

BOTICARD INC.

Financial Statements

December 31, 2021 and 2020

and

Independent Auditor's Report

ENDRIGA, MANANGU & ASSOCIATES
Certified Public Accountants

BOTICARD INC.**STATEMENT OF FINANCIAL POSITION**

			As of December 31	
	<i>Notes</i>		2021	2020
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	2, 4	P	44,798,192	P 34,355,502
Trade and other receivables - net	2, 5		1,517,171	4,285,882
Inventories	2, 3, 6		12,653,743	12,714,591
Other current assets	7		396,729	1,167,855
Total Current Assets			59,365,835	52,523,830
NONCURRENT ASSETS				
Property and equipment - net	2, 8		1,305,733	1,440,730
Intangible assets - net	2, 9		454,533	397,425
Retirement asset - net	2, 16		3,804,474	4,337,934
Investment in equity securities	2, 10		2,607,126	-
Other noncurrent assets	7		430,763	430,763
Total Noncurrent Assets			8,602,629	6,606,852
TOTAL ASSETS		P	67,968,464	P 59,130,682
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade and other payables	2, 11	P	2,575,366	P 2,996,533
Income tax payable	2, 18		2,205,158	129,976
Total Current Liabilities			4,780,524	3,126,509
EQUITY				
Capital stock	2, 12		54,172,590	47,221,375
Retained earnings			9,015,350	8,782,798
Total Equity			63,187,940	56,004,173
TOTAL LIABILITIES AND EQUITY		P	67,968,464	P 59,130,682

See accompanying Notes to Financial Statements.



BOTICARD INC.
STATEMENT OF INCOME

		For the Years Ended December 31	
	<i>Notes</i>	2021	2020
NET SALES	13 P	100,246,795	P 92,630,508
COST OF SALES	6	53,464,673	59,231,840
GROSS PROFIT		46,782,122	33,398,668
GENERAL AND ADMINISTRATIVE EXPENSES	14	21,587,935	14,473,865
SELLING AND DISTRIBUTION EXPENSES	14	15,174,909	11,409,587
OPERATING INCOME		10,019,278	7,515,216
OTHER INCOME (CHARGES) - NET	15	(681,925)	727,493
INCOME BEFORE INCOME TAX		9,337,353	8,242,709
PROVISION FOR INCOME TAX	18	2,959,441	2,418,104
TOTAL INCOME	P	6,377,912	P 5,824,605

See accompanying Notes to Financial Statements.



BOTICARD INC.**STATEMENT OF CHANGES IN EQUITY**

			As of December 31	
	Notes		2021	2020
CAPITAL STOCK	12	P	54,172,590	47,221,375
RETAINED EARNINGS				
Balance at beginning of year			8,782,798	12,958,193
Stock dividend declaration	12		(2,500,000)	(10,000,000)
Cash dividend declaration	12		(3,645,360)	-
Net income after income tax			6,377,912	5,824,605
Balance at end of year			9,015,350	8,782,798
TOTAL EQUITY	12	P	63,187,940	P 56,004,173

See accompanying Notes to Financial Statements.

BOTICARD INC.**STATEMENT OF CASH FLOWS**

		Years Ended December 31	
	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	P	9,337,353	P 8,242,709
Adjustments for:			
Interest income	15	(494,257)	(526,436)
Depreciation and amortization	8, 14	1,038,586	854,982
Retirement expense	16	334,943	134,534
Actuarial gain (loss) on retirement plan	15, 16	369,217	(172,799)
Operating income before working capital changes		10,585,842	8,532,990
Changes in operating assets and liabilities			
(Increase) decrease in the amounts of:			
Trade and other receivables	5	2,768,711	578,731
Inventories	6	60,848	(4,664,806)
Other assets	7	771,126	(1,030,185)
Decrease in the amounts of:			
Trade and other payables	11	(421,167)	(7,419,596)
Net cash generated from (used in) operations		13,765,360	(4,002,866)
Interest income received	15	494,257	526,436
Income taxes paid	18	(884,259)	(2,960,175)
Contribution to retirement fund	16	(170,700)	(10,145)
Net cash provided by (used in) operating activities		13,204,658	(6,446,750)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment	9	(580,388)	(445,684)
Acquisition of intangible assets	10	(380,893)	-
Increase in investment in securities	11	(2,607,126)	-
Disposal of property and equipment	9	584	-
Net cash used in investing activities		(3,567,823)	(445,684)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid	12	(3,645,360)	-
Proceeds from issuance of capital stock	12	4,451,215	420,075
Net cash flows provided by financing activities		805,855	420,075
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		10,442,690	(6,472,359)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		34,355,502	40,827,861
CASH AND CASH EQUIVALENTS AT END OF YEAR	P	44,798,192	P 34,355,502

See accompanying Notes to Financial Statements.

BOTICARD INC.

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended December 31, 2021 and 2020

1. Company Information

BotiCARD Inc. (the Company) was incorporated and duly registered with the Securities and Exchange Commission (SEC) on May 20, 2011. The Company is a member of Center for Agriculture and Rural Development – Mutually Reinforcing Institutions (CARD-MRI) and was created primarily to engage in the business of purchasing, delivery and selling prescription drugs, proprietary drugs, and non-prescription medicines and of other merchandise such as grocery items, soda, agricultural and novelty products.

The Company's principal place of business is at 755-B Moret St., Sampaloc, Manila, as amended on April 30, 2018.

