



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



The following document has been received:

Receiving: ICTD ERMD

Receipt Date and Time: September 04, 2024 02:45:23 PM

Company Information

SEC Registration No.: 2023090115672-08

Company Name: FILICOOLA, Inc.

Industry Classification: None

Company Type: Stock Corporation

Document Information

Document ID: OST10904202482879696

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2023

Submission Type: Annual

Remarks: None

Acceptance of this document is subject to review of forms and contents



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

FILICOOLA, INC.

Financial Statements

December 31, 2023

and

Independent Auditor's Report

The Board of Directors of FILICOOLA, INC., is responsible for the preparation of the financial statements included in this report for the period ended December 31, 2023, and for the accompanying explanatory notes. Management is responsible for the design, implementation and maintenance of internal control over financial reporting to ensure that the financial statements are prepared in accordance with the Philippine Financial Reporting Standards (PFRS) and that the financial statements are free from material misstatement, whether caused by fraud or error. This responsibility also includes the selection of accounting policies and the application of accounting estimates. The Board of Directors has approved the financial statements and is responsible for their accuracy and completeness. The Board of Directors has also approved the accompanying explanatory notes. The Board of Directors has also approved the accompanying explanatory notes.

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR
ANNUAL INCOME TAX RETURN**

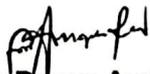


The management of **FILICOOLA, INC.**, is responsible for all information and representations contained in the Annual Income Tax Return for the year ended **December 31, 2023**. Management is likewise responsible for all information and representations contained in the financial statements accompanying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

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of **FILICOOLA, INC.**, complete and correct in all material respects. Management likewise affirms that:

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

Signed by:


(Sgd.) **John Roque Ambagan**
President

(Sgd.) **Nicole Benimerito**
Treasurer

April 08, 2024

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

The management of **FILICOOLA, INC.**, is responsible for all information and representation contained in the financial statements for the year ended **December 31, 2023**. The financial statements have been prepared in conformity with Philippine Financial Reporting Standards for SME's and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguard against unauthorized use or disposition and liabilities are recognized. The management likewise discloses to the company's audit committee and to its external auditor: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the company.

Leo G. Angala, the independent auditor and appointed by the stockholders, has examined the financial statements of the company in accordance with Philippine Financial Reporting Standards for SME's and has expressed his opinion on the fairness of presentation upon completion of such examination, in its report to the Board of Directors and stockholders.

In Witness Whereof, we have hereunto affixed our signature this _____ at Quezon City, Philippines.


Signature: John Roque Ambagan
President

Signature: Nicole Benimerito
Treasurer

April 08, 2024

INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors
FILICOOLA, INC.
Blk. 8 Lot 4 Unit B ATPC Apartment
Atrium Maligaya Park Subd.,
Pasong Putik Proper Quezon City

Opinion

I have audited the accompanying financial statements of **FILICOOLA, INC.**, which comprise the statements of financial position as of **December 31, 2023 and 2022**, and the statements of comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **FILICOOLA, INC.**, as of December 31, 2023 and 2022, and of its financial performance and its cash flows for the years then ended in conformity with Philippine Financial Reporting Standards for Small and Medium Entities (PFRS for SME's).

Basis for Opinion

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

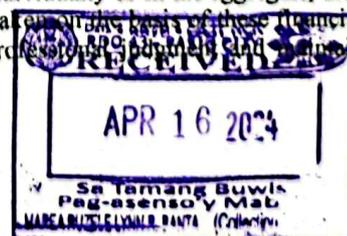
Responsibilities of Management and Those Charged with Governance for Financial Statements

Management is responsible for the preparation and the fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards for SME's, 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 Corporation'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 Corporation or to cease operation, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Misstatement 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 taking the basis of these financial statements. As a part of an audit in accordance with PSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

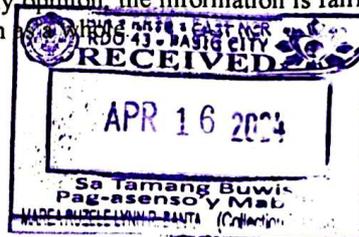


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 Corporation'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 Corporation'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 Corporation to cease to continue as a going concern.

