COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	0	1	9	0	5	1

COMPANY NAME

SOC LAND DEVELOPMENT CORPORATION (A Wholly Owned Subsidiary of SOCResources, Inc.)

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

4th Floor, Enzo Building, 399 Senator Gil Puyat Avenue, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.socland.com.ph	(02) 8553-4070	09176305697

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
6	5/11	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Josefa Ma. Bernadette Dizon	josefa.dizon@socland.com.ph	(02) 8817-0762	N/A

CONTACT PERSON's ADDRESS

2nd Floor, Enzo Building, 399 Senator Gil Puyat Avenue, Makati City

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

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

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
SOC Land Development Corporation
2nd Floor, Enzo Building
339 Senator Gil Puyat Avenue
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SOC Land Development Corporation (the Company), a wholly owned subsidiary of SOCResources, Inc., which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of 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, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material 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 the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 22 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of SOC Land Development Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
SEC Accreditation No. 1509-AR-1 (Group A),
October 18, 2018, valid until October 17, 2021
Tax Identification No. 233-299-245
BIR Accreditation No. 08-001998-109-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534231, January 4, 2021, Makati City

May 5, 2021

SOC LAND DEVELOPMENT CORPORATION

(A Wholly Owned Subsidiary of SOCResources, Inc.)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱84,898,046**	₱39,925,727
Receivables (Note 5)	**35,841,204**	25,667,625
Contract assets (Note 18)	**33,652,339**	46,931,630
Real estate inventories (Note 6)	**1,061,683,139**	1,058,274,302
Other current assets (Note 7)	**52,775,882**	55,153,150
Total Current Assets	**1,268,850,610**	1,225,952,434
Noncurrent Assets		
Contract assets (Note 18)	**32,362,241**	24,121,710
Property and equipment (Note 8)	**35,238,862**	35,789,736
Deferred tax assets - net (Note 15)	**11,929,665**	1,631,683
Other noncurrent asset (Note 9)	**4,508,882**	13,057,671
Total Noncurrent Assets	**84,039,650**	74,600,800
TOTAL ASSETS	**₱1,352,890,260**	₱1,300,553,234
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 10)	**₱55,399,526**	₱59,255,549
Contract liabilities (Note 18)	**130,089,749**	129,096,963
Due to Parent Company (Note 16)	**905,200,241**	905,200,241
Total Current Liabilities	**1,090,689,516**	1,093,552,753
Noncurrent Liabilities		
Retirement benefit obligation (Note 13)	**1,277,180**	803,623
Contract liabilities - net of current portion (Note 18)	**109,564,881**	50,384,702
Total Noncurrent Liabilities	**110,842,061**	51,188,325
Total Liabilities	**1,201,531,577**	1,144,741,078
Equity		
Capital stock (Note 17)	**41,229,800**	41,229,800
Additional paid-in capital (Note 17)	**281,068,200**	281,068,200
Other comprehensive income	**435,719**	518,993
Deficit	**(171,375,036)**	(167,004,837)
Equity	**151,358,683**	155,812,156
TOTAL LIABILITIES AND EQUITY	**₱1,352,890,260**	₱1,300,553,234

See accompanying Notes to Financial Statements.

SOC LAND DEVELOPMENT CORPORATION
(A Wholly Owned Subsidiary of SOCResources, Inc.)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2020	2019
REVENUE FROM CONTRACTS WITH CUSTOMERS (Note 18)	**₱51,046,755**	₱112,582,130
COST OF REAL ESTATE SALES (Note 6)	**(28,236,647)**	(67,905,972)
GROSS PROFIT	**22,810,108**	44,676,158
Sales and marketing expenses (Note 11)	**(6,667,281)**	(13,429,475)
General and administrative expenses (Note 12)	**(31,923,475)**	(41,659,272)
Other income - net (Note 14)	**11,090,271**	5,584,571
	(27,500,485)	(49,504,176)
LOSS BEFORE INCOME TAX	**(4,690,377)**	(4,828,018)
PROVISON FOR (BENEFIT FROM) INCOME TAX (Note 15)		
Current	**9,942,115**	8,579,821
Deferred	**(10,262,293)**	(9,029,403)
	(320,178)	(449,582)
NET LOSS	**(4,370,199)**	(4,378,436)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:		
Actuarial losses on defined benefit plan, net of deferred income taxes (Note 13)	**(83,274)**	(171,632)
TOTAL COMPREHENSIVE LOSS	**(₱4,453,473)**	(₱4,550,068)

See accompanying Notes to Financial Statements.

SOC LAND DEVELOPMENT CORPORATION
(A Wholly Owned Subsidiary of SOCResources, Inc.)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Capital Stock (Note 17)	**Additional Paid-in Capital** (Note 17)	**Other Comprehensive Income**	**Deficit**	**Total**
BALANCES AS AT DECEMBER 31, 2018	₱41,229,800	₱281,068,200	₱690,625	(₱162,626,401)	₱160,362,224
Net income	–	–	–	(4,378,436)	(4,378,436)
Other comprehensive loss	–	–	(171,632)	–	(171,632)
Total comprehensive income (loss)	–	–	(171,632)	(4,378,436)	(4,550,068)
BALANCES AS AT DECEMBER 31, 2019	**41,229,800**	**281,068,200**	**518,993**	**(167,004,837)**	**155,812,156**
Net loss	–	–	–	(4,370,199)	(4,370,199)
Other comprehensive loss	–	–	(83,274)	–	(83,274)
Total comprehensive loss	–	–	(83,274)	(4,370,199)	(4,453,473)
BALANCES AS AT DECEMBER 31, 2020	**₱41,229,800**	**₱281,068,200**	**₱435,719**	**(₱171,375,036)**	**₱151,358,683**

See accompanying Notes to Financial Statements.

SOC LAND DEVELOPMENT CORPORATION
(A Wholly Owned Subsidiary of SOCResources, Inc.)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱4,690,377)**	(₱4,828,018)
Adjustments for:		
Interest income (Note 14)	**(3,296,840)**	(4,853,320)
Depreciation (Notes 8, 11 and 12)	**1,677,736**	3,236,852
Loss (gain) on repossession (Note 14)	**363,970**	(464,520)
Retirement benefit expense (Note 13)	**354,594**	198,178
Operating loss before working capital changes	**(5,590,917)**	(6,710,828)
Decrease (increase) in:		
Receivables	**(10,153,075)**	14,773,241
Contract assets	**5,038,760**	10,722,848
Real estate inventories	**(3,772,807)**	9,098,466
Other assets	**4,086,903**	(14,379,231)
Increase (decrease) in:		
Accounts payable and other current liabilities	**(3,856,023)**	9,574,539
Contract liabilities	**60,172,965**	81,639,196
Cash flows generated from operations	**45,925,806**	104,718,231
Interest received	**3,276,336**	4,853,320
Income taxes paid, including creditable withholding taxes	**(3,102,961)**	(5,155,589)
Net cash flows from operating activities	**46,099,181**	104,415,962
CASH FLOWS USED IN AN INVESTING ACTIVITY		
Acquisitions of property and equipment (Note 8)	**(1,126,862)**	(5,543,565)
CASH FLOWS USED IN A FINANCING ACTIVITY		
Payment of advances from Parent Company (Note 16)	**–**	(96,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**44,972,319**	2,872,397
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**39,925,727**	37,053,330
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱84,898,046**	₱39,925,727

See accompanying Notes to Financial Statements.

1. **Corporate Information, Status of Operations and Approval and Authorization for Issuance of the Financial Statements**

Corporate Information
SOC Land Development Corporation (the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on November 25, 2010. The primary purpose of the Company is to deal and engage in the real estate business.

