SECURITIES AND EXCHANGE COMMISSION
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Company Information

SEC Registration No.: CS201421675
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Industry Classification: N85129
Company Type: Stock Corporation

Document Information

Document ID: OST10516202283921O7
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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	4	2	1	6	7	5

Company Name

ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER - CEBU, INC.

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

N. BACALSO AVENUE
BASAK, PARDO, CEBU CITY 6000

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	MSRD

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
n/a	+6332-2655833	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
1706	2nd Sunday of April	December/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
Evangeline Y. Zozobrado	evangeline_zozobrado@yahoo.com	+6332-2655833	09177044049

Contact Person's Address

N. Bacalso Avenue, Basak Pardo, Cebu City 6000

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

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

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.

FINANCIAL STATEMENTS
December 31, 2021
(With Comparative Figures for the Year Ended December 31, 2020 and 2019)

and

Report of Independent Auditors

ALLIED
CARE
EXPERTS
MEDICAL CENTER - CEBU

982 N. Bacalso Ave., Basak Pardo, Cebu City, Philippines
Telephone #: +6332-2688533
Email Add: info@acemedicalcentercebu.com

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

The management of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021, 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 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 shareholders.

PEREZ, SESE, VILLA & CO. and MINERVA & COMPANY, CPAs., the independent auditors appointed by the shareholders for the years ended December 31, 2021, 2020 and 2019 respectively, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the shareholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

AMADO MANUEL C. ENRIQUEZ, JR
Chairman of the Board

MCARTHUR CONRADO A. SALONGA, JR, M.D.
President

EVANGELINE Y. ZOZOBRADO, M.D.
Treasurer

Signed this 14th day of May 2022.

SUBSCRIBED AND SWORN to before me, a Notary Public for and in the CEBU CITY Philippines, this MAY 16 2022 affiants who are personally known to me and whose identity I have confirmed through their competent evidence of identity bearing the affiants photograph and signature.

NAMES	COMPETENT EVIDENCE OF IDENTITY	DATE AND PLACE ISSUED

Doc. No. 130
Page No. 77
Book No. 47
Series of 2022

ATTY. DOMINIC A. DIÑO
Notary Public for Cebu City
Commission No. 111-09 valid until 31 December 2022
Roll No. 56281, PTR No. 3455853, Cebu City, 1-7-2022
IBP NO. AR NO. 192310, IBP Cebu City, 1-11-2022
Office Address D. Jakosalem St., Sto. Nino, Cebu City, 6000
Contact No. 09088844981

PEREZ, SESE, VILLA & Co.
CERTIFIED PUBLIC ACCOUNTANTS

SUPPLEMENTAL STATEMENT
OF INDEPENDENT AUDITORS

To the Board of Directors
ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER – CEBU, INC.
982 N. Bacalso Avenue, Basak Pardo
Cebu City

We have audited the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.** for the year ended December 31, 2021, on which we have rendered the attached report dated May 14, 2022.

In compliance with the Revised Securities Registration Code Rule No. 68, we are stating that the Company has fifty four (54) shareholders owning one hundred (100) or more shares of the Company's capital stock as at December 31, 2021, as disclosed in Note 16 to the financial statements.

PEREZ, SESE, VILLA & CO.

BY: **MA. ALMA C. SESE**
PARTNER

CPA Reg. No. 0054588
TIN 212-955-173-000
PTR No. 0153046, January 6, 2022, Manila City
SEC Group B Accreditation
Partner – 1606-AR-1, valid until December 16, 2022
Firm – 0336-FR-1, valid until December 16, 2022
BIR AN – 06-002735-001-2021, valid until March 5, 2024
IC Accreditation
Partner -54588-IC, valid until December 3, 2024
Firm -0222-IC, valid until December 3, 2024
FIRM's BOA/PRC Cert. of Reg. No. 0222, valid until October 12, 2023

Manila, Philippines
May 14, 2022

admin@psv-co.com
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9th Flr Unit C Marc 2000 Tower
1973 Taft Ave. cor. San Andres St.
Malate Manila, 1004

PEREZ, SESE, VILLA & Co.
CERTIFIED PUBLIC ACCOUNTANTS

TO THE SECURITIES AND EXCHANGE COMMISSION

In connection with our examination of the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.,** which are to be submitted to the Commission, we hereby represent the following:

1. That we are in the active practice of the accounting profession and duly registered with the Board of Accountancy (BOA);

2. That said financial statements are presented in conformity with Philippine Financial Reporting Standards in all cases where we shall express an unqualified opinion; Except that in case of any departure from such principles; we shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;

3. That we shall fully meet the requirements of independence as provided for in Section 14 of the Code of Professional Ethics for CPAs;

4. That in the conduct of the audit, we shall comply with the Philippine Financial Reporting Standards promulgated by the Board of Accountancy; in case of any departure from such standards or any limitations in the scope of our examination, we shall indicate the nature of departure and the extent of the limitation, the reasons thereof and the effects thereof on the expression of our opinion or which may necessitate the negation of the expression of an opinion; and

5. That we shall comply with the applicable rules and regulations of the Securities and Exchange Commission in the preparation and submission of financial statements;

6. That relative to the expression of our opinion on the said financial statements, we shall not commit any act discreditable to the profession as provided for in Section 23 of the Code of Profession Ethics for CPAs.

As a CPA engaged in public practice, I make these representations in my individual capacity and as a Managing Partner of Perez, Sese, Villa & Co., CPAs.

PEREZ, SESE, VILLA & CO.

BY: **MA. ALMA C. SESE**
PARTNER

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PEREZ, SESE, VILLA & Co.
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

To the Board of Directors
ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER – CEBU, INC.
982 N. Bacalso Avenue, Basak Pardo
Cebu City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.**, for the year ended December 31, 2021 and have issued our report thereon dated May 14, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of Financial Soundness Indicators, Reconciliation of Retained Earnings Available for Dividend Declaration, and Supplementary Schedules required by Annex 68-J, are the responsibility of the Company's management. This supplementary schedule is presented for the purpose of complying with the Revised Securities Regulation Code (SRC) Rule No. 68, and is not part of the basic financial statements. This supplementary schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

PEREZ, SESE, VILLA & CO.

BY: **MA. ALMA C. SESE**
PARTNER

CPA Reg. No. 0054588
TIN 212-955-173-000
PTR No. 0153046, January 6, 2022, Manila City
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PEREZ, SESE, VILLA & Co.
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER – CEBU, INC.
982 N. Bacalso Avenue, Basak Pardo
Cebu City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.** (the Company), which comprise the statements of financial position as at December 31, 2021, and the statements of comprehensive income (loss), statements of changes in equity and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Other matter

The financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.** as at and for the years ended December 31, 2020 and 2019 were audited by another auditor whose report dated March 15, 2021 and April 6, 2020, respectively, expressed an unmodified opinion on the financial statements. These financial statements were presented for comparative purposes only.

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Malate Manila, 1004

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, 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 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 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2021 required by the Bureau of Internal Revenue as disclosed in Note 30 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The 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.

PEREZ, SESE, VILLA & CO.

BY: **MA. ALMA C. SESE**
PARTNER

CPA Reg. No. 0054588
TIN 212-955-173-000
PTR No. 0153046, January 6, 2022, Manila City
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Manila, Philippines
May 14, 2022

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ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2021
(With Comparative Figures for December 31, 2020 and 2019)

	Notes	2021	2020	2019
ASSETS				
Current Assets				
Cash	4,6	₱ 27,742,265	₱ 80,644,153	111,632,559
Trade and other receivables	4,7	16,756,531	1,555,270	246,705
Subscription receivable	4,8	59,540,781	43,942,030	22,135,667
Inventories	4,9	17,909,672	4,997,922	-
Prepayments and other current assets	4,5,10	56,194,140	47,491,339	70,631,146
Total Current Assets		178,143,389	178,630,714	204,646,077
Non-Current Assets				
Property and equipment, net	4,5,11	1,202,230,244	1,164,260,738	1,052,297,409
Intangible assets	4,5,12	1,409,331	1,565,923	-
Deferred tax asset	4,5,22	46,763,315	24,750,768	17,997,763
Total Non-Current Assets		1,250,402,890	1,190,577,429	1,070,295,172
TOTAL ASSETS		₱ 1,428,546,279	₱ 1,369,208,143	₱ 1,274,941,249
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	4,13	₱ 85,161,226	₱ 34,636,641	₱ 59,483,717
Loans payable - current	4,15	80,000,000	101,626,957	26,702,733
Income tax payable	4,22	-	828	2,073
Advances from shareholders	4,23	26,500,000	-	-
Retention and professional fees payable	4,14	33,212,650	39,738,068	63,243,983
Total Current Liabilities		224,873,876	176,002,494	149,432,506
Non-current liabilities				
Loans payable - non current	4,15	761,221,338	712,337,216	665,511,959
Total Liabilities		986,095,214	888,339,710	814,944,465
Equity				
Share capital	4,16	172,296,000	170,741,000	167,439,000
Share premium	4,16	461,096,706	395,856,706	354,710,000
Subscribed capital stock	4,16	4,455,000	3,750,000	2,970,000
Treasury shares	4,16	(2,915,000)	(1,909,000)	(1,303,000)
Accumulated Deficits	4	(192,481,641)	(87,570,273)	(63,819,216)
Equity, net		442,451,065	480,868,433	459,996,784
TOTAL LIABILITIES AND EQUITY		₱ 1,428,546,279	₱ 1,369,208,143	₱ 1,274,941,249

(See accompanying Notes to Financial Statements)

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ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For The Years Ended December 31, 2021

(With Comparative Figures For The Years Ended December 31,2020 and 2019)

	Notes	**2021**	2020	2019
REVENUES - net	*4,17*	**₱ 105,741,950**	₱ -	₱ -
COST OF SALES AND SERVICES	*4,18*	**(145,937,750)**	-	-
GROSS LOSS		**(40,195,800)**	-	-
OPERATING EXPENSES	*4,19*	**(42,058,084)**	(28,601,626)	(21,439,698)
OTHER INCOME	*4,20*	**4,494,865**	2,621,317	1,098,490
FINANCE COST	*4,15*	**(49,120,972)**	(4,522,926)	(11,442,228)
LOSS BEFORE TAX		**(126,879,991)**	(30,503,235)	(31,783,436)
INCOME TAX BENEFIT	*4,22*			
Current		**43,717**		
Deferred		**(22,012,340)**	(6,752,178)	(7,153,724)
		(21,968,623)	(6,752,178)	(7,153,724)
LOSS FOR THE PERIOD		**(104,911,368)**	(23,751,057)	(24,629,712)
OTHER COMPREHENSIVE INCOME (LOSS)		**-**	-	-
TOTAL COMPREHENSIVE LOSS		**₱ (104,911,368)**	₱ (23,751,057)	₱ (24,629,712)

(See accompanying Notes to Financial Statements)

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.