The Company has one (1) warehouse and twelve (12) branches, and one (1) warehouse and eleven (12) branches as of December 31, 2021 and 2020, respectively, located in the Philippines.

2. Summary of Significant Accounting Policies

Basis of Preparation

The Company's financial statements have been prepared under the historical cost basis. The financial statements are presented in Philippine peso (P), which is the Company's functional currency. All amounts are rounded to the nearest peso unless otherwise stated.

Statement of Compliance

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

Significant Accounting Policies

Presentation of Financial Statements

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Income and expenses are not offset in the statement of income unless required or permitted by any accounting standard or interpretation and as specifically disclosed in the accounting policies of the Company.

Current versus Non-current Classification

The Company presents assets and liabilities in statement of financial position based on current/noncurrent classification. An asset is current when it is:

- i. Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- ii. Expected to be realized within twelve months after the reporting date; or
- iii. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.



A liability is current when:

- i. It is expected to be settled in the normal operating cycle;
- ii. It is due to be settled within twelve months after the reporting date; or
- iii. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as non-current.

Cash and Cash Equivalents

Cash includes cash on hand and in bank and is carried in the statement of financial position of nominal amount. Cash in bank represents savings deposit in a bank that earns interest at the respective bank deposit rates.

Financial Instruments

Initial recognition and measurement of financial instruments

An entity shall recognize a financial asset or a financial liability only when the entity becomes a party to the contractual provisions of the instrument.

All financial instruments are initially recognized at transaction price (including transaction costs) unless the arrangement constitutes, in effect, a financing transaction. A financing transaction may take place in connection with the sale of goods or services, for example, if payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. If the arrangement constitutes a financing transaction, the entity shall measure the financial asset or financial liability at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments that are debt instruments measured at amortized cost

These are debt instruments, such as receivables or payables, which satisfy all of the following conditions:

- a) Return to the holder is a fixed amount; a fixed rate of return over the life of the instrument; a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or some combination of such fixed rate and variable rates, provided that both the fixed and variable rates are positive.
- b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- c) Contractual provisions that permit the issuer (the debtor) to prepay a debt instrument or permit the holder (the creditor) to put it back to the issuer before maturity are not contingent on future events.
- d) There are no conditional returns or repayment provisions except for the variable rate of return described in (a) and prepayment provisions described in (c).

Debt instruments that meet the conditions above are measured at amortized cost using the effective interest method. Cash and debt instruments that are classified as current assets or current liabilities shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received (i.e. net of impairment) unless the arrangement constitutes, in effect, a financing transaction. If the arrangement constitutes a financing transaction, the Company shall measure the debt instrument at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Classified under financial assets that are debt instruments measured at amortized cost are the Company's 'Trade and other receivables' account in the statement of financial position.

Classified under financial liabilities measured at amortized cost are the Company's 'Trade and other payable' account in the statement of financial position.

Derecognition of Financial Assets and Liabilities

i. Financial assets

A financial asset is derecognized when:

1. the contractual rights to the cash flows from the financial asset have expired or are settled; or
2. the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset.

ii. Financial liabilities

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

Impairment of Financial Assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or 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 since 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 principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Inventories

Inventories are stated at the lower of cost and its market value. Costs of inventories include all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The Company's inventories are accounted for on a first-in, first-out basis.

At each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its market value. If an item of inventory (or group of similar items) is impaired, the Company shall reduce the carrying amount of the inventory (or the group) to its market value. Market value is determined as the probable selling price to willing buyers as of reporting date. Any decrease in inventories arising from write down of cost to market value is an impairment loss and it is recognized immediately in the statement of income.

Prepayments

Prepayments represent expenses not yet incurred but are already paid in cash. These are measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Property and Equipment

Property and equipment is carried at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of 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 operations 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 item. All other repair and maintenance expenses are charged to current operations as incurred.

Depreciation is calculated on a straight-line basis over the useful lives of assets as follows:

Leasehold improvement	3 years
Office equipment	3 years
Office furniture and fixtures	3 years
Building	10 years

The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from the asset.

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

When items of property and equipment are retired or otherwise disposed of, their cost and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the statement of income in the year the items are sold or retired.

Fully depreciated assets are still carried in the accounts until they are no longer in use.

Capital Stock

Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value.

Retained Earnings

Retained earnings represents the cumulative balance of periodic net income or loss of the Company, net of any dividend declarations.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment was made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts and sales tax. The Company is acting as a principal in all its arrangement transactions.

Sales

Revenue from sale of goods is recognized upon delivery, when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any trade discounts, prompt payment discounts and volume rebates.

Interest income

Interest income on deposits in banks is recognized as interest accrues, taking into account the effective yield of the asset.

Other income

Other income is recognized only when cash is received.

Expense Recognition

Expenses are recognized in the statement of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Expenses are recognized in the statement of income:

- i. on the basis of a direct association between the costs incurred and the earning of specific items of income;
- ii. on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or

- iii. immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Cost of Sales

Cost that includes all expenses associated with the specific sale of goods. Cost of sales includes the purchase price and capitalizable purchase costs less any related purchase returns, discounts and allowances. Such costs are recorded in the statement of income upon recognition of sales.

Retirement Benefits

The Company operates a defined benefit retirement plan which requires contribution to be made to a separately administered fund. The net defined benefit liability or asset 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 plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- i. Service cost
- ii. Net interest on the net defined benefit liability or asset
- iii. Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in the statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an 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 expense or income in the statement of income.

