

AAB PHILIPPINES INC.

STATEMENT OF FINANCIAL POSITION
As of December 31, 2020 and December 31, 2019
(Amounts in Philippines Pesos)

	Note(s)	2020	2019
	Assets		
Current Assets			
Cash and Cash Equivalent	2.4	1,905,930	229,423
Other Current Assets	2.5	4,721,016	4,162,297
Total		6,626,946	4,391,720
Non-Current Assets			
Property and Equipment - Net	2.3.6	11,049	301,640
Other Non-Current Assets	2.7	794,362	794,362
Total		805,411	1,096,002
Total Assets		7,432,357	5,487,723
Liabilities and Shareholders' Equity			
Current Liabilities			
Trade and Other Payable	2.8	246,063	345,485
Total		246,063	345,485
Non-Current Liabilities			
Advances from Related Parties	2.9.17	520,500	2,270,500.00
Loan Payable	2.10.17	6,116,706	-
Total		6,637,206	2,270,500.00
Total Liabilities		6,883,269	2,615,985
Shareholders' Equity			
Paid in Capital	2.11	4,000,000	250,000
Retained Earnings	2.11	(3,450,912)	2,621,738
Total		549,088	2,871,738
Total Shareholders Equity		549,088	2,871,738
Total Liabilities and Equity		7,432,357	5,487,723

See Notes To Financial Statements

AAB PHILIPPINES INC.

STATEMENT OF CHANGES IN EQUITY For the years ended December 31, 2020 and December 31, 2019 (Amounts in Philippine Pesos)

Authorized Capital - 4,000,000 pesos divided into 40,000 shares with 100 par value, 40,000 shares issued and outstanding

Note 2.9.11	Share Capital	Retained Earnings	Total
Balance at January 01, 2020	250,000	2,621,738	2,871,738
Stock Dividends	2,000,000	(2,000,000)	0
Additional Paid-in/Subscription	1,750,000		1,750,000
Net Income/Loss 2020		(4,072,650)	(4,072,650)
Balance at December 31, 2020	4,000,000	(3,450,912)	549,088
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Balance at January 01, 2019	250,000	3,700,517	3,950,517
Net Income/Loss 2019		(1,078,779)	(1,078,779)
Balance at December 31, 2019	250,000	2,621,738	2,871,738
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See Notes To Financial Statements

AAB PHILIPPINES INC.

STATEMENT OF COMPREHENSIVE INCOME
For the years ended December 31, 2020 and 2019
(Amounts in Philippine Pesos)

	Note(s)	For the Years ended	
		2020	2019
Sales/Revenues	2.12.17	13,259,403	30,687,475
Cost of Services	2.13	(8,332,207)	(20,359,564)
Gross Profit		4,927,195	10,327,911
Expenses			
Selling	2.15	82,066	1,663,182
Administrative	2.14	8,820,338	9,265,511
Total Operating expenses		8,902,403	10,928,693
Net operating income (loss)		(3,975,208)	(600,782)
Other Income (Interest Income)		1,528	1,989
Other Loss/Expense (Final Withholding Tax-Interest)		(361)	(398)
Net income (loss) before Income tax		(3,974,041)	(599,190)
Provision for Income Tax	2.16	(98,544)	(479,589)
Net income (loss) after Income tax		(4,072,585)	(1,078,779)
Foreign Exchange Loss (net) (unrealized)		(65)	
Comprehensive Income (Loss)		(65)	0
Total Comprehensive Income (Loss)		(4,072,650)	(1,078,779)

See Notes To Financial Statements

AAB PHILIPPINES INC.

STATEMENTS OF CASH FLOWS
For the years ended December 31, 2020 and December 31, 2019
(*Amounts in Philippine Pesos*)

