accompanying financial statements as of December 31, 2024 and 2023 were approved and authorized for issuance by the Board of Directors (BOD) on April 11, 2025.

2. Summary of Material Accounting Policy Information

Basis of Preparation

The accompanying financial statements of the Club have been prepared using historical the cost basis. The financial statements are presented in Philippine Peso (₱), which is also the Club's functional currency. All amounts are rounded off to the nearest peso unless otherwise indicated.

Statement of Compliances

The accompanying financial statements of the Club have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

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 in 2024. The Club has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have any impact on the financial statements of the Club.

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

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.



- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*
The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Standards Issued but Not Yet Effective

Pronouncements issued but not yet effective are listed below. The Club intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Club's financial statements, unless otherwise indicated.

Effective beginning on or after January 1, 2025

- Amendments to PAS 21, *Lack of exchangeability*

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
 - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*
- 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*

Material Accounting Policy Information

Current versus Noncurrent Classification

The Club presents assets and liabilities in its statement of financial position based on a current and noncurrent classification. An asset is current when it is:

- a. expected to be realized or intended to be sold or consumed in normal operating cycle;
- b. held primarily for the purpose of trading;
- c. expected to be realized within 12 months after the reporting period; or
- d. cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.



All other assets are classified as noncurrent.

A liability is current when:

- a. it is expected to be settled in normal operating cycle;
- b. it is held primarily for the purpose of trading;
- c. it is due to be settled within 12 months after the reporting period, or
- d. there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Club classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash in bank earns interest at the prevailing bank deposit rate. 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 from dates of placement and that are subject to an insignificant risk of change in value.

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 the Club. 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.

The Club 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.

Fair Value Hierarchy of Financial Instruments Recognized at Fair Value

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

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



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

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.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as at amortized cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Club's business model for managing them. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Club has applied the practical expedient, the Club 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 Club has applied the practical expedient are measured at its transaction price.

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

The Club's business model for managing financial assets refer 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 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 marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Club commits to purchase or sell the asset.

Subsequent measurement

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

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



Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Club. The Club 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 Club's financial assets at amortized cost include cash and cash equivalents, receivables and due from related parties.

The Club has no financial assets at FVOCI with or without recycling and at FVTPL categories.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, 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 Club's financial liabilities include accounts and other payables (excluding taxes payables), due to related parties and lease liabilities.

Subsequent measurement

After initial recognition, financial liabilities are 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 EIR amortization process. This accounting policy relates to the Club's accounts and other payables, due to related parties and lease liabilities.

Impairment of Financial Assets

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

For cash and cash equivalents, the Club applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. The Club also evaluates the credit rating of the bank and other financial institutions to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs. It is the Club's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on lifetime ECL.



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

For other receivables and due from related parties, 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 Club considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Club may also consider a financial asset to be in default when internal or external information indicates that the Club is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Club. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

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

- The rights to receive cash flows from the asset have expired, or,
- The Club 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; or,
- The Club has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Club 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 Club continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Club 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 Club 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 Club could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or has expired.



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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. Cost includes purchase price, freight and handling costs and is determined using the first-in, first-out method.

Other Current Assets

Other current assets pertain to creditable withholding tax, advances to suppliers, and other current assets such as prepayments and deposits which are controlled by the Club as a result of past events and from which future economic benefits are expected to flow to the Club within one (1) year after the reporting period.

Property and Equipment

Property and equipment consist of land, land improvements, building, and sports, kitchen and other facilities and equipment, and right-of-use (ROU) asset. Except for land, the Club's property and equipment are stated at cost, less accumulated depreciation and amortization and any impairment in value. Land is stated at cost, less any impairment in value. The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing cost.

Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, are normally charged to operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful lives (EUL) of the assets, as follows:

	Years
Land improvements	10
Building	40
Sports, kitchen and other facilities and equipment	5-20

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

When an item of property and equipment is derecognized, the cost of the related accumulated depreciation and accumulated impairment loss, if any, is removed from the account. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of revenues and expenses in the year the asset is derecognized.



Other Noncurrent Assets

Other noncurrent assets include operating equipment (i.e., linen and glassware) that are carried at cost, less any impairment. Operating equipment is expensed to the appropriate department expense account as it is consumed.

Impairment of Nonfinancial Assets

The Club assesses at each reporting date whether there is indication that its nonfinancial assets (i.e., property and equipment, other current assets and other noncurrent assets) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Club makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less cost to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples and other available fair value indicators. An impairment loss is charged to operations in the year it arises.

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

Leases

The Club assesses whether a contract is, or contains a lease, at the inception of a contract. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the Club obtains substantially all the economic benefits from the use of the asset and whether the Club has the right to direct the use of the asset.

The Club as lessee - operating lease

Except for short-term leases and leases of low-value assets, the Club recognizes a right-of-use (ROU) asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee.

ROU asset

The Club recognizes ROU asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability. The cost of ROU asset includes the amount of lease liability recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received, and any estimated costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Club is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the remaining lease term.

ROU asset is subject to impairment. Refer to the accounting policies on impairment of nonfinancial assets section.



Lease liabilities

At the commencement date of the lease, the Club recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Club and payments of penalties for terminating a lease, if the lease term reflects the Club exercising the option to terminate.

In calculating the present value of lease payments, the Club uses the incremental borrowing rate at the commencement date if the interest rate implicit to the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

Short-term leases

The Club applies the short-term lease recognition exemption to its short-term leases of space (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 collections on short-term leases are recognized as income on a straight-line basis over the short-term lease term.

Retirement Benefit Costs

The net defined benefit 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.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit obligations comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurement 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 the statement of revenues and expenses. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

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 the statement of revenues and expenses.



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 other comprehensive income (OCI) in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Equity

Capital stock with no par or stated value is measured at the amount of total contributions received.

Retained Earnings (Deficit)

Retained earnings (Deficit) represents net accumulated income (losses) of the Club.

Revenue Recognition

Revenue from contracts with customers

The Club primarily derives its revenues from membership dues, sale of food and beverage, sports and recreation and Club shop and other operating department revenues.

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Club expects to be entitled in exchange for those goods or services. The Club assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Club has generally concluded that it is acting as principal in all of its revenue arrangements.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Membership dues

Revenue from membership dues is recognized over the time the related services are rendered and/or facilities and amenities are used. Transaction price is determined to be the approved monthly membership rate by the BOD. Each transaction is considered as a single performance obligation; therefore, it is not necessary to allocate the transaction price. The service is capable of being distinct from the other services and the transaction price for each service is separately identifiable. Revenue is recognized over the time the related services and/or facilities and amenities are used since the customer simultaneously receives and consumes services provided by the Club.

