


**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**
(as required by RR No. 3-2010)

The management of **PHILIPPINES RECORDED MUSIC RIGHTS INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, management affirms that the attached audited financial statements for the years ended December 31, 2023 and 2022, and the accompanying Annual Income Tax Return are in accordance with the books and records of **PHILIPPINES RECORDED MUSIC RIGHTS INC.** complete and correct in all material respects.

Management likewise affirms that:

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


RICARDO R. BLANCAFLOR
Chairman of the Board/ President


JOSEMARIA LORENZO S. VALDEZ
Treasurer

Signed this 15th day of April, 2024.

FLORENCIO Y. ROJAS, JR.
Certified Public Accountant
45 Oval St. Mabuhay Subd., Sta. Lucia, Pasig City

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT
TO ACCOMPANY PHILIPPINE INCOME TAX RETURNS**

**The Board of Trustees and Members
PHILIPPINES RECORDED MUSIC RIGHTS INC.
Suite 2802 Discovery Center, 25 ADB Avenue
Ortigas Center, Brgy. San Antonio
Pasig City**

I have audited the financial statements of **PHILIPPINES RECORDED MUSIC RIGHTS INC.** for the years ended December 31, 2023 and 2022, on which I have rendered the attached report dated April 15, 2024.

In compliance with BIR Revenue Regulations 15-2010,

1. The taxes paid or payable by the above association during the years are shown in Schedules of Taxes & Licenses attached to the Income Tax Returns.
2. I don't have any direct financial interest with the Company.

Florencio Y. Rojas, Jr.
CPA Cert. No. 0091082
PTR No. 1708538
Issued January 08, 2024
Pasig City

TIN 160-746-232
BIR AN 07-100709-002-2023
Issued on November 28, 2023
Effective until November 28, 2026

BOA/PRC Reg. No. 1907
Issued on January 01, 2024
Effective until December 31, 2026

April 15, 2024

PHILIPPINES RECORDED MUSIC RIGHTS INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **PHILIPPINES RECORDED MUSIC RIGHTS INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Trustees reviews and approves the financial statements including the schedules attached therein and submits the same to the trustees.

Florencio Y. Rojas, Jr., CPA, the independent auditor, appointed by the trustees for the years ended December 31, 2023 and 2022, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, have expressed its opinion on the fairness of presentation upon completion of such audit.



RICARDO R. BLANCAFLOR
Chairman of the Board/ President



JOSEMARIA LORENZO S. VALDEZ
Treasurer

Signed this 15th day of April, 2024.

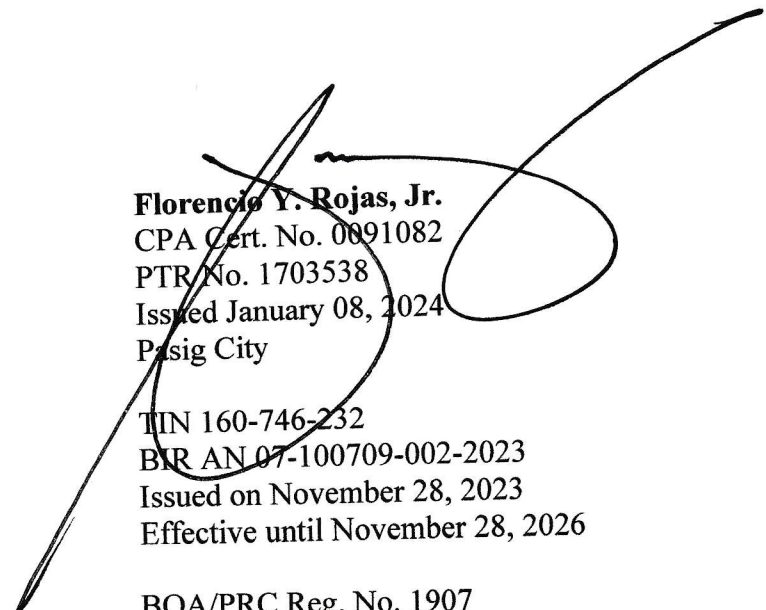
FLORENCIO Y. ROJAS, JR.
Certified Public Accountant
45 Oval St. Mabuhay Subd., Sta. Lucia, Pasig City

SUPPLEMENTAL WRITTEN STATEMENT TO ACCOMPANY
REPORT OF INDEPENDENT AUDITOR

The Board of Trustees and Members
PHILIPPINES RECORDED MUSIC RIGHTS INC.
Suite 2802 Discovery Center, 25 ADB Avenue
Ortigas Center, Brgy. San Antonio
Pasig City

I have audited the financial statements of **PHILIPPINES RECORDED MUSIC RIGHTS INC.** for the years ended December 31, 2023 and 2022, on which I have rendered the attached report dated April 15, 2024.

In compliance with Revised SRC Rule 68, I am stating that the said Company has no stockholders since it is a non-stock, non-profit organization.