STATEMENTS OF CHANGES IN EQUITY

For The Years Ended December 31, 2021
(With Comparative Figures For The Years Ended December 31,2020 and 2019)

	Notes	**2021**	2020	2019
SHARE CAPITAL	*4,16*			
Balance at beginning of the year		**₱ 170,741,000**	₱ 167,439,000	₱ 165,950,000
Issuance		**1,555,000**	3,302,000	1,489,000
Balance at end of the year		**172,296,000**	170,741,000	167,439,000
SHARE PREMIUM	*4,16*			
Balance, beginning of the year		**₱ 395,856,706**	₱ 354,710,000	₱ 321,940,000
Additional		**65,240,000**	41,146,706	32,770,000
Balance, end of the year		**461,096,706**	395,856,706	354,710,000
SUBSCRIBED CAPITAL STOCK	*4,16*			
Balance, beginning of the year		**3,750,000**	2,970,000	710,000
Additional		**2,260,000**	4,082,000	2,296,000
Payments		**(1,555,000)**	(3,302,000)	(36,000)
Balance, end of the year		**4,455,000**	3,750,000	2,970,000
TREASURY SHARES	*4,16*			
Balance at beginning of the year		**(1,909,000)**	(1,303,000)	-
Repurchase		**(1,006,000)**	(606,000)	(1,303,000)
Balance at end of the year		**(2,915,000)**	(1,909,000)	(1,303,000)
ACCUMULATED DEFICITS	*4*			
Balance, beginning of the period		**(87,570,273)**	(63,819,216)	(39,189,504)
Net loss for the year		**(104,911,368)**	(23,751,057)	(24,629,712)
Balance, end of the period		**(192,481,641)**	(87,570,273)	(63,819,216)
EQUITY, net		**₱ 442,451,065**	₱ 480,868,433	₱ 459,996,784

(See accompanying Notes to Financial Statements)

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ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.

STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2021

(With Comparative Figures For The Years Ended December 31,2020 and 2019)

	Notes	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period		₱ (126,879,991)	₱ (30,503,235)	(31,783,436)
Adjustment to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	4,5,11	40,341,959	2,303,811	299,969
Interest income	4,20	(71,203)	(881,196)	(1,027,196)
Foreign currency (gain) loss	4,20	-	31,262	13,706
Interest expense	4,15	49,120,972	4,522,926	11,442,228
Operating loss before changes in working capital		(37,488,263)	(24,526,432)	(21,054,729)
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Trade and other receivables	4,7	(15,201,261)	-	-
Inventories	4,9	(12,911,750)	-	-
Prepayments and other current assets	4,5,10	(8,196,186)	16,833,321	37,872,119
Increase (decrease) in:				
Trade and other payables	4,13	50,524,585	(25,928,041)	54,302,395
Retention and professional fees payable	4,14	(6,525,418)	(23,505,915)	14,067,411
Cash provided by (used in) operation		(29,798,293)	(57,127,067)	85,187,196
Interest received	4,20	71,203	881,196	1,027,196
Interest paid	4,15	(49,120,972)	(4,522,926)	(11,442,228)
Income taxes paid	4,22	(551,367)	(1,245)	-
Net cash provided by used in operating activities		(79,399,429)	(60,770,042)	74,772,164
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment	4,5,11	(78,154,873)	(73,132,508)	(263,109,378)
Acquisition of intangible assets	4,5,12	-	(1,565,923)	-
Net cash used in investing activities		(78,154,873)	(74,698,431)	(263,109,378)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	4,16	51,901,249	23,422,343	20,313,333
Purchase of treasury shares	4,16	(1,006,000)	(606,000)	(1,303,000)
Proceeds of loans	4,15	60,000,000	140,000,000	195,000,000
Proceeds from advances from shareholders	4,23	26,500,000	-	-
Payment of loans	4,15	(32,742,835)	(58,305,014)	(29,422,046)
Net cash provided by financing activities		104,652,414	104,511,329	184,588,287
NET DECREASE IN CASH		(52,901,888)	(30,957,144)	(3,748,927)
EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES ON CASH		-	(31,262)	(13,706)
CASH AT THE BEGINNING OF THE PERIOD		80,644,153	111,632,559	115,395,192
CASH AT THE END OF THE PERIOD		₱ 27,742,265	₱ 80,644,153	₱ 111,632,559

(See accompanying Notes to Financial Statements)

NOTE 1 - GENERAL INFORMATION

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC. (the Company) is a stock corporation organized and registered with the Philippine Securities and Exchange Commission (SEC) on March 6, 2014 under SEC Registration No. CS201421675.

The Company's primary purpose is to establish, maintain, operate, own and manage hospitals, medical and related healthcare facilities and businesses such as but without restriction to clinical, laboratories, diagnostic centers, ambulatory clinics, condo-hospital, scientific research institutions and services which shall provide medical, surgical, nursing, therapeutic, paramedic or similar care, provided that purely professional, medical or surgical services shall be performed by duly qualified and licensed physicians or surgeons who may or may not be connected with the hospitals and whose services shall be freely and individually contracted by the .

The Company's secondary license to sell its common stocks to the public pursuant to Section 12 of the Securities Regulation Code (SRC) was approved on December 27, 2018.

Pursuant to the abeyance of the provisions of Executive Order No. 226 (otherwise known as the Omnibus Investments Code of 1987), the Company is eligible to enjoy certain grants, particularly, but not limited to – Income Tax Holiday – for a period of 4 years starting November 2018 or actual start of commercial operations, whichever is earlier (the availment of which shall not be earlier than the date of registration).

The Company's principal office and place of business is located at N. Bacalso Avenue, Basak Pardo, Cebu City.

Status of Operation

The Company has launched its full commercial operations on December 26, 2020.

Approval of the financial statement

The financial statements of the Association for the year ended December 31, 2021 were approved and authorized for issue by the Board of Trustee on May 14, 2022.

NOTE 2 - BASIS OF PRESENTATION

Statement of Compliance

The financial statements of the Company have been prepared in compliance with the *Philippine Financial Reporting Standard (PFRS)* issued by the Philippine Financial Reporting Standards Council. They are presented in Philippine Peso which is the Company's functional and presentation currency. All amounts are rounded to the nearest peso.

Basis of Measurement

The financial statements have been prepared on historical cost basis, unless stated otherwise.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety; which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTE 3 - ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

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 effective for annual periods beginning on or after January 1, 2021.

Unless otherwise indicated, the adoption of the new and amended PFRS did not have any material effect on the financial statements. Additional disclosures have been included in the notes to financial statements, as applicable.

- Amendment to PFRS 16, *Leases - COVID-19-Related Rent Concessions beyond June 30, 2021* – In 2020, PFRS 16 was amended to provide practical expedient to lessees from applying the requirements on lease modifications 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, e.g., as a variable lease payment. This amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted, and covers eligible rent concessions until June 30, 2021.

New and Amended PFRS Issued But Not Yet Effective

Relevant new and revised 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 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 fist 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, as applicable. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

  - Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Subsidiary as a First-time Adopter* – The amendments permit a subsidiary that becomes a first-time adopter later than its parent and measures its assets and liabilities in accordance with paragraph D16 (a) of PFRS 1 to measure cumulative translation differences for all foreign operations using the amounts reported by its parent, based on the parent's date of transition to PFRS. Earlier application of the amendments is permitted.

  - 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.

  - Amendments to PAS 41, *Agriculture - Taxation in Fair Value Measurements* – The amendment removes the requirement for entities to exclude cash flows for taxation when measuring the fair value of a biological asset using a present value technique to ensure consistency with the requirements in PFRS 13, Fair Value Measurement. The amendment should be applied prospectively. Early application is permitted.

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.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) 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, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgements*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy require an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that 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. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2025:

- PFRS 17, *Insurance Contracts* – This standard will replace PFRS 4, Insurance Contracts. It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. An amendment to the standard was issued to (i) reduce costs of transition by simplifying some requirements of the standard, (ii) make financial performance easier to explain, and (iii) ease transition by deferring the effectivity of the standard from 2021 to 2023 and by providing additional relief to reduce the effort required when applying PFRS 17 for the first time.

  In response to the challenges brought by the Covid-19 pandemic, the Insurance Commission issued Circular Letter 2020-062, Amendment of Section 1 of Circular Letter No. 2018-69, Deferral of IFRS 17 Implementation, which provides a two-year deferral on the implementation of the standard from the 2023 effectivity date. Therefore, all life and nonlife insurance companies in the Philippines shall adopt PFRS 17 for annual periods beginning on or after January 1, 2025.

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 new and amended PFRS is not expected to have any material effect on the financial statements of the Company.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these unaudited interim financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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). 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 assets largely depends on the Company's business model and its contractual cash flow characteristics.

Financial Assets and Liabilities at FVPL

Financial assets and liabilities at FVPL are either classified as held for trading or designated at FVPL.

This category includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not "solely for payment of principal and interest" assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Company may, at initial recognition, designate a financial asset or financial liability meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets or liabilities.

After initial recognition, financial assets at FVPL and held for trading financial liabilities are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL and held for trading financial liabilities are recognized in profit or loss.

For financial liabilities designated at FVPL under the fair value option, the amount of change in fair value that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

As at December 31, 2021, 2020 and 2019, the Company does not have financial assets or liabilities classified as FVPL.

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 credit losses, 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 profit or loss when the financial assets are derecognized and through amortization process.

As at December 31, 2021, 2020 and 2019, the Company's cash, trade and other receivables are classified under this category. (Note 6 and 7)

Financial Assets at FVOCI

For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI 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 selling the financial assets; 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.

For equity instruments, the Company may irrevocably designate the financial asset to be measured at FVOCI as long as these are not held for trading purposes.

After initial recognition, Financial assets at FVOCI are presented in the financial statements at fair value with changes in fair value are recognized in OCI.

Interest income on debt instruments is calculated using the effective interest method while credit losses on debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified to profit or loss.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established. Cumulative changes in fair value of FVOCI equity instruments are recognized in equity and are not reclassified to profit or loss in subsequent periods.

As at December 31, 2021. 2020 and 2019, the Company does not have financial assets classified as FVOCI.

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 profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2021, 2020 and 2019, the Company's trade and other payables (excluding government liabilities), retention fees, advances from shareholders and loans payable are classified under this category (see Note 13, 14, 23 and 15).

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 FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

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 OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.
For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI shall be recognize in profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets

The Company records an allowance for "expected credit loss" (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.

For trade receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime expected credit losses. 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.

For debt instruments measured at amortized cost and FVOCI, 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 of the reporting date with the risk of a default occurring on the financial instrument as of 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.

Derecognition of Financial Assets 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.

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.

Inventories

Inventories include various hospital, laboratory, office, housekeeping and dietary supplies.

These are initially measured at cost. Costs of inventory include purchase price and all incidental cost necessary to bring the inventory to its saleable and usable condition. Subsequently, inventories are reported in the statement of financial position at the lower of cost and net realizable value. Cost is calculated using the weighted average method.

At each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory with its net realizable value. If an item of inventory is impaired, its carrying amount is reduced to net realizable value, and an impairment loss is recognized immediately in profit and loss. Any reversal of impairment is recognized also in profit or loss.

Prepayments and Other Current Assets

Prepayments represent advance payment for supplies which the Company expects to consume within one year. Other current assets include input tax and prepaid withholding tax. Prepayments and other current assets are stated in the statement of financial position at cost less any portion that has already been consumed or that has already expired.

Property and Equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period.

Items of property and equipment are initially measured at cost. Such cost includes purchase price and all incidental costs necessary to bring the asset to its location and condition. Subsequent to initial recognition, items of property and equipment are measured in the statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction are carried at cost, less any recognized impairment loss. Cost includes property development and construction costs and for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use. Any impairment loss from the construction project is immediately recognized in profit and loss.

Depreciation, which is computed on a straight-line basis, is recognized so as to allocate the cost of assets less their residual values over their estimated useful lives. Land is not depreciated.

If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their costs and related accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

Intangible Assets

Intangible asset represents purchased hospital information system. This is initially measured at cost and is presented in the statement of financial position at cost less accumulated amortization and any accumulated impairment losses. Computer software is amortized over its estimated useful life of five years using the straight-line method. If there is an indication that there has been a significant change in the useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new expectations.