The Company is a wholly owned subsidiary of SOCResources, Inc. (SRI; the Parent Company). SRI, a corporation duly organized under the laws of the Philippines, with registered address at 2nd Floor, Enzo Building, 399 Senator Gil Puyat Avenue, Makati City, is registered primarily to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, in particular shares of stocks, voting trust certificates, bonds, debentures, notes, evidences of indebtedness of associations and corporations, domestic or foreign, without being a stockbroker or dealer, and to issue in exchange therefore shares of the capital stock, bonds, notes, or other obligations and/or assets of the Parent Company and while the owner thereof, to exercise all the rights, powers, and privileges of ownership, including the right to vote any shares of stock or voting trust certificates so owned, and to do every act and thing that may generally be performed by entities known as “holding companies”. The former primary purpose of oil and gas exploration was reclassified as among the secondary purposes of the Parent Company.

The registered office address of the Company is 2nd Floor, Enzo Building, 399 Senator Gil Puyat Avenue, Makati City.

Status of Operations
In 2011, the Company undertook its maiden project called “Anuva Residences” in Barangay Buli, Alabang, Muntinlupa City. The project involves the development of a 2.4-hectare parcel of land that will have four tandem buildings and an estimated investment cost of ₱5 billion to generate approximately ₱7 billion in sales over its production cycle. Initially targeted for completion within five years from launch, the production cycle of the project is extended and re-planned for completion by 2025.

On July 12, 2011, the groundbreaking ceremony for the first tower, Anala was held and the structural works was completed in 2014.

On September 2, 2011, the Company's Phase 1 project was duly registered with the Board of Investments (BOI) as a New Developer of Low - Cost Mass Housing on a Non-Pioneer Status under the Omnibus Investments Code of 1987 (Executive Order No. 226). With the registration, the Company was entitled to an Income Tax Holiday (ITH) for three years from October 2011 or actual start of commercial operations or selling, whichever is earlier, but in no case earlier than the date of registration. Under the specific terms and conditions of the registration, the Company shall submit proof of compliance that it has developed socialized housing project and accomplished corporate social responsibility activities that were duly identified by BOI in conjunction with the entitlement of ITH.

On December 14, 2011, the Housing and Land Use Regulatory Board released the Company's License to Sell for the Anala Tower with targeted completion date in 2015.

On August 14, 2013, the Company opted to surrender the original copy of the Certificate of Registration no. 2011-193 issued to the Company as New Developer of Low-Cost Mass Housing Project cancelled the Company's entitlement to an ITH for three years.

In 2014, the Company ventured into horizontal housing development through Althea Residences in Binan, Laguna with an initial offering of 214 commercial and residential lots and house and lot packages and covered by HLURB License To Sell No. 029073 released on September 22, 2014. On the same year, the second tower of Anuva Residences, the Azalea Tower with 618 units of combined studio, 1-bedroom and 2-bedroom units was offered for sale and a License To Sell was issued by HLURB on July 31, 2015.

In 2018, a portion of Althea Residences was reconfigured from 17 commercial lots into 32 townhouse and lots units that offered a better return for the Company. Althea was also geared for expansion on the adjoining 2.2-hectare property offering an additional 132 residential lots and house and lot packages with the necessary permits and license expected to be completed by mid-2019.

As of the end of 2020, the Company is also studying the feasibility of developing in other areas with potential sites in consideration in Baguio City, Manila City and Quezon City, among other places.

Approval and Authorization for Issuance of the Financial Statements
The financial statements of the Company as at and for the years ended December 31, 2020 and 2019 were approved and authorized for issue by the Board of Directors (BOD) on May 5, 2021.

2. Summary of Significant Changes in Accounting Policies and Disclosures

Basis of Preparation
The accompanying financial statements have been prepared under the historical cost basis unless otherwise stated. The financial statements are presented in Philippine peso (₱), which is the Company's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

The accompanying financial statements have been prepared under the going concern assumption. The Company believes that its real estate business would remain relevant despite challenges posed by the COVID-19 pandemic.

Statement of Compliance
The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), which include the availment of the reliefs granted by the Securities and Exchange Commission (SEC) under Memorandum Circular Nos. 14-2018 and 3-2019, to defer the implementation of the following accounting pronouncements until December 31, 2020. These accounting pronouncements address the issues of PFRS 15, *Revenue from Contracts with Customers* affecting the real estate industry:

Deferral of the following provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry

a. Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04);
b. Treatment of land in the determination of the percentage-of-completion (POC);

c. Treatment of uninstalled materials in the determination of the POC (as amended by PIC Q&A 2020-02); and
d. Accounting for Common Usage Service Area (CUSA) charges

Deferral of the adoption of PIC Q&A 2018-14: Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the *Standards Issued but not yet Effective* section below**.**

<u>Adoption of New or Revised Standards, Amendments to Standards and Interpretations</u>
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new accounting pronouncements starting January 1, 2020. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these pronouncements did not have any significant impact on the financial statements of the Company.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*

  The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Company enter into any business combinations.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

  The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

  The adoption has no significant impact to the Company.

- *Adoption of PIC Q&A 2020-03, Q&A No. 2018-12-D: STEP 3- On the accounting of the difference when the percentage of completion is ahead of the buyer's payment*

  PIC Q&A 2020-03 was issued by the PIC on September 30, 2020. The latter aims to provide an additional option to the preparers of financial statements to present as receivables, the difference between the POC and the buyer's payment, with the POC being ahead. This PIC Q&A is consistent with the PIC guidance issued to the real estate industry in September 2019.

  The adoption of this PIC Q&A did not impact the financial statements of the Company since it has previously adopted the additional guidance issued by the PIC in September 2019.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its parent company financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Company shall also disclose information about:

  - The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Company is not required to restate prior periods.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and 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 the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
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    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are 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 lender on the other's behalf. An entity applies the amendment 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 amendment.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments 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 amendment. The amendments are not expected to have a material impact on the Company.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Company.

Effective beginning on or after January 1, 2023

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

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted.

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 the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

- Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the Philippine SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

	Deferral Period
1. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
2. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023
3. Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02)	Until December 31, 2020
4. Accounting for CUSA Charges discussed in PIC Q&A No. 2018-12-H	Until December 31, 2020

  The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

  a. The accounting policies applied.
  b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
  c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
  d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component
- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

The Company availed of the deferral of adoption of the following specific provisions of PIC Q&A. Had these provisions been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments explicit in the contract to sell would constitute a significant financing component. Interest income would have been recognized for contract assets and interest expense for contract liabilities using the effective interest rate method and this would have impacted retained earnings as at January 1, 2018 and the revenue from real estate sales in 2020, 2019 and 2018. Currently, any significant financing component arising from the mismatch discussed above is not considered for revenue recognition purposes.

The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

- Deferral of PIC Q&A 2018-14, Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)

  On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

  On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

  The Company availed of the SEC relief to defer the adoption of this PIC Q&A until December 31, 2020. Currently, the Company records the repossessed inventory at fair value at the time of repossession. The Company is still evaluating the approach to be availed among the existing options.

The Company continues to assess the impact of the above new and amended accounting standards and Interpretations effective subsequent to 2020 on the financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted.

Summary of Accounting Policies
The significant accounting policies that have been used in the preparation of the Company's financial statements are summarized below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Current versus Noncurrent Classification
The Company presents assets and liabilities in the statement of financial position based on whether it is current and noncurrent classification.

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Company classifies all other liabilities as noncurrent.

Deferred income tax assets and deferred tax liabilities are classified as noncurrent assets and liabilities.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

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

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

As of December 31 ,2020 and 2019, the Company has no non-financial asset carried at fair value. In addition, the Company has neither assets nor liabilities with recurring and non-recurring fair value measurements.

Cash and Cash Equivalents
Cash includes cash on hand and with banks.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to an insignificant risk of changes in value.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are solely for payment of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- FVTOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

As at December 31, 2020 and 2019, the Company does not have any financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments), financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets at FVTPL.

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that SPPI and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes cash and cash equivalents, receivables and refundable deposits presented under other current assets.

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

- the rights to receive cash flows from the asset have expired; or,
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company 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 rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognized an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Modification of financial assets
The Company derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Company considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Company considers the following factors, among others:
- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered “solely payment for principal and interest”

The Company also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Company considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in profit and loss.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new ' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired.

Impairment of financial assets
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are 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, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' ECL. Both lifetime ECL and 12 months' ECL are calculated on either an individual basis or a collective basis, depending on the nature of the financial instruments.