Florencio Y. Rojas, Jr.
CPA Cert. No. 0091082
PTR No. 1703538
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Florencio Y. Rojas, Jr.
Certified Public Accountant
45 Oval St. Mabuhay Subd., Sta. Lucia, Pasig City

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees and Members
PHILIPPINES RECORDED MUSIC RIGHTS INC.
Suite 2802 Discovery Center, 25 ADB Avenue
Ortigas Center, Brgy. San Antonio
Pasig City

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of **PHILIPPINES RECORDED MUSIC RIGHTS INC.** which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of receipts and expenses, statements of changes in members' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

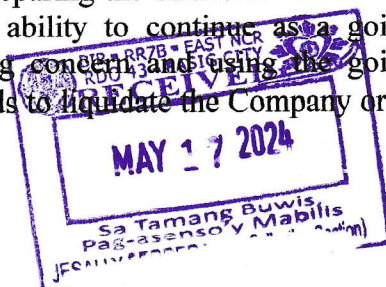
In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **PHILIPPINES RECORDED MUSIC RIGHTS INC.** as at December 31, 2023 and 2022 and of its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standard for Small Entities (PFRS for SEs).

Basis for Opinion

I conducted my audits in accordance with Philippine Standards on Auditing (PSA). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS for SEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



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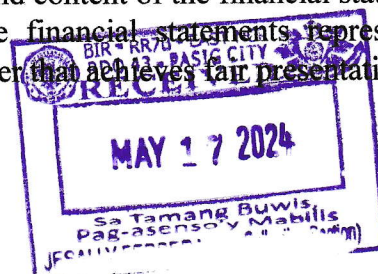
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with PSA, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

1. 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.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. 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.



Florencio Y. Rojas, Jr.
Certified Public Accountant
45 Oval St. Mabuhay Subd., Sta. Lucia, Pasig City

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

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

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

My audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in **Note 17** in Notes to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Florencio Y. Rojas, Jr.
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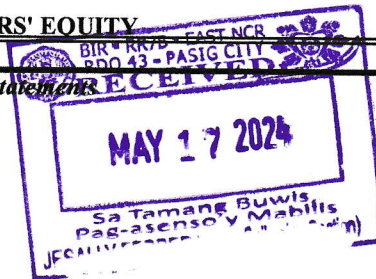
April 15, 2024

PHILIPPINES RECORDED MUSIC RIGHTS INC.
(A Non-Stock Corporation)
Suite 2802 Discovery Center, 25 ADB Avenue, Ortigas Center, Brgy. San Antonio, Pasig City
TIN: 777-763-850-000

STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	NOTES		2023		2022
<u>ASSETS</u>					
CURRENT ASSETS					
Cash	2,3,4,16	P	7,444,444	P	2,093,343
Other Receivable	2,3,5,11		30,584		813,520
Other Current Assets	2,3,6		42,581		33,538
Total Current Assets		P	7,517,609	P	2,940,401
NON-CURRENT ASSETS					
Property and Equipment, Net	2,3,7	P	633,863	P	36,990
Other Assets	2,3,8		109,200		30,512
Total Non-Current Assets		P	743,063	P	67,502
TOTAL ASSETS		P	8,260,672	P	3,007,903
<u>LIABILITIES AND MEMBERS' EQUITY</u>					
CURRENT LIABILITY					
Other Current Liabilities	2,3,9	P	1,862,054	P	19,471
Total Current Liability		P	1,862,054	P	19,471
NON-CURRENT LIABILITY					
Loans Payable	2,3,10	P	4,834,231	P	3,110,144
Total Non-Current Liability		P	4,834,231	P	3,110,144
Total Liabilities		P	6,696,285	P	3,129,615
MEMBERS' EQUITY					
Fund Balance		P	1,564,387	P	(121,712)
Total Members' Equity	2,3	P	1,564,387	P	(121,712)
TOTAL LIABILITIES AND MEMBERS' EQUITY		P	8,260,672	P	3,007,903

See Accompanying Notes to Financial Statements



PHILIPPINES RECORDED MUSIC RIGHTS INC.

(A Non-Stock Corporation)

Suite 2802 Discovery Center, 25 ADB Avenue, Ortigas Center, Brgy. San Antonio, Pasig City

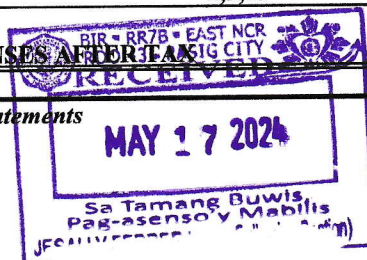
TIN: 777-763-850-000

STATEMENTS OF RECEIPTS AND EXPENSES

For The Years Ended December 31, 2023 and 2022

	NOTES		2023		2022
GROSS RECEIPTS					
Licenses Revenue	2,3,12	P	11,158,457	P	1,810,214
Other Income			2,040		382
TOTAL GROSS RECEIPTS		P	11,160,497	P	1,810,596
ADMINISTRATIVE EXPENSES					
Salaries and Allowances		P	3,929,457	P	-
Professional Fees			1,220,647		-
Depreciation Expense			387,399		-
Rent Expense			340,947		-
Transportation and Travel Expense			314,017		-
Advertising and Promotions			232,803		35,025
Communication and Postage Expense			186,935		8,522
Contracted Services			148,000		150,000
SSS, Philhealth and Pag-ibig Benefits			138,271		-
Office Supplies			125,116		-
Fines and Penalties			118,941		-
Computer Software and Internet			111,456		-
Insurance Expense			86,233		-
Gifts and Token Expense			81,200		-
Percentage Tax Expense			75,534		18,102
Legal Fees			75,000		818,778
Seminars, Meetings and Training Expense			63,074		-
Miscellaneous Expense			63,015		66,667
Light and Water Expense			39,645		-
Utility, Maintenance and Supplies Expense			32,284		-
Input VAT Expense			16,200		85,602
Bank Charges			10,299		-
Printing Expense			5,000		423
Medical Expenses			1,175		31,266
Taxes and Licenses			720		6,829
Transportation Expense			-		2,729
Representation Expense			-		41
TOTAL ADMINISTRATIVE EXPENSES	2,3,13	P	7,803,368	P	1,223,984
EXCESS OF RECEIPTS OVER EXPENSES BEFORE TAX			3,357,129		586,612
INCOME TAX EXPENSE	2,3,15		(857,510)		(117,254)
EXCESS OF RECEIPTS OVER EXPENSES AFTER TAX		P	2,499,619	P	469,358