When assets are sold, retired or otherwise disposed of, their cost and related accumulated amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

Impairment of Non-financial Assets

At each reporting date, non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is 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 and loss

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

Loans payable

Loans payable account represents borrowed funds from various financial institutions to finance the construction of the hospital building, acquisition of medical equipment, hospital furniture and fixtures, and transportation equipment and working capital requirement.

Loans payable is classified as current liability unless the Company has an unconditional right to defer settlement of the liability beyond 12 months from the reporting date.

Share Capital

Share capital represents the total par value of the ordinary shares issued.

Equity instruments are measured at the fair value of the cash or other consideration received or receivable, net of the direct costs of issuing the equity instruments.

The difference between the consideration received and the par value of the shares issued is credited to share premium.

Deficits

Deficits represents accumulated losses incurred by the Company net of any dividend declaration, effects of changes in accounting policy and prior period adjustments.

Revenue

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured by reference to the fair value of consideration received or receivable excluding discounts, returns and sales taxes. Revenue is recognized either at a point in time or over a period of time.

Revenue is recognized as follows:

Hospital fees

Revenue from primary healthcare services is recognized over a period of time because the customer simultaneously consumes the benefit as the performance obligation is satisfied.

Sale of drugs and medicines

Revenue from sale of drugs and medicines is recognized at the point in time when control over the goods is transferred to the customer, generally upon delivery of the goods at the customer's location.

Other income

Other income which includes income from cafeteria and miscellaneous income is recognized over a period of time because the customer simultaneously consumes the benefit as the performance obligation is satisfied.

Finance income

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

Expenses

Expenses are decreases in economic benefits in the form of decreases in assets or increase in liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the services are received or when the expenses are incurred.

Cost of sales and services

Cost of sales and services are recognized in profit or loss in the period the goods are sold and when services are rendered.

Operating expenses

This account includes selling and general & administrative expenses. Selling expenses pertain to cost of marketing and distribution of goods and rendering of services to customers. General & administrative expenses represent expenses attributable to administrative and other business activities of the Company.

Borrowing cost

Borrowing costs include interest and other charges related to borrowing arrangements.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of the assets until such time as the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale,

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Income Tax

Income tax expense includes current tax expense and deferred tax expense. The current tax expense is based on taxable profit for the year. Deferred tax is recognized on the differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases.

Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, and any net operating loss carry over (NOLCO) or excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT). The net carrying amount of deferred tax asset is reviewed at each reporting date and any adjustments are recognized in profit or loss.
Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Employee Benefits

Short-term benefits

Short-term benefits given by the Company to its employees include salaries and wages, compensated absences, 13th month pay, employer share contributions and other de minimis benefits, among others.

These are recognized as expense in the period the employees render services to the Company.

Retirement Benefits

The Company does not have a formal retirement benefit plan. However, the Company provides retirement benefits in compliance with RA 7641. No actuarial computation was made because the Company believes that the amount of provision for employee benefits will not materially affect the fair presentation of the financial statements considering that the Company has just commenced commercial operation in 2021 and none of the employees qualifies for the five years employment under RA 7641.

Related Parties

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its major shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Provisions and contingencies

Provisions are recognized only when the Company has a present obligation as a result of past event and it is probable that the Company will be required to transfer economic benefits in settlement; and the amount of provision can be estimated reliably.

Contingent assets and liabilities are not recognized in the financial statements.

Changes in accounting policies, change in accounting estimates and correction of prior period errors

The Company applies changes in accounting policy if the change is required by the accounting standards or in order to provide reliable and more relevant information about the effects of transactions, other events or conditions on the Company's financial statements. Changes in accounting policy brought about by new accounting standards are accounted for in accordance with the specific transitional provision of the standards. All other changes in accounting policy are accounted for retrospectively.

Changes in accounting estimates is recognized prospectively by reflecting it in the profit and loss in the period of the change if the change affects that period only or the period of the change and future periods if the change affects both.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when financial statements for those periods were authorized for issue and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

To the extent practicable, the Company corrects a material prior period error retrospectively in the first financial statements authorized for issue after its discovery by restating the comparative amounts for the prior periods(s) presented in which the error occurred, or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for period presented.

When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the Company restates the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable.

Subsequent events

Subsequent events that provide additional information about conditions existing at period end (adjusting events) are recognized in the financial statements. Subsequent events that provide additional information about conditions existing after period end (non-adjusting events) are disclosed in the notes to the financial statements.

NOTE 5 - SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in accordance with Philippine Financial Reporting Standards requires the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of changes in estimates will be reflected in the financial statements as they become reasonably determinable.

Judgment

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

Assessment of Impairment of Nonfinancial Assets

The Company determines whether there are indicators of impairment of the Company's non-financial assets. Indicators of impairment include significant change in usage, decline in the asset's fair value or underperformance relative to expected historical or projected future results. Determining the fair value requires the determination of future cash flows and future economic benefits expected to be generated from the continued use and ultimate disposition of such assets. It requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could be used by management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial position and financial performance. The preparation of the estimated future cash flows and economic benefits involves significant judgments and estimation.

No impairment loss was recognized in the Company's financial statements in either 2021, 2020 and 2019.

Estimates

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

Estimation of Allowance for Credit Losses

The measurement of the allowance for Credit Losses on financial assets at amortized cost and at FVOCI is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring Credit Losses is further detailed in Note 24.

Estimating useful lives of property and equipment

The Company estimates the useful lives of its property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets and residual values are reviewed, and adjusted if appropriate, only if there is a significant change in the asset or how it is used.

The following estimated useful lives are used in depreciating the property and equipment:

Description	Useful Lives
Building	50 years

Medical equipment	5 - 10 years
Transportation equipment	5 years
Office furniture and fixtures	5 years
Dietary tools and equipment	3 – 5 years

Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount 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. Management assessed that the deferred tax assets recognized as at December 31, 2021, 2020 and 2019 will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 22.

NOTE 6 - CASH

This account consists of:

	2021	2020	2019
Cash on hand	₱ 1,655,000	₱ 179,411	₱ 7,000
Cash in banks	26,087,265	80,464,742	111,625,559
	₱ 27,742,265	₱ 80,644,153	₱ 111,632.559

Cash in banks generally earn interest at bank deposit rates. Interest income earned from cash in banks amounted to ₱71,203, ₱881,196 and ₱1,027,196 for the years 2021, 2020 and 2019, respectively, and is presented under other income in the statements of comprehensive income. (Note 20)

NOTE 7 - TRADE AND OTHER RECEIVABLES

This account consists of:

	2021	2020	2019
Trade receivables	₱ 19,884,434	₱ -	₱ -
Advances to consultants and employees	469,446	1,555,270	246,705
	20,353,880		
Allowance for credit losses	(3,597,349)	-	-
	₱ 16,756,531	₱ 1,555,270	₱ 246,705

Trade receivables pertain to receivables from patients, reimbursements from HMO, DSWD and PhilHealth availed by the patients.

Advances to consultants and employees pertains to cash advances which are collectible thru deduction from professional fees and salaries.

A reconciliation of the allowance for expected credit losses at the beginning and end of 2021, 2020 and 2019 is shown below:

	2021	2020	2019
Balance at January 1	₱ -	₱ -	₱ -
Credit losses	3,597,349	-	-
Recovery of allowance	-	-	-
Balance, December 31	₱ 3,597,349	₱ -	₱ -

NOTE 8 - SUBSCRIPTION RECEIVABLE

Subscription receivable pertains to the unpaid portion of the subscribed shares of various investors in relation to the approval of the Company's secondary license to sell its common shares to the public pursuant to Section 12 of the Securities Regulation Code (SRC). This is to be collected within the next twelve months. This amounted to ₱59,540,781 and ₱43,942,030 and ₱22,135,667 as of December 31, 2021, 2020 and 2019, respectively.

NOTE 9 - INVENTORIES

This account consists of:

	2021	2020	2019
Hospital supplies	₱ **8,322,800**	₱ 4,123,992	₱ -
Laboratory supplies	**8,816,051**	681,307	-
Housekeeping supplies	**376,215**	148,873	-
Dietary supplies	**217,323**	33,398	-
Office supplies	**177,282**	10,352	-
	₱ **17,909,672**	₱ 4,997,922	₱ -

Hospital and laboratory supplies pertain to medicines and medical supplies administered/used to patients.

Housekeeping supplies pertain to cleaning and sanitation supplies used for the upkeep and maintenance of the hospital building.

The Company recognized as expense, inventories costing ₱49,328,273 and ₱-nil- for the years ended December 31, 2021, 2020 and 2019, respectively.

No portion of the inventory was pledged as security for any liability.

NOTE 10 - PREPAYMENTS AND OTHER CURRENT ASSETS

This account consists of:

	2021	2020	2019
Input VAT	₱ **27,862,464**	₱ 22,222,953	₱ 13,487,773
Deposits	**25,887,454**	22,635,595	22,829,000
Prepaid withholding tax on compensation	**1,937,607**	2,038,013	2,065,963
Prepaid income tax	**506,615**	-	
Advances to contractors	**-**	594,778	32,248,410
	₱ **56,194,140**	₱ 47,491,339	₱ 70,631,146

Input VAT are Value Added Tax on purchases of goods and services. These are creditable to the VAT liability of the Company.

Deposits to suppliers represent advance payment on purchases of medical equipment and supplies.

Prepaid withholding tax on compensation pertains to the excess payment/remittance of withholding taxes on compensation of the employees. These are creditable to withholding tax on compensation of the Company.

Prepaid income tax pertains to excess tax credits, which could be applied to tax liability of the company in the future or succeeding period.

Advances to contractors represent advances for each awarded project activity and is liquidated via deduction, on a pro-rata basis, from the contractor's periodic progress billings.

NOTE 11 - PROPERTY AND EQUIPMENT, net

A reconciliation of the carrying amounts at the beginning and end of year 2021, 2020 and 2019 of property and equipment is shown below:

2021

	Land	Building	Transportation Equipment	Office, Furniture and Fixtures	Medical Equipment	Dietary Tools and Equipment	Total
Cost							
1-Jan-21	₱ 108,620,536	₱935,201,133	₱ 3,201,263	₱ 16,674,659	₱ 103,505,510	₱-	₱1,167,203,101
Additions	-	5,096,028	235,133	33,132,404	39,126,073	565,235	78,154,873
Disposals	-	-	-	-	-	-	-
Reclassification	-	-	-	(37,491,012)	37,369,879	121,133	-
31-Dec-21	108,620,536	940,297,161	3,436,396	12,316,051	180,001,462	686,368	1,245,357,974
Accumulated Depreciation							
1-Jan-21	-	-	932,310	2,010,053	-	-	2,942,363
Depreciation	-	18,805,943	687,279	2,463,210	18,000,146	228,789	40,185,367
Disposals	-	-	-	-	-	-	-
31-Dec-21	-	18,805,943	1,619,589	4,473,263	18,000,146	228,789	43,127,730
Carrying amounts							
31-Dec-20	₱ 108,620,536	₱935,201,133	₱ 2,268,953	₱ 14,543,473	₱103,505,510	₱121,133	₱1,164,260,738
Carrying amounts							
31-Dec-21	₱ 108,620,536	₱921,491,218	₱1,816,807	₱ 7,842,788	₱162,001,316	₱457,579	₱1,202,230,244

