GREENKRAFT CORPORATION AUDITED FINANCIAL STATEMENT 2020

GREENKRAFT CORPORATION

W. Ng Building MacArthur Highway Cor. Rovimar St. Brgy. Balibago Angeles City Pampanga
TIN: 225-100-034-000

FINANCIAL STATEMENTS
As of December 31, 2020

GIL C. BERMUDEZ
CERTIFIED PUBLIC ACCOUNTANT

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

S.E.C. Registration Number

C S 2 0 0 3 0 8 5 9 8

Company Name

GREENKRAFT CORPORATION

Principal Office (No./Street/Barangay/City/Town)Province)

W NG BLDG MC ARTHUR HIWAY COR
ROVIMAR ST BALIBAGO ANGELES
PAMPANGA

Form Type	Department requiring the report	Secondary License Type, If Applicable
FS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
gkc.admin@greenkraft.com.ph	921-2717	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
6	03/22	12/31/2020

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
NIXON Y. LIM		921-2715	

Contact Person's Address

159-159 TANDANG SORA ST BAESA QUEZON 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

Note 2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's record 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.

GREENKRAFT CORPORATION

W. Ng Bldg MacArthur Highway Cor. Rovimar St. Brgy. Balibago, Angeles City Pampanga

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **GREENKRAFT CORPORATION** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, 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

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

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

GIL C. BERMUDEZ, CPA, the independent auditor appointed by the shareholders, has audited the financial statement of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

[redacted]

Nixon Y. Lim
President/ Chairman

[redacted]

Edmond Y. Lim
Corporate Treasurer

Signed this 12th day of April 2021.

SUBSCRIBED AND SWORN TO before me a Notary Public for in the City of QUEZON CITY PHILS. Metro Manila, this APR 1 4 2021 affiant being personally known to me and signed this instrument in my presence and avowed under penalty of law to the whole truth of the contents thereof.

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ATTY. [illegible] FLORES DIESTA
[illegible]
[illegible] 2021
[illegible]
[illegible] 2021)
[illegible] Quezon City
[illegible] Q.C. Chapter
[illegible] 2020, Pasig City
[illegible] Quezon City, 8-421-11-32

GREENKRAFT CORPORATION

W. Ng Bldg MacArthur Highway Cor. Rovimar St. Brgy. Balibago, Angeles City Pampanga

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The management of **GREENKRAFT CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the years ended December 31, 2020 and 2019. 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 all other tax returns.

In this regard, the management affirms that the attached audited financial statements for the years ended December 31, 2020 and 2019 and the accompanying Annual Income Tax Return are in accordance with the books and records of GREENKRAFT CORPORATION, complete and correct in all material respects. Management likewise affirms that:

(a) The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8- 2007 and other relevant issuances;

(c) **GREENKRAFT CORPORATION,** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all tax and other impositions shown to be due and payable have been paid for the reporting period, except those contested in good faith.

[redacted]
President/ Chairman

[redacted]
Corporate Treasurer

April 12, 2021

SUBSCRIBED AND SWORN TO before me this APR 1 4 2021 at QUEZON CITY PHILS. affiant exhibiting to me their Tax identification number

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ATTY. PORTIA D. FLORES DIESTA
Notary Public
Until December 31, 2021
[illegible]
[illegible] 2021)
PTR No. [illegible] Quezon City
[illegible] Chapter
MCLE [illegible], Pasig City
[illegible] Quezon City, 8-421-11-32

B&A
BERMUDEZ & ASSOCIATES
Certified Public Accountants

Timog Ave., Quezon City

Supplemental Statement of Independent Auditor

The Board of Directors
GREENKRAFT CORPORATION
W. Ng Bldg., Mc Arthur Highway Cor. Rovimar St., Brgy. Balibago Angeles City, Pampanga

We have audited the financial statements of GREENKRAFT CORPORATION for the year ended December 31, 2020, on which we have rendered the attached report dated April 12, 2021

In compliance with SRC Rule 68, we are stating that the said company has a total number of *six* (6) stockholders owning one hundred (100) or more shares each as of December 31, 2020, as disclosed in the notes to the financial statements.

BERMUDEZ & ASSOCIATES,
Certified Public Accountants

[redacted]

Gil C. Bermudez
Partner
CPA Reg. No. 0059357
TIN 169-302-027-000
PTR No.0789018, January 12, 2021, Quezon City
Firm BOA No. 9039, valid until November 21, 2023
BIR No. 07-100149-001-2020, valid until June 25, 2023
SEC No. 1320-AR-2, valid Until Sept 4, 2022 (Group C)

April 12, 2021
Quezon City, Metro Manila

www.bermudezcpas.ph
grbermudez88@yahoo.com
cbz.bermudezcpas@gmail.com
Unit 315 & 317 Sir William's Hotel Timog Ave., Quezon City
0917 848 2719 / 0917 330 7056
8911-8471 / 7799-2528

Report of Independent Auditor

The Board of Directors
GREENKRAFT CORPORATION
W. Ng Bldg., Mc Arthur Highway Cor. Rovimar St., Brgy. Balibago Angeles City, Pampanga

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **GREENKRAFT CORPORATION** which comprise the statements of financial position as at December 31, 2020 and 2019, and the statement of income, statements of changes in equity and statements of cash flow for the year then ended, and notes to the financial statements, including a summary of accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **GREENKRAFT CORPORATION** as at December 31, 2020 and 2019, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis

We have conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines together with ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our 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 PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material mistakes, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease or 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 communicare with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information required by the Bureau of Internal Revenue on taxes and licenses disclosed in the notes to the financial statements is presented for purposes of additional analysis and is not required part of financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BERMUDEZ & ASSOCIATES,
Certified Public Accountants

[redacted]

Gil C. Bermudez
Partner
CPA Reg. No. 0059357
TIN 169-302-027-000
PTR No.0789018, January 12, 2021, Quezon City
Firm BOA No. 9039, valid until November 21, 2023
BIR No. 07-100149-001-2020, valid until June 25, 2023
SEC No. 1320-AR-2, valid Until Sept 4, 2022 (Group C)

April 12, 2021
Unit 315 Sir Williams Hotel, Timog Ave., Quezon City

B&A BERMUDEZ & ASSOCIATES
Certified Public Accountants

Report of Independent Certified Public Accountant to Accompany Income Tax Return

The Board of Directors
GREENKRAFT CORPORATION
W. Ng Bldg., Mc Arthur Highway Cor. Rovimar St., Brgy. Balibago Angeles City, Pampanga

We have audited the financial statements of GREENKRAFT CORPORATION for the year ended December 31, 2020, on which we have rendered the attached report dated April 12, 2021.

In compliance with Revenue Regulation V-20, we are stating that we are not related by consanguinity or affinity to the president, manager or principal stockholders of the company.

BERMUDEZ & ASSOCIATES,
Certified Public Accountants

[redacted]

Gil C. Bermudez
Partner
CPA Reg. No. 0059337
TIN 169-302-027-000
PTR No.0789018, January 12, 2021, Quezon City
Firm BOA No. 9039, valid until November 21, 2023
BIR No. 07-100149-001-2020, valid until June 25, 2023
SEC No. 1320-AR-2, valid Until Sept 4, 2022 (Group C)

April 12, 2021
Quezon City, Metro Manila

PRACTITIONER'S COMPILATION REPORT

To Management of Greenkraft Corporation

We have compiled the accompanying financial statements of Greenkraft Corporation based on information you have provided. These financial statements comprise the statement of financial position of Greenkraft Corporation as at December 31, 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with Philippine Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with PFRS for SMEs.

[redacted]

EMIL B. BERNABE
BOA Number 3200
Valid until December 31, 2021
Board Certificate No. 77682
Tax Identification Number 116-179-222
BIR Accreditation No. 05-007215-010-2021
Valid until September 16, 2021
PTR No. 6552168   January 26, 2021
Manila, Philippines

GREENKRAFT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Peso)

	Notes		2020		2019
	ASSETS				
Current Assets					
Cash on hand and in bank	*4*	P	43,316,680	P	43,196,538
Trade Receivables	*5*		50,912,902		51,918,944
Inventories	*6*		216,161,898		201,994,031
Other Current Assets	*7*		57,257,201		60,873,651
Total Current Assets		P	367,648,681	P	357,983,164
Non-current Assets					
Other Non-current Assets	*8*	P	10,836,865	P	10,805,574
Investment in Securities	*9*		425,680,040		400,650,926
Property and Equipment - Net	*10*		527,661,737		516,544,419
Total Non-current Assets		P	964,178,642	P	928,000,919
TOTAL ASSETS		P	1,331,827,323	P	1,285,984,083
	LIABILITIES AND EQUITY				
Current Liabilities					
Trade Payables	*11*	P	671,662,311	P	425,798,378
Other Current Liabilities	*11*		650,877		1,411,194
Bank Loans Payable	*12*		174,999,999		391,315,932
Total Current Liabilities		P	847,313,187	P	818,525,505
Total Liabilities		P	847,313,187	P	818,525,505
Shareholders' Equity					
Share Capital	*13*	P	250,000,000	P	250,000,000
Cumulative Earnings-Unrestricted	*14*		234,514,135		217,458,578
Total Shareholders' Equity		P	484,514,135	P	467,458,578
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		P	1,331,827,323	P	1,285,984,083

See accompanying Notes to Financial Statements

GREENKRAFT CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes		2020		2019
Sales	16	P	545,597,976	P	741,843,263
Less: Cost of Sales and Services & Rental	17		468,400,293		639,955,184
Gross Income		P	77,197,683	P	101,888,079
Less: Operating Expenses					
General & Administrative Expenses	18	P	56,055,854	P	57,929,799
Total		P	56,055,854	P	57,929,799
Income from Operation		P	21,141,829	P	43,958,280
Total Income		P	21,141,829	P	43,958,280
Less: Interest Expenses	18		15,731,098		36,664,990
Total Income before Income Tax		P	5,410,731	P	7,293,290
Less: Provision for Income Tax	20		1,487,951		2,187,987
Net Income after Tax		P	3,922,780	P	5,105,303
Add: Other Income	15	P	13,683,308	P	11,258,768
Penalties			-		(25,179)
Total Net Income for the Year		P	17,606,088	P	16,338,892

See accompanying Notes to Financial Statements

APR 15 2021

GREENKRAFT CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Peso)

	Note		2020		2019		2018
Share Capital							
Authorized Share Capital	*13*	P	250,000,000	P	250,000,000	P	250,000,000
Subscribed Share Capital	*13*	P	250,000,000	P	250,000,000	P	250,000,000
Paid up Share Capital	*13*	P	250,000,000	P	250,000,000	P	250,000,000
Retained Earnings	*14*	P	217,458,578	P	201,670,951	P	179,569,596
Net Income (Loss)	*14*		17,606,088		16,338,892		22,551,883
Prior Period Adjustment	*14*		(550,530)		(551,265)		(450,528)
Retained Earnings, Ending	*14*	P	234,514,135	P	217,458,578	P	201,670,951
TOTAL SHAREHOLDERS' EQUITY		P	484,514,135	P	467,458,578	P	451,670,951

See accompanying Notes to Financial Statements

GREENKRAFT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	Note		2020		2019
Cash Provided (Used) by Operating Activities					
Net Income	*14*	P	17,606,088	P	16,338,892
Depreciation	*10,17,18*		33,365,751		31,368,311
Decrease (Increase) on Trade Receivables	*5*		1,006,042		37,368,812
Decrease (Increase) on Inventories	*6*		(14,167,867)		(24,248,059)
Decrease (Increase) on Prepayments	*7*		3,616,451		(18,679,959)
Increase (Decrease) on Trade Payables	*11*		245,863,933		414,239,693
Increase (Decrease) on Other Current Liabilities	*11*		(760,317)		(186,583)
Decrease (Increase) on Other Non-current Assets	*8*		(31,291)		
Total Cash (Used) by Operating Activities		P	286,498,789	P	456,201,107
Cash Provided (Used) by Investing Activities					
Leasehold Improvement	*10*	P	(611,437)	P	
Building Improvements	*10*	P	(16,415,267)	P	(96,399,932)
Acquisition of Machinery	*10*		(25,653,175)		-
Acquisition of Office Equipment	*10*		(1,734,528)		(2,692,143)
Acquisition of Transportation Equipment	*10*		(68,661)		
Construction in Progress	*10*		-		(17,857,143)
Decrease (Increase) in Investing	*9*		(25,029,114)		(3,562,849)
Total Cash Provided (Used) by Investing Activities		P	(69,512,182)	P	(135,929,425)
Cash Provided (Used) by Financing Activities					
Loans from Bank	*12*	P	687,592,124	P	1,066,421,116
Payment of Loans	*12*		(903,908,057)		(1,386,506,571)
Payment on Deficiency Tax	*14*		(550,530)		(551,265)
Total Cash Provided (Used) by Financing Activities		P	(216,866,463)	P	(320,636,720)
Net Increase (Decrease) on Cash and in Bank		P	120,144	P	(365,038)
Add: Cash on Hand and in Bank - Jan. 01	*4*		43,196,537		43,561,575
Cash on Hand and in Bank - Dec. 31		P	43,316,681	P	43,196,537

See accompanying Notes to Financial Statements

GREENKRAFT CORPORATION
SCHEDULE OF TAXES AND LICENSES (Note 25)

(Amounts in Philippine Pesos)
For the year ended December 31, 2020

Date	Particulars	O.R. No.	Amount
1/14/2020	Brgy. Clearance (Pampenga)	697911/698219	5,000.00
1/9/2020	Brgy. Clearance (Taguig)	5964090	1,500.00
1/24/2020	Annual Registration (Pampanga)	BPI	500.00
1/16/2020	Fire Safety Insurance (Nueva Ecija)	303038	1,800.00
1/17/2020	Sta Rosa, Nueva Ecija Mayor's Permit	6155273	24,654.00
1/16/2020	Other fees -Javalera	3872593	15,650.00
1/15/2020	Other fees Taguig	A-4773623	100.00
1/8/2020	Community Tax Certificate (Pampanga)	150957	10,500.00
1/15/2020	Annual Registration (Taguig City)	LANDBANK	500.00
1/18/2020	Taguig City Mayor's Permit (1-1)	4786217	376,179.34
1/22/2020	Pampanga Mayor's Permit (1-1)	1488205	88,790.39
1/15/2020	Annual Registration (Javalera, Cavité City)	BPI	500.00
1/28/2020	Lucena City Mayor's Permit (1-4)	1062326	55,887.17
1/22/2020	Annual Inspection Fee (Pampanga)	AC-1488204/AC-5184376	476.00
1/22/2020	Insurance (Pampanga)	937927	1,570.00
1/18/2020	Insurance (Taguig)	920469	1,870.00
1/22/2020	Fire Safety Insurance (Pampanga)	330481	500.00
1/16/2020	Annual Registration (Nueva Ecija)	CHINABANK	500.00
1/28/2020	Other fees Las Pinas	4806	43,250.00
1/20/2020	San Rafael Bulacan Mayor's Permit (1-4)	4053961	80,550.00
1/7/2020	Real Property Tax - Darasa	2208156-57	325,936.20
1/18/2020	Real Property Tax - Quezon City	7555720-9	6,671.94
1/20/2020	Las Pinas Mayor's Permit (1-4)	11918234J/11918235J	108,175.61
1/20/2020	Community Tax Certificate (Las Pinas)	207556	3,544.00
1/30/2020	Davao City Mayor's Permit (1-1)	6683665	147,954.17
1/24/2020	Cavite Mayor's Permit - Manggahan (1-4)	3264328	20,552.50
1/31/2020	Annual Registration (Las Pinas)	PNB	500.00
1/20/2020	Real Property Tax - Sta. Rosa Laguna	0801979	129,732.07
1/27/2020	Fire Safety Insurance (Cavite - Manggahan)	6994682	1,568.00
2/4/2020	Fire Safety Insurance (Cavite - Javalera)	20047930	3,218.00
2/4/2020	Cavite Mayor's Permit - Javalera (1-1)	3429356	183,033.30
6/17/2020	Taguig City Mayor's Permit (2-2)	A-4881343	366,891.59
6/17/2020	Pampanga Mayor's Permit (2-2)	AC-1542721	86,575.39
6/10/2020	Davao City Mayor's Permit (2-2)	3405569	128,254.17
7/7/2020	Cavite Mayor's Permit - Javalera (2-2)	3669622	161,103.29
7 01 2020	Taguig City Mayor's Permit (3-3)	A-4942603	366,891.59
7/15/2020	Pampanga Mayor's Permit (3-3)	AC-1553099	86,575.39
7/20/2020	Cavite Mayor's Permit - Javalera (3-3)	3680568	161,103.29
10/15/2020	Taguig City Mayor's Permit (4-4)	A-5018172	366,891.59
10/15/2020	Pampanga Mayor's Permit (4-4)	AC-1586054	86,575.39
10/16/2020	Cavite Mayor's Permit - Javalera (4-4)	0016641	161,103.29
10/19/2020	Davao City Mayor's Permit (4-4)	6753704	301,397.29
10/24/2020	Real Property Tax - Valenzuela		130,707.70
11/24/2020	Real Property Tax - Las Pinas	4872473-80	41,766.00
12/1/2020	SCCP Fee, PSE Fee and Sales Tax		23,256.55
12/16/2020	Real Property Tax - Lipa	3976871-75	325,936.20
12/29/2020	Real Property Tax - Sta. Rosa Laguna	1591033	19,565.76
12 10 2020	Real Property Tax - Plaridel Batangas	3771212	907.20
12 03 2020	Real Property Tax - Tanauan		325,936.20
Total		P	4,782,600.57

1 **Corporate Information**

GREENKRAFT CORPORATION (the Company) is corporation engaged in the business of trading of goods such as craft roll and other products or items on wholesale or retail basis. The Company was incorporated in the Philippines on April 10, 2003, with SEC Reg. No. CS200308598.

The registered office of the Company which is also its principal place of business is located at W. Ng Bldg McArthur Highway Cor. Rovimar St. Brgy Balibago Angeles City Pampanga. The Company was registered as a VAT Taxpayer with the Bureau of Internal Revenue (BIR) and was assigned Taxpayer Identification No. 225-100-034-000.

The financial statements of the Company for the year ended December 31, 2020 (including the comparatives for the year ended December 31, 2019) were approved by the Board of Directors and authorized for issue on April 12, 2021. The Board of Directors is empowered to make revisions even after the date of issue.

2 **Summary of Significant Accounting Policies**

Basis of Preparation

The financial statements have been prepared in compliance with Philippine Financial Reporting Standard (PFRS) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine interpretations from International Financial Reporting Interpretations Committee (IFRIC) and SEC provisions.

Measurement Bases

The financial statements are presented in Philippine Peso, the Company's functional currency. All values are in absolute amounts except when otherwise stated.

The financial statements have been prepared on a historical cost basis and are presented in Philippine Peso, the Company's functional currency. All values are stated in absolute amounts, unless otherwise indicated.

The financial statements of the Company have been prepared on the historical cost basis of accounting. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of consideration received in exchange for incurring a liability.

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 transaction date. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the 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 Company 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.

Further information about the assumptions made in measuring the fair values of financial assets and liabilities is included in Note 20 to financial statements.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS.

Effective for annual periods beginning on or after January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS – The amendments include new concepts affecting measurement, presentation and disclosure and derecognition; improved definitions and guidance-in particular the definition of an asset and a liability; and clarifications in important areas, such as the roles of stewardship, prudence, measurement uncertainty and substance over form in financial reporting.
- Amendments to PAS 1, Presentation of Financial Statements and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material – The amendments clarify the definition of "material" and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS standards. Based on the new definition, an information is "material" if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Effective for annual periods beginning on or after June 1, 2020-

- Amendments to PFRS 16, Leases – Covid-19 Related Rent Concessions – The amendments provide practical expedient to lessees from applying the requirements on lease modifications under PFRS 16 for eligible rent concessions that is a direct consequence of COVID-19 pandemic. A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment. The amendments do not affect lessors. Earlier application of the amendments is permitted.

The Company has benefited from a two-month waiver of lease payments on parking slots related to its office space lease. The waiver of lease payments of 24,000 has been accounted for as a negative variable lease payment in profit or loss. The Company has derecognized the part of the lease liability that has been extinguished by the forgiveness of lease payments, consistent with the requirements of PFRS 16.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS did not have any material effect on the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

New and Amended PFRS Issued But Not Yet Effective

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2020 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, Provisions, Contingent Liabilities and Contingent Assets, or IFRIC 21, Levies, instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.

- Amendments to PAS 37, Onerous Contracts - Cost of Fulfilling a Contract – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

  - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

  - Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

Effective for annual periods beginning on or after January 1, 2023-

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

Financial Assets and Liabilities

a. Recognition

The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using trade date accounting.

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. The best evidence of the fair value of a financial instrument at initial recognition is its transaction price unless the transaction price differs from its fair value. The best evidence of fair value is the quoted prices in an active market. If the market for a financial instrument is not active, the Company determines fair value by using a valuation technique whose variables include data from observable markets. The difference between the transaction price and the fair value (a "Day 1" difference) is recognized in profit or loss, unless it qualifies for recognition as some other type of asset. In cases where the valuation model uses unobservable data, the difference between the transaction price and the model value is only recognized in profit or loss when the inputs become observable, or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

b. Classification and Subsequent Measurements Policies

The Company classifies its financial assets at initial recognition under the following categories:
(a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

As at December 31, 2020 and 2019, the Company does not have financial assets and financial liabilities at FVPL and financial assets at FVOCI.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is 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.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in the statements of comprehensive income when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

The Company's cash, trade and other receivables and rental deposits as at December 31, 2020 and 2019 are classified under this category.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in the statements of comprehensive income when the liabilities are derecognized or through the amortization process.

The Company's trade and other payables (excluding statutory payables) and lease liabilities as at December 31, 2020 and 2019 are classified under this category.

c. Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model for managing these financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date). For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in the statements of comprehensive income.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in the statements of comprehensive income when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

d. Impairment Policy on Financial Assets at Amortized Cost

The Company records an allowance for expected credit losses (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

Trade Receivables. The Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Other Financial Instruments Measured at Amortized Cost. For these instruments, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date.

However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

e. Derecognition of Financial Assets and 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 when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its right to receive cash flows from the financial 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 Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company 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 statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

f. Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

g. Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial assset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

The Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

A financial instrument is classified as equity only if:

- The instrument includes no contractual obligation to deliver cash or another financial asset to another entity; and
- If the instrument will or may be settled in the issuer's own equity instruments, it is either:
  a. a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments; or
  b. a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments

Financial instruments are classified as liability or equity in accordance with the substance of the contractual agreement. Interests, gains and losses, and dividends relating to a financial instrument or a component that is a financial liability, are reported as expense or income.

Distributions to holders of financial instrument classified as equity are charged directly to liabilities and equity, net of any related income tax benefits.

<u>**Classification of Current and Noncurrent Assets and Liabilities**</u>

An asset is classified as current when:

- The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- The Company holds the asset primarily for the purpose of trading;
- The Company expects to realize the asset within 12 months after the reporting period; or;
- The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is classified as current when:

- The Company expects to settle the liability in its normal operating cycle
- The Company holds the liability primarily for the purpose of trading;
- The liability is due to be settled within 12 months after the reporting period;
- The Company does not have an unconditional.

All other liabilities are classified as noncurrent.

Inventories

Inventories are stated at the lower of cost and net realizable value (NRV). NRV represents the estimated selling price less all costs to be incurred in selling the goods. In determining the NRV, the Company considers any adjustment necessary for obsolescence.

When the NRV of the inventories is lower than the cost, the Company provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in the statements of comprehensive income. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the year in which the related revenue is recognized.