See Accompanying Notes to Financial Statements



PHILIPPINES RECORDED MUSIC RIGHTS INC.
(A Non-Stock Corporation)
Suite 2802 Discovery Center, 25 ADB Avenue, Ortigas Center, Brgy. San Antonio, Pasig City
TIN: 777-763-850-000

STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2023 and 2022

	NOTES	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of Receipts over Expenses		P 2,499,619	P 469,358
Depreciation	2,3,7	387,399	-
Prior Year Adjustment		(813,520)	-
Applied Deferred Tax Asset	2,3,8	30,512	117,254
Excess of Receipts over Expenses Before Working Capital Changes		P 2,104,010	P 586,612
Decrease (Increase) in:			
Other Receivable	2,3,5,11	782,936	(813,520)
Other Current Assets	2,3,6	(9,043)	(27,420)
Security Deposit	2,3,8	(109,200)	-
Increase (Decrease) in:			
Other Payable	2,3	-	(39,238)
Other Current Liabilities	2,3,9	1,842,583	19,102
Net Cash Generated from (Used in) Operating Activities		P 4,611,286	P (274,464)
CASH FLOW FROM AN INVESTING ACTIVITY			
Acquisition of Office Equipment	2,3,7	P (984,272)	P (36,990)
Net Cash Used in Investing Activity		P (984,272)	P (36,990)
CASH FLOWS FROM FINANCING ACTIVITY			
Proceeds from Loans	2,3,10	P 1,724,087	P 1,621,597
Net Cash Provided by Financing Activity		P 1,724,087	P 1,621,597
NET INCREASE IN CASH FOR THE YEAR		P 5,351,101	P 1,310,143
CASH BALANCE AT THE BEGINNING OF THE YEAR		2,093,343	783,200
CASH BALANCE AT THE END OF THE YEAR	2,3,4,16	P 7,444,444	P 2,093,343

See Accompanying Notes to Financial Statements

PHILIPPINES RECORDED MUSIC RIGHTS INC.
(A Non-Stock Corporation)
Suite 2802 Discovery Center, 25 ADB Avenue, Ortigas Center, Brgy. San Antonio, Pasig City
TIN: 777-763-850-000

STATEMENT OF CHANGES IN MEMBERS' EQUITY
For The Years Ended December 31, 2023 and 2022

	Fund Balance
Balance at January 1, 2023	P (121,712)
Prior Year Adjustment*	(813,520)
Balance at January 1, 2023, as adjusted	P (935,232)
Excess of Receipts over Expenses	2,499,619
Balance at December 31, 2023	P 1,564,387

**Prior Year Adjustment arises from unrecognized expenses from prior years.*

	Fund Balance
Balance at January 1, 2022	P (591,070)
Excess of Receipts over Expenses	469,358
Balance at December 31, 2022	P (121,712)

See Accompanying Notes to Financial Statements

PHILIPPINES RECORDED MUSIC RIGHTS INC.

(A Non-Stock Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

Note 1 CORPORATE INFORMATION

PHILIPPINES RECORDED MUSIC RIGHTS INC. (the Company) is a non-stock, non-profit corporation incorporated in the Philippines and registered with the Security and Exchange Commission (SEC) on December 17, 2020 with SEC Registration No. CN202052859.

It was incorporated primarily to manage in the Philippines rights for the collective benefit of domestic and international performers and producers of recorded music the corporation represents in a fair, transparent, effective and non-discriminatory manner by effectively collecting remuneration and/or license fees for the use of recorded music, taking enforcement actions with respect to the rights it manages in its own name, and distributing the collected revenues to performers and producers of recorded music.

The registered office address of the Company is located at Suite 2802 Discovery Center, 25 ADB Avenue, Ortigas Center, Brgy. San Antonio, Pasig City with Taxpayer Identification No. 777-763-850-000.

The Board of Trustees unanimously adopted a resolution to change the Company's principal address to Unit 504 #132 GEMPC Building, Edsa Corner Timog Avenue, Quezon City (as amended on February 2, 2023).

The accompanying financial statements for the years ended December 31, 2023 and 2022 were authorized for issue by the Board of Trustees on April 15, 2024. The Board of Trustees are empowered to make revisions on financial statements even after the date of issue.

Note 2 BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared under historical cost and are presented in Philippine Peso, which is the Company's functional and presentation currency. All values represent absolute amounts except when otherwise indicated.