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

For receivables and contract assets, an impairment analysis is performed at each reporting date using vintage analysis to measure ECLs. The Company used the vintage analysis accounts for expected credit losses by calculating the cumulative loss rates of a given installment contract receivable (ICR)/contract assets pool. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

In addition to life of loan loss data, primary drivers like macroeconomic indicators of qualitative factors such as forward-looking data on gross domestic income and bank lending rates were added to the expected loss calculation to reach a forecast supported by both quantitative and qualitative data points.

The probability of default is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the repossession of the subject real estate property, net of cash outflows. For purposes of calculating loss given default, accounts are segmented based on facility/collateral type and completion. In calculating the recovery rates, the Company considered collections of cash and/or cash from resale of real estate properties after foreclosure, net of direct costs of obtaining and selling the real estate properties after the default event such as commission, association dues, refurbishment, payment required under Maceda Law, and cost to complete (for incomplete units).

For its refundable deposits, the Company applies the general approach in calculating ECLs. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Company determines probability of default and loss-given default based on available data, adjusted for forward-looking factors specific to the debtors and the economic environment.The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b. Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, liabilities at amortized cost, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of liabilities at amortized cost and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payable and other current liabilities (excluding government payables) and due to Parent Company.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Liabilities at amortized cost
This is the category most relevant to the Company. After initial recognition, interest-bearing liabilities at amortized cost are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement comprehensive income.

c. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Company's statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Real Estate Inventories
Real estate inventories consist of subdivision land, residential houses and lots and condominium units for sale and development. These are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation. These are held as inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:
- Acquisition cost of subdivision land;
- Amounts paid to contractors for construction and development of subdivision land, residential houses and lots and condominium units;
- Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs; and
- Borrowing costs capitalized prior to start of pre-selling activities for the real estate project.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. The carrying amount of inventories is reduced through the use of allowance account and the amount of loss is charged to profit or loss.

The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs. The total costs are allocated pro-rata based on the relative size of the property sold.

Repossessed Inventories
Repossessed inventories represent the acquisition costs of properties sold but subsequently reacquired by the Company due to buyer's default on payment of monthly amortization. These are measured at fair value at the time of repossession. Any resulting gain or loss arising from the difference between the fair value at the time of repossession and the remaining receivable due from the buyers is credited or charged to "Other income" in the profit or loss.

Advances to Suppliers and Contractors
Advances to suppliers and contractors represent advance payments on services to be incurred in connection with the Company's operations. Advances to suppliers and contractors are recognized under "Other current assets" account in the statement of financial position. These are charged to expense in profit or loss, or capitalized to real estate inventories in the statement of financial position, as appropriate, when the services are rendered, which is normally within 12 months.

Creditable Withholding Taxes (CWT)
CWTs are amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source, subject to the rules on Philippine income taxation. CWTs which are expected to be utilized as payment for income taxes within 12 months are classified as current assets. Otherwise, these are classified as other noncurrent asset. CWTs are classified in the "Other current assets" account in the statement of financial position.

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable. When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

Any excess which will be claimed as tax credits or recoverable from the taxation authority within twelve (12) months or within the normal operating cycle is presented as part of "Other current assets" in the statement of financial position. Otherwise, these are classified as other noncurrent assets. Input VAT is stated at its estimated net realizable value. Output VAT payable to the taxation authority is included as part of "Accounts payable and other liabilities" account in the statement of financial position.

Property and Equipment

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

The initial cost of property and equipment includes its purchase price, including import duties, nonrefundable purchase taxes and any costs directly attributable to bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of the property and equipment.

Depreciation commences when an asset is in the location and condition capable of being operated in the manner intended by management. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets, except for leasehold improvements which are amortized on a straight-line basis over the term of the lease or the estimated lives of the improvements, whichever is shorter, as follows:

Category	Number of Years
Building	20
Office and computer equipment	2-3
Transportation equipment	5
Leasehold improvements	2 or lease term, whichever is shorter

Depreciation ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and the date that the asset is derecognized.

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized. Fully depreciated items are retained as property and equipment until these are no longer in use.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses from continuing operations are recognized in profit or loss.

For nonfinancial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Retirement Benefits Costs
The Company has an unfunded, non-contributory, defined benefit retirement obligation.

The Company recognizes the net defined benefit liability or asset which is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Retirement benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as an expense or income in the statement of comprehensive income.

Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Capital Stock and Additional Paid-in capital
The Company has issued common stock that is classified as equity. Common stock is measured at par value for all shares issued.

When the shares are sold at premium, the difference between the proceeds at the par value is credited to “Additional paid-in capital” account. Direct costs incurred related to equity issuance are chargeable to “Additional paid-in capital” account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Subscription receivable pertains to the uncollected portion of the subscribed shares. Subscription receivable is presented as deduction from equity if the subscription receivable is not expected to be collected within 12 months after the reporting period. Otherwise, the subscription receivable is presented as current asset.

Retained Earnings (Deficit)
The amount included in deficit includes profit (loss) and reduced by dividends. Dividends are recognized as a liability and deducted from equity when declared. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Retained earnings (deficit) may also include effect of changes in accounting policy as may be required by the standard’s transitional provisions. When the retained earnings account has a debit balance, it is called a “deficit”. A deficit is not an asset but a deduction from equity.

Other Comprehensive Income (OCI)
OCI comprises items of income and expenses, including reclassification adjustments, which are not recognized in profit or loss as required or permitted by other standards.

Revenue Recognition
Revenue from Contract with Customers
The Company primarily derives its real estate revenue from the sale of developed vertical and horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

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

Real estate sales
The Company derives its real estate revenue from sale of lots, house and lot, condominium units and parking lot. Revenue from the sale of these real estate projects are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Company’s performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Company uses input method. Input methods recognize revenue on the basis of the entity’s efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Company uses the cost accumulated by the accounting department to determine the actual resources used. Input method exclude the effects of any inputs that do not depict the entity’s performance in transferring control of goods or services to the customer.

Estimated development costs of the real estate project include costs of land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis and is allocated between costs of sales and real estate inventories.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables, under trade receivables, is included in the "contract asset" account in the asset section of the statement of financial position.

Any excess of collections over the total of recognized installment contract receivables is included in the "contract liabilities" account in the liabilities section of the statement of financial position.

In certain customer contracts, the Company receives advance payments from customers for the sale of real estate units with completion of the real estate project happening after more than one year after signing the contract and receipt of payment. There is a significant financing component for these contracts considering the length of time between the customers' payment and the satisfaction of performance obligation, as well as the prevailing interest rate in the market. As such, the transaction price for these contracts is discounted, using the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price of the real estate unit to the amount paid in advance). This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception.

Contract Balances

Receivables
A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

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

Costs to obtain contract
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Company expects to recover them. The Company has determined that commissions paid to marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Selling and marketing expense" account in the profit and loss.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Contract fulfillment assets
Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Company firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Company recognizes an asset when all of the following criteria are met: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Company's contract fulfillment assets pertain to connection fees and land acquisition costs.

Amortization, derecognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract

The Company amortizes contract fulfillment assets and capitalized costs to obtain a contract over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within cost of sales.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Company determines whether there is an indication that contract fulfillment asset or cost to obtain a contract may be impaired. If such indication exists, the Company makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Interest Income
For all financial instruments measured at amortized cost and interest bearing financial assets classified as available for sale, interest income is recorded using the EIR. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Other Income
Other income includes gain arising from forfeiture or cancellation of prior years' real estate sales.

Cost and Expense Recognition
Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Cost of Real Estate Sales
The Company recognizes costs relating to satisfied performance obligations as these are incurred. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Company recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision land and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Company's in-house technical staff.

The cost of real estate sales recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size and takes into account the POC used for revenue recognition purposes.

Any changes in estimated development costs used in the determination of the amount of revenue and cost are recognized in the statement of comprehensive income in the period in which the change is made.

Sales and Marketing Expenses
Expenses incurred in the direct selling and marketing activities are generally recognized when the service is incurred or the expense arises.