2020

	Land	Building	Transportation Equipment	Office, Furnitures and Fixtures	Medical Equipment	Construction in progress	Total
Cost							
1-Jan-20	₱ 108,620,536	₱-	₱ 1,707,178	₱ 10,757,893	₱ 91,171,463	₱ 840,678,891	₱1,052,935,960
Additions	-	-	1,494,085	5,916,766	12,334,047	94,522,242	114,267,140
Disposals	-	-	-	-	-	-	-
Reclassification	-	935,201,133	-	-	-	(935,201,133)	-
31-Dec-20	108,620,536	935,201,133	3,201,263	16,674,659	103,505,510	-	1,167,203,101
Accumulated depreciation							
1-Jan-20	-	-	420,157	218,395	-	-	638,552
Depreciation	-	-	512,153	1,791,658	-	-	2,303,811
Disposals	-	-	-	-	-	-	-
31-Dec-20	-	-	932,310	2,010,053	-	-	2,942,363
Carrying amounts							
31-Dec-19	₱ 108,620,536	₱-	₱ 1,287,021	₱ 10,539,498	₱ 91,171,463	₱840,678,891	₱1,052,297,409
Carrying amounts							
31-Dec-20	₱ 108,620,536	₱935,201,133	₱ 2,268,953	₱ 14,664,606	₱ 103,505,510	₱-	₱1,164,260,738

2019

	Land	Transportation Equipment	Office, Furnitures and Fixtures	Medical Equipment	Construction in progress	Total
Cost						
1-Jan-19	₱ 108,620,536	₱ 1,707,178	₱ 361,361	₱ -	₱ 653,853,797	₱ 764,542,872
Additions	-	-	10,396,352	91,171,463	186,825,094	288,393,089
Disposals	-	-	-	-	-	-
31-Dec-19	108,620,536	1,707,178	10,757,713	91,171,463	840,678,891	1,052,935,961

Accumulated Depreciation						
1-Jan-19	-	213,397	125,186	-	-	338,583
Depreciation	-	206,760	93,209	-	-	299,969
Disposals	-	-	-	-	-	-
31-Dec-19	-	420,157	218,395	-	-	638,552
Carrying amounts						
31-Dec-18	₱ 108,620,536	₱ 1,493,781	₱ 236,175	₱-	₱653,853,797	₱ 764,204,289
Carrying amounts						
31-Dec-19	₱ 108,620,536	₱ 1,287,021	₱ 10,539,318	₱ 91,171,463	₱840,678,891	₱1,052,297,409

The Company's land and building with a total carrying value of ₱1,030,111,754, ₱1,043,821,669 and ₱949,299,427 as of December 31, 2021, 2020 and 2019, respectively, were used as collateral for the loan. (Note 15)

The Company's medical equipment with a carrying amount of ₱162,001,316, ₱103,505,510 and ₱91,171,463 as of December 31, 2021, 2020 and 2019, respectively were used as collateral for the loan. (Note 15)

The construction of the hospital building was completed on December 2020.

Depreciation expense were presented in the statements of comprehensive income as follows (Note 18 and 19):

	2021	2020	2019
Cost of sales and services	₱ **37,315,418**	₱ -	₱ -
Operating expenses	**2,869,949**	2,303,811	299,969
	₱ **40,185,367**	₱ 2,303,811	₱ 299,969

There have been no indications that an item of property and equipment is impaired.

NOTE 12 - INTANGIBLE ASSET

This account pertains to the hospital information system used by the Company in its operation.

A reconciliation of the carrying amounts at the beginning and end of year 2021, 2020 and 2019 is shown below:

	2021	2020	2019
Cost			
Balance, beginning of the year	₱ **1,565,923**	₱ -	₱ -
Additions	-	1,565,923	-
Disposal	-	-	-
Balance, end of the year	**1,565,923**	1,565,923	-
Accumulated Amortization			
Balance, beginning of the year	-	-	-
Amortization	**156,592**	-	-
Disposal	-	-	-
Balance at end of year	**156,592**	-	-
Carrying amount	₱ **1,409,331**	₱ 1,565,923	₱ -

No impairment losses were recognized in December 31, 2021 and 2020. The amortization of intangible asset is presented as part of operating expenses. The Company's intangible asset is expected to be amortized over its useful life of five (5) years. (Note 19)

NOTE 13 - TRADE AND OTHER PAYABLES

This account consists of:

	2021	2020	2019
Trade payable	**₱ 63,799,403**	₱ 25,269,048	₱ 55,080,912
Accrued expense	**20,304,200**	8,630,331	3,735,247
Payable to government	**1,057,623**	737,262	667,558
	₱ 85,161,226	₱ 34,636,641	₱ 59,483,717

Trade payable pertain to payable to suppliers on purchases of medical/hospital equipment and supplies.

Accrued expenses represents interest payable represents interest accrued on bank loans, professional fees, utilities, salaries and wages and outside services.

Payable to government agencies pertains to VAT and withholding taxes due to BIR and statutory compliance due to SSS, PHIC and HDMF.

NOTE 14 - RETENTION AND PROFESSIONAL FEES PAYABLE

This account consists of:

	2021	2020	2019
Retention payable	**₱ 33,212,650**	₱ 38,671,300	₱ 61,296,539
Professional fees payable	**-**	1,066,768	1,947,444
	₱ 33,212,650	₱ 39,738,068	₱ 63,243,983

Retention payable pertains to amounts withheld by the Company on its payment to the contractor. This is equivalent to 10% of progress billing as provided in the construction contract of the projects. This will be remitted after turnover of the project and acceptance by Company.

Professional fees payable consist of unpaid professional fee for the architectural design and other services to the Company.

NOTE 15 - LOANS PAYABLE

Outstanding balances of the Company's loans payable are summarized as follows:

	2021	2020	2019
Current	**₱ 80,000,000**	₱ 101,626,957	₱ 26,702,733
Non-current	**761,221,338**	712,337,216	665,511,959
Total	**₱ 841,221,338**	₱ 813,964,173	₱ 692,214,692

<u>Land Bank of the Philippines</u>

The Company obtained credit lines with various drawdown dates from Land Bank of the Philippines (LBP) as follows; on September 1, 2016 the amounts of ₱465,000,000 payable in ten (10) years and ₱ 35,000,000 payable in seven (7) years, and on August 24, 2019 the amounts of ₱ 350,000,000 payable in seven (7) years. The purpose of the ₱ 465,000,000 term loan was to finance the construction of the hospital building while the ₱ 35,000,000 and ₱ 350,000,000 term loans were intended for the acquisition of various medical machines and equipment. As of December 31, 2020,

₱440,000,000 was already drawn from the ₱465,000,000 credit line, the ₱35,000,000 credit line was not yet drawn, and the ₱350,000,000 credit line was already fully drawn.

These loans are secured by a real estate mortgage, covering the Company's land and building, including all other existing and future improvements thereon. The credit line for the construction of the hospital building was provided with 3 years grace period on the principal payments, while the credit line for the acquisition of various medical machines and equipment was provided with 2 years grace period. Interest at stated rate is 6% per annum.

The Company's land and building with a total carrying value of ₱1,030,111,754, ₱1,043,821,669 and ₱949,299,427 as of December 31, 2021, 2020 and 2019, respectively, were used as collateral for the loan. (Note 11)

The Company's medical equipment with a carrying amount of ₱162,001,316, ₱103,505,510 and ₱91,171,463 as of December 31, 2021, 2020 and 2019, respectively were used as collateral for the loan. (Note 11)

The loan agreement with the bank provides certain restrictions and requirements with respect to, among others, maintenance of debt to equity ratio of 80:20, percentage of ownership of specific shareholders and additional guarantees for the incurrence of additional long term indebtedness. As of December 31, 2021 and 2020, the Company is compliant with the terms of its loan agreement.

On December 18, 2020, the Company obtained additional loan from LBP amounting to ₱50,000,000 for working capital purposes. This is payable in 10 bi-annual payments with interest of 5.75% per annum. This loan is not secured by any collateral.

On September 20, 2021, the Company applied for the renewal of short-term loan amounting to ₱50,000,000 for working capital purposes.

Movement of loans payable is as follows:

	2021	2020	2019
Beginning balance	**₱ 813,964,173**	₱ 692,214,692	₱ 502,433,164
Proceeds	**60,000,000**	140,000,000	195,000,000
Payments	**(32,742,835)**	(18,250,519)	(5,218,472)
Ending balance	**₱ 841,221,338**	₱ 813,964,173	₱ 692,214,692

Borrowing cost capitalized, net of interest income, amounted to ₱33,530,000 and ₱22,540,000 in 2020 and 2019. respectively. Interest on borrowing in 2021, were not capitalized since the hospital building were the loans were used has been completed and reclassify to building. Likewise borrowing costs related to loan availments for acquisition of medical equipment amounting to ₱4,520,000 and ₱11,440,000 in 2020 and 2019, respectively, were not capitalized but were charged to profit or loss.

Total interest incurred that were charged to profit and loss from these loans for the years ended December 31, 2021, 2020 and 2019 amounted to ₱49,120,972, ₱4,522,926 and ₱11,442,228, respectively.

NOTE 16 - EQUITY

Capital Stock

The Company is authorized to issue Two Hundred Forty Thousand (240,000) with par value of One Thousand Pesos (₱1000) per share. Fully paid share capital as of December 31, 2021, 2020 and 2019 amounted to ₱172,296,000, ₱170,741,000 and ₱167,439,000, respectively.

A reconciliation of the outstanding shares at the beginning and end of 2021, 2020 and 2019 is shown below:

	2021	2020	2019
Outstanding, beginning	**170,741**	167,439	165,950
Issuance	**1,555**	3,302	1,489
Reacquisition	**-**	-	-
Outstanding, ending	**172,296**	170,741	167,439

The Company has fifty-four (54) founder shareholders as of December 31, 202, 2020 and 2019, each owning 100 or more shares. The Founders have the executive right to vote and be voted for the election of directors for five (5) consecutive years from the date of registration. Thereafter, the holder of founder's shares shall have the same rights and privileges with the holders of common shares.

Treasury Shares

In 2019, the Company received an order from SEC directing the Company to return the value of investment upon written request of investors. This order applies to 1,533 shareholders in the initial list submitted to SEC. In line with this order, the Company returned the cost of 26 common shares of two shareholders in 2020 and 63 common shares of six shareholders in 2019 who withdrew their investment and were part of the initial 1,533 shareholders, despite the accumulated deficit and without the requirement of capital appropriation.

The Company reacquired the total of sixty three (63) common shares from the Company's issued and outstanding common capital stock at a total cost amounting to ₱1,300,000. Of this amount, three shares were repurchased at par, one block was repurchased at ₱300,000, and the remaining five blocks were purchased at ₱200,000 per block.

As at December 31, 2020, the Company reacquired the total of 26 common shares from the Company's issued and outstanding common capital stock at a total cost amounting to ₱606,000. All two blocks were repurchased at ₱303,000 each.

As at December 31, 2021, the Company reacquired a total of 50 common shares from the Company's issued and outstanding common capital stock at a total cost amounting to ₱1,006,000.

These treasury shares are stated at acquisition cost and are deducted from equity. Treasury shares amounted to ₱2,915,000, ₱1,909,000 and ₱1,303,000 as of December 31, 2021, 2020 and 2019, respectively.

Subscribed Capital Stock/Share Premium

Subscribed capital stock as of December 31, 2021, 2020 and 2019 amounted to ₱4,455,000 ₱3,750,000 and ₱2,970,000 comprising of 445.5 blocks, 375 blocks and 297 blocks, respectively. Each block is sold at a premium of ₱200,000 or ₱300,000. Share premium from these transactions as of December 31, 2021, 2020 and 2019 amounted to ₱461,096,706, ₱395,856,706 and ₱354,710,000, respectively.