The financial statements have been prepared in accordance with the appropriate Financial Reporting Framework in conformity with the Philippine Financial Reporting Standard (PFRS) for Small Entities (SEs) issued by the Philippine Financial Reporting Standards Council.

Moreover, Republic Act No. 11232 or the Act Providing for the Revised Corporation Code ("the Revised Code") which took effect on February 23, 2019 have been applied in preparing these financial statements. The Company adopted "the Revised Code" and the extent of the impact has been determined.

Note 3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below.

Cash

Cash includes cash in bank and petty cash fund and these items are measured at face value.

Trade and Other Receivables

Trade receivable represents accounts receivable, while other receivables pertain to advances to officers and employees. Trade and other receivables are initially measured at transaction price (including transaction costs) which is the undiscounted amount of cash receivable from that entity, which is normally the invoice price, and subsequently measured at the undiscounted amount of the cash or other consideration expected to be paid or received (i.e., net of impairment).

Other Current Assets

Other current asset consists of deposit for OPE and creditable withholding tax which the company expects to consume and receive within one year after the reporting period. These are measured at the transaction cost.

Property and Equipment

Property and equipment are initially measured at its cost and subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses.

The cost of an item of property and equipment comprises all of the following, if there are any:

- a) its purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These can include costs of site preparation, initial delivery and handling, installation and assembly, and testing of functionality.

If payment is deferred beyond normal credit terms, the cost is the present value of all future payments.

The Company allocates the depreciable amount of an asset on a systematic basis over its useful life. The depreciable amount is cost minus accumulated depreciation and accumulated impairment losses, and minus residual value. The residual value of an asset is the estimated amount that an entity would currently obtain from disposal of an asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases when the asset is derecognized. Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. However, under usage methods of depreciation the depreciation charge can be zero while there is no production.

An entity shall derecognize an item of property and equipment: a) on disposal; or b) when no future economic benefits are expected from its use or disposal. An entity shall recognize the gain or loss on the derecognition of an item of property and equipment in profit or loss when the item is derecognized. The entity shall not classify such gains as revenue.

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

Office Equipment	5 years
Furniture and Fixtures	5 years
Leasehold Improvement	1 year

The Company allocates the depreciable amount of an asset on a systematic basis over its useful life. The depreciable amount is cost minus accumulated depreciation and accumulated impairment losses, and minus residual value. The residual value of an asset is the estimated amount that an entity would currently obtain from disposal of an asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases when the asset is derecognized. Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. However, under usage methods of depreciation the depreciation charge can be zero while there is no production.

An entity shall derecognize an item of investment property: a) on disposal; or b) when no future economic benefits are expected from its use or disposal. An entity shall recognize the gain or loss on the derecognition of an item of investment property in profit or loss when the item is derecognized. The entity shall not classify such gains as revenue.

Deferred Tax Asset

An entity shall measure its deferred tax liabilities (assets) using the tax rates and laws that have been enacted or substantively enacted by the reporting date. When different tax rates apply to different levels of taxable profit, an entity shall measure deferred tax expense (income) and related deferred tax liabilities (assets) using the average enacted or substantively enacted rates that it expects to be applicable to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled.

The measurement of deferred tax liabilities and deferred tax assets shall reflect the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of the related assets and liabilities.

Income Tax Payable

The tax currently payable for the year is based on regular corporate income tax (RCIT). Taxable profit differs from the net profit as reported in the statement of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The reconciliation of the company's liabilities for the current tax is calculated at 20% tax rate.

Under the taxes payable method, an entity shall recognize a current tax liability for tax payable on taxable profit for the current and past periods. If the amount paid for the current and past periods exceeds the amount payable for those periods, the entity shall recognize the excess as a current tax asset

An entity shall measure its current tax liabilities (assets) using the tax rates and laws that have been enacted or substantively enacted by the reporting date. An entity shall regard tax rates as substantively enacted when future events required by the enactment process historically have not affected the outcome and are unlikely to do so.

An entity shall not discount current tax assets and liabilities.

Other Current Liabilities

Other current liabilities include payable for government statutory obligations such as percentage tax payable and withholding tax payable with the Bureau of Internal revenue (BIR). These are measured at their transaction cost.

Loans Payable

Loans payable pertains to an non-interest-bearing loan obtained from a financial institution intended for funding the company's operations as authorized and approved by the Board of Trustees. Loans payable is initially measured at the transaction price (including transaction costs) which is the present value of cash payable to the bank (including interest payments and repayment of principal) and subsequently measured at amortized cost using the effective interest method.

The amortized cost of a financial asset or financial liability at each reporting date is the net of the following amounts: a) the amount at which the financial asset or financial liability is measured at initial recognition; b) minus any repayments of the principal; c) plus or minus the cumulative amortization using the effective interest method of any difference between the amount at initial recognition and the maturity amount; and d) minus, in the case of a financial asset, any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the carrying amount of the financial asset or financial liability. The effective interest rate is determined on the basis of the carrying amount of the financial asset or liability at initial recognition. Under the effective interest method: a) the amortized cost of a financial asset (liability) is the present value of future cash receipts (payments) discounted at the effective interest rate; and b) the interest expense (income) in a period equals the carrying amount of the financial liability (asset) at the beginning of a period multiplied by the effective interest rate for the period.

Fund Balance

Fund Balance includes all current and prior period excess of receipts and expenses as disclosed in the statements of receipts and expenses.