Membership dues are billed one month in advance and are recognized in the statement of revenues and expenses over the period when these are due.

Collections for accounts which are not yet due, and therefore, do not qualify for revenue recognition are recorded as "Contract liabilities" account in the current liabilities section of the statement of financial position.

Food and beverage

Revenue from sale of food and beverage is recognized at a point in time the goods are served or delivered. Transaction price is determined to be the invoice amount and each transaction is considered as a single performance obligation; therefore, it is not necessary to allocate the transaction price. The goods are capable of being distinct from the other goods and the transaction price for each good is separately identifiable. Revenue is recognized at a point in time when the related risks and rewards are transferred to the customer or actual possession is transferred.



Sports and recreation

Revenue from sports and recreation is recognized over the time the facilities and amenities are used. Transaction price is determined to be the invoice amount and each transaction is considered as a single performance obligation; therefore, it is not necessary to allocate the transaction price. The service is capable of being distinct from the other services and the transaction price for each service is separately identifiable. Revenue is recognized over the time the customer uses the facilities and amenities provided by the Club.

Club shop

Revenue from Club shop is recognized at a point in time the goods are served or delivered. Transaction price is determined to be the invoice amount and each transaction is considered as a single performance obligation; therefore, it is not necessary to allocate the transaction price. The goods are capable of being distinct from the other goods and the transaction price for each of the goods is separately identifiable. Revenue is recognized at a point in time when the related risks and rewards are transferred to the customer or actual possession is transferred.

Discount

Starting February 1, 2024, in compliance with Section 4(a)(7) of Republic Act (RA) 9994 or the Expanded Senior Citizens Act of 2020, the Club provides discounts to senior citizens and persons with disabilities (PWD) on the Club's sale of goods and services pertaining to the use of the Clubs' facilities and equipment. Section 4(a)(7) of RA 9994 does not apply to the payment of membership dues.

The Club also provided a certain discount to qualified members who have reached the minimum spending at the Club. These are recognized when availed by the qualified members.

The discount is presented as contra account to the related revenue account.

In 2024, the discounts provided by the Club amounted to ₱9.20 million and these were presented as deductions from the Club's food and beverage revenues.

Contract Balances

Contract receivables

A receivable represents the Club'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).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Club has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Club 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 Club performs under the contract.

The contract liabilities also include payments received by the Club from the members for which revenue recognition has not yet commenced.

Other Revenue and Income Recognition

Interest income

Interest income is recognized as it accrues, using the EIR method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.



Other income

Other income comprises mainly of other food and beverage, card stickers and membership cards and penalties for late payment. These are recognized when the related goods are sold, services are rendered or the right to receive payment is established.

Direct Costs and Operating Expenses

Direct costs and operating expenses are recognized in the statement of revenues and expenses when decreases in economic benefits during the accounting period in the form of outflows or depletion of assets or decrease of liabilities have arisen that can be measured reliably. Direct costs and operating expenses encompass losses as well as those expenses that arise in the course of ordinary activities of the Club. Direct costs are charged to the statement of revenues and expenses when the related revenue is recognized while operating expenses are recognized as incurred. Direct costs and operating expenses are generally measured at the amount paid or payable.

Income Taxes

Current tax

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

Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the reporting date. Income tax relating to items recognized directly in equity are recognized in equity and not in the statement of revenues and expenses.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.



Value-added Tax (VAT)

Expenses and assets are recognized, net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable, to the taxation authority is included as part of assets or payables in the statement of financial position.

Provisions

A provision is recognized only when the Club has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and 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 determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each report date and adjusted to reflect the current best estimate.

Contingencies

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

Events after the Reporting Date

Any post year-end event up to the date of the auditor's report that provide additional information about the Club's position at the reporting date (adjusting event) is reflected in the financial statements. Any post year-end event that is not an adjusting event is disclosed, when material, in notes to the financial statements.

3. Material Accounting Judgments and Estimates

The preparation of the Club's financial statements in compliance with PFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in judgments and estimates will be reflected in the financial statements as they become reasonably determinable. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



Judgment

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

Identification of contracts with customers under PFRS 15

The Club applies PFRS 15 guidance to a portfolio of contracts with similar characteristics as the Club reasonably expects that the effects on the financial statements of applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts within that portfolio. Hence, the Club viewed each transaction receipt as one contract.

Identifying performance obligations

The Club identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Club's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

Determining whether the Club is acting as a principal or agent

The Club assesses its revenue arrangements against specific criteria in order to determine if it's acting as principal or agent. The following criteria indicate whether the Club is acting as a principal or an agent:

- The Club has the primary responsibility for providing services to the members;
- The Club has latitude in establishing price, either directly or indirectly, for example by providing additional services; and,
- The Club bears the member's credit risk for the amount receivable from the member.

The Club has concluded that generally, it is acting as a principal in its revenue arrangements.

Finance lease classifications - the Club as lessee

The Club's classification of a lease depends on the substance of the transaction rather than the form of the contract. The following situations individually or in combination would normally lead to a lease being classified as a finance lease:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised (frequently called a 'bargain purchase' option);
- the lease term is for the major part of the economic life of the asset even if title is not transferred;
- at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- the leased assets are of a specialized nature such that only the lessee can use them without major modifications being made.

The Club has assessed its agreement with Engie Services for the installation, operation and maintenance of chilled water supply for the Club's air-conditioning system. The Club has concluded that it has acquired significantly all the risks and rewards of ownership of the equipment and accounted the agreement as a finance lease (see Note 19).



Evaluation of impairment on nonfinancial assets

The Club assesses asset impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Club considers the following factors, which could trigger an impairment review, as important:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and,
- Significant negative industry or economic trends.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Club is required to make estimates and assumptions that can materially affect the financial statements.

As of December 31, 2024 and 2023, the Club assessed that there are no impairment indicators on its nonfinancial assets that would lead to recognition of impairment losses.

Recognition of deferred tax assets

The Club reviews the carrying amounts of deferred tax assets at each reporting date and reduces it to the extent that it is no longer probable that sufficient income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Club will generate sufficient future taxable profit to allow all or part of its deferred income tax assets to be utilized.

As of December 31, 2024 and 2023, the Club recognized deferred tax assets, to the extent of recognized deferred tax liabilities, amounting to ₱3.81 million and ₱4.49 million, respectively.