Remeasurements 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 OCI in the period in which they arise. Remeasurements are not reclassified to the statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- a. There is a change in contractual terms, other than a renewal or extension of the arrangement.
- b. A renewal option is exercised or extension granted, unless that term of the renewal or extension

was initially included in the lease term.

c. There is a change in the determination of whether fulfillment is dependent on a specified asset.

d. There is a substantial change to the asset.

When a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d above, and at the date of renewal or extension period for scenario b.

Company as lessee

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of income on a straight-line basis over the lease term.

Income Taxes

The Company accounted its income taxes under the taxes payable method. Under the taxes payable method, the Company recognizes a current tax liability for tax payable on taxable profit for the current and past periods. If the amount paid for the current and past periods exceeds the amount payable for those periods, the Company shall recognize the excess as a current tax asset.

The Company shall measure its current tax assets or liabilities using the tax rates and laws that have been enacted or substantively enacted by the reporting date. The Company shall not discount current tax assets and liabilities.

The Company is subject to MCIT as it is on the 4th year of its business operations of which MCIT is 2% of the gross income of the Company at the end of the year. The MCIT is compared with the regular income tax, and whichever is higher shall be the amount of income tax to be paid.

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not recognized in the financial statements but 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 when an inflow of economic benefits is probable.

Foreign Currency Transactions

Transactions in foreign currencies are translated into Philippine peso at exchange rates which approximate those prevailing on transaction dates. Monetary assets and liabilities denominated in foreign currencies are restated at the closing exchange rate prevailing as of reporting date. Exchange gains and losses arising from the settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the statement of income.

Events after the Reporting Period

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 the financial statements, when material.

3. Significant Accounting Judgments and Estimates

The preparation of financial statements in accordance with PFRS for SEs requires the Company to make judgments and estimates that affect the reported amounts of assets, liabilities, income, and expenses, and disclosure relating to contingent assets and contingent liabilities. Future events may occur which may cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable.

Judgment and estimates are continually evaluated and are based on expectations of future events that are believed to be reasonable under the circumstances.

As of December 31, 2021 and 2020, management assessed that there is no significant judgment exercised in respect to the preparation of the financial statements.

Estimates

(a) Recoverable value of inventories

The Company assesses the recoverable amounts of its inventories at each reporting date. Inventories are assessed by comparing the carrying amount of each item of inventory with its market value. An inventory is written down to the market value when such amount is lower than cost, with the loss immediately recognized in the statement of income.

The carrying values of the Company's inventories are disclosed in Note 6.

(b) Present value of retirement obligation

The cost of defined benefit retirement plan and other post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of reporting date, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The present value of the retirement liability and fair value of plan assets are disclosed in Note 16.

4. Cash and Cash Equivalents

This account consists of:

		2021		2020
Cash on hand	P	318,111	P	396,000
Cash in banks (Note 19)		15,238,617		20,009,289
Cash equivalents		29,241,464		13,950,213
	P	44,798,192	P	34,355,502

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents represent time deposits with terms of 30 to 365 days replacements which bear annual interest rates of 1.25% to 1.75% and 2.5% to 3.5% in 2021 and 2020, respectively.

Interest income earned from cash and cash equivalents amounted to P494,257 and P526,436 in 2021 and 2020, respectively.

5. Trade and Other Receivables - Net

This account consists of:

		2021		2020
Trade receivables (Note 19)	P	2,216,286	P	4,397,551
Allowance for credit losses		(699,115)		(111,669)
	P	1,517,171	P	4,285,882

Trade receivables are non-interest bearing and are generally payable within 30 to 60 days from the sale of goods. Other receivables are due from the Company's employees in the form of unliquidated cash advances, medicine loans, and health premiums paid by the Company for the employee's dependents.

6. Inventories

This account consists of branded and generic medicines, health and beauty products and other pharmaceutical items which are stated at cost. The estimated market value of the inventories is higher than their historical cost.

		2021		2020
Cost	P	13,120,008	P	12,854,208
Allowance for inventory losses		(466,265)		(139,617)
Carrying value		12,653,743		12,714,591
Market value		25,352,263		30,032,814
Lower of cost and market value	P	12,653,743	P	12,714,591

Inventories recognized as part of cost of sales in the statement of income amounted to P53,464,673 and P59,231,840 in 2021 and 2020, respectively.

		2021		2020
Inventories at beginning of year	P	12,714,591	P	8,049,785
Add/Deduct: Reversals (additions) of inventory allowance		(326,648)		344,157
Adjusted Inventories at beginning of year		12,387,943		8,393,942
Add: Net purchases		53,730,473		63,552,489
Inventories available for sale		66,118,416		71,946,431
Less: cost of sales		53,464,673		59,231,840
Inventories at end of year	P	12,653,743	P	12,714,591

Movements in the allowance for inventory write-down are as follows:

		2021		2020
Balance at beginning of year	P	139,617	P	483,774
Additions (reversals) during the year		326,648		(344,157)
Balance at end of year	P	466,265	P	139,617

7. Other Assets

This account consists of:

		2021		2020
Current				
Refundable deposits	P	281,259	P	32,026
Prepaid expenses		115,470		21,728
Prepaid tax		-		1,114,101
Total Other Current Assets		396,729		1,167,855
Noncurrent				
Prepaid expenses		254,255		254,255
Refundable deposits		176,508		176,508
Total Other Noncurrent Assets		430,763		430,763
Total	P	827,492	P	1,598,618

Prepaid tax consists of excess input tax over output tax.