Receipts Recognition

Receipts are licenses revenue or donations from the public.

- *Finance income*

Finance income comprises interest income on bank deposits. Interest income is recognized in profit or loss as it accrues, using the effective interest method.

Expense Recognition

Expenses are decrease in economic benefits in the form of decrease in assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Cost and administrative expenses are recognized in the statements of income upon consumption of the goods and or utilization of the service or at the date they are incurred.

- General and administrative expenses

General and administrative expenses include legal fees, taxes and licenses and other costs that cannot be associated directly to the services rendered.

Income Tax

Current tax. An entity shall measure its current tax liabilities (assets) using the tax rates and laws that have been enacted or substantively enacted by the reporting date. An entity shall regard tax rates as substantively enacted when future events required by the enactment process historically have not affected the outcome and are unlikely to do so. An entity shall not discount current tax assets and liabilities.

Financial Instruments

Initial recognition of financial assets and liabilities

A financial asset or a financial liability is recognized only when the entity becomes a party to the contractual provisions of the instrument.

Initial measurement

When a financial asset or financial liability is recognized initially, an entity shall measure it at the transaction price (including transaction costs).

(A) For Financial Asset

- a) For service rendered to a customer on short-term credit, a receivable is recognized at the transaction price (including transaction cost), which is the undiscounted amount of cash receivable from that entity, which is normally the invoice price.

(B) For Financial Liability

- a) For goods purchased from a supplier on short-term credit, a payable is recognized at the transaction price (including transaction costs), which is the undiscounted amount obtained owed to the supplier, which is normally the invoice price.

Subsequent measurement

At the end of each reporting period, financial asset or financial liability is subsequently measured as follows, without any deduction for transaction costs that may incur on sale or other disposal:

(A) For Financial Asset

- a) For service rendered to a customer on short-term credit, a receivable is recognized at the undiscounted amount of cash or other consideration expected to be received, net of any impairment or any uncollectible accounts.

(B) For Financial Liability

- a) For goods purchased from a supplier on short-term credit, a payable is recognized at the undiscounted amount of cash or other consideration expected to be paid.

Derecognition of a financial asset

An entity shall derecognize a financial asset when: a) the contractual rights to the cash flows from the financial asset expire or are settled; or b) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset

Derecognition of a financial liability

An entity shall derecognize a financial liability (or a part of a financial liability) only when it is extinguished - i.e., when the obligation specified in the contract is discharged, is cancelled or has expired.

Impairment of Assets

An impairment loss occurs when the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If it is not possible to estimate the recoverable amount of an individual asset, an entity shall estimate the recoverable amount of the cash-generating unit to which the asset belongs. However, an entity shall not reduce the carrying amount of any asset in the cash-generating unit below the highest of:

- a) its fair value less costs to sell (if determinable);
- b) its value in use (if determinable); and
- c) zero.

The Company shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. If there is no indication of impairment, it is not necessary to estimate the recoverable amount.

The Company shall assess at each reporting date whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. If any such indication exists, the entity shall determine whether all or part of the prior impairment loss should be reversed.

The Company shall assess the following at each reporting date whether there is any indication that the following may be impaired:

- *Impairment of assets other than inventories*
If, and only if, the recoverable amount of an asset is less than its carrying amount, the Company shall reduce the carrying amount of the asset to its recoverable amount. That reduction is an impairment loss.

Reversal of Impairment

An entity shall make a new assessment of market value at each subsequent reporting date. When the circumstances that previously caused inventories to be impaired no longer exist, or when there is clear evidence of an increase in market value because of changed economic circumstances, the entity shall reverse the amount of the impairment (i.e., the reversal is limited to the amount of the original impairment loss) so that the new carrying amount is the lower of the cost and the revised market value.

Provisions and Contingencies

Initial recognition

An entity shall recognize a provision only when: a) the entity has an obligation at the reporting date as a result of a past event; b) it is probable (i.e., more likely than not) that the entity will be required to transfer economic benefits in settlement; and c) the amount of the obligation can be estimated reliably.

Initial measurement

An entity shall measure a provision at the best estimate of the amount required to settle the obligation at the reporting date. The best estimate is the amount an entity would rationally pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time.

- a) When the provision involves a large population of items, the estimate of the amount reflects the weighting of all possible outcomes by their associated probabilities. Where there is a continuous range of possible outcomes, and each point in that range is as likely as any other, the mid-point of the range is used.
- b) When the provision arises from a single obligation, the individual most likely outcome may be the best estimate of the amount required to settle the obligation. However, even in such a case, the entity considers other possible outcomes. When other possible outcomes are either mostly higher or mostly lower than the most likely outcome, the best estimate will be a higher or lower amount than the single most likely outcome.

Subsequent measurement

An entity shall charge against a provision only those expenditures for which the provision was originally recognized.

An entity shall review provisions at each reporting date and adjust them to reflect the current best estimate of the amount that would be required to settle the obligation at that reporting date. Any adjustments to the amounts previously recognized shall be recognized in profit or loss unless the provision was originally recognized as part of the cost of an asset (see paragraph 299). When a provision is measured at the present value of the amount expected to be required to settle the obligation, the subsequent reduction in the present value that results from the passing of time shall be recognized in profit or loss in the period it arises.