General and Administrative Expenses
Expenses incurred in the general administration of day-to-day operation of the Company are generally recognized when the service is used or the expense arises.

Leases
The Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company's sole lease contract qualifies as a short-term lease.

Short-term leases and low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of office space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption, where applicable, to leased assets that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and low-value assets are recognized as expense on a straight-line basis over the lease term.

Income Taxes

Current Income Tax

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

Current income tax for current and prior periods shall, to the extent unpaid, be recognized as a liability and is presented as "Income tax payable" account in the statement of financial position. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset and is presented as part of "Other current assets" account in the statement of financial position.

Deferred Income Tax

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

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

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

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

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to offset the deferred income tax assets against the deferred income tax liabilities and the deferred income taxes related to the same taxable entity and the same taxation authority.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Foreign Currency-denominated Transactions

Transactions in foreign currencies are initially recorded in the foreign exchange rate at the date of the transaction. Outstanding monetary assets and monetary liabilities denominated in foreign currencies are restated using the rate of exchange at the reporting date. Foreign currency gains or losses are recognized in profit or loss.

Provisions

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

Contingencies
Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements.

Events After the Reporting Date
Post year-end events that provide additional information about the Company's financial position at reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments, Estimates and Assumptions

The financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. The judgments and estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Management has considered the potential impact of COVID-19 pandemic on the Company's significant accounting judgments and estimates and there are no changes to the significant judgments and estimates in the financial statements as at and for the year ended December 31, 2020 from those applied in previous financial years, other than for those disclosed under this section.

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

Determination of Existence of an Enforceable Contract
The Company's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts, quotation sheets and other relevant documents, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Company before revenue recognition is to assess the probability that the Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

Determination of the Revenue Recognition Method and Measure of Progress
The Company concluded that revenue for real estate sales is to be recognized over time because (a) the Company's performance does not create an asset with an alternative use; and (b) the Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Company's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Company has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Company's performance in transferring control of real estate development to the customers.

Identifying Performance Obligation
The Company has various contracts to sell covering (a) serviced lot, (b) serviced lot and house, (c) condominium unit and (d) parking lot. The Company concluded that there is one performance obligation in each of these contracts because, for serviced lot, the developer integrates the plots it sells with the associated infrastructure to be able to transfer the serviced land promised in the contract. For the contract covering service lot and house and condominium unit, the developer has the obligation to deliver the house or condominium unit duly constructed in a specific lot and fully integrated into the serviced land in accordance with the approved plan. Included also in this performance obligation is the Company's service to transfer the title of the real estate unit to the customer.

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

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

An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount. The estimated recoverable amount is computed using the asset's fair value less costs to sell or value-in-use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal while value-in-use is the present value of estimated future net cash inflows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

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

As at December 31, 2020 and 2019, there were no impairment indicators that would lead to impairment analysis.

Estimates and Assumptions

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

Revenue and Cost Recognition

The Company's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Company's revenue and cost from real estate sales recognized based on the percentage of completion is determined based on actual costs incurred to date over the estimated total costs to complete the project reconciled with the engineer's judgment and estimates on the physical portion of contract work done if the development if beyond the preliminary stage.

The Company estimates the POC of ongoing projects using input method for purposes of accounting for the estimated costs of development as well as revenue to be recognized. Actual costs of development could differ from these estimates. Such estimates will be adjusted accordingly when the effects become reasonably determinable. The POC is based on the technical evaluation of the Company's project engineer as well as management's monitoring of the costs, progress and improvements of the projects.

Revenue from contracts with customers and cost of real estate sales amounted to ₱51.05 million and ₱28.24 million in 2020 and ₱112.58 million and ₱67.91 million in 2019, respectively (see Notes 18 and 6).

Estimation of the Provision for ECL

The Company uses a vintage analysis to calculate ECLs for trade receivables and contract assets. The Company used the vintage analysis accounts for expected credit losses by calculating the cumulative loss rates of a given installment contract receivable/contract assets pool.

The vintage analysis is initially based on the Company's historical observed default rates. The Company calibrates the vintage to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product, bank lending rate) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables and contract assets is disclosed in Notes 5 and 18, respectively.

No allowance for ECL was recognized in 2020 and 2019. The carrying values of receivables is ₱35.84 million and ₱25.67 million as at December 31, 2020 and 2019, respectively (see Note 5). The carrying values of contract assets is ₱66.01 million and ₱71.05 million as at December 31, 2020 and 2019, respectively (see Note 18).

Measurement of Net Realizable Value of Real Estate Inventories
The Company adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. NRV in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Real estate inventories at cost amounted to ₱1,061.68 million and ₱1,058.27 million as at December 31, 2020 and 2019, respectively. In 2020 and 2019, the Company assessed that the NRV of real estate inventories is higher than cost, hence the Company did not recognize any losses on write down of real estate inventories (see Note 6).

Estimation of Useful Lives of Property and Equipment, Excluding Land
The Company estimates the useful lives of the significant parts of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the Company's estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful life of property and equipment in 2020 and 2019. The carrying values of depreciable property and equipment amounted ₱18.90 million and ₱19.45 million as at December 31, 2020 and 2019, respectively (see Note 8).

Estimation of Retirement Benefits Liability and Expense
The determination of the obligation and cost of retirement benefits is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions include among others, discount rate and salary increase rate. Actual results that differ from the Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and liability in such future period. While the Company believes that the assumptions are reasonable and appropriate, significant differences between actual experience and assumptions may materially affect retirement benefits expense and liability. Retirement benefits costs charged to operations for the years ended December 31, 2020 and 2019 amounted to ₱0.35 million, and ₱0.20 million, respectively. Retirement benefits liability amounted to ₱1.28 million and ₱0.80 million as at December 31, 2020 and 2019, respectively (see Note 13).

Recognition of Deferred Income Tax Assets
The Company reviews the carrying amounts of deferred income tax assets at each financial reporting date and reduces the amounts to the extent that they are no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Company will generate sufficient taxable income to allow all or part of its deferred income tax assets to be utilized.

The Company recognized deferred income tax assets of ₱18.17 million and ₱7.99 million as of December 31, 2020 and 2019, respectively (see Note 15).

4. Cash and Cash Equivalents

	2020	2019
Cash on hand	**₱10,000**	₱27,903
Cash in banks	**40,594,629**	39,897,824
Cash equivalents	**44,293,417**	–
	₱84,898,046	₱39,925,727

Cash in banks earn interest at the respective bank deposits rates. Cash equivalents are made for varying period of up to three months. Interest income earned from cash and cash equivalents amounted to ₱0.38 million and ₱0.57 million in 2020 and 2019, respectively (see Note 14).

5. Receivables

	2020	2019
Installment contract receivables	**₱12,775,747**	₱3,615,169
Advances to:		
Officers and employees	**15,037,424**	15,126,758
Agents	**1,473,731**	1,562,928
Accrued interest receivable	**20,504**	–
Other receivables	**6,533,798**	5,362,770
	₱35,841,204	₱25,667,625

a. Advances to officers and employees are noninterest-bearing and will generally be settled through liquidation and salary deduction, respectively. These receivables will be settled within the next financial year.

b. Installment contract receivables arises from sale of real estate and is collectible in monthly installments over a period ranging from one to 10 years which bears monthly interest rates of 14.0% to 16.0% in 2020 and 2019 computed on the diminishing balance.

   Interest income earned amounted to ₱2.92 million and ₱4.28 million in 2020 and 2019, respectively (Note 14).

c. Other receivables consist mostly of receivables from unit owners for electricity and other utilities.

6. Real Estate Inventories

	2020	2019
Condominium and residential units	**₱559,091,328**	₱567,505,399
Subdivision projects under development	**362,152,410**	359,423,245
Lot inventory	**140,439,401**	131,345,658
	₱1,061,683,139	₱1,058,274,302

A summary of the movement in real estate inventories is set out below:

	2020	2019
Balances at beginning of year	**₱1,058,274,302**	₱1,066,908,248
Development costs incurred	**27,535,884**	41,822,538
Disposals recognized as cost of real estate sales	**(28,236,647)**	(67,905,972)
Repossessed inventories	**4,109,600**	17,449,488
	₱1,061,683,139	₱1,058,274,302

The Company did not recognize any losses on write down of real estate inventories as at December 31, 2020 and 2019.