Refundable deposits pertain to initial payments of operating lease arrangements on branch premises and transportation and information technology equipment which are recoverable at the end of the lease term.

Prepaid expenses consist of unexpired insurance premiums for fire and vehicle, and advance rental for the lease of office and branch premises.

8. Property and Equipment - Net

Details of property and equipment - net as of December 31, 2021 are as follows:

	2021				
	Leasehold Improvement	Office Equipment	Office Furniture and Fixtures	Building	Total
Cost					
Balance at beginning of year	P 1,520,317	P 2,141,111	P 187,155	P 561,000	P 4,409,583
Additions	58,430	503,468	18,490	-	580,388
Disposals	(17,500)	(47,998)	-	-	(65,498)
Balance at end of year	1,561,247	2,596,581	205,645	561,000	4,924,473
Accumulated Depreciation					
Balance at beginning of year	1,139,869	1,530,034	186,750	112,200	2,968,853
Depreciation	216,034	437,018	5,650	56,100	714,802
Disposals	(16,917)	(47,998)	-	-	(64,915)
Balance at end of year	1,338,986	1,531,465	192,400	168,300	3,618,740
Net Book Value	P 222,261	P 1,065,116	P 13,245	P 392,700	P 1,305,733

Details of property and equipment - net as of December 31, 2020 are as follows:

	2020				
	Leasehold Improvement	Office Equipment	Office Furniture and Fixtures	Building	Total
Cost					
Balance at beginning of year	P 1,337,526	P 2,287,412	P 200,555	P 561,000	P 4,386,493
Additions	182,791	262,893	-	-	445,684
Disposals	-	(409,193)	(13,400)	-	(422,593)
Balance at end of year	1,520,317	2,141,111	187,155	561,000	4,409,583
Accumulated Depreciation					
Balance at beginning of year	917,865	1,626,040	200,149	56,100	2,800,154
Depreciation	222,004	313,188	1	56,100	591,293
Disposals	-	(409,193)	(13,400)	-	(422,593)
Balance at end of year	1,139,869	1,530,034	186,750	112,200	2,968,853
Net Book Value	P 380,448	P 611,077	P 405	P 448,800	P 1,440,730

In 2019, the construction in progress that amounted to P561,000 has been finished and was transferred to the building account. The building, which is used as a pharmacy, was constructed on land owned by CARD-MRI Development Institute, Inc. (CMDI) which is a related party (see Note 19).

Depreciation expenses are classified as general and administrative expense when the property and equipment are stationed in the head office and classified as selling and distribution expense when the property and equipment are stationed in the various branches.

Breakdown of depreciation expense follows:

		2021		2020
Selling and distribution expense (Note 14)	P	256,174	P	334,043
General and administrative expense (Note 14)		332,776		257,249
	P	588,950	P	591,292

9. Intangible Assets - Net

The movements in this account follow:

		2021		2020
Cost				
Balance at beginning of year	P	976,109	P	976,109
Additions		380,893		-
Balance at end of year		1,357,002		976,109
Accumulated amortization				
Balance at beginning of the year		578,684		314,994
Amortization		323,785		263,690
Balance at end of the year		902,469		578,684
Net book value	P	454,533	P	397,425

Amortization expenses are classified as general and administrative expense when the intangible assets are stationed in the head office and classified as selling and distribution expense when the intangible assets are stationed in the various branches. Breakdown of amortization expense follows:

		2021		2020
General and administrative expense (Note 14)	P	323,885	P	263,690
Selling and distribution expense (Note 14)		125,751		-
	P	449,636	P	263,690

10. Investment in Securities

On July 22, 2021, the Company paid CARD Employees Multi-Purpose Cooperative for 44,997 shares with a par value of P50 of CARD MRI ASTRO Laboratories, Inc. that amounted to P2,607,126 (or with an additional consideration of P357,276). The management does not intend to sell or assign the investment in securities within a year after the reporting period.

11. Trade and Other Payables

This account consists of:

		2021		2020
Financial liabilities				
Accounts payable (Note 19)	P	1,195,740	P	2,416,750
Accrued expenses		497,575		411,641
		1,693,315		2,828,391
Nonfinancial liabilities				
VAT payable		413,038		-
Others		469,013		168,142
		882,051		168,142
Total	P	2,575,366	P	2,996,533

Accounts payables arise from purchases of goods and services in the normal course of business. These are noninterest-bearing and are normally settled within 30 to 90 days.

Accrued expenses consist of unpaid professional fees, program monitoring and evaluation, and transportation and travel expenses, accumulated and monetized vacation leave credits, and unpaid bonuses.

Others consist of liabilities due to various government institutions such as withholding taxes, Social Security Services (SSS), PhilHealth, and PAGIBIG fund.

VAT payable pertains to the excess of the output VAT from sales over the input VAT from purchases of goods and services.