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 Supplementary Information Required Under Revenue Regulations 15-2010 and 19-2011

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information under Revenue Regulations 19-2011 and 15-2010 on taxes, duties and license fees in the notes to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of **FILICOOLA, INC.** The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respect in relation to the basic financial statements taken



LEO G. ANGALA
CPA License No. 104910
Valid until November 30, 2024
BOA / PRC Reg. No. 1948
Valid Until November 30, 2024
BIR ACCRE# AN-07-000105-004-2021
Valid until October 18, 2024
Tax Identification No. 219-586-656
Privilege Tax No. 5567685
January 10, 2024
Quezon City

April 08, 2024
Pasig City, Philippines

LEO G. ANGALA
CERTIFIED PUBLIC ACCOUNTANT

Unit 217C, One Oasis condominium
Ortigas Avenue extension, Pasig City
Tel. No.: 0998-551-8343



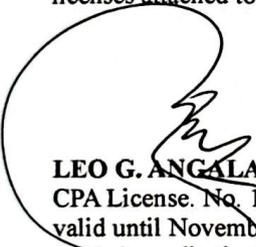
**SUPPLEMENTAL WRITTEN STATEMENT OF EXTERNAL AUDITOR ON THE COMPANY'S
FINANCIAL STATEMENTS FOR THE FILING WITH THE
BUREAU OF INTERNAL REVENUE**

The Stockholders and Board of Directors
FILICOOLA, INC.
Blk. 8 Lot 4 Unit B ATPC Apartment
Atrium Maligaya Park Subd.,
Pasong Putik Proper Quezon City

I have examined the Financial Statements of **FILICOOLA, INC.**, for the year ended **December 31, 2023**, on which I have rendered the attached report dated April 08, 2024.

In compliance with BIR Regulatory V-I, Sec 8-A, I am stating that I have no financial interest and I have no relationship by consanguinity or affinity to the owner.

The Taxes paid or accrued by the company during the year, if any, are shown in a separate schedule of taxes and licenses attached to the financial statements.



LEO G. ANGALA
CPA License No. 104910
valid until November 30, 2024
BOA Accreditation No. 1948
Valid until November 30, 2024
BIR Accreditation No. 07-000105-004-2021
valid until October 18, 2024
TIN No. 219-586-656-000
PTR No. 5567685
January 10, 2024
Quezon City

April 08, 2024

LEO G. ANGALA
CERTIFIED PUBLIC ACCOUNTANT



AUDITOR'S SUPPLEMENTAL STATEMENT

The Stockholders and Board of Directors

FILICOOLA, INC.

Blk. 8 Lot 4 Unit B ATPC Apartment
Atrium Maligaya Park Subd.,
Pasong Putik Proper Quezon City

I have examined the accompanying financial statements of **FILICOOLA, INC.**, for year ended **December 31, 2023**, on which I have rendered the attached report dated April 08, 2024.

In compliance with Securities Regulation Code Rule 68, I am stating that the said company has a total number of _____ (___) stockholders owning one hundred (100) or more shares each.

LEO G. ANGALA

BOA No. 1948

Valid until November 30, 2024

PRC No. 104910

BIR ACCRE# 07-000105-004-2021

Valid until October 18, 2024

TIN 219-586-656

Privilege Tax No. 5567685

January 10, 2024

Quezon City

April 08, 2024

LEO G. ANGALA
CERTIFIED PUBLIC ACCOUNTANT

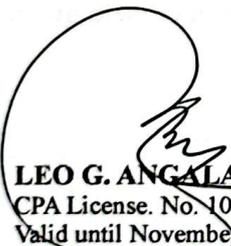


**STATEMENT OF REPRESENTATION
TO THE SECURITIES AND EXCHANGE COMMISSION**

In connection with my examination of the financial statements of **FILICOOOLA, INC.**, which are to be submitted to the Commission, I hereby represent the following:

1. That said financial statements are presented in conformity with **PFRS for SME's** in all cases where I shall express an unqualified opinion; Except that in case of any departure from such principles, I shall indicate the nature of the departure, the effects thereof, and the reasons why compliance with the principles would result in a misleading statement, if such is a fact;
2. That I shall fully meet the requirements of independence as provided under the Code of Professional Ethics for CPAs;
3. That in the conduct of the audit, I shall comply with the Philippine Standards on Auditing promulgated by the Board of Accountancy; in case of any departure from such standards or any limitation in the scope of my examination, I shall indicate the nature of the departure and the extent of the limitation, the reasons therefore and the effects thereof on the expression of any opinion or which may necessitate the negation of the expression of an opinion; and
4. That relative to the expression of my opinion on the said financial statements, I shall not commit any act discreditable to the profession as provided under Code of Professional Ethics for CPAs.

As a CPA engaged in public practice, I make these representations in my individual capacity.


LEO G. ANGALA
CPA License No. 104910
Valid until November 30, 2024
TIN No. 216-586-656-000
BOA Accreditation No. 1948
Valid until November 30, 2024
BIR Accreditation No. 07-000105-004-2021
Valid until October 18, 2024
PTR No. 5567685
January 10, 2024
Quezon City

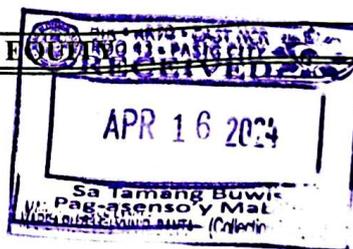
April 08, 2024



FILICOOLA, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023
(Amounts in Philippine Pesos)

	Notes	2023
ASSETS		
Current Assets		
Cash and Cash Equivalents	2,3	121,208
Trade and Other Receivables	2,4	
Total Current Assets		121,208
Noncurrent Assets		
	2,5	
Total Noncurrent Assets		-
TOTAL ASSETS		121,208
LIABILITIES AND EQUITY		
Current Liability		
	2,6	-
Total Current Liabilities		-
Non -Current Liabilities		
	2,7	
Total Non-current Liabilities		-
TOTAL LIABILITIES		-
SHAREHOLDERS EQUITY	2,8	121,208
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		121,208

See accompanying Notes to Financial Statements



FILICOOLA, INC.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Philippine Pesos)

	Notes	2023
SALES	2,5	-
LESS: COST OF SALES	2,6	-
GROSS PROFIT		-
LESS: GENERAL AND ADMINISTRATIVE EXPENSES	2,7	(47,542)
INCOME (LOSS) BEFORE INCOME TAX		(47,542)
PROVISION FOR INCOME TAX	2,8	
NET INCOME (LOSS) AFTER INCOME TAX		(47,542)

See accompanying Notes to Financial Statements





FILICOOLA, INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Philippine Pesos)

	2023
CAPITAL STOCK	
Authorized to issue 100 shares at P30,000.00 par value	3,000,000
Shares Subscribed	2,700,000
PAID UP CAPITAL	2,700,000
RETAINED EARNINGS	
Beginning Balance	-
Net Profit (Loss) for the year	(47,542)
TOTAL RETAINED EARNINGS	(47,542)
TOTAL SHAREHOLDERS EQUITY	2,652,458



FILICOOOLA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Philippine Pesos)

	2023
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income (Loss) after tax	(47,542)
Adjustment to reconcile net income to net cash	
Provided by operating activities:	
Changes in current assets and liabilities	
Decrease (Increase)	
Depreciation	-
Other Current Asset	-
Other Non- Current asset	
Net Cash provided/ used in operating activities	(47,542)
CASH FLOWS FROM INVESTING ACTIVITIES	
Capital Investment	168,750
Acquisition of Office Equipment	-
Net Cash used in Investing Activities	168,750
CASH FLOWS FROM FINANCING ACTIVITIES	
Advances	-
Net cash used in Financing Activities	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	121,208
CASH & CASH EQUIVALENTS AT BEGINNING	-
CASH & CASH EQUIVALENTSAT END OF THE YEAR	121,208



FILICOOLA, INC.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

a. General

FILICOOLA, INC. (the Company) was registered with the Philippine Securities and Exchange commission (SEC) on September 8, 2023 with SEC Registration No. 2023090115672-08.