	Notes	2020	2019
Cash Flow From Operating Activities			
Net operating income (loss)		(3,975,208)	(601,180)
Prior period Adjustment			
Depreciation Expenses	2.3.14	290,591	364,031
Interest Income			-
Provision for Income tax	2.16	<u>(98,544)</u>	<u>(237,149)</u>
Operating Income Before Working Capital Changes		<u>(3,783,161)</u>	<u>(237,149)</u>
(Increase)/Decrease in Assets:			
Other current assets	5	(558,719)	(748,309)
Other Noncurrent Assets			(794,362)
Increase/(decrease) in Liabilities			
Trade and other liabilities	8	(99,422)	(4,859,989)
Other Current Liabilities			
Cash Generated from Operations		<u>(4,441,301)</u>	<u>(6,639,809)</u>
Income Tax paid			(479,589)
Interest Received		1,528	1,989
Final Withholding Tax-Interest		<u>(361)</u>	
Net cash provided by (used in) operating activities		<u>(4,440,134)</u>	<u>(7,117,409)</u>
Cash flows from Investing Activities			
Foreign Currency Exchange Gain			
Foreign Currency Exchange Loss		(65)	
Acquisition of Propertiy, Plant, Equipment			
Net Cash used in investing activities		<u>(65)</u>	<u>0</u>
Cash Flows from Financing Activities			
Advance from related parties			2,270,500
Loan Payable	10.17	6,116,706	
Paid up Capital			
Net Cash used in financing Activities		<u>6,116,706</u>	<u>2,270,500</u>
NET INCREASE (DECREASE) IN CASH		1,676,507	(4,846,909)
CASH AT THE BEGINNING IN THE YEAR		229,423	5,076,332
CASH AT THE END OF THE YEAR		<u>1,905,930</u>	<u>229,423</u>

See Notes To Financial Statements

AAB PHILIPPINES INC.

NOTES TO FINANCIAL STATEMENTS *(Amounts in Philippine Pesos)*

1. GENERAL INFORMATION

AAB Philippines Inc (the Company) was incorporated and registered with Philippine Securities and Exchange Commission on June 25, 2012 under SEC Registration No CS201211753 to engage, primarily, in conduct a general advertising business both principal and agent including the preparation and arrangement of advertisement and the manufacture and construction of advertising devices and novelties.

The Company's registered office is located is at Unit 409, Cattleya Condominium, 235 Salcedo St., Legazpi Village, Makati City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standard for Small Entities

The financial statements of the Company from taxable year 2020 have been prepared in accordance with Philippine Financial Reporting Standard for Small Entities (PFRS for SEs) as per Memorandum Circular 05 (2018) issued by the Securities and Exchange Commission (SEC) in line with the corporate regulator's "Ease of Doing Business" initiative. PFRS for SEs was adopted by the Financial Reporting Standards Council (FRSC) on December 13, 2017. However, it is important to note that the Company's transition to PFRS for SEs did not have any significant impact on its financial position, financial performance and cash flows.

The financial statements have been prepared using the measurement bases specified by PFRS for SEs for each type of assets, liabilities, income and expense. The measurement bases are more fully described in the accounting policies in the succeeding pages.

The preparation of financial statements in accordance with PFRS for SEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed in Note 3.

PAS 1 (REVISED 2007): Presentation of Financial Statements

- prescribe the basis for presentation of general-purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. It sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

PAS 7: Cash Flow Statements

- the objective of this Standard is to require the provision of information about the sources and utilization (i.e., historical changes) of cash and cash equivalents of an entity by means of a statement of cash flows which classifies cash flows during the period from operating, investing and financing activities

PAS 8: Accounting Policies, Changes in Accounting Estimates and Errors

- prescribes the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and correction of prior period errors. The Standard is intended to enhance the relevance and reliability of an entity's financial statements, and the comparability of those financial statements over time and with the financial statements of other entities.

PAS 10: Events After the Reporting Period- prescribe:

- (a) when an entity should adjust its financial statements for events after the reporting period; and
- (b) the disclosures that an entity should give about the date when the financial statements were authorized for issue and about events after the reporting period. The Standard also requires that an entity should not prepare its financial statements on a going concern basis if events after the reporting period indicate that the going concern assumption is not appropriate.

PAS 12: Income Taxes

- prescribe the accounting treatment for income taxes. The principal issue in accounting for income taxes is how to account for the current and future tax consequences of:
 - (a) the future recovery (settlement) of the carrying amount of assets (liabilities) that are recognized in an entity's statements of financial position; and
 - (b) transactions and other events of the current period that are recognized in an entity's financial statements.

PAS 16: Property, Plant and Equipment

- prescribes the accounting treatment for property, plant and equipment so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. The principal issues in accounting for property, plant and equipment are the recognition of assets, the determination of their carrying amounts and the depreciation charges and impairment losses to be recognized in relation to them.

PAS 17: Leases

- prescribes, for lessees and lessors, the appropriate accounting policies and disclosure to apply in relation to leases.

PAS 18: Revenue

- prescribes the accounting treatment of revenue arising from certain types of transactions and events. The primary issue in accounting for revenue is determining when to recognize revenue. Revenue is recognized when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. This Standard identifies the circumstances in which these criteria will be met and, therefore, revenue will be recognized. It also provides practical guidance on the application of these criteria.