Creditable Withholding Taxes

Creditable withholding taxes (CWT) are deducted from income tax payable in the same year the revenue was recognized. CWT in excess of income tax payable are carried forward to the succeeding year. CWT are stated at face amount, less any impairment in value.

Other Assets

Other assets include prepayments, input value-added tax (VAT), and deferred input VAT

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to the statements of comprehensive income when incurred. Prepayments that are expected to be realized for no more than 12 months after the financial reporting period are classified as other current assets. Otherwise these are classified as other noncurrent assets.

Input VAT. Revenues, expenses and assets are generally recognized net of the amount of VAT.

The net amount of VAT recoverable from the taxation authority is presented as other current assets in the statements of financial position.

Deferred Input VAT. In accordance with the Revenue Regulation (RR) No. 16-2005, input VAT on purchases or imports of the Company of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding 1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter. Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed 1.0 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Deferred input VAT represents the unamortized amount of input VAT on capital goods and input VAT on the unpaid portion of availed services, including the use or lease of properties.

Deferred input VAT on capital goods is classified as current assets if it is expected to be claimed against output VAT over no more than 12 months after the reporting date. Otherwise these are classified as noncurrent assets.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, amortization and any impairment in value.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to operations in the year 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, such expenditures are capitalized as additional costs of property and equipment.

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

	Number of Years
Office Equipment	5 years
Transportation Equipment	5 years
Machinery and Equipment	5 years
Delivery Equipment	5 years
Production Tools	5 years
Leasehold Improvements	5 years
Building	25 years
Furniture and Fixtures	10 years

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

Fully-depreciated assets still in use are retained in the financial statements. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the financial statements and any resulting gain or loss is credited or charged to the statements of comprehensive income. Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount and are recognized in the statements of comprehensive income.

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

<u>Impairment of Nonfinancial Assets</u>

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in statements of comprehensive income.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of comprehensive income. After such reversal, the depreciation and amortization charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

<u>Contract Liabilities</u>

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

Unearned Income. Unearned income is recognized when advance collections are obtained from customers for performance obligations that are yet to be satisfied. Over time, the amount of unearned income is realized through satisfaction of performance obligations.

Customer Deposits. Customer deposits are recognized upon receipt of agreed down payments from customers. These are applied upon satisfaction of performance obligation and subsequent billing.

<u>Equity</u>

Capital Stock. Capital stock is measured at par value for all shares issued. Incremental costs incurred that are directly attributable to the issuance of new shares are shown in the equity as a reduction from the proceeds, net of tax. Proceeds and/or fair value of consideration received in excess of par value are recognized as additional paid-in capital.

Retained Earnings (Deficit). Retained earnings (deficit) represent the cumulative balance of net income and loss over the business operations of the Company.

<u>Revenue Recognition</u>

a. Revenue from Contract with Customers

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue arrangements.

Sale of Goods. Revenue is recognized at the point in time when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

Sale of Services. Revenue is recognized over time as customers receives and consumes the benefits provided by the entity through satisfaction of performance obligation.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer, if any.

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

There are no significant financing components, non-cash consideration and consideration payable to the customer in the Company's contract with customers.

b. The following specific recognition criteria must be met before other sources of revenue is recognized.

Other Income. Income from other sources is recognized when earned during the period

Cost and Expense Recognition

Cost and expenses are recognized in the statements of comprehensive income when a decrease in future economic benefit related to a decrease in an asset or an increase in liability has arisen that can be measured reliably.

Cost of Goods Manufactured and Sold. Cost of Goods Manufactured and Sold is recognized as expense when incurred for the production of the goods sold in a company.

Operating Expenses. Operating expenses are recognized when incurred and are reported in the statement of comprehensive income in the periods to which they relate.

Interest Expense. Interest expense is recognized in profit or loss as it accrues and is calculated using the effective interest method.

Leases

The Company assesses whether the contracts are, or contain, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company also assesses whether a contract contains a lease for each potential separate lease component.

Company as a Lessee. At the commencement date, the Company recognizes ROU asset and lease liability for all leases, except for leases with lease term of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Assets. At commencement date, the Company measures ROU asset are measured at cost, less any accumulated depreciation and impairment in value and revised for any remeasurement of lease liabilities. The cost of ROU assets includes:

- The amount of the initial measurement of lease liabilities;
- Lease payments made at or before the commencement date less any lease incentives received;
- Initial direct costs; and
- An estimation of costs to be incurred by the Company in dismantling and removing the underlying asset, when applicable.

The ROU assets are amortized over the lease term.

Lease Liabilities. At commencement date, the Company measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability comprise the following:

i. Fixed payments, including in-substance fixed payments;

ii. Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date;

iii. Amount expected to be payable by the lessee under residual value guarantees; and

iv. The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonable certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is recognized on all temporary differences at the reporting date between the carrying amount of the assets and liabilities in the financial statements and their corresponding tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and net operating loss carryover (NOLCO), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses 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 asset 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 asset to be recovered.

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

Deferred tax is recognized in the statements of comprehensive income except to the extent that it relates to items directly recognized in OCI.

Deferred tax assets and 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 taxation authority.

Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the end of the reporting year. Foreign exchange differences are credited or charged directly to profit or loss.

Provisions and Contingencies

Provisions are recognized when the Company 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 discounted using a current pre-tax rate that reflects, 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.

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

Events After the Reporting Date

Effect of Corona Virus Disease 2019 (COVID-19) Pandemic

On March 8, 2020, under Proclamation 922, the Office of the President has declared a state of public health emergency and subsequently on March 16, 2020 under Proclamation 929, a state of calamity throughout the Philippines due to the spread of the Corona Virus Disease 2019 (COVID-19). To manage the spread of the disease, the entire Luzon has been placed under the Enhanced Community Quarantine (ECQ), effective from March 17, 2020 until April 12, 2020, and undergone Modified Enhanced Community Quarantine (MECQ) to General Community Quarantine (GCQ) which involved several measures including travel restrictions, home quarantine and temporary suspension or regulation of business operations, among others, limiting activities related to the provision of essential goods and services.

This resulted in limited business operations in Luzon and in certain parts of the country. Given the restricted mobility in and out of the country and curtailed economic activities, the Company expects a significant decline in volume during the Community Quarantine period.

Hampered operations lead to lower sales and collection starting March. Most of the outstanding receivables have been overdue but the management assessed that these are collectible once the business operations recommence.

Despite this challenging business environment, the management does not foresee any going concern issue affecting its business operations given the measures implemented by the Company to lower down costs and expenditures. Furthermore, the Company continues to operate on a skeletal workforce during ECQ and provided transportation services and free lodging to its employees to ensure the continuity of its operations and generate cash flows to cover fixed costs.

The degree to which COVID-19 affects the Company's financial condition and results of operations will depend on the future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. The overall financial impact of the Community Quarantine for 2020 cannot be quantified at the date of these financial statements. Management will continue monitoring and evaluating them during the 2020 financial year.

3 Significant Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires management to make judgments, accounting estimates and assumptions that affect the amounts reported in the financial statements and notes. The judgments, accounting estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments

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

Determining Functional Currency. Based on management's assessment, the functional currency of the Company has been determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the operations of the Company.

Determination of Lease Term and Incremental Borrowing Rate. The lease term is a significant component in the measurement of both the ROU asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment. The Company uses its general borrowing rate adjusted for the lease terms, securities of an item with the underlying nature of the leased assets and expectations of residual value, among others.

Accounting Estimates and Assumptions

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

Estimating Allowance for ECL on Trade Receivables. Under PFRS 9, the Company measures ECL based on shared credit risk characteristics of trade receivables and uses a provision matrix based on historical default rates of trade receivables. The provision matrix specifies provision rates depending on the number of days that trade receivable is past due. The Company then calibrates the provision matrix to adjust historical credit loss experience with forward-looking information such as forecasted economic conditions. The Company regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual experience.The Company has assessed that the expected loss rates for trade receivables are reasonable.

Trade receivables amounted to P 50,912,902 and P 51,918,944 at December 31, 2020 and 2019, respectively (see Note 5).

Estimating Allowance for ECL on Other Financial Assets at Amortized Cost. The Company determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors: (a) actual or expected external and internal credit rating downgrade; (b) existing or forecasted adverse changes in business, financial or economic conditions; and (c) actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable counterparties with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized in 2020.

The carrying amount of other financial assets at amortized cost are as follows:

	Note		2020		2019
Cash in bank and onhand	4	P	43,316,680	P	43,196,538
Other noncurrent asset	7		10,836,865		10,805,574
		P	54,153,545	P	54,002,112

Estimating Useful Lives of Property and Equipment. The useful lives of property and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment and intangible assets would increase the recorded depreciation and amortization and decrease the carrying amounts of property and equipment.

The carrying amount of property and equipment as at December 31, 2020 and 2019 amounted to P 527,661,737 and P 516,544,419 respectively (see Note 10)

Assessing Impairment of Nonfinancial Assets. The Company assesses impairment of nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- 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; or
- Significant negative industry or economic trends.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

No impairment loss on nonfinancial assets was recognized by the Company in 2020 and 2019.

The carrying amounts of nonfinancial assets are as follows at December 31, 2020 and 2019 are as follows:

	Note		2020		2019
Creditable withholding tax		P	7,028,373	P	8,507,167
Other current assets	7		57,257,201		60,873,651
Property and equipment	8		527,661,737		516,544,419
		P	592,547,312	P	585,925,238

Determining NRV of Inventories. The Company estimates NRV of inventories based on the most reliable evidence available at the time the estimates are made, of the amount that the inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the year to the extent that such events confirm conditions existing at the end of the reporting year. A new assessment is made of NRV in each subsequent year. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is a clear evidence of an increase in NRV because of change in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV.

Determining Realizability of Deferred Tax Assets. The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces the amounts 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. The Company reviews its projected performance in assessing the sufficiency of future taxable income.

The Company's deferred tax assets amounted to P 29,935,931 and P 23,795,509 as at December 31, 2020 and 2019, respectively (see Note 20). Management has assessed that there will be sufficient future taxable income against which the deferred tax assets can be utilized.

4 *Cash*

This account consists of:

		2020		2019
Cash in Bank	P	43,254,680	P	43,169,538
Petty Cash fund		62,000		27,000
Total	P	43,316,680	P	43,196,538

5 *Trade and Other Receivables*

This account consists of:

		2020		2019
Trade Receivable	P	45,379,004	P	46,825,281
Non-Trade Receivable		5,533,898		5,093,663
Total	P	50,912,902	P	51,918,944

Trade receivables represent non-interest bearing receivables from various customers.

Non-trade receivables - other result from rental income, security income and other income and from sale of scrap materials.

All of the company's trade and other receivables have been reviewed for indicators of impairment based on management's evaluation no impairment losses on trade and other receivables need to be recognized for 2020 and 2019.

6 ***Inventories***

This account consists of:

		2020		2019
Merchandise Inventory	P	216,161,898	P	201,994,031
Total	P	216,161,898	P	201,994,031

These inventories are various unsold merchandise inventories. They are valued at the lower cost and estimated selling price less cost to sell. The carrying value of these inventories is equivalent to its fair value.

Cost is determined primarily on the basis of first-in first-out method.

Impairment test conducted revealed that there are no impaired inventories, thus, no allowace for impairment was provided. The carrying amount thereof is equivalent to its fair value.

7 ***Other Current Assets***

This account consists of:

		2020		2019
Excess Payment on W-tax - Compensation	P	-	P	5,161
Prepaid Insurance Expenses		2,818,881		9,766,606
Deferred Income Tax		29,935,931		23,795,509
Deferred Input Tax on Capital Goods (Current)		23,992,104		27,306,376
Excess Input Tax		510,286		-
Total	P	57,257,201	P	60,873,651

Prepaid Insurance Expense refers to the purchase of insurances for the year from outside parties and can be claimed as expense and ammortized on a monthly basis.

Deferred Input Tax on Capital Goods refers to the purchase of assets from outside parties and can be claimed as credit againts the companies VAT liabilities and ammortized on a monthly basis.

Excess payment on Withholding Tax Compensation represents tax withheld that can be claimed as credit against company's future withholding tax liability on Compensation.

Deferred Income Tax refers to the creditable withholding taxes withheld and issued by the customers and can be claimed as credit against the company's income tax liabilities.

8 ***Other Non-Current Assets***

This account consists of:

		2020		2019
Deferred Input Tax on Capital Goods (Non-current)				
Advances to Directors	P	7,600,000	P	7,600,000
Prepaid Rent		196,000		196,000
Rental Deposit		594,500		594,500
Meralco Deposit		2,446,365		2,415,074
Total	P	10,836,865	P	10,805,574

Prepaid rent represents deposits made by the Company in compliance with the lease agreement, which the company intends to apply against rental billing during the last few months of the lease term.

Meralco Deposit represents deposits made by the Company in compliance with their agreement.

9 ***Investment in Securities***

This account consists of:

		2020		2019
Investment in Securities	P	359,294,958	P	373,406,584
Available-for-Sale Financial Assets		66,385,082		27,244,342
Total	P	425,680,040	P	400,650,926

The Company have an investment in securities to Green Siam Resources Corporation amounting to P 76,500,000.00.

Details of available-for-sale financial assets are as follows:		2020		2019
Cost				
Balance at beginning of year	P	39,740,795	P	32,389,497
Purchase		28,888,646		9,585,048
Disposal		(3,859,531)		(2,233,750)
Balance at end of year	P	64,769,909	P	39,740,795

Changes in Fair Value				
Balance at the beginning of the year	P	(12,496,452)	P	(2,898,576)
Changes in Fair Value		(10,881,279)		(15,393,028)
Total	P	1,615,173	P	(12,496,452)
Total	P	66,385,082	P	27,244,343

The available-for-sale financial assets consisting of shares of various companies were measured at fair value based on quoted price as at December 31, 2020.

Management intends to dispose the AFS financial assets when the need arises.

10 ***Property and Equipment***

Balances and movements in this account are as follows:

2020

	Land	Building	Leasehold Improvements	office Equipment	Furniture and Fixtures	Machinery and Equipment	Production Tools	Transportation equipment	Construction in Progress	Total
Balance at 1/1/2020- Net of Accum. Depreciation	162,837,003	66,683,272	37,456,246	2,873,406	3	55,892,818	202,513	2,588,827	188,010,332	516,544,419
Additions	-	-	611,437	1,734,528	-	25,653,175	-	68,661	16,415,267	44,483,068
Depreciation	-	(4,061,925)	(4,927,215)	(874,386)		(22,158,010)	(162,000)	(1,182,215)	-	(33,365,751)
Balance at 12/31/2020 - Net of Accum. Depreciation	162,837,003	62,621,347	33,140,469	3,753,548	3	59,387,984	40,513	1,475,272	304,425,599	527,661,737
December 31, 2020										
Cost or Valuation	162,837,003	89,285,714	63,449,070	8,569,003	48,047	212,615,750	3,573,936	11,629,821	304,425,599	756,413,943
Accum. depreciation	-	(26,664,367)	(30,308,602)	(4,815,454)	(48,044)	(153,227,767)	(3,533,423)	(10,154,549)	-	(228,752,286)
Net carrying amount	162,837,003	62,621,347	33,140,469	3,753,548	3	59,387,984	40,513	1,475,272	304,425,599	527,661,737

2019

	Land	Building	Leasehold Improvements	office Equipment	Furniture and Fixtures	Machinery and Equipment	Production Tools	Transportation equipment	Construction in Progress	Total
Balance at 1/1/2019- Net of Accum. Depreciation	162,837,003	66,683,272	37,456,246	386,737	3	70,295,760	364,513	3,790,363	73,753,257	415,546,155
Additions	-	-	-	3,602,143	-	15,417,338	-	-	114,257,075	132,366,576
Depreciation		-	-	(375,474)	-	(29,820,301)	(162,000)	(1,210,536)	-	(31,568,311)
Balance at 12/31/2019 - Net of Accum. Depreciation	162,837,003	66,683,272	37,456,246	2,873,406	3	55,892,817	202,513	2,588,826	188,010,332	516,544,419
December 31, 2019										
Cost or Valuation	162,837,003	89,285,714	62,837,633	6,814,474	48,047	186,962,575	3,573,936	11,561,161	188,010,332	711,930,875
Accum. depreciation	-	[illegible]	[illegible]	[illegible]	(48,044)	(131,069,757)	(3,371,423)	(8,972,334)	-	[illegible]
Net carrying amount	162,837,003	66,683,272	37,456,246	2,873,406	3	55,892,818	202,513	2,588,827	188,010,332	516,544,419

11 ***Trade and Other Payables***

This account consists of:

		2020		2019
Trade Payables	P	661,929,873	P	413,187,574
Non-Trade Payables		9,732,438		12,610,804
Statutory payable				
Withholding Tax Payable-Compensation		20,244		586
Withholding Tax Payable-Expanded		521,014		584,650
SSS Contribution Payable		40,800		43,791
SSS Loan Payable		25,426		46,976
Philhealth Payable		14,396		26,835
Pag-ibig Contribution Payable		7,700		8,500
Pag-ibig Loans Payable		21,297		23,567
Vat Payable		-		675,283
Total	P	672,313,188	P	427,209,573

Trade payables are noninterest-bearing and are payable within 60 days

Statutory payables include output VAT, employee contributions and taxes withheld by the Company on employees' compensation and on payment to suppliers. These are remitted to respective regulatory agencies in the following month.

Deferred output VAT pertains to VAT on receivables from customers.

12 ***Loans Payable***

This account consists of:

		2020		2019
Bank Loans	P	174,999,999	P	391,315,932
Total	P	174,999,999	P	391,315,932

Bank Loans are subject to interest bearing and are normally settled depends on terms and conditions of the bank agreements.

13 ***Equity***

The Company is authorized to issue 250,000,000 shares of common stock at P 1.00 par value. Total par value of issued and outstanding shares as of December 31, 2019 amounts to P 250,000,000. The Company also has subscribed shares amounting to P 250,000,000. The company has six (6) stockholders owning one hundred (100) or more shares each.

The total Cumulative Retained Earnings as of December 31, 2020 and 2019 aggregates to P 234,514,135 and P 217,458,578 respectively.

This account consist of:	2020		2019	
	No. of Shares	Amount	No. of Shares	Amount
Authorized Share Capital - 250,000,000 shares				
@ Php 1.00 par value share	2,500,000	250,000,000.00	2,500,000	250,000,000.00
Increase of Capitalization	-	-	-	-
Total	2,500,000	250,000,000.00	2,500,000	250,000,000.00
Subscribed	2,500,000	250,000,000.00	2,500,000	250,000,000.00
Paid-up Share Capital - 2,500,000 shares @				
Php 1.00 par value share	2,500,000	250,000,000.00	2,500,000	250,000,000.00
Beginning of the year	2,500,000	250,000,000.00	2,500,000	250,000,000.00
Stock dividend	-	-	-	-
Additional Paid up	-	-	-	-
End of the year	2,500,000.00	250,000,000.00	2,500,000.00	250,000,000.00

14 ***Cumulative Earnings***

		2020		2019
Unrestricted				
Beginning of the year	P	217,458,578	P	201,670,951
Less: Prior Period Adjustment		(550,530)		(551,265)
Net Income		17,606,088		16,338,892
End of the Year	P	234,514,135	P	217,458,578
Total Cumulative Earnings	P	234,514,135	P	217,458,578

15 ***Other Income***

This account consists of the following:

		2020		2019
Interest Income	P	69,017	P	76,359
Dividend Income		15,597,300		9,983,960
Gain on Sale of Available for Sale of Securities		(1,983,009)		1,198,449
Total	P	13,683,308	P	11,258,768

Income from cash in banks amounted to P 69,017 and P 76,359 in 2020 and 2019, respectively.

Dividend Income and Gain on sale of Investment derived from the disposal of certain asset held-for-sale and from investments amounting to P13,614,291 and P11,182,410 in year 2020 and 2019, respectively.

16 ***Revenue***

This account consists of :

		2020		2019
Sales of Goods	P	457,037,276	P	631,462,672
Sales of Goods (Zero-rated)		22,203,805		41,410,904
Security Income		3,127,012		4,962,857
Rental Income		40,227,606		30,197,246
Other Service Income		23,002,278		33,810,484
Total	P	545,597,976	P	741,843,263

17 ***Cost of Sales and Services***

This account consists of the following:

		2020		2019
Inventory, beginning	P	201,994,031	P	177,748,971
Add: Purchases - Local	P	305,893,875	P	356,896,380
Purchases - Imported		42,013,469		128,364,875
Other Importation Charges		1,423,620		2,256,577
Total Purchases	P	349,330,965	P	487,517,832
Total Goods Available for Sales	P	551,324,996	P	665,263,803
Less: Inventory - Dec. 31	P	216,161,898	P	201,994,031
Cost of Sales	P	335,163,098	P	463,269,772
Add: Cost of Services and Rental				
Labor - Regular	P	9,280,088	P	12,248,574
Labor - Subcontract		40,139,724		35,678,473
SSS, Philhealth and Pag-ibig Cont.		855,627		1,047,803
13th Month Pay		652,574		992,355
Rental Expenses		1,054,536		934,786
Security Services		5,146,315		14,639,831
Security - Salaries		6,722,598		2,089,529
Repairs and Maintenance (service)		159,186		-
Repairs and Maintenance (materials)		18,700,092		17,980,717
Outside Service		669,960		31,941,559
Light and Water		18,760,257		20,392,896
Fuel Expenses		2,298,651		6,973,617
Baling Charges		2,415,654		1,782,972
Depreciation Expenses		26,381,935		29,942,301
Cost of Services and Rental	P	133,237,195	P	176,688,413
Total Cost of Sales and Services and Rental	P	468,400,293	P	639,958,184

18 ***General and Administrative Expenses***

This account consists of the following:

		2020		2019
Salaries and Wages	P	4,841,954	P	2,241,901
SSS, Philhealth and Pag-ibig Cont.		382,656		357,223
13th Month Pay		754,051		186,825
Association Dues		1,900,186		1,900,187
Commissions		1,596,327		2,372,744
Depreciation Expense		6,983,816		1,386,010
Gasoline Expenses		447,252		310,027
Insurance Expenses		10,812,446		6,056,690
Light and Water		2,084,473		2,265,877
Miscellaneous Expenses		161,914		1,043,394
Office Supplies Expenses		486,500		815,554
Postage, Tel. and Telegraph		472,865		241,810
Professional fee		116,000		96,000
Rental Expenses		120,000		120,000
Repairs and Maintenance (materials)		2,077,788		1,968,307
Repairs and Maintenance (office)		202,429		880,210
Repairs and Maintenance (service)		17,687		29,550
Representation Expenses		905,679		998,946
Security - Salaries		746,955		232,170
Security Services		571,813		1,626,648
Taxes and Licenses		4,782,601		3,477,978
Transportation and Travel		121,486		1,060,930
Trucking Expenses		13,301,201		22,203,675
Various Bank Charges		2,167,795		5,857,135
Interest Expense		15,731,098		30,664,990
Total	P	71,786,952	P	94,594,790
Add: Penalty		-		25,179
Total General and Administrative Expenses	P	71,786,952	P	94,619,969

19 ***Salaries and Employee Benefits***

Expenses recognized for salaries and employee benefits for "Cost of Sales and Service" and "General and Administrative Expenses" in 2020 and 2019 are presented below:

		2020		2019
Salaries and wages, 13th Month	P	15,528,647	P	15,669,655
Social security, Philhealth, Pagibig		1,238,283		1,405,025
Total	P	16,766,930	P	17,074,680

20 **Income Tax**

Pursuant to Revenue Regulations No. 5-2021 that implements the new Income Tax rates on regular income of corporations under RA No. 11534 (Corporate Recovery and Tax Incentives for Enterprises Act or CREATE Act), The Income tax computation is presented below:

		2020		2019
Income before Income Tax for the year	P	5,410,731	P	7,293,290
Taxable Income per month		450,894		
Tax Due:				
January 1, 2020 to June 30, 2020 - 30%		811,610		
July 1, 2020 to December 31, 2020 - 25%		676,341		
RCIT	P	1,487,951	P	2,187,987

		2020		2019
Revenue	P	545,597,976	P	741,843,263
Cost of Sales		(468,400,293)		(639,955,184)
Gross Income	P	77,197,683	P	101,888,079
Taxable Income per month		6,433,140		
Tax due:				
January 1, 2020 to June 30, 2020 - 2%		771,977		
July 1, 2020 to December 31, 2020 - 1%		385,988		
MCIT	P	1,157,965	P	2,037,762

		2020		2019
RCIT vs MCIT (whichever is higher)		1,487,951		2,187,987
Prior Year's Excess Credits Other than MCIT	P	23,795,509	P	17,476,328
Creditable Tax Withheld		7,628,373		8,507,167
Income Tax Deferred (Tax Credit)	P	(29,935,931)	P	(23,795,509)

The Company's income tax rate is 30% for the period January-June 2020 and 25% for the period of July-December 2020 of net income under CREATE Law. The net deferred tax asset for 2020 and 2019 is P 20,935,931 and P 23,795,508 respectively.