12. Equity

Capital Stock

The Company's capital stock consists of:

	2021		2020	
	Shares	Amount	Shares	Amount
Common stock - P5 par value, 20,000,000 authorized shares				
Subscribed	14,581,440	P 72,907,202	14,081,440	P 70,407,202
Subscription receivable	(3,746,922)	(18,734,612)	(4,637,166)	(23,185,828)
Issued and outstanding	10,834,518	P 54,172,590	9,444,275	P 47,221,375

Movements in capital stock follow:

	2021		2020	
	Shares	Amount	Shares	Amount
Capital stock at beginning of year	9,444,275	P 47,221,375	7,360,260	P 36,801,300
Issuances of shares of stocks from settlement of subscriptions receivables	890,243	4,451,215	84,015	420,075
Stock dividends	500,000	2,500,000	2,000,000	10,000,000
Capital stock at end of year	10,834,518	P 54,172,590	9,444,275	P 47,221,375

Dividends

On November 29, 2021, the Board of Directors approved the declaration of cash dividends amounting to P3,645,360 (equivalent to P0.25 per share), based on Financial Statement Data and Stockholdings Books of Records as of September 30, 2021.

On March 31, 2021, the Board of Directors approved the declaration of stock dividends amounting to P2,500,000 or equivalent to P5.00 per share or common stock.

On August 31, 2020, the Board of Directors approved the declaration of stock dividends amounting to P10,000,000, equivalent to P5.00 per share of subscribed common stock based on July 2020 financial statement data.

Capital Management

The Company's capital management aims to ensure that it maintains strong credit ratings and healthy capital ratios in order to support and sustain its business growth towards maximizing the shareholders' value.

The Company considers total equity as its capital. The Company is not subject to any externally imposed regulatory capital requirements.

13. Net Sales

The composition of net sales follows:

		2021		2020
Gross sales	P	107,077,898	P	93,471,430
Sales discount		(6,831,103)		(840,922)
Net sales	P	100,246,795	P	92,630,508

Gross sales pertain to revenue earned through the retail outlets, and CARD-MRI Disaster Relief Assistance Program (CDRAP), where the Company supplies medicine and other related goods for disaster relief operations and community health projects of other CARD-MRI entities.

14. Expenses
a. General and Administrative Expenses

This account consists of:

		2021		2020
Personnel expenses	P	7,353,055	P	5,358,449
Program monitoring and evaluation		4,975,344		431,468
Information technology		1,833,003		1,967,979
Transportation and travel		1,637,576		1,139,026
Janitorial, messengerial, and security		1,263,105		1,162,904
Provision on doubtful accounts		587,446		-
Professional fees		530,111		799,972
Depreciation (Note 8)		332,776		257,249
Supplies and materials		453,903		414,681
Rental (Note 17)		426,908		308,066
Others		381,809		295,846
Provision on inventory losses		326,648		-
Utilities		267,198		185,859
Communication and postage		228,415		177,387
Amortization (Note 9)		323,885		263,690
Seminars and meetings		183,535		379,464
Taxes and licenses		169,767		140,391
Insurance expense		132,342		155,668
Advertising and publicity		86,347		78,415
Repair and maintenance		48,108		93,097
Staff training and development		34,279		120,167
Supervision and examination		9,375		10,587
Membership and dues		3,000		3,000
Grants and donations		-		687,500
Research and documentation		-		42,500
Representation expense		-		500
	P	21,587,935	P	14,473,865

Others include burial assistance, penalties, bank charges, and COVID-19 related expenses such as rapid testing expenses, flu vaccination, disinfection expenses, employee's quarantine expenses, and financial assistance to affected employee.

b. Selling and Distribution Expenses

This account consists of:

		2021		2020
Personnel expenses	P	7,330,135	P	5,491,057
Transportation and travel		2,247,301		899,288
Rental (Note 17)		1,763,094		1,610,383
Program monitoring and evaluation		811,922		824,774
Utilities		647,288		450,817
Taxes and licenses		597,535		499,057
Supplies and materials		449,206		373,261
Information technology		256,714		202,920
Depreciation (Note 8)		256,174		334,043
Communication and postage		254,069		230,118
Janitorial, messengerial, and security		214,921		371,661
Amortization		125,751		-
Staff training and development		10,017		11,308
Others		210,782		110,900
	P	15,174,909	P	11,409,587

Others include provision for credit losses, insurance expense, repairs and maintenance, and COVID-19 related expenses such as rapid testing expenses, flu vaccination, disinfection expenses, and employee's quarantine expenses.

Personnel Expenses mainly consist of:

		2021		2020
Salaries and wages	P	8,024,936	P	6,414,045
Employee benefits and contribution expenses		6,323,311		4,300,927
Retirement benefits (Note 16)		334,943		134,534
	P	14,683,190	P	10,849,506

15. Other Income (Charges)- Net

		2021		2020
Interest income	P	494,257	P	526,436
Service fee income		822,973		-
Dividend income		224,985		-
Actuarial gain (loss) on retirement plan		(369,217)		172,799
Fines and penalties		(1,854,923)		-
Others		-		28,258
	P	(681,925)	P	727,493

16. Retirement Benefits

The Company, CARD MRI Development Institute, Inc., CARD Mutual Benefit Association, Inc., CARD SME Bank, Inc., CARD MRI Insurance Agency, Inc., CARD Business Development Service Foundation, Inc., CARD MRI Information Technology, Inc., CARD Employees Multi-Purpose Cooperative, Responsible Investments for Solidarity and Empowerment Financing Co. (RISE), CARD Bank, Inc., CARD Leasing and Finance Corporation, CARD MRI Rizal Bank Inc., CARD, Inc., Mga Likha ni Inay Inc., CARD MRI Property Holdings, Inc., CARD MRI Publishing House Inc. and CARD MRI Hijos Tours Inc., maintain a funded and formal noncontributory defined benefit retirement plan - the CARD MRI Multi-Employer Retirement Plan (MERP) - covering all of their regular employees and CARD Group Employees' Retirement Plan (Hybrid Plan) applicable to employees hired on or after July 1, 2016. MERP and Hybrid Plan comply with the requirements of Republic Act No. 7641, Retirement Pay Law.