7. Other Current Assets

	2020	2019
Input VAT- net of noncurrent portion	**₱35,525,999**	₱31,100,709
Creditable withholding taxes	**13,673,107**	20,512,261
Refundable deposits	**3,173,986**	3,143,986
Advances to suppliers and contractors	**46,180**	339,795
Others	**356,610**	56,399
	₱52,775,882	₱55,153,150

Refundable deposits are composed of security deposits related to the Company's lease agreement and utility deposits to Manila Electric Corporation.

Advances to suppliers and contractors are payments made to suppliers as contracts with them generally require advance payment. The amount will be applied as part of the full payment of the contracted price.

8. Property and Equipment

December 31, 2020

	Land	**Building**	**Office and Computer Equipment**	**Transportation Equipment**	**Leasehold Improvements**	**Total**
Cost						
Balances at beginning of year	**₱16,336,217**	**₱20,377,418**	**13,531,757**	**₱1,843,967**	**₱5,041,095**	**₱57,130,454**
Additions	–	–	**1,126,862**	–	–	**1,126,862**
Balances at end of year	**16,336,217**	**20,377,418**	**14,658,619**	**1,843,967**	**5,041,095**	**58,257,316**
Accumulated depreciation						
Balances at beginning of year	–	**7,281,254**	**7,968,213**	**1,050,156**	**5,041,095**	**21,340,718**
Depreciation (Notes 11 and 12)	–	**1,063,115**	**389,049**	**225,572**	–	**1,677,736**
Balances at end of year	–	**8,344,369**	**8,357,262**	**1,275,728**	**5,041,095**	**23,018,454**
Net book values	**₱16,336,217**	**₱12,033,049**	**₱6,301,357**	**₱568,239**	**₱–**	**₱35,238,862**

December 31, 2019

	Land	Building	Office and Computer Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost						
Balances at beginning of year	₱16,336,217	₱20,053,280	₱8,367,330	₱1,843,967	₱5,041,095	₱51,641,889
Additions	–	324,138	5,219,427	–	–	5,543,565
Retirements	–	–	(55,000)	–	–	(55,000)
Balances at end of year	16,336,217	20,377,418	13,531,757	1,843,967	5,041,095	57,130,454
Accumulated depreciation						
Balances at beginning of year	₱–	₱6,344,435	₱7,631,250	₱824,583	₱3,358,598	₱18,158,866
Depreciation (Notes 11 and 12)	–	936,819	391,963	225,573	1,682,497	3,236,852
Retirements	–	–	(55,000)	–	–	(55,000)
Balances at end of year	–	7,281,254	7,968,213	1,050,156	5,041,095	21,340,718
Net book values	₱16,336,217	₱13,096,164	₱5,563,544	₱793,811	₱–	₱35,789,736

The aggregate cost of fully depreciated property and equipment that are still used in operations amounted to ₱9.32 million and ₱8.99 million as of December 31, 2020 and 2019, respectively.

9. Other Noncurrent Asset

Other noncurrent asset consists of input VAT that is expected to be offset against output VAT in more than one year. As of December 31, 2020 and 2019, deferred input VAT amounted to ₱4.51 million and ₱13.06 million, respectively.

10. Accounts Payable and Other Current Liabilities

	2020	2019
Accrued contractors' payables	**₱36,442,493**	₱37,009,337
Accounts payable - trade	**13,841,156**	17,719,231
Retention payable (Note 20)	**1,262,334**	1,261,078
Government payables	**622,380**	1,321,763
Accrued expenses	**301,726**	227,806
Others	**2,929,437**	1,716,334
	₱55,399,526	₱59,255,549

a. Accrued contractors' payables represent accruals for billings of various contractors in relation to the Anuva and Althea projects. These accruals are reclassified to accounts payable once billings are actually received.

b. Accounts payable includes billings of various suppliers and contractors for liabilities incurred in relation to the Project and office administrative functions. Accounts payable are non-interest bearing with payment terms which are dependent on the suppliers' or contractors' credit terms, which is generally 30 to 60 days.

c. Retention payable represents the amount retained by the Company as security for any defects and damages on the construction of Anala arising from or due to faulty workmanship and/or defective contractor-supplied materials before the final acceptance of the Anala and the payment of the last billing. Retention payable is expected to be settled within the next financial year.

d. Government payables consist of mandatory contributions and payments to the Social Security System, Philippine Health Insurance Corporation, and the Home Development Mutual Fund, withholding tax payables and are remitted the month following the month of withholding.

11. Sales and Marketing Expenses

	2020	2019
Commissions and incentives	**₱3,691,984**	₱6,158,776
Consultancy fees	**1,489,286**	2,475,153
Advertising	**703,360**	978,720
Utilities	**261,262**	579,224
Product presentation	**238,213**	2,802,579
Depreciation (Note 8)	**171,417**	171,417
Transportation and travel	**91,434**	148,597
Communications	–	7,676
Others	**20,325**	107,333
	₱6,667,281	₱13,429,475

12. General and Administrative Expenses

	2020	2019
Personnel costs	**₱13,857,911**	₱17,006,796
Transportation and travel	**3,205,850**	4,650,682
Short-term lease (Note 20)	**2,312,767**	2,096,569
Security services	**2,208,215**	2,129,431
Taxes and licenses	**2,165,736**	3,129,140
Depreciation (Note 8)	**1,506,319**	3,065,435
Professional fees	**1,417,170**	1,223,139
Property management expenses	**1,169,199**	3,468,033
Repairs and maintenance	**860,962**	863,095
Dues and subscriptions	**854,108**	813,189
Communications	**722,194**	933,993
Supplies	**479,548**	501,291
Utilities	**455,034**	482,572
Insurance	**105,124**	63,123
Entertainment, amusement and recreation	**28,692**	72,189
Others	**574,646**	1,160,595
	₱31,923,475	₱41,659,272

Others include recruitment fees, business expenses, bank charges and other miscellaneous expenses.

Personnel costs consist of:

	2020	2019
Salaries and wages	**₱12,085,972**	₱15,624,788
Other employee benefits	**1,417,345**	1,183,830
Retirement benefits costs (Note 13)	**354,594**	198,178
	₱13,857,911	₱17,006,796

13. **Retirement Benefit Obligation**

The Company has an unfunded, noncontributory defined benefit retirement plan which covers all of its regular employees. Republic Act No. 7641 ("Retirement Pay Law"), an act amending article 287 of Presidential Decree No. 442 ("Labor Code of the Philippines"), requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The latest actuarial valuation report is as at December 31, 2020.

Retirement benefits costs are as follows:

	2020	2019
Current service cost	**₱315,699**	₱171,843
Interest cost	**38,895**	26,335
	₱354,594	₱198,178

The amounts recognized in the statements of financial position as retirement benefit obligation are as follows:

	2020	2019
Beginning	**₱803,623**	₱360,257
Current service cost	**315,699**	171,843
Interest cost	**38,895**	26,335
Actuarial loss (gain) due to:		
Changes in financial assumptions	**174,394**	228,243
Experience adjustments	**(55,431)**	16,945
Ending	**₱1,277,180**	₱803,623

Actuarial loss on the retirement benefit obligation recognized in other comprehensive income amounted to ₱0.12 million and ₱0.25 million in 2020 and 2019, respectively.