Since management believes that it is likely that the carryforward benefit of recognizing deferred tax assets may not be utilized, the Club did not recognize deferred tax assets on the tax effect of the balance of temporary differences related to retirement liabilities, allowance for expected credit losses, contract liabilities, NOLCO and MCIT as disclosed in Note 16.

Use of Estimates and Assumptions

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

Provision for expected credit losses of contract receivables

The Club uses a provision matrix to calculate ECLs for contract receivables. The provision rates are based on days past due. The provision matrix is initially based on the Club's historical observed default rates. The Club calibrates the matrix to adjust the historical credit loss experienced with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions (e.g., gross domestic product and inflation rate) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Club's historical credit loss experience and forecast of economic conditions may also not be representative of member's actual default in the future. The Club also considers the preferential lien on the Club share owned by the member, including the timing of re-sale of the covered share and related costs, in determining the expected net recoveries.



As of December 31, 2024 and 2023, the allowance for expected credit losses amounted to ₱2.66 million (see Note 5).

Estimating useful lives of property and equipment

The Club estimates the useful lives of its property and equipment based on the period over which these assets are expected to be available for use. The EUL of property and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear, and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. There were no changes on the EUL of the property and equipment in 2024 and 2023.

As of December 31, 2024 and 2023, the carrying value of property and equipment (except land) amounted to ₱358.72 million and ₱368.51 million, respectively (see Note 8).

4. Cash and Cash Equivalents

	2024	2023
Cash on hand	₱902,000	₱802,000
Cash in banks	88,155,448	81,804,728
Cash equivalents	96,634,688	50,524,872
	₱185,692,136	₱133,131,600

Cash in banks earn interest at the prevailing bank deposit rates.

Cash equivalents include short-term placement made during the year for period of three months based on the immediate cash requirements of the Club and earned annual interest ranging from 4.88% to 6.00% and 3.75% to 4.88% in 2024 and 2023, respectively.

Interest income earned from cash in bank and cash equivalents amounted to ₱3.33 million, ₱1.62 million and ₱0.38 million in 2024, 2023 and 2022, respectively (see Notes 10 and 15).

There is no cash restriction on the Club's cash balances as at December 31, 2024 and 2023.

5. Contract Receivables

	2024	2023
Receivables from:		
Members (Note 10)	₱31,809,070	₱39,103,711
Banquet sales	4,568,340	7,112,728
Credit cards	2,694,186	1,218,945
Others	2,072,885	2,272,075
	41,144,481	49,707,459
Less allowance for expected credit losses	2,663,460	2,663,460
	₱38,481,021	₱47,043,999

These receivables are collectible within a year. Receivables from members are collateralized by a preferential lien on the Club shares owned by the members.



“Others” consists of advances made to employees for sickness and maternal benefits and other miscellaneous receivables which are collectible within a year.

In 2024, the Club directly wrote off the balance of long-outstanding receivables from delinquent members amounting to ₱6.19 million which were assessed to be no longer recoverable (see Note 14).

No additional provision for expected credit losses were recognized in 2024 and 2023.

6. Inventories

	2024	2023
Food	₱12,077,591	₱12,906,836
Beverage	2,217,012	2,192,555
Operating supplies	2,103,097	1,710,397
Others	428,929	347,648
	₱16,826,629	₱17,157,436

“Others” represents items and other goods for sale in the Club shop and Palms Deli.

Inventories are carried at cost. There are no inventories whose NRV are below its cost as of December 31, 2024 and 2023.

Cost of inventories charged to cost of sales amounted to ₱170.58 million, ₱161.18 million and ₱119.07 million in 2024, 2023 and 2022, respectively (see Note 13).

7. Other Current Assets

	2024	2023
Creditable withholding tax	₱2,599,563	₱3,038,496
Advances to suppliers	1,044,778	1,615,404
Others	1,223,039	811,266
	₱4,867,380	₱5,465,166

Creditable withholding tax (CWT) pertains to the amount withheld by certain customers from their payments to the Club. This will be claimed as tax credit and will be used against future income tax payable. The Club applied CWTs against income tax payable amounting to ₱2.43 million and ₱0.45 million in 2024 and 2023, respectively.

“Others” consists of deposits to health maintenance organization, deposit to suppliers, and advances to employees which are expected to be realized within one year.



8. Property and Equipment

2024						
	Land	Land Improvements	Building	Sports, Kitchen and Other Facilities and Equipment	Right-of-Use Asset (Note 19)	Total
Cost						
Balances at beginning of year	P420,000,000	P16,881,429	P572,565,021	P309,358,613	P41,456,164	P1,360,261,227
Additions	-	-	427,265	18,294,520	-	18,721,785
Balances at end of year	420,000,000	16,881,429	572,992,286	327,653,133	41,456,164	1,378,983,012
Accumulated depreciation						
Balances at beginning of year	-	16,343,918	311,018,460	230,386,639	14,006,327	571,755,344
Depreciation and amortization (Note 14)	-	56,486	7,918,314	18,472,916	2,061,986	28,509,702
Balances at end of year	-	16,400,404	318,936,774	248,859,555	16,068,313	600,265,046
Net book value	P420,000,000	P481,025	P254,055,512	P78,793,578	P25,387,851	P778,717,966

2023						
	Land	Land Improvements	Building	Sports, Kitchen and Other Facilities and Equipment	Right-of-Use Asset (Note 19)	Total
Cost						
Balances at beginning of year	P420,000,000	P16,522,240	P585,435,021	P272,033,831	P41,456,164	P1,335,447,256
Additions	-	359,189	-	37,324,782	-	37,683,971
Derecognition	-	-	(12,870,000)	-	-	(12,870,000)
Balances at end of year	420,000,000	16,881,429	572,565,021	309,358,613	41,456,164	1,360,261,227
Accumulated depreciation						
Balances at beginning of year	-	16,313,987	303,882,897	215,083,903	11,944,341	547,225,128
Depreciation and amortization (Notes 13 and 14)	-	29,931	14,224,193	15,302,736	2,061,986	31,618,846
Derecognition	-	-	(7,088,630)	-	-	(7,088,630)
Balances at end of year	-	16,343,918	311,018,460	230,386,639	14,006,327	571,755,344
Net book value	P420,000,000	P537,511	P261,546,561	P78,971,974	P27,449,837	P788,505,883

The land is the property that was ceded, transferred, assigned and delivered by Filinvest Alabang, Inc. (FAI, the developer) under the subscription agreement dated October 20, 2000, with the Club in exchange for 867 Class A shares, 115 Class B and 68 Class C shares, or a total of 1,050 shares valued at P400,000 per share.