21 **Financial Risk Management Objectives and Policies**

The Company's financial instruments consist mainly of financial assets and financial liabilities directly related to operations, specifically cash in banks, trade and other receivables, trade and other payables (excluding statutory payables) and lease liabilities.

The Company's risk management is handled by the key officers of the company and focuses on actively securing the company's short-to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant risks to which the Company is exposed to are described below.

Credit Risk

The Company's exposure to credit risk arises from the failure on the part of its counterparty in fulfilling its financial commitments to the Company under the prevailing contractual terms. Financial instruments that potentially subject the Company to credit risk consist primarily of cash, trade and other receivables and rental deposit.

Trade Receivables

The Company trades mainly with recognized, credit-worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade receivable balances are monitored on an ongoing basis to ensure timely collections. Historically, trade receivables are substantially collected within one year

There are no guarantees against these trade receivables but the management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk. Trade receivables that are past due within 31 to 120 days were not considered in default since it was demonstrated that the non-payment was due to administrative oversight rather than resulting from financial difficulty of the borrower.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's principal transactions are carried out in Philippine Peso (PHP) and its exposure to foreign currency risk arise primarily with respect to the Company's sale and purchase of goods in dealings denominated in United States Dollar (USD).

The table below summarizes the Company's exposure to currency risk on foreign currency-denominated assets and liabilities and total PHP equivalents:

	2020			
		USD		PHP
Financial Assets:				
Cash in Banks	$	24,633	P	1,174,990
Trade and other receivables		6,587		314,209
	$	31,220	P	1,489,199
Financial Liabilities:				
Bank Loans Payable	$	500,000	P	23,850,000

	2019			
		USD		PHP
Financial Assets:				
Cash in Banks	$	92,617	P	4,714,212
Trade and other receivables		51,158		2,603,963
	$	143,775.54	P	7,318,174.99
Financial Liabilities:				
Bank Loans Payable	$	-	P	-

The Company used an exchange rate of PHP 47.70 and PHP 50.90 per USD to restate the outstanding balances of foreign currency-denominated financial assets and liabilities as at December 31, 2020 and 2019, respectively.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and financial liabilities. The Company's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread in refinancing maturities.

The Company's financial liabilities (excluding statutory liabilities) based on contractual undiscounted payments amounted to P 846,662,310 and P 817,114,310 as at December 31, 2020 and 2019, respectively.

Capital Management

The primary objective of the Company's capital risk management is to ensure that it maintains strong and healthy financial position to support its current business operations. The Company considers its capital stock and retained earnings as at December 31, 2020 and 2019 as its capital employed. The Company maintains its current capital structure, and will make adjustments, if necessary, in order to generate a reasonable level of returns to the stockholders over the long term. No changes were made in the objectives, policies or processes in 2020 and 2019.

22 Fair Value Measurement

The carrying amounts of the following financial assets and liabilities approximate their fair values primarily due to the relatively short-term maturity of these financial instruments:

		2020		2019
Financial Assets				
Cash on Hand and in bank	P	43,316,680	P	43,196,538
Trade Receivables		50,912,902		51,918,944
Inventories		216,161,898		201,994,031
Other Current Assets		57,257,201		60,873,651
Other Non-Current Assets		10,836,865		10,805,574
Investment in Securities		425,680,040		400,650,926
Property Plant & Equipment- Net		527,661,737		516,544,419
Total	P	1,331,827,323	P	1,285,984,083
Financial Liabilities				
Trade Payables	P	671,662,311	P	425,798,378
Other Current Liabilities		650,877		1,411,194
Loans Payable		174,999,999		391,315,932
Total	P	847,313,187	P	818,525,504

23 Capital Management Policy

The primary objective of the Company's capital management is to ensure that it maintains a strong and healthy financial position to support its current business operations and maximize shareholder value.

The Company considers its equity amounting to P 484,514,135 and P 467,458,578 as at December 31, 2020 and 2019, respectively, as capital employed.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust its borrowings or raise capital. No changes were made in the objectives, policies or processes in 2020 and 2019.

24 Lease Commitments

The Company has operating lease agreements for its main office and branch sites. These leases are for a period of one (1) year and are renewable as mutually agreed by the parties.

Rental expense amounted toP1,174,536 and P1,054,786 in 2020 and 2019. This is presented under the "Cost of Good Manufactured and Sold" and "General and Administrative Expenses" accounting the statement of comprehensive income. The Company did not recognize the leases on their balance sheet since the term is 12 months or less.

25 Supplementary Information Required by the Bureau of Internal Revenue (BIR)

Revenue Regulations No. 15-2010

The information for 2020 required by the above regulation is presented below.

Output VAT

The Company's total output VAT amounting to P 62,807,301 related to taxable sale of goods amounting to P 523,394,171 and zero rated sales amounting to P 22,203,805 in 2020.

The outstanding deferred VAT payable amounting to P 510,286 as of December 31, 2020 is presented under the Other current liabilities account in the 2020 statement of financial position.

This account consists of :		Tax Base	Output Tax
Sale of Goods			
Vatable sales	P	523,394,171	62,807,301
Zero-rated sale		22,203,805	-
Total Output	**P**	**545,597,976**	62,807,301

The difference between the revenues declared per VAT return and the amount presented in the statements of comprehensive income pertain to reported unearned income in 2020.

Input VAT

The Company is subject to Percentage Tax.

The movements in input VAT in 2020 are summarized below.

This account consists of :		Input Tax
Balance at beginning for the year	P	27,306,376
Deferred Input Tax		(510,286)
Input VAT for Capital Goods		5,337,968
Input VAT for Purchases		37,437,520
Services lodged under other accounts		10,449,396
Input VAT on Importation		1,675,731
Input VAT subject for amortization ending		(23,992,104)
Total	P	57,704,602
Total Vat Payments	P	5,102,699

Other Taxes and Licenses

This includes all other taxes, local and national, shown in "Administrative expenses" account as presented in the statement of comprehensive income.

For the year ended December 31, 2020, other taxes and licenses of the Company consist of:

		2020
Local		
	Business permits and licenses	3,350,139
	Others	1,420,962
National		
	BIR annual registration	2,500
		4,782,601

Withholding Taxes

The amount of withholding taxes paid and accrued for the year December 31, 2020 amounted to:

	2020
Compensation	175,918
Expanded	6,090,867
	6,266,785

Tax Assessments

The Company has no pending deficiency tax assessment from the BIR as at December 31, 2020.

Tax Cases

The Company has no pending deficiency tax case in courts or other regulatory bodies outside of the BIR as at December 31, 2020.

Revenue Regulations No. 19-2011

The information for 2020 required by the above regulation is presented below.

Taxable Revenue

The Company's total taxable revenue in 2020 amounted to ₱ 17,606,088.

Deductible Cost of Service

The Company's deductible cost of sales and services which are subject to regular tax rate are shown below:

	2020
Inventory, beginning	201,994,031
Purchases - Local	305,893,875
Purchases - Imported	42,013,469
Other Importation Charges	1,423,620
Total Goods Available for Sales	551,324,996
Less: Inventory - Dec. 31	216,161,898
Cost of Sales	335,163,098
Add: Cost of Services and Rental	
Labor - Regular	9,280,088
Labor - Subcontract	40,139,724
SSS, Philhealth and Pag-ibig Cont.	855,627
13th Month Pay	652,574
Rental Expenses	1,054,536
Security Services	5,146,315
Security - Salaries	6,722,598
Repairs and Maintenance (materials)	18,700,092
Repairs and Maintenance (service)	159,186
Outside Service	669,960
Light and Water	18,760,257
Fuel Expenses	2,298,651
Baling Charges	2,415,654
Depreciation Expenses	26,381,935
Cost of Services & Rental	133,237,195
Total Cost of Sales and Services & Rental	468,400,293

Other Deductible Expenses

Commissions	1,596,327
Light and Water/ Postage, Tel. and Telegraph	2,557,338
Depreciation Expense	6,983,816
Gasoline Expenses	447,252
Insurance Expenses	10,812,446
Interest Expense	15,731,098
Miscellaneous Expenses	161,914
Office Supplies Expense	486,500
Association Dues/ Trucking Expenses / Various Bank Charges	17,369,183
Professional fee	116,000
Rental Expenses	120,000
Repairs and Maintenance - Materials	2,077,788
Repairs and Maintenance (office)	202,429
Repairs and Maintenance (service)	17,687
Representation Expenses	905,679
Salaries and Wages/ 13th Month Pay	5,505,985
Security Services	571,813
Security - Salaries	746,955
SSS, Philhealth and Pag-ibig Cont.	382,656
Taxes and Licenses	4,782,601
Transportation and Travel	121,486
Total	71,786,952

GREENKRAFT CORPORATION AUDITED FINANCIAL STATEMENT 2021

GREENKRAFT CORPORATION

W. Ng Building MacArthur Highway Cor. Rovimar St. Brgy. Balibago Angeles City Pampanga
TIN: 225-100-034-000

FINANCIAL STATEMENTS
As of December 31, 2021

BERMUDEZ & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

S.E.C. Registration Number

C S 2 0 0 3 0 8 5 9 8

Company Name

G R E E N K R A F T   C O R P O R A T I O N

Principal Office (No./Street/Barangay/City/Town)Province)

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
F S		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
gkc.admin@greenkraft.com.ph	921-2717	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
6	03/22	12/31/2021

CONTACT PERSON INFORMATION

The designated contact person MUST be an officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
NIXON Y. LIM		921-2716	

Contact Person's Address

159-169 TANDANG SORA ST BAESA QUEZON 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.

Note 2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's record 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.

GREENKRAFT CORPORATION

W. Ng Bldg MacArthur Highway Cor. Rovimar St. Brgy. Balibago, Angeles City Pampanga

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **GREENKRAFT CORPORATION** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year ended December 31, 2021 and 2020, 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 form 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 concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

BERMUDEZ & ASSOCIATES, CERTIFIED PUBLIC ACCOUNTANTS, the independent Accounting Firm appointed by the stockholders, has audited the financial statement of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

[redacted]
President/Chairman

[redacted]
Corporate Treasurer

[redacted]

Signed this April 12, 2022

SUBSCRIBED AND SWORN TO before me this APR 1 2 2022 at QUEZON CITY PHILS. affiant exhibiting to me their Tax identification number [redacted] respectively.

[redacted]

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Page No. 84
Book No. C4
Series of 2022

ATTY PORTIA D. FLORES-DIESTA
NOTARY PUBLIC
Extended Until June 30, 2022
Attorney's Roll No. 41184
Notarial Commission No. 143 (2020-2021)
PTR NO 1783000D 01/04/2022, Quezon City
IBP LRN NO. 039543-Q.C. Chapter
MCLE Cert. No. VI-0029831 01/09/2020, Pasig City
215 Boni Serrano Rd. Murphy Quezon City, 8-421-11-37

GREENKRAFT CORPORATION

W. Ng Bldg MacArthur Highway Cor. Rovimar St. Brgy. Balibago, Angeles City Pampanga

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The management of **GREENKRAFT CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the years ended December 31, 2021 and 2020. 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 all other tax returns.

In this regard, the management affirms that the attached audited financial statements for the years ended December 31, 2021 and 2020 and the accompanying Annual Income Tax Return are in accordance with the books and records of **GREENKRAFT CORPORATION**, complete and correct in all material respects. Management likewise affirms that:

(a) The Annual Income Tax Return has been perpared in accordance with the provisions of the National Internal Revenue Code, as amended and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) **GREENKRAFT CORPORATION,** 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.

[redacted]	[redacted]
Nilson Y. Lim	[illegible] Y. Lim
President/Chairman	Corporate Treasurer

Signed this 12th day of April 2022.

SUBSCRIBED AND SWORN TO before me this APR 1 2 2022 at QUEZON CITY PHILS. affiant exhibiting to me their Tax identification number

ATTY PORTIA D. FLORES-DIESTA
NOTARY PUBLIC
Extended Until June 30, 2022
Attorney's Roll No. 41164
Notarial Commission No. 143 (2020-2021)
PTR NO 1783000D 01/04/2022, Quezon City
IBP LRN NO. 030543-Q.C. Chapter
MCLE Cert. No. VI-0029931 01/08/2020, Pasig City
Bonnie Serrano Rd. Murphy Quezon City, 8-421-11-32

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JOANNE S. VALDEZ
Revenue Officer

BERMUDEZ & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
www.bermudezcpas.ph

Unit 502 Milandre Center
Quezon Ave, Quezon City
8911-6471 / 7799-2528
09178482719 / 09778307058

Supplemental Statement of Independent Auditor

The Board of Directors
GREENKRAFT CORPORATION
W. Ng Bldg McArthur Highway, Cor. Rovimar St., Brgy. Balibago Angeles City Pampanga

We have audited the financial statements of GREENKRAFT CORPORATION for the year ended December 31, 2021, on which we have rendered the attached report April 12, 2022.

In compliance with the revised SRC Rule 68, we are stating that the said company has a total number of six (6) stockholders owning one hundred (100) or more shares each as of December 31, 2021, as disclosed in the notes to the financial statements.

BERMUDEZ & ASSOCIATES,
Certified Public Accountants

Gil C. Bermudez
Partner
CPA Reg. No. 0059357
TIN 169-302-027-000
PTR No. 2180309, January 21, 2022, Quezon City
Firm BOA No. 9039, valid until November 21, 2023
BIR No. 07-100149-001-2020, valid until June 25, 2023
SEC No. 1320-AR-2, valid Until Sept 4, 2022 (Group C)

Unit 502 Milandre Center, Quezon Avenue, Quezon City
April 12, 2022

BUREAU OF INTERNAL REVENUE
Revenue Region No. 4
RDO 21A, North, Pampanga
Collection Section
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JOANNE S. VALDEZ
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gcbermudez88@yahoo.com
cbs.bermudezcpas@gmail.com

Report of Independent Auditor

The Board of Directors
GREENKRAFT CORPORATION
W. Ng Bldg McArthur Highway, Cor. Rovimar St.,
Brgy. Balibago Angeles City Pampanga

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of **GREENKRAFT CORPORATION** which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **GREENKRAFT CORPORATION** as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Basis
We have conducted our audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines together with ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our 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 are responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material mistakes, whether due to fraud or error.

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information required by the Bureau of Internal Revenue on taxes and licenses disclosed in the notes to the financial statements is presented for purposes of additional analysis and is not required part of financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BERMUDEZ & ASSOCIATES,
Certified Public Accountants

Gil C. Bermudez
Partner
CPA Reg. No. 0059357
TIN 169-302-027-000
PTR No. 2180309, January 21, 2022, Quezon City
Firm BOA No. 9039, valid until November 21, 2023
BIR No. 07-100149-001-2020, valid until June 25, 2023
SEC No. 1320-AR-2, valid Until Sept 4, 2022 (Group C)

Unit 502 Milandre Center, Quezon Avenue, Quezon City
April 12, 2022

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CERTIFIED PUBLIC ACCOUNTANTS
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gcbermudez@yahoo.com
cins.bermudezcpas@gmail.com

Report of Independent Certified Public Accountant to Accompany Income Tax Return

The Board of Directors
GREENKRAFT CORPORATION
W. Ng Bldg McArthur Highway, Cor. Rovimar St., Brgy. Balibago Angeles City Pampanga

We have audited the financial statements of GREENKRAFT CORPORATION for the year ended December 31, 2021, on which we have rendered the attached report April 12, 2022.

In compliance with Revenue Regulation V-20, we are stating that we are not related by consanguinity or affinity to the president, manager or principal stockholders of the company.

BERMUDEZ & ASSOCIATES,
Certified Public Accountants

Gil C. Bermudez
Partner
CPA Reg. No. 0059357
TIN 169-302-027-000
PTR No. 2180309, January 21, 2022, Quezon City
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Unit 502 Milandre Center, Quezon Avenue, Quezon City
April 12, 2022

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8011-6471 / 7799-2526
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
GREENKRAFT CORPORATION
W. Ng Bldg McArthur Highway, Cor. Rovimar St.,
Brgy. Balibago Angeles City Pampanga

I have audited in accordance with Philippine Standards on Auditing, the accompanying financial statements of GREENKRAFT CORPORATION (the Company) as at and for the year ended December 31, 2021, on which I have rendered my report dated April 12, 2022. Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary schedules as at December 31, 2021 are the responsibility of the Company's management. These supplementary schedules include the following:

- Reconciliation of Retained Earnings Available for Dividend Declaration

These schedules are presented for the purpose of complying with the Revised Securities Regulation Code Rule 68, as amended, and is not part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. Our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

BERMUDEZ & ASSOCIATES,
Certified Public Accountants

Gil C. Bermudez
Partner
CPA Reg. No. 0059357
TIN 169-302-027-000
PTR No. 2180309, January 21, 2022, Quezon City
Firm BOA No. 9039, valid until November 21, 2023
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JOANNE S. VALDEZ
Revenue Officer

April 12, 2022
Unit 502 Milandre Center, Quezon Avenue, Quezon City

PRACTITIONER'S COMPILATION REPORT

To Management of Greenkraft Corporation

We have compiled the accompanying financial statements of Greenkraft Corporation based on information you have provided. These financial statements comprise the statement of financial position of Greenkraft Corporation as at December 31, 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with Philippine Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.
These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with PFRS for SMEs.

EMIL B. BERNABE
BOA Number 3200
Valid until December 31, 2023
Board Certificate No. 77682
Tax Identification Number 116-179-222
BIR Accreditation No. 05-003215-010-2020
Valid until December 31, 2023
PTR No. 0718351 January 28, 2022
Caloocan City

BUREAU OF INTERNAL REVENUE
Revenue Region No. 4
RDO 21A North Pampanga
Collection Section
RECEIVED
MAY 16 2022
JOANNE S. VALDEZ
Revenue Officer

GREENKRAFT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020
(Amounts in Philippine Peso)

	Notes		2021		2020
ASSETS					
Current Assets					
Cash on hand and in bank	4	P	38,768,729	P	43,316,680
Trade Receivables	5		79,219,847		50,912,902
Inventories	6		185,268,075		216,161,898
Other Current Assets	7		64,887,546		57,257,201
Investment in Securities	8		449,425,025		425,680,040
Total Current Assets		P	817,569,222	P	793,328,721
Non-current Assets					
Other Non-current Assets	9	P	10,836,865	P	10,836,865
Property and Equipment - Net	10		585,112,841		527,661,737
Total Non-current Assets		P	595,949,706	P	538,498,602
TOTAL ASSETS		P	1,413,518,929	P	1,331,827,323
LIABILITIES AND EQUITY					
Current Liabilities					
Trade Payables	11	P	777,595,172	P	671,662,311
Other Current Liabilities	11		1,553,309		650,877
Trade and Other Payables			779,148,480		672,313,188
Non-Current Liabilities					
Bank Loans Payable	12		129,954,120		174,999,999
Total Liabilities		P	909,102,601	P	847,313,187
Shareholders' Equity					
Share Capital	13	P	250,000,000	P	250,000,000
Cumulative Earnings-Restricted	14		20,000,000		
Cumulative Earnings-Unrestricted	14		234,416,328		234,514,135
Total Shareholders' Equity		P	504,416,328	P	484,514,135
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		P	1,413,518,929	P	1,331,827,323

See accompanying Notes to Financial Statements

GREENKRAFT CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes		2021		2020
Sales	*16*	P	800,216,910	P	545,597,976
Less: Cost of Sales and Services & Rental	*17*		732,820,006		468,400,292
Gross Income		P	67,396,904	P	77,197,684
Less: Operating Expenses					
General & Administrative Expenses	*18*	P	46,754,428	P	56,055,854
Total		P	45,754,428	P	56,055,854
Income from Operation		P	21,642,476	P	21,141,830
Total Income		P	21,642,476	P	21,141,830
Less: Interest Expenses	*18*		6,970,607		15,731,098
Total Income before Income Tax		P	14,671,869	P	5,410,732
Less: Provision for Income Tax	*20*		3,667,967		1,487,951
Net Income after Tax		P	11,003,901	P	3,922,781
Add: Other Income	*15*	P	9,500,054	P	13,683,306
Penalty			(1,000)		-
Total Net Income for the Year		P	20,502,955	P	17,606,087

See accompanying Notes to Financial Statements

BUREAU OF INTERNAL REVENUE
Revenue Region No. 4
RDO 21A, North Pampanga
Collection Section
RECEIVED
MAY 16 2022
JOANNE S. VALDEZ
Revenue Officer

GREENKRAFT CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Amounts in Philippine Peso)

	Note		2021		2020
Share Capital					
Authorized Share Capital	13	P	250,000,000	P	250,000,000
Subscribed Share Capital	13	P	250,000,000	P	250,000,000
Paid up Share Capital	13	P	250,000,000	P	250,000,000
Retained Earnings	14	P	234,514,135	P	217,458,578
Net Income (Loss)	14		20,502,955		17,606,087
Prior Period Adjustment	14		(600,762)		(550,530)
Retained Earnings, Ending	14	P	254,416,328	P	234,514,135
TOTAL SHAREHOLDERS' EQUITY		P	504,416,328	P	484,514,135

See accompanying Notes to Financial Statements

GREENKRAFT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Amounts in Philippine Pesos)

	Note		2021		2020
Cash Provided (Used) by Operating Activities					
Net Income	14	P	20,602,955	P	17,606,087
Depreciation	10, 17, 18		32,440,729		33,365,751
Decrease (Increase) on Trade Receivables	5		(28,306,945)		1,006,042
Decrease (Increase) on Inventories	6		30,893,822		(14,167,867)
Decrease (Increase) on Prepayments	7		(7,690,345)		3,616,461
Increase (Decrease) on Trade Payables	11		105,932,860		245,863,933
Increase (Decrease) on Other Current Liabilities	11		902,432		(760,317)
Decrease (Increase) on Other Non-current Assets	9		-		(31,291)
Total Cash (Used) by Operating Activities		P	154,735,508	P	286,498,769
Cash Provided (Used) by Investing Activities					
Leasehold Improvement	10	P	(14,690,821)	P	(611,437)
Building Improvements	10	P	(23,477,318)	P	(16,415,287)
Acquisition of Machinery	10		(49,292,909)		(25,653,176)
Acquisition of Office Equipment	10		(2,327,750)		(1,734,528)
Acquisition of Transportation Equipment	10		(203,036)		(68,661)
Decrease (Increase) in Investing	8		(23,744,985)		(26,029,114)
Total Cash Provided (Used) by Investing Activities		P	(113,636,819)	P	(69,512,182)
Cash Provided (Used) by Financing Activities					
Loans from Bank	12	P	439,730,713	P	687,892,124
Payment of Loans	12		(484,776,592)		(903,908,067)
Payment on Deficiency Tax	14		(600,762)		(550,530)
Total Cash Provided (Used) by Financing Activities		P	(45,646,641)	P	(216,566,463)
Net Increase (Decrease) on Cash and in Bank		P	(4,547,952)	P	120,144
Add: Cash on Hand and in Bank - Jan. 01	4		43,316,681		43,196,537
Cash on Hand and in Bank - Dec. 31		P	38,768,729	P	43,316,681