The primary purpose of the corporation is to engage streaming service that primarily distributes films, televisions series, animation and any other multimedia production.

The principal office is located at B8 L4 UNIT E ATPC APARTMENT ATRIUM MALIGAYA PARK SUBD., PASONG PUTIK PROPER NOVALICHES QUEZON CITY

The Board of Directors (BOD) approved the issuance of the financial statements for the year ended, December 31, 2023 on April 11, 2024.

2. Summary of Significant Accounting Policies

The accompanying financial statements are prepared by the company in accordance with **Philippine Financial Reporting Standards for Small Entities (PFRS for SEs)**. The principal accounting policies applied in the preparation of these financial statements are set below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

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

Statement of Compliance

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards for Small Entities (PFRS for SEs), as approved by the Financial Reporting Standards Council, the Board of Accountancy, and the Securities and Exchange Commission.

The adoption of the above Framework, upon which the Company has opted to early adopt, did not have any significant effect on the Company's financial statements. These however, require additional disclosures on the Company's financial statements.

Current versus Noncurrent Classification

The Company presents assets and liabilities in statements of financial position based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be consumed in normal operating cycle;
- Held primarily for the purpose of operations;
- Expected to be realized within twelve (12) 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 (12) months after the reporting period.

The Company classifies all other assets as noncurrent, if any.



A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of being a fund conduit;
- It is due to be settled within twelve (12) months after the reporting period;
- There is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period; or
- It is due and demandable.

The Company classifies all other liabilities as noncurrent, if any.

Financial Assets and Liabilities

Financial instruments within the scope of Section 6, "Basic Financial Instruments," are classified as either financial assets or financial liabilities. Financial assets and liabilities are recognized initially at transaction price including transaction costs, and subsequently at amortized costs using the effective interest method. Cash and debt instruments that are classified as current assets or current liabilities are subsequently measured at the undiscounted amount of the cash or other consideration expected to be paid or received. Unless the arrangement constitutes, in effect a financing transaction, the debt instruments are measured at the present value of the future payments discounted using market rate of interest for a similar debt instrument. The Company determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. A financial instrument is recognized when the entity becomes a party to its contractual provisions. The Company classifies its financial instruments into the following categories: (a) basic financial instruments; and (b) other financial instruments.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and has (a) either transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The asset is recognized to the extent of the Company's continuing involvement in the asset. 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.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

Impairment of Financial Assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.



If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss shall be recognized in statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in the statement of income.

In relation to trade receivables, a provision for impairment is made when there is an objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired receivables are derecognized when they are assessed as uncollectible.

Offsetting Financial Instruments

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

Cash

Cash is unrestricted and available for current operations, and these items are measured at face value. Cash includes petty cash fund, if any, and cash in bank.

Trade Receivable

Trade receivable, which is based on normal credit terms and do not bear interest, is stated at their transaction costs as reduced by any appropriate allowances for doubtful accounts, and subsequently measured at amortized costs using the effective interest method. Any allowance for impairment loss and allowance for doubtful accounts are the estimated amount of probable losses arising from non-collection based on past collection experience and management's review of the current status of the long outstanding receivables. Any doubtful account expense is to be recognized in the statement of income. As of reporting date, management estimates receivables whether they are fully collectible, if any.

Prepaid Expenses and Other Current Assets

Prepaid Expenses and Other Current Assets pertains to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

Other recognized similar items despite meeting the above definition, the economic benefits are expected to flow to the Company beyond one year after the end of the reporting period will be classified as Noncurrent Assets.

An asset's carrying amount is written down immediately to its recoverable amount of that asset's carrying amount is less than the recoverable amount.