The land with an area of 30,000 square meters valued at P14,000 per square meter was also developed by FAI in exchange for 1,033 Class A shares, 135 Class B shares and 82 Class C shares, or a total of 1,250 shares valued at P400,000 per share or P500.00 million

The Club's property and equipment includes the leased equipment from Engie Services (Philippines) amounting to P25.39 million and P27.45 million as of December 31, 2024 and 2023, respectively. The agreement was entered into in 2016 (Note 19) which comprised of two (2) installations that will supply chilled water to the Club. Ownership of the installations will transfer to the Club upon the date of completion of testing and commissioning and upon termination or expiration of the agreement, which shall have a term of 10 years from the commencement date.

In 2022, the asset related to tennis court canopy was damaged due to Typhoon *Paeng*. In 2023, the Club received the proceeds from insurance claims amounting to P4.44 million and derecognized the related asset amounting P5.78 million (see Note 15).

In 2022, the Club recognized gain on disposal of property and equipment amounting to P0.17 million.



9. Accounts and Other Payables and Contract Liabilities

Accounts and Other Payables

This account consists of:

	2024	2023
Accounts payable	₱27,137,545	₱25,847,546
Accrued expenses:		
Payroll	22,885,453	20,839,958
Utilities	10,455,854	11,424,485
Outside services	5,290,809	3,109,645
Others	8,595,323	1,692,397
Deposits	8,695,134	3,212,528
Members' cash bond	7,244,805	6,166,300
	₱90,304,923	₱72,292,859

"Accounts payable" mainly consists of payables to suppliers for various purchases of food and beverages used in the normal operations of the Club, purchases of services and other assets. These are normally paid within one year.

"Others" under "Accrued expenses" include accruals for operating expenses such unapplied service charges and consigned merchandises. These are normally paid within one year.

"Deposits" mainly pertain to various deposits from suppliers and bank credits.

"Members' cash bond" pertains to cash receipts from assignees for a specific period of time. This is renewable at the end of the assignment contract which is usually on an annual basis.

Contract liabilities

This account consists of:

	2024	2023
Membership dues received in advance	₱32,115,596	₱33,011,071
Banquet deposits	4,557,490	3,977,472
	₱36,673,086	₱36,988,543

Membership dues received in advance are recognized as income over the period when these are due.

Banquet deposits are recognized as revenue when the related services are rendered.

10. Related Party Transactions

The Club has entered into various transactions with related parties. Parties are related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred to as affiliates). Related parties may be individuals or corporate entities.



Significant related party transactions are as follows:

- a) The Club has receivables from its affiliates as members of the Club for which it bills monthly membership dues and use of facilities. These affiliates include entities affiliated with FAI, the developer.
- b) The Club maintains cash in banks and cash equivalents with a bank affiliated with FAI. Cash in banks and cash equivalents earn interest at the prevailing market rates (see Note 4).
- c) The Club has obtained and made various advances for maintenance, utilities, payroll, and other expenses from and to FAI, its developer. The outstanding balances are presented under "Due to related parties" in the statements of financial position.

The details of the account balances and transactions with related parties are as follows:

		2024		
	Amount/ Volume	Receivable (Payable)	Term	Condition
Affiliates				
a) Membership dues (Note 5)	₱630,080	₱62,179	Due every month; interest-bearing Due and demandable;	Unsecured; no impairment
b) Cash in banks (Note 4)	15,963,226	73,106,342	Interest-bearing at prevailing market rate Within three months;	Unsecured; no impairment
b) Cash equivalents (Note 4)	43,437,331	93,839,504	interest-bearing at investment rate	Unsecured; no impairment
b) Interest income (Note 4)	3,164,656	—	Due and demandable	Unrestricted; no impairment
a) Due from related parties	412,383	4,661,369	Due and demandable; noninterest-bearing	Unsecured; no impairment
c) Utilities, payroll, maintenance expense and others	—	(76,864)	Due every month; interest-bearing	Unsecured; no impairment
		2023		
	Amount/ Volume	Receivable (Payable)	Term	Condition
Affiliates				
a) Membership dues (Note 5)	₱2,992,151	₱3,430,043	Due every month; interest bearing Due and demandable;	Unsecured; unimpaired
b) Cash in banks (Note 4)	664,252	57,143,116	interest bearing at prevailing market rate Within three months;	Unsecured; unrestricted
b) Cash equivalents (Note 4)	1,398,709	50,402,173	interest bearing at investment rate	Unsecured; unrestricted
b) Interest income (Note 4)	1,612,567	164,094	Due and demandable	unrestricted
c) Due from related parties	1,318,528	3,936,420	Due and demandable; noninterest-bearing	Unsecured
c) Utilities, payroll, maintenance expense and others	92,606	(518,644)	Due every month; interest-bearing	Unsecured; unimpaired

Compensation of key management personnel in the form of short-term employee benefits amounted to ₱8.35 million, ₱7.40 million and ₱7.00 million in 2024, 2023 and 2022, respectively, and post-employment benefits amounted to ₱0.56 million, ₱0.51 million and ₱0.43 million in 2024, 2023 and 2022, respectively.



Terms and conditions of transactions with related parties

The Club, in its regular conduct of business, has entered into transactions with related parties consisting of receivables and payables in relation to the operating needs of the parties. These are based on terms agreed by the parties.

Outstanding balances at year-end are unsecured, noninterest-bearing and settlement occurs in cash, unless otherwise indicated. There have been no guarantees provided or received for any related party receivables or payables. The Club does not provide any allowance relating to receivable from related parties in prior years. There are also no ECL recognized in current year for related party receivables since there are no history of default payments. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

11. Capital Stock

As of December 31, 2024, 2023 and 2022, the Club's authorized and fully paid capital stock consists of five classes of common shares, with no par value, as follows:

	Shares	Amount
Class A shares	1,900	P915,109,926
Class B shares	250	120,270,900
Class C shares	150	72,312,695
Class D shares	2,293	2,293,000
Founders' shares	7	7,000
	4,600	P1,109,993,521

All classes of shares entitle the holders to one vote for each share in any and all regular and special meetings of shareholders.

Class A shares are available to natural persons and entitle the holder to membership in the Club and to the use and enjoyment of the Club's facilities. Class A shares are likewise available to juridical persons and entitle the holders to name one nominee for membership in the Club and to use and enjoy the facilities of the Club.

Class B shares are available only to juridical persons and entitle the holder to name two nominees for membership in the Club and to use and enjoy the facilities of the Club.