See accompanying Notes to Financial Statements

GREENKRAFT CORPORATION
SCHEDULE OF TAXES AND LICENSES (Note 25)

(Amounts in Philippine Pesos)
For the year ended December 31, 2021

Date	Particulars	O.R. No.	Amount
01/27/2021	Brgy. Clearance (Pampanga)	AC-1624812	3,000.00
1/7/2021	Brgy. Clearance (Taguig)	8588066	1,500.00
1/25/2021	Annual Registration (Pampanga)	UBP	500.00
1/18/2021	Fire Safety Insurance (Nueva Ecija)	03-20163618	1,860.00
1/19/2021	Sta Rosa, Nueva Ecija Mayor's Permit	6832243	23,400.00
1/11/2021	Brgy. Clearance (Sta. Rosa, Nueva Ecija)	0024	1,000.00
1/6/2021	Community Tax Certificate (Pampanga)	00295516	10,500.00
1/25/2021	Annual Registration (Taguig City)	UBP	500.00
1/20/2021	Taguig City Mayor's Permit (1-1)	A-5113766	290,684.44
1/27/2021	Pampanga Mayor's Permit (1-1)	AC-1624813	287,121.80
1/27/2021	Annual Inspection Fee (Pampanga)	AC-1624814	476.00
1/20/2021	Insurance (Taguig)	9434470	1,670.00
1/19/2021	Annual Registration (Nueva Ecija)	CHINABANK	500.00
1/26/2021	Other fees Las Pinas	12113196J	4,686.50
1/20/2021	San Rafael Bulacan Mayor's Permit (1-4)	31397	80,550.00
1/13/2021	Real Property Tax - Quezon City	A0COR6199000-3	5,681.06
1/20/2021	Real Property Tax - Manggahan, Cavite	27662	838,008.00
1/15/2021	Real Property Tax - Malolos, Bulacan	4062733	43,245.04
1/26/2021	Las Pinas Mayor's Permit (1-4)	12113195J	108,657.81
1/29/2021	Davao City Mayor's Permit (1-1)	6806239	147,137.50
1/29/2021	Community Tax Certificate (Davao)	00256521	10,500.00
1/28/2021	Cavite Mayor's Permit - Manggahan (1-4)	0082986	9,850.00
1/28/2021	Fire Safety Insurance (Cavite - Manggahan)	4A-20252132	500.00
02/16/2021	Annual Registration (Las Pinas)	PNB	1,627.47
02/01/2021	Fire Safety Insurance (Pampanga)	03-20046968	782.25
2/11/2021	Annual Registration (Javalera, Cavite City)	GCASH	500.00
2/5/2021	Lucena City Mayor's Permit (1-4)	33122	46,558.45
2/26/2021	Fire Safety Insurance (Cavite - Javalera)	4A-20389967	1,961.00
02/26/2021	Cavite Mayor's Permit - Javalera (1-1)	0112099	131,953.54
02/09/2021	Certification Fee for Tax Clearance	219406387	100.00
02/23/2021	Real Property Tax - Davao	RDH0003360	1,514.52
02/23/2021	Real Property Tax - Davao	RDH0003358	233,118.60
02/23/2021	Real Property Tax - Davao	RDH0003359	510,931.84
02/23/2021	Real Property Tax - Davao	RDH0003362	8,300.16
02/23/2021	Real Property Tax - Davao	RDH0003353	8,287.48
02/23/2021	Real Property Tax - Davao	RDH0003354	8,287.48
02/23/2021	Real Property Tax - Davao	RDH0003355	8,287.48
02/23/2021	Real Property Tax - Davao	RDH0003356	8,287.48
02/23/2021	Real Property Tax - Davao	RDH0003357	8,300.16
02/18/2021	Certification Fee for Tax Clearance	219854665	100.00
3/9/2021	Zoning Certification (Taguig)	A-5126164	100.00
4/19/2021	Taguig City Mayor's Permit (2-2)	A-5180697	280,739.19
4/19/2021	Cavite Mayor's Permit - Javalera (2-2)	0128373	118,397.03
5/26/2021	Davao City Mayor's Permit (2-2)	6809032	166,730.42
7/14/2021	Taguig City Mayor's Permit (3-3)	5259370	280,739.18
7/14/2021	Cavite Mayor's Permit - Javalera (3-3)	0157859	118,397.03
7/30/2021	Real Property Tax - Sta. Rosa Nueva Ecija	925086	144,146.75
7/12/2021	Davao City Mayor's Permit (3-3)	6809073	128,254.17
10/14/2021	Taguig City Mayor's Permit (4-4)	A-5313348	280,739.19
10/15/2021	Cavite Mayor's Permit - Javalera (4-4)	0180445	118,397.03
10/19/2021	Davao City Mayor's Permit (4-4)	6809221	128,254.16
11/26/2021	Documentary Stamp-Share Swap	ROR2021-006109-008094	1,000.00
11/26/2021	Capital Gains Tax-Share Swap	ROR2021-006109-006090	1,000.00
11/03/2021	Documentary Stamp-Rental	213849992	3,106.00
11/03/2021	Documentary Stamp-Rental	213849936	5,164.00
11/03/2021	Documentary Stamp-Rental	213849873	3,410.00
11/03/2021	Documentary Stamp-Rental	213849830	3,468.00
11/03/2021	Documentary Stamp-Rental	213849774	4,428.00
11/03/2021	Documentary Stamp-Rental	213849733	2,590.00
12/17/2021	PSE fee, SCCP fee, Sales Tax	GUILD	104,367.05
Total		P	4,743,612.27

1 Corporate Information

GREENKRAFT CORPORATION (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on April 10, 2003. The Company is primarily engaged in the business of trading of goods such as craft roll and other products or items on wholesale or retail basis.

Impact of COVID-19 Pandemic

In March 2021, the World Health Organization declared the COVID-19 outbreak to be a global pandemic causing the Philippine government to declare a state of public health emergency. Since then, the pandemic has resulted to an economic slowdown in the country and has likewise affected the global economy. Consequently, businesses, including the Company's operations, have experienced disruptions especially because the Philippine government has imposed restrictive measures such as community lockdowns to control the spread of the virus. These situations have significantly affected the Company's operations resulting to significant delays in the completion of the projects.

The registered office of the Company which is also its principal place of business is located at W. Ng Bldg McArthur Highway Cor. Rovimar St. Brgy Balibago Angeles City Pampanga. The Company was registered as a VAT Taxpayer with the Bureau of Internal Revenue (BIR) and was assigned Taxpayer Identification No. 225-100-034-000.

The financial statements of the Company for the year ended December 31, 2021 (including the comparatives for the year ended December 31, 2020) were approved by the Board of Directors and authorized for issue on April 12, 2022. The Board of Directors is empowered to make revisions even after the date of issue.

2 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared on a historical cost basis and are presented in Philippine Peso, which is the Company's functional and presentation currency. All amounts are rounded to the nearest Philippine Peso, except when otherwise indicated. The financial statements have been prepared in accordance with Philippine Financial Reporting Standard (PFRS) issued by the Philippine Financial Reporting Standards Council.

Measurement Bases

The financial statements are presented in Philippine Peso, the Company's functional and presentation currency. All values represent absolute amounts except when otherwise stated.

The financial statements of the Company have been prepared on the historical cost basis of accounting, except for land that have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability. 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 Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the 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 Company 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.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring the fair values of financial assets and liabilities is included in Note 22 to financial statements.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted when applicable.

Effective for annual periods beginning on or after January 1, 2021:

1. *Amendments to IFRS 16*

The International Accounting Standards Board (IASB) has published 'Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)' that extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendment is effective for annual reporting periods beginning on or after 1 April 2021 (earlier application permitted, including in financial statements not yet authorised for issue at the date the amendment is issued).

The Changes in Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) amend IFRS 16 to:

a. permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021);

b. require a lessee applying the amendment to do so for annual reporting periods beginning on or after 1 April 2021;

c. require a lessee applying the amendment to do so retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment;

d. specify that, in the reporting period in which a lessee first applies the amendment, a lessee is not required to disclose the information required by paragraph 28(f) of IAS 8.

New and Amended PFRS Issued But Not Yet Effective as of January 1, 2021

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2021 and have not been applied in preparing the financial statements are summarized below.

Effective January 1, 2022:

1. ***Amendments to IAS16 - Property, Plant and Equipment***

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

2. ***Annual Improvements to IFRS Standards 2018 - 2020***

The IASB's annual improvements project provides a streamlined process for dealing efficiently with a collection of amendments to IFRSs. The primary objective of the process is to enhance the quality of standards, by amending existing IFRSs to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. Amendments are made through the annual improvements process when the amendment is considered non-urgent but necessary.

On 14 May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 containing the following amendments to IFRSs:

a. **Subsidiary as a first-time adopter.** The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

b. **Fees in the '10 per cent' test for derecognition of financial liabilities.** The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

c. **Lease Incentives.** The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

d. **Taxation in fair value measurements.** The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

3. ***Amendments to IAS 27 - Onerous Contract***

The International Accounting Standards Board (IASB) has published 'Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The changes in Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

4. ***Amendments to IFRS 3 - Conceptual Framework***

The International Accounting Standards Board (IASB) has published 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

a. The changes in Reference to the Conceptual Framework (Amendments to IFRS 3) are:

b. update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;

c. add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination;

d. and add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Effective January 1, 2023

5. ***Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current***

In January 2020, the Board issued Classification of Liabilities as Current or Non-current, which amended IAS 1 Presentation of Financial Statements. the Board tentatively decided to amend IAS 1 with respect to classification (as current or non-current), presentation and disclosures of liabilities for which an entity's right to defer settlement for at least 12 months is subject to the entity complying with conditions after the reporting period. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

6. ***Amendments to IAS 12 - Deferred Taxes***

The IASB (' the Board') issued amendments to IAS 12, 'Income Taxes', on 7 May 2021. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

7. ***Amendments to IAS 1 - Disclosure of Accounting Policies***

The International Accounting Standards Board (IASB) has issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2023.

The Board decided to develop amendments IAS 1 to require entities to disclose their material accounting policies rather than their significant accounting policies. To support this amendment the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2 Making Materiality Judgements to accounting policy disclosures

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) amends IAS 1 in the following ways:

a. An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;

b. several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;

c. the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are

d. the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements;

e. and the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

8. ***Amendments to IAS 8 - Definition of Accounting Estimates***

The International Accounting Standards Board (IASB) has published 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

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

b. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

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

d. A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

Deferred Effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

  Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

Financial Instruments

Initial Recognition of Financial Instruments

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

Initial Measurement

A financial asset or financial liability is initially measured as follows: (a) for goods sold to a customer on short-term credit, a receivable is recognized at the transaction price, which is normally the invoice price; and, (b) for goods purchased from a supplier on short-term credit, a payable is recognized at the transaction price, 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 incurs on sale of other disposal: (a) for goods sold to a customer on short-term credit, is recognized at the undiscounted amount of cash or other consideration expected to be received, net of any impairment or any uncollectible accounts, and, (b) 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.

"Day 1" Difference

Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Classification

The Company classifies its financial assets at initial recognition under the following categories:
(a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). The classification of a financial asset largely depends on the Company's business model and its contractual cash flow characteristics. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

Financial Assets at Amortized Cost

Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- 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.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in the statements of comprehensive income when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Financial Liabilities at Amortized Cost

Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in the statements of comprehensive income when the liabilities are derecognized or through the amortization process.

Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

Derecognition of Financial Assets and Liabilities

Financial Assets

The Company derecognizes a financial asset when: (a) the contractual rights to receive cash flows from the financial asset has expired or are settled; (b) the Company has transferred to another party substantially all of the risks and rewards of ownership of the financial asset; and, (c) the entity, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial Liabilities.

The Company derecognizes financial liability (or part of a financial liability) only when it is extinguished, cancelled, or expired. Where 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.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial assset to another entity;
- The Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Otherwise, the financial instrument is classified as equity.

Advances to Officers and Employers

Advances to officers and employees are amounts paid in advance for business expenditures. These are carried at face amount in the statement of financial position and are recognized to the corresponding asset or expense account upon liquidation.

Inventories

Inventories consist of various raw materials that will be used in rendering the Company's services to its customers. These are valued at the lower of cost and net realizable value (NRV). Cost is determined using the first-in-first-out method. Replacement cost is the best available measure of NRV of inventories held for the rendering of services. In determining the NRV, the Company considers any adjustment necessary for obsolescence.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the year in which the related revenue is recognized.

Other Current Assets

Other current assets include deferred income tax, prepayments, deferred input VAT and input VAT. Other current assets are classified as current assets if it is expected to be incurred or capitalized in over no more than 12 months. Otherwise, these are classified as noncurrent assets.

Advances to Subcontractors.

Advances to subcontractors are amounts paid in advance for the purchase of services. These are carried at the amount of cash paid in the statement of financial position and are recognized to the corresponding expense account when the services for which the advances were made are received.

For tax purposes, the advance payments made for the purchase of services shall be deductible as expense from the Company's gross income for the taxable year.

Advances to Contractors and Suppliers

Advances to contractors and suppliers are amounts paid in advance for the purchase of goods and services. These are carried at the amount of cash paid in the statement of financial position and are recognized to the corresponding asset or expense account when the goods or services for which the advances were made are received.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense as these are consumed in operations or expire with the passage of time

Deferred Input VAT

In accordance with the Revenue Regulations (RR) No. 16-2005, input VAT on purchases or imports of the Company of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding P 1 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Deferred input VAT represents the unamortized amount of input VAT on capital goods and input VAT on the unpaid portion of availed services, including the use or lease of properties.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed P 1 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Input VAT

Input VAT represents VAT imposed by the Company's suppliers for acquisition of goods and services. Input VAT is recognized as an asset and will be used to offset against the Company's current output VAT liabilities and any excess will be claimed as tax credits.

Property and Equipment

Property and equipment, except for land, are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Land is stated at cost less any accumulated impairment in value.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year 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 additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When significant parts of an item of property and equipment have different useful lives, these are accounted for as separate items (major components) of property and equipment.

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

	Number of Years
Office Equipment	5 years
Transportation Equipment	5 years
Furniture and Fixtures	5 years
Machinery and Equipment	5 years
Delivery Equipment	5 years
Production Tools	5 years
Leasehold Improvements	5 years
Building	25 years

The assets' estimated useful lives, and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Fully depreciated and amortized assets are retained in the accounts until these are no longer in use.

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

Investment Property

Investment property is a property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.Investment property is measured initially at cost. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Depreciation is calculated on a straight-line method over the asset's estimated useful life of 5 years

The estimated useful life and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefit from the investment property.

Investment property is derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the ending of owner-occupation, commencement of an operating lease to another party or ending of the construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner occupation or commencement of development with a view to sell.

Impairment of Nonfinancial Assets

At the end of each reporting period, nonfinancial assets are assessed whether there is an objective evidence of impairment. If there is an objective evidence of impairment, the recoverable amount of any affected asset (or group of related assets) is compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

If an impairment loss is subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior years. A reversal of impairment loss is immediately recognized in profit or loss.

Unearned Revenue

Unearned revenue is a contract liability arising from the receipt of consideration from the customers, before the Company renders construction services. These are recorded at face amount in the statement of financial position and recognized as revenue in the statement of comprehensive income when the services for which the advances were made are rendered to the customers.

For tax purposes, the advance payments from customers shall be considered as income and shall form part of the Company's gross income for the taxable year.

Equity

Capital Stock

Capital stock is determined using the nominal value of shares that have been issued and duly paid.

Retained Earnings

Retained earnings represent the cumulative balance of net income and losses, net of dividend declarations.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

The Company recognized revenue from contracts with customers when it has met the following specific performance obligations

Sale of Goods

Revenue is recognized at the point in time when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

Sale of Service

Revenue is recognized over time as customers receives and consumes the benefits provided by the entity through satisfaction of performance obligation.

Other Sources of Revenue

The following specific recognition criteria must also be met before other revenue is recognized:

Interest Income

Interest income is recognized as the interest accrues taking into account the effective yield on the assets, net of final tax

Other Income

Income from other sources is recognized when earned during the period

Cost and Expense Recognition

Cost and expenses are recognized in the statements of comprehensive income when a decrease in future economic benefit related to a decrease in an asset or an increase in liability has arisen that can be measured reliably.

Cost of Goods Manufactured and Sold

Cost of Goods Manufactured and Sold is recognized as expense when incurred for the production of the goods sold in a company.

Operating Expenses

Operating expenses are recognized when incurred and are reported in the statement of comprehensive income in the periods to which they relate.

Interest Expense

Interest expense is recognized in profit or loss as it accrues and is calculated using the effective interest method.

Leases

The Company assesses whether the contracts are, or contain, a lease.. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company also assesses whether a contract contains a lease for each potential separate lease component.

Company as a Lessee

The Company recognizes lease liability to make lease payments and ROU asset representing the right to use the underlying asset.

Lease Liabilities

At commencement date, the Company measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate.

Lease payment comprises of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liability is measured at amortized cost using the effective interest method. The carrying amount is remeasured if there are changes in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding ROU asset, or to profit or loss if the carrying amount of the ROU asset is fully impaired.

Employee Compensation and Other Benefits

Employee benefits represent: (a) short term employee benefits, which are employee benefits (other than termination benefits) that are wholly due within twelve months after the end of the period in which the employees render the related service, and (b) termination benefits, which are employee benefits payable as a result of either: an entity's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

a. *Short-Term Employee Benefits*

The Company recognizes a liability net of amounts already paid and an expense for services rendered by the employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, statutory thirteenth month pay and counterpart contributions for social security (Social Security System), national health insurance (Philippine Health Insurance) and housing fund (Home Development Mutual Fund. Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid for that service.

b. *Termination Benefits*

Termination benefits include: by legislation, by contractual or other agreements with employees or their representatives or by a constructive obligation based on business practice, custom or a desire to act equitably, to make payments (or provide other benefits) to employees when it terminates their employment. Termination benefits are measured at the best estimate of the expenditure that would be required to settle the obligation at the reporting date. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer. When termination benefits are due more than twelve months after the end of the reporting period, they shall be measured at their discounted present value.

c. *Post-Employment Benefits*

The Company does not have a formal employee retirement benefit plan. However, mandated pension benefits are provided to employees through counterpart contributions to Social Security System. The Company shall provide retirement benefits in compliance with Republic Act 7641.

Income Taxes

Income tax is recognized in the statement of comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax

Deferred tax is recognized on all temporary differences at the reporting date between the carrying amount of the assets and liabilities in the financial statements and their corresponding tax bases.

Deferred Tax Assets

Deferred tax assets are recognized for the future tax consequences attributable to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and the carry forward benefits of net operating loss carryover (NOLCO). The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced, if appropriate. Unrecognized deferred tax asset is 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 asset to be recovered.

Deferred Income Tax Assets and Liabilities

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

Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the end of the reporting year. Foreign exchange differences are credited or charged directly to profit or loss.

Provisions

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. When the Company expects reimbursement of some or all of the expenditure required to settle a provision, the Company recognizes a separate asset for the reimbursement only when it is virtually certain that the reimbursement will be received when the obligation is settled.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into consideration the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of cash flows.

Provisions, if there are any, are reviewed each reporting date and adjusted to reflect the current best estimate.

Contingencies

Contingent assets and liabilities are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

Contingent liabilities are not recognized in the financial statement but are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Events After the Reporting Date

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

The events are categorized as:

a. *Adjusting Events* - those events that provide evidence of conditions that existed at the end of the reporting period;

b. Non-Adjusting Events - those events that are indicative of conditions that arose after the end of the reporting period.

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

If non-adjusting events after the end of the reporting period are material, non-disclosure could influence the economic decisions of the users taken on the basis of the financial statements. Accordingly, an entity shall disclose the following for each material category of non-adjusting event after the end of the reporting period:

a. The nature of the event; and

b. an estimate of its financial effect, or a statement that such and estimate cannot be made

3 Significant Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires management to make judgments, accounting estimates and assumptions that affect the amounts reported in the financial statements and notes. The judgments, accounting estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the significant judgement, accounting estimates and assumptions made by the Company:

Evaluation of Contingencies

The Company provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provision is based on known information at the end of reporting period, net of any estimated amount that may be reimbursed to the Company. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. The amount of provision is being re-assessed at least on an annual basis to consider new relevant information.

Determination of Lease Commitment - Company as a Lessee.

The Company has entered into an agreement with the various lessors. The Company determines that it has the right to control the use of the leased asset. Accordingly, the agreement is treated as lease.

Estimation of ROU Assets and Lease Liabilities

The Company determines lease payments, lease term and discount rate at the commencement date of a lease. The lease term comprises non-cancellable period of a lease contract. Any option to extend or terminate the lease that is included in the lease term must be enforceable. The Company considers all relevant facts and circumstances that create an economic incentive for the Company to exercise, or not to exercise, the option such as, but not limited to, significant leasehold improvements undertaken and the importance of the underlying asset to the Company's operations.

Classification of Short-term Lease Commitments - Company as a Lessee

The Company determines lease payments, lease term and discount rate at the commencement date of a lease. The lease term comprises non-cancellable period of a lease contract. Any option to extend or terminate the lease that is included in the lease term must be enforceable. The Company considers all relevant facts and circumstances that create an economic incentive for the Company to exercise, or not to exercise, the option such as, but not limited to, significant leasehold improvements undertaken and the importance of the underlying asset to the Company's operations.

Rental expense amounted to P 1,152,214 and P 1,174,536 in 2021 and 2020, respectively (see Note 17 & 18).

Assessment of ECL

The allowance for ECL on contract assets, retention receivable and other financial assets at amortized cost are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Estimating Allowance for ECL on Trade Receivables

Under PFRS 9, the Company measures ECL based on shared credit risk characteristics of trade receivables and uses a provision matrix based on historical default rates of trade receivables. The provision matrix specifies provision rates depending on the number of days that trade receivable is past due. The Company then calibrates the provision matrix to adjust historical credit loss experience with forward-looking information such as forecasted economic conditions. The Company regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual experience.The Company has assessed that the expected loss rates for trade receivables are reasonable.

Trade receivables amounted to P 79,219,847 and P 50,912,902 at December 31, 2021 and 2020, respectively (see Note 5).

Estimating Allowance for ECL on Trade Receivables

The Company determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors: (a) actual or expected external and internal credit rating downgrade; (b) existing or forecasted adverse changes in business, financial or economic conditions; and (c) actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable counterparties with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized in 2021.

The carrying amount of other financial assets at amortized cost are as follows:

	Note		2021		2020
Cash in bank and onhand	4	P	38,768,729	P	43,316,680
Other noncurrent asset	7		10,836,865		10,836,865
		P	49,605,594	P	54,153,545

Determination of NRV of Inventories

The Company estimates NRV of inventories based on the most reliable evidence available at the time the estimates are made, of the amount that the inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the year to the extent that such events confirm conditions existing at the end of the reporting year. A new assessment is made of NRV in each subsequent year. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is a clear evidence of an increase in NRV because of change in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV.