PAS 21: The Effects of Changes in Foreign Exchange Rates

- prescribes how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency. The principal issues are which exchange rate(s) to use and how to report the effects of changes in exchange rates in the financial statements.

PAS 24: Related Party Disclosures

- ensures that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existences of related parties and by transactions and outstanding balances with such parties.

PAS 32: Financial Instruments: Presentation

- the objective of this Standard is to establish principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

PAS 37: Provisions, Contingent Liabilities and Contingent Assets

- ensures that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to enable users to understand their nature, timing and amount.

(b) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

i. Cash and Cash Equivalents

Cash and cash equivalents include cash in bank, cash on hand, demand deposits and other short-term highly-liquid investments held to meet short-term cash commitments rather than for investment or other purposes (i.e., with original maturities of three months or less from the date of acquisition).

ii. Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized, expenditures for repairs and maintenance are charged to expense during the period in which they are incurred.

The useful lives of the depreciable assets have changed during the year are as follows:

Office Equipment / Furnitures and Fixtures	3 years
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If there is an indication that there has been a significant change in the useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the item and are recognized as part of Other Income in profit or loss.

iii. Trade and Other Payables

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

Trade and other payables are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration.

iv. Provisions and Contingencies

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

v. Revenue and Expense Recognition

Revenue comprises revenue from sale of services

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably.

a. Interest income – Recognized as the interest accrues taking into account the effective yield on the

vi. Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

All lease payments are recognized as expense in profit or loss in the period in which they are incurred.

vii. Impairment of Assets

At each reporting date, property, plant and equipment, intangible assets, and investments in an associate are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and 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 subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (estimated selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

viii. Equity

Capital stock represents the nominal value of shares that have been issued.

Retained earnings represent all current and prior period results of operations as reported in the statements of income, reduced by the amounts of dividends declared.

ix. Related Party Transactions and Relationship

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

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

x. Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. MANAGEMENT'S SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

Judgements

The preparation of the Company's financial statements in conformity with Philippine Financial Reporting Standard requires management to make estimates and assumptions that affect the amounts reported in the Company's financial statements and accompanying notes. The estimates and assumptions used in the Company's financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Company's financial statements. Actual results could differ from such estimates, judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

Estimates

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associate's assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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.

4. CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents are as follows:

	2020	2019
Cash in Bank		
Metrobank -Php	1,829,603	193,656
Metrobank - JPY	46,627	-
Cash on Hand	29,700	35,767
Total	1,905,930	229,423

Cash in bank represents current account deposits in reputable local banks earning interest at daily bank deposit rates.

5. OTHER CURRENT ASSETS

The account at December 31 consist of:

	2020	2019
Input VAT	4,365,453	3,818,451
Creditable Withholding Asset	37,432	-
Prepaid rent	215,865	215,865
Receivable - SSS	-	-
Security Deposits	-	-
Advances to Employees	16,200	126,000
Prepaid taxes	86,066	1,981
	4,721,015.60	4,162,297

6. PROPERTY AND EQUIPMENT

The roll forward anyalysis of this account is as follows:

	Balance @ January 1, 2020	Addition	Disposal	Balance @ December 31, 2020
COST				
Office Equipment	₱ 1,973,484	-	-	₱ 1,973,484
Furnitures and Fixtures	28,906	-	-	28,906
Total	2,002,390	-	-	2,002,390
ACCUM. DEPRECIATION				
Office Equipment	1,671,844	290,591	-	1,962,435
Furnitures and Fixtures	28,906	-	-	28,906
Total	1,700,750	290,591.34	-	1,991,341
NET BOOK VALUE	₱ 301,640	(290,591.34)	0	₱ 11,049

Property and equipment are carried at cost less accumulated depreciation, and amortization and any impairment in value. Furnitures and Fixtures have nil book value remaining although still in use.

7. OTHER NON-CURRENT ASSETS

This account consist of:

	2020	2019
Security deposits	794,362	794,362
Total	794,362	794,362

Security deposits are held by the lessor/contractor as security for full and faithful observance by the Company of the terms, conditions and provisions of this lease/contract. This will be applied upon termination of the agreement, to the cost of damages by the fault or negligence of the Company.

8. TRADE AND OTHER PAYABLE

This account consists of the following

	2020	2019
Payroll tax payable	-	30,688
SSS, HDMF, PHIC payable	20,139	19,746
SSS loan payable	10,934	738
Expanded withholding tax payable	15,252	3,943
Income tax payable	98,544	353,763
Accrued expenses	-	(61,986)
Accrued payroll	120,487	(1,406)
RCBC Credit Card	(19,294)	-
Total	246,063	345,485

9. ADVANCES FROM RELATED PARTIES

This account consist of:

	2020	2019
Advances from Stockholders	520,500	2,270,500
Total	520,500	2,270,500

A total of Php 1,750,000 from these advances were assigned as payments for unpaid initial subscription (Php 750,000) and additional subscription (Php 1,000,000).