Property and Equipment

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

The initial cost of property and equipment consists of its purchase price, including any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the item has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have improved the condition of the asset beyond the originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included



in the statement of income of such period. Depreciation and amortization of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is charged so as to allocate the cost of assets less their residual value over the estimated useful lives of the assets using the straight-line method as follows:

Furniture and Fixtures	3-5 years
Buildings	50 years
Transportation Equipments	5-10 years
Tools and Equipments	1-5 years
Office Equipments	3-5 years
Leasehold Improvements	5 - 10 years or Upon remaining lease term

The foregoing estimated useful lives and depreciation method are reviewed from time to time to ensure that these are consistent with the expected economic benefits of the property and equipment. The useful life of each of the property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets. The assets' residual values, useful lives and depreciation and amortization method are reviewed, and adjusted if appropriate, at each financial year-end. If there is any indication that there has been a significant change in depreciation rate, useful lives or residual values of an asset, the depreciation and amortization of that asset is revised prospectively to reflect the new expectations. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to current operations. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset. Land, if any, is carried at cost and is not depreciated.

Refundable Security Deposit

Refundable deposit is the amount paid for the lease of store space and classified as noncurrent when it is not probable to be realized within one (1) year from the end of the financial reporting date. Refundable deposit is carried at transaction cost.

Asset Impairment

At each reporting date, input VAT, property and equipment, and other noncurrent assets are reviewed to determine whether there is any indication that these assets have suffered impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected assets (or group of related assets) is estimated and compared with the carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the statement of income.

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

Trade and Other Payables

Trade and other payables, if any, are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the third party supplier but not yet paid by the Company. Trade payables are noninterest-bearing, initially stated at their transaction costs and subsequently measured at amortized costs using the effective interest method.

Accruals, if any, are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees, if any. It is necessary to estimate the amount or timing of accruals, however, the uncertainty is generally much less than provisions.

Income Tax Payable

The tax payable for the year, if any, is either based on Regular Corporate Income Tax (RCIT) or Minimum Corporate Income Tax (MCIT), whichever is higher. Taxable profit or loss differs from net profit or loss as reported in the statements of income, because it excludes items of income or expense that are taxable or deductible in other years and it further



excludes items that are never taxable or deductible. The reconciliation of the Company's income tax liability is calculated using 30% tax rate.

Other Current Liabilities

Other current liabilities include statutory obligation as of the end of the reporting period such as withholding tax payable, SSS, PHIC and HDMF payable. These are measured at transaction costs as of the reporting period.

Share Capital

Share capital is determined using the transaction costs of shares that have been issued and fully paid.

Any costs of acquiring Company's own shares are shown as a deduction from equity attributable to the Company's equity holders until the shares are cancelled or reissued. When such shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, and are included in equity attributable to the Company's equity holders.

Cumulative Earnings

Cumulative earnings include all current and prior period results as disclosed in the statement of income.

Revenue and cost recognition

Revenue is recognized to the extent that is probable that the economic benefits will flow to the Company and the amount of revenue can be reliably measured. However, when an uncertainty arises about the collectability of an amount already included in the revenue, the uncollectible amount, or the amount in respect of which recovery has ceased to be probable, is recognized as an expense, rather than as an adjustment of the amount of revenue originally recognized.

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

Sale of services. Revenue from sale of services is recognized as revenue when the significant act of providing services has been completed.

Interest Income. Revenue is recognized as the interest accrues, taking into account the effective yield on the asset.

Cost and administrative expenses are recognized in the statement of income upon utilization of the service or in the date they are incurred. These include expenses that are generated by the different administrative functions within the Company. Finance costs, if any, are reported on an accrual basis.

Other Administrative Expenses

All expenses generated by departments or organizational functions that do not have a direct impact on revenues.

Income Taxes

The tax payable for the year is either Regular Corporate Income Tax (RCIT) or Minimum Corporate Income Tax, whichever is higher. Taxable profit differs from net profit as reported in the statements of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The reconciliation of the Company's liability for current tax is calculated using 30% tax rate.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered 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 by the reporting date.

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, if any, are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences and carry forward benefits of unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward of NOLCO can be utilized.