Estimating Useful Lives of Property and Equipment

The useful lives of property and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment and intangible assets would increase the recorded depreciation and amortization and decrease the carrying amounts of property and equipment.

The carrying amount of property and equipment as at December 31, 2021 and 2020 amounted to P 585,112,841 and P527,661,737 respectively (see Note 10)

Assessment for Impairment of Nonfinancial Assets

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

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Each group of the Company's property and equipment located in construction sites is considered as a cash-generating unit. Recoverable amount represents the value in use, determined as the present value of estimated future cash flows expected to be generated from the continued use of the assets. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the assets.

No impairment loss on nonfinancial assets was recognized by the Company in 2021 and 2020.

The carrying amounts of nonfinancial assets are as follows at December 31, 2021 and 2020 are as follows:

	Note		2021		2020
Creditable withholding tax	20	P	10,104,290	P	7,628,373
Other current assets	7		64,887,546		57,257,201
Property and equipment	10		585,112,841		527,661,737
		P	660,104,677	P	592,547,311

Determining Realizability of Deferred Tax Assets

The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces the amounts 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. The Company reviews its projected performance in assessing the sufficiency of future taxable income.

The Company's deferred tax assets amounted to P 36,372,253 and P 29,035,931 as at December 31, 2021 and 2020, respectively (see Note 20). Management has assessed that there will be sufficient future taxable income against which the deferred tax assets can be utilized.

4 ***Cash***

This account consists of:

		2021		2020
Cash in Bank	P	38,706,729	P	43,254,680
Petty Cash fund		62,000		62,000
Total	P	38,768,729	P	43,316,680

Cash in banks earn interests at the prevailing bank deposit rates and are immediately available for use in the Company's current operations.

5 ***Trade and Other Receivables***

This account consists of:

		2021		2020
Trade Receivable	P	71,908,733	P	45,379,004
Non-Trade Receivable		7,311,113		5,533,898
Total	P	79,219,847	P	50,912,902

Trade receivables represent non-interest bearing receivables from various customers.

Non-trade receivables - other result from rental income, security income and other income and from sale of scrap materials.

All of the company's trade and other receivables have been reviewed for indicators of impairment based on management's evaluation no impairment losses on trade and other receivables need to be recognized for 2021 and 2020.

6 ***Inventories***

This account consists of:

		2021		2020
Merchandise inventory	P	185,266,075	P	216,161,898
Total	P	185,266,075	P	216,161,898

These inventories are varoius unsold merchandise inventories. They are valued at the lower cost and estimated selling price less cost to sell. The carrying value of these inventories is equivalent to its fair value.

Cost is determined primarily on the basis of first-in first-out method.

Impairment test conducted revealed that there are no impaired inventories, thus, no allowace for impairment was provided. The carrying amount thereof is equivalent to its fair value.

7 *Other Current Assets*

This account consists of:

		2021		2020
Excess Payment on W-tax - Compensation	P	38,381	P	-
Prepaid Insurance Expenses		3,192,437		2,818,881
Deferred Income Tax		36,372,253		29,935,931
Deferred Input Tax on Capital Goods (Current)		25,284,475		23,992,104
Excess Input Tax		-		510,286
Total	P	64,887,546	P	57,257,201

Prepaid Insurance Expense refers to the purchase of insurances for the year from outside parties and can be claimed as expense and ammortized on a monthly basis.

Deferred Input Tax on Capital Goods refers to the purchase of assets from outside parties and can be claimed as credit againts the companies VAT liabilities and ammortized on a monthly basis.

Excess payment on Withholding Tax Compensation represents tax withheld that can be claimed as credit against company's future withholding tax liability on Compensation

Deferred Income Tax refers to the creditable withholding taxes withheld and issued by the customers and can be claimed as credit against the company's income tax liabilities.

8 *Investment in Securities*

This account consists of:

		2021		2020
Investment in Securities	P	355,316,724	P	359,294,958
Available-for-Sale Financial Assets		94,108,300		66,385,082
Total	P	449,425,025	P	425,680,040

The Company have an investment in securities to Green Siam Resources Corporation amounting to P 76,500,000.00.

On December 2021, the company had a share swap from Steniel Mindanao Packaging Corporation to Steniel Manufacturing Corporation amounting to P 89,767,950.

Details of available-for-sale financial assets are as follows:		2021		2020
Cost				
Balance at beginning of year	P	64,769,909	P	39,740,795
Purchase		41,956,961		28,888,646
Disposal		(18,211,976)		(3,859,531)
Balance at end of year	P	88,514,894	P	64,769,909
Changes in Fair Value				
Balance at the beginning of the year	P	1,615,173	P	(12,496,452)
Changes in Fair Value		7,208,580		(10,881,279)
Total	P	5,593,407	P	1,615,173
Total	P	94,108,300	P	66,385,082

The available-for-sale financial assets consisting of shares of various companies were measured at fair value based on quoted price as at December 31, 2021.

Management intends to dispose the AFS financial assets when the need arises.

9 ***Other Non-Current Assets***

This account consists of:

		2021		2020
Deferred Input Tax on Capital Goods (Non-current)				
Advances to Directors	P	7,600,000	P	7,600,000
Prepaid Rent		196,000		196,000
Rental Deposit		594,500		594,500
Meralco Deposit		2,446,365		2,446,365
Total	P	10,836,865	P	10,836,865

Prepaid rent represents deposits made by the Company in compliance with the lease agreement, which the company intends to apply against rental billing during the last few months of the lease term.

Meralco Deposit represents deposits made by the Company in compliance with their agreement.

10 ***Property and Equipment***

Balances and movements in this account are as follows:

2021	Land	Building	Leasehold Improvements	office Equipment	Furniture and Fixtures	Machinery and Equipment	Production Tools	Transportation equipment	Construction in Progress	Total
Balance at 1/1/2021-Net of Accum. Depreciation	162,837,003	62,621,347	33,140,468	3,738,548	3	59,387,863	40,513	1,476,272	204,425,599	527,661,736
Additions	-	-	14,690,821	2,327,750	-	49,292,930	-	203,036	23,477,318	89,891,834
Depreciation	-	(4,061,925)	(6,150,738)	(1,258,990)	-	(20,612,805)	(40,500)	(335,760)	-	(37,440,729)
Balance at 12/31/2021 - Net of Accum. Depreciation	162,837,093	58,559,422	41,680,552	4,822,307	3	88,068,077	13	1,342,548	227,902,917	585,112,841
December 31, 2021										
Cost or Valuation	162,837,003	89,285,714	78,039,801	10,876,752	48,047	261,908,660	3,573,936	11,832,857	227,902,917	846,305,777
Accum. depreciation	-	(30,726,292)	(36,459,249)	(6,054,445)	(48,044)	(173,840,582)	(3,573,923)	(10,490,309)	-	(261,192,936)
Net carrying amount	162,837,003	58,559,422	41,580,552	4,822,307	3	88,068,077	13	1,342,548	227,902,917	585,112,841

2020	Land	Building	Leasehold Improvements	office Equipment	Furniture and Fixtures	Machinery and Equipment	Production Tools	Transportation equipment	Construction in Progress	Total
Balance at 1/1/2020-Net of Accum. Depreciation	162,837,003	66,683,272	37,456,246	2,873,406	3	55,892,816	202,513	2,586,827	188,010,332	516,544,420
Additions	-	-	611,437	1,734,528	-	25,853,175	-	68,661	16,415,267	44,483,068
Depreciation	-	(4,061,925)	(4,927,215)	(874,388)	-	(22,[illegible])	(162,000)	(1,182,216)	-	(33,305,751)
Balance at 12/31/2020 - Net of Accum. Depreciation	162,837,003	62,621,347	33,140,464	3,733,540	3	59,387,983	40,513	1,476,272	204,425,599	527,661,737
December 31, 2020										
Cost or Valuation	162,837,083	89,285,714	63,449,070	8,549,002	48,047	212,615,750	3,573,936	11,629,821	204,425,599	756,413,942
Accum. depreciation	-	(26,664,367)	(30,308,607)	(4,815,454)	(48,044)	(153,227,767)	(3,533,423)	(10,154,549)	-	(228,752,209)
Net carrying amount	162,837,003	62,621,347	33,140,464	3,733,548	3	59,387,983	40,513	1,475,272	204,425,599	527,661,737

11 ***Trade and Other Payables***

This account consists of:

		2021		2020
Trade Payables	P	752,163,812	P	661,929,873
Non-Trade Payables		25,431,359		9,732,438
Statutory payable				
Withholding Tax Payable-Compensation		18,372		20,244
Withholding Tax Payable-Expanded		825,515		521,014
Withholding Tax Payable-Final		53,870		
SSS Contribution Payable		57,128		40,800
SSS Loan Payable		36,124		25,426
Philhealth Payable		16,195		14,396
Pag-ibig Contribution Payable		7,900		7,700
Pag-ibig Loans Payable		20,510		21,297
Vat Payable		517,695		-
Total	P	779,148,480	P	672,313,188

Trade payables are noninterest-bearing and are payable within 60 days

Statutory payables include output VAT, employee contributions and taxes withheld by the Company on employees' compensation and on payment to suppliers. These are remitted to respective regulatory agencies in the following month.

Deferred output VAT pertains to VAT on receivables from customers.

12 ***Loans Payable***

This account consists of:

		2021		2020
Bank Loans	P	129,954,120	P	174,999,999
Total	P	129,954,120	P	174,999,999

Bank Loans are subject to interest bearing and are normally settled depends on terms and conditions of the bank agreements.

13 ***Equity***

The Company is authorized to issue 250,000,000 shares of common stock at P 1.00 par value. Total par value of issued and outstanding shares as of December 31, 2021 amounts to P 250,000,000. The Company also has subscribed shares amounting to P 250,000,000. The company has six (6) stockholders owning one hundred (100) or more shares each.

This account consist of:	2021		2020	
	No. of Shares	Amount	No. of Shares	Amount
Authorized Share Capital - 250,000,000 shares @ Php 1.00 par value share	2,500,000	250,000,000.00	2,500,000	250,000,000.00
Increase of Capitalization	-	-	-	-
Total	2,500,000	250,000,000.00	2,500,000	250,000,000.00
Subscribed	2,500,000	250,000,000.00	2,500,000	250,000,000.00
Paid-up Share Capital - 2,500,000 shares @ Php 1.00 par value share	2,500,000	250,000,000.00	2,500,000	250,000,000.00
Beginning of the year	2,500,000	250,000,000.00	2,500,000	250,000,000.00
End of the year	2,500,000	250,000,000.00	2,500,000	250,000,000.00

14 ***Cumulative Earnings***

		2021		2020
Restricted	P		P	
Additional		20,000,000		
End of the Year	P	20,000,000	P	
Unrestricted				
Beginning of the year	P	234,514,135	P	217,458,578
Less: Prior Period Adjustment		(600,762)		(550,530)
Net Income		20,502,955		17,606,088
Appropriation of Cumulative Earnings		(20,000,000)		
End of the Year	P	234,416,328	P	234,514,135
Total Cumulative Earnings	P	254,416,328	P	234,514,135

The total Cumulative Retained Earnings as of December 31, 2021 and 2020 aggregates to P 254,416,328 and P234,514,135 respectively.

On December 31, 2021, the Company's retained earnings exceeded its capital stock. Relative to this, the Company plans to either: (a) declare a portion of the retained earnings as cash dividends in 2021 subject to the approval of the BOD or (b) for future expansion and purchase of equipments or properties.

15 ***Other Income***

This account consists of the following:

		2021		2020
Interest Income	P	32,932	P	69,017
Dividend Income		5,127,971		15,597,300
Gain on Sale of Available for Sale of Securities		4,339,151		(1,983,009)
Total	P	9,500,054	P	13,683,308

Interest Income from cash in banks amounted to P 32,932 and P 69,017 in 2021 and 2021, respectively.

Dividend Income and Gain on sale of investment derived from the disposal of certain asset held-for-sale and from investments amounting to P 9,467,122 and P13,614,291 in year 2021 and 2020, respectively.

16 ***Revenue***

This account consists of :

		2021		2020
Sales of Goods	P	706,653,004	P	457,037,276
Sales of Goods (Zero-rated)		17,337,469		22,203,805
Security Income		625,486		3,127,012
Rental Income		43,092,185		40,227,606
Other Service Income		32,508,766		23,002,278
Total	P	800,216,910	P	545,597,976

17 ***Cost of Sales and Services***

This account consists of the following:

		2021		2020
Inventory, beginning	P	216,161,896	P	201,994,031
Add: Purchases - Local	P	525,637,361	P	305,893,875
Purchases - Imported		33,196,690		42,013,469
Other Importation Charges		2,223,304		1,423,620
Total Purchases	P	561,057,355	P	349,330,965

Total Goods Available for Sales	P	777,219,252	P	551,324,996
Less: Inventory - Dec. 31	P	185,268,075	P	216,161,898
Cost of Sales	P	591,951,177	P	335,163,098
Add: Cost of Services and Rental				
Labor - Regular	P	10,003,542	P	9,280,088
Labor - Subcontract		44,217,627		40,139,724
SSS, Philhealth and Pag-ibig Cont.		1,041,092		855,627
13th Month Pay		571,210		852,574
Rental Expenses		1,032,214		1,054,636
Security Services		5,431,516		5,146,315
Security - Salaries		6,356,868		6,722,598
Repairs and Maintenance (service)		846,725		159,186
Repairs and Maintenance (materials)		13,285,524		18,700,092
Outside Service		6,284,850		869,960
Light and Water		21,081,310		18,760,257
Fuel Expenses		4,218,059		2,298,651
Baling Charges		1,865,253		2,415,654
Depreciation Expenses		24,715,240		26,381,935
Cost of Services and Rental	P	140,868,828	P	133,237,195
Total Cost of Sales and Services and Rental	P	732,820,006	P	468,400,292

18 ***Operating Expenses***

This account consists of the following:

General and Administrative Expenses

		2021		2020
Salaries and Wages	P	4,253,938	P	4,841,934
SSS, Philhealth and Pag-ibig Cont.		401,309		382,656
13th Month Pay		256,303		754,051
Association Dues		2,072,931		1,900,188
Commissions		2,394,678		1,596,327
Depreciation Expense		7,725,489		8,983,816
Gasoline Expenses		539,398		447,252
Insurance Expenses		1,637,919		10,812,446
Light and Water		2,333,479		2,084,473
Miscellaneous Expenses		435,751		161,914
Office Supplies Expenses		733,590		488,500
Postage, Tel. and Telegraph		385,082		472,865
Professional fee		318,321		116,000
Rental Expenses		120,000		120,000
Repairs and Maintenance (materials)		1,476,169		2,077,788
Repairs and Maintenance (office)		250,918		202,429
Repairs and Maintenance (service)		94,061		17,687
Representation Expenses		615,744		905,679
Security - Salaries		706,318		746,955
Security Services		603,502		571,813
Taxes and Licenses		4,743,812		4,782,601
Transportation and Travel		22,177		121,486
Trucking Expenses		11,802,021		13,301,201
Various Bank Charges		1,829,709		2,167,795
Total General and Administrative Expenses	P	45,754,428	P	56,055,854
Add: Interest Expense		6,970,607		15,731,098
Penalty		1,000.00		
Total Operating Expenses	P	52,725,036	P	71,786,952

19 ***Salaries and Employee Benefits***

Expenses recognized for salaries and employee benefits for "Cost of Sales and Service" and "General and Administrative Expenses" in 2021 and 2020 are presented below:

		2021		2020
Salaries and wages, 13th Month	P	15,086,992	P	15,528,647
Social security, Philhealth, Pagibig		1,442,401		1,238,283
Total	P	16,529,393	P	16,766,930

20 **Income Tax**

Pursuant to Revenue Regulations No. 5-2021 that implements the new Income Tax rates on regular Income of corporations under RA No. 11534 (Corporate Recovery and Tax Incentives for Enterprises Act or CREATE Act), The Income tax computation is presented below:

				2021		2020
Income before Income Tax for the year			P	14,671,869	P	5,410,732
Taxable Income per month:						450,894
Tax Due:						
Tax Rate:	Jan 1, 2020 to June 30, 2020	30%				811,610
	July 1, 2020 to Dec. 31, 2020	25%				676,342
	Jan. 1, 2021 to Dec. 31, 2021	25%		3,667,967		
RCIT			P	3,667,967	P	1,487,951

				2021		2020
Revenue			P	800,216,910	P	545,697,976
Cost of Sales				(732,820,006)		(468,400,292)
Gross Income			P	67,396,904	P	77,197,684
Taxable income per month						6,433,140
Tax due:						
Tax Rate:	Jan 1, 2020 to June 30, 2020	2%				771,977
	July 1, 2020 to Dec. 31, 2020	1%		-		385,988
	Jan. 1, 2021 to Dec. 31, 2021	1%		673,969		
MCIT			P	673,969	P	1,157,965

		2021		2020
RCIT vs MCIT (whichever is higher)		3,667,967		1,487,951
Prior Year's Excess Credits Other than MCIT	P	29,935,931	P	23,795,509
Creditable Tax Withheld		10,104,290		7,628,373
Income Tax Deferred (Tax Credit)	P	(36,372,253)	P	(29,935,931)

The Company's income tax rate is 25% of net income under CREATE Law. The net deferred tax asset for 2021 and 2020 is P36,372,253 and P29,935,931 respectively.

The Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") was approved and signed into law by the country's President. Under the CREATE, the RCIT of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets and taxable income. In addition, the MCIT was changed from 2% to 1% of gross income for a period of three (3) years. The changes in the income tax rates shall retrospectively become effective beginning July 1, 2021.

On February 3, 2021, the Senate and the Congress of the Philippines ratified the bill through a bicameral conference. On March 26, 2021, the CREATE Bill was signed by the President, which then became the CREATE Act, and was enacted on April 10, 2021 or after 15 days of publication in the Official Gazette.

The enactment of the CREATE Act is a non-adjusting event. The income tax rates used in preparing the financial statements as at and for the year ended December 31, 2021 are 25% and 1% for RCIT and MCIT, respectively. The estimated impact of CREATE Bill to the Company is not significant.

21 Financial Risk Management Objectives and Policies

The Company's financial instruments consist mainly of financial assets and financial liabilities directly related to operations, specifically cash in banks, trade and other receivables, trade and other payables (excluding statutory payables) and lease liabilities.

The Company's risk management is handled by the key officers of the company and focuses on actively securing the company's short-to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant risks to which the Company is exposed to are described below.

Credit Risk

The Company's exposure to credit risk arises from the failure on the part of its counterparty in fulfilling its financial commitments to the Company under the prevailing contractual terms. Financial instruments that potentially subject the Company to credit risk consist primarily of cash, trade and other receivables and rental deposit.

Trade Receivables

The Company trades mainly with recognized, credit-worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade receivable balances are monitored on an ongoing basis to ensure timely collections. Historically, trade receivables are substantially collected within one year

There are no guarantees against these trade receivables but the management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk. Trade receivables that are past due within 31 to 120 days were not considered in default since it was demonstrated that the non-payment was due to administrative oversight rather than resulting from financial difficulty of the borrower.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and financial liabilities. The Company's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread in refinancing maturities.

The Company's financial liabilities (excluding statutory liabilities) based on contractual undiscounted payments amounted to P907,549,292 and P846,662,310 as at December 31, 2021 and 2020, respectively.

Capital Management

The primary objective of the Company's capital risk management is to ensure that it maintains strong and healthy financial position to support its current business operations. The Company considers its capital stock and retained earnings as at December 31, 2021 and 2020 as its capital employed. The Company maintains its current capital structure, and will make adjustments, if necessary, in order to generate a reasonable level of returns to the stockholders over the long term. No changes were made in the objectives, policies or processes in 2021 and 2020.

22 Fair Value Measurement

The carrying amounts of the following financial assets and liabilities approximate their fair values primarily due to the relatively short-term maturity of these financial instruments:

		2021		2020
Financial Assets				
Cash on Hand and in bank	P	38,768,729	P	43,316,680
Trade Receivables		79,219,847		50,912,902
Inventories		185,268,075		216,161,898
Other Current Assets		64,887,546		57,257,201
Other Non-Current Assets		10,836,865		10,836,865
Investment in Securities		449,425,025		425,680,040
Property Plant & Equipment- Net		585,112,841		527,661,737
Total	P	1,413,518,928	P	1,331,827,323

Financial Liabilities				
Trade Payables	P	777,595,172	P	671,662,311
Other Current Liabilities		1,553,309		650,877
Loans Payable		129,954,120		174,999,999
Total	P	909,102,601	P	847,313,187

23 Capital Management Policy

The primary objective of the Company's capital management is to ensure that it maintains a strong and healthy financial position to support its current business operations and maximize shareholder value.

The Company considers its equity amounting to P504,416,328 and P484,514,135 as at December 31, 2021 and 2020, respectively, as capital employed.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust its borrowings or raise capital. No changes were made in the objectives, policies or processes in 2021 and 2020.

24 Lease Commitments

The Company has operating lease agreements for its main office and branch sites. These leases are for a period of one (1) year and are renewable as mutually agreed by the parties.

Rental expense amounted toP 1,152,214 and P1,174,536 in 2021 and 2020. This is presented under the "Cost of Good Manufactured and Sold" and "General and Administrative Expenses" accounting the statement of comprehensive income. The Company did not recognize the leases on their balance sheet since the term is 12 months or less.

25 Supplementary Information Required by the Bureau of Internal Revenue (BIR)

Revenue Regulations No. 15-2010

The information for 2021 required by the above regulation is presented below.

Output VAT

The Company's total output VAT amounting to P 93,945,533 related to taxable sale of goods amounting to P 782,879,441 and zero rated sales amounting to P17,337,469 in 2021.

This account consists of :		Tax Base	Output Tax
Sale of Goods			
Vatable sales	P	782,879,441	93,945,533
Zero rated sale		17,337,469	-
Total	P	800,216,910	93,945,533

The difference between the revenues declared per VAT return and the amount presented in the statements of comprehensive income pertain to reported unearned income in 2021.

Input VAT

The outstanding deferred VAT payable amounting to P 510,286 ending December 31, 2020 and it was used for the year 2021 vat transactions is presented under the Other current liabilities account in the 2021 statement of financial position.

The Company has remitted Final Withholding Tax amounting to P 53,870.

The movements in input VAT in 2021 are summarized below.

This account consists of :		Input Tax
Balance at beginning for the year	P	23,932,104
Deferred Input Tax		510,286
Input VAT for Capital Goods		10,787,020
Input VAT for Purchases		64,995,435
Services lodged under other accounts		11,606,840

Input VAT on importation		580,062
Input VAT subject for amortization ending		(25,284,475)
Total	P	87,187,272
Total Vat Payments	P	6,758,261

Other Taxes and Licenses

This includes all other taxes, local and national, shown in "Administrative expenses" account as presented in the statement of comprehensive income.

For the year ended December 31, 2021, other taxes and licenses of the Company consist of:

	2021
Local	
Business permits and licenses	2,722,041
Others	2,017,944
National	
BIR annual registration	3,627
	4,743,612

Withholding Taxes

The amount of withholding taxes paid and accrued for the year December 31, 2021 amounted to:

	2021
Compensation	105,048
Expanded	8,747,616
	8,852,664

Tax Assessments

The Company has no pending deficiency tax assessment from the BIR as at December 31, 2021.

Tax Cases

The Company has no pending deficiency tax case in courts or other regulatory bodies outside of the BIR as at December 31, 2021.