Class C shares are only available to juridical persons and entitle the holder to name three nominees for membership in the Club and to use and enjoy the facilities of the Club.

Holders of Class D shares are not entitled to the use and enjoyment of the Club's facilities. Correspondingly, Class D shares are to be excluded in the computation and assessment of membership fees, dues and other payments relative to the operation and maintenance of the Club. Upon liquidation of Class D shares, the holders will be reimbursed only to the extent of the original acquisition of the shares amounting to ₱2.30 million.

Founders' shares shall have the exclusive right to vote and be voted for in the election of directors for five years from and after the date of registration of the Articles of Incorporation. Thereafter, holders of Founders' shares shall have the same voting rights and privileges as holders of Class A shares.



The Club shall not issue shares of stock, which will reduce the stock ownership of Philippine citizens to less than 60% of the outstanding capital stock. No holder of any class of shares shall have any.

The shares held by FAI and its respective nominees for the founders' shares or held by the Club are non-obligatory or participating.

On May 24, 2000, the SEC approved the registration of the 4,600 no par value shares.

Below is the summary of outstanding number of shares and holders of security as of December 31, 2024, 2023 and 2022:

Year	Number of Shares Registered	Number of Holders of Securities as of Year End
December 31, 2024	4,600	4,336
December 31, 2023	4,600	4,333
December 31, 2022	4,600	4,304

Capital Management

As a non-profit corporation, the Club primarily relies on the issuance of club shares, fixed monthly membership dues from members and charges arising from usage of facilities such as the sports and dining facilities. These are the only sources of cash flows which the Club has to manage properly.

As of December 31, 2024 and 2023, the Club's primary source of capital is its total equity amounting to ₱877.42 million and ₱861.67 million, respectively.

12. Club Shop and Other Revenues

	2024	2023	2022
Transfer fees	₱10,111,000	₱7,894,786	₱8,313,000
Assignment fees	6,316,964	5,175,893	4,790,054
Deli merchandise	5,497,872	3,991,191	3,049,611
Corkage, room and equipment hire	3,273,497	2,881,844	2,020,329
Club events	2,956,165	3,233,927	3,018,917
Revenue from party packages	2,700,035	2,835,383	1,007,359
Consignment sales	1,399,588	1,401,019	703,359
Renomination fees	1,140,000	960,000	630,000
Merchandise sales	917,344	952,474	886,058
Visitors' pass	341,518	380,920	146,250
Others	12,099	16,573	15,913
	₱34,666,082	₱29,724,010	₱24,580,850

"Transfer fees" pertain to fees charged by the Club to process the transfer of shares to new members.

"Assignment fees" pertain to the fees by the Club to a member when it assigns its rights to another person or entity.



“Revenue from party packages” pertain to revenues generated by the Club from outside catering, food and beverage for outside events, discount on promotions and party packages of the Club.

“Consignment sales” pertain to revenues by the Club which are generated through a consignee.

“Renomination fees” pertain to fees charged by the Club to corporations for nominations of new members for corporate shares.

“Others” represent revenues from other operating departments of the Club.

13. Direct Costs

	2024	2023	2022
Food and beverage (Note 6)	₱162,636,661	₱155,195,343	₱115,944,893
Payroll (Note 17)	83,767,330	76,965,491	60,858,301
Utilities, laundry and supplies	48,869,504	48,252,410	39,046,176
Sports and recreation	13,089,188	10,599,265	8,700,523
Marketing and others	8,393,880	13,830,097	7,860,210
Club shop and others (Note 6)	7,942,398	5,981,094	3,129,871
Banquets and special events	7,919,856	7,833,390	5,114,880
Depreciation (Note 8)	–	1,580,942	1,504,026
Others	719,832	795,071	1,049,573
	₱333,338,649	₱321,033,103	₱243,208,453

“Others” consist of expenses incurred by the Club such as postage, freight, telecommunications and contract services.

14. Operating Expenses

	2024	2023	2022
General and administrative			
Payroll (Note 17)	₱22,061,026	₱21,543,735	₱17,800,066
Outside services	13,936,258	11,025,669	9,131,738
Taxes and licenses	7,616,063	6,722,805	5,440,215
Communications	7,573,382	2,829,681	1,326,396
Credit card service fees	7,324,789	7,039,899	5,423,196
Write-off of receivables (Note 5)	6,187,996	–	–
Utilities and supplies	1,185,534	2,379,102	2,167,540
Insurance	845,880	652,518	607,770
Others	7,750,056	7,763,028	6,155,002
	74,480,984	59,956,437	48,051,923
Depreciation (Note 8)	28,509,702	30,037,904	28,576,487

(Forward)



	2024	2023	2022
Housekeeping			
Payroll (Note 17)	₱10,808,094	₱10,264,276	₱8,442,140
Utilities, laundry and supplies	3,904,139	3,376,805	3,136,665
Outside services	1,658,258	1,586,067	1,503,527
Others	523,573	362,835	303,014
	16,894,064	15,589,983	13,385,346
Engineering			
Supplies	7,336,376	6,720,191	4,412,408
Outside services	5,945,552	4,354,939	3,471,502
Payroll (Note 17)	3,135,331	2,915,534	2,341,365
Others	196,347	186,000	170,029
	16,613,606	14,176,664	10,395,304
	₱136,498,356	₱119,760,988	₱100,409,060

“Others” under General and administrative, Housekeeping and Engineering expenses pertains to expenses incurred for travel and transportation, uniforms, trainings and seminars, representation and entertainment.

“Others” under General and administrative expenses include Covid-19 related expenses amounting nil, ₱0.53 million and ₱1.49 million for the years ended December 31, 2024, 2023 and 2022, respectively. These expenses pertain to antigen testing, medical equipment, meals of stay-in staff, vitamins, and supplies such as face masks, face shields and disinfectants.

15. Other Income

	2024	2023	2022
Penalties for late payments	₱6,423,219	₱1,437,805	₱1,670,756
Interest income (Notes 4 and 10)	3,328,750	1,622,664	376,893
Proceeds from insurance claims on property and equipment (Note 8)	—	4,443,564	—
Net book value of derecognized asset (Note 8)	—	(5,781,370)	—
Others	3,118,437	3,109,400	2,026,586
	₱12,870,406	₱4,832,063	₱4,074,235

“Others” include income from food and beverages outside the originally availed package by members or guests, car stickers and membership cards, among others.

16. Income Taxes

Provision for income tax consists of:

	2024	2023	2022
Current	₱2,430,523	₱447,627	₱1,114,863
Deferred	809,221	354,751	(523,130)
	₱3,239,744	₱802,378	₱591,733



The current provision for income tax in 2024, 2023 and 2022 represents the MCIT.