10. LOAN PAYABLE

This account consist of:

DATE	CREDITOR	AMOUNT	
3/4/2020	AAB INC. (JAPAN)	2,016,172	* 4,289,727.77 JPY @ 0.47
6/2/2020	AAB INC. (JAPAN)	1,800,000	
10/19/2020	AAB INC. (JAPAN)	2,300,534	
		6,116,706	

11. SHAREHOLDERS' EQUITY

Authorized capital stock of the corporation is 4,000,000 Pesos divided into 40,000 shares with 100 Pesos per value of which all shares have been subscribed and paid.

Details of Shareholders' Equity as follows:

	2020	2019
Paid-up Capital (beg)	250,000	250,000
Additional	1,750,000	-
Stock dividend	2,000,000	-
Cumulative Profit or Loss (Retained Earnings)	(3,450,912)	2,621,738
Total	549,088	2,871,738

11.1. RETAINED EARNINGS

This account consists of

	2020	2019
Beginning balance	2,621,738	3,700,517
Stock dividend declaration	(2,000,000)	-
Net Income (Loss) for the year	(4,072,650)	(1,078,779)
Ending Balance	(3,450,912)	2,621,738

A stock dividend of 800%, equivalent to twenty thousand (20,000) common shares, was declared by the Board of Directors, that will be sourced from the unrestricted retained earnings of the Corporation based on the 2018 audited financial statements. This motion was unanimously approved by the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the corporation.

The BIR requirements regarding this dividend declaration (payment of DST) were already complied with. However, the application/notification to SEC is still in-process as of the reporting date, mainly as the result of the limited access caused by the current pandemic.

12. SALES/REVENUE

This account consists of

	2020	2019
Sales/Revenue	13,259,403	30,687,475
Total	13,259,403	30,687,475

13. COST OF SERVICES

	2020	2019
COS - Talent fees	1,796,444	2,394,633
COS - Advertising and promotion	4,919,734	12,329,104
COS - Outside services	538,020	3,212,505
COS - Transportation and travel	501,835	1,158,274
COS - Accommodation	119,355	265,517
COS - Supplies and postage	5,898	633,288
COS - Representation and allowance	86,045	281,952
COS - Other charges	353,161	84,290
COS - Facilities	11,714	0
Total	8,332,207	20,359,564

14. ADMINISTRATIVE EXPENSES

This account consist of:

	2020	2019
Salaries and allowances	1,905,835	2,619,589
Charitable contributions	0	9,255
Employee benefits	270,000	0
Rental Expense	451,474	825,552
Association Dues - office	119,285	107,346
Other services	242,129	214,842
Repairs and Maintenance	3,224	367,170
Transportation and Travel	71,054	140,227
Losses	0	1,815
Office Supplies	51,693	150,476
Depreciation	290,591	364,031
Freight and delivery charges	21,998	70,403
Representation and entertainment	16,359	86,372
Communication	185,793	320,975
Light and Water	27,966	106,431
Outside services	500,463	
Consultancy fee	521,500	353,914
Professional Fees	621,111	111,667
Notarial Fee	1,050	179
Insurance	99,034	
Janitorial	21,735	89,152
Directors Fee	227,368	107,495
SSS, PHIC, HDMF and other contribution	112,496	139,556
Bank Charges	25,734	1,653
Trainings and Seminar	0	
Accommodation	0	396,000
Taxes and licenses	209,714	247,343
Penalties and assessments	0	473,066
Toll and Parking	0	588
Miscellaneous	63,529	25,178
Other expense	2,732,215	1,935,636
Messengerial/Liason	26,989	
Total	8,820,338	9,265,909

15. SELLING EXPENSES

This account consist of

	2020	2019
Marketing and promotion	82,066	1,663,182
Total	82,066	1,663,182

16. PROVISION FOR INCOME TAX

December 31, 2020 Income tax due and payable

	NIT	MCIT
Taxable Income/(NOLCO), 2020	(1,242,993)	4,927,195
Tax rate	30%	2%
Income tax due - 2020	<u><u>-</u></u>	<u><u>98,544</u></u>

Taxable income differs from the net operating income due to operating expenses which are not allowable for tax purposes.