Revenue Regulations No. 19-2011

The information for 2021 required by the above regulation is presented below.

Taxable Revenue

The Company's total taxable revenue in 2021 amounted to P 20,502,955.

Deductible Cost of Service

The Company's deductible cost of sales and services which are subject to regular tax rate are shown below:

	2021
Inventory, beginning	216,161,898
Purchases - Local	525,637,361
Purchases - Imported	33,196,690
Other Importation Charges	2,223,304
Total Goods Available for Sales	777,219,252
Less: Inventory - Dec. 31	185,268,075
Cost of Sales	591,951,177
Add: Cost of Services and Rental	
Labor - Regular	10,093,542
Labor - Subcontract	44,217,627
SSS, Philhealth and Pag-ibig Cont.	1,041,092

13th Month Pay	571,210
Rental Expenses	1,032,214
Security Services	5,431,516
Security - Salaries	6,356,866
Repairs and Maintenance (materials)	13,285,624
Repairs and Maintenance (service)	848,725
Outside Service	6,284,650
Light and Water	21,001,310
Fuel Expenses	4,216,059
Baling Charges	1,865,253
Depreciation Expenses	24,715,240
Cost of Services & Rental	140,868,826
Total Cost of Sales and Services & Rental	732,820,006

Other Deductible Expenses

Commissions	2,394,678
Light and Water/ Postage, Tel. and Telegraph	2,718,561
Depreciation Expense	7,725,489
Gasoline Expenses	539,388
Insurance Expenses	1,637,919
Interest Expense	6,970,607
Miscellaneous Expenses	435,751
Office Supplies Expense	733,590
Association Dues/ Trucking Expenses / Various Bank Charges	15,704,661
Professional fee	318,321
Rental Expenses	120,000
Repairs and Maintenance - Materials	1,476,169
Repairs and Maintenance (office)	250,918
Repairs and Maintenance (service)	94,081
Representation Expenses	615,744
Salaries and Wages/ 13th Month Pay	4,512,241
Security Services	603,502
Security - Salaries	706,318
SSS, Philhealth and Pag-ibig Cont.	401,309
Taxes and Licenses	4,743,612
Transportation and Travel	22,177
Total	52,725,036

GREENKRAFT CORPORATION AUDITED FINANCIAL STATEMENT 2022

GREENKRAFT CORPORATION

W. Ng Building MacArthur Highway Cor. Rovimar St. Brgy. Balibago Angeles City Pampanga
TIN: 225-190-034-000

FINANCIAL STATEMENTS
As of December 31, 2022

BERMUDEZ & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

S.E.C. Registration Number

C S 2 0 0 3 0 8 5 9 8

Company Name

G R E E N K R A F T   C O R P O R A T I O N

Principal Office (No./Street/Barangay/City/Town)Province)

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
F S		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
gkc.admin@greenkraft.com.ph	8921-2717	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
6	07/25	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
NIXON Y. LIM		8921-2718	

Contact Person's Address

159-169 TANDANG SORA ST BAESA QUEZON 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.

Note 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.

GREENKRAFT CORPORATION

W. Ng Bldg MacArthur Highway Cor. Rovimar St. Brgy. Balibago, Angeles City Pampanga

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **GREENKRAFT CORPORATION** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free form 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 concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

BERMUDEZ & ASSOCIATES, CERTIFIED PUBLIC ACCOUNTANTS, the independent Accounting Firm appointed by the stockholders, has audited the financial statement of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

[redacted]	[redacted]
President/ Chairman	Corporate Treasurer

Signed this April 12, 2023

SUBSCRIBED AND SWORN TO before me this APR 1 2 2023 at QUEZON CITY affiant exhibiting to me their Tax identification number , respectively.

Doc No. [illegible]
Page No. 50
Book No. [illegible]
Series of 2023

[redacted]

ATTY. VICENTE C. CRUZ
ADM. MATTER NO. NP-031
NOTARY PUBLIC FOR QUEZON CITY
UNTIL DECEMBER 31, 2023
RM. 204 AOPSN BLDG., 137 MALAKAS ST.
CENTRAL, DILIMAN, QUEZON CITY 1100
TEL. NO. 8942-7434
PTR. NO. 3716375 / 01-03-23 / Q.C.
ROLL NO. 33902 / 05-30-86
IBP LIFETIME MEMBER NO. 02302 / 04-19-01 / Q.C.
MCLE NO. VII-0013276 until Apr. 14, 2025

GREENKRAFT CORPORATION

W. Ng Bldg MacArthur Highway Cor. Rovimar St. Brgy. Balibago, Angeles City Pampanga

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The management of **GREENKRAFT CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the years ended December 31, 2022 and 2021. 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 all other tax returns.

In this regard, the management affirms that the attached audited financial statements for the years ended December 31, 2022 and 2021 and the accompanying Annual Income Tax Return are in accordance with the books and records of GREENKRAFT CORPORATION, complete and correct in all material respects. Management likewise affirms that:

(a) The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8- 2007 and other relevant issuances;

(c) **GREENKRAFT CORPORATION,** 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.

[redacted] [redacted]

Nixon Y. Lim — President/Chairman

[illegible] Y. Lim — Corporate Treasurer

BUREAU OF INTERNAL REVENUE
Revenue Region No. 4
RDO 21A North Pampanga
Collection Section
RECEIVED
APR 20 2023
ANGELO SERGIO P. LISING
Revenue Officer

Signed this 12th day of April 2023

SUBSCRIBED AND SWORN TO before me this APR 12 2023 at QUEZON CITY affiant exhibiting to me their Tax identification number

ATTY. VICENTE C. CRUZ
ADM. MATTER NO. NP-031
NOTARY PUBLIC FOR QUEZON CITY
UNTIL DECEMBER 31, 2023
[illegible] AGRE BLDG., 137 MALAKAS ST.
[illegible], DILIMAN, QUEZON CITY 1100
TEL. NO. 8942-7434
PTR. NO. 3716375 / 01-03-23 / Q.C.
ROLL NO. 33932 / 05-30-86
IBP LIFETIME MEMBER NO. 02022 / 04-19-01 / Q.C.
MCLE NO. VII-[illegible] until Apr. 14, 2025

Doc No. 245
Page No. 4
Book No. XXX
Series of 2023

Supplemental Statement of Independent Auditor

The Board of Directors
GREENKRAFT CORPORATION
W. Ng Bldg., Mc Arthur Highway Cor. Rovimar St.,
Brgy. Balibago, Angeles City Pampanga

We have audited the financial statements of GREENKRAFT CORPORATION for the year ended December 31, 2022, on which we have rendered the attached report dated April 12, 2023.

In compliance with the revised SRC Rule 68, we are stating that the said company has a total number of six (6) stockholders owning one hundred (100) or more shares each as of December 31, 2022, as disclosed in the notes to the financial statements.

BUREAU OF INTERNAL REVENUE
Revenue Region No. 4
RDO 21A North Pampanga
Collection Section
RECEIVED
APR 20 2023
ANGELO SERGIO P. LISING
Revenue Officer

BERMUDEZ & ASSOCIATES,
Certified Public Accountants

[redacted]

Gil C. Bermudez
Partner
CPA Reg. No. 0059357
TIN 169-302-027-000
PTR No. 3440064 January 12, 2023, Quezon City
Firm BOA No. 9039, valid until November 21, 2023
BIR No. 07-100149-001-2022valid until June 25, 2023
SEC No. 59357-SEC, Group C, valid for the audit of 2022-2026

Unit 502 Mikandre Center, Quezon Avenue, Quezon City
April 12, 2023

Report of Independent Auditor

The Board of Directors
GREENKRAFT CORPORATION
W. Ng Bldg., Mc Arthur Highway Cor. Rovimar St.,
Brgy. Balibago, Angeles City Pampanga

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of **GREENKRAFT CORPORATION** which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **GREENKRAFT CORPORATION** as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Basis
We have conducted my audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines together with ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our 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 are responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material mistakes, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information required by the Bureau of Internal Revenue on taxes and licenses disclosed in the notes to the financial statements is presented for purposes of additional analysis and is not required part of financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BERMUDEZ & ASSOCIATES,
Certified Public Accountants

[redacted]

Gil C. Bermudez
Partner
CPA Reg. No. 0059357
TIN 169-302-027-000
PTR No. 3440064 January 12, 2023, Quezon City
Firm BOA No. 9039, valid until November 21, 2023
BIR No. 07-100149-001-2022valid until June 25, 2023
SEC No. 59357-SEC, Group C, valid for the audit of 2022-2026

Unit 502 Milardee Center, Quezon Avenue, Quezon City
April 12, 2023

BUREAU OF INTERNAL REVENUE
Revenue Region No. 4
RDO 21A North Pampanga
Collection Section
RECEIVED
APR 20 2023
ANGELO SERGIO P. LISING
Revenue Officer

Report of Independent Certified Public Accountant to Accompany Income Tax Return

The Board of Directors
GREENKRAFT CORPORATION
W. Ng Bldg., Mc Arthur Highway Cor. Rovinsa St.,
Brgy. Balibago, Angeles City Pampanga

We have audited the financial statements of GREENKRAFT CORPORATION for the year ended December 31, 2022, on which we have rendered the attached report dated April 12, 2023.

In compliance with Revenue Regulation V-20, we are stating that we are not related by consanguinity or affinity to the president, manager or principal stockholders of the company.

BERMUDEZ & ASSOCIATES,
Certified Public Accountants

[redacted]

[illegible] C. Bermudez
Partner
CPA Reg. No. 0059357
TIN 169-302-027-000
PTR No. 3440064 January 12, 2023, Quezon City
Firm BOA No. 9039, valid until November 21, 2023
BIR No. 07-100149-001-2022valid until June 25, 2023
SEC No. 59357-SEC, Group C, valid for the audit of 2022-2026

Unit 502 Milandre Center, Quezon Avenue, Quezon City
April 12, 2023

BUREAU OF INTERNAL REVENUE
Revenue Region No. 4
RDO 21A North Pampanga
Collection Section
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APR 20 2023
ANGELO SERGIO P. LISING
Revenue Officer

BERMUDEZ & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

BOA/PRC Accreditation No. 9039
Valid until November 21, 2023
SEC No. 9039-SEC Group C
Valid for the audit of 2022 to 2026 financial statements

Unit 502 Milandre Centre,
Quezon Avenue, Quezon City
8811-6471
www.bermudezcpas.ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
GREENKRAFT CORPORATION
W. Ng Bldg., Mc Arthur Highway Cor. Rovimar St.,
Brgy. Balibago, Angeles City Pampanga

We have audited in accordance with Philippine Standards on Auditing, the accompanying financial statements of GREENKRAFT CORPORATION (the Company) as at and for the year ended December 31, 2022, on which I have rendered my report dated April 12, 2023. Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary schedules as at December 31, 2022 are the responsibility of the Company's management. These supplementary schedules include the following:

- Reconciliation of Retained Earnings Available for Dividend Declaration

This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68, as amended, and is not part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

BUREAU OF INTERNAL REVENUE
Revenue Region No. 4
RDO 21A North Pampanga
Collection Section
RECEIVED
APR 20 2023
ANGELO SERGIO P. LISING
Revenue Officer

BERMUDEZ & ASSOCIATES
Certified Public Accountants

Gil C. Bermudez
Partner
CPA Reg. No. 0059357
TIN 169-302-027-000
PTR No. 3440064, January 12, 2023, Quezon City
Firm BOA No. 9039, valid until November 21, 2023
BIR No. 07-100149-001-2021, valid until June 25, 2023
SEC No. 59357-SEC, valid for 2022 to 2026 financial statements

April 12, 2023
Unit 502 Milandre Center, Quezon Avenue, Quezon City

PRACTITIONER'S COMPILATION REPORT

To Management of Greenkraft Corporation

We have compiled the accompanying financial statements of Greenkraft Corporation based on information you have provided. These financial statements comprise the statement of financial position of Greenkraft Corporation as at December 31, 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with Philippine Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SMEs). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with PFRS for SMEs.

[redacted]

EMIL B. BERNABE
BOA Number 5200
Valid until December 31, 2024
Board Certificate No. 77682
Tax Identification Number 116-179-222
BIR Accreditation No. 05-003215-010-2018
Valid until September 16, 2023
PTR No. 4207695 January 27, 2023
Quezon City, Philippines

GREENKRAFT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Peso)

	Notes		2022		2021
ASSETS					
Current Assets					
Cash on hand and in bank	4	P	40,551,633	P	38,768,729
Trade Receivables	5		167,489,242		79,219,847
Inventories	6		133,592,620		185,268,075
Other Current Assets	7		76,896,705		64,687,546
Investment in Securities	8		453,965,115		449,425,025
Total Current Assets		P	872,497,315	P	817,369,222
Non-current Assets					
Other Non-current Assets	9	P	10,836,865	P	10,836,865
Property and Equipment - Net	10		619,232,264		585,112,841
Total Non-current Assets		P	630,069,129	P	595,949,706
TOTAL ASSETS		P	1,502,566,444	P	1,413,518,929
LIABILITIES AND EQUITY					
Current Liabilities					
Trade Payables	11	P	384,163,558	P	777,595,172
Other Current Liabilities	11		3,135,203		1,553,309
Trade and Other Payables			387,298,762		779,148,480
Non-Current Liabilities					
Bank Loans Payable	12		582,546,422		129,954,120
Total Liabilities		P	969,845,183	P	909,102,601
Shareholders' Equity					
Share Capital	13	P	250,000,000	P	250,000,000
Cumulative Earnings-Restricted	14		70,000,000		20,000,000
Cumulative Earnings-Unrestricted	14		212,721,261		234,416,328
Total Shareholders' Equity		P	532,721,261	P	504,416,328
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		P	1,502,566,444	P	1,413,518,929

See accompanying Notes to Financial Statements

GREENKRAFT CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes		2022		2021
Sales	16	P	986,580,380	P	800,216,910
Less: Cost of Sales and Services & Rental	17		863,714,697		732,820,006
Gross Income		P	122,865,683	P	67,396,904
Less: Operating Expenses					
General & Administrative Expenses	18	P	86,016,584	P	45,754,428
Total		P	86,016,584	P	45,754,428
Income from Operation		P	36,849,099	P	21,642,476
Total Income		P	36,849,099	P	21,642,476
Less: Interest Expenses	18		14,365,314		6,970,607
Total Income before Income Tax		P	22,483,785	P	14,671,869
Less: Provision for Income Tax	20		5,620,946		3,667,967
Net Income after Tax		P	16,862,839	P	11,003,901
Add: Other Income	15	P	11,442,094	P	9,500,054
Penalty			-		(1,000)
Total Net Income for the Year		P	28,304,933	P	20,502,955

See accompanying Notes to Financial Statements

GREENKRAFT CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Peso)

	Note		2022		2021
Share Capital					
Authorized Share Capital	13	₱	250,000,000	₱	250,000,000
Subscribed Share Capital	13	₱	250,000,000	₱	250,000,000
Paid up Share Capital	13	₱	250,000,000	₱	250,000,000
Reserves	15	₱	50,000,000	₱	20,000,000
Retained Earnings	14	₱	254,416,328	₱	234,514,135
Net Income (Loss)	14		28,304,933		20,502,955
Appropriation for Expansion	15		(50,000,000)		(20,000,000)
Prior Period Adjustment	14		-		(600,762)
Retained Earnings, Ending	14	₱	232,721,261	₱	234,416,328
TOTAL SHAREHOLDERS' EQUITY		₱	532,721,261	₱	504,416,328

See accompanying Notes to Financial Statements

GREENKRAFT CORPORATION
SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Pesos)

	Note		
Unappropriated retained earnings, beginning	*14*	P	234,416,328
Net Income (Loss) based on the face of audited financial statements	*14*		28,304,933
Adjustments:			
Appropriation for Retained Earnings	*14*		(50,000,000)
Unappropriated retained earnings, end		P	212,721,261
Total Retained Earnings		P	212,721,261

See accompanying Notes to Financial Statements

GREENKRAFT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Pesos)

	Note		2022		2021
Cash Provided (Used) by Operating Activities					
Net Income	14	P	28,304,933	P	20,502,855
Depreciation	10,17,18		46,183,760		32,440,729
Decrease (Increase) on Trade Receivables	5		(88,269,395)		(28,306,945)
Decrease (Increase) on Inventories	6		51,675,455		30,893,822
Decrease (Increase) on Prepayments	7		(12,011,159)		(7,690,345)
Increase (Decrease) on Trade Payables	11		(393,431,613)		105,932,860
Increase (Decrease) on Other Current Liabilities	11		1,581,895		902,492
Total Cash (Used) by Operating Activities		P	(365,966,124)	P	154,735,608
Cash Provided (Used) by Investing Activities					
Leasehold Improvement	10	P	(30,340,798)	P	(14,590,821)
Building Improvements	10		(0)		(23,477,318)
Acquisition of Machinery	10		(27,776,977)		(49,292,909)
Acquisition of Office Equipment	10		(7,918,398)		(2,327,750)
Acquisition of Furniture & Fixtures	10		(1,116,495)		
Acquisition of Land	10		(12,076,500)		
Acquisition of Transportation Equipment	10		(1,074,018)		(203,036)
Decrease (Increase) in Investing	8		(4,540,091)		(23,744,985)
Total Cash Provided (Used) by Investing Activities		P	(84,843,273)	P	(113,636,819)
Cash Provided (Used) by Financing Activities					
Loans from Bank	12	P	1,061,488,150	P	439,730,713
Payment of Loans	12		(608,895,849)		(484,776,592)
Payment on Deficiency Tax	14		-		(600,762)
Total Cash Provided (Used) by Financing Activities		P	452,592,301	P	(45,646,641)
Net Increase (Decrease) on Cash and in Bank		P	1,782,904	P	(4,547,952)
Add: Cash on Hand and in Bank - Jan. 01	4		38,768,729		43,316,681
Cash on Hand and in Bank - Dec. 31		P	40,551,633	P	38,768,729

See accompanying Notes to Financial Statements

GREENKRAFT CORPORATION

SCHEDULE OF TAXES AND LICENSES (Note 25)

(Amounts in Philippine Pesos)

For the year ended December 31, 2022

Date	Particulars	O.R. No.	Amount
01/04/22	Barangay Clearance - Taguig	3814224	1,500.00
01/04/22	Real Property Tax For 2022 (1st-4th Quarter)	3RPTB10092144-3	4,650.18
01/10/22	Barangay Clearance - Angeles Pampanga	910913	5,000.00
01/10/22	Community Tax Certificate For 2022	298644	10,500.00
01/14/22	Zoning Certificate	5370661	100.00
01/18/22	Annual Registration Fee 2022 - Cavite	ub-0605	500.00
01/18/22	Annual Registration Fee 2022 - Las Piñas	pnb-0605	500.00
01/19/22	Mayors Permit 2022 (1st-4th Qtr) - Las Piñas	12282809/12282810	113,646.07
01/19/22	Community Tax Certificate For 2022	93252	3,596.00
01/20/22	Mayors Permit 2021 (1st Quarter) - Taguig	6395957	352,948.21
01/21/22	Annual Registration Fee 2022	ub-0605	500.00
01/21/22	Mayors Permit 2022 (1st-4th Quarter) - Nova	A6COR9167845-6	5,561.06
01/25/22	Annual Registration Fee 2022 - Angeles	225507665	500.00
01/26/22	Mayor's Permit 2022 (1st-4th Quarter) - Lucena	1179411	52,088.50
01/27/22	Annual Registration Fee 2022	31263794	500.00
01/28/22	Mayors Permit 2022 (1st Qtr) - Davao	6864937	150,944.67
01/31/22	Mayor's Permit 2021 (1st Quarter)- Pampanga	1761319	114,343.67
01/31/22	Annual Inspection Fee	1761320/5820898	476.00
01/31/22	Mayors Permit 2021 (1st-4th Quarter) - Nueva Ecija	7386522	23,004.90
02/01/22	FSIF-B/ FCRT - Nueva Ecija	21133138	1,689.00
02/02/22	FSIF-B/ FCRT - Angeles Pampanga	21144078	500.00
02/03/22	Mayors Permit 2021 (1st-4th Quarter) - Bulacan	7848311	77,189.68
02/10/22	Real Property Tax For 2022 (1st-4th Quarter) - Dave	RFT0021739	10,343.76
02/10/22	Real Property Tax For 2022 (1st-4th Quarter) - Dave	RFT0021740	10,327.96
02/10/22	Real Property Tax For 2022 (1st-4th Quarter) - Dave	RFT0021742	10,327.96
02/10/22	Real Property Tax For 2022 (1st-4th Quarter) - Dave	RFT0021743	10,327.96
02/10/22	Real Property Tax For 2022 (1st-4th Quarter) - Dave	RFT0021744	10,343.76
02/10/22	Real Property Tax For 2022 (1st-4th Quarter) - Dave	RFT0021745	85,208.76
02/10/22	Real Property Tax For 2022 (1st-4th Quarter) - Dave	RFT0021746	221,223.36
02/10/22	Real Property Tax For 2022 (1st-4th Quarter) - Dave	RFT0021747	720.64
02/10/22	Real Property Tax For 2022 (1st-4th Quarter) - Dave	RFT0021741	10,327.96
02/15/22	Certification Fee for Tax Clearance	226091791	100.00
02/15/22	Certification Fee for Tax Clearance	226091855	100.00
02/21/22	FSIF/ FCRT - Cavite	21196714	1,961.00
02/21/22	Mayors Permit 2022 (1st Quarter) - Cavite	227959	189,710.38
04/04/22	Documentary Stamp Tax Declaration/Return	226956901	5,205.94
04/04/22	Documentary Stamp Tax Declaration/Return	226952893	2,690.00
04/04/22	Documentary Stamp Tax Declaration/Return	226953260	4,746.09
04/04/22	Documentary Stamp Tax Declaration/Return	226953511	3,634.43
04/04/22	Documentary Stamp Tax Declaration/Return	226953718	3,572.34

GREENKRAFT CORPORATION

SCHEDULE OF TAXES AND LICENSES (Note 25)

(Amounts in Philippine Pesos)

For the year ended December 31, 2022

Date	Particulars	O.R. No.	Amount
04/04/22	Documentary Stamp Tax Declaration/Return	226964035	3,254.48
04/12/22	Building Permit	2319104	6,000.00
04/18/22	Mayor's Permit 2022 (2nd Quarter) - Pampanga	1797360	112,128.87
04/18/22	Mayors Permit 2022 (2nd Quarter) - Cavite	308735	176,153.85
04/18/22	Mayors Permit 2022 (2nd Qtr) - Davao	6866380	128,254.17
04/20/22	Mayors Permit 2022 (2nd Quarter) - Taguig	5426005	343,022.96
05/05/22	Fire Safety Seminar/ Fire Drill	21199931	3,000.00
05/31/22	Building Permit	3000740	50.00
07/18/22	Mayor's Permit 2020 (3rd Quarter) - Pampanga	1831714	112,128.87
07/18/22	Mayors Permit 2022 (3rd Quarter) - Cavite	345928	176,153.85
07/08/22	CTC - Business permit	344179	180.00
07/19/22	Mayors Permit 2022 (3rd Qtr) - Davao	6866688	128,254.17
07/18/22	Mayors Permit 2020 (3rd Quarter) - Taguig	5583043	343,022.96
08/08/22	Renewal of LTO Registration for 2022 - RIC998	1320-000000082613	2,090.00
08/08/22	Renewal of LTO Registration for 2022 - NCP6218	1320-000000082609	2,515.00
09/29/22	Renewal of Halal Certification-Cavite	2357/2358	57,600.00
09/29/22	Renewal of Halal Certification-QC	2357/2358	57,600.00
09/15/22	Annual Inspection Fee for issuance of PTO	373616	6,858.84
10/14/22	Mayor's Permit 2022 (2nd Quarter) - Pampanga	1865568	112,128.87
10/13/22	Mayors Permit 2022 (2nd Quarter) - Cavite	382555	176,153.85
10/14/22	Mayors Permit 2022 (2nd Qtr) - Davao	6868818	128,254.17
10/14/22	Mayors Permit 2022 (2nd Quarter) - Taguig	5621264	343,022.96
Total		₱	3,929,838.29

1 Corporate Information

GREENKRAFT CORPORATION (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on April 10, 2008. The Company is primarily engaged in the business of trading of goods such as craft roll and other products or items on wholesale or retail basis.