MERP is valued using the projected unit cost method and is financed solely by the Company and its related parties. MERP provides lump sum benefits equivalent to up to 120% of final salary for every year of credited service, a fraction of at least six (6) months being considered as one whole year, upon retirement, death, total and permanent disability, or voluntary separation after completion of at least one year of service with the participating companies.

The date of the latest actuarial valuation report for MERP is December 31, 2021.

The amounts of retirement asset recognized in the statement of financial position follow:

		2021		2020
Fair value of plan assets	P	10,564,579	P	9,976,238
Present value of defined benefit obligation		(5,900,778)		(4,694,571)
Effect of asset ceiling		(859,327)		(943,733)
Retirement asset	P	3,804,474	P	4,337,934

The composition of retirement expense in 2021 and 2020 as reported under personnel expenses in 'General and administrative expenses' and 'Selling and distribution expenses' in the statement of income follow:

		2021		2020
Interest income on plan assets	P	(387,986)	P	(510,718)
Current service cost		505,291		393,927
Interest expense on retirement obligation		181,210		148,532
Interest on the effect of the asset ceiling		36,428		102,793
	P	334,943	P	134,534

The movements in the fair value of plan assets follow:

		2021		2020
Balance at beginning of year	P	9,976,238	P	8,826,086
Interest income		387,986		510,718
Remeasurement gain / (loss) - return on plan assets		49,948		(145,855)
Transfers to the plan		38,921		775,144
Benefits paid from plan assets		(59,214)		-
Contributions paid by employer		170,700		10,145
Balance at end of year	P	10,564,579	P	9,976,238

The movements in the present value of obligation follow:

		2021		2020
Balance at beginning of year	P	4,694,571	P	2,681,086
Actuarial (gains) losses from changes in:				
Financial assumptions		491,202		(190,537)
Experience		63,621		908,991
Demographic assumptions		(14,824)		(22,572)
Benefits paid from plan assets		(59,214)		-
Transfers to the plan		38,921		775,144
Current service cost		505,291		393,927
Interest expense on retirement obligation		181,210		148,532
Balance at end of year	P	5,900,778	P	4,694,571

The movements in the net actuarial gains/losses recognized in Other Income (Charges) - Net follow:

		2021		2020
Remeasurement gain – change in the effect of asset ceiling	P	(120,834)	P	(1,014,536)
Actuarial (gain) loss – defined benefit obligation		539,999		695,882
Remeasurement (gain) loss – plan assets		(49,948)		145,855
Actuarial gain on retirement plan	P	369,217	P	(172,799)

The latest actuarial valuation report covers reporting period as of December 31, 2021 and 2020.

The Retirement Trust Fund assets are valued by the fund manager at fair value using the mark-to-market valuation. While no significant changes in asset allocation are expected in the next financial year, the Retirement Plan Trustee may make changes at any time.

	2021	2020
Cash and cash equivalents	40.74%	81.00%
Debt instruments - government bonds	42.95%	1.00%
Debt instruments - other bonds	5.58%	1.00%
Loan receivables	8.46%	12.00%
Other	2.27%	5.00%
	100.00%	100.00%

All plan assets do not have quoted prices in an active market except for government securities. Cash and cash equivalents are deposited with reputable financial institutions and related parties that are deemed to be standard grade. Loans and receivables, mutual funds and other assets are unrated.

The plan assets have diverse investments and do not have any concentration risk.

The overall investment policy and strategy of the Company's defined benefit plan is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risk of the plans.

The cost of defined benefit retirement plan as well as the present value of the defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension for the defined benefit plans are shown below:

	2021	2020
Discount rate	5.11%	3.86%
Future salary increase	5.00%	3.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

		Increase (Decrease) in Present Value of Obligation			
		2021		2020	
		+100	-100	+100	-100
Discount rates	P	(628,812)	P	743,886	P
Future salary increases		737,093	(634,979)	611,790	(515,075)
				612,695	(523,682)

The average duration of the defined benefit obligation at the end of each reporting period is 12.8 years and 12.8 years in 2021 and 2020, respectively.

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

		2021		2020
Less than 1 year	P	300,003	P	107,651
More than 1 year to 5 years		1,523,629		691,899
More than 5 years to 10 years		4,747,859		1,546,471

17. Leases

Operating Lease Agreement

The Company has 13 and 11 outstanding lease contracts as of December 31, 2021 and 2020, respectively, for the lease of branch premises with original lease terms ranging from three (3) years to five (5) years and are renewable upon mutual agreement.