It is important to note, however, that the provision of current income tax for the 2020 financial statements may differ from the actual income tax due as the "CREATE Bill" is still pending for ratification by both Houses as of December 31, 2020.

17. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise influence over the other party in making financial and operating decisions. Parties are considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate parties.

	2020	2019
Sales/Revenue	13,259,403	22,653,908
Advances from Stockholders	520,500	2,270,500
Directors fee	227,368	107,495
Loan Payable	6,116,706	
Total	<u><u>20,123,977</u></u>	<u><u>25,031,903</u></u>

Advances from stockholders were assigned as payment for the subscriptions of the stockholders.

18. In Compliance with BIR Revenue Regulation No. 15-2010

The Company reported and paid the following applicable tax types for the year ended December 31, 2020

A.) VALUE-ADDED TAX

The Company's sales are generally subject to 12% VAT but majority of its sales is subject to VAT zero rating (0%) for export services, in accordance with Section 4.106-6 and 5.108-6 of Revenue Regulations No. 16-2005, Consolidated Value Added Tax Regulations of 2005.

	2020
OUTPUT VAT	
Vatable Sales (12%)	0
Vatable Sales (0%)	0
Total	0
INPUT VAT	
Beginning Balance	3,818,451
Purchases for the year	547,002
Used for output vat	-
Ending Balance	4,365,453

B.) TAXES AND LICENSES

This account consist of

	2020
Business permit and BIR renewal	₱ 209,714

C.) WITHHOLDING TAXES

This account consist of

	2020
Compensation (as adjusted)	₱ 39,478
Expanded	465,212
Final-Interest	361
Total	₱ 505,051

19. In Compliance with BIR Revenue Regulation No. 19-2011

RR 19-2011 requires schedules of taxable revenues and other non-operating income, costs of sales and services, itemized deductions and other significant tax information, to be disclosed in the notes to financial statements.

The amounts of taxable revenues and income, and deductible costs and expenses presented below and in the succeeding page are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts reflected in the 2020 statement of comprehensive income.

A.) The Company's taxable revenues is subject to regular rate.

REVENUE	Amount
Zero-rated	13,259,403
VATable	-
Total	<u>13,259,403</u>

B.) Cost of services

	Amount
Direct Charges - Salaries, Wages and Benefits	1,796,444
Direct Charges - Materials, Supplies and Facilities	223,013
Direct Charges - Outside Services	5,457,754
Direct Charges - Others	854,996
Total	<u>8,332,207</u>

C.) Itemized deductible expense

	2020	2019
Marketing and promotion	82,066	1,663,182
Charitable contributions	0	9,255
Communication, Light, Water	213,759	427,405
Depreciation	290,591	364,031
Directors fee	227,368	107,495
Janitorial and messengerial	48,724	159,555
Losses	0	1,815
Management and consultancy	521,500	353,914
Miscellaneous	112,311	27,597
Office supplies	51,693	150,476
Other services	742,591	214,842
Professional fees	621,111	111,667
Rental	451,474	825,552
Repairs and maintenance - Labor & Materials	3,224	367,170
Representation and entertainment	16,359	86,372
Salaries and allowances	2,175,835	2,619,589
SSS,PHIC,HDMF	112,496	139,556
Taxes and licenses	209,714	247,343
Transportation and Travel	71,054	272,053
Penalties and assesments	0	473,066
Association Dues - office	119,285	107,346
Insurance	99,034	0
Total	<u>6,170,188</u>	<u>8,729,281</u>

Summary of NOLCO and MCIT

Year				
Incurred	Expiration	Taxable Income/(NOLCO)	NIT	MCIT
2020	2025*	(1,242,993)	-	98,544

* Pursuant to RR No. 25-2020, which was promulgated to implement Section 4 (bbbb) of Republic Act (R.A.) No. 14494 otherwise known as "Bayanihan to Recover as One Act", Sec. 4. "COVID-19 Response and Recovery Interventions", the Bureau of Internal Revenue (BIR) entitled taxpayers to deduct Net Operating Loss incurred for Taxable years 2020 and 2021.

It is important to note, however, that the provision of current income tax for the 2020 financial statements may differ from the actual income tax due as the "CREATE Bill" is still pending for ratification by both Houses as of December 31, 2020.

**List of Taxes and Licenses Paid
For the year 2020**

Date	Agency and Particulars	Amount
01/31/2020	Makati City Hall (Mayor's Permit)	209,214.17
01/15/2020	BIR (Annual Registration Fee)	500.00
Total		<u>209,714.17</u>