No provisions and contingencies recognized during the period.

Events after the end of the reporting period

Events after the end of the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue.

The company adjusts the amounts recognized in its financial statements, including related disclosures, to reflect adjusting events after the end of the reporting period. Hence, the company shall not adjust the amounts recognized in its financial statements to reflect non-adjusting events after the end of the reporting period.

Related Party Disclosures

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Company; (2) associates; and (3) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

The key management personnel of the Company and post-employment benefit plans for the benefit of Company's employees are also considered to be related parties.

NOTE 4 CASH

The account at December 31 consists of :

	NOTES		2023		2022
Cash in Bank	16	P	7,429,444	P	2,083,343
Petty Cash Fund			15,000		10,000
Total Cash	2,3	P	7,444,444	P	2,093,343

Cash in bank represents current account deposits in reputable local bank which earn interest at the prevailing deposit rates.

A reasonable amount of Petty Cash Fund is maintained to cover small payments not covered by checks, such as transportation, small amount of office supplies, and other payments as defined by management and not exceeding P1,000.00 per single payment.

NOTE 5 OTHER RECEIVABLES

The account at December 31 consists of :

	NOTES		2023		2022
Advances to Officers and Employees		P	30,584	P	-
Advance to Trustees			-		813,520
Total Other Receivables	2,3,11,16	P	30,584	P	813,520

Advances to officers and employees pertain to the cash disbursed subject for liquidation. The management assessed that these are collectibles and no amounts are impaired.

Advances to trustees are collectible and no amounts are found impaired. No receivables have been pledged as a security for liabilities.

NOTE 6 OTHER CURRENT ASSETS

The account at December 31 consists of :

	NOTES		2023		2022
Deposit for OPE		P	42,581	P	32,781
Creditable Withholding Tax			-		757
Total Other Current Assets	2,3	P	42,581	P	33,538

Deposit for OPE pertains to Out of Pocket Deposit to various service providers that are subject for liquidation.

Creditable Withholding Tax pertains to the withholding tax withheld by the customers as evidenced by Certificate of Creditable Tax Withheld at Source (BIR Form 2307).

NOTE 7 PROPERTY AND EQUIPMENT, NET

Property and Equipment consists of:

		Balance Jan. 1, 2023		Additions		(Disposals)		Balance Dec. 31, 2023
Cost								
Office Equipment	P	36,990	P	331,972	P	-	P	368,962
Furniture and Fixtures		-		262,004		-		262,004
Leasehold Improvement		-		390,296		-		390,296
Total	P	36,990	P	984,272	P	-	P	1,021,262
Accumulated Depreciation								
Office Equipment	P	-	P	56,038	P	-	P	56,038
Furniture and Fixtures		-		38,639		-		38,639
Leasehold Improvement		-		292,722		-		292,722
Total	P	-	P	387,399	P	-	P	387,399
Carrying Amount	P	36,990					P	633,863

		Balance Jan. 1, 2022		Additions		(Disposals)		Balance Dec. 31, 2022
Cost								
Office Equipment	P	-	P	36,990	P	-	P	36,990
Total	P	-	P	36,990	P	-	P	36,990
Accumulated Depreciation								
Office Equipment	P	-	P	-	P	-	P	-
Total	P	-	P	-	P	-	P	-
Carrying Amount	P	-					P	36,990

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

The carrying amount of the property and equipment is equivalent to its fair value. No assets were found impaired.

For financial reporting purposes, depreciation is computed using the straight-line method over the estimated useful lives of the assets. Likewise, for income tax reporting purposes, depreciation is computed using the straight-line method.

NOTE 8 OTHER ASSETS

The account at December 31 consists of :

	NOTES	2023	2022
Security Deposit		P 109,200	P -
Deferred Tax Asset	15	-	30,512
Total Other Assets	2,3	P 109,200	P 30,512

Deferred tax asset consists primarily of the tax effect of Net Operating Loss Carry Over (NOLCO) which can be used against taxable income.

Security deposit refers to the amount given to the lessor of the building which shall be used to pay any damages that may be caused to the leased premises as well as any unpaid public utility bills for services rendered to the leased premises during the term of the lease contract and any balance of which will be refunded without interest.

NOTE 9 OTHER CURRENT LIABILITIES

The account at December 31 consists of :

	NOTES	2023	2022
VAT Payable	17	P 921,236	P -
Income Tax Payable		696,366	-
Accrued Expense		128,836	-
Withholding Tax Payable - Compensation		82,579	-
Withholding Tax Payable - Expanded		23,260	-
SSS, Philhealth and Pag-ibig Premium Payable		9,777	1,000
Percentage Tax Payable		-	18,471
Total Other Current Liabilities	2,3	P 1,862,054	P 19,471

Other current liabilities includes the current portion of the Company's statutory obligations which has been accrued as of the end of the year and is expected to be paid the following year.

NOTE 10 LOANS PAYABLE

The account at December 31 consists of :

	NOTES	2023	2022
Loans Payable	2,3,16	P 4,834,231	P 3,110,144

This account arises from unsecured interest-free loan from IFPI (South East Asia) Limited amounting to one hundred fifty-six thousand five hundred dollars (\$156,500.00) only upon and subject to the terms and conditions of both parties.