NOTE 17 - REVENUES

Details of the Company's revenues are as follows:

	2021	2020	2019
Hospital fees, net			
Hospital fees	₱ 86,938,548	₱ -	₱ -
Less: Hospital Discounts	9,082,005	-	-
	77,856,543	-	-
Sale of drugs and medicines, net			
Sale of drugs and medicines	30,810,106		-
Less: Sales Discounts	2,924,699	-	-
	27,885,407	-	-
	₱ 105,741,950	₱ -	₱ -

Hospital and sales discounts are discount extended to patients, senior citizen, PWD and other government mandated beneficiaries, it also includes discounts to stockholders spouse and dependents based on the company prospectus.

Breakdown of hospital fees are as follows:

	2021	2020	2019
Laboratory charges	₱ 24,320,106	₱ -	₱ -
CSR	20,097,010	-	-
Room and board	16,078,950	-	-
OR and DR charges	8,877,596	-	-
Emergency room charges	5,742,890	-	-
Radiology income	4,797,479	-	-
Nurse stations income	1,973,676	-	-
Medical equipment	1,944,527	-	-
Cardiology charges	569,006	-	-
Dietary income	521,408	-	-
Endoscopy	389,951	-	-
Rehab charges	328,784	-	-
Medical records	305,251	-	-
NICU charges	204,988	-	-
OPD charges	123,171	-	-
Wellness center	18,652	-	-
ICU charges	2,100	-	-
Others	643,003	-	-
	₱ 86,938,548	₱ -	₱ -

NOTE 18 - COST OF SALES AND SERVICES

Details of the Company's cost of sales and services are as follows:

	2021	2020	2019
Supplies	₱ 42,160,563	₱ -	₱ -
Depreciation (Note 11)	37,315,418	-	-
Salaries and wages	27,960,399	-	-
Utilities	12,431,841	-	-
Professional fees	11,831,848	-	-

Service fees	**4,517,547**	-	-
Housekeeping and room supplies	**3,613,806**	-	-
Dietary	**3,465,423**	-	-
SSS/PHIC/HDMF contributions	**2,640,903**	-	-
	₱ 145,937,750	₱ -	₱ -

NOTE 19 - OPERATING EXPENSES

Details of the Company's operating expenses are as follows:

	2021	2020	2019
Salaries and wages	**₱ 11,522,607**	₱ 11,699,581	₱ 2,368,000
Security services	**4,220,386**	676,808	-
Depreciation (Note 11)	**2,869,949**	2,303,811	299,969
Credit losses	**3,597,349**	-	-
Light, water and communications	**3,107,961**	1,750,087	657,941
Directors allowance	**2,637,222**	3,111,111	4,820,693
Repairs and maintenance	**2,206,247**	1,013,958	68,357
Meeting and conferences	**1,979,167**	559,078	573,559
Transportation and travel	**1,966,700**	472,511	1,558,628
Office supplies	**1,319,659**	525,111	1,232,211
Professional fee	**1,374,448**	2,252,332	1,921,895
Insurance	**1,218,707**	684,180	-
Bank service charge	**1,008,939**	293,215	75,030
Taxes and licenses	**785,809**	1,295,158	1,459,325
SSS/PHIC/HDMF contributions	**955,579**	953,110	224,578
Amortization (Note 12)	**156,592**	-	-
Training and development	**182,119**	-	-
Management fees	**-**	-	4,400,000
Advertising/promotion/marketing	**-**	128,237	1,231,588
Fines and penalties	**-**	29,000	2,000
Miscellaneous	**948,644**	854,338	545,924
	₱ 42,058,084	₱ 28,601,626	₱ 21,439,698

NOTE 20 - OTHER INCOME

Details of the Company's other income are as follows:

	2021	2020	2019
Income from cafeteria	**₱ 3,629,032**	₱ -	₱ -
Miscellaneous income	**794,630**	1,771,382	85,000
Interest income (Note 16)	**71,203**	881,196	1,027,196
Unrealized forex gain/(loss)	**-**	(31,261)	(13,706)
	₱ 4,494,865	₱ 2,621,317	₱ 1,098,490

NOTE 21 - DEPRECIATION, AMORTIZATION, AND EMPLOYEE BENEFITS

Depreciation and employee benefits were presented as follows:

2021

	Direct Costs	Operating Expense	Total
Depreciation	**₱ 37,315,418**	**₱ 2,869,949**	**₱ 40,185,367**
Amortization	**-**	**156,592**	**156,592**
Employee benefits*	**30,601,302**	**12,478,186**	**43,079,488**

**Employee benefits includes salaries and wages and SSS, PHIC, HDMF contributions*

2020

	Direct Costs	Operating Expense	Total
Depreciation	₱ -	₱ 2,303,811	₱ 2,303,811
Employee benefits*	-	12,652,691	12,652,691

**Employee benefits includes salaries and wage and SSS, PHIC, HDMF contributions*

2019

	Direct Costs	Operating Expense	Total
Depreciation	₱ -	₱ 299,969	₱ 299,969
Employee benefits*	-	2,592,578	2,592,578

**Employee benefits includes salaries and wage and SSS, PHIC, HDMF contributions*

NOTE 22 - INCOME TAXES

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises Act "RA 11534" was signed into law by the President of the Philippines. The law will take effect 15 days after its publication in the Official Gazette or in a newspaper of general circulation. Some of the provisions that may have an impact on the Company's operations are as follows:

1. Reduction of the Corporate Income Tax from 30% to 25% starting July 1, 2020.
2. Reduction of the Minimum Corporate Income Tax (MCIT) from 2% to 1% starting July 1, 2020 to June 30, 2023
3. Reduction of the non-deductible interest expense from 33% to 20% of the gross interest income
4. Imposition of the Improperly Accumulated Earning Tax has been repealed.

The Company used the prevailing tax rates as of December 31, 2020, given the CREATE LAW was signed after December 31, 2020, in determining its current and deferred taxes in its 2020 financial statements and was taken up prospectively in the current period. As a result of the application of the lower RCIT rate of 25% and MCIT rate of 1% starting July 1, 2020, the current income tax expense as presented in the 2020 annual income tax return of the Company was lower by ₱207 than the amount presented in the 2020 financial statements. This amount was charged to 2021 income tax expense.

In addition, the recognized net deferred tax assets/liabilities as of December 31, 2020 were remeasured to 25% in the current period. This resulted in a decline in the recognized net deferred tax assets in 2020 by ₱4,124,852. This amount was charged to 2021 income tax expense.

Income tax benefit for the years ended December 31 consists of:

	2021	2020	2019
Current tax expense:			
MCIT	₱ 43,924	₱ 828	₱ 2,073
RCIT	-	-	-
Adjustment of taxes from prior period	(207)	-	-
	43,717	828	2,073
Deferred tax expense (income) arising from:			
Temporary differences	(26,137,399)	(6,753,006)	(7,155,797)
Changes in tax rates	4,125,059	-	-
	(22,012,339)	(6,753,006)	(7,155,797)
Income tax benefit	₱ (21,968,623)	₱ (6,752,178)	₱ (7,153,724)

Reconciliation between statutory tax and effective tax follows:

	2021	2020	2019
Income tax at statutory rate	₱ (31,719,998)	₱ (9,150,971)	₱ (9,535,031)
Tax effect of income subject to final tax	(17,801)	(264,359)	(308,159)
Tax effect of non-deductible interest expense	4,450	110,150	128,399
Tax effect of non-deductible expense	-	8,700	1,540,540
Donated pharmaceutical medicines	-	(514,888)	-
Expired NOLCO	5,639,874	3,059,190	1,014,927
Adjustments of taxes of prior period	4,124,852	-	-
Income tax expense (benefit)	₱ (21,968,623)	₱ (6,752,178)	₱ (7,159,324)

A reconciliation of loss before tax reported in the statement of comprehensive income and taxable loss follows:

	2021	2020	2019
Loss before tax	₱ (126,879,991)	₱ (30,503,235)	₱ (31,783,436)
Permanent differences:			
Interest income	(71,203)	(881,196)	(1,027,196)
Interest arbitrage	17,801	367,165	427,998
Non-deductible fines and penalties	-	29,000	5,135,132
Donated pharmaceutical medicines	-	(1,716,293)	-

Temporary differences:			
Credit losses	**3,597,349**	-	-
Unrealized forex (gain) loss	-	31,261	13,706
Reversal of unrealized forex (gain) loss	**(31,261)**	(13,706)	18,666
Taxable loss	**(123,367,305)**	(32,687,004)	(27,215,130)
Tax rate	**25%**	30%	30%
	(30,841,826)	(9,806,101)	(8,164,539)
Minimum Corporate Income Tax:			
Taxable gross income	**4,392,401**	41,383	103,666
Tax rate	**1%**	2%	2%
Current tax expense	**43,924**	828	2,073
Adjustments of taxes of prior period	**(207)**	-	-
Current tax expense	**43,717**	828	2,073
Tax due (Higher of RCIT or MCIT)	**43,924**	828	2,073
Less: Tax credits			
Creditable taxes	**(550,539)**	-	-
Income tax payable (prepaid income tax)	**₱ (506,615)**	₱ 828	₱ 2,073

The net deferred tax assets pertain to the following as of December 31, 2021, 2020, and 2019 and the related deferred tax expense (income) for the year ended December 31, 2021, 2020 and 2019:

	Statement of Financial Position			Statement of Comprehensive Income – Profit or Loss		
	2021	2020	2019	2021	2020	2019
Deferred tax asset - MCIT	₱ 46,618	₱ 2,901	2,073	₱ 43,717	₱ 828	₱ 2,073
Deferred tax asset - NOLCO	45,817,360	24,738,489	17,991,578	21,078,871	6,746,911	7,149,612
Allowance for credit losses	899,337	-	-	899,337	-	-
Unrealized (gain) loss on foreign	-	9,378	4,112	(9,378)	5,266	4,112
Net deferred tax assets	₱ 46,763,315	₱ 24,750,768	₱ 17,997,763			
Deferred tax expense (income)				₱ 22,012,547	₱ 6,753,005	₱ 7,155,797

Deferred tax asset from NOLCO, arises from the taxable loss that can be charged against income of the next three taxable years except for NOLCO incurred for the year 2020 and 2021 which the taxable loss can be charged against taxable income within the next five taxable years pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under RR No. 25-2020, the net operating loss of a business or enterprise incurred for the taxable years 2020 and 2021 can be carried over as deduction from gross income for the next five (5) consecutive taxable years following the year of such loss.

The carry forward benefit of NOLCO which can be claimed as deduction against future taxable income are summarized below:

Date Incurred	Date of Expiration	Amount	Applied	Expired	Balance
31-Dec-2021	2026	₱123,367,305			₱123,367,305
31-Dec-2020	2025	32,687,003	₱ -	₱ -	32,687,003
31-Dec-2019	2022	27,215,130	-	-	27,215,130

31-Dec-2018	2021	22,559,495	-	(22,559,495)	-
		₱205,828,933	₱ -	₱ (22,559,495)	₱183,269,438

Deferred tax asset from MCIT, is the carry forward benefit of the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT). Excess MCIT can be used within three taxable years from the date of payment.

Details of MCIT follow:

Date Incurred	Date of Expiration	Amount	Applied	Expired	Balance
31-Dec-2021	2024	₱ 43,924	₱ -	₱ -	₱ 43,924
31-Dec-2020	2023	621	-	-	621
31-Dec-2019	2022	2,073	-	-	2,073
		₱ 46,618	₱ -	₱ -	₱ 46,618

NOTE 23 - RELATED PARTY TRANSACTIONS

The Company's related parties include its founders, the Company's key management personnel and others as described below.