The Club did not recognize deferred tax assets on the following deductible temporary differences and MCIT because management believes that it is likely that the carry forward benefits of recognizing deferred tax assets will not be utilized:

	2024	2023	2022
NOLCO	₱111,861,842	₱105,436,010	₱19,258,952
Contract liabilities from advance membership dues	32,115,596	32,657,739	13,019,148
MCIT	3,993,013	2,287,003	3,228,386
Retirement liabilities	3,600,372	—	14,605,181
Allowance for expected credit losses	82,424	82,424	2,663,460

The Club has recognized deferred tax assets to the extent of the deferred tax liabilities as of December 31 as follows:

	2024	2023
Deferred tax liabilities on:		
Finance lease differential	₱3,565,211	₱3,428,386
Remeasurement gain on defined benefit obligation	248,561	1,057,782
	3,813,772	4,486,168
Deferred tax asset on:		
Retirement liabilities	(3,168,513)	(3,840,909)
Allowance for expected credit losses	(645,259)	(645,259)
	(3,813,772)	(4,486,168)
	₱—	₱—

The following are the movements in NOLCO for the years ended December 31:

	2024	2023	2022
Balance at beginning of year	₱105,436,010	₱19,258,952	₱34,061,450
Addition	13,126,791	86,177,058	—
Applied	—	—	(14,802,498)
Balance at end of year	₱118,562,801	₱105,436,010	₱19,258,952

The following are the movements in MCIT as of December 31:

	2024	2023	2022
Balance at beginning of year	₱2,287,003	₱3,228,386	₱2,113,523
Addition	2,430,523	447,627	1,114,863
Expired	(724,513)	(1,389,010)	—
Balance at end of year	₱3,993,013	₱2,287,003	₱3,228,386



On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of the Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act ("Bayanihan 2 Act") which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. NOLCO incurred before taxable year 2020 can be claimed as deduction from the regular taxable income for the next three (3) years immediately following the year of such loss.

The carryforward benefits of NOLCO which can be claimed as deductions from the regular taxable income, and MCIT which can be claimed as deduction from income tax due are as follows:

Year Incurred	NOLCO	MCIT	Expiry Date
2024	₱13,126,791	₱2,430,523	December 31, 2027
2023	86,177,058	447,627	December 31, 2026
2022	–	1,114,863	December 31, 2025
2021	12,577,993	–	December 31, 2026*
2020	6,700,959	–	December 31, 2025*
	₱118,582,801	₱3,993,013	

**For NOLCO, can be claimed as deduction from the regular taxable income for the next five (5) years immediately following the year of such loss.*

The reconciliation of provision for income tax at the statutory tax rate to provision for income tax shown in the statements of revenues and expenses follow:

	2024	2023	2022
Provision for income tax at statutory tax rate	₱5,355,311	₱3,796,799	₱589,171
Adjustments for:			
Nondeductible expenses	23,033,137	1,445,343	–
Change in unrecognized deferred tax assets	5,752,265	21,215,975	57,525
Expired MCIT	724,513	1,389,010	–
Nondeductible interest expense	–	101,417	39,260
Interest income subjected to final tax	(832,188)	(405,666)	(94,223)
Nontaxable income	(30,793,294)	(26,740,500)	–
Provision for income tax	₱3,239,744	₱802,378	₱591,733

17. Retirement Benefits

The Club has a noncontributory, unfunded defined benefit pension plan covering substantially all of its regular employees. The benefits are based on years of service and compensation on the last year of employment.

The Club updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary. The latest actuarial valuation report for the retirement plan was carried out for the Club as of December 31, 2024.



The retirement benefit costs included in the "Payroll" account follow (see Notes 13 and 14):

	2024	2023	2022
Current service cost	₱1,162,607	₱940,216	₱997,318
Interest cost	644,715	591,987	465,993
	₱1,807,322	₱1,532,203	₱1,463,311

The roll-forward analysis of the present value of defined benefit obligation recognized in the statements of financial position follows:

	2024	2023	2022
Balance at beginning of year	₱11,132,508	₱8,955,049	₱9,922,492
Current service cost	1,162,607	940,216	997,318
Interest cost	644,715	591,987	465,993
Benefits paid	(896,535)	(773,749)	(338,235)
Actuarial loss (gain) due to:			
Change in assumptions	3,340,720	1,359,827	(2,495,419)
Experience adjustments	(103,836)	59,178	402,900
Balance at end of year	₱15,280,179	₱11,132,508	₱8,955,049

The assumptions used to determine pension benefits of the Club are as follows:

	2024	2023	2022
Discount rate	6.09%	6.12%	7.30%
Salary increase rate	6.00%	4.00%	4.00%

The sensitivity analyses below have been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant.

	Increase (Decrease)	2024	2023
Salary increase rate	+1.00%	₱2,065,950	₱1,443,698
	-1.00%	(1,776,322)	(1,242,445)
Discount rate	+1.00%	(1,695,403)	(1,164,456)
	-1.00%	2,003,532	1,370,863

Shown below is the maturity analysis of the benefit payments:

	2024	2023
Less than one year	₱309,886	₱1,195,895
One to less than five years	2,356,809	1,966,843
Five to less than 10 years	10,707,138	4,936,836
10 to less than 15 years	16,821,105	11,825,290
15 to less than 20 years	18,984,901	18,170,094
20 years and above	72,869,103	36,620,802
	₱122,048,942	₱74,715,760

The average duration of the expected benefit payments at the end of the reporting period is 16.86 years.



18. Financial Instruments

The carrying values of the Club's recognized financial assets and financial liabilities approximate their estimated fair values as of December 31, 2024 and 2023 because these are short-term in nature.

The Club's principal financial instruments are cash and cash equivalents, contract receivables, due from related parties, accounts and other payables, due to related parties and lease liabilities. The main purpose of these financial instruments is to finance the Club's operations.

The main objectives of the Club's financial risk management are as follows:

- To identify and monitor such risks on an ongoing basis;
- To minimize and mitigate such risks; and
- To provide a degree of certainty about costs.

The main risks arising from the Club's financial assets are credit risk and liquidity risk. The Club's risk management policies are summarized below:

Credit risk

The Club trades only with recognized members and creditworthy third parties. It is the Club's practice that all members and third parties who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis. Receivables from members are collateralized by a preferential lien on the Club shares owned by them.