The distribution of rental expenses is as follows:

		2021		2020
Selling and distribution expenses (Note 14)	P	1,763,094	P	1,610,383
General and administrative expenses (Note 14)		426,908		308,066
	P	2,190,002	P	1,918,449

18. Income Taxes

a. Optional Standard Deduction

Effective July 2008, Republic Act 9504 was approved giving corporate taxpayers an option to claim itemized deduction or optional standard deduction (OSD) equivalent to 40% of gross income. Once the option to use OSD is made, it shall be irrevocable for the taxable year for which the option was made. In 2021 and 2020, the Company opted to continue claiming itemized deduction.

b. Tax Computation

Regular Corporate Income Tax (RCIT)		2021	2020
Revenue	P	100,246,795	P 92,630,508
Less: Cost of Sales and Services		(53,464,673)	(59,231,840)
Gross Income from Operation		46,782,122	33,398,668
Add: Other income		822,973	28,258
Total Gross Income		47,605,095	33,426,926
Less: Itemized deduction		(35,585,656)	(25,737,520)
Taxable income	P	12,019,439	P 7,689,406
Income tax expense (current) - at 25% and 30%, respectively	P	3,004,860	P 2,306,822
MCIT - at 1% and 2%, respectively		476,051	668,539
Total income tax due		3,004,860	2,306,822
Income taxes paid and tax credits		(799,702)	(2,176,846)
Income tax payable	P	2,205,158	P 129,976

c. Reconciliation

Reconciliation between accounting income and taxable income is presented below:

Regular Corporate Income Tax (RCIT)		2021	2020
Accounting income	P	9,337,353	P 8,242,709
Permanent differences:			
Interest income subject to final tax		(494,257)	(526,436)
Dividend income		(224,985)	-
Fines and penalties		1,854,923	21,543
Interest expense		98,851	-
Temporary differences:			
Provision for inventory losses		326,648	-
Provision for doubtful account		587,446	-
Contributions to retirement fund		(170,700)	(10,145)
Retirement expense		334,943	134,534
Actuarial (gain) loss on retirement plan		369,217	(172,799)
Taxable income	P	12,019,439	P 7,689,406

The provision for income tax consists of:

		2021	2020
Income tax - current	P	3,004,860	P 2,306,822
Income tax adjustment (effect of CREATE Act in 2020)		(192,235)	-
Final tax		146,816	111,282
	P	2,959,441	P 2,418,104

19. Related Party Transactions

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

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Transactions with retirement plans

Under PFRS for SEs, certain post-employment benefit plans are considered as related parties. CARD-MRI's MERP is a stand-alone entity assigned in facilitating the contributions to retirement starting 2005.

Remunerations of Directors and Other Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Company considers the BOD and senior management to constitute key management personnel.

The total remuneration of the members of key management included under 'Personnel expenses' in the statement of income amounted to P3,476,136 and P2,781,023 as of December 31, 2021 and 2020, respectively.

Other related party transactions

Transactions between the Company and related parties within the CARD-MRI, also qualify as related party transactions.

a. Usufruct Agreement with CMDI

On March 15, 2020, CMDI, which is a member of the CARD MRI group of companies, granted usufruct to the Company over a portion of the parcel of land located at Brgy. Mankilam, Tagum City to establish the Company's pharmacy (see Note 8). The usufruct shall continue to be in force until December 31, 2027, unless terminated or extended by the parties. The Company has the right to use and occupy the property for the establishment of its pharmacy only and may enter into any contract that is related only to the establishment of its pharmacy, subject to certain detailed conditions on the use of the property.

The Company assumes full responsibility for the maintenance, repair, and preservation of the property. During the term of usufruct, the Company is responsible for the taxes and other governmental charges that are levied upon the property. At the termination or expiration of the term of the usufruct, the alterations, improvements, additions, and changes, at CMDI's option, become the

b. Related party transactions and balances as of year end for the years under December 31, 2021 and 2020 are as follows:

Category	December 31, 2021			Nature, Terms and Conditions
	Amount / Volume	Outstanding Balance		
Stockholder				
Trade receivables		P	(817,911)	Pertains to the sale of medicines and expenses incurred in community visits.
Billings	P	31,657,294		
Collections		32,475,205		
Accounts payable			-	Pertains to share in expenses and rental payments.
Charges		3,345,536		
Payments		3,345,536		
Affiliates				
Cash in bank			16,462,369	This pertains to checking and savings account with an annual interest rate ranging from 0.5% to 4.0%.
Deposits		129,424,694		
Withdrawals		113,299,731		
Interest income		337,405		This pertains to interest earned from the savings account, current account, and time deposits.
Trade receivables			(7,760,398)	
Billings		56,497,798		
Collections		64,258,197		
Accounts payable			(7,273)	Pertains to lease of office computers, vehicle, service charges and share in expenses.
Charges		4,585,872		
Payments		4,593,145		

				December 31, 2020
Category	Amount / Volume		Outstanding Balance	Nature, Terms and Conditions
Stockholder				
Trade receivables			865,675	Pertains to the sale of medicines and expenses incurred in community visits.
Billings	P	29,835,931		
Collections		28,970,261		
Accounts payable			858,254	Pertains to share in expenses and rental payments.
Charges		1,704,461		
Payments		846,207		
Affiliates				
Cash in bank			22,435,170	This pertains to checking and savings account with an annual interest rate ranging from 0.5% to 4.0%.
Deposits		83,145,530		
Withdrawals		(74,748,692)		
Interest income		474,818		This pertains to interest earned from the savings account, current account, and time deposits.
Trade receivables			787,547	Pertains to the sale of medicines and supplies and expenses incurred in community visits.
Billings		20,421,536		
Collections		19,633,989		
Accounts payable			809,977	Pertains to lease of office computers, vehicle, service charges and share in expenses.
Charges		10,478,480		
Payments		9,668,503		

20. Subsequent Events

a. CREATE Act

On March 26, 2021, the Republic Act (RA) 11534, known as “The Corporate Recovery or Tax incentives for Enterprises Act” (Create Act), was passed into law. The salient provisions of the Create Act applicable to the Company are as follow:

- Effective July 1, 2020, the corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5,000,000 and with total assets not exceeding P100,000,000, excluding land on which the particular business entity’s office, plant, and equipment are situated during the taxable year for which the tax is imposed at 20%. All other domestic corporations and resident foreign corporations will be subject to 25% income tax;
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020, to June 20, 2023;
- The imposition of improperly accumulated earnings is repealed.