A summary of the transactions and account balances with related parties follows:

2021

Nature of Relationship	**Nature of Transaction**	**Amount (current transaction)**	**Outstanding balance**	**Terms**	**Conditions**
Major Shareholders	Advances	₱26,500,000	₱26,500,000	Non-interest bearing; payable in cash; no scheduled repayment terms	Unsecured

Cash Advances

The Company obtains cash advances from shareholders for working capital purposes. These are unsecured, payable in cash with no scheduled repayment terms. The outstanding balance of these advances were presented under Advances from shareholders account in the statements of financial position.

NOTE 24 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from its operating activities. The most important components of this financial risk are credit risk, liquidity risk and market risks. The Company's risk management is coordinated with the Board of Directors, and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's business activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated.

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

The Company monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows and a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties, if there's any.

The table below summarizes the maturity profile of the Company's financial liabilities as at December 31, 2021, 2020 and 2019 based on contractual undiscounted payment.

	December 31, 2021		
	Within 1 year	**Above 1 Year**	**Total**
Trade and other payables	**₱ 45,482,752**	**₱ -**	**₱ 45,482,752**
Loans payable	**80,000,000**	**761,221,338**	**841,221,338**
Advances from shareholders	**26,500,000**		**26,500,000**
Retention and professional fee payable	**33,212,650**	**-**	**33,212,650**
	₱ 185,195,402	**₱ 761,221,338**	**₱946,416,740**

	December 31, 2020		
	Within 1 Year	Above 1 Year	Total
Trade and other payables	₱ 33,899,379	₱ -	₱ 33,899,379
Loans payable	101,626,957	712,337,216	813,964,173
Advances from contractors	39,738,068	-	39,738,068
	₱ 175,264,404	₱ 712,337,216	₱ 887,601,620

	December 31, 2019		
	Within 1 Year	Above 1 Year	Total
Trade and other payables	₱ 58,816,159	₱ -	₱ 58,816,159
Loans payable	26,702,733	665,511,959	692,214,692
Advances from contractors	63,243,983	-	63,243,983
	₱ 148,762,875	₱ 665,511,959	₱ 814,274,834

**Trade and other payables excludes government statutory payables amounting to ₱2,643,368, ₱737,262 and ₱667,558 for 2021, 2020 and 2019, respectively.*

Market Risks

<u>Interest Rate Risk</u>

Interest rate risks arises from the possibility that the changes in interest rates will affect the fair value of financial instruments. Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

The Company's financial instrument that are exposed to cash flow interest rate risk pertains to its bank loans amounting to ₱841,221,338, ₱813,964,173 and ₱692,214,692 as of December 31, 2021, 2020 and 2019, respectively, which are subject to interest rate repricing. (See Note 15)

The effect on income before income tax due to possible changes in interest rates is as follows:

Increase/Decrease in Interest Rate	Effect on Income Before Income Tax 2021	2020	2019
+1%	₱ **(8,412,213)**	₱ (8,139,642)	₱ (6,922,147)
-1%	**8,412,213**	8,139,642	6,922,147

There is no other impact on the Company's equity other than those affecting profit and loss.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework of the Company. The risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities of the Company.

Foreign Currency Risk

The Company's exposure to the risk for changes in foreign exchange is not significant. It relates only to the Company's dollar bank deposit amounting to ₱509,750, ₱505,627 and ₱540,144 as of December 31, 2021, 2020, and 2019 respectively.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge and obligation and cause the other party to incur a financial loss.

The Company's credit risk is primarily attributable to its cash, receivables and loans receivable. The Company has adopted stringent procedure in extending credit terms and in monitoring its credit risk.

The Company continuously monitors defaults of officers and affiliates, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The Company limits its exposure to credit risks by depositing its cash only with financial institutions duly evaluated and approved by the BOD. The Company's exposure on receivables is minimal since no default in payments were made by the counterparties.

The tables below show the credit quality per class of financial asset and an aging analysis of past due but not impaired accounts as at December 31, 2021, 2020 and 2019.

Credit Quality per Class of Financial Asset

	December 31, 2021					
	Neither Past Due nor Impaired					
	High Grade	**Standard Grade**	**Substandard Grade**	**Past Due but not Impaired**	**Impaired**	**Total**
Cash in banks	₱ 27,742,265	₱-	₱–	₱–	₱–	₱ 27,742,265
Trade and other receivables	1,439,185	-	-	18,913,460	-	20,352,645
	₱ 29,181,450	₱ -	₱ -	₱18,913,460	₱ -	₱ 48,094,910

	December 31, 2020					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 80,644,153	₱-	₱-	₱-	₱-	₱ 80,644,153
Trade and other receivables	1,555,270	-	-	-	-	1,555,270
	₱ 82,199,423	₱ -	₱ -	₱ -	₱ -	₱ 82,199,423

	December 31, 2019					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Impaired	Total
Cash in banks	₱ 111,632,559	₱-	₱-	₱-	₱-	₱ 111,632,559
Trade and other receivables	246,705	-	-	-	-	246,705
	₱ 111,879,264	₱ -	₱ -	₱ -	₱ -	₱ 111,879,264

Details of past due accounts but not impaired is as follows:

	December 31, 2021				
	Past due account but not impaired				
	1-30 days past due	31-60 days past due	61-90 days past due	91 and over days past due	Total
Trade receivables	**₱4,735,832**	**₱6,098,665**	**₱2,881,016**	**₱5,197,947**	**₱18,913,460**

The credit quality of the financial assets is managed by the Company using the internal credit quality ratings. High grade accounts consist of receivables from debtors with good financial condition and with relatively low defaults. All receivables were collected and liquidated in the subsequent period so no estimated credit loss was provided.

The table below shows the maximum exposure to credit risk for the components of the statements of financial position. The maximum exposure is shown gross, without taking into account collateral and other credit enhancement.

	2021	2020	2019
Cash in banks	**₱ 26,087,265**	₱ 80,624,153	₱ 111,625,559
Trade and other receivables	**16,756,531**	1,555,270	246,705
	₱ 42,843,796	₱ 82,179,423	₱ 111,872,264

Cash excludes cash on hand amounting to ₱1,655,000, and ₱179,411 and ₱7,000 in December 31, 2021, 2020 and 2019.

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents and advances to contractors as described below.

(a) Cash

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱500,000 for every depositor per banking institution.

(b) Trade and other receivables

The Company applies the PFRS 9 forward-looking approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other assets.

The Company has established a provision matrix in computing the expected rate loss which are based on its historical loss experience, adjusted for current and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations in interior fit-out industry.

On that basis, the loss allowance as at December 31, 2021 was determined based on months past due, as follows for trade receivables:

December 31, 2021

	Current	1-30 days	31-60 days	61-90 days	91-120 days	121 days and over	Total
Expected loss rate	2%	5%	7%	10%	15%	100%	
Trade receivables	P 970,974	P 4,735,832	P 6,098,665	P 2,881,016	P 3,025,667	P 2,172,280	P 19,884,434
Loss allowance	**19,419**	**236,792**	**426,907**	**288,102**	**453,850**	**2,172,280**	**P 3,597,349**

A reconciliation of the closing loss allowance for trade receivables as at December 31, 2021, 2020 and 2019 are presented below:

	2021	2020	2019
Balance at January 1	**₱ -**	₱ -	₱ -
Credit losses	**3,597,349**	-	-
Recovery of allowance	**-**	-	-
Balance, December 31	**₱ 3,597,349**	₱ -	₱ -

NOTE 25 - CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains strong and healthy financial position to support its current business operations and drive its expansion and growth in the future.

Management sees to it that equity is closely monitored in proportion to risk. Total equity comprises all components of equity including share capital and accumulated earnings of the Company. The Company monitors capital on the basis of the debt-to-equity ratio.

This ratio is calculated as total liabilities divided by total equity.

	2021	2020	2019
Liabilities	**₱ 986,095,214**	₱ 888,339,710	₱ 814,944,465
Equity	**442,451,065**	480,868,433	459,996,784
Debt-to-Equity Ratio	**2.23:1**	1.85:1	1.77:1

NOTE 26 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities recognized as at December 31, 2021, 2020 and 2019:

		December 31, 2021			
			Fair Value		
	Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Cash in banks	6	₱ 26,087,265	₱-	₱ 26,087,265	₱-
Trade and other receivables	7	16,756,531	–	16,756,531	–
		₱ 42,843,796	₱-	₱ 42,843,796	₱–
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	13	₱ 84,103,603	₱–	₱ 84,103,603	₱–
Loans payable	15	841,221,338	–	841,221,338	–
Advances from shareholders	23	26,500,000	–	26,500,000	–
Retention and professional fee payable	14	33,212,650	–	33,212,650	–
		₱ 946,416,740	₱–	₱ 946,416,740	₱–

		December 31, 2020			
			Fair Value		
	Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Cash in banks	6	₱ 80,464,742	₱-	₱ 80,464,742	₱-
Receivables	7	1,555,270	–	1,555,270	–
		₱ 82,020,012	₱-	₱ 82,020,012	₱–
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	13	₱ 33,899,379	₱–	₱ 33,899,379	₱–
Loans payable	15	813,964,173	–	813,964,173	–
Retention and professional fee payable	14	39,738,068	–	39,738,068	–
		₱ 887,601,620	₱–	₱ 887,601,620	₱–

		December 31, 2019			
			Fair Value		
	Note	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:					
Cash in banks	6	₱ 111,625,559	₱-	₱ 111,625,559	₱-
Receivables	7	246,705	–	246,705	–
		₱ 111,872,264	₱-	₱ 111,872,264	₱–
Liabilities for which fair values are disclosed:					
Financial liabilities at amortized cost:					
Trade and other payables	13	₱ 58,816,159	₱–	₱ 58,816,159	₱–
Loans payable	15	692,214,692	–	692,214,692	–
Retention and professional fee payable	14	63,243,983	–	63,243,983	–
		₱ 814,274,834	₱–	₱ 814,274,834	₱–

**Trade and other payables excludes government statutory payables amounting to ₱6,151,670, ₱737,262 and ₱667,558 for 2021, 2020 and 2019, respectively.*

NOTE 27 - EFFECCT OF COVID-19

In March 2020, COVID-19 started to became widespread and has severely impacted many local economies around the globe. In many countries like the Philippines, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, includes travel bans, quarantines, social distancing, and closures of non-essential services, these have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. The Government have responded with monetary and fiscal interventions to stabilize economic conditions.

The scale and duration of the COVID-19 pandemic remain uncertain as of the date of the issuance of the separate financial statements. Now that omicron variant is surging to its peak it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the company's operations. Accordingly, the financial position and results of operations as of and for the years ended December 31, 2021 and 2020 have not been adjusted to reflect their impact, if any.

The Company continues to monitor the risks and the on-going COVID-19 impact to its business.

NOTE 28 - RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Present below is the reconciliation of the Company's liabilities arising from financing activities, which includes both cash and non-cash changes.

2021

	Loans Payable	Advances from Shareholders	Total
Balance as of January 1, 2021	**₱813,964,173**	**₱ -**	**₱813,964,173**
Cash flow from Financing Activities:			
Additional Borrowing	**60,000,000**	**26,500,000**	**86,500,000**
Repayment of Borrowing	**(32,742,835)**	**-**	**(32,742,835)**
Balance, December 31, 2021	**₱841,221,338**	**₱26,500,000**	**₱867,721,338**

2020

	Loans Payable
Balance as of January 1, 2020	692,214,692
Cash flow from Financing Activities:	
Additional Borrowing	140,000,000
Repayment of Borrowing	(18,250,519)
Balance, December 31, 2020	813,964,173

2019

	Loans Payable
Balance as of January 1, 2019	502,433,164
Cash flow from Financing Activities:	
Additional Borrowing	195,000,000
Repayment of Borrowing	(5,218,472)
Balance, December 31, 2019	692,214,692

NOTE 29 - CONTINGENCIES

The following are the active litigation, threatened litigation, claims or assessment and investigation pending of the Company as of reporting period.