NOTE 11 RELATED PARTY TRANSACTIONS AND BALANCES

The Organization has the following transactions with its related parties:

Related Parties	Relationship	Nature of Transactions	Transactions during the Year		Outstanding balance	
			2023	2022	2023	2022
Advances to						
Trustees (see Note 5)	Members	Advances	P (813,520)	P 813,520	P -	P 813,520

Terms and Conditions of Transactions with Related Parties

Outstanding balances at year-end are unsecured, non-interest bearing and settlement occurs in cash. There are no guarantees provided or received for any related party receivables or payables. The outstanding balances receivables from and payable to the related parties are normally collectible or payable on demand. No allowance for impairment of receivables from members in 2023 and 2022.

Revenue Regulations (RR) No. 34-2020

On December 21, 2020, Bureau of Internal Revenue (BIR) issued RR 34-2020 which prescribes the guidelines and procedures on the submission of BIR Form No. 1709 [Related Party Transactions (RPT Form)], Transfer Pricing Documentation (TPD) and other supporting documents, amending for this purpose pertinent provisions of Revenue Regulations (RR) Nos. 19-2020 and 21-2002, as amended by RR No. 15-2010.

The Organization is not covered by the requirements and procedures for related party transactions under RR No. 34-2020.

Compensation of Key Management Personnel

The Organization has no compensation for key management personnel in 2023 and 2022.

NOTE 12 REVENUE

The account at December 31 consists of :

	NOTES		2023		2022
Licenses Revenue	2,3,17,18	P	11,158,457	P	1,810,214

NOTE 13 ADMINISTRATIVE EXPENSES

The account at December 31 consists of :

	NOTES		2023		2022
Salaries and Allowances		P	3,929,457	P	-
Professional Fees			1,220,647		-
Depreciation Expense			387,399		-
Rent Expense			340,947		-
Transportation and Travel Expense			314,017		-
Advertising and Promotions			232,803		35,025
Communication and Postage Expense			186,935		8,522
Contracted Services			148,000		150,000
SSS, Philhealth and Pag-ibig Benefits			138,271		-
Office Supplies			125,116		-
Fines and Penalties			118,941		-
Computer Software and Internet			111,456		-
Insurance Expense			86,233		-
Gifts and Token Expense			81,200		-
Percentage Tax Expense	17		75,534		18,102
Legal Fees			75,000		818,778
Seminars, Meetings and Training Expense			63,074		-
Miscellaneous Expense			63,015		66,667
Light and Water Expense			39,645		-
Utility, Maintenance and Supplies Expense			32,284		-
Input VAT Expense			16,200		85,602
Bank Charges			10,299		-
Printing Expense			5,000		423
Medical Expenses			1,175		31,266
Taxes and Licenses	17		720		6,829
Transportation Expense			-		2,729
Representation Expense			-		41
Total Administrative Expenses	2,3,18	P	7,803,368	P	1,223,984

Legal fees are payments to General Professional Partnership which are not subjected to withholding tax expanded.

Professional fees amounting to P367,798.00 in 2023 are payments to General Professional Partnership which are not subjected to withholding tax expanded.

NOTE 14 OTHER INCOME

The account at December 31 consists of :

	NOTES	2023	2022
Interest Income, net of final tax	2,3	P 2,040	P 382

NOTE 15 INCOME TAXES

The reconciliation of income tax computed at the statutory tax to income tax expense follows:

	2023	2022
Net Income (Loss) Before Tax	P 3,357,129	P 586,612
Add (Deduct): Reconciling Items		
Prior Year Adjustment	813,520	-
Fines and Penalties	118,941	-
Interest Income subjected to final tax	(2,040)	(382)
Disallowed Representation Expense	-	41
Net Taxable Amount Before NOLCO	P 4,287,550	P 586,271
Less: Application of NOLCO	152,556	586,271
Net Taxable Amount After NOLCO	P 4,134,994	P -
Multiplied By Prevailing Income Tax Rate	20%	20%
Current Income Tax recognized during the year	P 826,999	P -
Income Tax computed under MCIT (1.5% or 1% of Gross Income)	Year 3	Year 2
Income Tax Due (Higher Between RIT and MCIT)	P 826,999	P -
Less: Tax Credits		
Prior Year's Excess Credit	P 757	P -
Creditable Withholding Tax for the year	129,876	757
Total Tax Credits	P 130,633	P 757
Income Tax Still Due and Payable (Excess Carry Over)	P 696,366	P (757)

Schedule of Net Operating Loss Carry Over (NOLCO) in Pursuant to RR 25-2020

Year Incurred	NOLCO	Applied Prev. Year	Applied Current Year	Balance	Deferred Tax Asset	Expiry Year
2021	P 738,827	P (586,271)	P (152,556)	P -	P -	2026

RA No. 11534: Corporate Recovery Act and Tax Incentives for Enterprises (CREATE Law)

On March 26, 2021, RA No. 11534, Corporate Recovery Act and Tax Incentives for Enterprises (CREATE Law), amending the certain provisions of the National Internal Revenue Code of 1997, as amended, was signed into law and shall be effective retrospectively beginning July 1, 2020. The following are the major changes brought about by the CREATE Law that are relevant to the Company:

- a. regular corporate income tax rate is decreased from 30% to 20% starting July 1, 2020
- b. minimum corporate income tax is decreased from 2% to 1% starting July 1, 2020 until June 30, 2023
- c. the imposition of 10% tax on improperly accumulated earnings tax is repealed; and
- d. the allowance deduction for interest expense is reduced to 0% (from 33%) of the interest income subjected to final tax

NOTE 16 FINANCIAL INSTRUMENTS

The Company's financial assets and liabilities are recognized initially at cost which is the fair value of the consideration given (in the case of assets) or received (in the case of liability).