The registered office of the Company which is also its principal place of business is located at W. Ng Bldg McArthur Highway Cor. Rovimar St. Brgy Balibago Angeles City Pampanga. The Company was registered as a VAT Taxpayer with the Bureau of Internal Revenue (BIR) and was assigned Taxpayer Identification No, 225-100-034-000.

The financial statements of the Company for the year ended December 31, 2022 (including the comparatives for the year ended December 31, 2021) were approved by the Board of Directors and authorized for issue on April 12, 2023. The Board of Directors is empowered to make revisions even after the date of issue.

2 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared on a historical cost basis and are presented in Philippine Peso, which is the Company's functional and presentation currency. All amounts are rounded to the nearest Philippine Peso, except when otherwise indicated. The financial statements have been prepared in accordance with Philippine Financial Reporting Standard (PFRS) issued by the Philippine Financial Reporting Standards Council.

Measurement Bases

The financial statements are presented in Philippine Peso, the Company's functional and presentation currency. All values represent absolute amounts except when otherwise stated.

The financial statements of the Company have been prepared on the historical cost basis of accounting, except for land that have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability. 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 Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the 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 Company 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.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring the fair values of financial assets and liabilities is included in Note 22 to financial statements.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted when applicable on its financials.

Effective for annual periods beginning on or after January 1, 2022:

1. ***Amendments to IAS16 - Property, Plant and Equipment***

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

2. **Amendments to IAS 37 - Onerous Contract**

On May 14, 2020, the International Accounting Standards Board (IASB) has published 'Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The changes in Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

3. ***Annual Improvements to IFRS Standards 2018 - 2020***

The amendments to IFRS 1, IFRS 9, and IAS 41 are all effective for annual periods beginning on or after January 1, 2022. Early application is permitted. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated. The IASB's annual improvements project provides a streamlined process for dealing efficiently with a collection of amendments to IFRSs. The primary objective of the process is to enhance the quality of standards, by amending existing IFRSs to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. Amendments are made through the annual improvements process when the amendment is considered non-urgent but necessary.

On 14 May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 containing the following amendments to IFRSs:

a. **Subsidiary as a first-time adopter**. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

b. **Fees in the '10 per cent' test for derecognition of financial liabilities.** The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

c. **Lease incentives**. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

d. **Taxation in fair value measurements.** The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

4. **Amendments to IFRS 3 - Conceptual Framework**

The International Accounting Standards Board (IASB) has published 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

a. The changes in Reference to the Conceptual Framework (Amendments to IFRS 3) are:

b. Update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;

c. Add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination;

d. And add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

New and Amended PFRS Issued But Not Yet Effective as of January 1, 2022

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2022 and have not been applied in preparing the financial statements are summarized below.

Effective January 1, 2023

1. ***Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current***

The changes in Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1) defer the effective date of the January 2020 Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) to annual reporting periods beginning on or after January 1, 2023. Earlier application of the January 2020 amendments continues to be permitted.

This issue was originally addressed as part of the annual improvements project 2010 -2012 cycle. Exposure Draft ED/2012/1 Annual Improvements to IFRSs (2010—2012 Cycle), published in May 2012, proposed amendments to IAS 1.73 to clarify that a liability is classified as non-current if an entity expects, and has the discretion, to refinance or roll over an obligation for at least twelve months after the reporting period under an existing loan facility with the same lender, on the same or similar terms. During 2013, however, the IASB decided not to finalize the amendment, but instead pursue a narrow-scope project to refine the existing guidance in IAS 1 on when liabilities should be classified as current.

In February 2015, the Board published its proposals in the Exposure Draft ED/2015/1 Classification of Liabilities (Proposed amendments to IAS 1). The Board discussed feedback on the ED from December 2015 to September 2019, pausing the project between 2016 and 2018 while it finalized revisions to the definition of a liability in the Conceptual Framework. As a result of these discussions, the Board made no fundamental changes to the proposed amendments but decided to clarify some aspects of them.

The final amendments, issued by the IASB on January 23, 2020, in Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.

They clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability; clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

2 ***Amendments to IAS 8 - Definition of Accounting Estimates***

The International Accounting Standards Board (IASB) has published 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

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

b. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

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

d. A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

3 ***Amendments to IAS 12 - Deferred Taxes***

The IASB (" the Board") issued amendments to IAS 12, 'Income Taxes', on 7 May 2021. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

At its meeting on October 24, 2018, the International Accounting Standards Board discussed the IFRS Interpretations Committee's recommendation to propose a narrow-scope amendment to IAS 12, Income Taxes. The proposed amendment related to the recognition of deferred tax when an entity accounts for transactions, such as leases or decommissioning obligations, by recognizing both an asset and a liability.

On July 17, 2019, the IASB published an Exposure Draft "Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Proposed amendments to IAS 12)" that aim at clarifying how companies account for deferred tax on leases and decommissioning obligations. Comments were requested by November 14, 2019.

In May 2021 the Board issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The amendments were issued in response to a recommendation from the IFRS Interpretations Committee. Research conducted by the Committee indicated that views differed on whether the recognition exemption applied to transactions, such as leases, that lead to the recognition of an asset and liability. These differing views resulted in entities accounting for deferred tax on such transactions in different ways, reducing comparability between their financial statements. The Board expects that the amendments will reduce diversity in the reporting and align the accounting for deferred tax on such transactions with the general principle in IAS 12 of recognizing deferred tax for temporary differences.

4 ***Amendments Re-Sale & Leaseback Transactions***

On September 22, 2022, the IASB issued amendments to IFRS 16, Leases, which add to requirements explaining how a company accounts for a sale and leaseback after the date of the transaction. The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. The amendment to IFRS 16 to specifies that:

• In applying paragraphs 36–38 of IFRS 16 to a sale and leaseback transaction with variable lease payments, a seller-lessee be required:

a. To determine the lease payments made (as described in paragraph 36(b)) as the payments included in the measurement of the lease liability. The payments included in that measurement are those that, when discounted using the discount rate described in paragraph 37, result in an amount equal to the carrying amount of the lease liability.

b. Not to remeasure the lease liability to reflect any reassessment of future variable lease payments.

c. To apply paragraph 38 in accounting for any difference between the payments made for the lease and those included in the measurement of the lease liability.

• in applying paragraphs 40 and 45 of IFRS 16 to lease modifications and changes in the lease term related to a sale and leaseback transaction, a seller-lessee be required to determine the revised lease payments as the revised expected payments for the lease.

The Board also tentatively decided to develop an additional example that would illustrate how a seller-lessee would account for a sale and leaseback transaction with variable payments, both at the date of the transaction and subsequently throughout the lease term.

5 ***Initial Application Of IFRS 17 & IFRS 9 - Comparative Information***

IFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after January 1, 2023.

The IASB developed a narrow-scope amendment to the transition requirements of IFRS 17, Insurance Contracts. The amendment is an option that is aimed at helping companies increase the usefulness of comparative information presented on initial application of IFRS 17 and IFRS 9, Financial Instruments.

The Board met on June 22, 2021 to discuss a proposed narrow-scope amendment to IFRS 17 to address one-time classification differences that may arise in the comparative information that insurance entities present on initial application of IFRS 17 and IFRS 9.

The Board tentatively decided to propose a narrow-scope amendment to IFRS 17. The amendment would permit an entity to apply a classification overlay in the comparative periods presented on initial application of IFRS 17 and IFRS 9. The optional classification overlay would:

• Apply to financial assets that are related to insurance contract liabilities and to which IFRS 9 has not been applied in the comparative periods;

• Allow an entity to classify these financial assets in the comparative periods based on a reasonable expectation of how these assets would be classified on initial application of IFRS 9;

• Apply to comparative periods that have been restated for IFRS 17 (that is, from the transition date to the date of initial application of IFRS 17); and

• Apply on an instrument-by-instrument basis.

In December 2021, the IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17). The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

Effective January 1, 2024

1. ***AMENDMENTS TO IAS 1 – NON CURRENT LIABILITIES WITH COVENANTS***

The amendments are effective for reporting periods beginning on or after January 1, 2024. The amendments are applied retrospectively in accordance with IAS 8 and earlier application is permitted.

At its meeting on June 23, 2021, the Board decided to amend IAS 1, Presentation of Financial Statements, in response to new information provided by respondents re the tentative Agenda Decision Classification of Debt with Covenants as Current or Non-current.

It specifies that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period (the reporting date) for the purposes of classifying a liability as current or non-current; and for non-current liabilities subject to conditions, an entity is required to disclose information about:

a. The conditions (for example, the nature of and date by which the entity must comply with the condition);

b. Whether the entity would comply with the conditions based on its circumstances at the reporting date; and

c. Whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested.

The Board tentatively decided to amend IAS 1 to require that an entity present separately in its statement of financial position 'non-current liabilities subject to conditions in the next 12 months'. This line item would include liabilities classified as non-current for which the right to defer settlement for at least 12 months is subject to the entity complying with conditions after the reporting date.

The Board tentatively decided to amend IAS 1 to clarify that an entity does not have a right to defer settlement at the reporting date when the related liability could become repayable within 12 months:

At the discretion of the counterparty or a third party (for example, when a loan is callable by the lender at any time without cause); or if an uncertain future event occurs (or does not occur) and the event's occurrence (or non-occurrence) is unaffected by the entity's future actions (for example, when the liability is a financial guarantee or insurance contract liability).

Deferred Effectivity

• Amendments to PFRS 10, Consolidated Financial Statements, and PAS 28 - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

Financial Instruments

Initial Recognition of Financial Instruments

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

Initial Measurement

A financial asset or financial liability is initially measured as follows: (a) for goods sold to a customer on short-term credit, a receivable is recognized at the transaction price, which is normally the invoice price; and, (b) for goods purchased from a supplier on short-term credit, a payable is recognized at the transaction price, 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 incurs on sale of other disposal: (a) for goods sold to a customer on short-term credit, is recognized at the undiscounted amount of cash or other consideration expected to be received, net of any impairment or any uncollectible accounts; and, (b) 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.

"Day 1" Difference

Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Classification

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). The classification of a financial asset largely depends on the Company's business model and its contractual cash flow characteristics. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

Financial Assets at Amortized Cost

Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is 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.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in the statements of comprehensive income when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Financial Liabilities at Amortized Cost

Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in the statements of comprehensive income when the liabilities are derecognized or through the amortization process.

Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

Derecognition of Financial Assets and Liabilities

Financial Assets

The Company derecognizes a financial asset when: (a) the contractual rights to receive cash flows from the financial asset has expired or are settled; (b) the Company has transferred to another party substantially all of the risks and rewards of ownership of the financial asset; and, (c) the entity, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial Liabilities.

The Company derecognizes financial liability (or part of a financial liability) only when it is extinguished, cancelled, or expired. Where 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.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- The Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Otherwise, the financial instrument is classified as equity.

Advances to Officers and Employers

Advances to officers and employees are amounts paid in advance for business expenditures. These are carried at face amount in the statement of financial position and are recognized to the corresponding asset or expense account upon liquidation.

Inventories

Inventories consist of various raw materials that will be used in rendering the Company's services to its customers. These are valued at the lower of cost and net realizable value (NRV). Cost is determined using the first-in-first-out method. Replacement cost is the best available measure of NRV of inventories held for the rendering of services. In determining the NRV, the Company considers any adjustment necessary for obsolescence.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the year in which the related revenue is recognized.

Other Current Assets

Other current assets include deferred income tax, prepayments, deferred input VAT and input VAT. Other current assets are classified as current assets if it is expected to be incurred or capitalized in over no more than 12 months. Otherwise, these are classified as noncurrent assets.

Advances to Subcontractors.

Advances to subcontractors are amounts paid in advance for the purchase of services. These are carried at the amount of cash paid in the statement of financial position and are recognized to the corresponding expense account when the services for which the advances were made are received.

For tax purposes, the advance payments made for the purchase of services shall be deductible as expense from the Company's gross income for the taxable year.

Advances to Contractors and Suppliers

Advances to contractors and suppliers are amounts paid in advance for the purchase of goods and services. These are carried at the amount of cash paid in the statement of financial position and are recognized to the corresponding asset or expense account when the goods or services for which the advances were made are received.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense as these are consumed in operations or expire with the passage of time

Deferred Input VAT

In accordance with Section 4-110-3 (c) of the Revenue Regulations (RR) No. 13-2018, all input VAT on purchases and importation of capital goods shall already be allowed to be claimed outright upon purchases/payment and shall no longer be subject to amortization. Unutilized input VAT on capital goods purchased or imported prior January 1, 2022, shall be amortized the same as scheduled until fully utilized.

Deferred input VAT represents the unamortized amount of input VAT on capital goods and input VAT on the unpaid portion of availed services, including the use or lease of properties.

Input VAT

Input VAT represents VAT imposed by the Company's suppliers for acquisition of goods and services. Input VAT is recognized as an asset and will be used to offset against the Company's current output VAT liabilities and any excess will be claimed as tax credits.

Property and Equipment

Property and equipment, except for land, are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value. Land is stated at cost less any accumulated impairment in value.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year 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 additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When significant parts of an item of property and equipment have different useful lives, these are accounted for as separate items (major components) of property and equipment.

Construction in Progress is reclassified to depreciable capital asset as Building upon completion since January 1, 2022 and depreciated.

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

	Number of Years
Office Equipment	5 years
Transportation Equipment	5 years
Furniture and Fixtures	5 years
Machinery and Equipment	10 years
Delivery Equipment	5 years
Production Tools	5 years
Leasehold Improvements	5 years
Building	25 years

The assets' estimated useful lives, and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Fully depreciated and amortized assets are retained in the accounts until these are no longer in use.

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

Investment Property

Investment property is a property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes. Investment property is measured initially at cost. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Depreciation is calculated on a straight-line method over the asset's estimated useful life of 5 years

The estimated useful life and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefit from the investment property.

investment property is derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the ending of owner-occupation, commencement of an operating lease to another party or ending of the construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by the commencement of owner occupation or commencement of development with a view to sell.

Impairment of Nonfinancial Assets

At the end of each reporting period, nonfinancial assets are assessed whether there is an objective evidence of impairment. If there is an objective evidence of impairment, the recoverable amount of any affected asset (or group of related assets) is compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

If an impairment loss is subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior years. A reversal of impairment loss is immediately recognized in profit or loss.

Unearned Revenue

Unearned revenue is a contract liability arising from the receipt of consideration from the customers, before the Company renders construction services. These are recorded at face amount in the statement of financial position and recognized as revenue in the statement of comprehensive income when the services for which the advances were made are rendered to the customers.

For tax purposes, the advance payments from customers shall be considered as income and shall form part of the Company's gross income for the taxable year.

Equity

Capital Stock

Capital stock is determined using the nominal value of shares that have been issued and duly paid.

Retained Earnings

Retained earnings represent the cumulative balance of net income and losses, net of dividend declarations.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

The Company recognized revenue from contracts with customers when it has met the following specific performance obligations

Sale of Goods

Revenue is recognized at the point in time when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

Sale of Service

Revenue is recognized over time as customers receives and consumes the benefits provided by the entity through satisfaction of performance obligation.

Other Sources of Revenue

The following specific recognition criteria must also be met before other revenue is recognized:

Interest Income

Interest income is recognized as the interest accrues taking into account the effective yield on the assets, net of final tax.

Other Income

Income from other sources is recognized when earned during the period

Cost and Expense Recognition

Cost and expenses are recognized in the statements of comprehensive income when a decrease in future economic benefit related to a decrease in an asset or an increase in liability has arisen that can be measured reliably.

Cost of Goods Manufactured and Sold

Cost of Goods Manufactured and Sold is recognized as expense when incurred for the production of the goods sold in a company.

Operating Expenses

Operating expenses are recognized when incurred and are reported in the statement of comprehensive income in the periods to which they relate.

Interest Expense

Interest expense is recognized in profit or loss as it accrues and is calculated using the effective interest method.

Leases

The Company assesses whether the contracts are, or contain, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company also assesses whether a contract contains a lease for each potential separate lease component.

Company as a Lessee

The Company recognizes lease liability to make lease payments and ROU asset representing the right to use the underlying asset.

Lease Liabilities

At commencement date, the Company measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate.

Lease payment comprises of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liability is measured at amortized cost using the effective interest method. The carrying amount is remeasured if there are changes in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding ROU asset, or to profit or loss if the carrying amount of the ROU asset is fully impaired.

Employee Compensation and Other Benefits

Employee benefits represent: (a) short term employee benefits, which are employee benefits (other than termination benefits) that are wholly due within twelve months after the end of the period in which the employees render the related service, and (b) termination benefits, which are employee benefits payable as a result of either: an entity's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

a. *Short-Term Employee Benefits*

The Company recognizes a liability net of amounts already paid and an expense for services rendered by the employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, statutory thirteenth month pay and counterpart contributions for social security (Social Security System), national health insurance (Philippine Health Insurance) and housing fund (Home Development Mutual Fund. Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid for that service.

b. *Termination Benefits*

Termination benefits include: by legislation, by contractual or other agreements with employees or their representatives or by a constructive obligation based on business practice, custom or a desire to act equitably, to make payments (or provide other benefits) to employees when it terminates their employment. Termination benefits are measured at the best estimate of the expenditure that would be required to settle the obligation at the reporting date. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer. When termination benefits are due more than twelve months after the end of the reporting period, they shall be measured at their discounted present value.

c. *Post-Employment Benefits*

The Company does not have a formal employee retirement benefit plan. However, mandated pension benefits are provided to employees through counterpart contributions to Social Security System. The Company shall provide retirement benefits in compliance with Republic Act 7641.

Income Taxes

Income tax is recognized in the statement of comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax

Deferred tax is recognized on all temporary differences at the reporting date between the carrying amount of the assets and liabilities in the financial statements and their corresponding tax bases.

Deferred Tax Assets

Deferred tax assets are recognized for the future tax consequences attributable to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and the carry forward benefits of net operating loss carryover (NOLCO). The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced, if appropriate. Unrecognized deferred tax asset is 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 asset to be recovered.

Deferred Income Tax Assets and Liabilities

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

Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the end of the reporting year. Foreign exchange differences are credited or charged directly to profit or loss.

Provisions

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. When the Company expects reimbursement of some or all of the expenditure required to settle a provision, the Company recognizes a separate asset for the reimbursement only when it is virtually certain that the reimbursement will be received when the obligation is settled.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into consideration the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of cash flows.

Provisions, if there are any, are reviewed each reporting date and adjusted to reflect the current best estimate.

Contingencies

Contingent assets and liabilities are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

Contingent liabilities are not recognized in the financial statement but are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Events After the Reporting Date

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

The events are categorized as:

a. *Adjusting Events* - those events that provide evidence of conditions that existed at the end of the reporting period;

b. Non-Adjusting Events - those events that are indicative of conditions that arose after the end of the reporting period.

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

If non-adjusting events after the end of the reporting period are material, non-disclosure could influence the economic decisions of the users taken on the basis of the financial statements. Accordingly, an entity shall disclose the following for each material category of non-adjusting event after the end of the reporting period:

a. The nature of the event; and

b. an estimate of its financial effect, or a statement that such and estimate cannot be made

3 **Significant Judgments, Accounting Estimates and Assumptions**

The preparation of the financial statements in accordance with PFRS requires management to make judgments, accounting estimates and assumptions that affect the amounts reported in the financial statements and notes. The judgments, accounting estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the significant judgement, accounting estimates and assumptions made by the Company:

Evaluation of Contingencies

The Company provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle said obligations. An estimate of the provision is based on known information at the end of reporting period, net of any estimated amount that may be reimbursed to the Company. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. The amount of provision is being re-assessed at least on an annual basis to consider new relevant information.

Determination of Lease Commitment - Company as a Lessee.

The Company has entered into an agreement with the various lessors. The Company determines that it has the right to control the use of the leased asset. Accordingly, the agreement is treated as lease.

Estimation of ROU Assets and Lease Liabilities

The Company determines lease payments, lease term and discount rate at the commencement date of a lease. The lease term comprises non-cancellable period of a lease contract. Any option to extend or terminate the lease that is included in the lease term must be enforceable. The Company considers all relevant facts and circumstances that create an economic incentive for the Company to exercise, or not to exercise, the option such as, but not limited to, significant leasehold improvements undertaken and the importance of the underlying asset to the Company's operations.

Classification of Short-term Lease Commitments - Company as a Lessee

The Company determines lease payments, lease term and discount rate at the commencement date of a lease. The lease term comprises non-cancellable period of a lease contract. Any option to extend or terminate the lease that is included in the lease term must be enforceable. The Company considers all relevant facts and circumstances that create an economic incentive for the Company to exercise, or not to exercise, the option such as, but not limited to, significant leasehold improvements undertaken and the importance of the underlying asset to the Company's operations.

Assessment of ECL

The allowance for ECL on contract assets, retention receivable and other financial assets at amortized cost are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Estimating Allowance for ECL on Trade Receivables

Under PFRS 9, the Company measures ECL based on shared credit risk characteristics of trade receivables and uses a provision matrix based on historical default rates of trade receivables. The provision matrix specifies provision rates depending on the number of days that trade receivable is past due. The Company then calibrates the provision matrix to adjust historical credit loss experience with forward-looking information such as forecasted economic conditions. The Company regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual experience. The Company has assessed that the expected loss rates for trade receivables are reasonable.

Estimating Allowance for ECL on Trade Receivables

The Company determines the allowance for ECL using general approach based on the probability weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors: (a) actual or expected external and internal credit rating downgrade; (b) existing or forecasted adverse changes in business, financial or economic conditions; and (c) actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable counterparties with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized in 2022.

The carrying amount of other financial assets at amortized cost are as follows:

	Note		2022		2021
Cash in bank and on hand	4	P	40,551,633	P	38,768,729
Other noncurrent asset	9		10,836,865		10,836,865
		P	51,388,498	P	49,605,594

Determination of NRV of Inventories

The Company estimates NRV of inventories based on the most reliable evidence available at the time the estimates are made, of the amount that the inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the year to the extent that such events confirm conditions existing at the end of the reporting year. A new assessment is made of NRV in each subsequent year. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is a clear evidence of an increase in NRV because of change in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised NRV.

Estimating Useful Lives of Property and Equipment

The useful lives of property and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment and intangible assets would increase the recorded depreciation and amortization and decrease the carrying amounts of property and equipment.

Assessment for Impairment of Nonfinancial Assets

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

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Each group of the Company's property and equipment located in construction sites is considered as a cash-generating unit. Recoverable amount represents the value in use, determined as the present value of estimated future cash flows expected to be generated from the continued use of the assets. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the assets.

No impairment loss on nonfinancial assets was recognized by the Company in 2022 and 2021.