The status of these cases and claims are as follows:

Civil Case No. CEB-18-00601-CV (Ferdinand P. Kionisala vs. Allied Care Experts (ACE) Medical Center Cebu, Inc. et al.)

Complaint filed by shareholder against the corporation and its board of directors/officers to declare the sale in installments as subscription contract, direct the defendant corporation to issue his certificate of stock; and to declare that he is entitled to the pre-emptive right to subscribe for additional one (1) block of shares on the account of the increase of capital stock with damages. Pre-trial was terminated. Case is set for presentation of plaintiff's evidence.

Civil Case No. R-CEB-18-01248-CV (Dax Mathew M. Quijano, Rose Marie P. Quijano, Eric Y. Cheung, Girlie Cheung, Candice Joy A. Sia vs. Allied Care Experts (ACE) Medical Center Cebu, Inc. et al.)

Complaint filed by shareholders against the corporation and its board of directors/officers to declare the sale in installments as subscription contract, direct the defendant corporation to issue his certificate of stock; and to declare that they are entitled to the pre-emptive right to subscribe for additional one (1) block of shares on the account of the increase of capital stock. The judicial dispute resolution (JDR) failed. Case is up for pre-trial conference.
Special Civil Action Case No. R-CEB-18-08795-SC (Leo T. Sumatra, et al., vs. Allied Care Experts (ACE) Medical Center Cebu, Inc. et al.)

This is a special civil action for mandamus filed by shareholders against the corporation and its board of directors/officers for the issuance of a writ of mandamus to direct respondents to grant them pre-emptive right to subscribe to the entire increase of capital stock, in proportion to their shareholdings of one (1) block of shares equivalent to ten (10) shares of common stock. Pre-trial was terminated. Case is set for presentation of petitioners' evidence.

NOTE 30 - SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under Revenue Regulation (RR) No. 15-2010 and 34-2020 to disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR No. 15-2010 are presented below and in the succeeding pages.

(a) Output VAT and Input VAT

		Tax Base		Amount
Vatable sales	₱	1,055,712	₱	126,685
Exempt sales		121,336,249		-
	₱	122,391,961	₱	126,685

The Company's exempt sales were determined pursuant to Section 109 of the 1997 National Internal Revenue Code.

(a) Input VAT

		Amount
Balance at beginning of year	₱	22,222,953
Goods other than capitals goods		4,102,685
Capital goods subject to amortization		-
Services lodged under other accounts		1,584,432
Applied against output VAT		(5,813,802)
	₱	22,096,268

(b) Taxes and Licenses for 2021

Taxes and licenses for 2021 consist of:

		Amount
Documentary stamp tax	₱	203,749
Business permits		173,352
Regulatory fees		100,200
Real property tax		22,923
Annual Registration		500
Others		285,085
	₱	785,809

The amounts of taxes and licenses shown above are included under the operating expenses in the statements of comprehensive income (loss).

(c) Withholding Taxes for 2021

Withholding taxes paid and accrued during the year is as follows:

		Amount
Compensation and employee benefits	₱	55,749
Expanded		3,721,025
	₱	3,796,774

(d) Tax Assessments and Cases

The Company has no pending examination with the Bureau of Internal Revenue as of reporting period.

(e) Related Party Transaction

The Company is not covered under Section 2 of the Revenue Regulation 34-2021 requirements and procedures for related party transaction, including filing of BIR Form 1709, Information Return on its Transactions with Related Party.

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - CEBU INC.
FINANCIAL SOUNDNESS INDICATORS
For The Year Ended December 31, 2021
(With Comparative Figures For The Year Ended December 31, 2020 and 2019)

Current Ratio

	2021	2020	2019
Total current assets	₱ 178,143,389	₱ 178,630,714	₱ 204,646,077
Total current liabilities	224,873,876	176,002,494	149,432,506
Current ratio	0.792:1	1.015:1	1.369:1

Quick Ratio

	2021	2020	2019
Total liquid asset	₱ 104,039,577	₱ 126,141,453	₱ 134,014,931
Total current liabilities	224,873,876	176,002,494	149,432,506
Quick ratio	0.463:1	0.717:1	0.897:1

Working Capital to Total Asset

	2021	2020	2019
Working capital	₱ (46,730,487)	₱ 2,628,220	₱ 55,213,571
Total liabilities	986,095,214	888,339,710	814,944,465
Working capital ratio	-0.047:1	0.003:1	0.068:1

Solvency Ratio

	2021	2020	2019
Net income (loss) after tax + Depreciation/Amortizaion	₱ (64,569,409)	₱ (21,447,246)	₱ (24,329,743)
Total liabilities	986,095,214	888,339,710	814,944,465
Solvency ratio	-0.065:1	-0.024:1	-0.03:1

Debt-to-equity Ratio

	2021	2020	2019
Total liabilities	₱ 986,095,214	₱ 888,339,710	₱ 814,944,465
Total equity	442,451,065	480,868,433	459,996,784
Debt-to-equity ratio	2.229:1	1.847:1	1.772:1

Asset-to-equity Ratio

	2021	2020	2019
Total assets	₱ 1,428,546,279	₱ 1,369,208,143	₱ 1,274,941,249
Total equity	442,451,065	480,868,433	459,996,784
Asset to equity ratio	3.229:1	2.847:1	2.772:1

Interest Rate Coverage Ratio

	2021	2020	2019
Pre-tax profit (loss) before interest	₱ (77,759,019)	₱ (25,980,309)	₱ (20,341,208)
Interest expense	49,120,972	4,522,926	11,442,228
Interest rate ratio	-1.583:1	-5.744:1	-1.778:1

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER - CEBU INC.
FINANCIAL SOUNDNESS INDICATORS
For The Year Ended December 31, 2021
(With Comparative Figures For The Year Ended December 31, 2020 and 2019)

Profitability Ratios

		2021		2020		2019
Net profit (loss) after tax	₱	**(104,911,368)**	₱	(23,751,057)	₱	(24,629,712)
Total equity		**442,451,065**		480,868,433.00		459,996,784
		-0.237:1		-0.049:1		-0.054:1

a.) Return on asset ratio

		2021		2020		2019
Net income (loss) after tax	₱	**(104,911,368)**	₱	(23,751,057.00)	₱	(24,629,712.00)
Average assets		**1,398,877,211**		1,322,074,696		663,966,708
		-0.075:1		-0.018:1		-0.037:1

b.) Return on equity ratio

		2021		2020		2019
Net profit (loss) after tax	₱	**(104,911,368)**	₱	(23,751,057.00)	₱	(24,629,712)
Average equity		**461,659,749**		470,432,609		229,998,392
		-0.227:1		-0.05:1		-0.107:1

c.) Gross Profit Margin Ratio

		2021		2020		2019
Net profit (loss) before tax	₱	**(126,879,991)**	₱	(30,503,235)	₱	(31,783,436)
Gross profit (loss)		**(40,195,800)**		-		-
		3.157:1		N/A		N/A

d.) Net Profit Margin

		2021		2020		2019
Net profit (loss) after tax	₱	**(104,911,368)**	₱	(23,751,057)	₱	(24,629,712)
Revenue		**105,741,950**		-		-
		-0.992:1		N/A		N/A

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2021

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.
N. Bacalso Avenue, Basak Pardo, Cebu City

Unappropriated Retained Earnings (Deficit), ***as adjusted to available for dividend distribution, beginning of the year***		**(₱87,570,273)**
Add: Net income actually earned/realized during the period		**(104,911,368)**
Less: Non-actual/unrealized income net of tax		
• Equity in net income of associate/joint venture	-	
• Unrealized foreign exchange gain - (after tax except those attributable to Cash and Cash Equivalents) Unrealized actuarial gain	-	
• Fair value adjustment (mark-to-market gains)	-	
• Fair value adjustment of Investment Property resulting to gain	-	
• Adjustment due to deviation from PFRS-gain	-	
• Other unrealized gains or adjustments to retained earnings as a result of certain transactions accounted for under PFRS	-	
Sub-total	-	
Add: Non-actual losses		
• Depreciation or revaluation increment (after tax)	-	
• Adjustment due to deviattion from PFRS/GAAP - loss	-	
• Loss on fair value adjustment of investment property (after tax)	-	
Sub-total	-	-
Net income actually earned during the period		**(104,911,368)**
Add (Less):		
• Dividend declarations during the period	-	
• Appropriations of Retained Earnings during the period	-	
• Reversals of appropriations	-	
• Effects of prior period adjustments	-	
• Treasury Shares	-	
Sub-total	-	-
TOTAL RETAINED EARNINGS, END OF YEAR AVAILABLE FOR DIVIDEND DECLARATION		**₱ - nil -**

Schedule A. Financial Assets

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet (ii)	Income received and accrued
Cash in banks			
Philippine National Bank	P 8,366,210	P 8,366,210	P 60,545
Land Bank of the Philippines	8,137,998	8,137,998	4,773
Bank of the Philippine Islands	4,452,394	4,452,394	861
Development Bank of the Philippines	2,743,259	2,743,259	4,554
Banco de Oro	2,387,404	2,387,405	470
	P 26,087,266	**P 26,087,266**	**P 71,203**

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

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end Of Period
Consultants and employees	P1,555,270	-	P(1,087,059)	-	P469,446	-	P469,446

Schedule C. Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements

Name and Designation of debtor (i)	Balance at beginning of period	Additions	Amounts collected (ii)	Amounts written off (iii)	Current	Not Current	Balance at end of period
NA	NA	NA	NA	NA	NA	NA	NA

Schedule D. Intangible Assets-Other Assets

Description (i)	Beginning of period balance	Additions at cost (ii)	Charged to cost and expenses	Charged to other accounts	Current	Ending balance
Hospital Information System	P1,565,923	P-	(P156,592)	(P-)	-	P1,409,331

Schedule E. Long Term Debt

Title of Issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet (ii)	Amount shown under caption "Long-term Debt" in related balance sheet (iii)
Bank Loans	P841,221,338	P80,000,000	P 761,221,338 5.75% to 6% interest, payable quarterly in terms of 7 years and 10 years

Schedule F. Indebtedness to Related Parties (Current)

Name of related party (i)	Balance at beginning of period	Balance at end of period (ii)
Various Shareholders	P-	P26,500,000

Schedule G. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee (ii)
NA	NA	NA	NA	NA

Schedule H. Capital Stock

Title of issue (i)	Number of Shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and Employees	Others (iii)
Founders'	600	600	-	-	200	-
Common	239,400	171,696	-	-	49,800	-
Preferred	-	-	-	-	-	-
Total	240,000	172,296	-	-	50,000	-

For BIR Use Only BCS/ Item:

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

BIR Form No. **1702-RT** January 2018(ENCS) Page 1

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two copies MUST be filled with the BIR and one held by the taxpayers.

1702-RT 01/18ENCS P1

1 For (X) Calendar ( ) Fiscal
2 Year Ended (MM/20YY) 12 - December 20 21

3 Amended Return? (X) Yes ( ) No

4 Short Period Return ( ) Yes (X) No

5 Alphanumeric Tax Code (ATC)
IC 055–Minimum Corporate Income Tax (MCIT) (X)
IC010 - CORPORATION IN GENERAL - JAN 1, 2009 (X)

Part I - Background Information

6 Tax Identification Number (TIN) 008 - 899 - 890 - 00000

7 RDO Code 082

8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*
ALLIED CARE EXPERTS (ACE) MEDICAL CENTER- CEBU, INC.