The principal actuarial assumptions used to determine retirement obligations for the Company's retirement plan as at January 1, are as follows:

	2020	2019
Discount rate	**4.84%**	7.31%
Salary increase rate	**5.00%**	5.00%

The discount rate and projected salary increase rate as of December 31, 2020 is 3.68% and 5.00%, respectively.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the pension obligations, assuming all other assumptions were held constant:

December 31, 2020:

	Increase (decrease) in basis points (bps)	Effect on defined benefit obligation
Discount rate	**100 bps**	**(₱156,914)**
	(100 bps)	**184,493**
Future salary increase rate	**100 bps**	**186,623**
	(100 bps)	**(161,406)**

December 31, 2019:

	Increase (decrease) in basis points (bps)	Effect on defined benefit obligation
Discount rate	100 bps	(₱103,376)
	(100 bps)	122,010
Future salary increase rate	100 bps	124,691
	(100 bps)	(107,237)

The estimated weighted average duration of benefit payment is 15.91 years and 16.66 years as of December 31, 2020 and 2019, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2020	2019
More than five years and 10 years	**₱1,656,989**	₱802,576
More than 10 to 15 years	**3,724,817**	4,468,502
More than 15 to 20 years	**1,172,193**	1,033,258
More than 20 years	**3,270,922**	2,966,584

14. **Other Income** - net

	2020	2019
Forfeited buyer deposits	**₱10,894,562**	₱7,811,274
Interest income on:		
Installment contract receivables (Note 5)	**2,919,129**	4,279,278
Cash and cash equivalents (Note 4)	**377,711**	574,042
Penalty income and late payment charges	**1,249,078**	613,748
Gain (loss) on repossession	**(363,970)**	464,520
Other charges	**(3,986,239)**	(8,158,291)
	₱11,090,271	₱5,584,571

a. Forfeited buyer deposits are recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering a contracted sale. These pertain to deposits that did not reach the collection threshold.

b. Penalties are additional fees imposed on customers due to their failure to make payments on time.

c. Gain on repossession represents the difference between the fair value of the repossessed inventories and the carrying value of the ICR/contract asset and any amount refundable to the buyer at the date of repossession.

d. Others pertain to reversal of long outstanding payables in 2019 as the Company assessed that these will no longer be collected by the suppliers. This also includes settlement of prior year VAT assessment in 2020, among others.

15. Income Taxes

a. The Company's current provision for income tax represents RCIT in 2020 and 2019.

b. Major components of income tax expense for the respective years are:

	2020	2019
Current income tax	**₱9,942,115**	₱8,351,465
Deferred income tax	**(10,262,293)**	(9,029,403)
	(320,178)	(677,938)
Prior year's current income tax	–	228,356
Benefit from income tax	**(₱320,178)**	(₱449,582)

c. The reconciliation of benefit from income tax computed at statutory income tax rate to benefit from income tax at effective income tax rate is as follows:

	2020	2019
Benefit from income tax at statutory tax rate	**(₱1,407,113)**	(₱1,448,405)
Adjustments resulting from tax effects of:		
Nondeductible expenses	**1,200,248**	942,679
Interest income subjected to final tax	**(113,313)**	(172,213)
Current tax of prior periods	–	228,357
Benefit from income tax	**(₱320,178)**	(₱449,582)

d. The components of the Company's net deferred income tax assets (liabilities) are as follows:

	2020	2019
Deferred income tax recognized in profit or loss:		
Deferred income tax assets on:		
Difference between tax and book basis of accounting for real estate transactions	**₱17,791,634**	₱7,744,910
Retirement benefits liability	**569,891**	463,513
	18,361,525	8,208,423
Deferred income tax liability on:		
Gain on repossession	**(6,245,123)**	(6,354,314)
	12,116,402	1,854,109
Deferred income tax asset recognized in other comprehensive income:		
Retirement benefits liability	**(186,737)**	(222,426)
Net deferred income tax assets - net	**₱11,929,665**	₱1,631,683

e. Last September 11, 2020, the President signs into law the "Bayanihan to Recover as One Act" or "Bayanihan 2", an act in response to COVID-19 to accelerate the recovery and bolster the resiliency of the Philippine economy.

Unless otherwise disqualified from claiming the deduction, the business or enterprise which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from its gross income for the next five consecutive taxable years immediately following the year of such loss. The net operating loss for said taxable years may be carried over as a deduction even after the expiration of RA No. 11494 provided the same are claimed within the next five consecutive taxable years immediately following the year of such loss.

f. President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

- Imposition of improperly accumulated earnings tax (IAET) is repealed.

  - The funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received;
  - Shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project; and
  - The domestic corporation holds directly at least 20% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of 2 years at the time of the dividend distribution.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Company would have been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020.

- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Company for CY2020 is 27.5%. This will result in lower provision for current income tax for the year ended December 31, 2020 and higher creditable withholding taxes as of December 31, 2020, amounting to ₱9.11 million and ₱14.5 million, respectively, or a reduction of ₱0.83 million, respectively. The reduced amounts will be reflected in the Company's 2020 annual income tax return. However, for financial reporting purposes, the changes will only be recognized in the 2021 financial statements.

- This will result in lower deferred tax assets - net as of December 31, 2020 and provision for deferred tax for the year then ended by ₱1.99 million and ₱1.71 million, respectively. These reductions will be recognized in the 2021 financial statements.

16. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

	Amount/volume		Outstanding balance			
	2020	2019	**2020**	2019	Terms	Conditions
Parent Company						
SRI						
Due to Parent Company (a)	**₱–**	₱–	**₱905,200,241**	₱905,200,241	Payable on demand, noninterest bearing	Unsecured; No impairment
Due from officers and directors (included as part of "Advances to officers and employees" under Receivables)	–	–	**15,000,000**	15,000,000	Due and demandable, noninterest bearing	Unsecured; No impairment

a. Due to Parent Company represent amounts received by the Company to finance the construction of Anala (see Note 1).

b. The compensation of key management personnel follows:

	2020	2019
Salaries, wages and bonuses	**₱4,969,216**	₱7,794,544
Retirement benefits costs	**185,379**	155,212
Other employee benefits	**273,631**	188,892
	₱5,428,226	₱8,138,648

17. Capital Stock and Additional Paid-in Capital

The Company's authorized, issued and outstanding common shares are as follows:

	December 31, 2020		December 31, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Authorized - ₱100 par value	**1,600,000**	**₱160,000,000**	1,600,000	₱160,000,000
Issued	**312,298**	**31,229,800**	312,298	31,229,800
Subscribed, net of subscription receivable of ₱30,000,000	**400,000**	**10,000,000**	400,000	10,000,000

On March 4, 2011, SRI transferred land with a fair value of ₱312.30 million to the Company in exchange for 312,298 additional shares in the Company. As a result of the exchange, additional paid-in capital increased by ₱281.07 million, representing the excess of fair value of the land acquired over the par value of capital stock issued as consideration.

18. Revenue from Contracts with Customers

a. Disaggregated Revenue Information

The Company derives its real estate revenue from sale of lots, house and lot, condominiums and parking space.

The Company's disaggregation of each sources of revenue from contracts with customers are presented below:

	For the year ended December 31, 2020				
Segments	**Lot/ House and Lot**	**Condominium**	**Parking Lot**	**Townhouse**	**Total**
Type of goods					
Sale of lot and house and lot	**₱25,046,083**	**₱–**	**₱–**	**₱–**	**₱25,046,083**
Sale of condominium unit	**–**	**15,147,486**	**–**	**–**	**15,147,486**
Sale of parking lot	**–**	**–**	**3,100,000**	**–**	**3,100,000**
Sale of townhouse	**–**	**–**	**–**	**7,753,186**	**7,753,186**
Total	**₱25,046,083**	**₱15,147,486**	**₱3,100,000**	**₱7,753,186**	**₱51,046,755**
Timing of revenue recognition					
Goods transferred over time	**₱25,046,083**	**₱15,147,486**	**₱3,100,000**	**₱7,753,186**	**₱51,046,755**

	For the year ended December 31, 2019			
Segments	Lot/House and Lot	Condominium	Parking Lot	Total
Type of goods				
Sale of lot and house and lot	₱73,665,505	₱–	₱–	₱73,665,505
Sale of condominium unit	–	33,341,625	–	33,341,625
Sale of parking lot	–	–	5,575,000	5,575,000
Total	₱73,665,505	₱33,341,625	₱5,575,000	₱112,582,130
Timing of revenue recognition				
Goods transferred over time	₱73,665,505	₱33,341,625	₱5,575,000	₱112,582,130

b. Contract balances

The Company's contract balances as at December 31, 2020 and 2019 are as follows:

	2020	2019
Receivables (Note 5)	**₱12,775,747**	₱3,615,169
Contract assets	**66,041,580**	71,053,340
Contract liabilities	**239,654,630**	179,481,665

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Breakdown as to current and noncurrent portion of the amount recorded under "Contract assets" account as at December 31, 2020 and 2019 are as follows:

	2020	2019
Contract assets - current	**₱33,652,339**	₱46,931,630
Contract assets - noncurrent	**32,362,241**	24,121,710
	₱66,014,580	₱71,053,340

Contract liabilities

	2020	2019
Contract liabilities - current	**₱130,089,749**	₱129,096,963
Contract liabilities - noncurrent	**109,564,881**	50,384,702
	₱239,654,630	₱179,481,665

As at December 31, 2020 and 2019, contract liabilities amounting to ₱130.09 million are expected to be recognized as revenue in the following year. Contract liabilities as of December 31, 2019 amounting to ₱129.10 million were recognized as revenue in 2020.

c. Performance obligations (PO)

The following are the PO of the Company:

(a) House and lot
For sale of house and lot, house and lot are separately identifiable promises but are expected to be combined as one performance obligation since these are not distinct within the context of the contract. The obligation to deliver the house duly constructed in a specific lot is fully integrated in the lot in accordance with the approved plan. If sale occurs upon completion, the Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the house and lot. If sale occurs prior to completion, the Company expects the revenue recognition to occur over time when satisfying the criterion of which the Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

(b) Lot
The developer performs significant activities of land development in accordance with the approved subdivision plan. This includes, but is not limited to, provision of drainage, sewerage, water and electricity system which integrates the common areas and saleable lots. These development activities, however, are not distinct promises but rather necessary and required inputs relative to the developer's promise to deliver the residential lot.

19. **Financial Instruments**

Financial Risk Management Objectives and Policies
The Company's principal financial instruments comprise cash and cash equivalents, receivables, refundable deposits, accounts payable and other current liabilities and due to Parent Company. The main purpose of these financial instruments is to fund the Company's operations.

The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and manage the Company's exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company has exposure to credit risk and liquidity risk from the use of its financial instruments. The BOD reviews and approves the policies for managing each of these risks and they are summarized below.

Credit Risk
Credit risk arises when a customer or counterparty fails to discharge an obligation and cause the Company to incur a financial loss.

The Company trades only with recognized, creditworthy third parties. Customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. In the real estate industry, title to the property is transferred only upon full payment of the purchase price. There is also a provision in the sales contract which allows forfeiture of installments/deposits made by the customer in favor of the Company. These measures minimize the credit risk exposure or any margin loss from possible default in the payment of installments.

The maximum exposure to credit risk for financial assets, which is composed of cash and cash equivalents, receivables (reduced by the expected fair value of the repossessed collaterals), and refundable deposits, is equivalent to the carrying amount of these financial assets in the statement of financial position. Given the Company's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

With respect to credit risk arising from financial assets, the Company's exposure to credit risk arises from default of the counterparties, with a maximum exposure as of December 31, 2020 and 2019 equal to the carrying value of the instruments. Receivables from sale of real estate have minimal credit risk and are effectively collateralized by the respective units sold since the title to the real estate properties are not transferred to the buyers until full payment is made. Consequently, an impairment analysis is performed at each reporting date using a vintage analysis to measure ECL. The mechanics of the ECL calculations and the key elements are, as follows:

a. *Probability of default (PD)* is an estimate of the likelihood of default over a given time horizon.
b. *Exposure at default (EAD)* is an estimate of the exposure at a future default date taking into account expected changes in the exposure after the reporting date.
c. *Loss given default (LGD)* is an estimate of the loss arising in the case where a default occurs at a given time.

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

For receivables and contract assets, an impairment analysis is performed at each reporting date using vintage analysis to measure ECLs. The Company used the vintage analysis accounts for expected credit losses by calculating the cumulative loss rates of a given ICR/contract asset pool. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

In its ECL models, the Company relies on a broad range of forward-looking information as economic inputs, such as:
- Gross domestic income
- Bank lending rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Based on the Company's credit risk experience, expected credit loss rate increases as the age of the receivables increase.

The Company evaluated the credit quality of the ICR/contract asset pool through a ratio of default occurrences of each month for the past 5 years to the number of receivable issuances during each year. The analysis resulted to low PD rates as the Company experienced minimal default occurrences in the past. In addition, the Company expects to recover the defaulted accounts through subsequent disposal of repossessed inventories at an amount higher than the contractual cash flows due and defaulted.

No provision for credit losses in 2020 and 2019 using the ECL model has been recorded.

The aging per class of financial assets and the expected credit loss are as follows:

December 31, 2020

	Financial Assets				
	12-Month ECL	**Lifetime ECL Not Credit Impaired**	**Lifetime ECL Credit Impaired**	**Vintage Analysis**	**Total**
Financial assets at amortized cost					
Cash in banks and cash equivalents*	**₱84,888,046**	**₱–**	**₱–**	**₱–**	**₱84,888,046**
Installment contract receivables	**–**	**–**	**–**	**12,775,747**	**12,775,747**
Advances to officers and employees	**15,037,424**	**–**	**–**	**–**	**15,037,424**
Advances to agents	**1,473,731**	**–**	**–**	**–**	**1,473,731**
Accrued interest receivable	**20,504**	**–**	**–**	**–**	**20,504**
Other receivables	**6,533,798**	**–**	**–**	**–**	**6,533,798**
Refundable deposits	**3,173,986**	**–**	**–**	**–**	**3,173,986**
Contract assets	**–**	**–**	**–**	**66,014,580**	**66,014,580**
	₱111,127,489	**₱–**	**₱–**	**₱78,790,327**	**₱189,917,816**

**Excludes cash on hand.*

December 31, 2019

	Financial Assets				
	12-Month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Vintage Analysis	Total
Amortized Cost					
Cash in banks and cash equivalents*	₱39,897,824	₱–	₱–	₱–	₱39,897,824
Installment contract receivables	–	–	–	3,615,169	3,615,169
Advances to officers and employees	15,126,758	–	–	–	15,126,758
Advances to agents	1,562,928	–	–	–	1,562,928
Other receivables	5,362,770	–	–	–	5,362,770
Refundable deposits	3,143,986	–	–	–	3,143,986
Contract assets	–	–	–	71,053,340	71,053,340
	₱65,094,266	₱–	₱–	₱74,668,509	₱139,762,775

**Excludes cash on hand.*

Set out below is the information about credit risk exposure on the Company's financial assets using a vintage analysis:

December 31, 2020

		Days Past Due				Total Receivables and Contract Assets and ECL
	Current	**0-30 Days**	**31-60 Days**	**61-90 Days**	**Over 90 Days**	
Estimated total gross carrying amount at default	**₱66,014,580**	**₱440,093**	**₱831,678**	**₱2,172,014**	**₱9,331,962**	**₱78,790,327**
Expected credit loss rate	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Expected credit loss	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**

December 31, 2019

		Days Past Due				Total Receivables and Contract Assets and ECL
	Current	0-30 Days	31-60 Days	61-90 Days	Over 90 Days	
Estimated total gross carrying amount at default	₱71,053,340	₱–	₱–	₱–	₱3,615,169	₱74,668,509
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected credit loss	₱–	₱–	₱–	₱–	₱–	₱–

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. Management is responsible for liquidity, funding as well as settlement management. In addition, liquidity and funding risks, related processes and policies are overseen by management. The Company manages its liquidity risk based on business needs, tax, capital or regulatory considerations, if applicable, through numerous sources of finance in order to maintain flexibility.

The following tables summarize the maturity profile of the Company's financial assets used for liquidity purposes based on contractual undiscounted cash flows, and the Company's financial liabilities based on contractual undiscounted payments.