The aging analyses of financial assets as of December 31 are as follows:

	2024						
	Neither past due nor Impaired	Past due but not impaired				Impaired	Total
		1-30 days	30-60 days	61-90 days	>90 days		
Cash and cash equivalents*	₱184,790,136	₱-	₱-	₱-	₱-	₱-	₱184,790,136
Contract receivables							
Members	28,431,466	714,144	—	—	—	2,663,460	31,809,070
Banquet sales	1,382,357	698,109	616,019	141,228	1,730,627	—	4,568,340
Credit cards	2,694,186	—	—	—	—	—	2,694,186
Others	2,072,885	—	—	—	—	—	2,072,885
Due from related parties	3,015,691	15,144	296,527	551,451	469,990	—	4,348,803
	₱222,386,721	₱1,427,397	₱912,546	₱692,679	₱2,200,617	₱2,663,460	₱230,283,420

*Excluding cash on hand.

	2023						
	Neither past due nor Impaired	Past due but not impaired				Impaired	Total
		1-30 days	31-60 days	61-90 days	>90 days		
Cash and cash equivalents*	₱132,329,600	₱-	₱-	₱-	₱-	₱-	₱132,329,600
Contract receivables							
Members	36,382,960	57,291	-	-	-	2,663,460	39,103,711
Banquet sales	2,924,317	883,855	803,704	1,190,757	1,310,095	-	7,112,728
Credit cards	1,218,945	-	-	-	-	-	1,218,945
Others	2,272,075	-	-	-	-	-	2,272,075
Due from related parties	3,023,585	35,482	388,977	149,475	338,901	-	3,936,420
	₱178,151,482	₱976,628	₱1,192,681	₱1,340,232	₱1,648,996	₱2,663,460	₱185,973,479

*Excluding cash on hand.



The Club's financial assets classified as "neither past due nor impaired" are high grade receivables that pertain to receivables from members, related parties and third parties which, based on experience, are highly collectible or collectible on demand and of which exposure to bad debt is not significant.

Liquidity risk

The Club monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Club maintains a level of cash deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows.

The following table summarizes the maturity profile of the Club's financial assets held to manage liquidity as of December 31 based on contractual undiscounted payments:

	2024				Total
	On demand	Less than 3 months	3 to 12 months	Over 12 months	
Cash and cash equivalents	P89,057,448	P96,634,688	P-	P-	P185,692,136
Contract receivables	37,230,596	968,255	282,170	-	38,481,021
Due from related parties	4,348,803	-	-	-	4,348,803
	P130,636,847	P97,602,943	P282,170	P-	P228,521,960

	2023				Total
	On demand	Less than 3 months	3 to 12 months	Over 12 months	
Cash and cash equivalents	P82,606,728	P50,524,872	P-	P-	P133,131,600
Contract receivables	45,928,141	739,888	375,970	-	47,043,999
Due from related parties	3,936,420	-	-	-	3,936,420
	P132,471,289	P51,264,760	P375,970	P-	P184,112,019

The maturity profile of the Club's financial liabilities based on contractual undiscounted payments as of December 31 follows:

	2024				Total
	On demand	Less than 3 months	3 to 12 Months	Over 12 months	
Accounts and other payables					
Accounts payable	P26,097,846	P27,024	P1,012,675	P-	P27,137,545
Accrued expenses	47,227,439	-	-	-	47,227,439
Deposits	7,875,872	-	819,262	-	8,695,134
Members' cash bond	-	-	7,244,805	-	7,244,805
Due to related parties	76,864	-	-	-	76,864
Lease liabilities	-	1,866,000	5,598,000	15,523,361	22,987,361
	P81,278,021	P1,893,024	P14,674,742	P15,523,361	P113,369,148

	2023				Total
	On demand	Less than 3 months	3 to 12 months	Over 12 months	
Accounts and other payables					
Accounts payable	P25,530,483	P164,063	P153,000	P-	P25,847,546
Accrued expenses	35,580,407	1,486,078	-	-	37,066,485
Deposits	2,960,117	-	252,411	-	3,212,528
Member cash bond	-	-	6,166,300	-	6,166,300
Due to related parties	518,644	-	-	-	518,644
Lease liabilities	-	1,866,000	5,598,000	16,794,000	24,258,000
	P64,589,651	P3,516,141	P12,169,711	P16,794,000	P97,069,503



Changes in liability arising from financing activities (obligation under finance lease) as of December 31 are as follows:

	2024	2023
Balance at beginning of year	₱13,736,294	₱15,523,361
Interest (Note 19)	4,854,715	5,676,933
Payments	(7,464,200)	(7,464,000)
Balance at end of year	₱11,126,809	₱13,736,294

19. Lease Commitments

On April 21, 2016, the Club entered into an agreement with Engie Services (Philippines) (Engie, formerly known as Cofely Philippines) wherein Engie will operate and maintain installations that will supply chilled water to the Club for a period of 10 years. The terms of the agreement require the Club to make monthly fixed payments of ₱246,000, exclusive of VAT, from the date of the agreement until the date of completion of testing and commissioning of the chilled water installations.

Upon completion of testing and commissioning, the Club is required to make fixed monthly payments of ₱622,000, exclusive of VAT, for 10 years, representing the fixed period charges of the Club for the use of the chilled water.

The agreement further stipulates that Engie will initially shoulder the cost of the installations for the chilled water supply owned by the Club and Engie will bill the Club for its share of the cost of the installations. Engie shall transfer the possession of the Club's share of the installations upon completion of testing and commissioning.

The installations were completed in February 2017.

Among other stipulations on the contract, the Club has determined that the arrangement is effectively a finance lease arrangement because eventual ownership will transfer to the Club.

Engie billed the Club effective March 18, 2017, which also served as the commencement date for the full operation of the installations. The total minimum lease payments over the term of the agreement, which is 10 years, amounted to ₱97.13 million. The present value of the minimum lease payments amounted to ₱41.46 million. In addition, the Club made downpayments amounting ₱22.49 million. The related finance cost on the agreement that is accreted over the 10-year term which is the difference between the ₱97.13 million and ₱41.46 million amounted to ₱55.67 million. The unamortized finance cost as of December 31, 2024 and 2023 amounted to ₱16.80 million and ₱24.26 million, respectively. Total interest expense recognized on this obligation under finance lease amounted to ₱4.85 million and ₱5.68 million in 2024 and 2023, respectively, and these were reported under "Lease charges" in the Club's statements of revenues and expenses.

The present value of the obligation under finance lease amounted to ₱11.13 million and ₱13.74 million as of December 31, 2024 and 2023, respectively (see Note 18).