9 Registered Address *(Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)*
982 N. BACALSO AVENUE, BRGY BASAK PARDO, CEBU CITY

9A ZIP Code 6000

10 Date of Incorporation/Organization *(MM/DD/YYYY)* 03/06/2014

11 Contact Number 0322655833

12 Email Address acemedicalcebu57@gmail.com

13 Method of Deductions (X) Itemized Deductions [Section 34 (A-J), NIRC] ( ) Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended]

Part II - Total Tax Payable

(Do NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

14 Tax Due	43,924
15 Less: Total Tax Credits/Payments	550,539
16 Net Tax Payable (Overpayment) *(Item 14 Less Item 15)*	(506,615)
Add: Penalties	
17 Surcharge	0
18 Interest	0
19 Compromise	0
20 Total Penalties *(Sum of Items 17 to 19)*	0
21 TOTAL AMOUNT PAYABLE (Overpayment) *(Sum of Items 16 and 20)*	(506,615)

If Overpayment, mark one(1) box only *(Once the choice is made, the same is irrevocable)*
( ) To be refunded ( ) To be issued a Tax Credit Certificate (TCC) (X) To be carried over as a tax credit for next year/quarter

We declare under the penalties of perjury that this return, and all its attachments, have been made in good faith, verified by us, and to the best of our knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If signed by an Authorized Representative, indicate TIN and attach authorization letter)*

CONRADO A. SALONGA JR.
Signature over Printed Name of President/Principal Officer/Authorized Representative
Title of Signatory PRESIDENT TIN

DANIEL A. GABRIEL
Signature over Printed Name of Treasurer/Assistant Treasurer
Title of Signatory ASST. TREASURER TIN

22 Number of Attachments 000

Part III - Details of Payment

Particulars	Drawee Bank/ Agency	Number	Date(MM/DD/YYYY)	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others *(Specify Below)*				
				0

Machine Validation/Revenue Official Receipt Details *[if not filed with an Authorized Agent Bank(AAB)]*

Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

DATE MAY 16 2022 TELLER No. 3
RC:01900 RDO No.082

ALLIED
CARE
EXPERTS
MEDICAL CENTER - CEBU

982 N. Bacalso Ave., Basak Pardo, Cebu City, Philippines
Telephone #: +6332-2688533
Email Add: info@acemedicalcentercebu.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN

The management of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2021. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return and Annual Information 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, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2021 and the accompanying Annual Income Tax Return are in accordance with the books and records of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.**, complete and correct in all material respects. Management likewise affirms that:

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

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

(c) **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

BY:

ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.

RECEIVED
DATE MAY 16 2022 TELLER No. 3
BC:019001 RDO No.08
PBCOM CEBU-MACAL...

AMADO MANUEL C. ENRIQUEZ, JR
Chairman of the Board

MCARTHUR CONRADO A. SALONGA, JR, M.D.
President

EVANGELINE Y. ZOZOBRADO, M.D.
Treasurer

PEREZ, SESE, VILLA & Co.
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITOR
TO ACCOMPANY FINANCIAL STATEMENT FOR
FILING WITH THE BUREAU OF INTERNAL REVENUE

To the Board of Directors
ALLIED CARE EXPERTS (ACE)
MEDICAL CENTER – CEBU, INC.
982 N. Bacalso Avenue, Basak Pardo
Cebu City

We have audited the financial statements of **ALLIED CARE EXPERTS (ACE) MEDICAL CENTER – CEBU, INC.,** for the year ended December 31, 2021, on which we have rendered the attached report dated May 14, 2022.

In compliance with Revenue Regulations V-20, we are stating the following:

1. The taxes paid and accrued by the above Company for the year ended December 31, 2021 are shown in the Schedule of Taxes and Licenses.

2. No partner of our Firm is related by consanguinity or affinity to the president, manager or principal shareholders of the Company.

PEREZ, SESE, VILLA & CO.

BY: **MA. ALMA C. SESE**
PARTNER

CPA Reg. No. 0054588
TIN 212-955-173-000
PTR No. 0153046, January 6, 2022, Manila City
SEC Group B Accreditation
Partner – 1606-AR-1, valid until December 16, 2022
Firm – 0336-FR-1, valid until December 16, 2022
BIR AN – 06-002735-001-2021, valid until March 5, 2024
IC Accreditation
Partner -54588-IC, valid until December 3, 2024
Firm -0222-IC, valid until December 3, 2024
FIRM's BOA/PRC Cert. of Reg. No. 0222, valid until October 12, 2023

Manila, Philippines
May 14, 2022

RECEIVED
DATE MAY 16 2022 TELLER No 3
BC:019001 RDO No

admin@psv-co.com
www.psvco.com
(02) 8994-3984
9th Flr Unit C Marc 2000 Tower
1973 Taft Ave. cor. San Andres St.
Malate Manila, 1004

BIR Form No. **1702-RT** January 2018(ENCS) **Page 2**	**Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P2

Taxpayer Identification Number(TIN) 008 899 890 00000 **Registered Name** ALLIED CARE EXPERTS -ACE MEDICAL CENTER- CEBU, INC.

Part IV - Computation of Tax

(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

27 Sales/Revenues/Receipts/Fees	117,748,654
28 Less:Sales Returns, Allowances and Discounts	12,006,704
29 Net Sales/Revenues/Receipts/Fees *(Item 27 Less Item 28)*	105,741,950
30 Less: Cost of Sales/Services	145,937,750
31 Gross Income from Operation *(Item 29 less Item 30)*	(40,195,800)
32 Add: Other Taxable Income Not Subjected to Final tax	4,392,401
33 Total Taxable Income *(Sum of Items 31 and 32)*	(35,803,399)
Less: Deductions Allowable under Existing Law	
34 Ordinary Allowable Itemized Deductions	87,563,906
35 Special Allowable Itemized Deductions	0
36 NOLCO *(Only for those taxable under Sec. 27(A to C); Sec. 28(A)(1)(A)(6)(b) of Tax code, as amended)*	0
37 Total Deductions *(Sums of Items 34 to 36)*	87,563,906
OR *[in case taxable under Sec 27(A) & 28(A)(1)]*	
38 Optional Standard Deduction (OSD) *(40% of Item 33)*	0
39 Net Taxable Income/(Loss) *If itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)*	(123,367,305)
40 Applicable Income Tax Rate	25 %
41 Income Tax Due other than Mininum Corporate Income Tax(MCIT) *(Item 39 x Item 40)*	0
42 MCIT Due *(2% of Item 33)*	43,924
43 **Tax Due** *(Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher)*	43,924
Less: Tax Credits/Payments(attach proof)	
44 Prior Year's Excess Credits Other Than MCIT	0
45 Income Tax Payment under MCIT from Previous Quarter/s	0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	0
47 Excess MCIT Applied this Current Taxable Year	0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	550,539
50 Foreign Tax Credits, if applicable	0
51 Tax Paid in Return Previously Filed, if this is an Amended Return	0
52 Special Tax Credits	0
Other Credits/Payments *(Specify)*	
53	0
54	0
55 **Total Tax Credits/Payments** *(Sum of Items 44 to 54)*	550,539
56 **Net Tax Payable (Overpayment)** *(Item 43 Less Item 55)*	(506,615)

Part V - Tax Relief Availment

57 Special Allowable Itemized Deductions *(Item 35 of Part IV x Applicable Income Tax Rate)*	0
58 Add:Special Tax Credits	0
59 **Total Tax Relief Availment** *(Sum of Items 57 & 58)*	0

BIR Form No. **1702-RT** January 2018(ENCS) Page 3	**Annual Income Tax Return** Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	1702-RT 01/18ENCS P3

Taxpayer Identification Number(TIN)				Registered Name
008	899	890	00000	ALLIED CARE EXPERTS -ACE MEDICAL CENTER- CEBU, INC.

Part VI - Schedules *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

Schedule I - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s if necessary)*

1	Amortization	156,592
2	Bad Debts	0
3	Charitable and Other Contributions	0
4	Depletion	0
5	Depreciation	2,869,949
6	Entertainment, Amusement and Recreation	0
7	Fringe Benefits	0
8	Interest	49,103,171
9	Losses	0
10	Pension Trusts	0
11	Rental	0
12	Research and Development	0
13	Salaries, Wages and Allowances	11,522,607
14	SSS, GSIS, Philhealth, HDMF and Other Contributions	955,579
15	Taxes and Licenses	785,809
16	Transportation and Travel	1,966,700
17	Others(Deductions Subject to Withholding Tax and Other Expenses) *(Specify below; Add additional sheet(s), if necessary)*	
a	Janitorial and Messengerial Services	0
b	Professional Fees	1,374,448
c	Security Services	4,220,386
d	LIGHT, WATER AND COMMUNICATIONS	3,107,961
e	DIRECTORS ALLOWANCE	2,637,222
f	REPAIRS AND MAINTENANCE	2,206,247
g	MEETING AND CONFERENCES	1,979,167
h	OFFICE SUPPLIES	1,319,659
i	OTHERS	3,358,409
18	**Total Ordinary Allowable Itemized Deductions** *(Sum of Items 1 to 17i)*	87,563,906

Schedule II - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

	Description	Legal Basis	Amount
1			0
2			0
3			0
4			0
5	**Total Special Allowable Itemized Deductions** *(Sum of Items 1 to 4)*		0

BIR Form No.
1702-RT
January 2018(ENCS)
Page 4

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

1702-RT 01/18ENCS P4

Taxpayer Identification Number(TIN)	Registered Name
008 899 890 00000	ALLIED CARE EXPERTS -ACE MEDICAL CENTER- CEBU, INC.

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1	Gross Income	(35,803,399)
2	Less: Ordinary Allowable Itemized Deductions	87,563,906
3	Net Operating Loss *(Item 1 Less Item 2) (To Schedule IIIA,Item 7A)*	(123,367,305)

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

	Year Incurred	Net Operating Loss A) Amount	B) NOLCO Applied Previous Year/s
4	2021	123,367,305	0
5	2020	32,687,003	0
6	2019	27,215,130	0
7	2018	22,559,495	0

Continuation of Schedule IIIA *(Item numbers continue from table above)*

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) [E = A Less (B + C + D)]
4	0	0	123,367,305
5	0	0	32,687,003
6	0	0	27,215,130
7	22,559,495	0	0
8	**Total NOLCO** *(Sum of Items 4D to 7D)*	0	

Schedule IV -Computation of Minimum corporate Income Tax(MCIT)

	Year	A) Normal Income Tax as Adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1	2020	0	621	621
2	2019	0	2,073	2,073
3		0	0	0

Continuation of Schedule IV *(Item numbers continue from table above)*

	D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	0	621
2	0	0	0	2,073
3	0	0	0	0
4	**Total Excess MCIT Applied** *(Sum of Items 1F to 3F)*		0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income *(Attach additional sheet/s, if necessary)*

1	Net Income/(Loss) per Books	(126,879,991)
	Add: Non-deductible Expenses/Taxable Other Income	
2	INTEREST ARBITRAGE	17,801
3	CREDIT LOSSES	3,597,349
4	Total *(Sum of Items 1 to 3)*	(123,264,841)
	Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5	INTEREST INCOME	71,203
6	REVERSAL OF UNREALIZED FOREX -GAIN LOSS	31,261
	B) Special Deductions	
7		0
8		0
9	Total *(Sum of Items 5 to 8)*	102,464
10	**Net taxable Income (Loss)** *(Item 4 Less Item 9)*	(123,367,305)