The Company assessed the effect of the changes mentioned above on its statement of financial position and statement of comprehensive income as shown below:

	As of December 31, 2020	Effect of changes in tax rates	Adjusted amount based on the reduced tax rates
Statement of Comprehensive Income			
Current tax expense	2,306,822	(192,235)	2,114,587
Net income for the year	5,824,605	192,235	6,016,840
Statement of Financial Position			
Prepaid income tax	1,114,100	62,259	1,176,359
Income tax payable	129,976	(129,976)	-
Statement of Changes in Equity			
Retained earnings	8,782,798	192,235	8,975,033

b. COVID-19 Impacts and Subsequent Events

Since December 31, 2019 to December 31, 2021, the spread of COVID-19 has severely impacted many economies around the globe. In many countries, businesses were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. In the Philippines, varying quarantine measures were implemented beginning on March 17, 2020.

The Company's management has assessed and addressed the impacts of COVID-19. As of December 31, 2021 and 2020, all COVID-19 determinable impacts on the Company's 2021 and 2020 financial statements, as well as other subsequent events, that are adjusting events have been adjusted. Other determinable subsequent events that were not adjusting events have been disclosed as needed.

The Company had not been significantly affected by COVID-19 in 2021 and 2020. It has adequate funds and liquidity for its subsequent operations.

21. Approval of the Issuance of the Financial Statements

The accompanying financial statements of the Company were reviewed and approved for issuance by the Company's Board of Directors on March 26, 2022.

22. Supplementary Information Required by the Bureau of Internal Revenue (BIR)**I. Revenue Regulation No. 15-2010**

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued RR 15-2010 prescribing the manner of compliance in connection with the preparation and submission of financial statements accompanying the tax returns. It includes provisions for additional disclosure requirements in the notes to the financial statements, particularly on taxes, duties and licenses paid or accrued during the year.

Value Added Tax (VAT)

The National Internal Revenue Code of 1997 also provides for the imposition of VAT on sales of goods and services. Accordingly, the Company's sales are subject to output VAT while its purchases from other VAT-registered individuals or corporations are subject to input VAT. VAT rate is 12.0%, effective February 1, 2006. The Company's application for VAT registration has already been approved on May 6, 2013.

Sales/Receipts:

VATable sales/receipts	P	97,175,768
Exempt sales/receipts		3,075,289
	P	100,251,056

Purchases:

Domestic Purchases of Ordinary Goods	P	54,366,909
Domestic Purchases of Services		7,428,555
	P	61,795,464

Details of the Company's VAT are as follows:

Output Tax	P	11,661,531
Input Tax:		
Domestic Purchases of Ordinary Goods		(6,524,029)
Domestic Purchases of Services		(891,427)
VAT Payable		4,246,076
Overpayment from previous period		(205,622)
Less: Tax Payments		(3,627,416)
VAT still due	P	413,038

Other Taxes and Licenses

Business permits and licenses	P	615,734
Documentary stamp tax		142,179
Registration fees		6,000
Others		3,389
	P	767,302

Withholding Taxes

The taxes withheld paid and accrued which are reported as part of others under 'trade and other payable' as of December 31, 2021 are as follow:

		Paid		Payable
Withholding tax on compensation and benefits	P	63,344	P	84,772
Expanded withholding tax		933,421		61,949
	P	996,765	P	146,721

Tax Assessments and Cases

The Company received a Letter of Authority (LOA-055-2021-00000089) dated February 5, 2021 from the BIR for the investigation of all internal revenue tax liabilities for the period January 1, 2018 to December 31, 2018. In 2021, the Company paid the assessed deficiency taxes (Income tax, VAT, Documentary stamp tax, and Final withholding tax) that amounted to P500,318, including interest, surcharges, and compromise penalties.

The Company received a Letter of Authority (SN: eLA201500002237/LOA-055-2020-00000169) dated August 27, 2020 from the BIR for the investigation of all internal revenue tax liabilities for the period January 1, 2019 to December 31, 2019. In 2021, the Company paid the assessed deficiency taxes (Income tax, VAT, Documentary stamp tax, and Final withholding tax) that amounted to P1,700,196, including interest, surcharges, and compromise penalties.

The Company received a Letter of Authority (SN: eLA201500005056/LOA-055-2021-00000230) dated July 27, 2021 from the BIR for the investigation of all internal revenue tax liabilities for the period January 1, 2020 to December 31, 2020. As of December 31, 2021, this is still pending with the BIR. On March 25, 2022, the Company received a Notice of Discrepancy (dated March 24, 2022) with attached report of investigation that showed a total of P500,437 of tax discrepancies. It is stated in the NOD that it is not yet a deficiency tax assessment.