The carrying value of the Club's finance lease asset (under sports, kitchen and other facilities and equipment) amounted to ₱25.39 million and ₱27.45 million as of December 31, 2024 and 2023, respectively (see Note 8).



The future minimum rental payments pertaining to the finance lease as of December 31 are as follows:

	2024	2023
Within one year	P7,464,000	P7,464,000
After one year but not more than five years	15,523,361	16,794,000
	<u>P22,987,361</u>	<u>P24,258,000</u>

20. Contingencies

The Club is involved in a certain administrative proceeding. The Club, in collaboration with outside legal counsel handling defense, as the case may be, does not believe that this proceeding will have a material adverse effect on its financial position and performance. It is possible, however, that future financial performance could be materially affected by changes in the estimates or in the effectiveness of strategies relating to this. No accruals were made in relation to this proceeding.



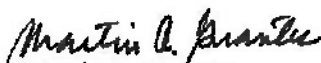
INDEPENDENT AUDITOR'S REPORT

The Board of Directors
The Palms Country Club, Inc.
1410 Laguna Heights Drive
Filinvest City, Alabang, Muntinlupa City

We have audited the accompanying financial statements of The Palms Country Club, Inc. (the Club), as at December 31, 2024, on which we have rendered the attached report dated April 11, 2025.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the above Club has only one (1) stockholder owning 100 or more shares.

SYCIP GORRES VELAYO & CO.



Martin C. Guantes

Partner

CPA Certificate No. 88494

Tax Identification No. 152-884-272

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-052-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465311, January 2, 2025, Makati City

April 11, 2025



THE PALMS COUNTRY CLUB, INC.

(A Not-for-Profit Corporation)

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SCHEDULES**

SUPPLEMENTARY SCHEDULES

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Club Supplementary Information and Disclosures Required on Revised SRC Rule 68 and 68.1.

THE PALMS COUNTRY CLUB, INC.
(A Not-for-Profit Corporation)

**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION**

This schedule is not applicable since the Club has deficit amounting to ₱233.32 million and ₱251.50 million as at December 31, 2024 and 2023, respectively. In addition, in accordance with the Club's by-laws, no part of the income or asset of the Club shall belong to or inure to the benefit of any member, officer or any specific person. The objective of the Club is to provide facilities for the use and enjoyment of its members.

THE PALMS COUNTRY CLUB, INC.
(A Not-for-Profit Corporation)

**SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON
REVISED SRC RULE 68 AND 68.1
DECEMBER 31, 2024**

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule SRC Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by SRC Rule 68 and 68.1 as amended that are relevant to the Club. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets in Equity Securities - Not Applicable

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

There is no receivable from employees with aggregate indebtedness of more than ₱100,000 or 1% of the total assets as of December 31, 2024.

Schedule C. Amounts receivable from related parties which are eliminated during the Consolidation of Financial Statements - Not Applicable as the Club does not have any subsidiaries and thus does not prepare consolidated financial statements.

Schedule D. Intangible Assets - Not Applicable. The Club does not have intangible assets.

Schedule E. Long-term Debt - Not applicable. The Club has no outstanding long-term debt as of December 31, 2024.

Schedule F. Indebtedness to Related parties

As of December 31, 2024, there are no noncurrent liabilities due to related parties. Current liabilities due to related parties amounted to ₱0.08 million.

Schedule G. Guarantees of Securities of Other Securities - Not Applicable

Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Club A Shares	1,900	1,900	—	—	—	—
Club B Shares	250	250	—	—	—	—
Club C Shares	150	150	—	—	—	—
Club D Shares	2,293	2,293	—	—	—	—
Founder Shares	7	7	—	—	—	—

THE PALMS COUNTRY CLUB, INC.
(A Not-for-Profit Corporation)

**SUPPLEMENTARY SCHEDULE ON FINANCIAL SOUNDNESS INDICATOR
REQUIRED ON REVISED SRC RULE 68 AND 68.1
DECEMBER 31, 2024**

Below are the financial ratios that are relevant to the Club for the years ended December 31, 2024 and 2023:

Financial ratios		2024	2023
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.91	1.84
Quick ratio	$\frac{\text{Cash and contract receivables}}{\text{Current liabilities}}$	1.71	1.60
Solvency ratio	$\frac{\text{Total assets}}{\text{Total liabilities}}$	6.72	7.40
Debt-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	0.17	0.16
Profit margin ratio	$\frac{\text{Net income (loss)}}{\text{Total revenue}}$	0.04	0.03

In computing the current ratio, the Club considered the following accounts as current (based on the maturity profile of each accounts):

Current assets

- Cash
- Contract receivables
- Inventories
- Due from related parties
- Other current assets

Current liabilities

- Accounts and other payables
- Contract liabilities
- Due to related parties
- Lease liabilities - current portion

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


The management of **THE PALMS COUNTRY CLUB, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2024 and 2023**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines in necessary to enable the predation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The **Board of Directors** reviewed and approved the financial statements including the schedules attached therein, and submits the same to the stockholder or members.

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


CATHERINE A. ILAGAN
Chairman of the Board


HANS RUDOLF NEUKOM
General Manager


MARLO L. PATACSI
Chief Financial Officer

REPUBLIC OF THE PHILIPPINES) S.S
CITY OF MUNTINLUPA)

15 APR 2025

SUBSCRIBED AND SWORN to before me this _____ day of _____, affiants exhibiting to me their respective identification as follows:

Names	Identification	Number	Valid Until
Catherine A. Ilagan	Passport	P5001601B	03/01/2030
Hans Rudolf Neukom	Driver's License	X01-98-038113	5/07/2032
Marlo L. Patacsil	Driver's License	N02-08006487	11/08/2026

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Page No. 57
Book No. 358
Series of 2025.



NOTARY PUBLIC


ELEONOR T. HERNANDEZ
NOTARY PUBLIC

UNTIL DECEMBER 31, 2025

APPT. NO. 24-018, ATTORNEYS ROLL NO. 38749
PTR NO. 4763633, JAN 02, 2025, MUNTINLUPA CITY
IBP LIFETIME MEMBER NO. 05258, TIN: 135478879
MCLE NO. VII-0006441, JUNE 28, 2021, PHILIPPINES
ENAC 271, PASEO, JOLLIBEE JUNCTION, ALABANG

Marlo L. Patacsil

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Sent: April 15, 2025 5:31 PM
To: Milany D. Guevarra
Cc: Milany D. Guevarra
Subject: [EXT] Your BIR AFS eSubmission uploads were received

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HI THE PALMS COUNTRY CLUB INC,

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