The carrying amounts of nonfinancial assets are as follows at December 31, 2022 and 2021 are as follows:

	Note		2022		2021
Creditable withholding tax	20	P	11,479,932	P	10,104,290
Other current assets	7		76,898,705		64,887,546
Property and equipment	10		619,232,264		585,112,841
		P	707,610,901	P	660,104,676

Determining Realizability of Deferred Tax Assets

The Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces the amounts 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. The Company reviews its projected performance in assessing the sufficiency of future taxable income.

4 **Cash**

This account consists of:

		2022		2021
Cash in Bank	P	40,464,633	P	38,706,729
Petty Cash fund		87,000		62,000
Total	P	40,551,633	P	38,768,729

Cash in banks earn interests at the prevailing bank deposit rates and are immediately available for use in the Company's current operations.

5 ***Trade and Other Receivables***

This account consists of:

		2022		2021
Trade Receivable	P	158,476,067	P	71,908,733
Non-Trade Receivable		9,013,175		7,311,113
Total	P	167,489,242	P	79,219,847

Trade receivables represent non-interest bearing receivables from various customers.

Non-trade receivables - other result from rental income, security income and other income and from sale of scrap materials.

All of the company's trade and other receivables have been reviewed for indicators of impairment based on management's evaluation no impairment losses on trade and other receivables need to be recognized for 2022 and 2021.

6 ***Inventories***

This account consists of:

		2022		2021
Merchandise Inventory	P	133,592,620	P	185,268,075
Total	P	133,592,620	P	185,268,075

These inventories are various unsold merchandise inventories. They are valued at the lower cost and estimated selling price less cost to sell. The carrying value of these inventories is equivalent to its fair value.

Cost is determined primarily on the basis of first-in first-out method.

Impairment test conducted revealed that there are no impaired inventories, thus, no allowance for impairment was provided. The carrying amount thereof is equivalent to its fair value.

7 ***Other Current Assets***

This account consists of:

		2022		2021
Excess Payment on W-tax - Compensation	P	115,514	P	38,381
Prepaid Insurance Expenses		10,977,691		3,192,437
Deferred Income Tax		42,231,239		36,372,253
Deferred Input Tax on Capital Goods (Current)		15,876,511		25,284,475
Excess Input Tax		7,697,750		-
Total	P	76,898,705	P	64,887,546

Prepaid Insurance Expense refers to the purchase of insurances for the year from outside parties and can be claimed as expense and amortized on a monthly basis.

Deferred Input Tax on Capital Goods refers to the purchase of assets from outside parties and can be claimed as credit against the companies VAT liabilities and amortized on a monthly basis.

Excess payment on Withholding Tax Compensation represents tax withheld that can be claimed as credit against company's future withholding tax liability on Compensation

Deferred Income Tax refers to the creditable withholding taxes withheld and issued by the customers and can be claimed as credit against the company's income tax liabilities.

8 ***Investment in Securities***

This account consists of:

		2022		2021
Investment in Securities	P	367,105,476	P	355,316,724
Available-for-Sale Financial Assets		86,859,639		94,108,300
Total	P	453,965,115	P	449,425,025

Details of available-for-sale financial assets are as follows:		2022		2021
Cost				
Balance at beginning of year	P	88,514,894	P	64,769,909
Purchase		21,371,230		41,956,961
Disposal		(16,831,139)		(18,211,976)
Balance at end of year	P	93,054,984	P	88,514,894
Changes in Fair Value				
Balance at the beginning of the year	P	5,593,407	P	1,615,173
Changes in Fair Value		(601,938)		7,208,580
Total	P	(5,195,345)	P	5,593,407
Total	P	86,859,639	P	94,108,300

The available-for-sale financial assets consisting of shares of various companies were measured at fair value based on quoted price as at December 31, 2022.

Management intends to dispose the AFS financial assets when the need arises.

9 ***Other Non-Current Assets***

This account consists of:

		2022		2021
Advances to Directors	P	7,600,000	P	7,600,000
Prepaid Rent		196,000		196,000
Rental Deposit		594,500		594,500
Meralco Deposit		2,446,365		2,446,365
Total	P	10,836,865	P	10,836,865

Prepaid rent represents deposits made by the Company in compliance with the lease agreement, which the company intends to apply against rental billing during the last few months of the lease term.

Meralco Deposit represents deposits made by the Company in compliance with their agreement.

10 ***Property and Equipment***

Balances and movements in this account are as follows:

	2022									
	Land	Building	Leasehold Improvements	office Equipment	Furniture and Fixtures	Machinery and Equipment	Production Tools	Transportation equipment	Construction in Progress	Total
Balance at 1/1/2022-Net of Accum. Depreciation	182,837,003	285,462,339	41,580,652	4,822,307	3	38,058,077	13	2,342,548	-	555,112,841
Additions	12,076,500	-	30,340,786	7,915,396	1,115,495	27,776,977	-	1,074,918	0	80,300,183
Depreciation	-	(9,961,939)	(11,912,589)	(1,900,477)	(111,649)	(20,305,912)	(1,157,489)	(510,978)	-	(45,183,788)
Balance at 12/31/2022 - Net of Accum. Depreciation	174,913,503	275,890,688	60,008,791	10,837,225	1,004,848	45,519,143 -	1,757,483	1,905,588	0	519,232,264
December 31, 2022										
Cost or Valuation	174,913,503	317,183,631	109,380,689	18,795,145	1,164,542	229,685,638	3,573,936	12,906,875	-	926,604,960
Accum. depreciation	-	(40,367,842)	(48,371,938)	(7,957,922)	(159,694)	(184,169,494)	(5,331,419)	(11,001,287)	-	(307,376,696)
Net carrying amount	174,913,503	275,889,688	60,008,751	10,837,225	1,004,848	45,519,143 -	1,757,483	1,905,588	-	519,232,264

	2021									
	Land	Building	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Machinery and Equipment	Production Tools	Transportation equipment	Construction in Progress	Total
Balance at 1/1/2021 Net of Accum. Depreciation	182,837,003	52,621,247	39,149,458	3,733,449	3	59,367,898	40,513	1,475,272	204,425,539	527,551,736
Additions	-	-	14,590,821	2,377,750	-	49,292,989	-	200,936	23,477,318	89,891,834
Depreciation	-	(4,061,925)	[illegible]	(1,238,831)	-	(20,612,815)	(40,500)	(335,760)	-	[illegible]
Balance at 12/31/2021 Net of Accum. Depreciation	182,837,003	48,559,422	41,580,593	4,872,367	3	88,068,077	13	1,340,548	227,902,917	595,112,941
December 31, 2021										
Cost or Valuation	182,837,003	85,285,714	78,039,931	10,876,752	48,047	261,908,890	3,573,936	14,832,057	227,902,917	846,305,777
Accum. depreciation	-	(36,726,292)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]
Net carrying amount	182,837,003	48,559,422	41,580,591	4,872,307	3	88,068,077	13	1,342,548	227,902,917	595,112,941

On January 1, 2022 Construction in Progress is reclassified to depreciable capital asset as Building upon completion and depreciated.

11 *Trade and Other Payables*

This account consists of:

		2022		2021
Trade Payables	P	364,546,817	P	752,163,812
Non-Trade Payables		19,616,742		25,431,359
Statutory payable				
Withholding Tax Payable-Compensation		32,655		16,372
Withholding Tax Payable-Expanded		2,883,454		825,515
Withholding Tax Payable-Final		50,546		53,870
SSS Contribution Payable		55,658		57,128
SSS Loan Payable		55,727		36,124
PhilHealth Payable		23,927		16,195
Pag-ibig Contribution Payable		7,600		7,900
Pag-ibig Loans Payable		25,637		20,510
Vat Payable		0		517,695
Total	P	387,298,762	P	779,146,480

Trade payables are noninterest-bearing and are payable within 60 days.

Statutory payables include output VAT, employee contributions and taxes withheld by the Company on employees' compensation and on payment to suppliers. These are remitted to respective regulatory agencies in the following month.

Deferred output VAT pertains to VAT on receivables from customers.

12 *Loans Payable*

This account consists of:

		2022		2021
Bank Loans	P	582,546,422	P	129,954,120
Total	P	582,546,422	P	129,954,120

Bank Loans are subject to interest bearing and are normally settled depends on terms and conditions of the bank agreements.

13 ***Equity***

The Company is authorized to issue 250,000,000 shares of common stock at P 1.00 par value. Total par value of issued and outstanding shares as of December 31, 2022 amounts to P250,000,000. The Company also has subscribed shares amounting to P250,000,000. The company has six (6) stockholders owning one hundred (100) or more shares each.

This account consist of:	2022		2021	
	No. of Shares	Amount	No. of Shares	Amount
Authorized Share Capital - 250,000,000 shares @ Php 1.00 par value share	2,500,000	250,000,000.00	2,500,000	250,000,000.00
Increase of Capitalization	-	-	-	-
Total	2,500,000	250,000,000.00	2,500,000	250,000,000.00
Subscribed	2,500,000	250,000,000.00	2,500,000	250,000,000.00
Paid-up Share Capital - 250,000,000 shares @ Php 1.00 par value share	2,500,000	250,000,000.00	2,500,000	250,000,000.00
Beginning of the year	2,500,000	250,000,000.00	2,500,000	250,000,000.00
End of the year	2,500,000	250,000,000.00	2,500,000	250,000,000.00

14 ***Cumulative Earnings***

		2022		2021
Restricted				
Beginning of the year	P	20,000,000	P	-
Additional		50,000,000		20,000,000
End of the Year	P	70,000,000	P	20,000,000
Unrestricted				
Beginning of the year	P	234,416,328	P	234,514,135
Less: Prior Period Adjustment		-		(600,762)
Net Income		28,304,933		20,502,955
Appropriation for Retained Earnings		(50,000,000)		(20,000,000)
End of the Year	P	212,721,261	P	234,416,328
Total Cumulative Earnings	P	282,721,261	P	254,416,328

The total Cumulative Retained Earnings as of December 31, 2022 and 2021 aggregates to P282,721,261 and P254,416,328 respectively.

On December 31, 2022, the Company's retained earnings exceeded its capital stock. Relative to this, the excess Retained Earnings will be used for purchase of equipments or properties for future expansion.

15 ***Other Income***

This account consists of the following:

		2022		2021
Interest Income	P	28,553	P	32,932
Dividend Income		3,533,338		5,127,971
Gain on Sale of Available for Sale of Securities		7,880,203		4,339,151
Total	P	11,442,094	P	9,500,054

Interest income from cash in banks amounted to P 28,553 and P 32,982 in 2022 and 2021, respectively.

Dividend income and Gain on sale of investment derived from the disposal of certain asset held-for-sale and from investments amounting to P11,413,541 and P9,467,122 in year 2022 and 2021, respectively.

16 ***Revenue***

This account consists of:

		2022		2021
Sales of Goods	P	883,731,118	P	706,653,004
Sales of Goods (Zero-rated)		14,578,511		17,337,469
Security Income		729,734		625,486
Rental Income		44,384,750		43,092,185
Other Service Income		43,156,268		32,508,766
Total	P	986,580,386	P	800,216,910

17 ***Cost of Sales and Services***

This account consists of the following:

		2022		2021
Inventory, beginning	P	185,268,075	P	216,181,898
Add: Purchases - Local	P	631,793,992	P	525,637,351
Purchases - Imported		20,249,374		33,196,690
Other Importation Charges		335,680		2,223,304
Total Purchases	P	652,379,046	P	561,057,355
Total Goods Available for Sales	P	837,647,121	P	777,219,252
Less: Inventory - Dec. 31	P	133,592,620	P	185,268,075
Cost of Sales	P	704,054,501	P	591,951,177
Add: Cost of Services and Rental				
Labor - Regular	P	10,765,838	P	10,003,542
Labor - Subcontract		50,003,348		44,217,627
SSS, Philhealth and Pag-ibig Cont.		1,216,916		1,041,092
13th Month Pay		897,153		571,210
Rental Expenses		1,377,267		1,032,214
Security Services		3,647,768		5,431,516
Security - Salaries		4,322,504		6,358,888
Repairs and Maintenance (service)		1,064,040		846,725
Repairs and Maintenance (materials)		16,066,220		13,265,524
Outside Service		8,913,400		6,284,650
Light and Water		23,889,309		21,001,310
Fuel Expenses		5,715,556		4,216,059
Baling Charges		35,818		1,865,253
Depreciation Expenses		31,746,057		24,715,240
Cost of Services and Rental	P	159,660,196	P	140,868,828
Total Cost of Sales and Services and Rental	P	863,714,697	P	732,820,006

18 ***Operating Expenses***

This account consists of the following:

General and Administrative Expenses

		2022		2021
Salaries and Wages	P	5,896,797	P	4,253,938
SSS, Philhealth and Pag-ibig Cont.		484,960		401,309
13th Month Pay		470,369		258,303
Association Dues		2,079,580		2,072,931
Commissions		1,879,680		2,394,678
Depreciation Expense		14,438,703		7,725,469
Gasoline Expenses		742,504		589,388
Insurance Expenses		17,547,684		1,637,919
Light and Water		2,654,968		2,303,479
Miscellaneous Expenses		727,392		435,751
Office Supplies Expenses		638,858		783,590

Postage, Tel. and Telegraph		332,794		395,082
Professional fee		4,778,488		318,321
Rental Expenses		120,000		120,000
Repairs and Maintenance (materials)		1,785,136		1,476,169
Repairs and Maintenance (office)		3,107,112		250,918
Repairs and Maintenance (service)		118,227		94,081
Representation Expenses		982,450		615,744
Security - Salaries		480,276		706,318
Security Services		405,308		609,502
Taxes and Licenses		3,929,038		4,743,612
Transportation and Travel		470,568		22,177
Trucking Expenses		16,197,582		11,802,021
Various Bank Charges		5,770,559		1,829,709
Total General and Administrative Expenses	P	86,016,584	P	45,754,428
Add: Interest Expense		14,365,314		6,970,907
Penalty		-		1,000.00
Total Operating Expenses	P	100,381,899	P	52,726,036

19 **Salaries and Employee Benefits**

Expenses recognized for salaries and employee benefits for "Cost of Sales and Service" and "General and Administrative Expenses" in 2022 and 2021 are presented below:

		2022		2021
Salaries and wages, 13th Month	P	18,030,177	P	15,086,992
Social security, Philhealth, Pagibig		1,681,906		1,442,401
Total	P	19,712,084	P	16,529,393

20 Income Tax

Pursuant to Revenue Regulations No. 5-2021 that implements the new Income Tax rates on regular income of corporations under RA No. 11534 (Corporate Recovery and Tax Incentives for Enterprises Act or CREATE Act), The Income tax computation is presented below:

		2022		2021
Income before Income Tax for the year	P	22,483,785	P	14,671,869
Tax Rate		25%		25%
RCIT	P	5,620,946	P	3,667,967

		2022		2021
Revenue	P	986,580,380	P	800,216,910
Cost of Sales		(863,714,697)		(732,820,006)
Gross Income	P	122,865,683	P	67,396,904
Tax Rate		1%		1%
MCIT	P	1,228,657	P	673,969

		2022		2021
RCIT vs MCIT (whichever is higher)		5,620,946		3,667,967
Prior Year's Excess Credits Other than MCIT	P	36,372,253	P	29,935,931
Creditable Tax Withheld		11,479,932		10,104,290
Income Tax Deferred (Tax Credit)	P	(42,231,239)	P	(36,372,253)

The Company's income tax rate is 25% of net income under CREATE Law. The net deferred tax asset for 2022 and 2021 is P42,231,239 and P36,372,253 respectively.

The Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Act

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") was approved and signed into law by the country's President. Under the CREATE, the RCIT of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets and taxable income. In addition, the MCIT was changed from 2% to 1% of gross income for a period of three (3) years. The changes in the income tax rates shall retrospectively become effective beginning July 1, 2021.

On February 3, 2021, the Senate and the Congress of the Philippines ratified the bill through a bicameral conference. On March 26, 2021, the CREATE Bill was signed by the President, which then became the CREATE Act, and was enacted on April 10, 2021 or after 15 days of publication in the Official Gazette.

The enactment of the CREATE Act is a non-adjusting event. The income tax rates used in preparing the financial statements as at and for the year ended December 31, 2021 are 25% and 1% for RCIT and MCIT, respectively. The estimated impact of CREATE Bill to the Company is not significant.

21 **Financial Risk Management Objectives and Policies**

The Company's financial instruments consist mainly of financial assets and financial liabilities directly related to operations, specifically cash in banks, trade and other receivables, trade and other payables (excluding statutory payables) and lease liabilities.

The Company's risk management is handled by the key officers of the company and focuses on actively securing the company's short-to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant risks to which the Company is exposed to are described below.

Credit Risk

The Company's exposure to credit risk arises from the failure on the part of its counterparty in fulfilling its financial commitments to the Company under the prevailing contractual terms. Financial instruments that potentially subject the Company to credit risk consist primarily of cash, trade and other receivables and rental deposit.

Trade Receivables

The Company trades mainly with recognized, credit-worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade receivable balances are monitored on an ongoing basis to ensure timely collections. Historically, trade receivables are substantially collected within one year

There are no guarantees against these trade receivables but the management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk. Trade receivables that are past due within 31 to 120 days were not considered in default since it was demonstrated that the non-payment was due to administrative oversight rather than resulting from financial difficulty of the borrower.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and financial liabilities. The Company's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread in refinancing maturities.

The Company's financial liabilities (excluding statutory liabilities) based on contractual undiscounted payments amounted to P966,709,980 and P907,549,232 as at December 31, 2022 and 2021, respectively.

Capital Management

The primary objective of the Company's capital risk management is to ensure that it maintains strong and healthy financial position to support its current business operations. The Company considers its capital stock and retained earnings as at December 31, 2022 and 2021 as its capital employed. The Company maintains its current capital structure, and will make adjustments, if necessary, in order to generate a reasonable level of returns to the stockholders over the long term. No changes were made in the objectives, policies or processes in 2022 and 2021.

22 **Fair Value Measurement**

The carrying amounts of the following financial assets and liabilities approximate their fair values primarily due to the relatively short-term maturity of these financial instruments:

		2022		2021
Financial Assets				
Cash on Hand and in bank	P	40,551,633	P	38,768,729
Trade Receivables		167,489,242		79,219,847
Inventories		133,582,620		185,268,075
Other Current Assets		76,898,705		64,887,546
Other Non-Current Assets		10,836,865		10,836,865
Investment in Securities		463,965,115		449,425,025
Property Plant & Equipment- Net		619,232,264		585,112,841
Total	P	1,502,566,444	P	1,413,518,928
Financial Liabilities				
Trade Payables	P	384,163,558	P	777,595,172
Other Current Liabilities		3,135,203		1,553,309
Loans Payable		582,546,422		129,954,120
Total	P	969,845,183	P	909,102,601

23 **Capital Management Policy**

The primary objective of the Company's capital management is to ensure that it maintains a strong and healthy financial position to support its current business operations and maximize shareholder value.

The Company considers its equity amounting to P 532,721,261 and P 504,416,326 as at December 31, 2022 and 2021, respectively, as capital employed.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust its borrowings or raise capital. No changes were made in the objectives, policies or processes in 2022 and 2021.

24 **Lease Commitments**

The Company has operating lease agreements for its main office and branch sites. These leases are for a period of one (1) year and are renewable as mutually agreed by the parties.

Rental expense amounted to P 1,497,287 and P1,152,214 in 2022 and 2021. This is presented under the "Cost of Good Manufactured and Sold" and "General and Administrative Expenses" accounting the statement of comprehensive income. The Company did not recognize the leases on their balance sheet since the term is 12 months or less.

25 Supplementary Information Required by the Bureau of Internal Revenue (BIR)

Revenue Regulations No. 15-2010

The information for 2022 required by the above regulation is presented below.

Output VAT

The Company's total output VAT amounting to P 116,640,224 related to taxable sale of goods amounting to P 972,001,869 and zero rated sales amounting to P14,578,511 in 2022.

This account consists of:		Tax Base	Output Tax
Sale of Goods			
Vatable sales	P	972,001,869	116,640,224
Zero-rated sale		14,578,511	-
Total	P	986,580,380	116,640,224

The difference between the revenues declared per VAT return and the amount presented in the statements of comprehensive income pertain to reported unearned income in 2022.

Input VAT

The outstanding deferred VAT payable amounting to P 7,697,750 ending December 31, 2021 and it was used for the year 2022 vat transactions is presented under the Other current liabilities account in the 2022 statement of financial position.

The Company has remitted Final Withholding Tax amounting to P 50,546.

The movements in input VAT in 2022 are summarized below.

This account consists of:		Input Tax
Balance at beginning for the year	P	25,284,475
Deferred Input Tax		(7,697,750)
Input VAT for Capital Goods		14,756,818
Input VAT for Purchases		79,311,314
Services lodged under other accounts		15,678,857
Input VAT subject for amortization ending		(15,876,511)
Total	P	111,457,203
Total Vat Payments	P	5,183,021

Other Taxes and Licenses

This includes all other taxes, local and national, shown in "Administrative expenses" account as presented in the statement of comprehensive income.

For the year ended December 31, 2022, other taxes and licenses of the Company consist of:

		2022
Local		
	Business permits and licenses	3,378,813
	Others	383,802
National		
	BIR annual registration	2,500
	Others	163,923
		3,929,038

Withholding Taxes

The amount of withholding taxes paid and accrued for the year December 31, 2022 amounted to:

	2022
Compensation	309,907
Expanded	13,363,985
	13,673,891

Tax Assessments

The Company has no pending deficiency tax assessment from the BIR as at December 31, 2022.

Tax Cases

The Company has no pending deficiency tax case in courts or other regulatory bodies outside of the BIR as at December 31, 2022.

Revenue Regulations No. 19-2011

The information for 2022 required by the above regulation is presented below.

Taxable Revenue

The Company's total taxable revenue in 2022 amounted to P 22,483,785.

Deductible Cost of Service

The Company's deductible cost of sales and services which are subject to regular tax rate are shown below.

	2022
Inventory, beginning	185,268,075
Purchases - Local	631,793,992
Purchases - Imported	20,249,374
Other Importation Charges	335,680
Total Goods Available for Sales	837,647,121
Less: Inventory - Dec. 31	133,592,620
Cost of Sales	704,054,501
Add: Cost of Services and Rental	
Labor - Regular	10,765,838
Labor - Subcontract	50,003,348
SSS, Philhealth and Pag-ibig Cont.	1,216,916
13th Month Pay	897,153
Rental Expenses	1,377,267
Security Services	3,647,768
Security - Salaries	4,322,504
Repairs and Maintenance (materials)	16,066,220
Repairs and Maintenance (service)	1,064,049
Outside Service	8,913,400
Light and Water	23,889,309
Fuel Expenses	5,715,556
Baling Charges	35,818
Depreciation Expenses	31,745,057
Cost of Services & Rental	159,660,196
Total Cost of Sales and Services & Rental	863,714,697

Other Deductible Expenses

Commissions	1,879,680
Light and Water/ Postage, Tel. and Telegraph	2,987,162
Depreciation Expense	14,438,703
Gasoline Expenses	742,604
Insurance Expenses	17,547,684
Interest Expense	14,365,314
Miscellaneous Expenses	727,392
Office Supplies Expense	638,858
Association Dues/ Trucking Expenses / Various Bank Charges	24,047,721
Professional fee	4,776,488
Rental Expenses	120,000
Repairs and Maintenance - Materials	1,785,136
Repairs and Maintenance (office)	3,107,112
Repairs and Maintenance (service)	118,227
Representation Expenses	982,450
Salaries and Wages/ 13th Month Pay	6,367,186
Security Services	405,308
Security – Salaries	420,278
SSS, Philhealth and Pag-ibig Cont.	454,990
Taxes and Licenses	3,929,038
Transportation and Travel	470,568
Total	100,381,899