December 31, 2020

	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than 1 year**	**Total**
Financial Assets					
Financial assets at amortized cost:					
Cash and cash equivalents	**₱40,604,629**	**₱44,293,417**	**₱–**	**₱–**	**₱84,898,046**
Receivables	**35,803,780**	**37,424**	**–**	**–**	**35,841,204**
Refundable deposits	**3,173,986**	**–**	**–**	**–**	**3,173,986**
Contract assets		**–**	**33,652,339**	**32,362,241**	**66,014,580**
	79,582,395	**44,330,841**	**33,652,339**	**32,362,241**	**189,927,816**
Financial Liabilities					
Liabilities at amortized cost:					
Accounts payable and other liabilities*	**17,072,319**	**36,442,493**	**1,262,334**	**–**	**54,777,146**
Due to parent company	**905,200,241**	**–**	**–**	**–**	**905,200,241**
	922,272,560	**36,442,493**	**1,262,334**	**–**	**959,977,387**
Liquidity position (gap)	**(₱842,690,165)**	**₱7,888,348**	**₱32,390,005**	**₱32,362,241**	**(₱770,049,571)**

**Excluding government payables.*

December 31, 2019

	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Financial Assets					
Financial assets at amortized cost:					
Cash and cash equivalents	₱39,925,727	₱–	₱–	₱–	₱39,925,727
Receivables	21,709,032	3,958,593	–	–	25,667,625
Contract assets	–	6,153,117	40,778,513	24,121,710	71,053,340
Refundable deposits	3,143,986	–	–	–	3,143,986
	64,778,745	10,111,710	40,778,513	24,121,710	139,790,678
Financial Liabilities					
Liabilities at amortized cost:					
Accounts payable and other liabilities*	19,663,371	37,009,337	1,261,078	–	57,933,786
Due to parent company	905,200,241	–	–	–	905,200,241
	924,863,612	37,009,337	1,261,078	–	963,134,027
Liquidity position (gap)	(₱860,084,867)	(₱26,897,627)	₱39,517,435	₱24,121,710	(₱823,343,349)

**Excluding government payables.*

Fair Value of Financial Instruments
The Company has no financial instruments measured at fair value on a recurring basis. As of December 31, 2020, and 2019, the carrying values of cash and cash equivalents, receivables, refundable deposits, accounts payable and other current liabilities and due to Parent Company approximate their fair values due to the short-term nature of these transactions.

Capital Management
The primary objective of the Company's capital management is to ensure that the Company has sufficient funds in order to support its business, pay existing obligations and maximize shareholder value.

The Company manages its capital structure and make adjustments to it, in light of changes in economic conditions. To manage or adjust the capital structure, the Company may obtain additional advances from the Parent Company and stockholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2020 and 2019.

The Company was able to meet its capital management objectives as of December 31, 2020 and 2019.

The following table pertains to the account balances which the Company considers as its core economic capital.

	2020	2019
Due to Parent Company	**₱905,200,241**	₱905,200,241
Capital stock	**41,229,800**	41,229,800
Additional paid-in capital	**281,068,200**	281,068,200
Deficit	**(171,375,036)**	(167,004,837)
	₱1,056,123,205	₱1,060,493,404

20. **Contracts and Commitments**

Construction Agreements and Purchase Commitments
The Company entered into various construction-related contracts for the Anala and Althea projects. These contracts pertain to construction management, general construction works, exterior wall construction works, land development works, mechanical works and electrical and auxiliary works. The contracts for the Anala Project commenced on various dates in 2011 and 2012, with terms ranging

from 3 weeks to 2 years. These contracts expired on various dates in 2012 until May 2015, the anticipated turnover date of Anala. The contracts relating to the Althea Project ranges from 120 to 180 days.

These agreements require down payment of 15% to 20% of the contract price while the balance will be settled through progress billings. The agreements also include a provision whereby the Company shall deduct 10% retention from every progress payment until full completion of the project work. Retention payable related to these contracts amounted to ₱1.26 million as at December 31, 2020 and 2019 (see Note 10).

Lease Agreements
On June 16, 2015, the Company entered into a new lease contract with E. Zobel, Inc. for the transfer of office space from 4th Floor to 2nd Floor of Enzo Building, located at No. 399 Senator Gil Puyat Avenue, Makati City for a period of six months. The lease agreement is renewable on a yearly basis subject to the mutual agreement of the parties. In January 2020, the Company renewed the lease for another year.

In July 2015, the Company paid security deposit amounting to ₱0.8 million to answer for any and all damages to the leased premises and as security for the return of the leased premises in proper condition. This was recorded as part of the "Refundable deposits" under "Other current assets".

Minimum lease payments within one year amounted to ₱2.10 million and ₱1.72 million as at December 31, 2020 and 2019, respectively.

The Company recognized short-term lease expense amounting to ₱2.31 million and ₱2.10 million in 2020 and 2019, respectively (see Note 12).

21. Continuing COVID-19 pandemic

On March 11, 2020, the World Health Organization has declared the novel coronavirus (COVID-19) outbreak a global pandemic. In the Philippines, in a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months. Various stages of quarantine were imposed since then, which restricted various economic activities. As of May 5, 2021, the country is under the modified enhanced community quarantine (MECQ), which allows certain offices or industries to operate at full or partial capacity. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

These measures have caused disruptions to businesses, global supply chain, and economic activities, and its impact continues to evolve.

The scale and duration of these developments remain uncertain as at the report date. It is not possible to estimate the overall impact of the outbreak's near-term and longer effects, however, the Company has already incurred and will continue to incur costs as the Company continues to mitigate the adverse impact of the outbreak on its operations. The outbreak could have a material impact on the Company's financial results for the rest of 2021 and even periods thereafter. Considering the evolving nature of the pandemic, the Company will continue to monitor the situation.

22. Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010

In compliance with the requirements set forth by RR No. 15-2010 hereunder are the information on taxes and license fees paid or accrued in 2020:

VAT
Net sales/receipts and output VAT declared in the Company's VAT returns for 2020:

	Net Sales/ Receipts	Output VAT
VATable sales	₱45,974,008	₱5,516,881
Exempt sales	90,517,910	–
	₱136,491,918	₱5,516,881

Exempt sales consist of real estate sales where contract price of sold units did not meet the threshold for VAT purposes as provided in Section 109 of National Internal Revenue Code of 1997, as amended. Accordingly, there was no output VAT recognized for such transactions.

Details of the Company's input VAT as at December 31, 2020 is as follows:

Input VAT, beginning of the year	₱44,158,379
Current year domestic purchases/payments for:	
Goods other than capital goods	189,204
Services	3,922,540
Input VAT allocable to exempt sales	(2,718,361)
Total available input VAT	45,551,762
Application against output VAT	(5,516,881)
Input VAT, end of the year	₱40,034,881

Withholding Taxes
The Company has withholding taxes for the year ended December 31, 2020 as follows:

Expanded withholding taxes	₱2,308,242
Tax on compensation and benefits	940,801
	₱3,249,043

Tax on compensation and benefits and expanded withholding taxes are recorded under the "Cost of real estate sales" and "General and administrative expenses" accounts in the statement of comprehensive income.

Other Taxes and Licenses
In 2020, the Company has paid taxes and licenses which is lodged under "General and administrative expenses" in the statement of comprehensive income as follows:

Real property taxes	₱1,142,410
Business permits	1,023,326
	₱2,165,736

Tax Assessment and Case
The Company does not have any outstanding tax assessments or cases under preliminary/final investigation, litigation and/or prosecution from the BIR or in courts or bodies outside the BIR as at December 31, 2020

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
SOC Land Development Corporation
2nd Floor, Enzo Building
399 Senator Gil Puyat Avenue
Makati City

We have audited the accompanying financial statements of SOC Land Development Corporation, a wholly owned subsidiary of SOCResources, Inc., as at and for the year ended December 31, 2020, on May 5, 2021.

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

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
SEC Accreditation No. 1509-AR-1 (Group A),
October 18, 2018, valid until October 17, 2021
Tax Identification No. 233-299-245
BIR Accreditation No. 08-001998-109-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8534231, January 4, 2021, Makati City

May 5, 2021