Fair values are determined by reference to market-based evidence, which is the amount for which the financial assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

The following tables set forth the carrying values and estimated fair values of the Company's financial assets and liability recognized as of December 31.

	2023		2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash in Bank	P 7,429,444	P 7,429,444	P 2,083,343	P 2,083,343
Other Receivable	-	-	813,520	813,520
Total Financial Assets	P 7,429,444	P 7,429,444	P 2,896,863	P 2,896,863
Financial Liability				
Loans Payable	P 4,834,231	P 4,834,231	P 3,110,144	P 3,110,144

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value.

Financial instruments whose carrying amounts approximate fair value. Management has determined that the carrying amounts of cash, other receivable and loans payable reasonably approximate their fair values because of their short maturities.

The company's credit risk is primarily attributable to its other receivable. Credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The company also undertakes supplemental credit review procedures for certain instalment payment structures. Customer payments are facilitated through various collection modes including post dated checks. There is no objective evidence yet to set a provision for impairment. Historical rates cannot be established since the company maintains a very good turn-over on collection.

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Company maintains cash to meet its liquidity requirements for up to 30-day periods and the Company maintains adequate highly liquid assets in the form of inventory to assure necessary liquidity. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Company monitors its liquidity needs by carefully monitoring scheduled debt payments for financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are being closely monitored, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly. The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, or issue new shares.

NOTE 17 IN COMPLIANCE WITH BIR REVENUE REGULATION NO. 15-2010 FOR THE YEAR 2023

On November 25, 2010 the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 15-2010 which prescribes additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying the tax returns. Under the said RR, companies are required to disclose, in addition to the disclosures mandated under PFRS for SEs and such other standards and/or conventions that may heretofore be adopted, in the Notes to the Financial Statements, information on taxes, duties and license fees paid or accrued during the taxable year. The following are the required information under RR No. 15-2010 for the year ended December 31, 2023:

A. VALUE ADDED TAX DECLARED

Revenue Subjected to Percentage Tax	P	2,989,682
Revenue Subjected to VAT		8,168,775
Total Revenue	P	11,158,457
Value-Added Tax Output		980,253
Less: Input VAT Claimed - Current Year		59,017
VAT Still Due and Payable	P	921,236

The Company changed its BIR registration from Percentage Tax to VAT effective October, 2023.

The Quarter 4 VAT payment has an over remittance of P65,262 and it will be carried over to Quarter 1 of 2024.

Percentage Tax Paid:	Rate Used		Revenue	Tax Due
Quarter 1	1%	P	723,322	7,233
Quarter 2	3%		1,626,892	48,807
Quarter 3	3%		649,785	19,494
Percentage Tax Expense		P		75,534

B. TAXES AND LICENSES PAID

BIR Annual Registration Fee	P	500
Other Taxes		220
Total Taxes and Licenses Paid	P	720

C. WITHHOLDING TAXES PAID

Withholding Tax - Compensation	P	633,977
Withholding Tax - Expanded		66,823
Total Withholding Taxes Paid	P	700,800

D. DEFICIENCY TAX ASSESSMENT AND TAX CASES

The Company does not have any tax deficiency assessment and tax cases as of the end of year.

**NOTE 18 SUPPLEMENTAL INFORMATION REQUIRED UNDER REVENUE REGULATION NO. 19-2011
FOR THE YEAR 2023**

On December 9, 2011 the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 19-2011 which prescribes the new BIR forms that will be used for income tax filing starting with Calendar Year 2011. Under the said RR, companies are required to use the revised Annual Income Tax Return form and as such, to disclose information on the itemized deductions claimed during the taxable year. The following are the information under RR No. 19-2011 for the year ended December 31, 2023:

The schedules and information on taxable income and deduction of the Company follows:

A. Revenues

Licenses Revenue	P 11,158,457
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B. Cost of Services

No cost of services incurred during the year.

C. Itemized Deductions

Details of itemized deductions are as follow:

Salaries and Allowances	P 3,929,457
Professional Fees	1,220,647
Depreciation Expense	387,399
Rent Expense	340,947
Transportation and Travel Expense	314,017
Advertising and Promotions	232,803
Communication and Postage Expense	186,935
Contracted Services	148,000
SSS, Philhealth and Pag-ibig Benefits	138,271
Office Supplies	125,116
Computer Software and Internet	111,456
Insurance Expense	86,233
Gifts and Token Expense	81,200
Percentage Tax Expense	75,534
Legal Fees	75,000
Seminars, Meetings and Training Expense	63,074
Miscellaneous Expense	63,015
Light and Water Expense	39,645
Utility, Maintenance and Supplies Expense	32,284
Input VAT Expense	16,200
Bank Charges	10,299
Printing Expense	5,000
Medical Expenses	1,175
Taxes and Licenses	720
Total Itemized Deductions	P 7,684,427

D. Special Deductions

Applied NOLCO	P 152,556
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